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Portugal and Angola: Ties that bind?

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Introduction

Over the last couple of years, Portugal has increasingly been setting its sights on Angola, recognizing the former colony's largely untapped economic potential and the opportunities available for developing it, as well as Angola's geo-strategic relevance within Southern Africa. Confronted, to a certain extent, with a lack of capacity to grow and export within the European Union, Portuguese companies have seen in Angola – and also in Brazil and Mozambique – an interesting economic alternative, or supplement, while politicians have envisaged a growing diplomatic advantage in those bilateral relationships.

As far as one can predict, this trend will continue in the forthcoming years. According to the latest projections of the African Development Bank, Africa in general is expected to witness steady economic growth, 4.5% in 2010 and 5.2% in 2011.¹ Thus, with the majority of advanced economies still entangled in a tense international economic environment, it is natural to look to the growing possibilities that the African markets have to offer. In this context, countries like France, Portugal and the United Kingdom are eager to capitalize on the existing historic

and cultural ties that link them to many African states. Today some of those African states are already the destination of increasing amounts of capital and technical expertise, most often channeled towards the extraction of the vast natural resources that Africa has to offer, but also steadily focusing more on fulfilling the need for basic infrastructures and training of specialized manpower in those African nations.

Bearing in mind this overall trend, Portugal's renewed interest in Africa and in particular in the Portuguese Speaking African Countries (PALOP) is no exception. Indeed, coinciding with the VIII Heads of State and Government Summit of the Community of Portuguese Speaking Countries (CPLP) that will take place in Luanda on July 23rd, 2010, Portuguese President Aníbal Cavaco Silva and Prime Minister José Sócrates will visit Angola. This article will attempt to summarize and analyze the current state of relations between the two countries. It therefore begins with an overview of the current relations between Portugal and Angola, focusing on the existing political cooperation between the governments at a bilateral and multilateral level. Then, the favorable economic climate, with several mutual investment projects already on the ground and others looming on the horizon, will be as-

¹ "Africa's Growth on the Rebound – African Economic Outlook 2010 Launched in Abidjan" (allafrica.com, 24 May 2010).



sessed. Finally, the article outlines some policy recommendations regarding specific short and medium-term issues that could – and should – be raised during the visit of President Cavaco Silva and Prime Minister José Sócrates.

Facing and solving the existing political and economic hurdles is a crucial step towards a more mature diplomatic relationship. Only then will it be possible to take the present economic, political and diplomatic bilateral relationship to the next level.

Political bilateral and multilateral relations: A win-win situation?

In the last few years, Angola has become a priority for Lisbon's diplomacy, as is apparent by the consecutive visits made by high-ranking Portuguese state representatives to Luanda. Just to give a few examples, former Prime Minister José Manuel Durão Barroso went to Angola in October 2003, followed by former President Jorge Sampaio in November 2005. Current Prime Minister José Sócrates, during his first term, visited Angola twice, first in April 2006 then in July 2008, accompanied each time by a vast delegation of cabinet members and businessmen. Angolan President José Eduardo dos Santos reciprocated, paying an official visit to Portugal in March 2009. The list of mutual visits by the Portuguese and Angolan Foreign and Defense Ministers is even more frequent.

Here it suffices to note that the last time that Portuguese Foreign Minister Luís Amado was in Luanda was last January, while his counterpart, Assunção dos Anjos, was in Lisbon in March 2009. Moreover, Portuguese Defense Minister Augusto Santos Silva visited Luanda last May, while his Angolan counterpart Cândido Van-Dúnem, appointed last January, has yet to visit Lisbon.

