In common with other oil-exporting countries, Angola has been shaken by the sharp oil price fall that began in December 1985. The revenue drop is straining an economy already overstretched by a quarter century of war and a decade of overcentralization since independence in 1975. But even taking into account the new possibility of de facto economic sanctions by its major trading partner (the United States), Angola’s outlook is not as grim as that of many other Third World states. Among the reasons for its resilience are the following:

- a significant amount of bureaucratic, travel, and personal remittance spending is being cut with relatively little pain;
- Angola enjoys a good credit rating and international banks regard payment delay requests sympathetically;
- several post-1980 oil investments are beginning to bear fruit and rising production is partially compensating for the price fall;
- measures to decentralize the economy and offer more material incentives introduced at the Second Congress of the ruling Movimento Popular de Libertação de Angola (MPLA) in December 1985 may provide modest economic impetus, even though implementation will be hampered by the war;
- while the prospect that the United States might cut credit, restrict U.S. exports, and force corporate disinvestment concerns the MPLA government, there is an impressive line of European banks, exporters, and investors willing and able to fill any vacancy.

Riding Out the Oil Glut

Angolan statistics are notoriously hard to pin down, but it is clear that petroleum provides approximately 90 percent of the country’s total foreign exchange earnings, which have averaged between $1.5 and $2 billion per year for the last three years. The 1986 budget was drafted on the assumption that oil prices would remain at about $25 per barrel. The price began to slip in December 1985, and when it hit $18 a barrel on February 4, 1986, President José Eduardo dos Santos estimated a loss of $600 million in 1986 earnings, about a third of the budget, even without any further price decline. The price eventually dropped to below $10 a barrel, though it has since partially recovered.

Oil production, which rose from 130,000 barrels per day (b/d) in the late 1970s to an estimated 285,000 b/d at the end of 1985, had been expected to continue its upward spiral this year, putting Angola on target for its goal of 500,000 b/d in 1990. Unlike some other non-OPEC oil producers, however, Angola is taking the long view, seeking to strike a balance between the need to raise production now to increase revenue and the desirability of keeping the oil in the ground while the price is poor. Production will probably grow only moderately this year, but will still reach at least 300,000 b/d. Taking account of local consumption needs, this will earn between one-half and two-thirds of last year’s revenue, depending upon price fluctuations.

Oil company interest does not seem to have waned. Total investment, by both the state oil company SONANGOL and foreign firms, is slated to increase 46 percent in 1986. Six of the 13 offshore “blocks” opened for exploration in 1978 have been taken up, and a seventh is in negotiation. The foreign companies now operating in Angola include Chevron, Conoco, Petrofina, Texaco, Elf Aquitaine, Agip, British Petroleum, Braspetro, Total, Cities Services, Mitsubishi, and Marathon. The only company to pull out recently was Mobil, and there was stiff competition to buy up its 25 percent share in Block 3, with Mitsubishi the eventual purchaser. Almost simultaneously, Conoco concluded a new contract to become the operating company in Block 5. In February 1986, the president of...
Chevron Overseas Petroleum personally reassured President dos Santos of Chevron’s readiness to continue expanding its oil operation. A month earlier Elf’s chairman had told dos Santos that “we think Angola will be one of the most important sites for our group.”

There are four reasons for Angola’s popularity with the oil industry. First, the “production cost” of Angolan oil is said to be relatively low, so healthy profits are possible despite present depressed prices. Second, offshore Angolan oil deposits are especially rich. There are an estimated 1.84 billion barrels of proven reserves, and new finds occur regularly. Third, Angolan oil is of good quality, with a fairly low sulfur content, and is relatively easy to refine. Finally, the oil industry views Angola as a reliable partner. Once a contract is signed, Luanda lives up to it. Indeed, one veteran oil executive recently named Angola as his favorite country in which to operate: “When you come to the Angolans with a problem, their first instinct is how can they help you, not how can they cause more difficulties.”

**The Costs of War**

Angola has actually fought two wars over the past 25 years (see “Angola: A Quarter Century of War” by John A. Marcum in *CSIS Africa Notes* no. 37, December 21, 1984). The first began in 1961, when nationalist groups initiated guerrilla operations against Portuguese colonial rule, and continued until 1974, when the Portuguese regime was overthrown in a coup engineered by a military weary of Lisbon’s several African colonial wars. Some 300,000 Portuguese departed when Angola became independent in 1975, taking much vital equipment with them and sabotaging what they left behind. It is estimated that over three-quarters of the country’s vehicles were removed, and 6,250 Portuguese-operated commercial farms were abandoned. Because Portuguese educational policy had not encouraged the development of African managerial skills, those aspects of the economy which remained functional in the wake of independence were often mismanaged.

