



## BULLETIN

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## Introduction to the African Oil Development Debates

Meredeth Turshen

Much has happened in and around African petroleum development since publication of ACAS Bulletin No. 60/61 on oil in 2001, warranting a second look at the issue. In the wake of the growing number of terrorist attacks on United States' interests at home and abroad since the late 1990s by Saudi-funded al Qaeda operatives, American neo-conservatives and petroleum producers have moved quickly to explore alternative sources of oil and gas, beyond what might be extracted from ANWR. African hydrocarbon resources are central to the new strategy, as evidenced by Cheney's energy policy, drawn up in secret and announced publicly in May 2001:

"The NEPD Group [National Energy Policy Development Group] recommends that the President direct the Secretaries of State, Energy and Commerce to reinvigorate the U.S. African Trade and Economic Cooperation Forum and the U.S. African Energy Ministerial process; deepen bilateral and multilateral engagements to promote a more receptive environment for U.S. oil and gas trade, investment and operations; and promote geographic diversification of its energy supplies, addressing such issues as transparency, sanctity of contracts and security." (National Energy Policy Report, Chapter 8, p.11)

An ExxonMobil ad on the op-ed page of the New York Times on 1 November 2001 entitled "Africa: a wealth of opportunity" was timed to influence the third biennial U.S.-Africa Business Summit in

Philadelphia, a meeting of industry and government leaders on American business opportunities in Africa. "ExxonMobil", the ad self-proclaimed, "has been committed to Africa for more than a century." The need to diversify energy sources was also a theme of Bush's national security strategy, released in September 2002, which aims to "enhance energy security" by expanding "the sources and types of global energy supplied, especially in the Western Hemisphere, Africa, Central Asia and the Caspian region" (New York Times 26 December 2002). Note the absence of the Persian Gulf region.

A major player in the administration's changed geo-petroleum plans is the Jerusalem-based think tank, the Institute for Advanced Strategic and Political Studies ([www.iasps.org](http://www.iasps.org)), which was created in 1984 and is close to Ariel Sharon's right-wing Israeli Likud party. IASPS has succeeded in persuading the Bush administration to reorient its energy policy away from Saudi Arabia, an important Israeli objective. In January 2002, IASPS organized a seminar in Washington, DC for members of the U.S. government (inter alia, Walter Kansteiner [Assistant Secretary of State for African Affairs], Representative Edward Royce [Chair, House Subcommittee on Africa], Representative William Jefferson [Co-Chair, African Trade and Investment Caucus], and Lt. Col. Karen Kwiatkowski [USAF/Office of the Secretary of Defense]), petroleum industry representatives and several African ambassadors. Ian Gary (see ACAS Bulletin No. 60/61) and I attended and we were both struck by Terry Karl's cautionary

presentation on the paradox of plenty, which warned of poverty in oil-rich states, in contrast to the industry's boosterism of the Gulf of Guinea's potential for oil investment. The outcome of this meeting was the creation of the Oil Policy Initiative Group, which issued a report in July 2002, "African Oil, A Priority for U.S. National Security and African Development." The report recommends that Congress and the White House declare the Gulf of Guinea an "area of vital interest" to the United States, a designation never before extended to any region of Africa, giving it strategic and military priority (ICIJ, 2002).

As we go to press, the Bush administration has mobilized tens of thousands of troops for war against Iraq (and Iraq is central to its plans to control world petroleum supplies). Meanwhile, a quiet offensive has been underway in Africa. In Gabon, Nigeria, Equatorial Guinea, Angola and Algeria, Washington is increasing offers of aid and stationing military advisors, while oil companies seal new contracts. The U.S. supported peace talks in Sudan at the beginning of 2002; sent military equipment to help the Algerian government quell the Islamist insurgency (and berated Algeria for its technical assistance to Pdvs, Venezuela's oil company, during the strike); broke ground for a new embassy in Luanda, Angola, and pledged aid to help resettle UNITA rebels; promised to help Gabon establish the world's largest forest preserve; leaned on Nigeria to leave OPEC; promised to reopen the U.S. consulate in Equatorial Guinea and to drop that country from its list of 14 African countries condemned for their violations of human rights; and invited ten Central African heads of state to a White House breakfast in September.

Richard Knight, in this Bulletin's lead article, "Expanding Petroleum Production in

Africa," lays out a complete picture of African energy resource development. He describes both U.S. investments in Africa and U.S. imports of African oil. As well, he emphasizes the recent expansion in petroleum production in Africa, and he notes the particularly explosive growth in Equatorial Guinea.

Against this background, Daniel Volman examines security in Africa, a major concern nationally and internationally. He surveys how oil revenues are used to fund arms purchases and how oil wealth contributes to internal violence. He presents brief case studies of several countries, including Angola, Sudan, Chad, Congo Republic and Nigeria.

In December 2001, the U.S. ambassador in Cameroon received a warning that al Qaeda planned to attack U.S. oil installations in Equatorial Guinea and Nigeria. In July 2002, General Carlton Fulford went to São Tomé and Príncipe<sup>1</sup> to study security issues in the Gulf of Guinea linked to the need to protect projected offshore oilrigs and vessels. Al Qaeda threats against oil tankers are an increasing concern since the attack on the French tanker, *Limburg*, off the coast of Yemen in October 2002 (New York Times, 12 December 2002). Meanwhile, Military Professional Resources, Inc. (MPRI), a private military company based in Virginia that was founded in 1988 by retired senior Pentagon officers, will likely defend the offshore installations of Equatorial Guinea (Servant 2003: 19). (MPRI also has an \$8 million contract to professionalize the military in Nigeria, with half paid by the U.S. Defense Department and the Nigerian government paying the other half [ICIJ, 2002]). Some U.S. companies, e.g. Marathon, already include former U.S. military men in their security departments in Equatorial Guinea.

## Debating Oil Development in Africa

In a statement made on 12 June 2002, Africa Subcommittee Chairman Ed Royce (R-CA) said,

"Let's be frank: oil development has proven to be more of a curse than a blessing for many developing nations. Few have put oil revenue to good use. Oil revenue has often been squandered. In many cases, oil revenue has been plundered by corrupt government officials. It is sobering that the average Nigerian is worse off today than 25 years ago, despite the \$300 billion in oil revenue generated since then. It is appalling that former Nigerian dictator General Sani Abacha took billions himself. In the worst cases, oil has fueled civil war. This has been the case in Angola for years; over the last few years, oil has intensified the long and brutal war in Sudan."

But Royce concluded on an optimistic note: "If done right, the development of Africa's energy resources will improve our nation's security, benefit our economy, and help lift African economies."

The Association of Episcopal Conferences of the Central African Region is perhaps less optimistic than Royce. In their report, excerpts from which are reproduced in this Bulletin, they describe all of the forces working against an optimistic outcome while still calling upon all involved to work "for the exploitation of our oil ... with total respect for the lives of our people, of our environment, and for our personal and social rights."

*This is the core of the debate:* can oil revenues be made to work for Africans or will they profit only the corrupt few? Are oil revenues destined to fuel civil wars and pay for the abuse of human rights or can

they build peace and prosperity? Is oil development in Africa's interest or in the interest of the United States, as Royce implies? And there are further questions: can African oil and gas reserves be exploited without harming the environment or is the expansion of the world's oil-based economy ultimately inimical to our collective future on this planet?

The long article by Okechukwu Ibeanu, "(Sp)oil of politics: petroleum, politics and the illusion of development in the Niger Delta, Nigeria" addresses all of these issues. Ibeanu analyses the whole history of oil development in Nigeria in a particularly illuminating manner. Publication of this scholarly piece is a departure for the ACAS Bulletin, warranted by the importance of its contribution to the debates about oil development in Africa. Ibeanu explores three paradoxes of the petro-state: the paradox of plenty—that of a populace remaining poor in the midst of oil wealth; the paradox of national security – that of state security undermining the security of its nationals, especially in oil producing regions, through repression and civil conflicts; and the paradox of development – that of development efforts remaining an illusion, if not actively underdeveloping oil communities.

Rone's article on Sudan paints an even bleaker picture of oil fueling ethnic cleansing, interethnic rivalries, and other human rights abuses. But she reports one significant victory – Talisman, the Canadian oil company that was developing Sudan's oilfields, has quit Sudan following intense pressure from human rights groups.

## Women and Oil

Women have not traditionally moved into the top jobs of the oil and gas industry. The oil-field service industry tends to be dominated by men because engineers fill the jobs and engineering is a heavily male discipline. Men visibly outnumber women at the technical level and greatly outnumber women at the executive level. The truly influential positions are those of corporate officers who also serve on their company's board of directors. Among all industries, such influential female insider directors are very few, and in the oil and gas industry, extremely few (Hansen, 1999). Catalyst (2002) rates crude oil production and mining companies among industries with a low representation of women corporate officers – the rate is 6.4%. Six companies (Andarko, Burlington Resources, Devon Energy, Kerr-McGee, Occidental Petroleum, and UNOCAL) employ a total of 7 women officers.

Randall & Dewey, the Houston-based provider of transaction and advisory services to the upstream oil and gas industry, recently named former Texaco executive Claire S. Farley as its Chief Executive Officer (Oil & Gas Journal, 7 October 2002, 67), possibly a first in the industry. Marathon Oil Corporation has one female corporate officer, its vice president of human resources. Baker Hughes has three female corporate officers, and Smith International, a Houston-based oil and gas service company, has three women (Sixel, 2002).

If U.S. industry analysts are to be believed, this picture represents a real improvement over the situation a decade ago. In contrast, South African women seem to be taking concerted action to change the situation in their country. There, women have formed a new organization to facilitate the

participation of women in business ventures in the oil, gas and energy sectors. Women in Oil and Energy South Africa (WOESA) aims to create a platform for women to participate in these sectors nationally through training and development. The organization identifies business opportunities for its 396 members in the various provinces. WOESA coordinator Pinky Moabi says interaction takes place with industry players to create a more conducive environment for women's empowerment and to lobby to make energy resources accessible to the poor. "We lobby policy change, facilitate access to funding, identify and provide access to relevant training, network and coordinate with members to share knowledge, and increase the presence of women in the oil, gas and energy sector. We gather and disseminate industry information, knowledge and opportunities." (Mail & Guardian, 1 November 2002)

Women figure in news stories about oil when the depredations of the oil industry become so egregious that survival is at stake. This was the case in Escravos, in the Niger Delta region of Nigeria, in July 2002 when Nigerian women shut down the operations of ChevronTexaco (New York Times, 14 July 2002). Their demands, which ChevronTexaco called unjustified, were for jobs, roads, houses and embankments to stop erosion. The company's private security force, as well as the Nigerian police, the paramilitary mobile police, the army and the navy, protected the terminal that several hundred women managed to occupy for 10 days, trapping 700 oilmen by blocking the airstrip and the docks (New York Times, 22 December 2002). The women won concessions on the provision of electricity, water, schools and scholarships, and a community center, as

well as help to set up poultry and fish farms to supply the terminal's cafeterias.

Specific effects of oil development on women's health seem not to have been investigated. Although I found an article on the effects of exposure of crocodiles to sub-lethal concentrations of petroleum waste drilling fluid in the Niger Delta basin, I could find nothing on the health of women who live near oil wells and oil production stations or on reproductive outcomes in areas adjacent to petrochemical plants.

Not being an essentialist, I cannot assert that the presence of women CEOs in the oil and gas industry would affect the policies of the major multinational petroleum companies. I can only speculate that women victims of oil development might find more opportunities to present their complaints to receptive administrators were there a critical mass of women executives in the corporations. And I hope that scientists in Nigeria and elsewhere will be moved to document the effects of oil development on women's health.

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"South Africa: Women Gain Entry Into Male-Dominated Industry," Mail & Guardian, 1 November 2002

## Endnotes

<sup>1</sup> The Africa Programme at the Royal Institute of International Affairs in London (Chatham House) held a workshop on "Oil & Political Economy in São Tomé e Príncipe" on 29 January 2003. Malyn Newitt, Gerhard Seibert, and George Frynas, addressed the historical political development of São Tomé e Príncipe, the nature of the current political instability and its consequences for oil exploration (and vice versa). Contact [mailseibert@yahoo.com](mailto:mailseibert@yahoo.com) for further information.

## **Expanding Petroleum Production in Africa**

Richard Knight

“Deepwater exploration and development initiatives are generally expected to be sustained worldwide, with offshore West Africa emerging as a major future source of production.”

### ---International Energy Outlook 2001

Oil and natural gas provide a significant resource that could be used to promote African development. Currently twelve African countries produce and are net exporters of oil.<sup>1</sup> Approximately 40% of Africa's population lives in these countries. Yet Africa remains the poorest and most economically marginalized continent.

Both the developed and developing world depend on oil and natural gas for electricity, heating and transportation. Oil provides 40% of the world's energy consumption—more than any other source. The industrial countries accounted for 58% of world consumption of petroleum in 2000 with the U.S. consuming over 25%, compared to 3.4% for Africa. Despite concern about global warming and the adoption of the Kyoto Protocol that seeks to reduce production of greenhouse gasses, oil production and consumption is projected to increase significantly.<sup>2</sup>

### **Africa's Economy**

Africa, with 13% of the world's population, provides just 2% of world exports. The three largest oil producers, Algeria, Libya and Nigeria, provide 30% of Africa's exports.<sup>3</sup> Africa's exports consist largely of crude oil, other petroleum products (including natural gas) and minerals. But the majority of people in Africa earn their livelihood through agriculture, primarily with low-input, traditional farming practices.

Africa oil and gas exporting countries have become extremely dependent on the revenues generated. In Algeria oil and natural gas products account for 97% of exports, 30% of GDP and 60% of government revenues, in Nigeria 95% of exports, 20% of GDP and 65% of government revenue. As a result these countries are greatly impacted by the price of oil.

### **Crude Oil**

Africa produced 7,814,000 barrels per day (bbl/d) in 2001, accounting for 10.3% of worldwide production. The continent has 7.3% of proven world oil reserves. The three African members of the Organization of Petroleum Exporting Countries (OPEC)—Algeria, Nigeria, and Libya—accounted for 66% of the continent's oil production. As members of OPEC, production quotas theoretically restrict their oil output.

### **Natural Gas**

Africa is also an important source of natural gas producing 12 billion cubic feet per day (bcf/d) in 2001, 5% of world commercial production. Africa holds 7.4% of proven reserves. The majority of proven reserves are in Algeria and Nigeria but some 20 countries have proven reserves.<sup>4</sup> Algeria accounted for 63% of Africa's product in 2001, followed by Egypt (17%), Nigeria (11%) and Libya (4%).<sup>5</sup>



**Africa Oil Reserves and Production**

Country	Proved	
	Reserves	Production
	End 2001	2001
	Thousand million barrels	Thousand barrels daily
Algeria	9.2	1,563
Angola	5.4	731
Cameroon	0.4	80
Rep. Of Congo (Brazzaville)	1.5	271
Egypt	2.9	758
Equatorial Guinea	*	181
Gabon	2.5	301
Libya	29.5	1,425
Nigeria	24.0	2,148
Tunisia	0.3	73
Other Africa	0.9	284
Total Africa	76.7	7,814
Percent of World Total	7.3%	10.3%

\* Included in "Other Africa"

Source: Statistical Review of World Energy 2002 (BP plc, 2002)

**U.S. Direct Investment in Africa - 2001**

Country	Millions of Dollars		
	Total	Petroleum Industry	Percent Petroleum
Algeria	2,484	2,392	94%
Angola	1,498	1,473	98%
Cameroon	D	D	
Chad	301	D	
Congo (Brazzaville)	155	155	100.00%
Congo (Kinshasa)	76	60	79%
Cote d'Ivoire	141	92	65%
Egypt	3,068	3,068	100%
Equatorial Guinea	1,684	1,684	100%
Gabon	285	D	
Nigeria	1,467	1,801	123%
South Africa	2,950	67	2%
Other	1,763	920	52%
Total	15,872	11,649	73%

D = Suppressed. In Nigeria total investment is less than petroleum. In 2000, Cameroon: U.S. investment was \$266 million (\$265 in petroleum). In 2000, Gabon: 99% of investment was in petroleum, a figure likely to have increased.

Source: U.S. Department of Commerce

**U.S. Crude Oil Imports - 2001**

Country	Thousand	Percent
	Barrels	Of U.S. Imports
Algeria	3,966	0.12%
Angola	117,254	3.44%
Cameroon	1,255	0.04%
Congo (Brazzaville)	14,430	0.42%
Congo (Kinshasa)	345	0.01%
Cote d'Ivoire	1,517	0.04%
Egypt	0	0.0%
Equatorial Guinea	5,465	0.16%
Gabon	51,065	1.50%
Nigeria	307,137	9.02%
Africa Total	507,963	14.92%
World Total	3,404,894	100.00%

Source: Energy Information Administration

## U.S. Involvement in African Oil

Petroleum dominates U.S. economic ties with Africa. The U.S. receives approximately 15% by volume (18% by value) of its crude oil imports from Africa. Energy related products, primarily crude oil, was \$14.3 billion and accounted for 67.8% of all imports from Sub-Saharan Africa in 2001. As a result, U.S. imports from Africa are dominated by Nigeria (27%), Angola (14%), Algeria (11%) and Gabon (8%) with South Africa (18%) being the only non-oil exporting country of significance.

Investment in the petroleum industry represents 73% of all U.S. direct investment in Africa. Ironically, one country in Africa where the U.S. has significant direct investment but little in the petroleum industry is South Africa, where Mobil and other U.S. oil companies were forced to pull out as a result of the U.S. anti-apartheid movement. The U.S. currently has oil import and investment sanctions on Libya<sup>6</sup> and Sudan.

