Oil, Power, and Poverty in Angola

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Abstract: Angola is a large country with a relatively small population and abundant natural resources, including oil reserves. The high price fetched by oil, the mainstay of the Angolan economy, on international markets has helped this leading producer attain growth rates that are among the highest in the world. However, Angola is also noted for its unequal distribution of wealth and notorious political corruption. This article seeks to explore this paradox within the framework of the so-called resource curse theory and analyze the role played by the oil industry in the process.

Résumé: L'Angola est un grand pays avec une population relativement faible et des ressources naturelles abondantes, notamment des réserves importantes de pétrole.

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Le prix élevé atteint par le pétrole, pilier de l'économie angolaise, sur les marchés internationaux a aidé ce top producteur à atteindre des taux de croissance parmi les plus élevés dans le monde. Toutefois, l'Angola est également connu pour sa distribution inégale des richesses et sa corruption politique notoire. Cet article cherche à explorer ce paradoxe dans le cadre de la théorie dite de la "malédiction des ressources," et il analyse le rôle joué par l'industrie pétrolière dans cette situation.

Keywords: Oil; resource curse; poverty; political corruption; Angola

Introduction

In 2000 *The Economist* described Africa as the "hopeless continent." By 2012, however, various studies identified it as the fastest growing part of the world after China and India, due to the convergence of a wide range of factors. Among the main reasons spurring this strong growth, the *Economist Intelligence Unit* highlighted the high external demand for Africa's plentiful natural resources, the increase in "urbanisation and consumption" on the part of the population, which has encouraged multinationals to set up operations in Africa, an increase in the workforce, and investment by trading partners (Miranda 2012).

This is hardly the situation in Angola, however, Africa's seventh largest country. With a daily output of oil totaling approximately two million barrels per day, Angola is the second biggest oil producer in Africa and sixteenth in the world. But its abundant reserves have coexisted with the brutal civil conflict waged for almost three decades by the main political parties—the People's Movement for the Liberation of Angola (MPLA) and the National Union for the Total Independence of Angola (UNITA)—to secure power and control the country's natural resources. Prior to independence, Angola also endured two decades of colonial conflict between the various independence movements and the Portuguese army. The serious socioeconomic repercussions of the different conflicts include extremely high levels of poverty and exclusion, together with a high rate of infectious and parasitic disease. This article seeks to investigate these phenomena and establish the relationship between them—that is, the extent to which a plentiful natural resource (oil) has been a contributing factor in the above problems.

The "resource curse" perspective suggests that resource-rich countries tend to achieve poorer economic and social results than their resource-scarce counterparts due largely to exploitative practices of resource extraction, which lead to undemocratic government and an institutional lack of transparency (Sachs & Warner 1997; Le Billon 2001; Collier & Goderis 2007). Some authors argue that the resource curse problem does not exist as such—that rich natural resources cannot be considered an independent variable and that the results of any analysis depend on the other variables chosen to study the countries concerned. Davis (1995), for example, finds no correlation at all between economic growth and the availability (or otherwise) of natural resources. Buitelaar (2001) points out that the existence of the resource curse can also be called into question by a consideration of clear cases such as Norway, the United States, Botswana, or Chile, whose abundant resources have not produced perverse effects on their development. In this regard, a number of authors (e.g., Mehlum et al. 2006) note that what really differentiates this group of countries are their strong and consolidated institutions, their appropriate economic development policies, and their intelligent approach to the use of resources.

