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Angola's Crucial Foreign Policy Drive

Paula Cristina Roque

Angola's foreign policy is premised on the imperatives of continued influence with key trading partners (Portugal, China, Brazil, and Russia), immunity from Western pressures as a result of its petro-power, and retaining influence in Africa through military and commercial agreements. Member states of the European Union (EU) also play an important role in trade and policy issues, although attempts to change the existing dynamics could render the EU-Luanda relationship a more constructive and transformative engagement. As it stands, Europe has influence in rather limited areas of Angola's domestic and foreign policy, although the pressure points exist for the EU to take a more dynamic approach. Through the dynamic expansion of the national oil company's investments in diverse sectors, Sonangol is slowly but surely building an empire that extends throughout Africa, Europe, and Latin America. Luanda does not engage economically without securing a politically conducive environment – a tendency that will continue, given its need to ensure regime stability and the continued influence of the Dos Santos dynasty.

Between 1975 and 2002 Angola suffered one of Africa's longest and deadliest civil wars, with only a few intermittent years of tense peace. The civil war in Angola was defined as a conflict fought by two mutually exclusive ideological, political, and cultural blocs, aided by external interests. The ruling Popular Movement for the Liberation of Angola (MPLA) grew out of the urban centers by left-wing elites in Luanda, whereas the National Union for the Total Independence of Angola (UNITA) had its base among the "indigenous rural communities." This internationalized war – involving Cuba, the United States, South Africa, the Soviet Union, China, and neighboring countries – ended only in 2002 with the military defeat of UNITA. The MPLA's victory essentially gave it the license to mould the post-war political configuration to suit its interests. It therefore proceeded to consolidate its power and determine the reconstruction and state-building imperatives while appropriating the country's resources without facing any pressure for accountability and redistribution of resources aimed at sustainable development. Luanda's petroleum exploration acceleration propelled the national economy toward double-digit annual growth rates, making it today one of Africa's most dynamic and important powerhouses.

Foreign investment and attempts to push for policy changes in key countries in

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Africa, where Angola's footprint is deep, will need to include some type of engagement with Luanda. The MPLA government, under Jose Eduardo dos Santos' presidency, is currently characterized by the needs to reinvent the regime's image abroad and consolidate its power in the region, and by its ambition to become a regional power on the continent. Strategically, greater influence on the continent may give Luanda considerable sway with the West and Emerging Powers/BRICs as they engage with Africa as competing or cooperating investors. Angola will also continue to play a vital role in determining the security landscapes of different regions in Africa by becoming more open to participating in peacekeeping operations. They will also continue to prioritize bilateral defense pacts that could derail international efforts at crisis management and political solutions. Recent comments by Angola's Foreign Minister at the Africa Union Summit in January 2013 point to a new disposition for multilateral engagements. The international community will need to devise ways to creatively engage Angola's ambitions while putting in place important levers to guarantee that its efforts do not collide with the principles of fiscal transparency, political accountability, and sustainable development.

Angola's foreign policy – run mainly by the presidency and its financial arm, Sonangol, the national oil company, which until recently operated as a sovereign wealth fund – is informed by certain key imperatives: the survival of the current regime in Luanda; an increase of its influence in Africa and internationally; and positioning itself as a model for an internal, albeit illiberal, state-building combined with economic pragmatism. The ruling MPLA has crafted its own development and reconstruction path without having any of the constraining tenets of accountability to the international community and donors, given its petro-power and the independence this brings to the government. As a result, it has proceeded to rebuild Angola in illiberal and non-participatory terms. With a projected crude output for 2016 of 2.18 million barrels a day, Angola will become sub-Saharan Africa's largest oil producer and will continue to use this financial clout in its foreign policy to determine the rules of engagement. Sonangol, ranked as the second largest African company behind Algeria's Sonatrach, has taken on a highly dynamic approach to foreign investment while guaranteeing the political influence of the Angolan government in any transactions. Entering the investment and political space of African countries where Angola has entrenched itself will require either some clear bilateral agreement to bypass Luanda's potential interference, or a joint approach with Luanda on sector development. Angola will continue to play a crucial role in Africa as an investment partner, in terms of military cooperation, but also as a diplomatic counterweight capable of exerting direct influence over governments in the region. Over the decades, bilateral military and political relations have been fostered with Kinshasa, Brazzaville, Harare, Abidjan, and others through direct and muscular support for their presidents and ruling elites, placing Luanda in a position of being the most powerful partner.

