

China's Lusophone Connection

Anna Alves

2008



African Perspectives. Global Insights.

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Published by The South African Institute of International Affairs
Jan Smuts House, East Campus
University of the Witwatersrand
Johannesburg, South Africa

P O Box 31596, Braamfontein, 2017

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Tel +27 11 339-2021
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ISBN: 1-919969-50-0
China in Africa
Report No 2

SAIIA National Office Bearers

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Produced by Page Arts cc, Cape Town

Introduction

In October 2003, unnoticed by the rest of the world, Macau hosted the first ministerial meeting of the Forum for Trade and Economic Cooperation between China and Portuguese-speaking Countries (hereafter referred to as the Macau Forum), bringing together high-level representatives from Angola, Brazil, Cape Verde, East Timor, Guinea-Bissau, Mozambique, Portugal, Macau and China.¹ The idea to create this China–Lusophone countries Forum was developed between the Chinese Ministry of Commerce (MOFCOM) and the Executive Government of Macau Special Administrative Region (SAR) not long after Macau's handover to China on 20 December 1999.² The intention to realise this endeavour seems to have been mentioned publicly for the first time during the visit to Lisbon by

- 1 Angola's minister of commerce, V. Domingos Hossi; Brazil's minister for development, Luiz F. Furlan; Cape Verde's minister of economy, A. Fernandes Lopes; China's vice minister of commerce, An Min; Guinea-Bissau's foreign affairs minister, J. Silva Monteiro; Mozambique's minister of industry and commerce, C. Sampaio Morgado, Portugal's vice premier, José Luís Arnaut; and East Timor's minister for development and environment, A. Freitas Ximenes.
- 2 It is uncertain where the idea came originally from; nevertheless, based on various fieldwork trips conducted by the author in Macau from 1999 to 2007, there is evidence to suggest that it germinated in Macau amid the local Chinese political and economic elite and, probably, with the contribution of well-connected local Portuguese. The idea was first publicly aired when Macau SAR's chief executive, Ho Hau, included the idea of creating in Macau a platform for trade and cooperation with the Portuguese-speaking countries as part of the programme for his first term in office (So A, 'Geocapital: constituir uma plataforma operativa para a cooperação económica e comercial entre a China e os países de língua Portuguesa', in Secretariado Permanente do FCECCPLP (ed.), *Textos do Seminário sobre o Desenvolvimento do Fórum para a Cooperação Económica e Comercial entre a China e os Países de Língua Portuguesa*, Macau: Secretariado Permanente do FCECCPLP, 2005, p.103).

the Chinese vice premier for economic affairs in July 2002.³ The preparatory multilateral meetings to formally establish the Macau Forum commenced in the spring of the following year, and the Forum was formally created in October 2003. In the three years between the first and second ministerial conferences, trade between China and the Lusophone countries grew threefold, from \$11 billion in 2003 to \$34 billion in 2006,⁴ along with soaring Chinese investment and development aid, with a special focus on the African Portuguese-speaking countries (PSCs).⁵

1. What is the Lusophone world?

The Lusophone world spans over four continents and embraces eight countries: Brazil in South America; Portugal in Europe; Angola, Cape Verde, Guinea-Bissau, Mozambique, and São Tomé and Príncipe in Africa; and East Timor in Asia. Unlike the Commonwealth and Francophone countries, and despite PSCs' much older historical links, the Community of Portuguese-speaking Countries (Comunidade de Países de Língua Portuguesa or CPLP) only came into formal existence in 1996. The late creation of this community is explained by the unfavourable political framework during the last three decades of the 20th century: the five African members of this community were still fighting for independence against Portugal 33 years ago; two of them (Angola and Mozambique) embarked on very long civil wars soon after independence, and the other three were very poor and unstable; East Timor was occupied by Indonesia until 1999; while Brazil and Portugal were immersed in their own economic reconstruction. As the situation stabilised in most of these countries,

3 According to an interview on 18 June 2007 in London with the former Portuguese ambassador to China from 2003 to 2006.

4 MOFCOM statistics online, <<http://english.mofcom.gov.cn/column/statisticsie.shtml>>, 16 January 2007.

5 The exact amount of Chinese investment and development aid is very hard to determine. Firstly, there is no detailed data by country available in English; secondly, the data in Chinese is perceived as being inadequate because it does not reflect the true total amount of flows; and, lastly, the Chinese concepts of investment and development aid differ considerably from Western definitions, making it difficult sometimes to distinguish one from the other and to compare them with Western figures.

the second half of the 1990s offered the opportunity to realise this old Lusophone dream shared by all despite still existing cleavages.

However, despite having been in existence for over a decade, CPLP's achievements, especially at the economic level, are still way behind its members' expectations. This sad reality can be understood by taking a closer look at this community. If we put aside the shared language and historical legacy, together with the emotional charge related to these factors, there are not many similarities among these countries, nor are there the kind of strong economic bonds that fostered close links in the equivalent French and British regional groupings. The obstacles to enhanced cooperation are outlined below.

Table 1: PSCs' basic data, 2006/2007

	Area, km ²	Population, 2006 (millions)	GDP (2007 estimates, \$ billions)	GDP growth % (2007 estimates)
Angola	1,246,700	16.6	47.689	17.8
Brazil	8,547,400	189.3	1,289.700	5.1
Cape Verde	4,033	0.5	1.564	7.0
Guinea-Bissau	36,125	1.7	0.387	3.7
Mozambique	799,380	20.2	8.000	7.5
Portugal	91,906	10.6	220.700	1.8
S. Tomé & Príncipe	1,001	0.2	0.100	6.0
East Timor	14,609	0.9	0.300	-1.6
Total	10,741,154	240	1,568.44	Ave. GDP growth: 5.91%

GDP = gross domestic product.

Sources: Economic Intelligence Unit (EIU), respective countries' *Country Profile 2007* and *Country Report*, London: EIU, December 2007/January 2008

The geographic dimension

Firstly, there is a geographic fracture that determines different national interests, with each member being more committed to integration processes of which they are a part in their respective regions, e.g. Portugal in the EU, Brazil in Mercado Común del Sur (Mercosur/Southern Common Market), Angola in the Southern

African Development Community (SADC) and East Timor in the Association of South-East Asian Nations (ASEAN), which hinders closer cooperation within CPLP.

States at different development stages

Secondly, CLCP encompasses countries at very different development stages, bringing together some of the poorest countries in the world (like Guinea-Bissau and Mozambique, in 172nd and 175th positions, respectively, of a total of 177 countries in the Human Development Index (HDI) 2007/2008), with one of the most promising emerging economies (Brazil — one of the BRICs⁶) and a developed country (Portugal, in 29th position in the HDI). This reality translates into very different economic structures that vary from economies based on the export of primary goods (African ones) to industry- and services-based economies (like Brazil and Portugal), resulting in a wide diversity in terms of needs and targets at all levels.