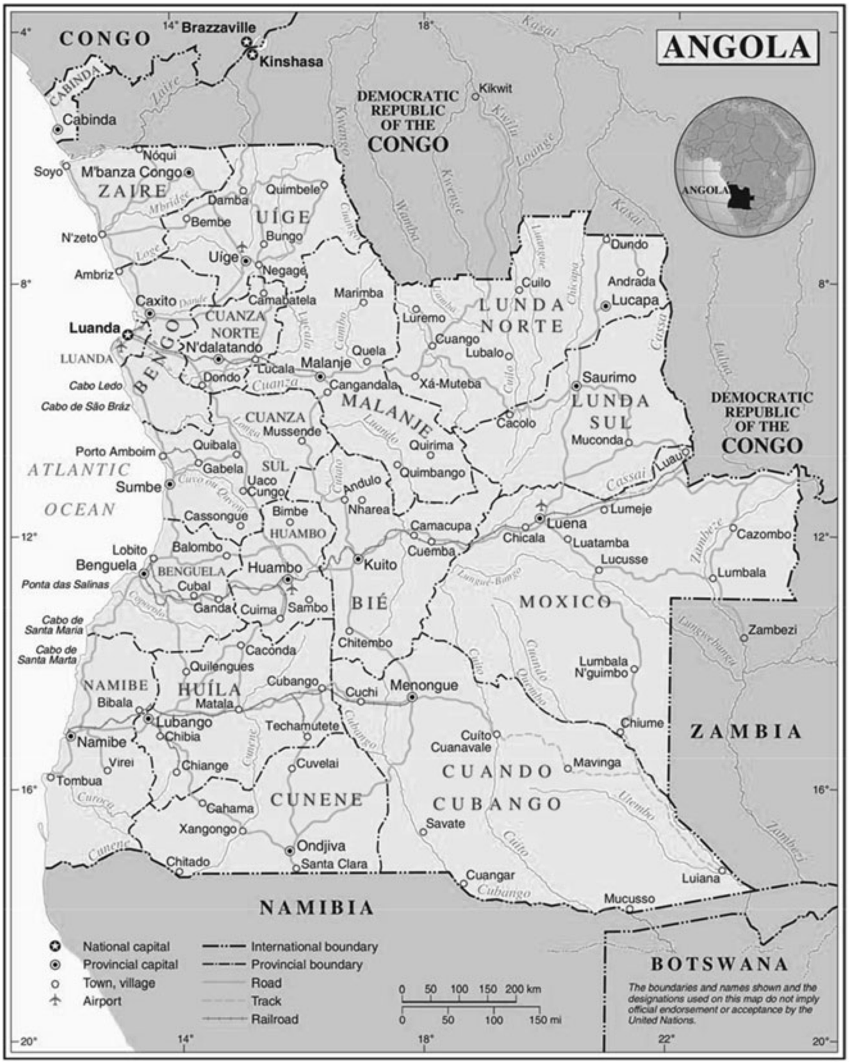
Two types of research methodology were used here to gain a deeper understanding of the situation in Angola. The first involved the compilation of data and documents to examine the country's general historical and economic trajectory. The second centered on the analysis and interpretation of empirical field data obtained by various Angolan researchers such as Ferreira Baptista (2005). One major obstacle was the lack of reliable data collection systems in Angola (see Kyle 2006) and the paucity of specific studies of the issues addressed here. The sources used were official government bodies in Angola, nongovernmental organizations, international bodies, and even local and foreign media. For obvious reasons, the information has been treated with the caution required of critical investigation of such a complex country, whose administrative structure continues to be heavily influenced by the political and military control established during the war by the political party that emerged victorious from the conflict, has refused to negotiate with the other parties, and remains in power to this day. The sources have been divided into two broad categories: (1) international sources of information on Angola, with their discrepancies and shortcomings; and (2) sources generated by the country's own governmental bodies, in many cases with the inherent risk of skewed interpretation or political manipulation.

The article begins by contextualizing the analysis through an examination of the geographical diversity and socioeconomic inequalities of this southern African country. This is followed by a discussion of the struggle for political power and a description of the corruption and poverty generated by the institutionalized model put in place for oil extraction. This has resulted in the concentration of the country's wealth in the hands of the very few and has triggered high environmental costs.

Population Diversity and Inequality in Angola

With a total land area of 1,246,700 square kilometers, distributed across eighteen provinces that vary greatly in size, Angola is the seventh largest country in Africa (see map below). Situated in the southwest of the continent between the rainy belt of lush rainforests near the equator to the north and the Namibian deserts close to the Tropic of Capricorn to the south, it lies in the tropical climate zone of the southern hemisphere and enjoys a mild Mediterranean climate along the coastline. It boasts an abundance of

Map of Angola's Provinces



Source: United Nations (2008)

natural resources, including mineral deposits of diamonds, iron, bauxite, gold, manganese, uranium, and natural gas, and has fertile (albeit little) farmland. Its sizeable oil reserves have generated significant revenue for the state thanks to the high market prices commanded by oil in recent decades. However, Angola is also plagued by violence as well as major socioeconomic inequalities.

Angola has an estimated population of eighteen to nineteen million and, according to the 2010 Report by the United Nations Development

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Program (UNDP), the population is very young (47% under age 15). The country's fertility rate is 5.4 births per woman and its annual growth rate of 2.8 percent is among the highest in Africa. However, life expectancy, which is just 48.8 years for women and 44.9 for men, is among the lowest in the continent. The mortality rate for children under the age of five is 220 per thousand live births. These figures reflect the very serious malnutrition problem suffered by a country that devotes 2.9 percent of its GDP to health, according to the World Health Organization (2010).

Official figures on education in Angola are hard to come by. The 2010 UNPD Report notes an illiteracy rate of 17 percent among men and 46 percent among women, and, according to some calculations, barely 19 percent of men and 15 percent of women receive secondary schooling. The poor university entrance examination results suggest that a poor quality of education exists at lower levels as well (Vera Cruz 2008). These figures are disputed by the government, which has accused UNPD of using old data (from 2004 and earlier) and has announced massive investment to tackle poverty and provide education and health for the country (*El Mundo* 2008). Nevertheless, it is probably not inaccurate to say that the situation in education is fairly dismal.