## Expanding Production

Africa, especially the West African countries along the Gulf of Guinea, has the fastest rate of discovery of new reserves in the world.<sup>7</sup> Despite quotas, Africa's OPEC members are seeking to boost production. As Business Week noted recently, the governments of Nigeria and Algeria, both members of OPEC, have struck agreements with Western companies that will lead to an additional 1.5 million barrels in capacity. This new capacity represents a 70% increase over their current quotas and both countries are pushing OPEC to increase their quotas.<sup>8</sup> Nigeria is seeking to double proven reserves and production by 2010. Libya, with the lifting of UN sanctions, can now buy oil equipment and hopes to increase production

from its current 1.4 million bbl/d, which is far less than the 3.3 million bbl/d it produced in 1970.

Africa's non-OPEC producers are also increasing production. Angola's production has increased 600% since 1980 and is expected to be more than 1 million bbl/d in 2003. Production in Sudan averaged 227,500 bbl/d in 2002; it could surpass 300,000 bbl/d in 2003 and reach 450,000 bbl/d by 2005. Sudan's estimated current proven reserves of crude oil are 563 million barrels, more than twice the 2001 estimate.<sup>9</sup> Chad is scheduled to start producing in 2004 with production anticipated at 225,000 bbl/d during the early years of the projected 25-30 years of production. Oil has been found off the coast of São Tome and Príncipe but exploitation has not yet begun. São Tome signed an agreement in 2002 with Nigeria to develop oil in the Gulf of Guinea where the two have overlapping territorial claims. Under this agreement Nigeria gets 60% of oil produced, São Tome 40%. São Tome appears to be unhappy with the agreement and recently it was announced that Angola would lend its know-how in negotiations with Nigeria. Angola will also lend its assistance in the auctioning off of São Tome's explorations blocks scheduled for later this year.

A number of other countries are exploring for oil. Morocco has granted a number of exploration contracts including two for off the coast of Western Sahara to Kerr-McGee and TotalFinaElf. Polisario rejected these contracts as it sees Morocco's occupation of Western Sahara as illegal. UN legal council Hans Corell issued an opinion that noted that Morocco did not have sovereignty over the territory and was not the administrative power. In his opinion he said that the contracts were not illegal but that any further exploration and exploitation would be if it did not correspond to interests and wishes of the people of Western Sahara. The SADR, the

Polisario-formed government of West Sahara, a member of the African Union, subsequently entered into its own agreement for the area with Fusion Oil.

Africa is also increasing its production of natural gas. Production increased by 10.7% in 2000 over 1999 including an 81.4% increase by Nigeria and a 23.1% increase by Egypt. Production in 2001 was about the same as the previous year. Nigeria's production has increased from 0.6 billion bcf/d in 1999 to 1.3 bcf/d in 2001. There are a number of projects planned that will increase African natural gas production and consumption. The West African Gas Pipeline will supply Nigerian gas to Benin, Togo and Ghana. Nigeria has built a \$3.8 billion liquefied natural gas (LNG) facility on Bonny Island that it is expanding. In Angola, ChevronTexaco is planning a \$2 billion LNG plant that will convert natural gas from offshore oil fields to LNG for export. Egypt's natural gas production has doubled in the past few years to about 3 bcf/d and several LNG projects are being developed. Pipelines are being planned from gas fields in Mozambique and Namibia to South Africa. Sasol Ltd., the South African company that produces synthetic fuel and chemicals, is in the process of converting its feedstock from coal to gas.

### **Equatorial Guinea—An Explosion of Growth**

Mobil discovered major oil deposits in Equatorial Guinea in 1996. As a result Equatorial Guinea, with a population of just 470,000, has suddenly made it into the big time. In 2001 Equatorial Guinea produced 181,000 bbl/d of oil, a one-year increase of 60%. The value of crude oil imports increased from \$28,302,000 in 1997 to \$361,784,000 in 2001. Currently there are no good estimates of total reserves. U.S. direct investment was \$1.7 billion at the end of 2001. The U.S. imported 5,465,000

barrels (14,970 bbl/d) in 2001. In the first six months of 2002 oil imports jumped to 8,390,000 barrels (46,350 bbl/d). In dollar terms, total U.S. imports increased from \$66.64 million in 1998 to \$445.44 million in 2001, almost exclusively in oil.

The largest producer is ExxonMobil, producing 145,000 bbl/d in 2001 from the Zafiro field in which it has a 71% interest. Significant expansion is in the process including a \$695 million in the Zafiro Southern Expansion Area with production scheduled to start in 2003. Nigeria had challenged Equatorial Guinea's claim to sole ownership of the Zafiro field but in September 2000 the two countries signed an agreement on their maritime border in which Nigeria gave up any claim.

Marathon Oil Corporation announced an expansion in December 2002 that will increase gross liquefied petroleum gas (LPG) production to 16,000 bbl/d by October 2004 from 2,700 bbl/d today. The project will also increase gross condensate production by 8,000 bbl/d. The U.S. imported \$65,806,000 of liquefied petroleum gasses in 2001, up from zero in 1997.

It remains an open question if this new wealth will benefit the majority of people. The country's real gross domestic product has been growing at an amazing rate: 65% in 2001, 16.9% in 2000 and 71.2% in 1997. In 1991 agriculture accounted for 58.4% of GDP, in 2001 this fell to just 8.5%. In 1991 Equatorial Guinea had exports of just \$98 million, mostly agricultural goods (cocoa and timber). In 2001 it had exports of \$2,186 million, mostly oil. Per capita GNP was \$1,170 in 1999, up from \$370 in 1994 and is still rising. But as the World Bank has noted "important issues arise associated with the impact and distribution of oil wealth." The majority of the population lives by subsistence

agriculture. "While oil discoveries and rapid expansion of oil exports have caused a striking improvement in economic indicators, there has been no impact on the country's dismal social indicators," concludes the World Bank.

The government's long-term economic record is poor. President Teodoro Obiang Nguema Mbasogo came to power in a coup in 1979. He was elected in 1996 but those elections were, according to the U.S. Department of State, "marred by extensive fraud and intimidation." He was elected again in December 2002 by over 99% after opposition candidates withdrew claiming irregularities intimidation." He was elected again in December 2002 by over 99% after opposition candidates withdrew claiming irregularities

<i>Equatorial Guinea Oil Production</i>						
Thousands of barrels per day						
1995	1996	1997	1998	1999	2000	2001
7	17	60	83	100	113	181

### **Conclusion – The Contradiction of Oil**

Petroleum dominates Africa's economic relations with the world. Africa remains the poorest and least developed continent. Some countries have been producing oil and gas for decades, but a number of new countries are just beginning to produce and they will begin to receive significant oil revenues in the next few years. Nigeria, where 70.2% of the population lives on less than \$1 per day, has a GNP per capita of \$260, less than net oil-importers Ghana (\$390) and Kenya (\$360), and a far cry from South Africa (\$3,170). Western industrialized countries have clearly benefited from African oil, as have the oil companies (and their shareholders) and privileged elites in African countries. The question remains to what extent ordinary Africans can and will benefit, and if African

countries will successfully use their oil wealth for economic diversification and development. The track record so far is not good.

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## Endnotes

- <sup>1</sup> The African countries that produce and are net exporters of oil are Algeria, Angola, Cameroon, Congo (Brazzaville), Egypt, Equatorial Guinea, Gabon, Libya, Nigeria, Sudan and Tunisia. Congo (Kinshasa) is a small net exporter of some 2,400 bbd. Côte d'Ivoire exports oil, including to the U.S., but is a net importer. Ghana and Morocco produce small amounts of oil but need to import to meet most of their needs. South Africa produces 30,000 bpd plus 184,000 bpd in synthetic oil production but needs to import over one half of its needs. São Tome and Principe and Nigeria have agreed to jointly develop oil in a disputed offshore region. Chad is projected to begin exports in 2004. The official name for Congo (Brazzaville) is Republic of Congo. The official name of Congo (Kinshasa), formerly Zaire, is Democratic Republic of the Congo.
- <sup>2</sup> The U.S. Department of Energy projects that world oil consumption will grow between 1996 and 2020 at a rate of 1.8% a year with a growth rate of 1.2% for the U.S. and 2.8% for Africa. Natural gas consumption is projected to grow even faster. See International Energy Outlook 2001 and Michael T. Klare, Resource Wars: The New Landscape of Global Conflict (New York: Metropolitan Books, 2001).
- <sup>3</sup> United Nations Conference on Trade and Development, Handbook of Statistics, (New York and Geneva, United Nations, 2000). Figures are for 1999.
- <sup>4</sup> Algeria, Angola, Benin, Cameroon, Côte d'Ivoire, Congo (Brazzaville), Congo (Kinshasa), Egypt, Equatorial Guinea, Ethiopia, Gabon, Ghana, Mozambique, Morocco, Namibia, Nigeria, Rwanda, Senegal, South Africa, and Tanzania. Sources: BP p.l.c., EIA/USDOC, World Bank.
- <sup>5</sup> Production figure does not include gas flared or recycled. BP p.l.c., Statistical Review of World Energy 2002
- <sup>6</sup> The UN sanctions on Libya have been lifted but the U.S. sanctions remain. The sanctions were first imposed in 1982 when President Reagan ended U.S. imports of oil from Libya. At the time the U.S. was importing 150,000 barrels per day with a value of \$2 billion a year. Also banned was the export to Libya of sensitive oil and gas technology. A total ban on trade was imposed in January 1986. Exxon and Mobil pulled out of Libya in 1982; five other U.S. oil companies remained until President Reagan forced them to pull out in 1986. U.S. companies hope to return and have, with the U.S. government's permission, met with Libyan officials and visited assets abandoned when sanctions were imposed. See "U.S. Will End Libya Oil Buying, Technology Sales," Wall Street Journal, March 11, 1982 and Bureau of Public Affairs, U.S. Department of State, Background Notes: Libya, July 1994.
- <sup>7</sup> According to the U.S. Corporate Council on Africa cited in "United States Eyes West African Crude," Business Day, December 10, 2002.
- <sup>8</sup> "Is OPEC About to Lose Control of the Spigot?" Business Week, January 20, 2003
- <sup>9</sup> The figures here for Sudan are from the Energy Information Administration and vary some from those of BP cited above in part because of date.

## **Oil, Arms, and Violence in Africa**

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The possession of oil resources, and the revenues that accrue to governments from the exploitation of this resource, have had a decisive impact on the security and stability of nearly every African country that has significant amounts of oil. This has been true in the past and oil is certain to have a similar impact on those countries where it is only now being discovered and exploited.

Countries without oil certainly can become militarized and experience conflict with their neighbors or serious internal violence, but the possession of oil resources has unique consequences for national security and internal stability. This is due to the special characteristics of oil production. On the one hand, oil production is capital intensive; it can only be undertaken only by companies willing to invest immense amounts of capital and, thus, requires the cooperation of central governments willing and able to protect these large foreign investments. On the other hand, oil production yields vast revenues for African governments. This allows them to make large arms purchases, to build up their military forces, and to strengthen internal security forces. However, it also can lead to internal political conflict and violence because it increases the stakes of political competition and encourages rival leaders and parties to resort to the use of force to gain control of the oil revenues.

Moreover, because oil revenues are managed by central governments that are often neither democratic nor financially

transparent, the money generated by oil production often does not contribute to national economic development, but is instead diverted into the bank accounts of government officials or used to finance unnecessary prestige projects. The misuse of oil revenues exacerbates political discontent and can provoke internal political violence. Finally, because oil production is often carried out with few, if any, environmental controls, it can have a devastating effect on people living in the oil-producing areas, thus further aggravating public unrest. As the following cases illustrate, oil production does not always cause militarization and violence, but it usually has a negative impact on the security and stability of those countries that have large oil resources.

### **Angola**

Oil was a major factor in the civil war that engulfed Angola from 1975 until 2002. The vast revenues that the MPLA government received from U.S. oil companies involved in offshore oil production made it possible for the government to finance the purchase of massive quantities of sophisticated military hardware, including combat aircraft and tanks, from the former Soviet Union and other countries. The ability of the government to finance its own arms purchases became even more vital after the fall of the Soviet Union in 1991, after which the MPLA government had to pay for all of its arms in cash. The acquisition of large quantities of advanced weaponry allowed

government forces to contain, if not defeat, the forces of Jonas Savimbi's UNITA movement and, ultimately, to reach a peace agreement with UNITA after Savimbi's death. The government's access to oil revenues and UNITA's access to revenues from the production of diamonds permitted both sides to continue the devastating civil war for so many years without making any serious attempt to reach a political resolution of the conflict. Furthermore, the MPLA government failed to use its oil revenues for economic development, leaving the Angolan people poor and starving. And, according to a recent United Nations report, much of the oil revenue was actually diverted into the pockets of government officials. Global Witness, an advocacy group, says that \$770 million in tax revenue is missing, citing a discrepancy between what the Angolan Ministry of Petroleum reported paying in 2000 and what the Finance Ministry reported receiving. U.S. officials estimate that Angolan officials siphon off as much as \$1 billion in oil revenues each year.

### **Sudan**

Oil has played a central role in the civil war in Sudan since it began in 1983. The oil-producing area of Sudan is located in the southern part of the country and the competition for control over these resources was one of the main causes of the rebellion by the SPLA. The government has therefore concentrated its forces in the oil-producing area and used terror and violence to force local people to flee the region. In addition, the government has used oil revenues to finance massive arms purchases—primarily from China—and, more recently, to establish its own military industries to produce light weaponry and ammunition. While the central government of Sudan has been willing to discuss the future status of southern Sudan with the SPLA in recent

negotiations, it has made it clear that it intends to maintain control over the oil fields and will not share oil revenues with the south. Control over the oil fields and the allocation of oil revenues thus remain the main obstacles to a peaceful settlement of the conflict (for more on this, see Jemera Rone, "Sudan: Oil and War," in this issue).

### **Republic of Congo**

Oil also played a central role in the civil war in the Congo Republic from 1993-1994 between forces loyal to President Pascal Lissouba and those loyal to the former head of the military government, General Denis Sassou-Nguesso, and the continuing violence in the country since then. Although essentially a conflict between the leaders of rival ethnic groups, the civil war also took the form of a proxy war between rival U.S. and French oil companies. The French national oil company (now TotalFinaElf) had a longstanding relationship with General Sassou-Nguesso during his years in office and funded the creation of his private army, which ultimately took control over most of the country. President Lissouba, on the other hand, had begun to open up the country's oil fields to exploitation by a U.S. oil company, Occidental Petroleum, which helped fund and equip Lissouba's troops. Although General Sassou-Nguesso's forces were victorious, insurgents continue to oppose the government and the country remains highly unstable.

### **Nigeria**

As the first, most populous, and, by far, largest single oil-producing country in Africa, Nigeria has been deeply affected by the possession of vast oil resources in many ways. To begin with, oil revenues have made it possible for the Nigerian armed forces to pay for major arms purchases,

including combat aircraft, tanks, armored vehicles, and naval vessels. Although many of the purchases were made in order to divert money into the pockets of military officers and did not always consist of the type of equipment that the Nigerians could maintain or use effectively, they did provide the country with a powerful military force. With these arms, and with the money from oil revenues, Nigeria has conducted major military interventions abroad, first in Liberia and then in Sierre Leone. While the record of Nigeria's troops has not always been particularly impressive, oil revenues have made it possible for Nigeria to act as West Africa's regional military hegemonic power and to play a significant role in conflicts throughout the region.

At the same time, however, quarrels with neighboring countries that challenge Nigeria's claims to oil in the Bakassi Peninsula and offshore have the potential to lead to armed conflicts with other countries, including Equatorial Guinea, São Tome e Príncipe, and Cameroon. Although Nigeria has reached agreements with Equatorial Guinea and São Tome regarding the distribution of revenues from off shore oil production, Nigeria has refused to accept an International Court of Justice decision giving control over the Bakassi Peninsula to Cameroon. Since there have been numerous clashes between Nigerian and Cameroonian troops in the disputed region for many years, the quarrel could easily lead to a major war between the two countries.

It is within Nigeria, however, that the impact of oil production has been felt most strongly. At the national level, struggles for the control of oil revenues have contributed to the persistence of military rule (as military leaders compete with each other and with civilian rivals), corrupted the political process, and undermined the development of

democratic political institutions. In the oil-producing region of southeast Nigeria, oil extraction has done enormous damage, disrupted social stability, and provoked extensive violence by government forces and in political conflicts between local peoples, without contributing much to regional economic development (for more on this, see Okechukwu Ibeanu, "(Sp)oil of Politics: Petroleum, Politics, and the Illusion of Development in the Niger Delta, Nigeria," in this issue). Indeed, foreign oil companies have sometimes purchased arms themselves and distributed them to Nigerian military units deployed in the Niger Delta to suppress local discontent.

### Chad

Plagued by insurgency and civil war since it became an independent nation in 1960, Chad will soon become a major oil producer from oil fields in the Lake Chad basin. In 2000, the World Bank approved a \$3.7 million loan to finance the construction of an oil pipeline by two American oil companies—ExxonMobil and Chevron—to transport the oil through Cameroon. The World Bank, under pressure from local, national, and international NGOs, imposed strict conditions on the use of oil revenues by the Chad and extracted promises from the government that the money would be used for economic development and social services. However, when the first payment of \$25 million was made to the government of President Idriss Deby in November 2000, it was disclosed that the Deby government had instead spent \$4 million of the money on arms to fight insurgent forces that continue to destabilize the country. The acquisition of oil revenues, thus, promises to prolong Chad's civil war and reduce the likelihood of a peaceful resolution of the conflict. And even though the oil companies involved in Chad have pledged to protect the



local environment and promote the economic development of the areas where the oil pipeline is currently being laid, oil production in Chad may well lead to the type of environmental, social, and political problems that have accompanied the development of oil resources in Nigeria and other countries.

