

# Nigeria and São Tomé and Príncipe: A Relationship Centered on Oil and Geostrategy

GUSTAVO PLÁCIDO DOS SANTOS

Portuguese Institute of International Relations and Security (IPRIS)

The prime-minister of São Tomé and Príncipe (STP), Patrice Trovoada, travelled to Nigeria to participate in a conference titled “Security in The Gulf of Guinea”, as well as taking the opportunity to meet with recently-elected Nigerian President Muhammadu Buhari. The meeting focused on deepening cooperation between both countries and regional partners in tackling piracy and insecurity in the Gulf of Guinea, as well as reviewing the activities pertaining to the Joint Development Authority — a joint venture between Nigeria and STP intended to boost oil exploration and other resources in the Joint Development Zone (JDZ) that encompasses sovereign maritime territories of both countries— so as to make it more efficient and productive.<sup>1</sup>

Patrice Trovoada’s visit to the capital of one of Africa’s major powers reveals STP’s strategic importance in the region. Nigeria’s interest in STP, one of the continent’s smallest countries, lies in the fact that the archipelago is positioned at the heart of the Gulf of Guinea, a region rich in oil, natural gas and a wide variety of other resources,

as well as being key to regional and international trade. Moreover, Abuja’s geopolitical and geostrategic considerations towards STP are also worth noting, namely with respect to Angola’s growing influence in the Gulf of Guinea.

## Oil and the Gulf of Guinea

It is exactly the relevance of the immense oil reserves in the Gulf that immediately grabs people’s attention when discussing the region. This is driven by the fact that oil represents the main source of revenue for the Gulf’s major powers — 90% and 98% of export revenues in Nigeria and Angola, respectively.

However, the drastic fall in oil prices has shaken the finances of oil-producing countries. The Nigerian government, in particular, faces decreasing demand for its oil, in particular from its biggest client, the United States — due to the shale oil revolution — and Europe. This, however, has not been the case with Angola, which has China as its main oil buyer. That being said, why is Nigeria not directing its oil exports towards China? The answer lies in the fact that most of the Nigeria crude is “light sweet”. In contrast, Angolan oil is “heavy sweet”. In the words of an oil trader, “Angolan crudes rely on countries that are growing at

<sup>1</sup> “Nigeria, Sao Tome & Principe to review joint development authority” (*Premium Times*, 2 September 2015).



a rate of growth of 5% to 8% while [crudes out of] Nigeria rely heavily on Europe, where economies are generally on a decline".<sup>2</sup>

São Tomé and Príncipe is crucial to Nigeria in this respect, namely in regard to the JDZ. Although oil has not been found in commercially viable quantities,<sup>3</sup> should this happen, Nigeria certainly hopes the quality of its crude would be attractive for emerging economies.

### Which fate for the JDZ?

Oil exploration prospects in the JDZ remain uncertain, to a large extent due to persistent low oil prices that discourage investment in oil exploration in small blocks that are not that financially viable, as is the case with the JDZ. As a result, oil divestment has raised doubts over the viability of STP's reserves, and which has been a major blow to the country's economic perspectives.<sup>4</sup> Given this context, it is easy to understand why, during the conference, Patrice Trovoada downplayed the role of oil in STP's economy -- instead, he regards the potential oil revenues as merely being a "bonus".<sup>5</sup> Earlier, in July 2015, Trovoada stated that it would be "a mistake to wait for a hypothetical, speculative resource such as oil".<sup>6</sup>

This apparent departure from oil prioritization has also been noted in the Nigerian political scene. In March 2014, the Minister of Foreign Affairs, Mohammed Nurudeen, labeled the JDA as "frustrating", suggesting Nigeria could abandon the joint venture.<sup>7</sup>

It should be noted that São Tomé's strategic importance includes political and geostrategic interests. Since winning the presidential elections, Muhammadu Buhari has adopted a different foreign policy vision from that of his predecessor: the main focus is Nigeria's neighborhood, followed by the West African sub-region and, lastly, the rest of the world.