Demurtas (2007) notes that, with the exception of Luanda and certain provincial capitals, the current health care system is inadequate and in many cases is dependent on aid from NGOs and foreign funding. The poor quality and poor level of health coverage are due to multiple factors including a lack of human resources, a poor management system, and a lack of or poor coordination within the private sector, as well as food insecurity, poor hygiene conditions, and scant information. All these factors have led to a high-risk situation across the entire country, characterized by high mortality, malnutrition, and epidemics such as cholera, polio, meningitis, and endemic diseases such as malaria, which is the leading cause of death among the population according to the World Health Organization (2010).

Many of the challenges to the health care system stem from Angola's history of warfare and violence. Angola was part of Portugal's colonial empire from 1620 until 1975, the year of its independence and the outbreak of a civil war between MPLA and UNITA. As a result of the war—which was fueled by support from the two major Cold War blocs and lasted twenty-seven years—nearly one million people died, four million were displaced internally, and over five hundred thousand fled as refugees to countries in the region. In addition, millions of antipersonnel mines were left buried on farmland, and the country's infrastructure and productive apparatus were destroyed. The victors of the protracted conflict were the MPLA, which managed oil production during the war years and set about the economic reconstruction and political modernization of Angola when the war ended in 2002 with the Luena Memorandum, based on the Lusaka Agreements of 1994 (Mateos Martín 2005).

As Demurtas (2007) notes, the economy was of paramount concern to the postindependence government, given that the war had brought the productive apparatus to a standstill. Immediate priorities included the rebuilding of infrastructure destroyed during the conflict. Moreover, a large proportion of the economy had disintegrated when Europeans emigrated in massive numbers, taking with them all they could carry and leaving behind production facilities that were in disarray. Angola initiated its postwar reconstruction using a development model midway between a centrally planned and a market economy. The initial government response was to create a large state sector for economic planning, in line with the socialist model. Following the enactment of the State Intervention Law in March 1976, it set about nationalizing private Portuguese-capital mining and banking companies and a host of other enterprises (Ferreira 2005). At the same time, reflecting the pragmatic approach that has partly guided its actions, the government passed the Petroleum Activities Law (1978) and the Foreign Investment and Mines Law (1979) as incentives to the private sector and foreign investors to facilitate the reconstruction of the country (Demurtas 2007). Some have viewed this as an example of "illiberal peace-building," managed by local elites with a view to constructing a hegemonic order and an elite stranglehold over the economy and in defiance of liberal precepts regarding civil liberties, the rule of law, the expansion of economic freedoms, and poverty alleviation (Soares de Oliveira 2011). Indeed, Angola now suffers an unequal distribution of income among its population. A large percentage of the population lives below the poverty line. The country also suffers from high levels of political and administrative corruption, as highlighted on numerous occasions by international bodies such as Global Witness (2004), the International Monetary Fund, Human Rights Watch (2004, 2010), and Transparency International. Although the authorities have promised to tackle the problem, "a kleptocratic government like Angola's," as Macmillan notes, "is unlikely to reform itself voluntarily, for a cunningly managed kleptocracy can be quite stable. It must be prodded" (2005:15).

In view of the foregoing, this large African country is therefore seen by some as a paradigm of the so-called "resource curse." According to this theory, a perverted practice of natural resource exploitation—which has been demonstrated in a number of African countries (see Asiimwe 2013; Adunbi 2011)—acts as a constraint on economic growth and an obstacle to the redistribution of wealth, condemning the majority of the population to poverty. Beginning with the seminal work by Sachs and Warner (1995, 1997), this concept seeks to explain the low level of socioeconomic development of certain resource-rich countries like Angola in terms of the appropriation of oil revenue by a minority of the population that enjoys close ties to political, military, and economic power (see also Sachs 2007; Ferreira 2006). One of the major avenues through which the resource curse curbs economic growth is the absence of "good institutions," a deficit reflected in the inefficient distribution of resources, which tend to be used as a means to secure political power (Collier & Goderis 2008). Also implicated is the existence of a rentier economy and culture (Collier 2008) that implements inappropriate economic policies, fails to stimulate investment in non-oil sectors, and is largely dependent on the importing of goods and services to supply the country. Among the main economic consequences are currency appreciation and the loss of competitiveness of the manufacturing sector, while the overall result is the paradoxical situation in which the abundance of a natural resource ultimately hampers the development of a country.

