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By Dr. Stephanie M. Burchard

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Republic of Uganda President Yoweri Museveni listens during an interview, Tuesday, May 5, 2015, at the Waldorf Astoria in New York. Museveni, who turns 71 in September, is one of Africa's longest serving leaders. (Source: AP Photo/Bebeto Matthews.)

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The worldwide decline in the price of oil that began in 2014 hit the Angolan economy hard. Although oil is not the country's only resource—Angola also exports diamonds, coffee, timber, and other minerals—oil has accounted for 90 percent of all exports and as much as 80 percent of tax revenues. The fall in the price of oil left a gap as large as 7 percent of GDP in the Angolan government's budget and forced reductions in key programs aimed at alleviating the widespread poverty that persists in the country. As part of his efforts to close the financial gap, Angolan President Jose Eduardo dos Santos turned to China, which is Angola's largest trading partner and has reportedly lent Angola as much as \$20 billion. The Angolan President visited Beijing in June 2015 and was received by Chinese President Xi Jinping and other senior officials. Chinese government



Angolan President Jose Eduardo Dos Santos, left, is greeted by Chinese Premier Li Keqiang before their meeting at the Great Hall of the People in Beijing Tuesday, June 9, 2015. (Source: Wang Zhao/Pool Photo via AP.)

<u>communications</u> on the visit were long on expressions of friendship and cooperation, but short on specifics with respect to Angola's current financial needs. This response may highlight China's dilemma—how to help an African client state at a time when China's focus is on its own economy. *more...* 

Ambassador (ret.) George F. Ward is editor of Africa Watch and a Research Staff Member at the Institute for Defense Analyses.

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IDA's three federally-funded research and development centers provide objective analyses of national security issues and related national challenges, particularly those requiring scientific and technical expertise.

IDA's Africa team focuses on issues related to political, economic, and social stability and security on the continent.

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#### **Museveni's Elections**

On July 31, Yoweri Museveni formally announced his intention to seek the ruling National Resistance Movement's (NRM) <u>nomination</u> for the 2016 presidential election. Museveni, who came to power through a military coup in 1986, has been elected president four times thus far. If he wins the 2016 election, it would extend his mandate through 2021.



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When he initially came to power, Museveni was highly critical of the old guard of African politicians. As he famously <u>declared</u> in his 1986 book *What Is Africa's Problem?* "the problem of

Africa in general and Uganda in particular is not the people but the leaders who want to overstay in power." Since then, however, he has had a significant change of heart.

Museveni was elected president in the country's first elections held in 1996. During the 2001 election campaign, Museveni promised that his second term <u>would be his last</u>. Term limits, which were adopted as part of the 1995 constitution, were then repealed in 2005 to allow Museveni to remain in power. Those in favor of repealing term limits argued that the people of Uganda should be free to choose their president; if voters disapproved of Museveni, the argument went, they could vote him out of power. He won re-election in 2006 and 2011.

#### **The Competition**

Museveni's main competitors are faces familiar to Ugandan politics: Kizza Besigye and Amama Mbabazi. Opposition candidate Besigye, former personal physician to Museveni, has run for president (and lost) in the country's last three elections. Besigye is seeking the nomination of the country's main opposition party, the Forum for Democratic Change (FDC), but is facing internal competition from within the party. Mbabazi, prime minister from 2011 to 2014 and former secretary general of the NRM, <u>announced</u> in July that he would be running for president as an independent candidate. Mbabazi had initially planned on seeking the ruling party's nomination but claims that the NRM is actively blocking him from running against Museveni in the party's primary. Besigye and Mbabazi <u>were arrested</u> in July and accused of organizing illegal campaign rallies. They were both released the same day without charge.

### **Electoral Quality**

The quality of Ugandan elections has frequently been called into question. Allegations of intimidation, vote buying, and <u>fraud</u> have accompanied all the country's previous elections. Electoral reform is currently being <u>debated</u> by the Ugandan Parliament, but many fear that no substantive reforms will be undertaken ahead of the 2016 election. Some members of civil society are <u>threatening to file a lawsuit</u> to force parliamentarians to pass reforms before the election takes place, including establishment of an independent electoral-management body. Besigye's party, the FDC, has threatened a <u>boycott</u> unless meaningful reform takes place.

The past few years have seen a shrinking of the political space with new, overly harsh rules put in place to limit political dissent. Political discussions involving more than three people require an official permit from the police. Civil

society has also been under fire—parliament is debating a <u>new bill</u> to curtail nongovernmental organizations' activities before the 2016 elections.

In July, the government approved a one-time <u>supplementary travel payment</u> to the country's parliamentarians of approximately \$40,000 each. Although the government denies it, these payments are allegedly to assist candidates in traversing the countryside during the upcoming campaign. The travel payments are part of an overall 58 percent increase in the government budget from the previous year. The 2011 electoral cycle experienced a similar burst of spending.

#### Conclusion

In the past three elections in which he has participated (2001, 2006, 2011), Besigye has polled 28 percent, 38 percent, and 26 percent, respectively. According to a <u>poll of Ugandans</u> conducted in mid-July, 55 percent supported Museveni, 17 percent supported Besigye, and 13 percent supported Mbabazi. Unless opposition to Museveni is able to coalesce around a single candidate, even a relatively free and fair election could return Museveni to office easily. Having been firmly in power for close to 30 years now, Museveni is generally viewed favorably by many as the man who has brought <u>peace and security</u> to Uganda, which had experienced a series of brutal dictators and coups after independence and a civil war from 1980 until 1986. Museveni enjoys wide support in rural areas and among older voters. Given the country's history of electoral conduct and parliament's inability or unwillingness to enact electoral reform, however, a fair election is far from likely.