This intense frequency of bilateral contacts, when compared with the 1980s and the first half of the 1990s, follows Angola's gradually increasing political, economic and social stability, which began to take root in the second half of the 1990s and the early 2000s. As soon as it was the ripe moment to create and explore mutually beneficial political, diplomatic and economic opportuni-

ties, Lisbon and Luanda did not miss the chance. Consequently, increasing political and diplomatic exchanges was the logical next step in order to seize the moment. Portugal felt that it could play a relevant role not only as an important Angolan political and diplomatic ally in multilateral forums, but also in the reconstruction of the Angolan state, deeply deprived of basic infrastructures and specialized manpower. In order to support Angola's efforts towards the reduction of poverty levels and to reach sustainable development, the Portuguese Institute for Development Assistance (IPAD), through various In-

dicative Cooperation Programs (PIC), disbursed around €200 million in the past decade.²

On the other hand, Angola saw in Portugal a much-needed supporter, a gatekeeper that could help open some international doors still closed to the Angolan regime. Indeed, in the last few years, the *quid pro quo* has been mutually beneficial, even though the bilateral relationship could be developed further.

Moreover, the diplomatic cooperation between both countries has become more than just bilateral relations. Since 1996, the two countries, together with Brazil, have become the main engines behind the CPLP, an organization which has evolved in the last few years – after many uncertainties – into a more relevant forum of political consultation and diplomatic coordination between the Lusophone countries. In the last two years, Portugal has held the rotating presidency of the CPLP

with the clear objective of strengthening ties between all members and promoting the Portuguese language around the world, an agenda that is likely to be followed by Angola, the next member to hold the presidency of the CPLP starting next July.

Indeed, Angola is progressively more interested in the opportunities that the CPLP has to offer. As Executive secretary to the CPLP Domingos Simões Pereira recently stated, the CPLP "is the ideal stage for Angola to

2 The ongoing €65 million program for the period between 2007 and 2010 is mainly focused on three areas: strengthening Angola's institution-building capacity (including good governance and the rule of law), sustainable development and fight against poverty, as well as the development of a cooperation cluster.



affirm itself as a regional power” due to its growing demographic and economic power, which “should now be translated into a leadership strategy” that can not only benefit Lusophone cooperation, but also tackle some of the obstacles in its way.³

Still, despite recent improvements regarding the CPLP, the truth is that much remains to be done in order to establish it as a growing multilateral diplomatic instrument. In fact, to a certain extent it is difficult to understand the reasons why the CPLP is taking so long to be perceived by Portuguese-speaking countries as a useful diplomatic instrument, i.e. as an additional tool upon which it is worthwhile to invest time and resources in order to safeguard their mutual interests’ vis-à-vis other multilateral and bilateral political players.

The benefits of deepening bilateral relations between Portugal and Angola are also evident in other international forums. Within the European Union (EU), Portugal has always tried to take advantage of its historical background regarding Africa, and is not shy about using its political credentials with its former colonies when it comes to enhancing the relationship between them and the European Union and vice-versa. Moreover, it was not a coincidence that the two previous EU-Africa summits, the first in Cairo in April 2000, and the second in Lisbon in May 2007, were held during the Portuguese presidencies of the Council of the EU.

Negotiations are currently underway to materialize a proposal made by the Swedish presidency of the Council of the EU in the second half of 2009 – again, mostly due to Portuguese diplomatic backstage work – regarding a Joint Way Forward (JWF) between the EU and Angola – similar to the one already agreed upon between the EU and Nigeria.⁴ Indeed, the JWF is a further example of how Portugal naturally assumes the role of preferred European interlocutor for Angola, i.e. the main player in or-

der to safeguard their interests within the EU, as well as the relevant political actor in seeking to establish bridges between Angola and the EU and promoting widespread recognition of Angola’s growing power and importance in Southern Africa by its European peers.

Likewise, and reversing this line of thought, the same can be applied to Portugal’s insertion within the vast-er Southern African Development Community (SADC) area, where Angola – and also Mozambique – hold considerable influence, enough to (un)officially establish some much needed political channels for the Portuguese diplomatic corps, which is just now starting to contemplate the relatively forgotten potential of Southern Africa.