According to Sachs (2007) and others (i.e., Collier & Goderis 2008) the solution to this paradox of abundant natural resources and low economic development lies in greater transparency and accountability on the part of the public authorities in managing collective interests. Moreover, oil revenue should be reinvested in other sectors of the economy such that an eventual downward trend in oil receipts is offset by increasing production in other sectors. According to one analyst, "this means investing in sectors in which Angola has a potential or actual comparative advantage and which could become leading export sectors in the absence of oil income" (Kyle 2006:12). This strategy would initially focus on import substitution with the intention of eventually moving toward export-led growth within a diversified economy. In particular, opportunities exist in agriculture (horticultural crops, maize, livestock, potatoes, etc.), fisheries, light industry (agro-processing, wood products, leather products) and services (port services and transit trade, tourism). According to Kyle (2006), the strategy would provide the most effective antipoverty program because all potential import-substitution and export-oriented activities, particularly in rural areas where around two-thirds of Angola's population live, are labor-intensive activities.

The Military Conquest of Political Power

The MPLA has governed Angola since the country gained its independence from Portugal in 1975. Its first president, Agostinho Neto, ruled until his death in 1979. Since then the presidency has been held by José Eduardo dos Santos, who won a simple majority in the first round of the presidential elections in 1992, defeating Jonas Savimbi, the leader of UNITA, in the first multiparty elections in the country's history. UNITA's refusal to accept the results triggered a resumption of the civil war and the cancellation of the second round of the elections.

During this lengthy period of near-permanent war lasting from independence until the peace accords of 2002, Angola's presidentialist and unicameral political system evolved from a socialist single-party and centralized-economy model based on the 1975 Constitution to a multiparty model open to a market economy. Amendments to the original constitution have been further developed by the Constitution Review Law 23 of 1992 (*Diário da República* 1992), while a series of legislative reforms have been enacted to facilitate the privatization of certain sectors of the economy and to introduce capitalism, all in a country whose infrastructures were destroyed and whose society was dismantled by almost three decades of civil war.

The signing of the Luena Memorandum by the two parties vying for political power led to the holding of general elections in 2008. The clear majority obtained by the MPLA allowed it to draft a new constitution, which was passed by Parliament and took effect at the beginning of 2010, without public participation or a ratification referendum. Presidential elections have been abolished in the new constitution, and as a result, the president and vice president of the party gaining most votes are automatically invested as those officers of the nation. Moreover, a range of institutional mechanisms has been put in place to ensure presidential control over all state organs, effectively meaning a de facto absence of separation of powers.

As a result of this constitutional change, and as has occurred in other African countries, in legal terms Angola's political system is no longer presidentialist but authoritarian, as a number of legal scholars (see Miranda 2010) and UNITA, the main opposition party, have argued. UNITA attributes the situation to the extended powers granted to President dos Santos, who could stay in office for another two terms, a total of ten more years.

Oil has been crucial in both stages of Angola's history. Having served initially to finance the war and organize the state apparatus, it is now playing a key role in the postwar era, which is witnessing the difficult and costly physical reconstruction of the country and the rebuilding of a new society for generations of citizens who have never known peace and have grown up in a culture of violence, exclusion, corruption, and upheaval (see Intermón Oxfam 2003). A successful rebuilding will hinge to a large degree on the appropriate use of oil to benefit social and economic development in a country with current estimated reserves in excess of 9.5 billion barrels, according to the U.S. Energy Information Administration (2012).

In the absence of such progress, some analysts note that the government lacks political legitimacy and has very limited social support, notwithstanding the landslide results obtained in the 2008 legislative elections. The political system is essentially underpinned by three elements: the economic resources and international support (particularly from the United States) provided by oil; the corruption in the upper echelons of power, which nurtures various networks of clientelism; and the repression, social control, and "culture of fear" inherited from the military regime of the war years. In this regard, it should be recalled that the army enjoys considerable political and economic influence and its officers have ties to a variety of interest groups. Social control is further ensured through various police forces, including the powerful secret services, as well as through the Civil Defence Organisation, the name given to armed militias with links to the MPLA which were not disbanded after the war (Pérez de Armiño 2007).

Corruption and Poverty

In addition to the serious consequences of war, including the six million or more antipersonnel mines that remain buried on roads and farmland, Angola has suffered from poor economic management by its government, and above all from corruption. According to Intermón Oxfam (2003), during the war period oil companies contributed to the administration's culture of secrecy by refusing to disclose details of payments made to the government, which frequently remained beyond the formal oversight of the Finance Ministry and the Central Bank of Angola.