Europe-Angola relations: An opportunity for improvement

While key member states of the European Union engage dynamically with Angola – in particular Portugal, France, Germany, Netherlands, the United Kingdom, Belgium, and Spain – the EU has yet to consolidate a working relationship with the government in Luanda. Although the EU failed to seize the opportunity of becoming a key reconstruction partner after the end of the war in 2002, it has become an important donor, with more than $250 million allocated to the 2008–2013 cooperation program. The visit by the European Commission President, Jose Manuel Barroso, in April 2012, was an important starting point that saw the acceleration of efforts to secure the Joint Way Forward – a cooperation framework signed in July 2012 that could lead to a strategic partnership. While this new mechanism aims to deepen political dialogue and cooperation in many areas, the EU should not have sent the wrong signal to the Angolan government by forfeiting on sending an electoral observation mission for the August 2012 elections, which were far from transparent and fair. It seems counter-intuitive to have a cooperation agreement that focuses on certain areas such as governance and institutional reform, and misses the opportunity to make serious recommendations on a flawed democratic process that demonstrated the MPLA's willingness to stay in power at all cost. The EU can play a vitally important role in developing projects in the areas of good governance, economic reform, rural development and diversification, poverty reduction, and service delivery (areas of water, sanitation, health, and education). If the EU succeeds in amending the Transparency and Accounting Directives, whereby member states would need to publish financial transactions on natural resources, it would help curb rampant corruption and allow for civil society to hold Luanda to account on its national spending and expenditures. The EU has a key role to play in guaranteeing that political change in Angola – which is likely to occur as the Dos Santos government reaches the limits of its legitimacy – will be measured and stable, rather than an explosive situation resulting in widespread unrest. Notwithstanding the existing tenets of the EU-Africa strategy of 2007 and subsequent developments such as the Partnership on Democratic Governance and Human Rights, the approach to Angola should take on different contours than uniquely soft-power initiatives. Mechanisms of pressure could include denying access to properties and investments in Europe and subjecting partnerships to political conditionality, such as the acceptance of electoral observation missions and mechanisms for mediating contested electoral results, giving civil society organizations and opposition parties platforms to express their concerns.

Portugal and Angola's relationship will continue to strengthen over the years, given the historical ties of the two countries, the intertwining of private investment, and the mutual outlook of establishing entry platforms: Portugal has become one of Angola's entry points for investing in Europe, and Portugal may find that its presence in Angola opens opportunities for companies to begin branching out into non-Portuguese-speaking African countries. Luanda has also begun taking steps that could potentially lead to its involvement in solutions for the economic crisis that is consuming Portugal, namely by bailing out several companies in desperate need of capital. By 2010 Angola had invested $2.4 billion in the Lisbon Stock Exchange and held more than 10 percent in Portuguese listed companies. Angola, via Sonangol, currently owns almost 20 percent of Portugal's largest private bank, Banco Comercial Português, making it the largest single shareholder. Many Portuguese companies today are entirely dependent on the lifelines that their operations in Angola provide them, making the economic ties between Lisbon and Luanda ever more important. In 2008, Portugal's foreign direct investment in Angola was as high as €775 million, though those numbers have decreased due to the debt crisis. The expectation that Luanda would financially aid Portuguese companies with capital entries will continue to drive Lisbon's foreign policy toward Luanda, as was noted during Minister Paulo Portas' incisive trips in the last two years to guarantee the operations of Portuguese companies in Angola and to secure bilateral relations in other commercial areas. Since 2011 Portugal has requested a €78 billion IMF-EU bailout to stabilize its finances. Austerity measures have since been put into place to guarantee that Portugal is viable and can continue to receive further installments of the bailout loans as well as a seven-year extension to pay them back.