Even before formal independence, the prospects of economic recovery had been further dimmed by the onset of Angola’s second war — a civil struggle pitting the new MPLA government in Luanda against two other movements with which the MPLA had been allied in the common rebellion against Portuguese domination.

Armed clashes between the MPLA and Holden Roberto’s Frente Nacional de Libertação de Angola (FNLA), a Zaire-based group that received U.S. aid intermittently from 1961 to 1975, virtually destroyed the rich coffee plantations in the northeast which had supplied a fifth of the world’s robusta imports. Angolan coffee production plummeted by 80 percent from 1974 to 1981. By 1976, the FNLA’s ability to pose a serious threat had ended, and by 1984 a large portion of the FNLA leadership had been integrated into the MPLA.

Jonas Savimbi’s União Nacional para a Independência Total de Angola (UNITA) proved to be a more enduring threat, increasingly disrupting the southern third of the country. (See “The Politics of Survival: UNITA in Angola” by John A. Marcum in *CSIS Africa Notes* no. 8, February 18, 1983.) The vital Benguela railroad, designed to carry Zambian, Zairian, and Angolan exports from the interior to the coast, has been largely nonoperational since 1975. In 1984, the railroad carried one-tenth of its pre-independence traffic, and this only along a relatively short stretch between Huambo and the coast.

The formerly lucrative diamond industry has also been damaged by repeated UNITA attacks. The most recent incident, in March 1986, involved the kidnapping of over 150 foreign workers from the northeastern mining town of Andrala. In 1985 the mining company DIAMANG, 77 percent owned by the Angolan state, fulfilled less than two-thirds of its production plan, and replaced Britain’s Mining and Technical Services company (MATS), which was helping run the operation, with another firm. Current production is estimated at under a third of the pre-independence level.

Smuggling has also cut deeply into diamond income. A major diamond trading operation has blossomed in Lisbon in the last few years, apparently fueled by diamonds exported illegally from Angola. Initially, many of the stones came through the “kamanga” network of Angolan airline pilots and local businessmen. Although this ring was broken in 1984, the stones are still flowing to Lisbon through other channels. Diamond industry experts believe UNITA may be directly supplying the market, and Savimbi himself has stated that diamond sales pay for some of his war costs. There are reports that more than a dozen “diamond stores” have been established along the Angola-Zaire border. In May 1986 Luanda accused units of the South African Defense Force allegedly occupying Cuando Cubango province of “negotiating illegally the selling of timber, skins, and diamonds” in cooperation with “UNITA bandits.”

Ironically, South Africa is also involved in the legal diamond trade. The De Beers Central Selling Organization has long held the contract for marketing DIAMANG’s production, and reportedly has a good working relationship with the MPLA. This is virtually the only known commercial economic link between South Africa and Luanda that survived independence and the departure of the Portuguese. (See “Southern African Interdependence” by Stephen R. Lewis, Jr. in *CSIS Africa Notes* no. 56, March 27, 1986.)

Independent reports now seem to support MPLA allegations of South African complicity in the illicit timber trade. On May 4, *The Observer* (London) quoted the claim of a Portuguese businessman in Johannesburg that he buys thousands of tons of “valuable teak and other tropical hardwoods” that are felled by UNITA soldiers and floated down the Cuando river out of southern Angola to an assembly point in Namibia’s Capiviri Strip.

Iron ore was in earlier times Angola’s fourth most important export. Production at the Cassinga mine in the south halved in 1975. An Austrian firm undertook to rehabilitate the complex in 1984, and hoped to begin production at the end of 1985, but repeated raids on the
mine and on the railway linking it to the port at Namibe have slowed the operation.