The complicity of transnational companies and certain countries (particularly France and the United States) has aided the emergence in Angola of a political elite known as the "petroleum nomenklatura," which has accumulated riches by denying the rest of the population access to the country's wealth. One of the instruments of this elite is the national oil company, Sonangol, which serves the interests of a clique of officials and businessmen that has sprung up around President dos Santos and takes its name—Futungo de Belas—from the presidential residence on the outskirts of Luanda (Soares de Oliveira 2007).

According to estimates by the International Monetary Fund, during the final period of the war (late 1990s and early 2000s), over U.S.$1 billion in oil revenue vanished every year from the public accounts (Global Witness 2004). The money—bribes to officials for oil contracts—was pocketed by top administration figures who, according to the U.S. Department of State in its "Country Report on Human Rights Practices" in Angola (2003), "often use their position in government for personal enrichment."

The results of this siphoning off of money were disclosed by the Luanda newspaper *Angolense*, which published a list in 2003 of the country's wealthiest individuals. Topping the rich list was President dos Santos, followed by a parliamentary deputy, two officials in the president's office, an ambassador, a former army chief of staff, and the minister of public works. The conclusion reached was a damning one: "The seven richest men in Angola were in government" (McMillan 2005:1). In 2013 *Forbes* identified the eldest daughter of President dos Santos as the first African woman to accumulate a personal fortune in excess of U.S.$1 billion, although the magazine did not specify the source of the money.

The distinguished Angolan journalist and human rights campaigner Rafael Marques (2010) has denounced serious and persistent corruption on the part of high-ranking officials, who use the government as a cartel for shady business dealings that include not just the exploitation of natural resources such as oil, but also illegal operations in other lucrative sectors of the economy, among them telecommunications (see also Vélez 2010). In 2010 Human Rights Watch commended the government, somewhat, for the implementation of timid reforms to increase the transparency of its public accounts, including the publication on the Internet of oil revenue figures, a point also acknowledged in 2009 by former U.S. Secretary of State Hillary Clinton during her visit to Luanda (Reuters 2009). However, evidence of corruption and maladministration has continued to be reported in recent years (Human Rights Watch 2012) and Angola's position in Transparency International's index of perceived corruption worsened, falling from 158th (of 180 countries) in 2008 to 168th (of 182) in 2011.

In its *Africa Development Indicators* report of 2010 the World Bank noted, furthermore, that while the majority of corruption studies focus on bribes to powerful politicians and illegal kickbacks paid to senior public officials, they fail to address "silent corruption," which arises when public servants refuse to provide goods or services paid for by the government unless they receive additional payment. This form of corruption is widespread and deeply rooted in Africa and is responsible for the increasingly negative view of public benefits systems and also for ensuring that families remain unaware of their availability. Although involving considerably less money than the larger-scale version of corruption, it is extremely detrimental to the poor, who are most vulnerable and dependent on government services and public systems to meet their basic needs.

Thus Angola's human development indicators have not progressed in tandem with the rapid growth in oil wealth, which has seen the country's GDP ranking rise to fifty-eighth in the world (US $100.9 billion in 2011, according to the World Bank). The fact that millions of Angolans have limited access to basic social services explains why Angola was ranked 146th of 169 countries in the UNPD's 2011 Human Development Index, its figure of 0.403 being only marginally above the regional average for sub-Saharan Africa (0.389). Not only does the vast majority of the population derive none of the benefits from the oil wealth, but many are directly harmed by the macroeconomic distortions triggered by the large inflows of oil (and diamond) money. Almost two-thirds of Angolans depend directly or indirectly for their subsistence on agriculture. Economists (e.g., Kyle 2006) have emphasized good exchange rate management as a prerequisite for Angola to turn its current trade deficit into a more evenly balanced account.

In his New Year message to the nation in 2002, President dos Santos announced that the serious income distribution problem would be resolved by "a sustainable long-term strategy based on economic growth and intensive use of labour, including an important role for non-skilled labour" (a reference, probably, to the mining sector) (quoted in Ferreira 2005:86). In that year the Ministry for Planning, with UNDP and World Bank support, began a process of identifying development goals for the country. Although the initiative was considered by many civil society representatives as insufficiently inclusive or participatory, it did draw together the various sectoral development plans prepared by the different ministries as well as U.N. Millennium Development Goals and the policies arising out of the New Alliance for the Development of Africa and the Southern African Development Community (SADC) (Ministerio de Asuntos Exteriores y de Cooperación 2009).The process resulted two years later in the approval of the country's Poverty Reduction Strategy Paper (PRSP).

However, as a job creation strategy the PRSP has failed, and unemployment and poverty remain the most important problems for a majority of the population. Official representatives of the Angolan government put the proportion of poor people in the country at a mere third of the population, who—to use its deliberately chosen expression—"suffer social poverty" due to the long war, the lack of infrastructure, the weak national economy, and deficient essential services such as education, vocational training, and health care. This was the analysis offered by the country's planning minister at the National Forum for the Implementation of Municipal Integrated Rural Development Programmes and the Fight against Poverty, which was held in Luanda in January 2011.

