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Oil and war in the Sudan

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The first civil war in the Sudan started in August 1955; six months before the British gave the country its independence and lasted till February 1972 when both parties, thoroughly exhausted, agreed on peace in Addis Ababa. The peace treaty had, among its provisions, the creation of a High Executive Council (HEC) in Juba, which was virtually an independent government, except for the fact that it did not have its own army and that it could not have diplomatic relations with foreign countries. In practice the weak tax base of Southern Sudan prevented the HEC from ever reaching financial autonomy and it always had to rely on the insufficient and erratically disbursed northern financial subsidies. Part of the agreement left the control of the mineral resources to the Southern Government, a point that was to prove tragically significant later.

Yet, after seventeen years of civil war, the southerners were satisfied to have gained at least partial autonomy and they stood by General (later Marshal) Nimeiry when his rule was challenged by northern coup-makers in 1975 and 1976. Nimeiry in turn concluded somewhat hastily that the southern political opinion was safely his and that he could turn his attention to other matters. One was the perennial opposition from the religious political parties and in 1977, in a famous exercise known in Sudanese history as *al musallaha al wataniya* (national or patriotic reconciliation) he called back the leaders of the main Islamic parties (Umma, DUP and the Muslim Brothers). This started the previously secular regime on a dangerous track because the newly returned politico religious leaders demanded new legislation putting the laws of the land in agreement with Islamic *sharia*, a dangerous sign for the predominantly Christian South.

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Oil as the key cause of the war

This power shift within the regime accelerated further when the US Chevron oil company signed an exploration agreement with the central Government in 1979. It soon became obvious that there were important oil reserves in the Bentiu/Rubkona area, on the edge between northern Bahr el Ghazal and southern Kordofan, which meant just inside the South as defined by the Addis Ababa Agreement. To avoid seeing the oil money controlled by the *Abid* the government then created out of thin air the *al wihdat* (Unity) province around the oil area. Simultaneously, using the somewhat confused state of southern politics at the time, Nimeiry proposed an apparently innocent re-division of the southern provinces boundaries. This movement, locally known as *kokora*, played on the fear of the minority Equatorian tribes vis-à-vis the much more numerous Dinka. By blurring the provincial border issue through *kokora* the central government was confusing the issue of the oil province (where no oil was yet flowing) with a more general issue of tribal balance in the running of the HEC. The manipulation was successful beyond all expectations and soon *kokora* had produced enough intra-southern tensions for the Central Government to be able to summarily close down the HEC. By 1980, as Chevron was stepping up its seismic exploration campaign, civilian southern politics entered an area of extreme tension. Nimeiry disbanded the Southern Parliament and named General Gasmallah Abdal Rassas as *de facto* Prime Minister. By 1982 the first guerrillas began to appear in the Nuer country, around Malakal. They called themselves Anya Nya II from the memory of the Anya Nya who had fought the government during the 1955/1972 civil war. In May 1983 the 105th Battalion of the Sudanese Army garrisoned in Bor and entirely made up of southern troops mutinied. This mutiny was soon followed by uprisings in various other military garrisons throughout the South and by June the war had started in earnest².

In 1984 the Anya Nya II guerrilla overran the Chevron Rubkona camp, killing two of the staff and taking seven others as hostages. Chevron immediately closed down its whole operation and walked away from the Sudan. The French oil company TOTAL which had been exploring further south around Bor and Pibor also pulled up stakes to avoid a similar fate. For the

¹ Slaves. The word was (and to a large extent still is) used by the Northern Arabs to talk about their Black southern brethren. The Islamists often prefer *kuffar* (unbelievers).

² Most of the mutineers walked into Ethiopia where they formed the SPLA. Their relationship with the already existing Anya Nya II was stormy, a fact which was particularly fateful for the future of the Southern insurrection since Anya Nya II was all Nuer and SPLA was mostly Dinka.

next 15 years, oil was going to remain the unspoken but ever present ghost behind the Sudanese civil war.

Oil lies dormant (1984/1999)

There were two problems that prevented the exploitation of Sudanese oil. One was the fact that the SPLA had overrun most of the potential oilfields. The other was that any commercial exploitation presupposed a 1,500 km pipeline going from around Bentiu all the way to Port Sudan on the Red Sea. A contract had been signed between Chevron, the Sudanese government and the Italian engineering firm Snamprogetti in 1982 for building that pipeline. It was at the time costed at around \$900 million and the civil war quickly discouraged all potential financial backers.

Chevron sat on its permits for a while and eventually sold them in 1989 for the modest amount of 22m dollars to the Uganda based Concorp public works corporation³. Concorp was headed by a Sudanese Islamist, Ahmed Jar al Nabi, who had made a fortune under Idi Amin's regime in managing Saudi aid contracts to Uganda. His knowledge of the oil industry was non-existent but he was a good friend and financial backer of the Sudanese Muslim Brothers. He kept the permits for three years before reselling them to the Calgary based oil minor Arakis. Arakis was largely a front for Pakistani and London based Baraka Bank Islamic monies. They in turn tried to dig up the funds for the pipeline now estimated at over one billion dollars but even Islamic financiers were not very keen on fronting the cash without having the guarantee of a major serious oil company to pick up the technical end. Meanwhile, TOTAL kept waiting, renewing its Bor and Pibor permits every year.