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Angolan President Jose Eduardo Dos Santos, left, is greeted by Chinese Premier Li Keqiang before their meeting at the Great Hall of the People in Beijing Tuesday, June 9, 2015. (Source: Wang Zhao/Pool Photo via AP.)

and cooperation, but short on specifics with respect to Angola's current financial needs. This response may highlight China's dilemma—how to help an African client state at a time when China's focus is on its own economy.

#### China and Angola—The Development of a Strategic Partnership

Today's close relations between China and Angola were not necessarily foreordained. During Angola's liberation struggle and civil war, which ended only in 2002, dos Santos's party, the Popular Movement for the Liberation of Angola (MPLA), received more consistent support from the Soviet Union, and later Russia, and Cuba than from China. At least initially, China hedged its bets, providing help to other factions as well as to the MPLA.

With the end of the civil war, the MPLA government in Angola sought assistance in rebuilding the shattered infrastructure of a country devastated by decades of conflict. The Chinese government <u>stepped forward</u>, providing both the financial resources and the manpower needed to rebuild infrastructure. In 2008 alone, the Angolan embassy in Beijing issued more than 40,000 visas to Chinese headed for the southern African country. By 2011, some claimed there were more than 100,000 Chinese workers in Angola. From 2002 through 2010, China's Export-Import Bank loaned \$4.5 billion to Angola for reconstruction projects that included roads, bridges, and government buildings.

The result of this intensive economic engagement was the declaration on November 20, 2011, of a "<u>strategic partnership</u>" between Angola and China. This move came during a visit by China's then-vice president, Xi Jinping, to Luanda. The partnership was based on mutual interests: Angola became one of China's principal sources of petroleum; China's state oil company, Sinopec, gained <u>access</u> to Angolan oil fields; trade between the two countries increased; and Angola received additional financial resources from China on a loan-for-oil basis.

#### Criticism of the Partnership—"The Boss Does Not Talk"

Even as the MPLA government has sought to deepen the partnership with China, more negative views of the relationship have developed. Many Angolans have been impressed by the hardworking nature of the Chinese who have come to reside in their country, but they have not appreciated the competition that many of the newcomers have offered in real-estate development, retail, services, and a variety of other fields. The Chinese <u>commercial presence</u> is large—50 state companies and 400 private companies operate in Angola. These companies are supposed to use 30 percent Angolan labor, but <u>industry sources</u> say that rule appears to be rarely observed. The quality and utility of the large-scale infrastructure projects built by the Chinese have also been criticized in the press. Poverty remains widespread, and some of the Chinese projects have tended to deteriorate over time. Angolans <u>speak</u> of "disposable roads, Styrofoam bridges, façade works."

The political opposition, led by the National Union for the Total Independence of Angola (UNITA), has also criticized the MPLA government's relationship with China. In late July, legislators from UNITA and other opposition groups boycotted a vote in the Angolan parliament on a bill put forward by the government to increase foreign investment by creating special economic zones, free-trade zones, and other incentives. This boycott was actually a surrogate for opposition displeasure over the government's lack of transparency regarding the agreements that President dos Santos arrived at during his June 2015 visit to China. As UNITA lawmaker Raul Danda pointed out: "How much did your president get from China? Nobody knows. .... We asked our president to explain what he did in China, but the boss does not talk."

#### What Did Dos Santos Want from Beijing, and What Did He Get?

During the visit by dos Santos to China, the official Angolan news agency <u>reported</u> that the president had asked the Chinese government for a two-year moratorium on repayment of its debt and for a new credit line or expansion of existing ones. The <u>statement</u> issued by the Chinese government after the meeting between dos Santos and Chinese Premier Li Keqiang did not mention either a moratorium or any specific financial support. The same was true of Chinese press coverage of the visit. These facts perhaps motivated a statement, published on June 23, 2015, by the <u>Angolan Finance Ministry</u>, that the "terms of loans" provided by China had been "improved," but that no payments moratorium had ever been requested.

If the public record seems to indicate that traditional debt relief does not figure prominently in China's plans for its future relationship with Angola, there are other indications of what is important. According to press reports, a bilateral memorandum of understanding that would permit the entry of Chinese banks into the Angolan market is under negotiation. Such an agreement would appear to promote the Chinese goal of achieving reserve currency status for its currency. Another report, attributed by the Voice of America to different sources, suggests that an agreement signed during the dos Santos visit provided for the "delivery" of 500,000 hectares (almost 1.25 million acres) of land, with water rights, to the Chinese government as collateral for a loan. With the price of oil falling, the Chinese government may prefer the security of land tenure over access to a commodity that is not in short supply.

#### Conclusion

China's reaction to Angola's economic problems poses a dilemma for President dos Santos. If he agrees to even deeper penetration of the Angolan economy by Chinese interests, he will face increased criticism by his political opponents. If he resists the Chinese advances, he could lose an important financial lifeline. Given China's paramount role as a buyer of Angola's most precious resource, it is likely that dos Santos will choose the former option and take the political heat, at least in the short term.

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