Capital power: Investments and strategic partnerships

Angola's legacy of war has taught it to be weary of external powers and the changing tides of the international community, but the process of managing different alliances has taught Luanda to redefine relations where it has the levers of control. Throughout almost three decades of conflict, the ruling MPLA party has become a resilient institution accustomed to juggling influences and converging interests, ultimately achieving its goals regardless of the rules it breaks. In a pragmatic approach, the Dos Santos government has slowly but surely entrenched Angola's relevance in key international markets and positioned the country as an important petro-partner to emerging powers. It has positioned itself in a way that it does not serve one master, and it has strategically widened its alliances with a diverse array of countries that range from the United States, China, and South Africa (which were the main supporters of its archenemy UNITA) to Cuba, Russia, Brazil, and Portugal. When a much-needed international donor conference failed to materialize after the end of the war in 2002 – whereby the United States, the EU, and the World Bank could have taken a guiding role in the country's reconstruction – Angola turned to other partners, namely China.

For Angola, soft power and diplomacy mean little without hard currency and political relevance. By positioning itself as a key partner to China in South-South relations and building on this to venture further into European and US markets, Angola is guaranteeing its place of importance on the international stage. It certainly sees itself as an African leader, and engagement with Luanda has served as a precondition for many external powers' initiatives in the region.

Beijing and Luanda's bilateral ties have been strengthened significantly over the last decade. In March 2004 China's Export-Import Bank (Eximbank) offered a $2 billion oil-backed loan, with very favorable conditions and none of the political restraints a loan from the IMF would have brought. The oil-for-reconstruction deal between the two partners has reached $10 billion, making Angola one of China's main oil suppliers. One important alliance that has evaded transparency and oversight is the China International Fund (CIF), also known as the 88 Queensway Group, and its alliance with Sonangol. In 2005 CIF announced a $2.9 billion line of credit to Angola. It is unclear how Eximbank's loans and the projects conceded to state-owned companies differ from those of CIF, making this alliance ever more difficult to hold to accountability. Together with its associated companies in Singapore and Hong Kong, CIF is said to have invested more than $20 billion in numerous African countries, with a stated mandate of investing in large-scale reconstruction projects. The CIF syndicate and its China Sonangol Company have together sought highly ambitious deals aimed at dominating the resource sectors of countries such as Zimbabwe (pledging an estimated $8 billion to invest in the diamond sector), Guinea Conakry (intending to invest $7 billion in infrastructure to assist with exploration of iron ore), as well as Madagascar, Mozambique, and Tanzania. The Chinese government's approach to key African countries and the bilateral strategy used by the Angolan government with Harare, Conakry, and other capitals seem to be closely aligned with these commercial operations.

Russia's economic power is rapidly matching its political influence in Luanda, although it dwarfs in comparison to the multidimensional nature of relations between Luanda and Beijing. In October 2012 the Russian bank Vneshtorgbank (VTB) announced that it would extend credit of $2 billion dollars for the financing of Angolan private companies. This is an opening for companies such as Lukoil and Gazprom to enter the crude-oil sector in Angola. VTB's entry into the country was a cautious and slow process that began in 2007 when the bank opened its first VTB Africa branch. In August of last year, Angola indirectly launched a $1 billion bond through VTB, at a 7 percent coupon rate, increasing the likelihood of it issuing a Eurobond in the coming years as it simultaneously launches its stock exchange.

Sonangol and its investment policies in Africa

The Sonangol Group of Angola is one of the most economically important financial enterprises on the African continent. It is a highly efficient machine that has expanded and diversified in the last 30 years into banking, telecommunications, real estate, shipping, air transport, oil recovery and deep drilling, seismic data, and other services related to the oil and gas industries. With more than 30 subsidiaries and overseas facilities in Brazzaville, Hong Kong, Houston, London, and Singapore, Sonangol's most successful subsidiaries include two full-service banks: MSTelcom and Sonair. The African Investment Bank (BAI) was ranked by *The Banker* magazine in 2010 as one of the world's 1,000 largest banks, and today it is one of Sonangol's key investment arms.