## **Conclusion**

As these cases indicate, the impact of oil resources can vary widely, depending upon a country's history, politics, and social structure. One additional case, Gabon, shows that, at least in certain circumstances, the possession of oil resources does not necessarily lead to militarization and violence. The absence of major oil-related problems in Gabon, however, appears to be due primarily to the ability of the government to manage political competition over the control of oil revenues and to refrain from making excessive arms purchases. As the current situation in Côte d'Ivoire (another country once cited for its peace and stability) demonstrates, political stability is highly precarious and can easily break down. Given the instability and lack of democracy in most African countries and the difficulty of solving political problems by peaceful means, possession of oil is certain to continue to promote the militarization of African countries and to provoke both internal and inter-state violence.

**(Sp)oil of Politics:  
Petroleum, Politics, and the Illusion of Development in the Niger Delta, Nigeria**

Okechukwu Ibeanu

“Oil and gas have brought wealth to some in Nigeria...But the oil industry has historically provided opportunities for corruption on a massive scale.”

---Transparency International, Global Corruption Report, 2001

This paper tells the story of how the despoliation of Nigeria's petroleum resources through politics has engendered a persistent failure of development. The politics of post-independence Nigeria has been about petroleum and development. When Nigeria became a petroleum exporting country on the eve of independence, the general expectation was that petroleum held the key to the country's development. More petroleum would mean more wealth and therefore more development. Since then, however, the optimism of the vast majority of Nigerians has waned.

This happened even though there has been more petroleum. Nigeria's export rose from 6,000 barrels per day in 1958 to over two million barrels per day in 1978. At the same time, the price of oil rose steadily between 1960 and 1980, reaching the dizzying height of \$40 per barrel in the late 1970s when Nigeria was earning about \$80 million daily from exports of crude oil. Even more petroleum reserves have since been discovered, principally crude oil (estimated 25 billion barrels) and gas (estimated 4,000 billion cubic meters).

Rather, the disillusionment arose because petroleum has created an illusion of

development such that dreams of plenty have turned into nightmares of poverty and despair. Nigeria is presently ranked among the poorest nations of the world. While 17 million Nigerians lived below the poverty line of less than one dollar per day in 1980, that number almost quadrupled in 1996. In relative terms, less than three in every ten Nigerians lived in poverty in 1980, but in 1996, six in every ten did, rising to seven in every ten in the rural areas.<sup>1</sup> As we shall see, the situation is generally worse where the petroleum is produced, namely the Niger Delta.

Yet, this *paradox of plenty*, to use Terry Karl's apt characterization,<sup>2</sup> has not been true for all, especially those who control political power. For them, petroleum politics has been most beneficial indeed. Successive military rulers have amassed great wealth for themselves, their families and friends by misappropriating petroleum revenues. The most egregious of these being General Sani Abacha, whose personal wealth stashed away in banks in Europe, the Americas and even North Korea has become famed for being inestimable, some estimates running as high as \$100 billion.

Recently, the government of President Obasanjo reached a deal with the late

General's family by which they agreed to return \$1.2 billion to government and retain a handsome \$100 million. Such ill-gotten wealth, which by no means is limited to the "Abacha loot", captures the link between politics and petroleum since Nigeria became a petro-state, namely the fact that politics despoils petroleum and petroleum spoils politics. Petroleum spoils politics because it changes its *raison d'être* from competing policies about visions of the collective future of Nigeria to an intense struggle to corner petrodollars for self, family and friends.

In the context of poverty in plenty and the personalization of economic and political power, as we saw under the immediate past military regimes, conflict tends to be rife. This is because individuals and groups excluded from power and development agendas seek to confront the personalized state and to demand improved conditions. In response, those in power unleash state violence on such groups considered to threaten the basis of their power, which in the Nigerian case is petroleum. This explains the lingering tendency for petroleum production in Nigeria to be marked by conflict. Of course, rising levels of conflict create an avenue for those in power and who control oil monies to become even less accountable and more corrupt. The collective impact of conflict and corruption is to make development even less probable.

There are therefore three strands of interconnected analysis that help us understand the link between politics, petroleum and development in Nigeria. These strands express three paradoxes of the petro-state. First is the paradox of plenty, which refers to the tendency for petroleum wealth to create enormous poverty. Second is the paradox of security, namely the tendency in a petro-state for national

security to undermine the security of nationals. Third is the paradox of development, which is the tendency for the putative development efforts of the petro-state to generate underdevelopment. The paper will explore these paradoxes in the context of the Niger Delta, the oil belt of Nigeria. We seek to demonstrate how wealth makes the Niger Delta poor, how national security makes nationals in the Niger Delta insecure, and how development has underdeveloped the Niger Delta.

### **Genealogy of a Petro-state**

The first stage in tracing the ancestry of the Nigerian petro-state, which we may call the colonial stage, dates to the first few years of the 20<sup>th</sup> century when petroleum exploration began. Organized marketing and distribution started around 1907 by a German Company, Nigerian Bitumen Corporation. In 1914, the Colonial Mineral Ordinance formalized state control of oil exploration. Based on the Ordinance, the state granted concessions exclusively to British and British-allied companies. Under this arrangement, the Anglo-Dutch group Shell D'Archy (later Shell-BP) got an oil exploration concession in 1938 that covered the entire 367,000 square miles of Nigeria. This set the stage for six decades of dominance of the Nigerian oil economy by Shell (currently, 35% of Nigeria's total production and about 53% of total hydrocarbon reserve base). In 1956, Shell discovered oil in commercial quantities at Oloibiri, a town in the Niger Delta. The next year, the company ceded 95% of its concession to other non-Nigerian companies, leaving itself 16,000 prime square miles. By February 1958, Nigeria became an oil exporter with a production level of 6,000 barrels per day. It was not until after the 1967-70 civil war that it became a major producer on a global scale. A year after Nigeria became an oil exporter,

the Federal government sought to take greater control of proceeds of the exports. It passed the 1959 Petroleum Profit Tax Ordinance, which provided for sharing profits 50-50 between government and producers. This marked the early beginnings of a *petro-rentier* state.

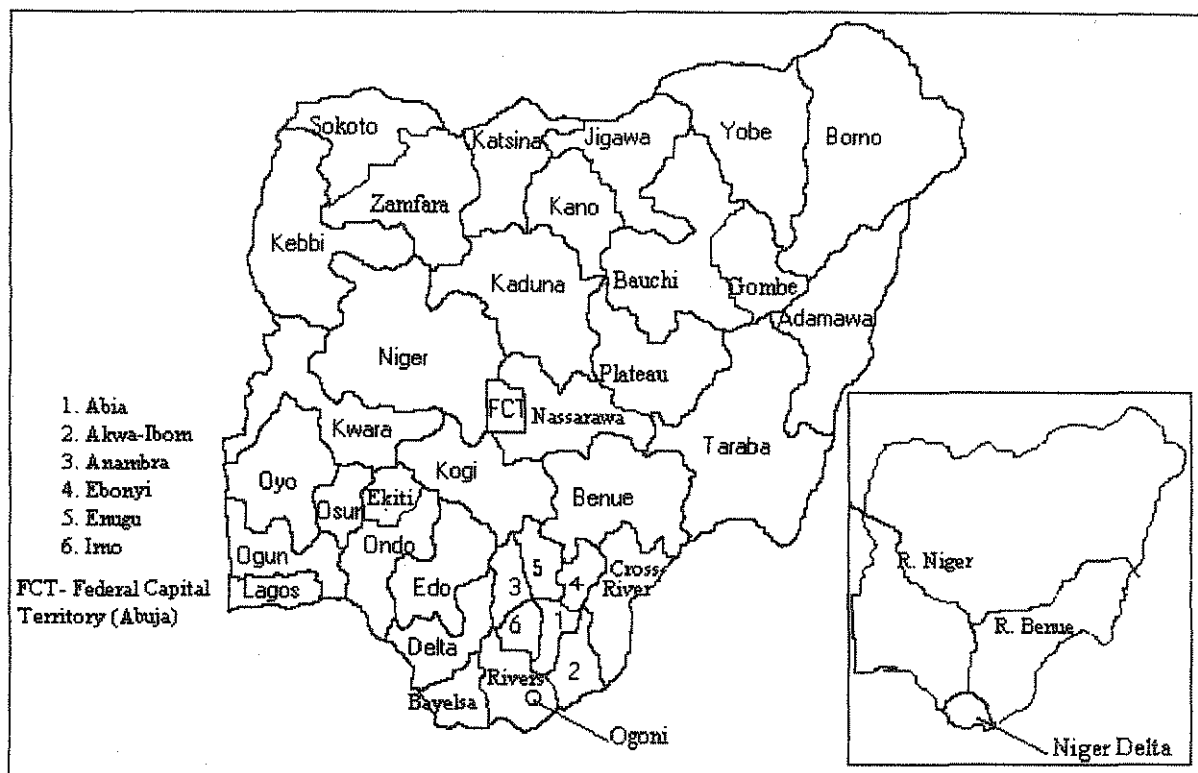
Petro-politics in the immediate post-independence period began with the question of distribution of petroleum rents between the federal government and the regional governments. The Binn's revenue allocation report recommended that 50% be returned to the regions by derivation. In light of the growing rents from oil, this potentially put enormous wealth in the hands of regional governments, particularly the Eastern regional government. It is not surprising that oil became a central issue when the Eastern region attempted to secede to form the independent state of Biafra. Although oil had only a subsidiary role in the outbreak of the civil war that followed, it had more direct role in determining the course and outcome of the war.<sup>3</sup> For instance, the decision of Shell-BP to pay royalties to the Federal side and not to the Biafran side decisively affected the outcome of the war.

Oil was also significant in the politics of the war in yet another way, namely the creation of states and redrawing of ethnic boundaries. On the eve of the Civil war, the military government led by General Yakubu Gowon changed the administrative structure of the country from four Regions to twelve States, two of these, Rivers and South-East States, catering for minorities in the former Eastern Region. Soon after in May 1967, the Eastern Region declared itself the State of Biafra, with a predominantly Igbo ethnic composition (two-thirds of the regional population of 6.6 million) and a number of ethnic minorities including the Ibibio,

Annang, Ijaw and Ogoni. The military regime created states for the immediate purpose of undermining support for Biafra; it did this in two ways. First, the states were designed to alter the Igbo ethnic boundary by encouraging a number of groups, mostly located in the Niger Delta, which spoke dialects of the Igbo language, to abandon a pan-Igbo ethnic identity for new minority identities like Ikwerre, Ekpeye, Etche, Ogba and Ndoni. The propaganda of the federal government at the time was to cast these groups as victims of the hegemony of Igbos from the "hinterland". By so doing, the federal government sought to break Igbo solidarity and weaken the Biafran secession bid.

Secondly, state creation was meant to get other ethnic minorities of the eastern region such as the Ijaw, Ogoni and Efik to cast their lot with the federal government in the war. This move sought to build on already existing ill feelings towards the Igbo among these groups, namely their perceived marginalization and domination by the more populous Igbo. This feeling had already been forcefully expressed before independence to the 1958 Willink Commission, when minority representatives complained about autocratic rule by the Igbo-dominated ruling party in the region, the National Congress of Nigerian Citizens (NCNC), skewed appointments in the public service, as well as economic and social discrimination.

While undermining the support base of the Biafran secession was the immediate objective of state creation, its long-term goal was to control the oil. State creation and tinkering with ethnic boundaries served the purpose of minoritizing petroleum, that is making it an ethnic minority resource, by placing the bulk of the petroleum resources of the Niger Delta outside the Igbo areas. This was necessary because the secessionist



Map of Nigeria showing the states and location of the Niger Delta

claim at the time was that the petroleum resources assured the viability of an independent state of Biafra.

Yet making the Niger Delta's petroleum resources an ethnic minority resource did not translate into increased revenue benefits for these minorities in the post-war era. Despite their role in swinging the balance in favor of the federal side in the civil war, ethnic minorities of the Delta felt increasingly marginalized by shifts in the system of revenue allocation that progressively de-emphasized the derivation principle and allocated resources on the basis of states. In sum, they felt themselves consistently short-changed in the distribution of oil rents in the post-war period.

The second stage in the genealogy of the Nigerian petro-state, which may be called the *indigenization* stage, began just before

the end of the civil war. In 1969, the federal government enacted the Petroleum Act, which among other things abrogated the 1914 Ordinance. The essence of the new act was to establish tighter control of the federal government on oil revenues. The act imposed OPEC conditions on producers for the first time.

In 1971, the government set up the Nigeria National Oil Company (NNOC) (later NNPC) and joined OPEC. The declared objective of the government in taking these measures was to maximize the benefits of oil for the country against the increasingly exploitive operations of multinational oil companies. However, there were suggestions that the government sought to punish Shell-BP for its initial unwillingness to pay oil rents to the federal side during the war. These actions also took place in the context of a military regime buoyed by

its successful prosecution of the civil war, ostensibly fought to preserve Nigeria's national unity. The success of the military in prosecuting the civil war under its own direction, rather than that of civil authority, had three consequences that are useful in understanding this phase of the development of the Nigerian petro-state. One, it assured a political future for the military. Two, it strengthened the nationalist rhetoric of the military government. Three, it enabled the military government increasingly to avoid accountability; the Nigerian public were not to know how it used oil revenues.

The crucial period of the *indigenization* stage was 1971 through 1979. During this period, government acquired 60% equity in the major multinational oil companies and 80% in Shell-BP with the nationalization of BP over the Zimbabwe problem in 1976.<sup>4</sup> Later, the federal government ceded about 45% of BP to Elf (10%), AGIP (5%) and Shell (30%). Downstream, government also took over ESSO (UNIPETROL), BP (AP) and the marketing arm of Shell (National). The *indigenization* period also saw a marked decrease in foreign investment in the sector, with some multinational oil companies even abandoning their Nigerian operations.

This period was also characterized by massive public sector expenditure, ostensibly in support of post-war reconstruction. The First National Development Plan was massively funded, including support for indigenous entrepreneurs to buy into numerous previously foreign-owned companies under the *indigenization* program.

However, this period also saw an unprecedented rise in corrupt practices by public officials. The cement scandal in which millions of tons of cement were

imported into the country at exorbitant cost, which congested the sea ports of the country for months, shady deals in foreign exchange, and the huge personal wealth accumulated by public officers under the Gowon regime are good illustrations. It is not surprising that when the regime was overthrown in July 1975, all the twelve state governors and numerous senior federal government officials were found to have corruptly enriched themselves. The new regime led by General Mohammed also sacked thousands of workers in a massive purge of the public service.

The third and final stage in tracing the development of Nigeria's petro-states began in the early 1980s. As early as 1977, signs of serious fiscal difficulties were already visible. The outgoing Obasanjo military government at the time enunciated the so-called belt-tightening program. By 1982, the silhouette had become a very clear picture and the Nigerian economy was already deep into a tailspin. Again, oil rents were at the heart of this. Crude oil revenues fell from 201 million Naira in 1980 to about 56 million Naira in 1983, triggered by the precipitous decline in world crude oil prices. Since public revenues were largely dependent on crude oil exports, the decline set off a serious financial crisis. Imports of capital rose 280% between 1979 and 1981. In 1983, external debts stood at about 15 billion Naira, with a 5 billion Naira backlog of repayments, while internal public debt stood at 22 billion Naira.

As expected, the economy virtually collapsed. Industrial capacity utilization fell to only about 20%, there were massive layoffs of workers in the private and public sectors, inflation rose from 7.7% in 1982 to 23.2% in 1983, GDP fell by 4.4% in 1983, and GDP per capita fell from \$960 in 1980 to about \$300 in 1987. The civilian

government of President Shehu Shagari tried to absolve itself by attributing these difficulties to the slump in world oil prices. The international financial institutions blamed it on structural imbalances in the economy (read: state involvement in the economy). However, the fiscal crisis was the sum effect of a deep-seated financial profligacy; Nigeria was unable over the years to creatively use oil money to develop the industrial sector and in tandem neglected the agricultural sector of the economy, which had sustained the country before crude oil exports became dominant. Biting fiscal crisis, pressures from the international financial institutions, growing domestic discontent, and decline in foreign investment in the oil sector, which was a reprisal for policies of the indigenization period, led to partial deregulation and commercialization of various operations of the Nigeria National Petroleum Corporation (NNPC).

As part of this, the NNPC was commercialized in 1988 with the creation of eleven subsidiaries. And in an attempt to woo the big oil companies, government also offered them new favorable Memoranda of Understanding (MOU) in 1986 and 1991 dealing with production sharing with the NNPC. Still, persistent inability of government to meet its payment in the joint ventures (cash calls) with the oil majors and inability of NNPC to compete led to increased dependence on multinationals. Today, there is talk about compete deregulation of the industry and selling of NNPC. An attempt to privatize the NNPC-owned refineries triggered a strike by petroleum sector workers in August 2002.

An important aspect of the deregulation stage is the search for other sources of petroleum rent. Gas became the obvious focus. Hitherto, Nigeria's huge reserves were flared as associated gas in the drilling

of crude oil. In 1982, the ten major oil companies operating in the country including Shell, Gulf, Mobil, Agip and Texaco flared about 13.4 billion cubic meters of gas, representing over 92% of all gas produced. Both the environmental and economic consequences of gas flaring are dire. In 1997, gas flaring was thought to release 35 million tons of carbon dioxide and 12 million tons of methane into the Nigerian atmosphere.