Diversity in natural resources endowment

Thirdly, there is also a great variety in natural resources endowments, including countries with very few resources, like Portugal or Cape Verde, while others, like Angola, East Timor and Guinea-Bissau, are sitting on very large oil reserves. This accounts for differing priorities in their respective economic agendas.

Diverse political systems

Fourthly, there is a considerable variety of political systems, which range from politically stable democracies like Brazil, Portugal, Cape Verde and Mozambique, to very unstable regimes like those of Guinea-Bissau and East Timor, or authoritarian regimes as in Angola. This reality holds back more effective long-term collaboration among the various governments.

Wide social differences

Lastly, even in social terms, there is a wide range of differences.

⁶ BRICs: Brazil, Russian Federation, India and China.

Table 2: PSCs' and China's human development indicators, 2005

Country	HDI position, 2005	HDI value, 2005	Life expectancy at birth, 2005	Adult literacy rate, 1995–2005	GDP per capita, 2005 (PPP \$)
Portugal	29 th	0.897	77.7	93.8%	20,410
Brazil	70 th	0.800	71.7	88.6%	8,402
China	81st	0.777	72.5	90.9%	6,757
Cape Verde	102 nd	0.736	71.0	81.2%	5,803
S. Tomé & Príncipe	123 rd	0.654	64.9	84.9%	2,178
East Timor	150 th	0.514	59.7	50.1%	n/a
Angola	162 nd	0.446	41.7	67.4%	2,335
Mozambique	172 nd	0.384	42.8	38.7%	1,242
Guinea-Bissau	175 th	0.374	45.8	n/a	827

PPP = purchasing power parity.

Source: UN Development Programme (UNDP), *Human Development Report 2007–2008*, <<http://hdr.undp.org/en/>>

Five out of these eight countries are on the UN list of least developed countries (LDCs).⁷ As Table 2 indicates, life expectancy at birth ranges from an average of 78 years in Portugal to 42 years in Angola. The literacy rate varies from 94% in Portugal to above 80% in Brazil, Cape Verde and São Tomé and Príncipe; 67% in Angola; and 39% in Mozambique. GDP per capita also presents great variations: Portugal's is over \$20,000, Brazil's over \$8,000, Angola's over \$2,000 and Guinea-Bissau's only \$800. Social needs and targets are therefore quite different.

Other hindrances

Beside the differences discussed above, the Lusophone community has also been held back by other factors, namely, the scarcity of financial resources, the lack of a functional institutional framework, the persistence of colonial ghosts and a frail political will. Indeed,

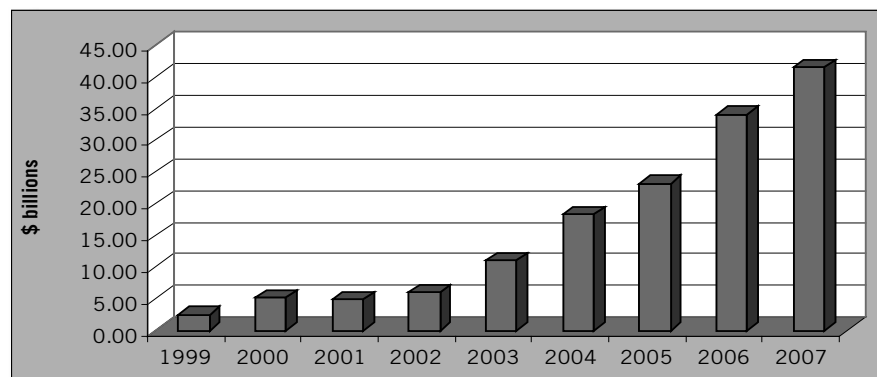
⁷ Angola, East Timor, Guinea-Bissau, Mozambique and São Tomé and Príncipe. Cape Verde was upgraded in late 2007, becoming the second country to overcome the poverty cycle since 1971, when the UN defined LDCs as a category of states that are deemed highly disadvantaged in their development process and facing the risk of failing to come out of poverty more than other countries.

the lack of closer cooperation and common objectives in terms of foreign policy has been hindering the international projection of this community, in spite of the fact that it represents 240 million people scattered around four continents. Against this background, it clearly needs to be asked why China suddenly became interested in forging institutional links with such a heterogeneous and low-profile community — one that was never very appealing to any of the other great powers or to the rest of the international community, for that matter.

2. Why is China interested in the PSCs?

As the booming trade between China and the Lusophone world testifies, with bilateral trade experiencing a sharp rise since the establishment of the Macau Forum in 2003, the economic foundations of this connection are considerable. Trade with PSCs presently represents 2% of total Chinese trade, 18% of its trade with Africa and 29% with Latin America.⁸ What is therefore behind such a sudden increase in economic relations?

Figure 1: China–PSCs trade, 2000–2007



Sources: MOFCOM statistics online, op. cit.; China Customs, *China Customs Statistics*, <<http://zhs.mofcom.gov.cn/tongji2006.shtml>> and China Statistical Bureau, *China Statistical Yearbook*, <<http://www.stats.gov.cn/>>, relevant years

⁸ According to MOFCOM statistics online, op. cit., for January–November 2007, accessed 12 January 2008.

The PSCs within a larger context

In order to understand China's interest in the PSCs, we need to view their relationship in terms of the larger context, which is the re-emergence in the late 1990s of the China–Third World axis as a foreign policy direction of importance to Beijing. The explanation for this is very pragmatic: China is home to nearly a fifth of the world's population and is in the midst of the fastest industrialisation process in human history, which results in a growing thirst for almost every kind of natural resource. Also, despite being home to the majority of developing countries and LDCs, the southern hemisphere is particularly rich in mineral reserves, most of which are still unexploited or under-exploited. It was within this setting that China started to build up its South–South relations in search of closer ties with the ASEAN countries, Central Asia, Latin America and Africa.⁹ China saw in these diverse regions an opportunity for its development through the complementary potential of their respective natural resource endowments and economic structures.

In spite of its fast economic growth rate, to all intents and purposes China is still a developing country. Furthermore, by not having a colonialist past and having itself been subject to Western colonialism, China is considered a peer among other developing countries. This gives Beijing some leverage over the large majority of Lusophone states, as they perceive Beijing to be better placed to understand their own predicaments and better able to recognise their economic needs and share their political rhetoric. Unlike the Cold War era, when Chinese foreign policy was driven primarily by ideology, contemporary China has the financial means, the necessary technology and the will to pursue an economically oriented long-term strategy in these regions. China is, therefore, in

⁹ China started a dialogue with ASEAN in the 1990s (the ASEAN+China process), and a free-trade agreement is scheduled to be created in 2015; with Central Asia, China established the Shanghai Cooperation Organisation, initiated in 1996 and institutionalised in 2001; and with Africa, China created the Forum for China–Africa Cooperation (FOCAC) in 2000. No formal multilateral dialogue forum has been established with Latin America as yet, but Jiang Zemin's and Hu Jintao's Latin American tours in 2001 and 2004, respectively, were of great importance, as was the establishment of a free-trade zone with Chile in 2006 and strategic partnerships with Brazil and Argentina in the 1990s.

a very favourable position to enter these regions and challenge the established Western influence and ways of doing things there.