Sonangol has begun investing in the Gulf of Guinea region in sectors as diverse as infrastructure, mining, and oil exploration. In Sao Tome e Principe, the Angolan oil company's economic participation will include concessions on the port, the expansion and modernization of the airport, as well as a partnership in the Sao Tome water and power company EMAE and oil company ENCO, which is already 70 percent owned by Sonangol. This initiative demonstrates Angola's newfound pragmatism, which is put into play when the politics of a partner country ignore Luanda's politics and security. The Trovoada family, now in power again in Sao Tome, was closely allied to UNITA during the war and never engaged with the MPLA. Luanda's interests in Sao Tome continue to expand with Sonair – Sonangol's aviation company – and it became the majority shareholder of the national air carrier, STP Airways, in mid-2012. Angola's Unitel International holding, owned by the President's daughter, Isabel Dos Santos, is also expected to become Sao Tome's new telecommunications operator, after winning a tender for the license of a fixed line and mobile telecommunications in March 2013.

Luanda's intentions of stabilizing Guinea Bissau were clearly tied to its interest in resurrecting the port of Buba and the bauxite mine projects. The port of Buba – a strategic port of great economic interest – and the Boe mine will be linked in a regional exploration project, which will include the construction of processing facilities, a railway line, and a hydroelectric facility on the Corubal River. The investment mining company Bauxite Angola, linked to Sonangol and BAI, has planned to invest more than $320 million in this project. There were plans to expand the mining project to cover reserves in neighboring Guinea Conakry. This would take the form of an infrastructure project run by Asperbras, a partnership between Brazil's Odebrecht and Angolan companies. The Angolan mission's retreat may have hampered these plans, although efforts to regain political favor in Bissau continue.

In addition, the links between the lusophone countries (Community of Portuguese Language Countries, CPLP) are being explored further by the partnership between the Sonangol bank Banco Privado Atlantico and the holding company Geocapital of Macau's Stanley Ho. This partnership is preparing to take a stake in Guinea Bissau's Banco da Africa Ocidental and is exploring the idea of integrating the banks acquired in the Portuguese-speaking companies, including Cape Verde's Caixa Economica. The Sonangol-Geocapital partnership is now expected to expand operations throughout the African continent and could see an investment of $40 billion by 2018 in areas as diverse as biofuel production and real estate. After purchasing the Portuguese bank Banco Português de Negocios for $40 million in 2012, Sonangol's Banco Internacional de Credito (BIC) bank is now planning to use $760 million to expand the number of branches in

Brazil and to make acquisitions. In addition, BIC, which currently has more than $3.5 billion in deposits, is planning to expand into African markets such as Namibia and the Democratic Republic of Congo (DRC).

By the end of this year, Angola is expected to have begun joint oil exploration projects with Congo Brazzaville – a move facilitated in 2011 by the signing of tax and trade agreements. Sonangol might also venture into Zambia if oil is found in the Barotse areas that border the Angolan provinces of Moxico and Cuando Cubango. Plans are already in place for the Lobito Corridor railroad, which will cross Angola, the DRC, and Zambia, making this a more efficient route to reach the copper belt. The Angolan government will also rehabilitate the Lobito Port at an estimated cost of $1.247 billion in order to facilitate the export of minerals. This falls into Luanda's strategy of aiming to become an international mining powerhouse through the exploration of iron, gold, phosphate, and copper, in addition to diamond mines.