Notwithstanding these developments, during the meeting Trovoada said to Buhari that he would welcome discussing the joint-venture in 2016. Thus, it is possible that talks over the JDZ's future may shift towards creating more synergies to attain greater efficiency and productivity, particularly in terms of oil. On the other hand, it should be taken into consideration that a continued scenario of lower oil prices may further discourage the JDA's focus on oil exploration in the ZDC, in favor of other sectors. Although less likely, this second scenario has gained new momentum with Trovoada's emphasis on the biodiversity, fisheries, tourism and human potential in regards to the country's economic sustainability. The prime-minister has also highlighted the need to "better develop our country through commerce," taking advantage of the neighborhood's growing consumer market and middle class.<sup>8</sup>

### Security first

Regardless of the path taken, there is a necessity to guarantee security and stability in the Gulf of Guinea. With this in mind, during the meeting with

Trovoada, Buhari said that "[w]ith their shared strategic interest in the security of the Gulf of Guinea, Nigeria and São Tomé and Príncipe must work harder with other stakeholders to keep it safe".<sup>9</sup> Buhari also highlighted the "incalculable damage" done by piracy to regional economies, while assuring Patrice Trovoada "that Nigeria would do all within its powers to enhance security in the Gulf".<sup>10</sup>

This is where Nigeria can make a difference, given its leadership role in the region and the capacity of its security forces. On the other hand, considering STP's lack of naval resources, the small archipelago can take advantage of its strategic location so as to contribute to an eventual regional cooperation focused on improving se-

2 Eklavya Gupte, "A tale of two crudes: Nigeria and Angola" (*Platts, McGraw Hill Financial*, 25 May 2015).

3 "São Tomé and Príncipe" (Extractive Industries Transparency Initiative).

4 "Total abandons JDZ Block 1" (*Economist Intelligence Unit*, 16 September 2013); "Oil company to prospect for oil in Nigeria/São Tomé and Príncipe joint area" (*Macauhub*, 21 May 2015); and, Gerhard Seibert, "São Tomé and Príncipe: The End of the Oil Dream?" (*IPRIS Viewpoints*, No. 134, September 2013).

5 Kayode Komolafe, "When Oil is Not All" (*This Day Live*, 2 September 2015).

6 "Patrice Trovoada diz que o futuro de São Tomé não pode esperar pelo petróleo" (*Lusa*, 6 July 2015).

7 Luke Ajulo "Nigeria describes Joint Oil Venture with Sao Tome and Principe as frustrating" (*WorldStage*, 20 March 2014).

8 "Patrice Trovoada diz que o futuro de São Tomé não pode esperar pelo petróleo" (*Lusa*, 6 July 2015).

9 "Nigeria seeks joint efforts on security in Gulf of Guinea" (*Agence France-Presse*, 2 September 2015).

10 "Nigeria, Sao Tome & Principe to review joint development authority".



curity in the Gulf. That could be done, as Trovoada put it, “using technological surveillance and radar, because we have great coverage, and a wide viewing and listening angle from Sao Tome and Principe”.<sup>11</sup>

Furthermore, security in the Gulf of Guinea can only be guaranteed by going beyond anti-piracy military operations and protecting the oil sector. Indeed, security cannot be pursued without the “populations’ involvement, better economy, better social policy, better dialogue and better democracy,” as remarked by Trovoada.<sup>12</sup> Doing so, however, faces considerable obstacles, especially from prevailing interests, as exemplified by Emmanuel Ibe Kachikwu’s — managing director of Nigeria’s state oil company — intervention during the conference, which was marked by a strong emphasis on the need to prioritize security of the oil sector.<sup>13</sup>

### Nigeria and its sphere of influence

It should also be noted that STP’s strategic importance includes political and geostrategic interests. Since winning the presidential elections, Buhari has adopted a different foreign policy vision from that of his predecessor: the main focus is Nigeria’s neighborhood, followed by the West African sub-region and, lastly, the rest of the world.

Today, STP, which is in the second category, is an important piece of Nigeria’s geostrategic scene, particularly in relation to the dispute with Angola for greater influence across the Gulf of Guinea. In fact, Luanda enjoys a considerable economic and political foothold in four Lusophone countries within Nigeria’s sphere of influence: Cape Verde, Equatorial-Guinea, Guinea-Bissau and, of course, STP.

Indeed, Patrice Trovoada’s first official destination as prime-minister was Angola, where he met with President José Eduardo dos Santos. The meeting consisted in strengthening bilateral relations between both countries.<sup>14</sup> Moreover, over the past decade, Angolan companies have taken up strategic positions in STP’s economy: acquired the Empresa de Combustíveis e Óleo; bought 51% of national carrier STP Airways; obtained a 30-year concession to operate the country’s main port and the international airport; and the Angolan Unitel entered STP’s telecommunications market.<sup>15</sup> Additionally, in January 2014 Angola opened a \$180 million credit line, which will surely allow Luanda to deepen its economic,

and therefore political, influence in the archipelago.<sup>16</sup> Angola is also increasing its security cooperation with STP. In July 2015, STP’s Home Affairs Minister, Arlindo Ramos, called on Angola to support the small archipelago in tackling illegal immigration originating from Nigeria, and asked his Angolan counterpart to provide training to STP’s security forces.<sup>17</sup> Later, in August 2015, Angola announced it would support STP in designing a strategy to fight organized crime, while committing itself to train the national police.<sup>18</sup> Angola has also been providing training to the country’s military staff, thus playing a vital role in developing STP’s armed forces and its operational capacities.<sup>19</sup>