According to the minister, who has overall responsibility for development programs, poverty reduction in Angola, particularly in rural areas, requires the continuity and intensification of tailor-made actions, together with active participation by all societal sectors, including municipal, religious, and community leaders, entrepreneurs, intellectuals, and nongovernmental organizations. In order to achieve its objectives, the government's Integrated Plan for Poverty Reduction and Rural Development needs to define appropriate strategies to facilitate an increase in the minimum wage in line with the general productivity increase in the economy and to promote vocational training for employment in agriculture and construction. Also required are strategies for commerce, public works, access to microcredit, well-drilling for water, and treatment of water for domestic consumption (Associação para a Cooperação e o Desenvolvimento 2012). The Catholic Church in Angola, for its part, has called for a poverty monitoring body to be created to provide continuous assessment of antipoverty policies and to verify their results and impact on the population (UMOYA 2013). "The fight against poverty remains a challenge for the country," stated by the Bishop of Cabinda and the Archbishop of Malanje in a meeting with senior political figures in Cabinda province, details of which were published in the Church newspaper *O Apostolado* and on the website of UMOYA: Comités de Solidaridad con el África Negra (Committees for Solidarity with Black Africa, www.umoya.org).

Oil Industry

The first oil concession in Angola was approved by the Portuguese government in 1910, although commercial production did not commence until 1956 when the Companhia de Petróleos de Angola (Petrangol) began drilling for crude in the River Kwanza Basin. The same company later discovered oil in the basin of the River Congo and became the main operator of the majority of the onshore fields, in association with the American firm Texaco and Angol, which was owned by Portugal's Sacor.

Meanwhile, the Cabinda Gulf Oil Company, a subsidiary of the U.S. firm Gulf Oil, commenced explorations in the northern province of Cabinda in 1954 and started production in 1968 (Demurtas 2007). A particular challenge today is posed by Cabinda, an enclave of 7,283 square kilometers separated from the rest of Angola by a 60-kilometer wide strip that belongs to the Democratic Republic of Congo. Although it is a small area, its land-based and offshore deposits in the Gulf of Guinea together produce over half of Angola's total output. Today this economic interest is at the root of various separatist movements—backed by other countries and even by certain oil companies but fought by the Angolan army—which have sprung up since independence from Portugal and the inclusion of the province in Angola.

As a result of these significant discoveries, Angola's oil output rose from 2.5 million tons in 1969 to 8.2 million in 1973, while exports increased almost four-fold. Furthermore, the rise in the price of oil in 1973 caused the value of exports to grow nearly twelve-fold compared to 1969. Oil overtook coffee as the main export at the end of the colonial period, with output reaching 172,000 barrels daily in 1974 (Sonangol 2012).

Following independence from Portugal, the MPLA government quickly assumed an active role in the oil industry. In 1976 it nationalized the Sociedade de Lubrificantes e Combustíveis (Angol), a subsidiary of Portugal's Sacor, and split it into two separate entities: the Direcção Nacional de Petróleos de Angola, to administer the nation's oil industry, and Sonangol UEE, to manage petroleum exploration. Meanwhile, coinciding with the political changes, Texaco, Shell, and Fina withdrew from Angola, leaving behind their infrastructures and former workers. The new state-owned entity created by the government bought the facilities and took over their employees to set up the Empresa Nacional de Combustibles, Sonangol.

This state company was designated the sole concessionary for the country's oil resources under Decree 52/1976. It has been the vehicle for the government's oil policy and for relations with sector multinationals, which are conducted through two types of agreement: (1) "joint ventures," whereby Sonangol and its private partners share investment and production in similar proportions (51% corresponding to Sonangol and 49% to the foreign companies); and (2) "production-sharing agreements," under which the foreign partner makes the necessary investment in exchange for a share of production (Demurtas 2007).

In practice, all the new oil areas opened up since independence have been regulated by production-sharing agreements. Notwithstanding its initial ties to the Soviet bloc, the MPLA adopted a pragmatic approach to the presence of Western oil firms, allowing them to continue and expand through joint ventures with Sonangol. In fact, since the 1970s the Angolan government has maintained good business relations with the companies, engaging in many joint explorations and new crude extraction operations (Warren-Rodríguez 2005). In addition to promoting production agreements, Sonangol has actively invested in the development of production capacities and in projects for oil exploration and distribution (Demurtas 2007).