Within the UN as well, Portugal and Angola’s ties have also born fruitful gains, namely in mutual support for representation in the institutional universe of UN bodies and agencies, with particular focus on the Security Council. Working under a pre-combined CPLP consensus, Portugal supported Angola for a non-permanent seat in the 2003-2004 biennium, as well as for membership on the Peace building Commission in 2006.⁵ More recently, Angola also counted on Portugal’s vote in its re-election for a three-year consecutive term as a member of the UN Human Rights Council. Angola has already pledged its vote for the Portuguese candidacy to a non-permanent seat in the Security Council during the 2011-2012 biennium.⁶

If doubts existed, as it was pointed out above, the last few years have shown how beneficial the bilateral and multilateral relationship between both countries could be from the political and diplomatic standpoints. But is the same true regarding economic affairs?

Economic relations: Still looking for equilibrium?

Unsurprisingly, the high-level bilateral political contacts pointed out above are, to a considerable extent, propelled by the current prosperous state of economic bilateral re-

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3 “CPLP é ‘palco ideal para afirmação de Angola como potência regional” (*Lusa*, 13 May 2010).

4 “Angola responde a proposta de Parceria Estratégica da UE nos próximos tempos” (*Angop*, 18 June 2010).

5 “Declaração de Brasília” (*CPLP*, IV Heads of State and Government Summit, 31 July 2002).

6 See Paulo Gorjão, “Portugal and the Security Council: Is This Seat Taken?” (*IPRIS Policy Brief*, No. 1, April 2010).



lations and the prospect of mutual investments ahead. Such bilateral growth is even more extraordinary if one takes into consideration some of the flaws in Angola's economy: heavy dependence on commodity prices, rampant corruption, precarious infrastructures and a questionable legal framework, among others. Still, despite such stumbling blocks, the growing weight of Angola in Portugal's trade balance is simply undeniable. Back in 2000, Angola held the 10th position as a market for Portuguese exports, but in just 10 years, it climbed to the 4th place – corresponding to a share of 7.23% and roughly €2 billion in trade – thus becoming Portugal's biggest commercial partner outside the EU, surpassed only by France, Germany and Spain and amounting to 80% of all trade in the PALOP. Thus, despite the numbers for 2010's first quarter – which foresee a decline of exports to Angola, essentially due to the spill-over effects of the global economic and financial crisis, the two countries' trade balance is likely to become even more intertwined in the near future.

As proof of such a claim, one needs to look no further than Angola's foreign direct investment data. In 2003, Portugal had only invested about €40 million on the ground, holding the 15th position among Angola's main foreign investors. In 2005 that number had already risen to €263 million, eventually reaching a record-breaking €775 million in 2008, followed by a lower €557 million in 2009, again due to fallout from the international economic crisis. These figures reflect the growing interest in specific economic sectors, such as Angola's banking sector, in which every major Portuguese player – Caixa Geral de Depósitos (CGD), Santander Totta, Banco Português de Investimento (BPI), Banco Espírito Santo (BES) and Millennium BCP – already possesses a minority or joint-venture operation on the ground.⁷ Equally significant, and seeking to profit from

the nation-wide reconstruction efforts, every major Portuguese civil construction company is already involved in local deals and actively competing in official open bids, with Angola's market comprising nearly 60% of their respective external activities.⁸ Also worth mentioning is the 25% share Portuguese communications and multi-

media company Portugal Telecom (PT) holds in its local counterpart Unitel, understood as a possible spearhead for further investments in the region.⁹ At the same time, and accompanying such capital flows, a new immigration wave is taking place, with specialized Portuguese workers relocating to Africa, especially to Angola, seeking to reap the benefits of these new opportunities. Between 2006 and 2008, it is estimated that around 70,000 Portuguese citizens traveled to Angola, filling in local job demand.