On the economic side, the quantity of gas flared in 1982 was approximately the equivalent of 280,000 barrels of crude oil per day. That would have shored up the declining revenues from crude oil export by about 25%. These considerations led to the establishment of the Nigeria Liquefied Natural Gas (NLNG) project in the Niger Delta, which started production in late 1999. The project entails the purchase of natural gas from producers by the NLNG. The company then transports it over about 200 kilometers of dedicated pipelines into a plant in Finnima on the Bonny Island. There, the gas is processed into liquefied natural gas and exported. The project is a joint venture between NNPC (49%), Shell (25.6%), Elf (15%) and Agip (10.4%)<sup>5</sup>

One final point about the deregulation stage has to be made. During the preceding stage of indigenization there was increased access of the indigenous elite to petrodollars and a phenomenal rise in their standard of living through access to the state and increased involvement in downstream activities in the oil industry. Much of this was reversed in the deregulation phase because as the fiscal crisis deepened access to the state and to petrodollars contracted, especially for those not associated with the ruling military and ethnic circles. As the excluded middle class became increasingly pauperized, like the bulk of the underclass, they began to

champion new social and environmental causes. This was particularly so in the oil producing areas, notably the Niger Delta, because of the social and environmental devastation that was occurring there.

### **Niger Delta: Environment and Society**

The Niger River Delta is said to be one of the largest in the world.<sup>6</sup> This 70,000 square kilometers of marshland, creeks, tributaries and lagoons drain the Niger River into the Atlantic at the Bight of Biafra. About one-third of this area is fragile mangrove forest, the second largest mangrove forest in the world. The biodiversity of the Niger Delta is very high. The area contains diverse plant and animal species, including many endangered, exotic and endemic animals and plants.<sup>7</sup> Implied in this ecology is that the Niger Delta is an easily disequilibrated environment. There is also a serious scarcity of arable land and fresh-water.<sup>8</sup>

The region has an estimated population of 7 million (annual growth rate of 3%), distributed in the nine States of Abia, Akwa-Ibom, Bayelsa, Cross-River, Delta, Edo, Ondo and Rivers. Ethnically, the Niger Delta consists of the Ijaw, Urhobo, Efik, Ibibio, Ogoni, Edo, Yoruba (mainly Itsekiri and Ilaje) and the Igbo. Apart from the Yoruba and Igbo, these groups are ethnic minorities in the context of the ethnic composition of Nigeria. The bulk of this population lives in rural fishing and farming communities. However, with the discovery of oil and the social and environmental changes that have accompanied it, particularly the dearth of arable land and pollution of fishing waters, farming and fishing have substantially declined.

All the majors such as Shell, Exxon-Mobil, Elf Aquitaine, Chevron-Texaco, Eni-Agip,

and TotalFinaElf are engaged in upstream and downstream operations in the Nigerian petroleum industry today. Their operations are organized mainly as joint ventures with the state-owned NNPC. Nigeria is the fifth largest producer of crude oil in the Organization of Petroleum Exporting Countries (OPEC). At peak production in the 1970s, it exported two million barrels per day. Presently, Nigeria's export quota, which is determined by OPEC, stand at around 1.79 million barrels daily; most of it goes to the United States. Nigeria's oil, the so-called *Bonny Light*, is said to be environmentally friendly because of its low sulfur content. The World Bank estimates that petroleum contributes about 50% of Nigeria's GDP, 95% of foreign exchange earnings and 80% of all budgetary revenues.<sup>9</sup>

By law, the Nigerian state owns all mineral deposits in Nigeria, including crude oil. This ownership is established through a series of statutes that govern the petroleum industry, dating to the colonial period. The central government controls revenues from petroleum and sets up a formula for distributing them to the other tiers of government namely, states and local governments. This has continued to nettle communities in the Niger Delta, as they often feel cheated in the distribution of revenue from petroleum. A Supreme Court ruling in April 2002 that gave control of offshore petroleum deposits to the federal government, further reducing revenue accruable to oil-producing states, has increased the feeling of deprivation in the region.<sup>10</sup>

Shell remains the largest producer in Nigeria. Inevitably, its dominance of the industry and the centrality of petroleum in Nigeria's political economy have brought Shell, and indeed other multinational oil



companies, very close to ruling governments in Nigeria. By the same token, the ill will of communities arising from widespread feelings of deprivation has also characterized the relationship between communities and oil companies. This was particularly pronounced during military rule when the regimes used extremely coercive means against restive communities in a bid to counter threats to oil production.

Since the inauguration of a civilian government in May 1999, both government and oil companies have attempted to redress the socio-economic and environmental damages of the military period. In particular, the government established the Niger Delta Development Commission (NDDC) to replace the military-established Oil Minerals Producing Areas Development Commission (OMPADEC). The NDDC is expected to be the flagship of government development policy in the Niger Delta. However, although progress has been made in the area of human rights violation, social conditions remain dire. The level of violence in the region remains relatively high and the acrimonious relationships among local communities, civil society organizations, government and oil companies persist.

### **Niger Delta: Poverty in Plenty**

One of the most glaring paradoxes of the petro-state in Nigeria is the level of poverty in the Niger Delta, which is the source of the country's oil wealth. Only about 27% of people in the Delta have access to safe drinking water and about 30% of households have access to electricity; both figures are below the national averages of 31.7% and 33.6%, respectively. There is one doctor per 82,000 people in the Niger Delta, rising to 132,000 per doctor in some areas, which is more than three times the national average

of 40,000 per doctor.<sup>11</sup> According to the World Bank, despite the vast oil reserves of the region, poverty is still widespread, exacerbated by the high cost of living. In the urban areas of Rivers State, the cost of living index of 783 is the highest in Nigeria. GNP per capita is below the national average of \$280 and unemployment in Port Harcourt (the major city of the region) is as high as 30 percent, probably as high in the rural areas. Education levels are below the national average and are particularly low for women. While 76% of Nigerian children attend primary school, this level drops to 30-40% in some parts of the Niger Delta.<sup>12</sup>

Without doubt, Niger Delta's poverty is in part the consequence of oil production, especially its environmental consequences, which have destroyed livelihoods by destroying farmland and fishing waters. The numerous negative environmental impacts of crude oil mining and refining are well known. Pollution arising from oil spillage destroys marine life and crops, makes water unsuitable for fishing and renders many hectares of farmland unusable. Brine from oil fields contaminates water formations and streams, making them unfit as sources of drinking water. At the same time, flaring gas in the vicinity of human dwellings and high-pressure oil pipelines that form a mesh across farmlands are conducive to acid rains, deforestation and destruction of wildlife. In addition, dumping of toxic, non-biodegradable by-products of oil refining is dangerous to both flora and fauna, including humans. For instance, metals that at high concentrations are known to cause metabolic malfunctions in human beings, such as cadmium, chromium, mercury and lead, are contained in refinery effluents constantly discharged into fresh water and farmland. They enter the food chain via food and drinking water, both directly and indirectly. For example,

fish are known to be able to store mercury in their brains without metabolizing it. Humans in turn eat such contaminated fish. In the specific case of Ogoniland, it has been recorded that 30 million barrels of crude oil were spilled in the area in 1970.<sup>13</sup> According to Shell, this was because of sabotage by the Biafran Army after the civil war, a claim that many local environmental groups contest. Shell also says "in Ogoni from 1985 up to the beginning of 1993, when we withdrew our staff from the area, 5,352 barrels of oil were spilled in 87 incidents".<sup>14</sup> However, other independent sources give much higher figures. According to Earth Action, there had been more than 2,500 minor and major oil spills in Ogoniland between 1986 and 1991, including a major one in which Shell dallied for forty days before patching a ruptured pipeline.<sup>15</sup> However, rather than take responsibility, state officials and oil companies are quick to blame oil spills on sabotage by local communities. For instance, Shell insists that out of 87 oil spill incidents in Ogoniland between 1985 and 1993, sixty (about 70%) were sabotage, 44 using hacksaws. This agrees with the position of government. According to the Rivers State government, out of 11 incidents in Ogoniland in 1990, 8 or 73% were sabotage.<sup>16</sup>

Apart from oil spills, there have been other far-reaching environmental damages in the Niger Delta. For instance, Mitee reports that in the 1960s Shell constructed a narrow road through the town of Dere to link its oil wells. This destroyed the drainage system of the town leading to severe flooding. To date, the community is still seeking compensation for thirty-nine years of suffering. In Gbaran, Shell also constructed a road to link its installations with a major road from Yenagoa to Mbiama. Consequently, water flow to a large section

of timberland was cut leading to the atrophy and death of 1,000 acres of forest. There is also the problem of gas flaring, which we have already mentioned. In November 1983 alone, Shell flared over 483 million cubic meters of gas from its oil wells. In these gas flares, temperatures reach as high as 1,400°C<sup>17</sup> Although oil companies have attempted to end flaring, the situation is still one of the worst cases in the world.<sup>18</sup> For instance, in 1991 Nigeria exceeded the world average for gas flares by 72%. In that year, Nigeria flared 76% of gas produced. Compare this with the world average of 4% and OPEC average of 18%.<sup>19</sup>

Ecological damage has gone hand in hand with resource scarcity in the Niger Delta. Consequently, local communities have come to associate the two, sometimes unjustifiably. For instance, there is no doubt that the general economic situation in Nigeria has deteriorated tremendously in the last two decades. Inflation has risen in leaps and bounds and the value of the national currency has fallen dramatically from about \$1 = Naira 3 in 1986, to \$1 = Naira 140 in 2002. Under difficult economic regimes imposed by the international financial institutions, successive Nigerian governments have cut public spending, virtually frozen public sector employment and withdrawn state subsidies to mass consumption goods such as petrol. At the same time, most public enterprises have been sold to private interests and their workers disengaged, notwithstanding public outcry. The pump price of petrol, the major energy source, has risen from Naira 0.75/litre in 1986 to Naira 26 under the present government, with recurrent periods of serious scarcity when one liter of petrol could cost as much as Naira 100. All these have drastically affected living standards of ordinary people

across the country, including oil-producing communities.

However, because oil exploration by multinational oil corporations has dominated the lives and livelihoods of people in Niger Delta for four decades, and as the people are increasingly aware of the contradiction of riches between themselves and *petrobusiness*, local communities are holding oil companies responsible for their deprivation and poverty. This has appeared in the demands they are making on oil companies: roads, schools, hospitals, employment, support for farming, indeed everything to improve their livelihoods and everything that in fact should be the responsibility of government. Part of the problem is, as we have already argued, the strong affinity and coziness between oil companies and successive governments, including the most oppressive ones. In any case, people in the Delta reason that if oil companies can easily call out military detachments to quell protests at their facilities, there is no reason to make a distinction between companies and government.

### **How National Security Generates Insecurity in the Niger Delta**

In the Niger Delta, national security contradicts the security of nationals because of the politics of oil. This has to be linked to the rule of a *militariat* and its attempts to maintain its social dominance in the face of declining petroleum rents, pressure from international finance capital and domestic discontent over its rule. By the *militariat* we designate a social category, which though related to the Nigerian military, is not coextensive with it. The starting point in deciphering the *militariat* is the military's domination of the Nigerian state.

Since its establishment by the British, the Nigerian military has undergone three main stages of transformation propelled essentially, but by no means exclusively, by politics. From its nascence in the last years of colonial rule until independence, the Nigerian army was a career for educationally under-achieving young men. Nevertheless, five years after independence, a growing number of educated young officers had emerged. Mostly trained abroad, many of them had perceived the inevitability of an increased political role for the army. This role was itself fuelled by ethnic politicians whose calculation was to raise a crop of officers from their ethnic homeland who would be loyal to the ethnic group and, by extension, to them, the ethnic leaders. At this stage, the Nigerian military transformed from a mere career into a prop for ethno-political factions.<sup>20</sup>

However, the strategy of the ethnic leaders soon backfired because of a sub-transformation that occurred in the military at this stage. Initially a prop for ethno-political factions, the military quickly transformed itself into a contender for power. In doing this, soldiers adopted the ethnic calculus to which ethnic leaders had exposed them. Therefore, while initially ethnic political factions enlisted the military, subsequently military political factions enlisted ethnicity. This stage came to a head in the civil war (1967-1970), which pitted federal soldiers led by ethnic Hausa-Fulani and Yoruba against the secessionist army dominated by the Igbo. The military's "successful" prosecution of that war under its own political direction, rather than that of civil authorities, served to establish the army from 1970 onwards as a very important political force. Among other things, it further undermined civil-political control of the military. Huge personal wealth acquired by individual officers from war contracts

and massive post-war reconstruction underscored the demise of civil control of the military. Officers began to feel that they were not only masters of violence, but also masters of politics and successful business entrepreneurs. A political future for the military became guaranteed.

The final transformation of the military occurred from around 1986. From being a political faction, the Nigerian military, particularly its upper echelons, became the core of an emerging social category. It was precisely the military's "specific and over-determining relation" to political structures, occasioned by its politicization, which made it into a social category.<sup>21</sup> However, the final impetus to this transformation came from the extensive economic and political reforms of the mid-1980s, mostly under the auspices of international financial institutions. The military by destiny or design led the technocracy that implemented those reforms. This period marked the full crystallization of a *militariat*.<sup>22</sup>

As a social category, the Nigerian *militariat* was inserted with pertinent effects at all the levels of structures – political, economic and ideological. Consequently, it became not only a political force but also a social force. It has a specific terrain of interests and draws its "membership" from various segments of society. This means that although the long period of military rule in Nigeria facilitated the emergence of this social category, it is not exclusively military. As a social category, the *militariat* has three component strata, consisting of both military and civilian agents. These are the local business classes (comprador), middle class (petty bourgeoisie), and foreign investors (international capital). For the first two, their strongest defining interest is the use of the state for private accumulation, through

public works contracts and in more recent times outright embezzlement of public funds. Consequently, they support a "strong" and economically interventionist state. The third stratum of the *militariat* is foreign capital, notably those investing in the petroleum sector. The bulk of foreign private investment in Nigeria is in that sector.

The dominance (not hegemony) of the *militariat* balances on three props namely, authoritarianism, communalism (especially in its ethnic form), and *petrobusiness*. By *petrobusiness* we mean social ensembles that control Nigeria's petroleum industry. They include major foreign and local investors in upstream and downstream activities in the petroleum industry, including exploration, contracting, consulting and marketing. These three props respectively capture the principal political, social and economic moments of the rule of the *militariat*. First, authoritarian rule involves limiting the democratic space, whether by military rule or a farcical elected government. This is achieved through the systematic use of state violence against individuals, communities and other targeted groups, which are defined as constituting a threat to state security. A necessary correlate of authoritarian rule is the diffusion of a culture of militarism. Derived from the military organization, this culture favors violence and force over persuasion, order over discussion and bargaining, exclusion over inclusion, and coercion over conviction.

Second, communalism, especially in its ethnic and religious forms, is also a defining moment of the rule of the *militariat* in Nigeria. To be sure, communalism, especially ethnicity, predates the coming into dominance of the *militariat*, being a constitutive element of the Nigerian state as

it emerged from colonialism. However, the rule of the *militariat* adopted, maintained and deepened communalism. In the first place, in the absence of institutionalized means of political mobilization under military dictatorships, communalism burgeoned as pan-ethnic organizations filled the space vacated by political parties and pressure groups. Furthermore, various factions of the military found in communalism a means of legitimizing their seizure of power. Appeal to their co-ethnics for support against threats from other ethnic groups was a common strategy of successive military regimes. Civilians also found in communalism a means of pursuing their interest under military rule. For one thing, military regimes tended to give more access to economic resources to ethnic in-groups, that is, ethnic groups supporting or appearing to support the military regime. For another thing, ethnic out-groups found in ethnicity a means of counter-mobilizing the ethnic homeland against exclusion. Under civilian rule, given the tenuous ideological link between politicians, workers and the peasantry, a link that was provided previously by the anti-colonial ideology of nationalism, ethnicity has become a substitute cross-class solidarity.

Third, while authoritarian rule and communalism provide the political and social props of the rule of the *militariat*, foreign capital bankrolls it. The principal expression of the interest of foreign capital in the *militariat* is petrobusiness. Its subsidiary interest lies in Nigeria's huge foreign debt, which accumulated under the *militariat*. It stood at \$32.5 billion in 1996, with repayment arrears of over \$15 billion. The rule of the *militariat* ensured that this debt, accumulated mostly in profligacy, would not be repudiated. By 1998, Nigeria was spending Naira 44 billion (about \$500

million) annually in servicing the external debt.

We should not be drawn into the common illusion that the dominance of the *militariat* ended with the inauguration of a new civilian government in 1999. This would mean a total misunderstanding of class-political power and how it is produced and reproduced socially. Although the military per se is no longer in direct political control of the apparatuses of the Nigerian state, militarism, the ideological expression of the rule of the *militariat*, persists. Democratic norms are yet to take roots and the new government still acts in a violent and authoritarian way towards Nigerians. In any case, the two other social co-ordinates of the rule of the *militariat* namely, ethno-communalism and petrobusiness are still very much intact under the present civilian government. Above all, the strong affinity between the people presently in power and the military establishment is instructive. The number of ex-military personnel in politics in Nigeria today, including President Obasanjo and his defense minister, is unprecedented.

The rule of the *militariat* and its tendency to give a privileged position to national security (read: regime security) remains the prime driver of the persistent conflict and insecurity in the Niger Delta. The most fundamental basis for conflict between the Nigerian state and communities in the Delta is the contradictory conditions of security they project. For the forces that control the Nigerian state (state officials and petrobusiness) national security, which they say takes precedence over everything else, means an uninterrupted production of crude oil at "competitive" prices. This is their paramount concern irrespective of the impact on local inhabitants and environment.