The war's most serious impact, however, has been in the agricultural sector. Production in some parts of the country, already hampered by inappropriate government policies, is further impeded by the planting of land mines by UNITA guerrillas. Crops rotting in fields is a not uncommon sight, as farmers in some areas are afraid to venture out for harvest. Sabotage of transport routes has interrupted the movement of produce from the rural areas to the cities. As a result of this combination of factors, the state markets in Luanda are empty. Although food is available in the "candonga" black markets, it is extremely expensive. Indeed, one such market has been nicknamed "Tira Bikini" ("Underwear Strip"), presumably because one figuratively has to sell even one's underwear in order to pay the high prices.

At a May 15 (1986) meeting of aid donors in Luanda, the government reported that "about 600,000 people [were] suffering from hunger, diseases of undernourishment, and other ills...", especially in central areas of the country. Although Angola was affected by southern Africa's recent drought, UNDP, UNICEF, and Red Cross officials working in the area say the war is responsible for most of the suffering. The agricultural disruption has reportedly required Angola to import about 80 percent of its food in recent years, at a cost of some $250-$300 million per year.

There have been some South African and/or UNITA operations against the oil sector. A South African commando unit unsuccessfully attacked the oil storage depots at Chevron's Cabinda operation in May 1985. The captured leader, Captain Wynand du Toit, subsequently explained at a lengthy Luanda press conference which this writer attended that the unit had intended to leave UNITA literature on the site, thus permitting the guerrillas to take credit for the raid and covering up Pretoria's role. In March 1986, UNITA claimed to have hit an oil pipeline in Cabinda, and in early April announced it had sabotaged the province's water and electricity supply. Both claims were denied by the MPLA and Chevron.

Yet another economic cost of the war is the requirement to divert resources that are badly needed to rebuild the productive sector. Though no firm figures are available, experts estimate that between 30 and 50 percent of Angola's foreign exchange earnings go to war-related expenditures. With the drop in oil prices the percentage will now probably rise. (Western diplomats believe that Cuba has received foreign exchange compensation for the services of the Cuban troops [currently 30,000-35,000] present in the country at Luanda's request since independence, but the MPLA has not confirmed this. Angola reportedly ceased paying Havana for Cuban nonmilitary personnel about 18 months ago, but it is not clear if the presumed military payments were similarly forgiven.)

Although the war is exacting a heavy economic price, the situation is not comparable to that in Mozambique. In Angola, geographic factors provide the major revenue-earning sector with unique insulation from a guerrilla siege. The most important oil operations are isolated in the northern Cabinda province, a coastal enclave at the opposite end of the country from UNITA's southern stronghold. To reach Cabinda, UNITA forces would have to come through the neighboring state of Congo (an MPLA ally) or cross the narrow strip of Zairian territory that separates the enclave from the rest of Angola. In 1978 Zaire's President Mobutu Sese Seko made an agreement with the late President Agostinho Neto promising to prevent such infiltrations, and in February 1985 he and President dos Santos agreed to establish a joint commission to ensure that neither country's territory would be used as a base for "subversive groups." Although the MPLA doubts Mobutu is living up to the letter of the deal, the accord does provide some protection. Most of the oil operations are offshore, and the onshore installations are concentrated in a small area, well guarded by Angolan troops. Cuban troops based in Cabinda province provide additional security.

The U.S. Enigma

Until late 1985, the Reagan administration, like the Carter administration before it, took a neutral or even encouraging position with regard to the activities of U.S. corporations in Angola. Indeed, oil company executives say that the relevant departments of the U.S. government applauded their operations in Angola as a legitimate contribution to the regional dimension of "constructive engagement." In late January 1986, however, Assistant Secretary of State for African Affairs [currently 30,000-35,000] present in the country at Luanda's request since independence, but the MPLA has not confirmed this. Angola reportedly ceased paying Havana for Cuban nonmilitary personnel about 18 months ago, but it is not clear if the presumed military payments were similarly forgiven.)

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Chester Crocker, in a statement that raised more questions than it answered, said that Chevron and other companies operating in Angola “should be thinking about U.S. national interests as well as their own corporate interests as they make their decisions.” State Department deputy spokesman Charles Redman was more explicit in a March 25 press briefing. “U.S. economic policy toward Angola,” he said, “is (1) to deny, pending an achievement of a negotiated settlement, all U.S. exports to Angola with a military use, and (2) not to support Angola’s ability to earn foreign currency and thus fund its war against UNITA until the government of Angola demonstrates clear intent to reach a negotiated settlement on Namibian independence and in that context Cuban troop withdrawal.”