The same is true the other way around. As was stated by the Portuguese Ambassador to Angola, Francisco Ribeiro Telles, "the business relation between Portugal and Angola is a two-way road".¹⁰ Against the common perception that Angola would not be able to reciprocate the economic interest in Portugal, in substantial amounts, the past couple of years have proven otherwise. In 2004, Angola held the 128th position in the list of Portuguese imports with a modest €1.8 million in sales. Since then – and mainly due to crude oil purchases – Angola has climbed to the 23rd place, representing over €400 million in 2008, symptomatic of its 13% GDP growth in the same year. Furthermore, Angolan investments

– albeit, still modest within the general context – are also finding their way into the Portuguese economy. If one takes into account that in 2005 the country's money flows came down to little more than €6 million, it is striking that the number exponentially rose to almost €50 mil-

The high-level bilateral political contacts are propelled by the current prosperous state of economic bilateral relations and the prospect of mutual investments ahead. If doubts existed, the last few years have shown how beneficial the bilateral and multilateral relationship between both countries could be from the economic, political and diplomatic standpoints.

7 Cláudia Henriques, "Bancos portugueses com presença forte em Angola" (*TSF*, 11 March 2009).

8 Inês Sequeira, "Angola quer fábricas portuguesas de materiais de construção" (*Público*, 18 May 2009).

9 Although Unitel recently lost its bid for Zambia's public operator, Zamtel.

10 Cândido Bessa, "A relação entre Portugal e Angola é de dois sentidos" (*Jornal de Angola*, 10 June 2010).



lion in 2008, and then to nearly €114 million in 2009, an increase of 131% in just a year.

This sudden boom of Angolan interest can be properly understood by taking into account some recent business deals. In 2007, Angola's national oil company and main investment vehicle, Sonangol, bought a 10% stake in Portugal's biggest private bank, Millennium BCP. Similarly, in 2008, with a majority of Angolan capital, BIC Portugal Bank began its operations. Later in 2008, Isabel dos Santos – President José Eduardo dos Santos's daughter and Angola's leading businesswoman – bought a 9.8% stake in another Portuguese bank, this time BPI, followed by the purchase of 10% of multimedia company Zon in 2009. These stakes were then considered to be worth around €2 billion in stock market values.¹¹ Included in this figure is also the joint investment by Sonangol and Isabel dos Santos of 45% in Amorim Energia, which in turn controls 33.34% of Portuguese energy company, Galp Energia. The business relationship between the two utilities has recently gathered sustained media focus, as rumors concerning a possible reinforcement of Angolan capital in Galp's shareholder structure – in order to replace Italian ENI – have increased. At least officially, both companies have long expressed a desire to deepen their cooperation. The fact that they already work closely in Cape Verde and in Brazil

seems to sustain the argument that “there are advantages to all parts” in an eventual cooperation, as Angolan Oil Minister José Botelho de Vasconcelos has recently said.¹² Yet, certain issues have held back the development of the economic relationship and tainted this carefully constructed image of an idyllic potential market. The most

pressing and also the most delayed matter concerns the debts owed by the Angolan state to Portuguese companies, an issue constantly raised by every Portuguese state authority that visits Luanda. Recent reports estimate that Angola owes around €2.3 billion to the Portuguese private sector, €1.5 billion of which is owed to civil construction companies, like Teixeira Duarte, Soares da Costa, Mota-Engil, Somague or Edifer.¹³ The short-term solution to this deadlock will apparently be resorting to an existing €500 million credit line – arguably created

to finance public investments and infrastructure projects in Angola – agreed to by the two governments in March 2009, during the visit of President Eduardo dos Santos to Portugal.¹⁴ Still, this is a problem needing a structural solution if both states want to avoid further serious political and diplomatic obstacles.

Other relevant setbacks concern the Angolan legal requirement for any investment to be associated with a local partner – inevitably resulting in a restriction to greater foreign presence in the Angolan market – and the constant bureaucracy surrounding visa issuance. The latter has already strained relations between the two countries in the early 1990s and again in 2008, but despite considerable official improvements in speed and costs – again, after the visit of President Eduardo dos Santos to Portugal – the difficulties in obtaining a business visa are still noticeable, curbing fur-

ther external ventures.¹⁵

On the other hand, Portuguese exports have also suddenly come to face international competition for the

Portugal should actively back an eventual second Angolan candidacy to a non-permanent seat in the UN Security Council. By quickly doing so, the Portuguese diplomacy would certainly consolidate its role as a reliable partner for Angola, as well as for the African continent, with the consequent generation of regional political good will, particularly among SADC members.