The Macau Forum as a foreign policy instrument

The interest of China in the PSCs should hence be seen as another institutional foreign policy instrument, one that complements this larger South–South approach in its foreign policy. But why did China choose to set up this forum using Macau as a platform, when it could hypothetically have done the same with the Anglophone countries through Hong Kong, for instance? Firstly, handover negotiations were much more strained with the British than with the Portuguese, and so were social tensions in the aftermath. Secondly, British economic interests were much more consolidated in their respective influence areas than the Portuguese were in theirs. Thirdly, China already had solid relations with some of the most strategic Anglophone countries in Africa (Zambia, Zimbabwe, Tanzania, etc.), but not with the PSCs, where it had been active, but sometimes involved with the ‘wrong’ side during the colonial struggle (e.g. in Angola and Mozambique). Fourthly, PSCs are much fewer in number, making them more operational as a platform, but still permitting China to reach all the regions it is interested in: Latin America, Africa and South-East Asia. Last, but not least, the PSCs include Brazil (the world’s third-largest agriculture exporter after the US and the EU; one of the world’s largest producers and exporters of raw and processed minerals; and the country with the third-largest oil reserves in Latin America, after Venezuela and Mexico)¹⁰ and Angola (the second-largest oil producer in Africa; the fifth-largest world diamond producer),¹¹ which are currently China’s largest trading partners in Latin America and Africa, respectively.

Legitimising the Macau Forum

Where Brazil and Portugal found obstacles to closer cooperation among the Lusophone countries, China discovered opportunities to

¹⁰ EIU, Country Profile 2007: Brazil, London: EIU, 2007, pp.31, 32.

¹¹ EIU, Country Profile 2007: Angola, London: EIU, 2007, p.31.

make the most out of this community. Indeed, China can offer what is lacking in this community: financial resources, political will and easy relations with all other members. The Chinese link with Macau for many centuries has helped to smooth the relationship between China and the PCS. By maintaining Portuguese, along with Chinese, as its official language, Macau SAR is eligible to become part of the CPLP process as an associate observer,¹² thus helping to strengthen China’s connection with these countries.

Macau, furthermore, has an old historical linkage with former Portuguese colonies through trade and migration flows, but China’s relations with these countries in fact goes far beyond the links provided through Macau: Communist China had built up its own bilateral links with the PSCs even before Macau reverted to Chinese rule.

China’s bond with the PSCs

During the independence struggle in the 1960s and 1970s, China was deeply involved in Portuguese Africa, especially in Angola and Mozambique,¹³ having supported the anti-colonial struggle (although it did not always support the liberation movements that ultimately came to power). Most of the African PSCs established diplomatic ties with China soon after independence, followed by trade, investment and cultural agreements, and in some cases the establishment of Mixed Economic and Trade Commissions (Angola in 1988, Mozambique in 2001).¹⁴ Nevertheless, and although some aid was given and cooperation took place in the 1980s and 1990s, it was only in the early 2000s that these began to assume important dimensions. With Brazil, China has the most mature relationship.

¹² The application for associate observer status for Macau in CPLP was blocked by the Chinese authorities during the handover negotiating process, despite Portuguese persistence on this issue. Up to the present, and although China’s position on this issue has changed, no formal application has as yet been submitted to CPLP.

¹³ For a detailed account of China’s involvement in Angola and Mozambique during the liberation struggle and after independence, see Jackson SF, ‘China’s Third World foreign policy: The case of Angola and Mozambique, 1961–93’, *The China Quarterly*, 142, 1995, pp.388–422.

¹⁴ According to information posted on the MOFCOM website, <<http://ao2.mofcom.gov.cn/index.shtml>>, accessed 7 June 2005.

Although diplomatic ties date back to 1974, the relationship only started to flourish after China granted Brazil 'strategic partner' status in 1994. Portugal established diplomatic ties with China in the late 1970s, and until the end of the 1990s the relationship was dominated by Macau's handover negotiations. Lastly, East Timor also had direct links with China through factions of liberation movements in the late 1960s and early 1970s, but China changed its position in favour of a peaceful solution in the 1980s and withdrew its support for the rebel groups.¹⁵ China was the first country to formally establish diplomatic ties with East Timor in May 2002.

Table 3: PSCs' establishment of diplomatic ties with China

Country	Date
Guinea-Bissau	March 1975–May 1990 May 1990–April 1998, had relations with Taiwan April 1998, re-established ties with China
Brazil	August 1974
Mozambique	January 1975
Angola	January 1983
Cape Verde	April 1976
Portugal	February 1979
S. Tomé & Príncipe	July 1975–July 1997 July 1997 to the present, has diplomatic ties with Taiwan

The fact that Chinese universities have been offering Portuguese language degrees since the 1960s also demonstrates the long-term importance China attaches to the Lusophone world. Furthermore, the recent surge in and success of Portuguese language degrees offered at mainland universities testifies to the dynamism of China's relationship with the PSCs.¹⁶ Other factors linking China and the PSCs are discussed briefly below.

¹⁵ Interview, East Timor Embassy, Beijing, 9 November 2007.

¹⁶ The first Chinese university to offer such a degree was Beijing Broadcasting University (presently Communication University) in 1960, with the aim then to broadcast Chinese radio in Portuguese to the African PSCs. In the early 2000s there was a boom in demand for Portuguese degrees caused by the recent increase of ties with the Lusophone world (at both the public and private levels). The current shortage of human resources in these areas explains the almost 100% rate

Energy and food security concerns

Language might be an important factor, but surely not the crucial one. Like the rest of the developing world, Lusophone countries are perceived by China primarily through the pragmatic lenses of energy and food security concerns. As can be seen in Annexe 1, these countries are home to significant natural resources that range from minerals reserves to extensive fertile agricultural land, and forestry and fishing resources (all eight PSCs have long coastlines).

A vast consumer market

The PSCs' 240 million people represent a vast consumer market, especially if we consider that most of them are developing economies well suited for consuming cheap Chinese goods, and that some of them, like Brazil, Angola and Mozambique, are economically on the rise, meaning they have expanding consumer markets.

Internationalising Chinese enterprises

These economies are perfect training laboratories for the internationalisation of Chinese public and private enterprises, providing them with their first experience of operating overseas.