For the people in the Niger Delta and their organizations, the condition for security is the maintenance of the carrying capacity of the environment. Security for them is recognition that the unsustainable exploitation of crude oil, with its devastation of farmland and fishing waters, threatens resource flows and livelihoods. Therefore, protection of the environment is invariably linked to their perception of security. When livelihoods are threatened, a feeling of deprivation ensues. People who feel deprived also feel anxious about their livelihoods. Such people are insecure. Consequently, a condition of security for the people is the elimination of deprivation through a just distribution of resources. This, for them, means that a good part of wealth generated from their land should return to them.

Under military rule and at present, the almost reflexive response of state officials to this contradiction of securities is not to seek consensus and negotiate common grounds. Instead, it is to unleash state violence through militarism. State violence clearly illustrates the continuing tendency of people in power to privatize the instruments of the state, in this case using them to pursue the private interests of petrobusiness. In effect, the perception that conflicts in the Delta involve social groups is only an illusion because the violence unleashed by a privatized state causes conflict. Ake *et. al.* argue that, for the most part, what is happening is violent aggression by the state rather than conflict. This is because:

“Those who are aggressed, communities, ethnic groups, minorities, religious groups, peasants, the poor, counter elites, are often not in any dispute or even systematic interaction with the people who aggress them. The aggression often occurs in the

routine business of projecting power, carrying out policies without consultation or negotiation with other parties or spreading terror to sustain domination.”<sup>23</sup>

State aggression against the people of the Niger Delta has taken four main forms namely, constant harassment of leaders of popular movements and organizations, instigating inter-communal conflicts, especially along ethnic, religious and clan lines, instigating internal division of popular organizations, and direct repression using the army and police. In response, communities in the Delta mobilize to engage the alliance of state and petrobusiness for improved livelihoods and a clean environment. Often, in the violence that ensues, as in the case of the Ogoni, women are the prime victims.<sup>24</sup>

A good case study of the aggression of the Nigerian state against the Niger Delta is the experience of the Ijaw ethnic minority in Bayelsa state between 1998 and 1999. This was particularly illustrated by the Egbesu wars and Odi massacre. From the time of its creation in 1996, Bayelsa State, the heartland of the Ijaw ethnic group, was like a simmering earthquake waiting to erupt. The repression of the Niger Delta by the military had left the region highly charged and mobilized and it was only a question of time before the situation exploded. In August 1997, over 10,000 youths from across the Delta demonstrated at Aleibiri in Ekeremor Local Area to demand an end to all Shell activities in the Niger Delta. Aleibiri was chosen as the focus of the demonstration because, according to the youths, Shell had refused to clean an oil spill that occurred there on 18 March 1997. Even at the time, evidence clearly pointed to more conflicts between the state, oil companies and Ijaw youths, despite repeated claims by

government that peace had returned to the area. Speaking at the Aleibiri gathering, a community leader and retired Navy Lieutenant, Chief Augustine Anthony, clearly stated that Ijaw youths would fight until there is freedom in the Niger Delta because "we have been exploited for so long".

Within one year, Ijawland exploded in what became known as the *Egbesu*<sup>25</sup> wars. It began in early 1998 when the military governor of the state arrested and detained an Ijaw youth leader. He was held without trial in Government House (the military governor's official residence) for distributing "seditious" documents questioning the financial probity of the Governor, Navy Captain Olu Bolade. In reaction, a group of youths believed to be members of the *Egbesu* cult, stormed Government House in Yenagoa (the state capital city), disarmed the military guards and released their leader. Many residents of Yenagoa that we spoke to, including policemen and soldiers, believe that members of the cult were able to break into the well-guarded Government House because they wore charms that made them impervious to bullets.

The success of the first *Egbesu* war obviously enhanced the profile of the youths and the cult and encouraged more young people, many of whom were unemployed (youth unemployment in Bayelsa State is very high), to join the cult and the ensuing protests. In a matter of weeks, word of the invincibility of the *Egbesu* had spread throughout Ijawland and beyond. The success of the *Egbesu* youth in the "first war" also fed into wider demands by the Ijaw for more petroleum revenues. Prior to the *Egbesu* action, the Ijaw National Council and the Movement for the Survival of Ijaw Ethnic Nationality MOSIEN) had made

vociferous demands for more petroleum revenues to be allocated to the Ijaw.

The death of the dictator Abacha in June 1998, improvements in human rights and expansion of the political space made it possible for the Ijaw to articulate and pursue their demands more openly. The first *Egbesu* war had guaranteed a central role for the youth in this new dispensation. This became clear in late 1998 following a spate of hijacks of oil installations by Ijaw youths. This phase of Ijaw resistance, as they called it, culminated in a grand convention of Ijaw youths in Kaiama town. The meeting issued a document addressed to the government and oil companies requesting more local control of oil revenues and better environmental practices. The Kaiama Declaration also gave the government until 31 December 1998 to respond positively to their demands. The government upped the ante with a spate of condemnations and threats to use force against the youths. In his new year broadcast on 1 January 1999, the Head of State, General Abubakar, indicated there would be military action against the youths. From early December 1998, there had been massive military build-up in Bayelsa State by the government, including the positioning of frigates in the Gulf of Guinea. Throughout December 1998 and early January 1999, Bayelsa State was virtually under siege and the atmosphere was tense. The second *Egbesu* war was imminent. It started when military men in Yenagoa confronted Ijaw youths participating in a cultural festival. In the ensuing violence, which lasted for over one week, many Ijaw youths lost their lives; in Yenagoa and Kaiama property worth millions of Naira was destroyed and scores of people were displaced.

In 1999 by the new civilian government invaded the town of Odi (Kolokuma-Opokuma Local Government Area, Bayelsa State), confirming the fears of the human rights community that it will take some time before the vestiges of the rule of the *militariat* are eliminated. Odi is the second largest town in Bayelsa State, after Yenagoa. Trouble began in mid-November 1999 when a criminal youth gang took some policemen hostage and later tortured them to death. A team of policemen had gone to the town to investigate rumors of renewed *Egbesu* mobilization, this time to storm Lagos. This was thought to be a reprisal for attacks a month earlier on Ijaws in Lagos by the ethnic Yoruba youth group called the Oodua Peoples Congress (OPC). It was widely believed that the OPC attacks on Ijaw residents of the Lagos suburb of Ajegunle was a carryover from the conflicts in the State of Ondo between the Ijaw and Ilaje, a Yoruba clan. The government interpreted the killing of the policemen as a renewed *Egbesu* challenge to the state. However, it is known that one leader of the gang that murdered the policemen at Odi was in fact a member of the ruling Peoples Democratic Party (PDP), the party of both President Obasanjo and Governor Diepreye

Alamieyeseigha of Bayelsa State. This youth leader is known to be very influential among Ijaw youths and mobilized them to support the PDP in the gubernatorial elections of January 1999. In response to the death of the policemen, President Obasanjo ordered Governor Alamieyeseigha to produce the culprits. When this failed, he ordered in the army.

The consequences were chilling—over 2,000 deaths, many more missing, thousands forced to flee, and virtually no house left standing in Odi. As if this were not enough, the President in a televised interview ordered security forces to shoot rioters on sight. These draconian measures have been widely criticized in Nigeria, but the government continues to defend its actions. The excessive display of military force at Odi against a civilian population is unprecedented for a democratic government. A very useful reflection of the psychology of the soldiers that led the invasion is captured in the many graffiti they left behind (ERA, 1999). Scratched on walls with charcoal and hard objects, many of the slogans give insight into the rules of engagement given to the soldiers by their political and military superiors. Table 1 presents a selection of the graffiti.

**Table 1: A Selection of Graffiti Left Behind at Odi by Invading Soldiers**

	GRAFFITI	COMMENTS/INTERPRETATION
1.	<i>We will kill all Ijaws – by Soldier</i>	
2.	<i>Bayelsa will be silent forever</i>	
3.	<i>Odi people take your time</i>	
4.	<i>Don play with soldier</i>	Do not play with soldiers
5.	<i>As from today Odi people if you see soldier or Mopol or police try an touch one of them again you will see what go happening by soldier</i>	“From today if you touch any soldier or Police, you should expect repercussions from soldiers”. This is in reference to the policemen allegedly killed by <i>Egbesu</i> boys at Odi



6.	<i>Nobody can save you</i>	
7.	<i>Odi people no be our fault na ona government</i>	"Odi people it is not our fault, it is your government". The soldier claims that it is not the fault of the army, but that of the new civilian government elected by people including the people of Odi
8.	<i>Where is Egbesu</i>	
9.	<i>Idiots, why Egbesu no save una!</i>	"Idiots, why didn't Egbesu save you"
10	<i>So Odi youths this is the end of Egbesu in Odi village</i>	
11	<i>You bagers of Odi (Egbesu) should be very careful with <u>d</u> living God</i>	Reference to claims that Egbesu boys are members of a fetish cult
12	<i>No power from Odi will ever supercede that of God. Therefore Egbesu is a manmade power</i>	
13	<i>Thou will serve God the maker of heaven and not Egbesu</i>	
14	<i>Bloody civilians!</i>	A common derogatory description of civilians by soldiers
15	<i>Na you get oil? Foolish people.</i>	"Does the oil belong to you? Foolish people". Reference to demands of people of the Niger Delta to control more petroleum resources
Source: Environmental Rights Action (1999) 'Graffiti from Odi compiled on Christmas day, <i>Era Field Report</i> No. 52, Benin: Environmental Rights Action.		

### **Illusion of Development in the Niger Delta**

The hope of crude oil becoming the engine of development in the Niger Delta has been all but dashed. In the first place, the pattern of exploitation of crude oil in the region is patently unsustainable. It is instructive that many renewable resources like land and underground aquifers are being destroyed in the process of extracting a finite, non-renewable resource like crude oil. The destruction of the Niger Delta environment as a result of the petroleum extraction industry not only destroys local livelihoods now, but also undermines their future prospect. One of the consequences of the rule of the *militariat* in the Niger Delta is the prevalent unsustainable use of petroleum resources in Nigeria.

Second, the level of infrastructural development in the Niger Delta is generally poor. To be sure, the terrain of the Delta is harsh, but generally inadequate attention has been paid to the provision of facilities like education, health, roads, electricity and potable water by both government and oil companies. Yet, these facilities are readily available at oil installations dotting the Delta, making these installations islands of affluence in a sea of deprivation. This has heightened the sense of relative deprivation in communities and made oil installations ready targets of their anger. Oil companies will readily point to the huge investments they are making in community development. For instance, Shell says that it spends about \$60 million annually in community projects like water, agriculture and health. However, activists in the Niger Delta dispute these figures. They claim that a great deal of the

money goes to political payments by Shell and for establishing infrastructure for its activities such as construction of roads to its installations and dredging canals to facilitate its activities. They insist that local communities are not part of decisions on projects to be established and they call for structures for monitoring funds that are supposedly spent on development projects in Niger Delta communities.

In recognition of the poor state of infrastructure and the harsh terrain of the Niger Delta, successive governments since independence have established special development agencies for the region. First there was the Niger Delta Development Board in the 1960s, which was recommended by the Willink Commission (this commission was appointed by the Rt. Hon. Alan Lennox-Boyd, then Secretary of State for the Colonies, to look into the fears of minorities in the run up to independence). The Willink Commission had found that the harsh terrain of the Niger Delta necessitated a special development board for the area. Second, in the 1970s when the military government used river basin commissions as the principal tool of rural development, the Niger Delta River Basin Development Authority was established as one of eleven river basin commissions across the country. Since then, other efforts have included the Special Fund created by the 1981 Revenue Act for Oil Producing Areas and the 1989 Special Presidential Task Force for the Development of the Oil Producing Areas,

which administered the special fund amounting to 1.5% of the federation accounts. However, the principal intervention of this sort began in July 1992, when the military government of General Babangida by Decree No. 23 of that year, established the Oil Mineral Producing Areas Development Commission (OMPADEC) and committed 3% of oil revenues to it.<sup>26</sup>

There were high hopes at its inception that OMPADEC would become the driving force behind the regeneration of the Niger Delta. The huge financial resources that ostensibly were available to the Commission bolstered this goodwill. Based on the 3% commitment, it was expected that the Commission would receive about one billion Naira (about \$50 million) a month from the federation account. This however did not materialize due to inter-ministerial intrigues and various political calculations in government. For instance, according to A.K. Horsefall who chaired the Commission from its inauguration until it was dissolved in January 1996, "governments—civil or military—never stopped eyeing our funds with a view to either poaching them or indirectly controlling or sharing in them."<sup>27</sup> Still, as Table 2 shows, OMPADEC received very substantial funding for the five years it was operational. In 1993 alone, it received about \$250 million for its activities, and by December 1997 had expended some \$870 million.

**Table 2: OMPADEC monthly financial receipts, 1993-1997 (Millions of Naira)**

	1993	1994	1995	1996	1997
January	316.0	225.0	318.0	275.5	355.2
February	2,680.1	216.0	270.3	233.1	388.8
March	0.0	243.6	327.6	288.5	231.7
April	227.4	243.6	211.4	299.9	140.5

May	0.0	172.9	206.2	286.0	279.1
June	243.4	191.5	322.4	312.3	274.2
July	239.5	197.2	309.2	310.8	278.9
August	230.1	198.9	188.4	146.9	287.0
September	450.5	237.4	315.7	246.7	248.1
October	193.1	260.8	195.2	152.0	293.2
November	0.0	165.1	254.2	207.7	275.9
December	398.8	184.0	239.2	471.3	470.3
Total	4978.9	2536.0	3157.8	3230.7	3522.9

Source: A.K. Horsfall (1999) *The OMPADEC Dream*, London: Imprint Publishers. p. 127

Unfortunately, OMPADEC became in the popular consciousness of the people of the Niger Delta another ruse designed to enrich the families and friends of the military government, while pretending to be investing in the Delta. OMPADEC was often accused of mismanagement of its resources if not outright corruption. Incidentally, there seems to be some truth in the public perception of OMPADEC. By his own account, Horsfall accepts that there were shortcomings in the management of its finances. For instance, in March 1993, the Federal Ministry of Works took two billion Naira from OMPADEC for projects that, according to Horsfall, "never ever took place". In addition, the management of OMPADEC made advance payments to contractors, sometimes amounting to over 50% of project cost, even before projects were executed. On one occasion in 1993, this led to the loss of 275 million Naira over a disputed water project.<sup>28</sup> It is not surprising that when OMPADEC was finally scrapped, it owed billions of Naira to its contractors and had hundreds of projects abandoned. In 1999, the military government requested the National Economic Intelligence Committee to evaluate OMPADEC debts to its contractors by assessing the extent of work on abandoned projects. In Bayelsa State alone, the Intelligence Committee found over 300 projects abandoned; OMPADEC staff had

intentionally overestimated the extent of work on many of them and in others contractors had received huge sums of money for work they did not carry out. In addition, in many communities projects were unnecessarily duplicated. For instance, in one community there were three jetties, two by oil companies and one by OMPADEC. The OMPADEC jetty was about 70% complete, while the other two were already operational. Yet, this community lacked many other basic facilities like schools, healthcare and clean water.

The latest special development intervention by government in the Niger Delta is through the Niger Delta Development Commission (NDDC). The Commission took off in January 2001 with a good revenue profile, projected to be at least 40 billion Naira annually. The NDDC is to be funded from the following major sources:

- 15% federal allocation to the nine states of the Niger Delta
- 50% ecological fund due to the nine states
- 3% annual budget of oil companies

Presently, NDDC is trying to develop a Master Plan for the development of the Niger Delta through a contract awarded to GTZ, the German aid agency. The plan is expected to be ready in April 2003.

Already, civil society organizations in the Niger Delta are expressing unease about the commission. The feeling is that it is another patronage system, an avenue for corruptly enriching party loyalists. They point to the fact that already a director in the commission has been removed from office for financial malpractices. As a matter of fact, the NDDC was nearly stillborn. Soon after his inauguration, President Obasanjo toured the Niger Delta and promised major government intervention in the region. The President followed this with consultations with representatives of communities and stakeholders in the petroleum industry, consultations that did not always end on an amicable note. Later in 1999, he finally sent a bill to the National Assembly to create the NDDC.

However, from start the bill was mired in controversies involving the people of the Niger Delta, the National Assembly and the Presidency over the definition of the Niger Delta, the funding of the commission, location of its headquarters and staffing.<sup>29</sup> These controversies continue to date. Other observers also think that the structures of decision-making in the NDDC are not participatory enough and that direct consultations with communities are either not conducted or where they are conducted are farcical. Even the oil companies have been critical of the NDDC and threatened to withhold their remittances until the commission shows what it has done with the monies already paid to it.

### Conclusion

What we have tried to do in this paper is to explore the link between petroleum, corruption, political repression and failed development in Nigeria. Based on the experiences of communities in the Niger Delta, the region from which the bulk of

Nigeria's petroleum resources come, we proposed and examined three paradoxes of the petro-state:

- a) The paradox of plenty: the fact that the populace remains poor in the midst of oil wealth.
- b) The paradox of national security: the fact that what the petro-state defines as its national security involves undermining the security of its nationals, especially in the oil producing regions, through repression and civil conflicts.
- c) The paradox of development: the fact that development efforts in the petro-state are always an illusion. Indeed, development in the petro-state tends to underdevelop oil communities.

As we showed, the Nigerian petro-state and its paradoxes developed especially in the context of military rule and the emergence of the social category we described as the *miltiariat*. Widespread hopes that the civilian (democratic?) government inaugurated in May 1999 would change the situation have so far not materialized. Late in the term of the administration of President Obasanjo, little has changed, including the repression of oil producing communities and mounting corruption among public officers.

Still, we think that any hope of changing the character of Nigeria's petro-state and overcoming the "resource curse" of petroleum is further development of democracy and deepening of democratic structures and culture. In the short-term, this must happen along three lines:

- First, consolidation of democratic structures to ensure true participation of the populace, especially the power to check abuse of power by officials.
- Second, establishment and consolidation of the structures that bring those who use public funds to account and adherence to principles of accountability and

transparency.