11 “Investimento angolano em Portugal já supera dois mil milhões” (i, 22 December 2009).

12 Galp and Sonangol control their local Cape Verdean counterpart, Enacol. In Brazil, together with Petrobrás, both companies run several oil fields and plan to invest in the market of biofuels. See “‘Há vantagens para todos’ no reforço da Sonangol na Galp” (*Diário Económico*, 7 June 2010).

13 “Construtores confrontam António Mendonça com terem de parar trabalhos se Angola não pagar dívidas” (Lusa, 11 May 2010).

14 In fact, during this occasion, credit lines between both countries were significantly expanded. In 2004 to help funding national exportations, €100 million were made available, a number that rose to €300 million in 2006, €500 million in 2008 – always coinciding with stately visits – and would eventually be doubled to €1 billion in 2009, as well as complemented by the aforementioned extra credit line, both now fully at use by the interested parties.

15 Ana Cordeiro, “Presidentes de Angola e Portugal garantem que problema dos vistos será resolvido” (*Público*, 10 March 2009).



Angolan market in recent years, especially with China's growing economic and trade efforts. Fueled by a global search for natural resources – oil, in particular – China has quickly become a major player in the African continent, and Angola is no exception.¹⁶ Their US\$25 billion in bilateral commercial exchanges in 2008 alone, coupled with constant investments by nationally-owned companies – such as the Export-Import Bank of China (Exim Bank), China Construction Bank (CCB), China National Petroleum Corporation (CNPC), China National Offshore Oil Corporation (CNOOC) and China Petroleum & Chemical Corporation (Sinopec) – currently constitute the biggest challenge to a leading Portuguese presence in Angola's economy in the short and medium-term.

Still, neither tough competition nor practical restraints on the ground are yet sufficiently unsolvable to compromise planned Portuguese investments, although they may significantly delay them and trigger serious political and diplomatic problems between both countries. They should be dealt with as soon as possible.

Policy recommendations

After the general elections on September 2008 renewed the Popular Movement for the Liberation of Angola's (MPLA) grip on power and after the promulgation of the new constitution in February 2010, Angola might have entered into a new political era, perhaps preparing the way for President José Eduardo dos Santos's political succession.¹⁷ The new constitutional dispositions reinforce the powers of the President, virtually granting José Eduardo dos Santos the sole executive power in government, while assigning the newly-appointed Vice President, Fernando Piedade Dias dos Santos, and the remaining cabinet to an essentially auxiliary and advisory role. On the other hand, the Angolan President is now elected by indirect suffrage, as

the leader of the majority party in parliamentary elections, while the National Assembly – with its new Speaker, Paulo Kassoma, leaving his former position of Prime Minister which no longer exists – is relegated to mere confirmation powers.

The impact of these changes on Angola's foreign policy is basically non-existent, since the policy-making center of

Angola's diplomacy has not truly shifted, and in that sense neither did its main priorities and goals. Contributing to such continuity is the relative constancy in international oil demand, and consequent high price maintenance, which has undoubtedly favored Angola's external status quo in recent years and the stability of its foreign policy. Continuity was also guaranteed by the fact that the Angolan Foreign Ministry had only two ministers in the past decade, including current Foreign Minister Assunção dos Anjos, thus allowing the development of strong working relationships with and by its interlocutors.