Angola's influence in regional organizations

Luanda has had a tendency to operate in isolation, characteristic of its "exceptionalist" stance, which prefers a "statist" to a multilateral consensual approach. Bilateral contracts continue to be pursued by the political elite, although the tendency to combine diverse partners in the economic and investment spheres may open up new diplomatic paths for Angola. In its relations with regional organizations, Angola has sought to determine the rules of engagement, retaining unchallenged influence in certain capitals, and deploying its petro-capitalist power to avoid placing itself in positions of political, economic, or military weakness. This has been the case in Luanda's engagement with the Southern African Development Community (SADC) and the Economic Community for Central African States (ECCAS) – it is a member of both organizations and contributes to their respective stand-by forces. Since 2010, Luanda has actively contributed toward large troop contingents to the SADC and ECCAS brigades, participating in joint training exercises that could eventually see Luanda engaging in peacekeeping and humanitarian missions, although the priority will be to embed this type of cooperation into a wider development agenda.

However, Angola has been reluctant to join the SADC's Free Trade Agreement and has been slow to respond to the regional integration process that established a Customs Union and envisages a monetary union by 2016. Luanda could play a large and important role in the SADC's economic project, given the economic complementarity to be anticipated, should the bilateral trade approaches Luanda has with South Africa, Namibia, Botswana, and the DRC become integrated. However, this would require that Luanda make compromises regarding a development agenda and a political architecture that would test the limits of its "democratic" transformation. National security and military solutions – as opposed to negotiated settlements – and the focus on real power relations are the elements of Angola's peace and security policies in Africa, reflecting its own homegrown solutions. So far, Angola has participated safely in large infrastructure projects in the region, which include the Lobito transport corridor (linking Angola, the DRC, and Zambia), the Trans-Cunene corridor (between Angola and Namibia), and WESTCOR (which links power systems of five countries from Inga in the DRC to the south). In terms of security, Angola has taken important steps by joining the SADC Mutual Defense Pact, which provides for collective intervention, possibly substituting its defense agreement with DRC, Namibia, and Zimbabwe – a remnant of its policies from the late 1990s. In addition, since 1999, Luanda has held the executive secretariat of the Gulf of Guinea Commission, the regional oil bloc comprising the DRC, Nigeria, Congo, Sao Tome e Principe, Gabon, Cameroon, Angola, and Equatorial Guinea.

Angola and the African Union – Highlights of a policy change

It is important to understand that Luanda is not stuck in a static vacuum of petro-power, in which an unchallenged political elite has confirmed its absolute power. On the contrary, the presidency and elements of the ruling MPLA continue to recognize the need to adapt to change. Although in the past Angola has chosen not to commit to certain policy imperatives that could lead to internal contradictions, it has recognized the newly independent Republic of South Sudan, in spite of the Cabindan secessionist problem. This could also be an indicator of Luanda's new willingness to conform to more mainstream African Union positions and take shelter in the safety of these political postures while not making them a tenet of foreign policy.

This change may have been catalyzed by the international embarrassment Angola faced after pledging its full support to Cote d'Ivoire's Laurent Gbagbo, following Allasane Ouattara's victory in the 2010 Ivorian presidential elections.

Luanda has more recently combined its military training capacity with its capital-intensive investment policies on the continent. In an unprecedented move, Luanda began an extensive program of security-sector reform in 2010 in Guinea Bissau to create an environment of predictable security and political configuration in the wake of successive military coups. Guinea Bissau remains a highly unstable country where the security apparatus has a promiscuous proximity to the political running of the state, while also being involved in narco-trafficking. Angola's experience in Bissau had valuable military and diplomatic lessons. Luanda understood the importance of gaining regional and multilateral backing, which could, as a result, see it taking on a more responsive and active role in strengthening the continent's security architecture.