- Third, formulation of a new development agenda that fully involves the inhabitants of the Niger Delta in decisions that concern the resources of their land and the protection of their fragile environment.

In the long-term however, the various thorny issues of renegotiating the basis of the Nigerian state, especially the national question and resource control, have to be addressed.

### Endnotes

<sup>1</sup> Robin Luckham and Okechukwu Ibeanu, "Nigeria: Military rule, democratization, conflict and corporate responsibility in a petro-state," discussion paper for the meeting on 'Oil and Conflict', Bellagio, Italy, 18-22 November 2002, p. 22.

<sup>2</sup> See Terry Karl, Paradox of Plenty, Berkeley, California: University of California Press, 1997.

<sup>3</sup> Luckham and Ibeanu, *op cit*.

<sup>4</sup> The Nigerian government under General Obasanjo nationalized the assets of BP as a reprisal against the British government over the perceived support of Whitehall for the white supremacist government in Zimbabwe at the time.

<sup>5</sup> Nigeria Liquefied Natural Gas Limited, LNG from Nigeria, London: Nigeria LNG Limited, 1997.

<sup>6</sup> [http://www.eni.it/english/mondo/pdf/naoc\\_eng.pdf](http://www.eni.it/english/mondo/pdf/naoc_eng.pdf)

<sup>7</sup> See Abdoulaye Ndiaye, "Conservation and Sustainable Development Strategy for the Niger Delta," The John D. and Catherine T. MacArthur Foundation (mimeo) pp. 5-6.

<sup>8</sup> Okechukwu Ibeanu, "Oiling the friction: environmental conflict management in the Niger Delta, Nigeria," Environmental Change and Security Project Report, Issue

No. 6, Washington D.C.: The Woodrow Wilson Center, 2000, p. 19.

<sup>9</sup> [http://www.eni.it/english/mondo/pdf/naoc\\_eng.pdf](http://www.eni.it/english/mondo/pdf/naoc_eng.pdf)

<sup>10</sup> On April 9, 2001 the federal government went to the Supreme Court asking for clarification of section 162 (2) of the 1999 constitution requesting among other things a declaration that petroleum resources in Nigeria's territorial waters are federally derived. In April 2002, the Supreme Court agreed with the federal government, thus further reducing the revenues of littoral oil producing states. A bill sponsored by the President and passed by the National Assembly in October 2002 abolished the onshore-offshore distinction. However, the President is presently seeking an amendment of the bill over what constitutes Nigeria's offshore – "contiguous zone" used in the President's draft bill or "continental shelf" inserted by the National Assembly.

<sup>11</sup> Okechukwu Ibeanu, "Janus unbound: petro-business & petropolitics in the Niger Delta," Review of African Political Economy, Vol. 29, Issue 91 (March 2002), p. 163.

<sup>12</sup> [http://www-wds.worldbank.org/servlet/WDSCContentServer/WDSP/IB/2000/11/10/000094946\\_00082605382641/](http://www-wds.worldbank.org/servlet/WDSCContentServer/WDSP/IB/2000/11/10/000094946_00082605382641/Rendered/INDEX/multi_page.txt)  
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<sup>13</sup> Earth Action, "Defend the Ogoni people of Nigeria," Alert, No. 3, 1994.

<sup>14</sup> Shell Petroleum Development Company, The Nigeria Brief: The Ogoni Issue, Lagos: The Shell Petroleum Development Company of Nigeria Limited, 1995, p. 8.

<sup>15</sup> Shell Petroleum Development Company, Op. cit.

<sup>16</sup> I. Ezeanozie, "Environmental degradation and social conflict in Nigeria: a case study of the oil-producing areas of Rivers State," B.Sc.

project, Department of Political Science, University of Nigeria, Nsukka, 1991.

- <sup>17</sup> Batom Mitee, "The social-cultural impact of oil exploration on an indigenous people: the Ogoni case," paper presented at the international symposium on Economic, Social and Cultural Rights among the Sami, the Maasai and the Ogoni, University of Lapland, Rovaniemi, Finland (12 - 14 September, 1997), p. 6-9.
- <sup>18</sup> For instance, Shell has set itself the target of ending "routine" gas flaring by 2008, although government has set earlier targets. See Shell Petroleum Development Company of Nigeria, "Challenges of gas flare-out in Nigeria," SPDC Briefing Notes No. 4, 2001, p. 11.
- <sup>19</sup> International Institute for Democracy and Electoral Assistance (IDEA), Democracy in Nigeria: Continuing Dialogue(s) for Nation-Building, Stockholm: International IDEA, 2000, p.244.
- <sup>20</sup> For a sociological study of the Nigerian army prior to the civil war see Robin Luckham, The Nigerian Military: A Sociological Analysis of Authority and Revolt 1960-67, Cambridge: Cambridge University Press, 1971.
- <sup>21</sup> See Nicos Poulantzas, Political Power and Social Classes, London: Verso Books, 1978, p. 84.
- <sup>22</sup> This term is used in order to express the importance of the long period of military control of the Nigerian state in the emergence of this social category. The persistence of the tendencies associated with this social category, even under civilian rule, makes this term even more apt. Moreover, the defining role of serving and retired military officers both in the transition and in the present government, as well as the strong business and political connections that have arisen between

civilian and military elite all point to the deepening internal unity of this social category.

- <sup>23</sup> Claude Ake, Nnoli, O. and Nwokedi, E., "The causes of conflict in Africa," A research proposal for the Centre for Advanced Social Science, Port Harcourt (mimeo, not dated), p. 8-9.
- <sup>24</sup> Okechukwu Ibeanu (2002) "Healing and changing: the changing identity of women in the aftermath of the Ogoni crisis in Nigeria" in Sheila Meintjes, Anu Pillay and Meredith Turshen (eds.), The Aftermath: Women in Post-conflict Transformation, London: Zed Books, 2002, p. 196-8.
- <sup>25</sup> *Egbesu* is the Ijaw god of war. The 1998 *Egbesu* wars were reminiscent of events a century earlier when King Koko mobilized 1,000 Nembe warriors in 1895 to attack Goldie's Royal Niger Company headquarters at Ashaka bolstered by their belief in *Egbesu*.
- <sup>26</sup> See the account of A.K. Horsfall, the pioneer Chief Executive of OMPADEC in A.K. Horsfall, The OMPADEC Dream, London: Imprint Publication, 1999.
- <sup>27</sup> A.K. Horsfall, *op. cit.*, p. 66.
- <sup>28</sup> *Ibid.*, p. 68.
- <sup>29</sup> After the Assembly passed the bill, President Obasanjo withheld assent leading to threats that the Assembly would override his veto and force the bill to become operational.

## **Sudan: Oil and War\***

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Editor's note: This article follows on and updates "Oil developments in Sudan" by Eric Reeves, which appeared in ACAS Bulletin No. 60/61. For more information see Human Rights Watch, "Protectors or Pretenders? Government Human Rights Commission in Africa: Sudan" <http://www.hrw.org/reports/2001/africa/sudan/sudan.html> and Human Rights Watch "World Report 2002: Sudan" <http://www.hrw.org/wr2k2/africa12.html>

The twenty-year conflict in Sudan has been marked by gross human rights abuses—two million dead, four million displaced since 1983—and recurring famine and epidemics. In the government's eyes, the centuries-long residents of the southern oilfields pose a security threat to the oilfields: ownership of the south's natural resources is contested by southern rebels led by the Sudanese People's Liberation Movement/Army (SPLM/A). The government has helped to create this "security" situation by forging ahead with oil development in southern territory under circumstances in which its Nuer and Dinka residents have no right to participate in their own governance and in which the government has historically ridden roughshod over their rights, even before oil was discovered. The abuse most connected to oil development in southern Sudan has been forcible displacement—by military means—of tens and perhaps hundreds of thousands of residents in order to provide a "cordon sanitaire" for international oil companies.

Most of Sudan's oil wealth lies in southern Sudan, the part of Sudan that has been fighting the repressions of central governments for thirty-seven years. The first company to attempt to develop the southern oil fields was Chevron, a U.S. oil giant, which discovered oil in southern Sudan in 1978. It conducted considerable exploration but did not reach the next stage because separatist (Nuer) rebels attacked its operations in early 1984 at its southern headquarters in Western Upper Nile. Chevron suspended its southern operations after three expatriate workers were killed. It never returned and sold its concession in 1992.

A small Canadian company, Arakis, purchased Blocks 1, 2, and 4 concessions in Western Upper Nile in 1993, and in 1996 Arakis took in China National Petroleum Company (CNPC) and Petronas of Malaysia—both state oil companies—as partners. They owned 25%, 40% and 30%, respectively. Sudapet Limited, the Sudanese national oil company, had 5%. Together they formed the Greater Nile Petroleum Operating Corporation (GNPOC). Although Arakis had been working these proven oilfields in Sudan since 1993, by mid-1998 the Sudanese oil industry still remained in rudimentary form, producing only for local consumption. The country still imported most of its petroleum needs. The Sudanese government was not satisfied.

Enter Talisman Energy Inc., Canada's largest independent oil and gas producer,

which acquired Arakis and its main asset, 25% of GNPOC, on October 8, 1998. Talisman, with its superior technology and experience, brought major improvements, which benefited the war-stressed and cash-poor Sudanese government. It took only one year after Talisman joined the consortium to boost development of the fields in Blocks 1 and 2; to finish a 1,540-kilometer pipeline to the Red Sea; to build a new marine terminal for oil supertankers; and to pump and export the first crude oil from Sudan. In August 1999, less than a year after Talisman came on board, the first oil was exported, earning the Sudanese government \$2.2 million. Since that time, oil export has amounted to 20-40% of all government revenues.

Talisman estimated that, over the life of the Block 1 and 2 fields alone, the government of Sudan would earn approximately \$3-5 billion, depending on the international price of oil.<sup>1</sup> Because of Talisman's successful exploration, reserves in GNPOC's concession were discovered to be much larger than previously thought—not 403.6 million barrels (1998) but by April 2002, current proven plus probable ultimate recovery of the GNPOC concession were estimated at 1 billion barrels of crude oil.<sup>2</sup>

Talisman's tenure in Sudan was besieged by complaints of its complicity in human rights abuses, made by church groups, nongovernmental organizations (NGOs), UN rights officials, and some governments. Canadian NGOs, which had been campaigning for the Canadian government to force Talisman's predecessor, Arakis, to pull out of Sudan because of the Sudanese government's gross human rights abuses, wrote to Talisman and publicly called for the company to stay out of Sudan.

UN Special Rapporteur for Human Rights in Sudan Dr. Leonardo Franco presented a

report to the UN General Assembly on October 14, 1999, in which he noted that a May 1999 government ten-day assault in Block 1 had caused many people to become displaced.<sup>3</sup> Talisman rejected this report as "hearsay" but in late 1999, after months of pressure from the Canadian government, it finally signed the International Code of Ethics for Canadian Business, committing the company to the "value" of "human rights and social justice," and "not to be complicit in human rights abuses," among other things.

Talisman justified its presence in Sudan on the grounds that it undertook community development programs for the (dwindling) population. It also made the unsubstantiated claim that "development" would bring peace. But, although Talisman provided clean water to several communities, these and other charitable contributions amounted to only a fraction of 1% of Talisman's pre-tax revenue.<sup>4</sup> Talisman spent about \$1 million in fifteen Sudanese community development projects in 2000, most of which were located in the northern part of Sudan. In 2001, it spent less: \$819,541.<sup>5</sup>

Talisman's defense of its presence was challenged also by civilian political opposition in the north, particularly the United Sudanese African Parties (USAP), which issued a declaration in 1999 calling on the government to suspend immediately all oil operations and accusing Talisman of full awareness:

"that what the Dinka and Nuer national groups are currently experiencing in their invaded land is brutal death, wanton destruction of their homes and huge unprecedented displacement of whole families and clans. Their ancestral land has instead become a theatre of war, fueled with inputs from oil interests in



Canada, China, Malaysia and some European countries.”<sup>6</sup>

A Canadian government-sponsored human rights delegation concluded in 2000 that Sudanese government helicopter gunships and Antonov bombers have taken off from the company airstrip at its headquarters in Block 2 at Heglig “with their payloads of death and displacement.”<sup>7</sup> The Sudanese army also made military use of the excellent road system installed by the oil companies to move their heavy equipment; armored personnel carriers were able to reach the government’s targeted villages by surprise.

The activities of international oil companies in Sudan did not produce improvements as companies predicted, particularly in human rights. A national state of emergency was declared in December 1999 and still continues. The war increasingly focused on the oilfields and became more brutal as the government built and bought new weapons with its oil resources and used them against civilians. On October 30, 2002, Talisman announced that it had agreed to sell its Sudanese interests to a subsidiary of India’s national oil company, for a net return on investment of 30%. Talisman’s Chief Executive Officer said of its departure, “Talisman’s shares continue to be discounted for perceived political risk in-country and in North America to a degree that was unacceptable for 12% of our production.”<sup>8</sup> The sale was not complete as of late January 2003, but most observers agreed that human rights pressure had forced Talisman out.

Talisman oil production did very well in Sudan: as the lead partner, it increased GNPOC production from 150,000 barrels per day (b/d) to a projected rate for 2002 of some 240,000 b/d.<sup>9</sup> But there would be an end to what Blocks 1, 2, and 4 could produce; in 2002 Talisman disclosed that its

projections indicated a peak in production at 250,000 b/d lasting until 2007, and a drop off until the concession provided only 50,000 b/d in 2020.<sup>10</sup> This meant that the government of Sudan would need to bring other southern oilfields into production, if it wanted to offset the projected revenue loss as Blocks 1, 2, and 4 were depleted.

The completion of the pipeline to the Red Sea in May 1999 meant that adjacent Block 5A would be commercially viable. Lundin Oil AB of Sweden and its partners had purchased this block in Western Upper Nile/Unity State in 1996. Lundin, the lead partner, held 40.4% of the concession, and the Malaysian state oil company Petronas held 28.5%; OMV (Sudan Block 5A) Exploration GmbH, owned by OMV AG, the largest company on the Vienna stock exchange, held 26.2%; and Sudapet Limited held 5%. Lundin estimated there were 115 million barrels in reserve in Block 5A, but nothing has been produced so far.<sup>11</sup>

These investors were enticed into Sudan by the prospect that the civil war had ended or that a government with oil revenues would be able to protect their interests. This appearance was created by government machinations. It had taken advantage of a 1991 split in the SPLM/A—which broke into two factions somewhat on Dinka/Nuer ethnic lines—to begin covertly aiding the mostly-Nuer breakaway faction led by Nuer leader and SPLA commander Riek Machar Teny Dhurgon. The Nuer were the key ethnic group as far as oil development was concerned. Nuer territory extended to most of the main southern oil basins, the Muglad and the Melut, with Dinka being the second largest ethnic group in these regions.

In 1996, Riek Machar signed a Political Charter with the government and in 1997, the Khartoum Peace Agreement. It provided

for a referendum on self-determination, a widely held southern aspiration. But the referendum, to be held four years after conditions were right, has never been held. The Nuer leaders, particularly Riek Machar, complained loudly about the government's failure to honor the agreement.

The Khartoum Peace Agreement of 1997 was what the government needed to show foreign oil investors that it had supposedly put an end to the war that had driven Chevron away. But the northern government fundamentally mistrusted southerners. It would neither rely on southerners as firm allies nor allow them to grow too powerful. It directly provisioned various commanders under Riek Machar, winning them away from him. {NOTE: these were in effect long before the oil war} Students and others in the north were called upon to join Islamist militias, including one known as the "Protectors of the Oil Brigade," that it deployed to the southern oil areas.

When pro-government Nuer militias began attacks in late 1997 into the territory of Riek Machar, supposedly a government ally, the government dismissed the fighting as "tribal clashes." But the government did not lift a finger to stop it and continued to separately arm the anti-Riek Machar Nuer factions.

Many Nuer were fed up with the role of Riek Machar: he was still part of the government despite its refusal to honor the Khartoum Peace Agreement and to give Riek Machar's forces the right to control the Block 5A oilfields. Most important was Riek Machar's inability to protect his Nuer people, however, whose displacement from the oilfields was accelerating.

Government soldiers and Islamist and pro-government Nuer militia thus encountered

resistance in Block 5A by Riek Machar's commanders (nominally their allies) in May 1999. The resistors used their guns to try to prevent the Sudanese army and Islamist militias from occupying the only Block 5A exploratory rig, at Thar Jath (Ryer).

This fighting, followed by government displacement of tens of thousands of Nuer over the next few months from Block 5A, provoked a series of realignments by various Nuer commanders. Riek Machar abandoned the government in January 2000 and started another political-military group, but it did not have sufficient financing. The Nuer in the SPLA and the Riek Machar Nuer forces, who had been cooperating militarily, started fighting each other in June 2000. The Machar followers then went to the government for arms "to defend ourselves" from the SPLA—an all-too-common practice. Added to this were the Nuer militias that had stayed with the government throughout the war, who fought the SPLA and, when he was in opposition to the Sudanese government, Riek Machar. After countless civilian deaths, Riek Machar and the SPLA announced their reunification (after eleven years) in January 2002.

The fighting between these various Nuer factions, aligning and realigning, from 1999 to 2002 took place in the larger context of oil development in the GNPOC and Block 5A concessions, where the government sought to foment fighting among southerners and displacement of their people, to prevent rebel control of the oilfields and to gain control of the territory for oil development. The government's dry season military offensive in 2000 in Block 5A was to capture land for the construction of a secure road leading to these oilfields and a nearby Sudanese army garrison, while the SPLA and government-armed Riek Machar's forces fought among themselves.

