

São Tomé Simultaneously Strengthens Relations with Taipei and Re-Establishes Commercial Ties with Beijing

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The 24 January visit of Taiwan's President Ma Ying-jeou to São Tomé has definitely confirmed that the small archipelago is willing to maintain diplomatic relations with the Republic of China (Taiwan). It marked the second visit from a Taiwanese president since President Chen Shui-bian visited São Tomé in 2002. This time the Taiwanese president brought a large delegation, including five ministers and several businessmen, with him. President Manuel Pinto da Costa welcomed the delegation at the local airport. The warm welcome demonstrates that President Pinto da Costa has changed his attitude towards Taiwan since his country has re-established commercial relations with the People's Republic of China last November. Unlike Gambia, which cut diplomatic relations with Taiwan on 14 November 2013, after President Yahya Jammeh's demands for allegedly US\$ 10 million in cash had not been satisfied by Taipei, São Tomé will – along with Swaziland and Burkina Faso – remain one of Taiwan's three allies in Africa.

During a press conference, President Ma Ying-jeou announced that technical teams from both countries would prepare a joint commission meeting scheduled for this March. He declared that his country's bilateral co-operation would be subdivided into a public and private sector.

He indicated the construction of a new hospital as one of the future projects of state co-operation, while Taiwan's private sector would look for investment opportunities in tourism. President Pinto da Costa, who stressed the importance of Taiwanese development assistance for his country and claimed São Tomé's strategic advantage for private investments within a regional market of 340 million consumers, accepted his counterpart's invitation to visit Taiwan.

President Manuel Pinto da Costa is São Tomé and Príncipe's third democratically elected president since the collapse of the socialist one-party regime in 1991. He also was his country's first president after independence (1975-1991). Since his election in 2011 there have been recurrent rumors about the possible re-establishment of diplomatic relations with the People's Republic of China. São Tomé first established relations with Beijing in 1975, but, six years after the country's democratic transition, in 1997 President Miguel Trovoada (1991-2001) decided to establish full diplomatic relations with Taipei in exchange for US\$ 15 million in annual development aid. In response, Beijing immediately cut all ties with São Tomé, leaving the archipelago with bilateral debts of US\$ 17.3 million. China's major investment in São Tomé during



the 22-year period was in 1988 the construction of the Congress Palace (*Palácio de Congressos*) in the capital that accommodates the local 55-member National Assembly. The Chinese-financed building is 8,300 square meters, including a conference hall for one thousand people and another three conference rooms. China also provided aid to São Tomé's only hospital by sending medical doctors, who were very popular among the local population.

However, following recommendations about financial advantages of relations with Taiwan by Blaise Compaoré, president of Burkina Faso, President Trovoada risked a break with Beijing. Initially the government of the Movement for the Liberation of São Tomé and Príncipe/Social Democratic Party (*Movimento de Libertação de São Tomé e Príncipe/Partido Social Democrata, MLSTP/PSD*) fiercely contested the decision before the National Assembly, where at the time the Independent Democratic Action (*Ação Democrática Independente, ADI*), the party close to Trovoada, maintained only 14 seats. Manuel Pinto da Costa, a frequent MLSTP/PSD leader since 1972, also rejected relations with Taipei. During five months government representatives and the president of the National Assembly refused to receive the Taiwanese diplomatic representatives, since they preferred to maintain relations with China. Finally, however, the government and the majority of parliament succumbed to Taipei's chequebook diplomacy. Nevertheless, the MLSTP/PSD, the former sole ruling party during the country's socialist regime, has always maintained bilateral political ties with China's Communist Party. Since 1997, a prime minister from the MLSTP/PSD has headed six of twelve São Toméan governments. They all promised to distinguish between party politics and government affairs, and maintain diplomatic relations with Taiwan, the country's principal bilateral donor.

Taiwan's aid has carried a single condition: recognition of Taiwan as the government of China. Miguel Trovoada's successor, President Fradique de Menezes (2001-2011), paid regular visits to Taipei and, in his speeches before the United Nations General Assembly, repeatedly demanded that Taiwan be readmitted to the organizations of the United Nations during his speeches at the Annual General Assembly in New York. Visible examples of Taipei's bilateral assistance in São Tomé and Príncipe are the re-establishment of public street lighting in the capital, the building of the National Library, the office of the public prosecutor, the modernization of the National Stadium, the building of Côco-Côco market, the secondary school Manuela Margarido near Trindade, the reconstruction of the country's only cinema, the construction of a thermal power plant in Santo Amaro with a capacity of 8.5MW, road construction and repair works, several housing projects, and a chicken farm. Additionally, Taipei provides scholarships for São Toméan students at universities in Taiwan and regularly sends medical doctors to the archipelago. Taiwan's successful malaria eradica-

tion programme in the islands, where the tropical infection was the principal mortality cause, has become an internationally known success story. Since 2005, when the campaign started, morbidity from malaria has fallen drastically, while mortality has almost disappeared in the two-island state.