In accordance with these new policy guidelines, the planned purchase by Angola of a Lockheed LC-100, a commercial version of the Hercules, was recently blocked when the Department of Commerce denied a license on the grounds that such an aircraft could conceivably be used to transport Cuban military personnel. Angola’s national airline, TAAG, would like to buy three new Boeing 737s for its commercial operations, but is hesitant to place the order for fear of another license denial.

U.S. Export-Import Bank export credit support for sales to Angola is also under threat. In the last quarter of 1985, Exim reportedly was required to adopt a new policy of refusing to finance any sale that would provide major revenues to the MPLA or assist the war effort. This could be interpreted to rule out everything except food exports. Legislation has been proposed in Congress that would formalize and possibly expand existing restrictions on Exim finance for Angola. As of the end of April 1986, Exim’s exposure in Angola amounted to $202 million, down from $242 million at the end of 1984.

Some experts on export finance contend that even a total suspension of Exim facilities for Angola would probably not hurt Luanda as much as it would hurt a range of U.S. interests. Angola’s payment record places it in the good graces of the European export credit agencies, such as France’s Coface and Britain’s ECGD. The European Airbus consortium is waiting to leap in should the Boeing sale fall through. In addition, Angola’s 1985 decision to join the Lomé Convention, the vehicle through which EEC aid is channeled to the Third World, means European firms may be able to plug into this source to finance their sales. An EEC delegation visited Angola in March 1986 and confirmed that the country would receive $95 million in aid over the coming five years. And on May 14, 1986, Angola signed its first general cooperation agreement with Britain; a joint commission will be set up in 1987 to discuss bilateral agreements in specific fields. An investment and trade conference scheduled to take place in Luanda on June 12-13 has attracted over 30, mainly European, corporate participants. Thus, if the Exim connection is completely severed, the U.S. aerospace and oil industries may suffer more than the MPLA.

The most high-profile pressure on the U.S. oil industry is the “Chevron-Gulf Out of Angola” campaign launched in December 1985 by Howard Phillips’ Conservative Caucus Foundation, a private lobbying group that categorizes UNITA among the world’s top “anti-Communist freedom fighters” and favors all-out U.S. moral and military support of the Savimbi movement. Chevron shareholders have been urged to pressure the company to withdraw from Angola; Chevron stations are subject to intermittent boycotts; and Phillips has apparently convinced Secretary of Defense Caspar Weinberger to review Chevron’s military contracts across the board in light of its continuing operations in a country “allied to the Soviet Union.”

This campaign faces several obstacles. Some U.S. government officials doubt that under present law an otherwise qualified contractor can be excluded from bidding for government contracts merely because it does business with a country that does not meet a Washington litmus test based on ideology. One possible justification for such exclusion might be the Cuban Assets Control regulations. And congressional sources say even conservative legislators are uneasy about tampering with procurement regulations (i.e. banning Chevron military contracts through new laws).

Meanwhile, the Securities and Exchange Commission is reportedly considering “informally” whether Mr. Phillips improperly sought shareholder support against Chevron management.

If Chevron were forced out, oil industry sources say France’s Elf is only one of several oil companies that have expressed interest in filling the gap. Chevron has just completed a number of investments in Angola, and the resultant revenues are coming on stream now, making the property extremely attractive. If such a deal were struck, Angola would negotiate a new contract with the inheritor of Chevron’s assets. One of the many tronies in the anti-Chevron campaign is that the company’s Gulf component received particularly good terms from the Portuguese in the agreement negotiated before independence, and these were only partially modified when the MPLA took over. Since Angola’s contract negotiation skills have subsequently improved, any future deal would probably be more favorable to the government than Chevron-Gulf’s. Thus, while the MPLA would be inconvenienced by the short-term disruption of a changeover to another company, in the long run it might actually get more dollars per barrel if Chevron pulled out.

(For a broader discussion of U.S. policy considerations and options, see “United States Options in Angola” by John A. Marcum in CSIS Africa Notes no. 52, December 20, 1985.)

Debt Management

Angola’s total debt is estimated at a relatively modest $2.7 billion, of which about half is owed to the West. When the oil price started to fall, government officials immediately began conversations with European banks. They were told that short-term commercial debt would
continue to be serviced as before, while repayment of medium-term commercial debt would be delayed by about two months. Some export credit agencies were also approached and payment delays, possibly amounting to four or five months, were discussed on a case-by-case basis.