Increased soft power

By becoming more committed to these countries' development processes, China increases its soft power in these regions and consequently in international multilateral forums as well.

Gateway to regional blocs

In the case of the PSCs, there are some other political and economic features that add to China's interest in this particular group of

of employment of new graduates. As a consequence, several universities in Beijing, Shanghai and Tianjin currently offer degrees in the Portuguese language. Over 300 students are presently enrolled in these programmes in mainland China. This number increases sharply if we include Macau, which has for some time had a wide range of courses on offer, at various levels, for learning Portuguese (Source: a Chinese teacher of Portuguese at Beijing Communications University who is writing a dissertation on the teaching of the Portuguese language in China; various interviews in Beijing, November 2007).

states. Indeed, a larger economic presence in these states opens a gateway into various regional blocs in South America, Africa, Asia and Europe in which PSCs are members (see Table 4).

Table 4: PSCs' membership of regional organisations

Country	Regional organisation
Angola	African Union (AU), Common Market for Eastern and Southern Africa, SADC
East Timor	Guest status in ASEAN (to join in 2010)
Brazil	Mercosur
Cape Verde	AU, Economic Community of West African States (ECOWAS)
Guinea-Bissau	AU, ECOWAS, West African Economic and Monetary Union, Franc Zone
Mozambique	AU, SADC
Portugal	EU
S. Tomé & Príncipe	AU

The Taiwan issue

The Taiwan issue is also an important element in this equation. After 22 years of diplomatic relations with China, São Tomé and Príncipe recognised Taiwan in 1997, resulting in a serious political setback for the 'one China policy'. China is clearly hoping that the Macau Forum can serve as a way of expediting São Tomé and Príncipe's re-recognition of Beijing, as it is the only PSC not included in this institutional arrangement. Guinea-Bissau interrupted diplomatic relations with China in favour of Taiwan from 1990 to 1998, eventually resuming ties with the mainland, but the risk of reverting remains. Angola also considered changing in the early 1990s, when peace was expected to happen following the 1992 elections, oil prices were low and its negotiating power with Western donors was weak.¹⁷ As proof of this constant Chinese concern, every official

¹⁷ Centre for Chinese Studies, *China's Interest and Activity in Africa's Construction and Infrastructure Sectors*, chap. II: 'Angola', November 2006, p.23, <<http://www.ccs.org.za/research.html>>.

document produced within the framework of the Macau Forum, be it bilateral or multilateral, includes a statement of support for China's 'one China policy'.

Expansion possibilities relating to the PSCs

Furthermore, there are other countries associated with the PSCs, namely Mauritius and Equatorial Guinea (the latter of which has considerable oil reserves), while other non-autonomous territories are eligible for observer status in this community because of their links with the Lusophone world, such as Galicia; Casamance; and Goa, Damão and Diu in India. This could translate into a further extension of the community's influence. Following the same logic, some Chinese scholars and politicians propose expanding the Macau Forum to include all Latin countries.¹⁸

The Macau Forum might represent only one small item within China's grand strategy to consolidate and institutionalise its bonds with the developing world following the isolation imposed by the West after the Tiananmen crisis, but it has had a large impact in the countries involved.

3. What is in it for the PSCs?

Evidently, the PSCs do not all have the same expectations regarding the development of closer ties with China. Expectations vary according to the respective economic structure and development stage of each country. Hence it is possible to identify two different groups: one composed of the more diversified and developed economies of Brazil and Portugal, and other containing the African PSCs plus East Timor. Nevertheless, even within the two groups, expectations differ considerably.

¹⁸ Cheong IW, 'Algumas reflexões sobre o reforço do papel do Fórum', in *Secretariado Permanente do FCECCPLP*, op. cit., p.94.

Brazil and Portugal

What distinguishes Brazil and Portugal from the other PSCs in this regard is the fact that, first of all, the former perceive China as an expansion market for their enterprises and an export market for their products. Benefiting from its domestic market size, Brazil's stakes in China are much higher than Portugal's. Some of Brazil's largest companies are already well established in China. Embraer opened an aircraft construction plant in Harbin in 2002 in a joint venture with a Chinese company, AVIC 2; while Embraco (producing fridge compressors) has had a production line in China since 1995; and CVRD (Companhia Vale do Rio Doce), a mining company, is opening a steel plant in Zhuhai in 2008 in a joint venture with a local steel company and is operating another one with Baosteel in Yongchang. Itaú Bank and Petrobras are presently also trying to make their way into the Chinese market, and there are many other smaller Brazilian companies operating in China (shoes, engines). In terms of the consumer market, China occupies third position as a destination for Brazilian exports after the US and Argentina. Unlike exports to the latter two countries, Brazilian exports to China are mainly commodities (oil, soy, copper and iron ore), but Brasília is planning to change this in the near future and increase its exports of industrial products to China.¹⁹

As for Portugal, in spite of having a privileged gateway into Macau until 1999, there are only a small number of Portuguese companies operating in China (pharmaceuticals, cork, wine, electronics). Regarding export flows, although there is a recent trend towards growth in export flows, the bulk of trade remains dominated by electronic equipment, wine, cork and construction materials, and volumes are very low, mostly because of the relatively small size of these companies, which have limited capacity to produce on such a large scale. Nevertheless, China is seen as a priority market for the internationalisation of Portuguese enterprises, and efforts are being made to promote better mutual knowledge.²⁰

¹⁹ Interview, Brazilian Embassy, Beijing, 13 December 2007.

²⁰ Interview, Portuguese Embassy, Beijing, 12 December 2007.

African PSCs and East Timor

In general, countries in this second group are not in a position to treat China as an expansion market for their companies, as most of these are still too small or at an embryonic stage. Therefore the African PSCs (plus East Timor) regard China as a major raw materials importer and partner for development.

Revitalisation of raw materials markets

China's mounting demand for minerals has had an important role in the rise of raw materials prices, which mostly benefited the developing states where most of the reserves are located. After decades of depression, this sharp rise in raw materials markets is bringing back some dynamism to these economies. African PSCs have a great variety of minerals to offer China. Their reserves are immense and largely unexploited, as prospecting work was either never done or abandoned soon after the Portuguese withdrawal in 1975. There was very little progress on this in the following two decades, either because of civil wars or because of lack of means and technology. China has, indeed, a judicious sense of timing in this regard.

Oil and natural gas are presently the most paradigmatic example of China's involvement in the African PSCs' minerals sectors. In Angola, Sinopec has significant stakes in three important blocks (a 40% stake in part of block 18, in consortium with BP; a 20% in block 15; and a 25.5% operating stake in block 17). The Chinese bids were the highest ever offered for exploration acreage anywhere in the world (a combined bid of \$3 billion). In mid-2006 a joint venture was created between Sinopec (which owns 55% of the consortium) and the Angolan national oil company (Sonangol, which owns the exploration licences) under the name of Sonangol Sinopec International. The purpose is to jointly operate stakes in offshore oil blocks and to build a \$3 billion refinery at Lobito (Sonaref), but negotiations were disrupted in March 2007, apparently over disagreement on the ultimate destination of the oil to be produced.