In particular, because Nigeria sees Angola's move of venturing into its sphere of influence in West Africa as a threat, especially when Luanda takes on a more dynamic investment strategy in assisting other petro-states in developing their oil infrastructure, thereby securing political allegiance to Luanda at the expense of Abuja. However, Angola and its efficiently run and highly trained armed forces will continue to find ways to collaborate during missions on the continent. It will do this in a more cautious manner, as would be the case in its potential participation in the 2013 SADC mission to the DRC. Luanda is prepared to take on a much bigger role in peace missions and stabilization operations but has yet to define its approach toward the African Union. At the most recent AU summit in Addis in January 2013, the Angolan Foreign Minister, George Chikoty, called for the creation of an AU rapid intervention force to be operational by 2015. Angola has airlift capacity, which is crucial to any rapid-response, humanitarian, or peacekeeping operations on the continent. The ability of African states to respond to violent conflicts, natural disasters, and any other challenges has been severely constrained by the inability to deploy troops and materials in a timely manner, in particular to inaccessible conflict theaters such as the DRC, Darfur, and Somalia. The AU has had to rely on NATO to overcome these constraints, but a more coordinated approach with countries that have airlift capacity, such as Angola, Algeria, Morocco, and South Africa, could radically change the readiness of regional initiatives to intervene.

One interesting and important development was the rapprochement of the South African and Angolan military in mid-2012. The Chiefs of General Staff, General Geraldo Sachipengo Nunda of Angola and General Solly Zacharah Shoke of South Africa, signed a bilateral cooperation agreement in the defense sector and identified as potential cooperation areas staff training, peacekeeping, the defense industry, the Air Force, and the Navy. This will bring the Dos Santos and Zuma governments into untested waters, as the relations between Pretoria and Luanda were at best frigid until 2009. Zuma has made significant inroads in collaborating with Dos Santos and securing memorandums of understanding for South African companies wanting to invest in Angola, but he will have to contend with the scrutiny of South African justice organs and civil society watchdogs concerning any defense deals that lack transparency.

Conclusion and recommendations

Regarding its sustained influence in Africa, it is important that Europe begin devising a concerted policy toward African regional powers such as Angola that are actively pursuing to gain influence over many key countries on the continent. This means that an inclusive approach is required for engaging Angola on African affairs. This should recognize Luanda's importance in order to encourage it to act as a constructive element and not as a spoiler that could frustrate international efforts for peace and stability. With Luanda's influence in key countries, such as the DRC and Zimbabwe, where the EU has substantial financial engagements and large missions, it is imperative that Luanda be guided into multilateral approaches to post-conflict countries – be it in stabilization efforts, mediation processes, or peacekeeping operations. This also requires that European policymakers seek to understand key bilateral alliances that Angola has – as with South Africa more recently – and find ways to engage, as well as monitor, their security-related projects and initiatives so that there is a coordination of efforts.

By the same token, Angola's financial expansion will need to be considered, with joint ventures and international partnerships increasingly becoming more prominent in Luanda's African development strategy. Without engagement by key regional organizations such as the European Union, and oversight by multilateral organizations such as the IMF, Angola's ambitious drive to secure key investment opportunities and political influence in Africa and abroad may harm efforts of transparency, accountability, and reform in democratic and financial terms. This essentially means that European policymakers should actively pursue partnerships with Luanda but maintain focus on fiscal transparency, installing accountability mechanisms, and ethical approaches to investment and business in developing countries. At every stage of this engagement, the EU should promote its values, despite a reluctance by Angolan authorities to accept any pressure in this regard. The government in Luanda craves international importance and relevance, and this opens an avenue for Europe to create a common platform that would allow for this, but it would require Angolan companies to operate in an entirely different manner.

Efforts should also be made to continue pressuring Angola to make political reforms, even if this means taking harder positions. The EU failed to send an observer mission for the 2012 elections, which were revealed to have been fraught with irregularities, despite the acquiescence of the African Union, the SADC, and the CPLP in determining them fair, and should now proceed to pressure Luanda on establishing a new date for local polls. Repression has increased in the country and calls for reform by grassroots organizations are not being heeded by the government. This is an area where the EU can voice concerns and raise the alert on the consequences of undemocratic governance on national stability and engagement with international partners. European policymakers should reach out to civil society and the opposition to understand the main challenges that the country is facing and steer Luanda toward a more reasoned approach to governance. This is vitally important because a lack of engagement with national reform forces may lead to a difficult political future and turbulent processes in times of political succession.

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