Angola hits troubled times after heady post-war boom

LUANDA - After the end of Angola's long civil war in 2002, the capital Luanda became an unlikely African version of Dubai as oil money poured in and a clutch of skyscrapers sprang up along the coast.

Image by 123RF

But many new office blocks now stand empty or unfinished as the country suffers the painful aftermath of a boom that came crashing down with the fall in oil prices two years ago. Last month, after the local kwanza currency plunged in value, Luanda lost its top spot as the world's most expensive city for expats as rated by Mercer's annual survey.

The city still sits at number two, just below Hong Kong, thanks to the pumped-up price of everything from imported bottled water and restaurant seafood to renting modern apartments.

At the upmarket Candando supermarket in Talatona district, customers like Katia Carreta say the economy's rollercoaster ride has left even wealthier families uncertain of whether they have a future in the country.

"Prices are far too high for the current level of wages," Carreta, 46, an Angolan whose husband works for a construction company, told AFP as she pushed her trolley out of the store. "Things simply cost too much for the lifestyle that we were hoping to have," said the mother of four.

Candando - slogan: "Everything will be better" - is a large, chic supermarket with brightly-lit aisles, fresh food displays, a coffee shop and prices to match. But its target audience is under strain.

Even after the fall of the kwanza, six eggs cost the equivalent of $3.50, as does a packet of imported cheese, while a large bag of rice or three salmon steaks cost $30.

Away from newly-developed Talatona, many of Luanda's residents still live in slums, with tin shacks spreading to the horizon. A deadly yellow fever outbreak has spread through the city since last year, while rubbish has piled up in the streets and many major roads need repair after municipal spending was slashed. Angola also has the world's second highest mortality rate for children under five years old, according to UNICEF.

The rarely-seen President Jose Eduardo dos Santos, who has been in office since 1979, has vowed to diversify the economy away from oil to spread wealth and protect against fluctuating prices. But little has been done on the ground.

Economic growth, which soared to over 20% in 2007, has collapsed to less than 2%, and about 40% of the population live below the poverty line. The former Portuguese colony is also rated among the most corrupt nations worldwide.

"Angola's aim must be diversification, industrialisation and agriculture," Jorge Pinto, a professional engineer and representative of the Industrial Association of Angola, told AFP. "We are a country that imports 95% of its goods and we have lost the power to bring these goods in due to the decrease in oil value.

"Inflation has already surpassed 30% - cooking oil, rice and chicken are all essentials, but many families don't have the ability to buy them. The demand for real estate is also now so low that construction companies have no choice but to stop their operations."

In the exclusive restaurants and nightclubs along Luanda's beach strip, some wallets still seem to be full after the oil boom. A can of beer costs the equivalent of $12, and the Lookal Mar seafood restaurant, with its views over the Atlantic ocean, offers imported lobster at $200 per kilo.

Emphasising the country's chronic shortage of foreign currency, Angolans or foreigners who hold dollars are in a powerful position if they brave the illegal street exchange markets. Officially a dollar is worth about 165 kwachas, but on the street it can be exchanged for more than 500 kwachas.

Such anomalies suggest further tumult for Angola in the months ahead, and analysts fear the risks are being multiplied by a government that is failing to confront reality. Dos Santos recently surprised many observers when he called off talks with the International Monetary Fund (IMF) over a possible loan to ease the current troubles.

"The decision puts a big question mark over whether the government realises how deep the need for reform is," said Soren Kirk Jensen, a specialist in Angola at the London-based Chatham House think tank. "The government and IMF could identify reforms and ensure their implementation, so it suggests the president has been ill-advised," he added, stressing that it would be dangerous to await any recovery in oil prices.

"The last decade has been a missed opportunity. There are reports of shops running short on some imported goods. It is a very problematic situation."

Source: AFP