The strategic change intervened in 1991 when the Mengistu regime was over-thrown in Ethiopia. The Ethiopian communists had always been the staunchest supporters of the SPLA, given the fact that Nimeiry⁴ was closely allied with the United States. After 1991 the SPLA was considerably weakened. The new Muslim Brothers regime, which had taken power in a military coup in June 1989, felt that the moment was ripe to put the knife in and finish off the southern guerrilla. With Iranian financial support they ordered 300m dollars of weaponry in China and launched a major assault on the rebels who were

³ The reason for the low price was Chevron's desire to divest itself quickly and at loss so as to regain the money later as a US tax bonus. The scheme did work and Chevron got around \$900m from the IRS in tax deductions out of the \$1.3bn it had spent in the Sudan since 1979.

⁴ After his 1985 overthrow, his successor Sadiq al Mahdi followed the same pro western foreign policy.

pushed all the way to the Ugandan border. Eventually, and in spite of other arms procurements from China, still financed by Teheran; the SPLA withstood the assault and survived, largely due to western humanitarian aid and Ugandan logistical and military support. But the Chinese military orders had brought a number of Chinese military technicians and diplomats to Khartoum, thus developing a new geopolitical relationship. In 1996 the Chinese National Petroleum Corporation (CNPC) bought back a large amount of the old Chevron permits now in the hands of Arakis. Since the Chinese promised to bring almost limitless free labour to build the pipeline⁵ this created a new dynamics. CNPC also brought some of its own cash and started to engage a number of western engineering firms into negotiations about the pipeline, most prominent amongst them being the German firm Mannesman. By 1998 a consortium had been put together. The Malaysian oil company Petronas Carigali had stepped in with the Chinese and British and German banks were ready to put the one and a half billion dollars necessary to build the pipeline, even with Chinese convict labour. The last missing piece was technical.

Sudanese oil is thick and sulfurous and needs highly qualified technical care. It was brought forth in August 1998 when the Canadian company Talisman bought out whatever was left of the Arakis shares in the Sudanese permits. This combination resulted in the creation of the Greater Nile Petroleum Corporation (GNPC) with 40% to the CNPC, 30% to Petronas; 25% to Talisman and 5% to the Government of Sudan. By August 1999 the oil started to flow.

The oil fuels the war

Oil production and revenue grew extremely quickly. In 1999 Sudan got 61m dollars from its oil, 490m by 2000 and over 590m dollars in 2001. By 2001 oil represented 38.5% of government income. This enabled the government to vastly increase its military expenditure, which went from 242m dollars in 1999 to 290m the following year, and reached 362m dollars in 2001. The Chinese were the main suppliers of the new hardware and even built three medium sized arms factories at Kalakla and Chojeti near Khartoum and at Bageer on the road to Wad Medani.

The oil production had moved the war into a whole new dimension. Previously the war had been largely ideological i.e. a perceived defense of

⁵ These were convicts who were promised reduced terms if they served in the Sudan.

⁶ Talisman is a small company which is the result of a buy out by its own employees of the Canadian branch of British Petroleum. Although relatively small, it has good technical expertise.

Arabism versus the threat of heathen Christian southern anti Islamic positions. By 2000 all this looked slightly obsolete. What mattered now were the oil producing fields with their capacity to tilt the war (and society) this way or that. The government still tended to use southern militias to carry out the actual fighting but it now could afford more modern equipment. Mi 17s combat helicopters were increasingly used, often from the very installations where the oilmen were using their equipment. This caused increased concern in Canada where the previous Minister of External Affairs Lloyd Axworthy commissioned an enquiry team to go and find out what was really happening. This led to the publication of the so-called Harker report in January 2000. Although the Harker Report contained a wealth of documented damning evidence, nothing was done about it. This raised the ante and various human rights groups and organisations started to fight Talisman through a policy of stockholder sensitisation. Talisman shares went down; but not so badly that they could not recover. By early 2001 several human rights groups commissioned another research team led by British anthropologist John Ryle to go back to Western Upper Nile, this time not on the government side but on the rebel side⁷. The results of this new inquiry were even more damning than the previous ones. It was obvious that the oil companies were consciously letting the government operate out of their installations. And it was also equally obvious that the operations were far from being only military but that they consisted largely of scorched earth policy designed to flush the Nuer civilians out of the oil producing areas where they could provide cover for eventual guerrilla operations. They were either forced back towards the relative safety of the government controlled towns or else pushed away further into the South, far from the oil wells. It was obvious that the purpose of these tactics was to enable the government first to exploit and later to explore more potential oil producing territory without interference. The Ministry of Energy had announced in 2001 that it wanted to expand the production (200,000 barrels per day) up to 450,000 bpd by 2005. This obviously required a free hand for the oil explorers.

⁷ The government repeatedly denied the research team permission to operate in the oil areas under its control.

Conclusion

Today oil is the number one factor in the continuation of the war. As time went on, the proselytizing zeal of the early days of the Muslim Brothers government has somewhat waned. What has not waned is their economic appetite. The oil brings practically no benefits to the population in the North, whereas in the South, it brings machine-gunning by combat helicopters. But to the government it brings money, security, the capacity to buy more arms, the possibility to clear out more territory so that more oil exploration can be carried out, bringing in turn more revenue, which will enable the purchase of more arms and so on.

The war has thus become a self-perpetuating machine, with its own source of financing, its own logic, and its own geo-economic aims. In the medium term it has even now become conceivable that the government could “win” that previously un-winnable war. Not by outright military victory which remains as elusive as ever over a 750,00 km² terrain but by controlling **ALL** of the oil producing areas of the South (perhaps 25% of Southern territory at the most). With the control of such a rich resource-producing territory the government could then abandon the rest of the South to the guerrillas, saving itself the pain and effort of administering a hostile land that cannot produce anything of economic interest. With the “useful” South in its hands Khartoum could then slip into a state of “neither-war-nor-peace” which could last perhaps not indefinitely but at least for a long time.