Banking sources report that the financial community responded positively and agreed to be flexible on payment deadlines. Angola apparently wants to avoid a general rescheduling, and the banks now believe such a move will not be necessary. Indeed, banks seem willing not only to accept payment delays for old loans, but also to make new ones. In March 1986, Citibank opened a new line of credit to finance Angola's agricultural, industrial, and oil sectors.

One reason for the bankers' positive response is the prospect that Angola may join the IMF and the World Bank. The government reportedly decided in late 1985 to become a member of both institutions, but in light of payment for his crop.

Since payment delays were planned on the assumption that interest would be in the 11 percent range, and the rate is now about two points lower, there is some extra breathing space.

President dos Santos probably discussed payment delays on Angola's debts to the Soviet Union when he visited Moscow in early May. There is no information on the outcome of the talks, but the socialist countries agreed to roll over the debt the last time Angola had a payments problem.

The MPLA's Second Congress

The MPLA held its Second Party Congress in early December 1985, just before the oil price fall. The Congress ratified a number of possibly crucial economic reforms, of which the most important was the decentralization of economic management. Whereas previously an enterprise manager had responsibility for results, but day-to-day decisions were often made by a central authority, the Congress ruled that day-to-day decisions should now rest with the local manager. He will receive overall direction from the center at the beginning of the year and must render account at the end of the year, but within those restrictions has freedom of action.

Another important decision had to do with state farms. Though they will not be abandoned, more emphasis will be given to the peasant private and loosely structured cooperative sectors, which produce most of Angola's food. In order to stimulate peasant production, the government plans to send consumer goods out to the rural areas, giving the peasant something to buy with the local currency he receives in payment for his crop.

Among further undertakings to provide incentives, the Congress favorably viewed the possibility of giving some sectors, particularly agriculture and firms producing for export, foreign exchange payments in return for high production.

The Congress also addressed the problem of the overvalued local currency, the kwanza. Currently five small and rather anemic tomatoes purchased on the Luanda "candonga" cost the equivalent of $30 at official exchange rates. Whiskey is becoming a parallel currency, and traders suddenly produce goods not seen on the market for years if a bottle of this commodity is offered. At the Congress, a commitment was made to "create conditions [for] stabilizing the purchasing power of the national currency by establishing rigorous controls over increased amounts of money in circulation and ensuring supplies of goods and services to satisfy the solvent demands of the population, while creating the appropriate mechanisms for fighting...black-marketering." It is not clear if this means devaluation. Currently the kwanza trades on the black market for less than a tenth of its official value ($1 = Kz29,918), and Angolan economic experts say that a modest devaluation may occur in the next 12 months.

The Congress also looked at ways to economize. It particularly focused on the cost of those technical advisors compensated in foreign exchange, implicitly targeting the Western technicians, and concluded that a greater effort should be made to find and/or train Angolan replacements. Officials subsequently conceded that education and training facilities must be improved before the full replacement process can be executed, but noted that bureaucratic inertia had hindered use of those young people who have already been trained. The Congress also de-emphasized the creation of big new projects and highlighted the need to concentrate on the completion of existing projects and rehabilitation of installations that had fallen into disrepair.

While the Congress took a negative view toward foreign technical contracts, it was positive about foreign investment. The need to redraft the investment code to make it easier to understand and more attractive to potential investors was discussed, and a new code may be issued in early 1987.

Austerity and Ministerial Changes

Angola's ability to withstand the economic challenges it faces has been bolstered by the speed with which it imposed austerity measures. Even government officials concede that the governing elite was living a little too well before the oil price dropped. There was a lot of unnecessary spending by ministries, particularly on foreign travel. Some Angolans say that the oil price fall "is a blessing in disguise because it is forcing us to correct our spendthrift ways."

Measures to limit foreign exchange expenditures on personal remittances, telex and telephone charges, and foreign travel were implemented within weeks of the oil price crash. Imports have also been drastically cut. Although no official statistics are available, it is evident that every ministry is feeling the pinch. Imports associated with projects that are not likely to bring in
immediate foreign exchange earnings or promote import substitution are near the bottom of the priority list. This will delay some important infrastructure development programs.