Initially, crude oil exploitation by Sonangol was entirely onshore. Now, however, the bulk of the extractions comes from offshore sites on the continental platform, away from the war zones, and are undertaken by numerous European and American companies, including British Petroleum, Fina Total-Elf, Shell, Chevron and Texaco, Exxon Mobil, Statoil, and AGIP, using rigs authorized by the Angolan state under production-sharing agreements. This concession system has led different companies to step up

Evolution of Oil Output in Barrels per Day (1980–2009)

	Angola	Nigeria	Africa		Angola	Nigeria	Africa
1980	150,000	2,060,000	6,229,000	**1995**	645,224	1,998,077	7,357,462
1981	130,000	1,438,000	4,888,000	**1996**	708,181	2,006,751	7,537,605
1982	122,000	1,300,000	4,882,000	**1997**	713,423	2,139,789	7,832,790
1983	177,000	1,246,000	4,928,000	**1998**	734,628	2,160,041	7,788,367
1984	208,000	1,393,000	5,354,000	**1999**	744,557	2,136,305	7,736,528
1985	231,000	1,500,000	5,614,800	**2000**	746,113	2,169,135	8,039,499
1986	281,327	1,469,907	5,400,281	**2001**	741,904	2,261,416	8,077,965
1987	359,348	1,344,404	5,488,397	**2002**	896,143	2,123,323	8,092,281
1988	451,350	1,453,987	5,825,935	**2003**	902,305	2,278,592	8,710,491
1989	454,347	1,721,637	6,243,277	**2004**	1,054,415	2,331,696	9,443,219
1990	474,355	1,816,858	6,708,309	**2005**	1,260,505	2,630,860	10,273,442
1991	499,345	1,898,170	7,016,736	**2006**	1,434,917	2,442,250	10,478,755
1992	525,687	1,950,609	7,084,426	**2007**	1,768,602	2,352,031	10,826,879
1993	508,375	1,966,937	7,032,524	**2008**	2,014,454	2,167,827	10,880,440
1994	535,372	1,936,401	7,063,780	**2009**	1,948,176	2,210,698	10,680,863

Source: Energy Information Administration (2010)

the search for new fields, thus helping increase discoveries and output of crude in recent decades. Output rose from approximately one hundred thousand barrels a day in 1976 to 2.1 million in 2009, 2.3 percent of the world's oil. Indeed, Angola briefly became Africa's leading oil exporter (see table above) when it overtook Nigeria following the sabotage of the facilities in the Niger Delta (EIA 2011).

Angola's admission as a full member of OPEC on January 1, 2007, afforded the country a key position in world energy markets, and the government has used this increased influence to its own benefit to pit foreign investors against one another, making them compete for oil concessions. OPEC membership will also help Angola curb the tendency of the major oil companies to increase production in deep-water blocks as a means of recuperating the substantial capital outlays required for exploration (Corkin 2009).

The United States is now the main customer for Angolan crude, which currently accounts for around 11 percent of its consumption. Due to its significant reserves, Angola has acquired a growing strategic interest for the U.S. as an alternative to energy dependence on the Middle East. Consequently, the U.S. government has a keen interest in stability and peace building in Angola. However, according to Intermon Oxfam (2003), "despite having the capacity to influence the Angolan government, the United States [has] not put enough pressure for peace to be consolidated through the integral development of the country and respect for human rights."

The other major importer of Angolan crude is China, which received 45 percent of the country's output in 2009, a full 15.8 percent of the Asian giant's energy needs. In return China has provided substantial loans to rebuild war-ravaged infrastructure and for petroleum exploitation, two sectors led by Chinese companies with Chinese workers. As a result, China has replaced the United States as Angola's main trading partner, with trade totaling U.S.$25.3 billion (€17 billion) in 2008. This alliance has to be viewed in the context of the new dynamic in "South–South" relations afforded by the predominance of China on the international scene (Strauss 2013). The benefits of this alliance are that projects cost less and are completed more quickly, while dealings are governed by a strictly business philosophy, which excludes from the debate issues such as human rights and corruption (Araujo 2009).

The result of the process has been a spectacular increase in state revenue, estimated at €28–38 billion in recent years, due to the rise in crude exports, the growth in sales of processed products, and higher oil prices. At the same time, however, the excessive dependence of Angola's economy on oil has made the country extremely dependent on world prices of crude, which accounts for 90 percent of export revenue and 80 percent of state income, despite the fact that the oil sector employs less than 1 percent of the working population (IMF 2010).

Furthermore, the combination of the shortage of qualified labor caused by the departure of the Portuguese and the attractiveness of oil has caused other industrial sectors to be abandoned or to stagnate, while also encouraging imports of processed products. In recent years new life is beginning to be seen in some sectors of the economy, such as beverages and sugar refining, fish derivatives, flour and beer, as well as the manufacture of fabrics, cement, glass and chemical derivatives—all as a consequence of the increased urban demand and the reconstruction of the country. Nonetheless, oil has been the only sector of the economy to grow continuously since independence, according to Intermón Oxfam (2003).