In Guinea-Bissau, where oil drilling has not started yet, but reserves seem to be very promising, Chinese companies have shown interest in taking part in prospecting activities, and an agreement is expected in early 2008.²¹

An agreement to process natural gas into fertiliser is under negotiation with Mozambique, which has large untapped reserves.²² Oil prospecting is also taking place in São Tomé and Príncipe's offshore areas, and Chinese interest in this is expected, despite the disruption in diplomatic ties between the two countries (see Table 3). In East Timor, Chinese companies (Petrochina, CNOOC, Sinopec) are involved in oil prospecting activities and have shown interest in natural gas exploration.²³

Additional negotiating power

Besides injecting some dynamism into these markets, the price rise in raw materials also gave additional negotiating power to these countries, especially those with large reserves, such as Angola. This leverage was further increased by the enticing Chinese cooperation formula. Indeed, it is becoming difficult for Western institutions, namely the International Monetary Fund (IMF), World Bank and Paris Club, to compete with the concessional loans packages of China's Eximbank, which offer quick delivery; very low interest rates (1.5%); a five-year grace period; extended periods for repayment; and, most striking of all, no conditions attached such as transparency, good governance, democracy or human rights — except for a commitment to recognise the 'one China policy'. Indeed, the 'Beijing consensus' is becoming a very appealing alternative to the 'Washington consensus' among developing countries. As an example, back in 2004, Angola was able to relegate to second plan hard negotiations with the IMF over a much needed aid package (blocked by transparency issues), because China came forward with a \$2 billion loan for infrastructure rehabilitation.

21 Interview, Guinea-Bissau Embassy, Beijing, 11 December 2007

22 Interview, Mozambican Embassy, Beijing, 30 November 2007.

23 Interview, East Timor Embassy, Beijing, 9 November 2007.

Infrastructure development

Chinese concessional loans are mainly directed at infrastructure rehabilitation projects (roads, railways, bridges, hospitals, schools, housing, public buildings, dams, water and electricity distribution networks, telecommunications, airports, ports, etc.), which are now becoming widely visible all over the African PSCs. As part of the agreement, Chinese enterprises selected by Eximbank are to develop most of the projects (in the Angolan case, 70% of them), sometimes bringing their own labour from China.

For the first time since independence, these countries are getting better infrastructures. China, however, cannot take full credit for this. Other infrastructure suppliers, namely Brazilian and Portuguese ones, also deserve some credit. Nevertheless, it is becoming harder and harder for them to compete with Chinese budgets, and therefore their market share is expected to become smaller, thus favouring Chinese enterprises. This infrastructure is badly needed, especially in Angola and Mozambique, where almost everything was destroyed by decades of violence and because distances are much greater and therefore a major obstacle to economic development, resulting in the isolation and depopulation of many provinces.

Education and health cooperation

These are areas where China has long-established credentials: Chinese medical teams have been in the field almost continuously since the 1960s, as were various technical teams, particularly in agriculture (rice) and fisheries. China's recent medical progress in dealing with malaria and HIV/AIDS is quite appealing for these countries. This kind of cooperation was further strengthened after 2003 in almost every bilateral agreement signed between China and these countries. Every year China grants six to ten scholarships to each African PSC and East Timor to send students to study in China. An estimated 50 students from these countries are presently studying in China, mostly in the areas of science and technology. This is of great importance to these countries, which have high illiteracy rates and an almost total lack of qualified human resources.

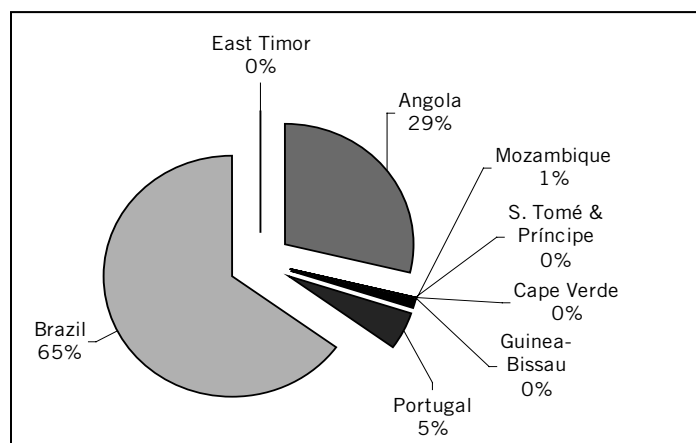
China charms PSCs

Beijing is indisputably becoming a major cooperation partner in the Lusophone area and, as a consequence, a very influential agent particularly in the African PSCs. Furthermore, since 2003 China has been developing several initiatives to charm PSCs. Of note are the Trade and Cooperation Agreement it signed with PSCs that same year, the \$1 million it granted to Guinea-Bissau to host the 10th PSC summit in July 2006, and the support it granted to host the first ever PSCs games in Macau in October 2006.

4. Do all PSCs have the same importance to China?

The obvious answer to this question is no. Diverse economic and political assets translate into different positions in China's priority list. An examination of Figure 2 gives a clear indication of who in this equation really matters to China, i.e. Brazil and Angola.

Figure 2: China-PSCs trade by country, November 2007



Source: MOFCOM statistics online, op. cit.

Brazil alone accounts for almost for two-thirds of China-PSCs trade volumes, Angola accounts for one-third, and together they make

up 94% of total bilateral trade. Furthermore, Brazil is China's major economic partner in Latin America, and Angola occupies the same position in Africa. Apart from Portugal (5%), all other PSCs have negligible trade volumes with China.

We can thus say that of the Lusophone world, Brazil is the most important partner to China. Indeed, among all the PSCs, it is with Brazil that China has the most solid relationship, not only with regard to trade, but in many other strategic fields, ranging from education to science and technology, e.g. the joint production of planes, satellites and nuclear energy facilities, and joint resource development. Both countries are facing the same challenges as emerging economies (BRICs), and despite being competitors in many sectors (textiles, shoes, electronic equipment, etc.), the strategic partnership set up in 1994 seems to be flourishing, with positive results for both parties, even if the trade balance still favours Brazil (a \$7 billion deficit for China up to November 2007).

Some tension might arise between the two in their relations with the African PSCs, as they are both involved in the same economic sectors (infrastructure and mining); however, this also means that there is a huge potential for cooperation in these fields, such as in oil extraction, as Brazil is the world leader in deep-water production technology, and most of the PSCs' oil reserves are offshore.