In the ensuing months of fighting, tens of thousands of civilians in the Block 5A and adjacent Block 4 oil areas were uprooted—again. This was accompanied by looting, killing, forced recruitment of child soldiers and rape. By 28 July 2000, thousands of civilians were on the move from both the pro-government militias and the rebel forces. Relief workers in a plane flying over a fifty-kilometer swathe of land in Block 5A encountered few people, huts or cattle; as far as the eye could see, these experienced workers reported, everything had been burned to the ground. Many thousands were seen with their cattle and mats camped on the banks of the Jur River to the west. A separate mass of some 60,000 people made it north to the relative safety of Bentiu, a garrison town.

Such fighting continued as no side managed to prevail militarily in Block 5A and areas of the GNPOC concession were periodically under attack by the SPLA. It is no wonder that explorations in Block 5A were suspended twice due to insecurity, last in January 2002, when Lundin took “a precautionary measure to ensure maximum security for its personnel and operation.”<sup>12</sup> By this time, however, Lundin appeared to have learned from its experience. After a Christian Aid report, *The Scorched Earth: Oil and War in Sudan*, was issued in March 2001, many demanded that Carl Bildt, former Swedish prime minister and then UN special envoy for peace in the Balkans, resign from his membership on the board of Lundin or resign from his UN peace commission. He refused, but thereafter pursued an individual peace effort. When the peace negotiations began to bear fruit, Lundin stated that its suspension of operations in Sudan would not be lifted until there was a lasting peace in Sudan. OMV said in 2002 it was concerned about the

human rights allegations and would conduct its own human rights evaluation.

### **The Displaced**

The UN special rapporteur on Sudan reported to the March/April 2002 session of the UN Commission on Human Rights that “the overall human rights situation has not improved” since 2001.<sup>13</sup> He stated his belief that “oil exploitation is closely linked to the conflict which . . . is mainly a war for the control of resources and, thus, power.”<sup>14</sup> He further stated, “oil has seriously exacerbated the conflict while deteriorating the overall situation of human rights,” and said that he had received information whereby “oil exploitation is continuing to cause widespread displacement . . .”<sup>15</sup>

According to the United Nations World Food Program and others, as of March 2002 an estimated 174,200 civilians remained displaced as a result of the conflict between the government, its proxies and rebel factions in the oilfields of Western Upper Nile/Unity State (roughly Blocks 1, 2, 4, 5A). Numbers are at most estimates, but this count did not include many others who fled to areas inaccessible to relief organizations, or to northern towns such as Khartoum. There were countless campaigns in which thousands, up to 80,000 in one campaign in eastern Block 1 in October 2001, were displaced. Some returned home, most did not. Some had been displaced two or three times before.

### **Government Revenue from Oil, and Expenditures on Arms**

By 2002, the government had apparently reached a strategic balance point. It was able to generate enough income from the GNPOC concession (some \$500 million a year or 20-40% of government revenues) to

purchase more helicopter gunships and armaments that enabled it to target, clear population and secure the next oil concession area with roads and garrisons. Thus, the strategy might be reproduced successively until all oil areas and transport corridors could be cleared of southerners and brought under heavy government guard—protecting the oil that paid for the guard.

Before the oil project went on-line, Sudan's economy had been in serious difficulty. In 1990, the International Monetary Fund (IMF) had issued a declaration of non-cooperation against Sudan due to the government's unpaid IMF debt and debt service. Sudan agreed to resume payments to the IMF in 1997 and made progress in IMF fiscal reforms that ultimately led the IMF to lift its declaration on August 27, 1999—just days before Sudan exported its first crude oil.<sup>16</sup>

Oil revenues rose from zero in 1998 to almost 42% of total government revenue in 2001, making the all-important difference in projected military spending. The president of Sudan announced in 2000 that Sudan was using the oil revenue to build a domestic arms industry. The military spending of 90.2 billion dinars (\$349 million) for 2001 soaked up more than 60% of that year's oil revenue of 149.7 billion dinars (\$580.2 million). Cash military expenditures, which did not include domestic security expenditures, officially rose 45% from 1999 to 2001. This was reflected in the increasing government purchase and use of helicopter gunships. Russia admitted it had exported to Sudan twenty-two armored combat vehicles and twelve attack helicopters in 2001.

## Peace Talks

Under President Clinton, the U.S. government adopted a policy of isolating the Sudanese government, placing it on the State Department list of states supporting terrorism in 1993. In 1997, a U.S. executive order barred any U.S. person (including corporations) from doing business with the government of Sudan or its entities,<sup>17</sup> with an exception for gum arabic.

On 6 September 2001, President Bush named former U.S. Senator John Danforth as his special envoy for peace in Sudan. Days later, on September 11, Islamic militants belonging to al Qaeda attacked New York and Washington, DC. With terrorism becoming the main focus of U.S. foreign policy following these attacks, the Sudanese government—which had hosted al Qaeda leader Osama bin Laden from 1990-96—moved quickly to improve bilateral relations, publicly offering to cooperate with the U.S. to combat terrorism.

Senator Danforth devised a four-point plan to test the willingness of the Sudanese government and the SPLM/A to come to a peace agreement. By March 2002, the two parties agreed to all four points and began to comply with some of them, thus convincing the U.S. administration that they were sufficiently committed to peace that the U.S. should become deeply involved in the international diplomatic push for peace.

The peace talks, pending under auspices of the regional Inter-Governmental Authority on Development (IGAD) since 1994, were taken up again in 2002. On 20 July 2002, in Machakos, Kenya, the Sudanese government and the SPLM/A signed a protocol agreeing to settle two of the most contentious issues in the Sudanese conflict: self-determination for the south and the role of religion in the

state. This Machakos protocol was reached under IGAD as a first step in the peace process. In it, the government agreed to a referendum for southern self-determination after a six-and-a-half year interim period—following the signing of a final peace agreement. The government also agreed that for the interim period *shari'a* or Islamic law would not be the basis for law in the south, which could have its own legislation.

In September 2002, after the Sudanese government walked out of the peace talks, only to return six weeks later—following an evident power struggle within the Islamist ruling party. Upon government of Sudan return to the talks, the parties agreed to a cessation of hostilities. A memorandum of understanding dated 15 October 2002 provided for “a period of tranquility during the negotiations by ceasing hostilities in all areas of the Sudan and ensuring a military stand down for their own forces, including allied forces and affiliated militia”—extended in time to March 31, 2003. On 26 October the government and SPLM/A agreed with the UN-coordinated umbrella relief agency Operation Lifeline Sudan (OLS) that neither of the warring parties would impede humanitarian access.<sup>18</sup> According to the parties and to the mediator, they also reached an oral agreement for free elections at all levels throughout Sudan within three years of signing the peace agreement.

The second round of IGAD negotiations commenced in October 2002, focusing on revenue and power sharing during the six-year interim period. This round of talks adjourned, however, without any protocol signed. The parties met in Washington, DC and agreed that they would appoint a single committee to draw up a proposal for a budget and structure for the first one

hundred days of the pre-interim period, with the technical assistance of the World Bank.

The government failed to appear at peace talks scheduled for 15 January 2003 (to discuss the status of three areas in rebellion outside the historical south: Abyei, Nuba Mountains and Southern Blue Nile), insisting that the talks related only to the south. The talks resumed in late January and the future of the three rebellious areas outside the traditional south remained unknown. The next agenda item for the peace talks will be security arrangements for the interim six and a half-year period. In those discussions the parties will decide on deployment of troops and police during that interim period. The government-backed militias, now organized under the umbrella of the South Sudan Defense Forces (SSDF), however, are not party to the talks, and the government has not included SSDF political counterparts, which are technically in the government, in its delegation to Machakos. The mostly Nuer militias remain a stumbling block both for the SPLM/A, which lays claim to govern the entire south, and for the government, which does not trust the SSDF because they are southerners and continue to insist on the right of self-determination as outlined in the Khartoum Peace Agreement of 1997.

In late December and early January 2003, after re-defections of two commanders from the SPLA/Riek Machar forces to the government, conflict broke out again in Western Upper Nile/Unity State; both the SPLA and the government complain that this fighting violated the ceasefire. Note that the only denounced breach of the ceasefire has been in the oilfields.

If peace is finally reached, it should provide that there will be no more fighting or displacement of civilians from the oilfields

and that the displaced may return to their homes, with compensation for the losses suffered and international monitoring of the parties' respect for human rights.

## Endnotes

<sup>1</sup> J.W. Buckee, "Talisman in Sudan," Globe and Mail (Toronto), Calgary, 21 October 1999. See Talisman Energy, "Sudan—The Greater Nile Oil Project. Background Paper," December 1998, p.6.

<sup>2</sup> Talisman Energy, power point presentation, Center for Strategic and International Studies (CSIS), Washington DC, April 2002. Talisman provided the figures of 19,500 square miles. See <http://www.csis.org/africa/index.htm> (accessed 30 October 2002).

<sup>3</sup> Leonardo Franco, Special Rapporteur on the situation of human rights in Sudan, "Report on the situation of human rights in Sudan," prepared for the UN General Assembly, A/54/467, agenda item 117 (c), 19 October 1999.

<sup>4</sup> Talisman Energy, Annual Information Form, 6 March 2001, p. 55. The pre-tax revenue was \$1,816 million in 2000, of which \$183.6 million was attributable to its Sudan operations (ibid.). The comparable amounts were pre-tax revenue of \$1,596 million in 2001, with \$391 million derived from the Sudan operations. Talisman Energy, Annual Information Form, 5 March 2002, p. 49.

<sup>5</sup> Talisman Energy, "Corporate Social Responsibility Report 2001," p. 11.

<sup>6</sup> "Statement by USAP on Oil," as reproduced in Sudan Democratic Gazette, Year X, no. 115, London, December 1999, p. 9.

<sup>7</sup> "Human Security in Sudan: The Report of a Canadian Assessment Mission," prepared for the Canadian Ministry of Foreign Affairs, Ottawa, January 2000 ("Harker report"), p. 16.

<sup>8</sup> Talisman press release, "Talisman to Sell Sudan Assets For C1.2 billion," Calgary, 30 October 2002,

<http://micro.newswire.ca/releases/October2002/30> (accessed 30 October 2002).

<sup>9</sup> Production for the second quarter of 2002 averaged 60,600 b/d, which would be 242,400 b/d on an annualized basis.

Talisman New Releases, "Talisman Three Month Cash Flow \$652 Million," including second quarter results, Calgary, 30 July 2002

<http://micro.newswire.ca/releases/July2002/30/c8844.html/60728-0> (accessed November 18, 2002).

<sup>10</sup> Talisman Energy, CSIS power point presentation.

<http://www.csis.org/africa/index.htm> (accessed 30 October 2002).

<sup>11</sup> Lundin Petroleum AB, Press release, Lundin Report for Nine Months ended 30 September 2002, C. Ashley Heppenstall, president and CEO of Lundin, letter to shareholders, 15 November 2002 [http://www.lundin-petroleum.com/Documents/pr\\_corp\\_15-11-02\\_e.pdf](http://www.lundin-petroleum.com/Documents/pr_corp_15-11-02_e.pdf) (accessed November 18, 2002).

<sup>12</sup> Lundin press release, "Lundin Petroleum Announces a Temporary Suspension of Activities in Block 5A Sudan," 22 January 2002.

<sup>13</sup> Report of the special rapporteur, Gerhart Baum, to the Commission on Human Rights, "Situation of human rights in the Sudan," E/CN.4/2002/46, 23 January 2002 <http://www.unhchr.ch/Huridocda/Huridoca.nsf/TestFrame/64639579934bf6dcc125669d002cfbcd?opendocument> (accessed 20 June 2002).

<sup>14</sup> Ibid.

<sup>15</sup> Ibid.

<sup>16</sup> International Monetary Fund, "IMF Lifts Declaration of Noncooperation from Sudan," News Brief No. 99/52, Washington, DC, 31 August 1999. See above,"

Government IMF Troubles, 1986; Cutoff 1990.”

<sup>17</sup> U.S. President William J. Clinton, Executive Order 13067, “Blocking Sudanese Government Property and Prohibiting Transactions with Sudan,” Washington, D.C., 4 November 1997

<http://www.pub.whitehouse.gov/uri-res/I2R?urn:pdi://oma.eop.gov.us/1997/11/5/2.text.2> (accessed 24 February 2000). These sanctions were renewed by the Bush administration in November 2001 and 2002.

<sup>18</sup> The unimpeded access agreement was between the government, the SPLM/A and UN Operation Lifeline Sudan. “Meeting Held on the Implementation of Clause 5 of the Machakos MOU on Unimpeded Humanitarian Access,” Nairobi, 25-26 October 2002.

## **The Church and Poverty in Central Africa: The Case of Oil**

ACERAC: The Association of Episcopal Conferences of the Central African Region

Editor's note: In our continuing effort to publish voices from African civil society on the debates surrounding the development of oil, we reproduce here excerpts from a report by the Episcopal Bishops of the Central African Region on oil and poverty. The first half contains an acute analysis of the problems of poverty in relation to oil production. The second half is devoted to a series of recommendations addressed to local civil society, regional governments, oil companies active in the region, the World Bank, and the international community of faith.

July 2002 Malabo, Equatorial Guinea

### **Introduction**

Central Africa is a region blessed by God in the richness of its soil and its underground wealth. Unfortunately, this richness contrasts with the extreme poverty of our countries, which hold the bottom ranks of the world scale of poverty. In the face of this contrast, we, the Bishops assembled within the Association of Episcopal Conferences of the Central African Region (ACERAC), are worried about the repercussions of the extractive industries and logging on the lives of our people.

In the course of our plenary meeting held from July 7-14, 2002 in Malabo, Equatorial Guinea, we decided to address all those who, in our region, intervene in the extractive industries sector and in logging, in order that the exploitation of these

resources may turn into a benefit for our daily fight against poverty. To this effect, we would like to turn our pastoral regard towards the exploitation of our oil, of our wood, and of other mining resources. We begin this year with the set of problems relating to oil.

The issue of oil concerns virtually all the countries of Central Africa. For close to thirty years, Cameroon, Congo-Brazzaville, and Gabon have produced oil. Chad and Equatorial Guinea are progressively entering the ranks of oil-producing countries. Oil exploration seems to hold promise in the northeast of the Central African Republic. The Gulf of Guinea, as a whole, is becoming a strategic zone in world oil production. It offers an interesting alternative to the Middle East. Twenty-five percent of American oil will soon be imported from sub-Saharan Africa, with a large portion taken from our countries.

### **Context Analysis**

#### *Oil and Politics in Central Africa*

A retrospective look at oil revenue management show that it has played a key role in the politics of our States. Contrary to the OPEC countries that have nationalized their oil industries, our countries have entrusted the exploitation of our oil to private, foreign companies. Complicity has come into play between our political power holders and the oil companies. There is absolute secrecy in the elaboration and



signing of contracts. Revenue drawn from oil exploitation strengthens state authority, which is used to the detriment of the population. Enriched by oil dividends, the political power holders consider themselves independent of the people, to whom they no longer feel obliged to render any accounts.

The management of substantial revenue generated by oil production in our region has long remained the business of those in power. In the context of the single-party systems established in our countries soon after our independence, oil, like the other natural resources, has served as a strategic economic argument in order to maintain the regimes that give preference to personal interest to the detriment of the common good. With the complicity of the oil companies that have been paying out large sums to their benefit, these men have been able to ensure their security, to find their political parties, and to maintain their friendships with certain dignitaries in Northern capitals. During this period, as all criticism was deemed subversive and dangerous, people were suffering in silence from the exploitation of their natural resources for the benefit of foreign powers.

With the collapse of the Eastern Bloc in 1989, the Franco-African Summit in Baule in 1990, and a larger mobilization of opposition groups and national public opinion, our States have entered into a process of democratization. Political pluralism has once again seen the light of day; unfortunately, without fundamentally changing the lure of personal gain which maintains the veil of secrecy over oil.

The new political context has, in effect, created the hope of transparency at all levels. One has to be terribly shrewd to be able to make a decision about our oil revenue, where it will go, how it will be

managed, and who will be its beneficiaries. Our oil is still, in most cases, the private financial resource of the powers that be. They use it as they choose for funding political activities of their sole party, diverting people's consciousness during elections, and for buying arms to ensure their safety. Today the tendency is to return to a veiled form of single-party rule. Most of our political leaders have ceased to dream of a better future for their people. Conversion to egocentric politics is the order of the day now and there is a rush to divide up the national pie, of which an important and secret portion comes from oil production. The quest for political power in our countries is less motivated by ideology and having a social agenda than by a willingness to become the all-powerful manager of the whole of our countries' resources. The social and economic well-being of the people has become just campaign rhetoric. If not, why would the people continue to wallow in misery where oil is flowing?

#### *Oil and Economic and Social Development*

Central Africa is known for the wealth of its flora, fauna, and underground resources, and at the same time for the misery in which the great majority of its population wallows. With a fundamentally extroverted economy, our countries produce for the outside. Because of under-development of the industrial sector, we consume more products brought in from outside than we produce ourselves.

As far as oil specifically is concerned, it has become the property of foreign companies. Access to fuel means hours if not days of waiting in some of our countries. Compared to purchasing power, the price of oil for the consumer is very high in our countries. Our oil flows more for others and, as in the other

economic sectors, we put up with international market law.

The price of oil is negotiated on the basis of the law of demand and supply. If the member countries of OPEC have threats to drop production as an arm to regulate the oil market, our countries have no economic argument to oppose the buyers. Thus, we remain dependent on their goodwill. The contracts that our States sign with the companies are certainly to the advantage of the latter and reinforce our economic dependence.