Still, in order to overcome and adjust to the recent modifications in Angola's political establishment on one hand, and to promote a stable and growing bilateral relationship on the other, Portugal should step up and propose common achievable goals, with immediate results regarding their diplomatic and economic daily affairs. Thus, in the upcoming meeting in Luanda between the Portuguese and Angolan heads

of state and government, several issues should be raised. At a political and diplomatic level:

1. The natural increase of bilateral political cooperation.
 - Given the current amount of bilateral political will invested in deepening relations, the lack of any formal and regular mechanism devoted to advancing those same ties is rather noticeable. If Portugal maintains regular high-level meetings with Cape Verde, for example, as demonstrated by the recent inaugural Summit between the two countries, it is worth asking if the visible breakthroughs in the relationship between both countries in the past couple of years do not deserve a similar formal institutional umbrella. Not only would the setting up of official summits publicly symbolize the mutual recogni-

Never before have the political conditions been more stable or the trading opportunities more propitious between the two countries. While remaining careful to avoid overly optimistic expectations, as well as needing to overcome pitfalls, both countries should rightly acknowledge the benefits that each one will obtain if their relationship is deepened.

¹⁶ See Indira Campos and Alex Vines, "Angola and China: A Pragmatic Relationship" (Chatham House, March 2008).

¹⁷ See André Monteiro, "Angola's new Constitution: The old hegemony authorized" (*IPRIS Lusophone Countries Bulletin*, No. 5, March 2010): 1-2.



tion of the importance that both countries grant to their ties, but it would also serve as an ideal – and most of all, regular – opportunity to assess the existing bilateral framework and to plan further common initiatives.

- Actively backing an eventual second Angolan candidacy to a non-permanent seat in the UN Security Council, in a medium term scenario, could also easily return diplomatic dividends.¹⁸ Beyond the inherent international status, it would also signal a further recognition of Angola's efforts in the reconstruction and reconciliation process, and its growing assertion in the regional context. In fact, by quickly supporting an Angolan candidacy, the Portuguese diplomatic corps would certainly consolidate its role as a reliable partner for Angola, as well as for the African continent, with the consequent generation of regional political good will, particularly among SADC members.

2. A mutual boost to CPLP.

- Given Brazil's occasional hesitation towards the CPLP's institutional and practical development,¹⁹ Portugal has no other choice than relying on Angola as the remaining significant partner – and the “great promise of the Lusophone world”, according to Cape Verde's President Pedro Pires – in order to effectively set forward a constructive and feasible agenda in the coming years.²⁰

- Building upon the work carried out by Portugal's presidency of the CPLP in promoting the Portuguese language in international organizations, Angola's term should officially aim to enhance and expand this enterprise. To that end, Portugal could work closely with Angolan authorities, while taking into consideration the experience of previous efforts and the established network of contacts spread around the globe, in order to obtain more tangible results for the entire Lusophone community. The combined support and increased funding of the CPLP's International Portuguese Language Institute, for example, could prove to be a significant step to that end.

- Angola, during its presidency, is bound to propose an official initiative regarding the final establishment of the CPLP's Statute of Citizenship and Free Circulation, on the organization's agenda since 2002 but still not fully implemented. Portugal, for one, should tread carefully with this topic, as the legal obstacles and doubts – either constitutional or EU driven – have not been fully surpassed, nor are they likely to be in a near-future scenario. On the other hand, it should be worth dividing the issue on two fronts with different paces of discussion,

since “Lusophone Citizenship” is much more complex to agree upon, while “Free Circulation” amongst the member states clearly holds more immediate economic and trade benefits.

At an economic level:

- The issue of debt to Portuguese companies should be definitely and permanently resolved, with the prompt payment of what is owed by the Angolan state and without any further delays. Portuguese authorities have to make it clear to their counterparts that what is at stake is the risk perception of investing in Angola. As long as there are public and significant examples of the state's inability to fulfill its official commitments, any foreign investor – particularly Portuguese – will think twice before risking its capital in any local endeavors, especially if taking into consideration the current international economic climate.