Despite the many advantages of the relations with Taiwan, news about China's huge investments in other African countries has not gone unnoticed in São Tomé. The archipelago is the only lusophone country that is not a member of the Forum for Economic and Trade Co-operation between China and Portuguese-Speaking Countries (Forum Macao), a platform established in 2003 by China for its co-operation with the other member states of the Community of Portuguese-Speaking Countries (CPLP, established in 1996), namely Angola, Brazil, Cape Verde, Guinea-Bissau, Mozambique, Portugal and Timor-Leste. While Chinese trade and co-operation with the seven countries steadily increased, in São Tomé Chinese interests materialized only indirectly.

In 2006 the Chinese state oil company Sinopec acquired a 28.7% interest and the operatorship of Block 2 in the Joint Development Zone (JDZ), set up in 2001 by Nigeria and São Tomé and Príncipe. In 2009 Sinopec took over the Swiss oil company Addax, which had stakes in JDZ Block 1 (42.4%), Block 2 (14.3%), Block 3 (51%), and Block 4 (45.5%). Through the takeover, Sinopec became the largest investor in the JDZ. However, due to disappointing results of exploration drillings Sinopec and Addax abandoned the Blocks 2-4 in 2012. For the same reason, last September Addax pulled out of JDZ Block 1. Chinese divestiture was a serious blow for the JDZ, coming on the heels of withdrawals by Exxon, Chevron and Total in recent years. Consequently, São Tomé and Príncipe's hopes of rapid oil wealth have not been realized. The country, which signed its first oil exploration contract with a foreign company in 1997, has not yet produced any oil, neither in the JDZ nor in its own Exclusive Economic Zone (EEZ).

Unlike Trovoada and Menezes, President Pinto da Costa has never visited Taipei. In April 2012 President Pinto da Costa embarrassed the Taiwanese when he cancelled the scheduled visit of President Ma Ying-jeou to São Tomé; Pinto da Costa claimed the date overlapped with his planned visit to Cuba. However the visit to Havana was postponed, and only took place in June 2013. In May 2012 it was then Prime Minister Patrice Trovoada who represented São Tomé at the inauguration of President Ma Ying-jeou, who had been re-elected for a second four-year term. However, Pinto da Costa has never publicly made any declaration about reestablishing diplomatic relations with Beijing either. Nevertheless, since the MLSTP/PSD returned to power as part of a coalition government in December 2012, signs of rapprochement with China have increased. Pinto da Costa, who was elected president as an independent, no longer exercises any



formal function in the MLSTP/PSD. However, he maintains considerable influence in the party he chaired for a total of 25 years.

Last July, Beijing invited São Tomé to participate as an observer in the 4th Ministerial Conference of the Forum Macao. In early October, São Tomé's National Oil Agency (ANP) signed a product-sharing contract (PSC) for Block 2 of its EEZ with the Hong Kong-registered private oil company Sinoangol. Sinoangol, established in 2010 by the Portugal-based Chinese businessman Zhan Yongqiao, was awarded the block after direct negotiations with the company that started in April 2013. Under the agreement, over a period of eight years Sinoangol will invest US\$ 154 million in seismic studies, environmental studies and exploratory drillings. Already in September 2013, another Chinese private investor opened a supermarket called *Grande Mundo* in São Tomé.

Then, in late October a government delegation headed by Foreign Minister Natália Umbelina, and including Paulo Jorge do Espírito Santo 'Pajó', diplomatic assessor of President Pinto da Costa, and Henrique Pinto da Costa, the President's brother and advisor of Prime Minister Gabriel Costa, paid an unannounced visit to China to negotiate a trade agreement. However, Prime Minister Gabriel Costa categorically denied any intentions of his government to re-establish diplomatic ties with China. The government delegation's visit to Beijing occurred a few days before the 4th Ministerial Conference of the Forum Macao, held on 5 and 6 November 2013. At the conference in Macao, where São Tomé's Finance Minister Hélio Almeida participated as an observer, China promised soft loans of US\$ 293 million to the seven lusophone member countries. São Tomé's government has been interested in strengthening

economic co-operation with China, since it desperately needs foreign investment and new external sources to finance: foreign donors kick in about 90% of the US\$ 150 million national budget. Taiwan explicitly tolerates trade between its diplomatic allies and China. However, Taipei clearly disliked it when Beijing formerly opened a trade mission accommodated in its former embassy building in São Tomé on 12 November 2013. São Tomé and Príncipe became the first of Taiwan's three allies in Africa to host a Chinese trade mission. During the inauguration the local government tried to keep a low profile by sending only the Minister of Public Works and Natural Resources, Osvaldo Abreu, to the ceremony. Similarly, President Pinto da Costa did not attend the ceremony, but sent his diplomatic and economic advisors instead.

São Tomé's government expects Beijing's new trade mission will facilitate Chinese investment in the archipelago. Yet, the Chinese are not interested in resuming full diplomatic relations with São Tomé, because they do not want to disturb their own warming relations with Taipei. To appease the Taiwanese, on 15 November a government delegation headed by Prime Minister Gabriel Costa, and including Foreign Minister Natália Umbelina and several other government and party officials, left for an official two-day visit to Taipei to strengthen bilateral co-operation and attract private investment from Taiwan. During the visit, Prime Minister Gabriel Costa handed over an official invitation by President Pinto da Costa for President Ma Ying-jeou to visit São Tomé. São Tomé and Príncipe would like to benefit from the economic strength of both Taiwan and China, while it continues maintaining diplomatic ties exclusively with Taipei.

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