Furthermore, Luanda has, in recent years, shown interest in STP’s oil. During a visit to STP in July 2014, the President of Angola’s Parliament, Fernando da Piedade Dias dos Santos, declared that “Angola is entirely at (STP’s) disposal to share its knowledge and make efforts to assist Sao Tome and Principe” in oil exploration. In fact, Sonangol already owns a stake in the JDZ’s Block 2, in the form of a joint venture with China’s Sinopec. The question is whether Nigeria will allow a further expansion of Angolan interests in the JDZ.

### Strategic interests vs. security

It remains to be seen the extent to which Buhari’s foreign policy will contribute to STP’s rapprochement with Nigeria. The tiny archipelago is inserted in the second list of priorities, far from getting the same level of consideration Abuja gives to other contexts, such as instability in northeastern Nigeria — Boko Haram — and the Niger Delta’s volatility.

Nevertheless, it is safe to say that Buhari recognizes the importance of the Gulf of Guinea to Nigeria’s stability, security and socioeconomic development. In fact, the volatility in the Niger Delta is deeply interrelated with insecurity in the Gulf of Guinea. Therefore, to foster and promote regional cooperation is an important and necessary step, regardless of the level of success in oil exploration in the JDZ.

São Tomé and Príncipe is very much relevant in that context, given its geostrategic position at the heart of the Gulf of Guinea. STP can work as an advanced outpost for reconnaissance and surveillance in the region, and, equally important, is a central player in the future of Nigeria’s oil industry and in the health of its public finances. With this in mind, there is a need to endow STP

11 “São Tomé PM: Social cohesion needs economic growth” (*New African Magazine*, 17 August 2015).

12 “PM são-tomense na Nigéria para conferência sobre segurança no golfo da Guiné” (*Lusa*, 31 August 2015).

13 Kayode Komolafe, “When Oil is Not All”

14 “Patrice Trovoada termina visita a Angola” (*Agência Angola Press*, 14 January 2015).

15 “Angola increases its footprint in São Tomé and Príncipe” (*Economist Intelligence Unit*, 14 August 2014).

16 “Angola boosts its influence in Sao Tome and Principe with credit line” (*Macauhub*, 27 January 2014).

17 “São Tomé e Príncipe pede ajuda a Angola para combater imigração ilegal e terrorismo” (*Lusa*, 13 July 2015).

18 “Angola ajuda São Tomé e Príncipe a combater crime organizado” (*Voz da América*, 27 August 2015).

19 “Executivo tem apostado na formação de quadros militares” (*Agência Angola Press*, 15 May 2012); and, “Grupo de militares recebe formação” (*Jornal de Angola*, 25 May 2013).



with the resources and capacity to perform such a role. In truth, recent statements by Angolan and Nigerian authorities suggest they may be willing to do so. However, the shockwaves from the regional clash of interests between these two African powers have to be taken into consideration. That is exemplified by the reluctance and suspicion with which Nigeria regards the expansion of Angola's interests in the region, particularly in the JDZ. All in all, tensions of this nature can easily disrupt any attempt to create a capable and effective regional initiative to tackle insecurity.

The fact is that an eventual regional cooperation requires the participation of Angola and Nigeria — two of the few African countries with real capacity to make a difference in the regional security context. Otherwise it will fail to have the desired effects in the consolidation of a safe and secure environment.

This being said, the fundamental question is: to what extent can the rivalry between these African powers undermine efforts to consolidate security and stability in the Gulf of Guinea and surrounding countries?

**EDITOR** | Paulo Gorjão  
**ASSISTANT EDITOR** | Gustavo Plácido dos Santos

**DESIGN** | Atelier Teresa Cardoso Bastos

Portuguese Institute of International Relations and Security (IPRIS)  
Rua da Junqueira, 188 - 1349-001 Lisboa  
PORTUGAL

<http://www.ipris.org>  
email: [ipris@ipris.org](mailto:ipris@ipris.org)

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Mecenas