A study by the international consultancy firm Mercer of housing, transport, food, clothes, household items, and entertainment costs ranked Luanda—the country's capital and seat of the oil business—as the most expensive city in the world for foreigners in 2010, ahead of Tokyo (El País 2010). In this vast sprawling urban space, which is officially estimated to contain more than six million people, the luxury skyscrapers of oil companies and top banks offer a stark contrast to the musseques, or slum districts, on the outskirts. Unofficial estimates put the number of people living in these substandard dwellings, which sprang up during the war as temporary accommodation for the displaced rural population, at over four million. It is a population with no water or electricity and lacking the most basic living conditions.

In addition, the country's oil industry generates high environmental costs caused by oil spills and atmospheric pollution, which compound other problems such as soil erosion and, in particular, tropical forest deforestation. The sea pollution caused by oil spills from seabed drilling by rigs, offshore tanker cleaning and loading operations, and refinery waste affects extensive areas of the Angolan coastline. These include Luanda Bay, where

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local fishing communities have seen their catches diminish due to direct fish mortality and the degradation of the environmental conditions in the area (Ferreira Baptista 2005). The situation has forced several oil multinationals to implement mechanisms to reduce the environmental impact of their crude extraction operations (García-Rodríguez et. al 2013; Wiig & Kolstad 2010).

Conclusions

This article has highlighted the social, political, and economic importance of the oil industry for Angola, which is a paradigm of the resource curse theory in that its abundant natural resources coexist with very poor socioeconomic indicators. In this regard, the oil exploitation strategies of the country's colonial administrators and postindependence governments differ only in terms of the agent granting the concessions, given that the main oil multinationals have operated in Angola from the earliest days of the industry to the present.

The industry has had a negligible impact in terms of improving the standard of living of the population over this long period. Despite Angola's oil riches, which have ended up in the hands of the very few who enjoy ties to military and political power, a high proportion of people continue to live below the poverty line and have even depended during certain periods on international aid for survival.

In addition, the oil industry has had major environmental repercussions, foremost among them the sea pollution triggered by oil spills from seabed drilling, offshore cleaning and loading of tankers, and the waste from onshore refineries. The pollution has affected extensive areas of the coast such as Luanda Bay, where the fishing communities of several towns have seen their catches decline due to direct fish mortality and the deterioration of local environmental conditions.

A solution to this paradoxical situation of abundant natural resources and poor economic development will not be possible unless a firm commitment is made to diversifying the economy by promoting the reactivation of other sectors in which Angola has clear potential to be competitive. These include agriculture and fisheries, light manufacturing, and services linked to international trade or tourism. This would reduce Angola's exposure to oil price fluctuations and would help rural areas develop labor-intensive activities, thus constituting an active program against poverty. However, a strategy of this kind requires institutional reforms to make the political system more transparent and increase control by society over public resources.

The country has vast socioeconomic potential and its future will depend to a large measure on the strategy followed by the government in the coming years. Like oil, tourism in Africa generally and Angola specifically could either prove to be a massive development opportunity or an enormous wasted opportunity. Everything depends on how it is exploited and managed. Conscious of this situation and desiring to help developing countries, the United Nations, various African countries, and the WTO have launched a range of projects to promote sustainable tourism, among them the "Sustainable Tourism-Eliminating Poverty" initiative (ST-EP) (Moreno 2007).

Similarly, gearing food production to the domestic market is an appropriate option to gradually reduce the external dependence generated by the long civil war. In line with the tourism initiative, food sovereignty—a principle enjoying increasing acceptance at world level—may offer a way forward for Angola. The new threat posed by transnational agrobusiness, with its extensive interests across the continent, can be averted if the county opts for local and ecologically sustainable food production. Various authors have drawn attention to the underuse by Africa of its agricultural potential. One of the world's worst famine zones, sub-Saharan Africa uses a mere 0.8 percent of its potential production (Kuyek 2002), which clearly shows the contradictions of the current development model. Brazil, a country that shares many characteristics with Angola, could serve as an example of the use of energies based on non-oil sources such as hydropower, a field in which Angola has vast potential. In accordance with this model of future development, a global sustainable development strategy based on the above sectors might even be exported to neighboring countries in the spirit of cooperation instead of competition.

In the bid to achieve bottom-up development using the most appropriate tools, the health, education, and vocational training work undertaken in Angola by official overseas development aid groups from various countries and by development NGOs has been useful but as yet insufficient. Together, this pedagogical work at the grassroots level and the diversification of Angola's production could help break the vicious circle of neocolonialism and overcome the unjustified resource curse.

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