However, if, on the one hand, Brazil is China's most solid partner among the PSCs, on the other hand, this was exclusively a result of bilateral cooperation that consolidated long before the creation of the Macau Forum. In other words, Brazil was not the main target when China established the Macau Forum. Nor was Portugal: it is definitely not a relevant trading partner for China, neither within the Lusophone countries grouping nor within the EU. But in spite of this, in December 2005, during his state visit to Lisbon, Wen Jiabao awarded Portugal 'strategic partner' status.²⁴ The only explanation for this is that its relevance to China is much more symbolic (Portugal's historical and cultural links to PSCs around the world) and

²⁴ Portugal is one of the five countries that have been granted that status in Europe. The others are the UK, France, Germany and Spain.

instrumental (its potential as an interface between the Lusophone community and the EU). Portugal, on the other hand, sees in China's sudden interest in the PSCs an opportunity to act as a counterweight to the growing Anglo-Saxon influence in Macau's booming gambling industry.²⁵

For the purpose of the Macau Forum, what matters for China are, therefore, the African PSCs and East Timor, because despite their small populations and weak or war-shattered economies, they represent a large pool of under-explored natural resources. Among the African PSCs, Angola is undoubtedly China's most important trading partner and is becoming China's key partner on the whole African continent. Bilateral trade grew from \$1 billion in 2002²⁶ to \$12 billion in 2007 (January to November),²⁷ overtaking South Africa as China's largest trading partner in the continent in 2006 and Saudi Arabia as China's main oil supplier for brief periods of time in the same year. China exports textiles, shoes and electrical equipment to Angola, but bilateral trade is almost 100% dominated by Chinese oil imports. Chinese-Mozambican bilateral trade has experienced a fourfold growth since the creation of the Forum: from \$48.5 million in 2002 to \$260 million in 2007.²⁸ Cape Verde's bilateral trade with China grew from \$2.75 million in 2004 to almost \$14 million in 2007.²⁹ Guinea-Bissau ranks fourth in this list, with \$6 million worth of trade in 2007 and São Tomé and Príncipe is at the bottom with a trade volume of \$1.43 million.³⁰ Unlike for Angola, for Guinea-Bissau, Mozambique and Cape Verde the trade balance is dominated by Chinese exports.

Chinese foreign direct investment (FDI) in these countries has also increased sharply in recent years. The reason why they are attracting public and private Chinese capital is related to the fact that, as mentioned before, all of them are quite rich in natural resources.

25 Interview with the Portuguese ambassador to China, Macau, 22 September 2006.

26 Official statistics cited by Pinto de Andrade V, 'Angola na rota da Ásia', *Courier Internacional*, 2, April 2005, p.28.

27 MOFCOM statistics online (January–November 2007), *op. cit.*

28 *Ibid.*

29 *Ibid.*

30 *Ibid.*

Angola is presently the second-largest oil producer in Africa³¹ after Nigeria and has one of the world's largest diamonds fields, apart from gold, uranium, phosphates, etc. Aside from trade and investment, China is also providing significant and much-needed aid to these countries. In addition to reducing the debts of most of them, China is granting important financial aid in the form of long-term loans at very low rates of interest, as mentioned above, most of which are for resources development and infrastructure rehabilitation. Although official numbers are much lower, Angola alone is estimated to have received around \$9 billion worth of concessional loans.

Up to this point, this report has tried to explain the reasons for the mutual attraction between China and the PSCs, why China is interested in the PSCs, why these countries want to establish closer relations with China and whether all these countries present the same level of interest for China. The following section will attempt to clarify how the Macau Forum works and to assess its role and operational efficacy, as well as examine the role of Macau in the Forum.

5. How the Macau Forum works, its role and efficacy, and Macau's role in the Forum

Objectives of the Forum

The Macau Forum's declared aim is to promote mutual development by enhancing economic cooperation and trade between China and the PSCs. Its action lines were defined in the declaration signed at the end of the first ministerial meeting in October 2003: information interchange, the improvement of the investment climate in accordance with international rules, the organisation of trade fairs, the promotion of joint ventures, the diversification of cooperation, the development of agriculture, the construction of infrastructure, and the

31 Its production represents 1.8% of total world output, according to data published by BP, <http://www.bp.com/liveassets/bp_internet/globalbp/globalbp_uk_english/reports_and_publications/statistical_energy_review_2007/STAGING/local_assets/downloads/pdf/table_of_world_oil_production_2007.pdf>.

development of natural and human resources. The second ministerial meeting, which took place in September 2006, further extended the cooperation areas to include tourism, transportation (aerial and maritime links), sanitary issues, science and technology, media, culture and the creation of the Forum's own financial cooperation mechanism.³² The Forum, however, is not a traditional multilateral organisation as much as an instrument of Chinese foreign policy. While the action plans are negotiated in a multilateral setting in Beijing or Macau³³ prior to ministerial conferences (which take place every three years), trade and cooperation agreements within the Forum are reached on a bilateral basis, and China negotiates with each country separately.

Operational structure

Although the way they operate is similar, the organisational structure of the Macau Forum differs to a considerable extent from that of the Forum for China–Africa Cooperation (FOCAC), as the Permanent Secretariat (PS) is based in Macau and is multilateral. It is composed of staff from Macau's executive government and MOFCOM cadres, on the one side, and by permanent delegates of each member country, on the other. The PS is responsible for the coordination and implementation of the Forum's agreements. The PS reports directly to the Taiwan, Hong Kong and Macau Affairs Department in MOFCOM and is headed by a secretary-general³⁴ appointed by the Ministry of Commerce in Beijing after consultation with the PSCs. The secretary-general is assisted by the Support Office based in Macau and the Liaison Office in Beijing.³⁵ The Support Office reports to Macau's executive government through the Secretariat

³² Full text available at <<http://www.forumchinapl.org.mo>>.

³³ The ministerial meetings that happen every three years are preceded by talks between MOFCOM (Department of Taiwan, Hong Kong and Macau Affairs) and the ambassadors from the PSCs and chaired by the General Secretariat of the Forum. Meetings at this level also take place to discuss other issues, namely the present revision of the PS statute, which has been under discussion since early 2007.

³⁴ At present the secretary-general is Wang Cheng An, who is supposed to complete his three-year term in early 2008.

³⁵ Although the coordinator has an office in the PS facilities in Macau.

for Economy and Finance, from where it receives the funds to pursue its activities. Support Office initiatives include promoting high-level visits; entrepreneurial meetings; trade, investment, economic and technological cooperation; human resources training; and advertising the Forum.³⁶ Within the scope of the Forum, the same kind of activities are also promoted from Beijing, in which case they are funded by MOFCOM. In 2005 all member countries agreed on the need to create a fund within the Forum to finance development projects, especially in the African PSCs and East Timor, which is now (2007–08) in the process of being created through a consortium of private and public banks from all the member states.³⁷

Can the Macau Forum take credit for the increase in trade flows?