- Likewise, it is economically unreasonable to expect that Portuguese companies will actively invest in local ventures without some kind of assurance, given the known bureaucratic procedures that will constrain any foreign project. One possible solution to overcome such adversities and to promote further bilateral business would consist in fast-tracking the long awaited and delayed bilateral agreement on double taxation and mutual investment protection, similar to the one in force with Brazil, that would prevent interested companies – especially financial institutions – from being overtaxed both in Angola and in the country of origin, in this case Portugal. In turn, this would allow for greater capital availability for any existing and potential actor, and further eliminate another obstacle to greater bilateral economic ties between the two countries.

- Portugal should also confirm its willingness and openness to receive Angolan investments in national economic sectors, as long as they respect and uphold the internationally accepted rules of transparency and accountability. Accordingly, the growing contacts between Galp, Sonangol and Petrobrás could prove to be the most immediate example that the present business relationship is not just a one-way street, and therefore should be further encouraged, while at the same time making sure not to interfere with rules governing markets.²¹ However, there is a growing concern in Portugal regarding Angolan capital penetration around key Portuguese companies, mainly in the banking, energy, and telecommunications sectors. Thus, a diversification of Angola's investments in Portugal is welcome, and Portuguese authorities should emphasize this.

- The growing trade ties between the two countries

18 See Paulo Gorjão, “Lusophone countries must devise a grand strategy towards the Security Council” (*IPRIS Lusophone Countries Bulletin*, No. 4, February 2010): 6-7.

19 See Shiguenoli Miyamoto, “Brazil and the CPLP: Discourse and practice” (*IPRIS Lusophone Countries Bulletin*, No. 4, February 2010): 8-12.

20 “Angola é a grande promessa da lusofonia” (*Diário de Notícias*, 26 May 2010).

21 Ana Gonçalves, “Petrobrás e Sonangol combinam mexidas no capital da Galp” (*Diário Económico*, 7 April 2010).



should continue to be fostered by both governments. Although already significant, there is still much ground for further growth. To that end, and if needed, the existing credit lines should be reinforced, as they constitute the best instruments available to support the financing of national exports. The visa issue should also be carefully addressed in a way that points out the business limitations it imposes, with consequent negative effects on the economic operations of both countries. Additionally, Portugal should take this opportunity to promote Angola as a door into the wider SADC region, where the exponential number of economic opportunities is only surpassed by a greater need of foreign investments.

Conclusions

The current climate among the political and economic elites in Portugal regarding the relationship between Lisbon and Luanda is undoubtedly favorable to fast-paced growth and development in the near future. Never before have the political conditions been more stable or the trading opportunities more propitious between the two countries. While remaining careful to avoid overly optimistic expectations, as well as needing to overcome the pitfalls mentioned above, both countries should rightly acknowledge the benefits that each one will obtain if their relationship is deepened. Portugal is not a "giant in African diplomacy" but, unlike others, Portuguese Foreign Minister Luís Amado has already recognized "Southern Africa as the most important region in

the world, where we have interests and the possibility to extend our influence".²² Moreover, bearing in mind the hazardous openness of the Portuguese economy to the European context, diversifying exporting markets has become an imperative for the Portuguese economy, which now looks not only to Angola with a renewed interest, but also to the African continent in general.

For its part, Angola is steadily working towards increasing regional power and international credibility. Moreover, Luanda is also seeking significant foreign investments in return for its natural resources and market opportunities. In other words, Angola wants to expand its instruments of economic, political and diplomatic power. To that end, Portugal could be a useful partner within this overall Angolan strategy.

In light of this, both countries must understand that while neither of them is the definite solution for each other's problems and foreign policy agenda, much can still be achieved within the framework of their bilateral relationship. Providing a clear and normal political environment, encouraging a healthy bilateral business climate, overcoming the choking bureaucratic obstructions and commonly agreeing on joint regional and international endeavors, undoubtedly constitute the right steps to take on the road to a fruitful and prosperous partnership.

²² "Luís Amado considera África Austral como a região mais importante para Portugal" (*Lusa*, 3 February 2010).

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