In addition to imposing austerity measures, Angola has responded to the oil glut by restructuring economic management. In February 1986, dos Santos created three new “minister of state” positions covering the “productive sphere,” the “economic and social sphere,” and the “sphere of inspection and state control.” Energy and Petroleum Minister Pedro de Castro dos Santos Van-Dinem (often referred to as “Loy”) received the first and most influential post, while an alternate-member of the MPLA politburo, Maria Mambo Cafè, received the second. The third post, which is still not well defined but is expected to assist in combating corruption, went to Benguela Provincial Commissioner Kundi Payama. Loy and Mambo Cafè are responsible for coordinating the activities of the various ministries and secretariats involved in economic decision making. Dos Santos may hope that this rearrangement will make management more efficient than when long-reigning Minister of Planning Lopo do Nascimento controlled the liaison function. It is noteworthy that Loy is well regarded by the foreign oil executives with whom he has had extensive contact in his role as petroleum minister.

The Longer Run
Angola’s current economic difficulties sometimes cause foreign analysts to forget that, in terms of resources, this is one of the richest countries in Africa.

Currently only about 2-3 percent of arable land is cultivated. One aid technician recently lamented the irony that “people are going hungry in a country so fertile that if you drop a seed on the ground and come back six months later, you have food.” Angola’s diamonds are qualitatively among the best in the world, and reserves are nowhere near depletion. The Benguela railroad could earn considerable foreign exchange if the route were secure. Apart from the iron ore mines, which could be rehabilitated once peace returned to the south, Angola also has reserves of manganese, copper, lead, zinc, and gold which have hardly been touched. New oil is constantly being found, and exploitation has not even begun of the 51 billion cubic meters of natural gas associated with the oil deposits. The Luanda oil refinery currently runs at near capacity and is slated for expansion.

Angola also has major hydroelectric possibilities. Plans to build (with Brazilian and Soviet help) a dam on the Cuanza river at Kapanda, in the northwestern part of the country, are currently moving slowly because of the austerity conditions and occasional security problems. The Ruacana project in the south, partially constructed as a joint Portuguese-South African enterprise before independence, has long been operating at a low level because of the border war. Angola is responsible for energy matters within the Southern African Development Coordination Conference (SADCC), and has the potential to supply much of the SADCC region if transport routes were secure.

A surprisingly well-developed industrial base is already in place. A brief tour of the outskirts of Luanda reveals dozens of small factories lying idle because of the shortage of spare parts and raw materials. Before independence these supplied a wide range of consumer goods. An example of the potential vigor of the industrial sector is the recent rehabilitation of the CIMANGOLA cement plant in Luanda with Danish assistance. Cement exports, halted in 1980, are due to resume this year and should eventually earn Angola significant foreign exchange.

Finally, an end to the war might permit further diversification of Angola’s economic relations away from the Eastern bloc. The treaty of friendship and cooperation signed with the USSR in 1976 has so far resulted in only small amounts of economic aid, mainly in fisheries and agriculture. As of 1982 (the latest year for which statistics are available), only 2 percent of Angola’s exports went to the countries of the Council for Mutual Economic Assistance (CMEA), and only 7 percent of its imports came from there.

The socialist countries have significant toeholds in certain sectors, however, and these do not always work to Angola’s benefit. The USSR’s fishing agreement with Angola is a case in point. The fishing fleets reportedly scoop up everything in sight, including immature fish, threatening the future of the stocks. (See “Some Observations on U.S. Security Interests in Africa” by Noel C. Koch in CSIS Africa Notes no. 49, November 19, 1985, page 4.) The Soviets reportedly agreed recently to sell more of the fish in Angolan markets. Meanwhile, some fishing contracts with the Soviets are not being renewed as they expire, and new deals are being negotiated with Spanish partners willing to market still higher proportions of the catch locally.

These problems may partly explain why Angola has irritated East Germany by accepting the so-called Berlin Clause in the EEC’s Lomé Convention and perhaps why it has not joined the CMEA (although the latter omission may be due to decisions made in Eastern Europe rather than Luanda).

Angola is not entirely unhappy with its economic relationship with the socialist countries, however, and is particularly appreciative of their flexibility on debt payments. On balance, it is probably safe to assume that if the MPLA did not need to remain in the good graces of the socialist countries in order to ensure a regular supply of arms and other assistance vital to its defensive war against UNITA and South Africa, it might not continue to accept some of the disadvantageous terms of trade in its economic relations with these allies. For the time being, however, any major changes remain fantasies.

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