It is a fact that China–PSCs trade volumes saw a sharp rise after 2003, the year of the creation of the Forum. Nevertheless, it is still not clear what role the Forum actually played in this development. Would trade, investment and aid flows be growing at the same rate without the establishment of this platform? Did the annual entrepreneurial fairs have any impact on the growth of investment flows? It is hard to say for sure that the economic success of the platform is a direct result of this multilateral framework, since most of the agreements (financial and technical cooperation) are reached bilaterally.

The importance of the Macau Forum for PSCs

Except for Brazil, all PSCs recognise the importance of the Forum, but all of them perceive it as a mere complement to bilateral relations with China. Brazil has a very pragmatic attitude towards the Forum: it sees no economic logic in it (there are too many differences among members), but does not want to upset China or the other PSCs, and in the meantime tries to make cooperation work in areas of common

³⁶ Information concerning the PS's organisation is according to the PS Statute (which is in the process of being revised in 2007–08) and interviews conducted at the PS in Macau in September 2006 and October 2007.

³⁷ According to interviews conducted in Macau (October 2007) and at the PSCs' embassies in Beijing (November–December 2007).

interest (AIDS, malaria, etc.), even if it has not been very successful in this endeavour up to the present.³⁸

The importance of the Macau Forum for China

In China, official discourse gives great importance to the Forum,³⁹ but in practical terms, all the important economic matters, such as concessional loans, are dealt with bilaterally. The Forum is, nevertheless, clearly very important to the Chinese state as a foreign policy instrument with symbolic significance. China perceives these countries as a group, even if it deals with them bilaterally. This is how China operationalises its foreign policy strategies — grouping countries (FOCAC, ASEAN+China, Shanghai Cooperation Organisation, EU–China dialogue, etc.), but apparently preferentially dealing with them in a bilateral setting, as this way it has better leverage over them.

Macau Forum achievements

If its achievements are unclear in terms of the aim that the Macau Forum was created for (the promotion of trade and economic cooperation) — with the only material achievement to date being the creation of a fund to finance development projects — there are, however, other areas where the Forum can definitely claim some credit. These are high-level official visits and exchanges, the promotion of cultural exchanges and mutual knowledge, human resources-building capacity, air transport (the Guangzhou–Luanda and São Paulo–Beijing routes are to open soon) and media information exchanges (under discussion). Judgement should not be too harsh, though, as this is a relatively new institutional arrangement that is taking its first steps and finding its own way. Many operational limitations can be pointed to at this stage, such as human resources training programmes being too short, a funding shortage for extra activities, or PS decision making being too concentrated, etc., and one

³⁸ Interviews conducted at the PS in Macau (October 2007) and at the PSCs' embassies in Beijing (November–December 2007).

³⁹ Interviews conducted at the PS in Macau (October 2007) and at MOFCOM in Beijing (November–December 2007).

should bear in mind that this is a Chinese initiative and the financial means that sustain the structure are exclusively Chinese, which is often a limitation on more active participation by the PSCs.

The role of Macau in the Macau Forum

For many centuries, Macau was the main gateway of China, and for that reason it has had an important role as a trade hub in the past, which was taken over by Hong Kong in the mid-19th century. In the last few years, Macau has been gradually becoming the recreational backyard of China, home to the fastest-growing gambling industry in the world (it overtook Las Vegas in terms of revenue in 2006). Despite welcoming the high revenues, Macau's executive government is working hard to balance the growing weight of the gambling industry by promoting Macau as a services platform linking the mainland with the outside world, thus revitalising its past role as a hub.

Macau has, indeed, all the conditions necessary to succeed in this endeavour. It offers the PSCs privileged access to the mainland market through the economic preferential arrangements of which it is part (the free-trade agreement called the Closer Economic Partnership Arrangement between Macau and the mainland; and the Greater Pearl River Delta grouping, which links Hong Kong, Macau and nine Chinese provinces around the delta, also known as 9+2). Furthermore, it has a very good logistics and infrastructure for exhibitions, fairs and conferences; a long experience in translation services (Chinese–Portuguese–Chinese); low taxes; and a liberal market, plus it is a free port.

In spite of possessing all these privileged conditions, Macau's role as a linkage platform with the PSCs is, however, being hindered by the still ongoing lack of knowledge, on the one hand, by Chinese entrepreneurs regarding PSC markets and, on the other hand, by PSC entrepreneurs regarding the Chinese market. A shared history under Portuguese rule for over 450 years has undeniably created a culture and language bond with the PSCs via Macau; nevertheless, a lot more has to be done in order to get the most benefit out of this

economic arrangement. The language bond is, in the end, merely the convenient pretext that makes all this possible.

6. Policy recommendations

To the Macau Forum

- Develop and consolidate the Forum's institutional structure in a more decentralised and flexible way to avoid frustration and suspicion among the PSCs, and get them to become more actively involved in the Forum.
- Continue to promote deeper mutual knowledge through different actions in Macau, China and the PSCs involving different sectors of society.
- Develop Macau's role as an information exchange centre further by providing more efficient economic and commercial information services.
- Make the most of Macau's advantages as an interface. China-PSCs trade has been growing at a much faster rate than cooperation and investment, and therefore this is an area with great potential for growth in the near future, in which Macau can play a very important role as an intermediary in many different fields: manufacturing, public works, technology, human resources, etc. And linked to this, mobilise local small and medium-sized enterprises (SMEs) to support this executive government endeavour. Local SMEs have shown very little interest in the opportunities created by the Forum, mostly due to lack of knowledge of what it has to offer them. Since these enterprises constitute 90% of the market, it means a huge unexplored resource.

To China

- Demonstrate more transparency in the lending process and prevent corruption in that process.
- Resist pressures and temptations to become involved in upcoming electoral disputes, such as in Angola, by avoiding becoming involved in electoral campaigns and rushing public works to meet the elections schedule.

- Use the Macau platform more efficiently. All the important deals are at present done directly through Beijing, but linking these more closely with Macau would enhance the Forum's image and credibility, not only among its members, but also externally.
- Make the multilateral setting more effective in the process of cooperation — if not in economic cooperation, then in all other kinds. Use this to promote joint cooperation (among Portugal, Brazil and China) in African PSCs and East Timor in those sectors where assistance is most needed.
- Promote entrepreneurial partnerships with local companies or with Portuguese and Brazilian ones that have been in the field for many decades and have a deep knowledge of African PSCs' markets (e.g. the legal framework, advantages and limitations of the market, etc.). This would spare Chinese entrepreneurs some years of self-learning and prevent them from committing the same errors over and over again.

To African PSCs and East Timor

- Formulate a long-term development strategy and clearly define the driving factors of economic development. Coordinate this with a strategic planning of infrastructure development and maintenance and an efficient supervision mechanism.
- Manage resource revenues with good sense, using them to diversify the economic structure away from raw materials, which are becoming more and more finite, towards manufacturing and services.
- Develop further the institutional and legal setting and overall investment framework to attract Chinese FDI in parallel with development aid contracts.
- Take advantage as much as possible of Chinese human resources development offers in order to develop much needed local skills and know-how, and promote technology transfer.
- Create conditions to develop the local private sector and provide further incentives to the emergence of joint ventures. Most Chinese companies enter these countries markets by themselves and this

means that many opportunities to develop local entrepreneurship are lost.

- Use the Macau Forum's resources to promote each PSC's image and businesses in China.
- Maintain a balanced trade with China by investing in strategic export sectors of interest to China.
- Maintain a diversified list of development aid partners in order to avoid future dependence and shortages.

To Brazil and Portugal

- They should retain their presence in the Forum and make use of the available resources to promote their economic interests in China.
- Look for possible partnerships with Chinese enterprises to develop projects in the African PSCs and East Timor. Follow the example of Geocapital, which was created in Macau in 2006 with Chinese and Portuguese capital and started investing in Mozambique; or the Portugal Telecom–ZTE partnership in East Timor.
- Maximise this economic dynamism to reinforce bonds within the Lusophone community.

Annexe 1

Country	Mineral resources	Agriculture	Other resources
Angola	<p>Oil, diamonds, iron ore, tin, gold, phosphates, manganese, copper, lead, zinc, beryl, vanadium, titanium, chromium, kaolin, quartz, gypsum, tungsten, marble and granite.</p> <p>Oil: second-largest exporter in sub-Saharan Africa. Output is expected to surpass 2 million barrels per day (b/d) in 2008. Production is concentrated mostly offshore.</p> <p>Diamonds: world's fifth-largest diamond producer by value, and the third-largest in Africa after Botswana and South Africa.</p>	<p>5–8 million ha of arable land and extensive pasturage in the south that is free from tsetse fly.</p> <p>Traditional crops: cassava and beans in the north, maize in the centre, and millet and sorghum in the south.</p> <p>Possible cash crops: rice, bananas, sugar cane, palm oil, cotton and tobacco.</p>	<p>Fishing resources: sustainable catch is estimated at 450,000 tons per year.</p> <p>Forestry resources: could annually produce 330,000 m³.</p>
Brazil	<p>Oil, natural gas, iron ore, bauxite, manganese, copper, tin and gold. World's sixth-largest reserves of uranium.</p> <p>Oil: third-largest oil reserves (and growing) in Latin America; in 2006 reached virtual self-sufficiency in oil output (average output of 1.78 million b/d). Reserves are mostly offshore in deep water and consist mostly of very heavy grades (have to be refined abroad).</p> <p>Natural gas: 307 billion m³ at the end of 2006. Large offshore reserves recently discovered due to be explored from 2008.</p>	<p>330 million ha of farmland (cultivated land being extended). Extensive cattle raising.</p> <p>Main crops: soy beans, sugar, oranges, tobacco, cocoa, meat and poultry. Well developed agro-industry. Accounts for 80% of orange juice traded in the global market; more than 30% of all soya beans and soya meal; and almost 30% of sugar, chicken, coffee and soya oil.</p>	<p>Hydropower: one of the world's biggest producers</p> <p>Renewable sources of energy: represented 45% of total provision by mid-2007 (sugar cane alcohol — ethanol).</p> <p>Nuclear energy: two nuclear plants built and between four and eight expected to be built by 2030.</p>

Country	Mineral resources	Agriculture	Other resources
Cape Verde	Salt (1,200 tons/year), pozzolana (used for making cement).	Traditional crops: sugar cane, maize and beans. Cash crops such as bananas, pineapples and coffee are being encouraged.	Fishing: maritime exclusive economic zone (EEZ) covers 734,265 km ² (10,000 tons of fish a year, mainly tuna and lobster) — one of the last under-used fishing grounds in the world.
East Timor	Vast reserves of natural gas and oil in the Timor Sea. Also has reserves of gold, manganese and marble — but only the marble is thought to be sufficient for commercial exploitation.	Most important cash crop is coffee. There is potential for other crops to be developed, such as cocoa, cashew nuts and vanilla.	Significant forestry and fishing resources.
Guinea-Bissau	Exploration is under way for offshore oil resources. Exploratory drilling has indicated substantial deposits of heavy oil; not yet known if profitable for commercial use. If yes, estimates say it could produce 30,000–60,000 b/d. Phosphates and bauxite (attempts to develop these commercially only began in 2006).	Largest cash crop is cashew nuts (Africa's second-largest exporter: 106,000 tons in 2007). Traditional crops: rice, millet, maize, sorghum, beans, potatoes, yams, sugar cane and tropical fruits.	Forestry: forests cover 2.35 million ha, estimated to be capable of producing 100,000 tons/year of timber without disturbing the ecological balance. Fishing: 400 km of coastal waters with potential for an annual fish catch of 300,000 tons, but the total catch averages only around 30,000 tons/year.

Country	Mineral resources	Agriculture	Other resources
Mozambique	Natural gas, titanium, coal, tantalum, marble, gold, bauxite, granite, limestone and gemstones. There are also known deposits of pegmatite, platinoids, uranium, bentonite, iron, cobalt, chromium, nickel, copper, granite, fluorite, diatomite, emeralds, tourmaline and apatite.	Traditional export crops: copra, cashew, cotton, citrus and tea. Newer and more dynamic sectors include tobacco, sugar and horticulture.	Hydroelectric potential of about 12,500 MW. Fishing: 2,500 km coastline — under-exploited (8,666 tons in 2005). Large potential for aquaculture. Forestry: 19 million ha of productive woodland: tropical hardwoods, pine and eucalyptus.
S. Tomé & Príncipe	Oil has been discovered offshore in commercially exploitable quantities and production is likely to begin in 2010.	Main cash crop: cocoa. Other crops: coffee, bananas, taro and breadfruit.	Fishing: 160,000 km ² maritime EEZ — important offshore fishing resources, with potential yields of 12,000 tons/year.
Portugal	Large reserves of copper, tungsten, iron and tin, and is one of the world's largest exporters of marble. Europe's leading producer of copper and tungsten (only mines in the world, together with a site in China, where tungsten can be extracted).	Main crops: wine, fresh fruits and vegetables.	Fishing: 1,792 km of coastline (212,000 tons of fish in 2006). Forestry: leading cork producer.

Sources: EIU, *Country Profile 2007* (for Angola, Brazil, Cape Verde, East Timor, Guinea-Bissau, Mozambique, Portugal and São Tomé and Príncipe), London: EIU, 2007.