The few dividends that flow out have not contributed to the reduction of our people's misery. Our region is still characterized by high levels of illiteracy, mortality, and malnutrition. The highways, health facilities, and schools of our rural and urban communities leave everything to be desired. Oil revenues that should transform this situation and form the basis of true economic development are embezzled. We are known for our corruption, for our aptitude for charity to the first person, which encourages egoism rather than altruism. Our oil is sometimes mortgaged to pay off debts that have served the personal interests of certain of our fellow citizens.

Now, because humans were not created to be happy all alone, we are all miserable in spite of the differences in possessions. We are all mired under the same weight of enormous debt that mortgages the future of our countries. Even if we belong to the class of those who enjoy the oil manna, we are just as much prisoners of the economic chains of this world that degrades us to the rank of the underdeveloped.

The discovery of oil has often made people dream. At the announcement of the next oil project, people are given the illusion of more

jobs, of an increase in buying power, of deliverance from the hard work of the soil or from barely-paid jobs. Consequently, the beginning of work in oil drilling is often accompanied by a lowering of agricultural activity and the abandonment of jobs in certain sectors of activity, notably teaching. Now, oil is not an inexhaustible resource, and the jobs that it offers are for the most part temporary. Today, the oil reserves are falling considerably in some of our countries. There is even a risk of oil exploitation coming to an end soon in some countries if new wells are not found. What will then become of the populations who believed in the oil manna without benefiting from it?

#### *Oil and the Human and Ecological Environment*

In many cases, the oil production means an ecological and social danger for the adjacent populations. Indeed, in most of our countries, oil production goes on offshore, that is, on the sea, which presents little direct danger for the life of these populations. But marine life is of course affected by activities linked to this type of exploitation. Occasional oil spills in the sea naturally affect the environment. One study is in progress in the Congo, where changes have been noted in the seaside in oil zones.

Social equilibrium is more disturbed by oil production on land, which necessitates crossing inhabited zones with pipelines. In this case, the biodiversity of the region is in danger and the population directly subjected to inflation and endemic diseases. The example of the Chad-Cameroon Pipeline illustrates this clearly. In spite of assurances given by the different partners engaged in the project, harmful effects have been noted in different locations. Harmony is disturbed in certain communities because of rocketing

prices of staple foodstuffs, of protests demanding salary increases, of fresh outbreaks of prostitution with its corollary, AIDS, of the disturbance of customs, and of the resulting destruction of nature.

The reality surrounding continued exploitation in the region shows that affected populations and the population in general of the countries concerned face a multitude of problems. There is an imbalance between the prejudices suffered because of the expropriations on the one hand, and the compensatory measures on the other. The oil companies violate promises made in the domains of environmental protection of the granting of jobs, and of opportunities for local businesses. Transparent criteria in salary matters and social rights are not specified. Local administrative authorities abuse their power by pressurizing the populations so that they will submit to the unjust decisions of the oil exploiters.

Oil exploitation disturbs the environment and is also likely to exacerbate violent conflict.

### *Oil and Conflict in Central Africa*

Inside our countries, a certain animosity reigns between the oil producing regions and the rest of the country. The territorial location of oil wells and the unequal division of oil revenue have become arguments in favor of a new fragmentation of our countries. The secessionist, regionalist, and ethnic trends, which threaten the cohesion of our States, can be justified, in part, by the injustices of natural resource exploitation.

The control of oil manna is at the center of several battles for power in our region. Oil revenues have served as funding for arms

purchases and to support private militias in certain States, sometimes with the complicity of oil companies. The latter have elsewhere, in their own interests, brought in financial and logistical support to belligerent parties in the region.

The conflicts thus engendered have largely contributed to the spread of arms in the region, arms that have become one of the main causes of insecurity at the borders as well as inside our countries. We fear that tomorrow, some of our States will go to war against each other over shared oil concession zones.

The region of Central Africa wallows in misery despite the growing discoveries of oil and the exploitation of abundant mineral wealth.

### **The Heartfelt Appeal of the Bishops of ACERAC**

First of all, we rejoice in the constant effort of all the men and women of good will who are active in our countries in order to eradicate the demons of injustice, corruption, and violation of human rights and the degradation of nature. We carry their actions constantly in our prayers and we encourage them not to give up, for, as peace builders, they will be rewarded in the kingdom of heaven. Unfortunately, such men and women who are dedicated to peace building are still very few in our region. We appeal to you all, beloved sons and daughters of God, to transcend your fear, to overcome your personal selfishness and the prison of exclusion. Work hand in hand, and become unreservedly involved in the quest for the respect of our dignity of the human person, the preservation of our rights, and the advent of social justice in our countries, and in our region.

We truly appreciate the progress realized by certain States in the adoption of ethical yardsticks for the exploitation of oil. We are particularly grateful for the adoption of a law on the management of oil revenue with special regard to the institution of a mixed management commission, the expressed will of budgeting oil revenues, the elaboration of environmental protection and social management plans. May such examples inspire all of our States so that there will be transparent conditions and good oil revenue management everywhere. And especially, let these good promises become reality, for, too often, our good intentions contrast with our everyday practice. Hence we invite our governments to:

- ◇ Work for fair distribution of the fruits of oil by the investment of revenue generated in the social sector, offering services at reduced costs to all citizens;
- ◇ Manage our natural resources in a forward looking manner by creating reserve funds for future generations and by investing in the diversification of economic activities;
- ◇ Favor transparency by involving civil society in all decision-making processes concerning the future of our nations, notably by the spread of information relating to the exploitation of oil and other resources, and consultations of organized groups during oil contract negotiations;
- ◇ Keep an eye on the commitments made by oil companies and all other enterprises engaged in oil exploitation;
- ◇ Prevent conflicts by investing, not in arms, but in peace building activities.

We salute the choice made by certain oil companies to elaborate their codes of

conduct in order to correct the mistakes of the past and to improve their image. We invite all oil companies in action in our region, as well as all involved corporations, to choose this path so that the exploitation of our oil would be done with total respect for the lives of our people, of our environment, and for our personal and social rights. We recommend that oil companies should:

- ◇ Elaborate just compensation plans, going beyond the material aspect, in order to integrate moral harm caused by your action on the harmony of the peoples and the nations.
- ◇ Consider the local populations as partners, offering them the chance to define their needs in the matter of community compensation and the social amenities to be constructed.
- ◇ Refrain from all direct or indirect involvement in conflicts, which cause widespread deaths in our region;
- ◇ Contribute to transparency and the fight against corruption by publishing the oil revenues they pay to our national governments.

We appreciate the involvement of international financial institutions in the process of oil exploitation. The World Bank, for example, is laying a particular emphasis now on the use of oil revenues for the reduction of poverty. Let this noble wish become reality by the refusal of the Bank to act as guarantor for any undertaking which deviates from this guideline. Let the Bank put in place follow-up mechanisms for oil projects in our region, and let it evaluate the effectiveness of these operational directives, and put in place the means and criteria to make them more concrete.

We are very thankful to particular Churches from other countries and other continents that constantly show solidarity with our

Churches. Our universality and our union as members of the one body of Christ predispose us to effectively contribute to the positive transformation of the world. The oil companies that are active in our region are based in your countries. We hope that you will be able to amplify our voices in your respective countries. May all people of goodwill acting in your countries in favor of the humanization of oil exploitation in our region find true support in you.

We firmly resolve to continue to play our prophetic role in this part of the world that God has entrusted to us. Our Justice and Peace Commission, engaged in the monitoring of oil exploitation at the parish, diocesan, national, and regional levels, have our blessings. We encourage all actions that are geared towards the humanization of the oil industry in our region. The success of such action depends on the degree of consciousness that we all have in the community of earthly goods.

### **U.S. Militarization of Africa**

Carol Thompson and Daniel Volman

At the ACAS meeting in December 2002, it was agreed that most scholars would welcome a quick overview of how the U.S. is militarizing Africa, particularly in relation to the "War on Terrorism" and the impending U.S. war with Iraq. Daniel Volman agreed to supply data from his expertise as Director of the African Security Research Project. As Webmaster, Noah Zerbe is setting up graphs, maps, and web-links. Here are a few of the items to be covered: U.S. government and commercial arms sales to Africa; military training of African officers in the U.S.; U.S. access to bases in Djibouti, Kenya, and elsewhere; and U.S. training of African troops for peacekeeping operations.

Look for it on the ACAS website (<http://acas.prairienet.org>) in February 2003 and send us suggestions about what additional data and information would be useful to post!

Are you interested in an ACAS panel on the militarization of Africa at the November 2003 meeting? Contact Carol Thompson ([carol.thompson@nau.edu](mailto:carol.thompson@nau.edu)).

## ACAS Resolution Against the War with Iraq

At the ACAS membership meeting during the ASA conference in Washington, DC, Al Kagan presented a resolution condemning the Bush Administration's planned war with Iraq. The discussion was lively and many suggestions were made to improve the text. ACAS approved the resolution with the changes and presented it to the ASA Board, which adopted it on 8 December 2002. We encourage you to use this text in your local media and send it to your local representatives:

Whereas we envision that national security is best achieved by building economic and social justice in the United States, Africa and throughout the world;

Whereas the large increase in the current military budget of \$334 billion is necessitating cuts in the education budget and will increasingly drain resources from essential human services and social programs at home;

Whereas a war against Iraq would likely cost between \$100 and \$200 billion and would further erode budgets necessary to maintain the quality of life;

Whereas a war against Iraq would undermine higher education initiatives, likely necessitate larger tuition increases, and would decrease access to need-based fellowships and student assistance;

Whereas a war against Iraq would likely result in the call-up and interruption of academic programs of students currently in the National Guard;

Whereas the war against terrorism has already eroded civil liberties without any evidence of increased security through the passage of the USA Patriot Act the Homeland Security Act and the implementation of various Executive orders;

Whereas the climate of free and vigorous debate necessary to the academic mission is under attack and has already been chilled in many institutions throughout the country;

Whereas the current climate has relegitimized ethnic profiling, racism and discrimination based on national origin and physical appearance;

Whereas there is no evidence of ties between the Government of Iraq and Al Qaeda;

Whereas there is no evidence of an imminent threat to the United States from Iraq;

Whereas the United States military has increased its presence in Africa and set up a Joint Task Force for the Horn of Africa based in Djibouti, already numbering at least 3,200 Special Force soldiers;

Whereas Africans are likely to become both victims of increased violence and major economic casualties of a war with Iraq (as with the 1991 Gulf War when 13 African countries lost 1% of their GNP);

Whereas President Bush's new preemptive strike doctrine is a threat to independent-minded countries everywhere, including in Africa;

Therefore, be it resolved that the Association of Concerned Africa Scholars (ACAS):

Opposes a military attack on Iraq and calls on the Bush Administration to cooperate fully in a multilateral, long-term approach to solving the problems in the Middle East under the auspices of the United Nations;

Urges all members of the academic community to increase vigilance and act against all attacks on civil liberties and academic freedom;

Encourages all members of the academic community to educate themselves on the history and issues behind the conflict with Iraq and its likely impact on African countries and peoples;

Encourages all members of the academic community to educate themselves on the history, causes and issues behind terrorism throughout the world;

And requests ASA to adopt this resolution and distribute it widely to President Bush, members of Congress and the media.

6 December 2002

**“On the Edge” Series:  
Decade of “Trade Not Aid”—Call for Activist Rejoinder**

Carol Thompson  
Northern Arizona University

For a new post-Cold War foreign policy, trade pacts are more important than missiles, and the instruments of diplomacy are markets, not armies.”

---President William Clinton, November 1993

“...the first place to start on the economic front is to make sure we have free and fair trade with the African continent. The U.S. textile industry fears low cost imports from Africa.”

---President George W. Bush, February 2001

The U.S. Trade and Development Act for Africa (formerly African Growth and Opportunity Act-AGOA) has been promoted as a benefit for the continent, with recent statistics showing increased imports from Africa. But the new imports are a few textiles, apparently made under sweatshop conditions.

This brief discussion of the U.S. Trade and Development Act (T&D) raises challenging questions as an appeal to begin dialogue with Latin American activists/scholars about the impact of ‘free’ trade agreements. Decrying its inequity, global social movements have been able to forestall the implementation of the Free Trade Act for the Americas (FTAA). But it appears that Africa already has its FTAA, in the T&D Act.

It is not too late to negotiate modifications to the law. We need to document fully what the impact of the U.S. Trade and Development Act has been since its

inception in October 2000. We can learn by working with Latin American activists to compare the impact of trade instruments on developing economies.

A dialogue among activists for both continents could address the following types of questions:

- What are the advantages and disadvantages of the trade treaties? Who benefits?
- How do the Latin American (NAFTA/FTAA) and African (T&D Act) treaties differ?
- What are the environmental impacts of the trade agreements, especially for patenting of life forms (IPRs) and for setting of national standards for environmental protection?



## Globalization or Imperialism?

The pessimistic prediction about the impact of globalizing forces on Africa has become dire reality. President Bouteflika of Algeria, and of the OAU in 2000, summarized:

"A new map of the world is being drawn up, and an entire continent—Africa—is purely and simply being rubbed out. No area has been marginalized in the world economy as sub-Sahara Africa with its share of world trade slipping to 2.1 percent in 1998."

The continent of Africa finished the 20th century with trade profiles not much different from when the continent entered the century: its exports (including South Africa) are non-processed minerals and agricultural products.

African governments have not ignored advice to promote "non-traditional" exports, increasing production of horticulture, for example. However, those policies quickly confronted the "fallacy of composition," for as more countries exported flowers or game meat, the increased quantity available reduced prices. This fallacy, where simultaneous expansion of export volumes by several countries actually reduces export revenues, has also hit traditional commodities, such as bananas, cocoa, coffee, cotton, tea and tobacco.

Furthermore, as the African continent has increased its exports, the industrialized countries importing these goods maintained or increased their trade barriers. The World Bank estimates that if North America, Europe and Japan eliminated all barriers to imports from sub-Saharan Africa, the continent's exports would rise by 14 percent, an annual increase in revenue of \$2.5 billion

## Trade Not Aid

Since 1993, U.S. policy has emphasized "trade not aid," and therefore, there were high expectations for the U.S. Trade and Development Act. At last, the U.S. would open up its markets. Trade with Africa has been minuscule, with imports from just four countries (South Africa, Nigeria, Gabon and Angola) comprising 92 percent of total imports by the U.S. from Africa (overwhelmingly oil imports from the last three).

A major promise echoing in the halls of Congress during the five-year discussion (1995-2000) of the T&D Act (formerly AGOA) was for entry of African textiles into the U.S. market. The final Act was more than a disappointment, perhaps a mockery. Only textiles made with U.S. thread and yarn could enter the U.S. duty free, unless the African country is "least developed." If apparel is wholly assembled in Africa from fabric woven in the region from local thread, it is subject to increasing annual quotas.

Further, if Congress establishes that the new imports reduce employment in the U.S., then the Act can be revoked (a major violation of the World Trade Organization (WTO) which explicitly prohibits unemployment as an excuse for trade barriers).

Finally, by 2005, all quotas on textiles should be removed under WTO; by 2009, all tariffs. Any country will be able to compete for the U.S. textile market. The T&D Act, therefore, sets up Africa economies to start new industries for trade with the U.S., when they will very likely lose out to competition by larger, more experienced producers within five years.

During the more than 40 years of discussions for the GATT, culminating in the WTO, the U.S. was largely responsible for the agricultural exemptions from liberalization measures until the 1980s. Although the WTO was to eradicate agricultural subsidies, they have risen, not decreased. During the Clinton presidency, the U.S. spent an average of \$14 billion per year on farm support. The 2002 law raises subsidies to about \$19 billion per year for 10 years. "Trade not aid" is a hollow slogan if subsidies artificially lower prices, prohibiting either free or fair trade.

Given this record, a change of policy by the U.S. in the Trade and Development Act might well be heralded on the African continent. However, the Act legalizes "double standard" practices, instead of eradicating them. To give just one example, Section 409 (b) outlines U.S. agricultural trade objectives by giving "highest priority" to other countries' "expeditious elimination of all export subsidies worldwide" while "preserving United States market development and export credit programs," both of which are forms of subsidies.

### **Rejoinder and Activism**

Many non-governmental organizations (NGOs) have opposed the original Africa bill and now are discussing how to transform the T&D Act. One coalition is the Africa Grassroots Response Initiative whose goal is to build a support network between social justice leaders in Africa and America. NGOs in Zimbabwe held a conference that exposed the duplicity of the T&D Act—from favoring intellectual property rights (IPRs) for giant corporations, but not for farmers, to requiring "national treatment" of foreign firms by African governments.

Because industrialized countries are promoting trade liberalization as the only means toward development, a Zimbabwean economist proposes that African countries employ this same logic and demand that African reduction of trade barriers be linked to economic performance indicators. For example, until the debt service ratio is reduced to 20 percent of exports, an African economy may put tariffs on the import of luxury items, saving hard earned foreign exchange.

Tasks ahead for activists to expose the reality, not the rhetoric, of a decade of U.S. policy of "trade not aid" could include the following:

- Empirical analysis of trade data to understand what items have gained freer entry into the U.S.;
- Investigating conditions for workers in factories exporting to the U.S.;
- Investigating the environmental impact of the treaties;
- Comparing the impact of T&D Act with NAFTA—and provisions of FTAA.

Living in an extremely wealthy continent, but in abject poverty, the peoples of Africa must benefit from the export of the wealth, or trade will never lead to development. The title of the U.S law will remain yet another false promise.

Those interested in participating in this research and policy comparison, please contact Carol Thompson, ACAS Research Co-Chair ([carol.thompson@nau.edu](mailto:carol.thompson@nau.edu)).

**Students Engaged in Policy Analysis!  
U.S. Trade and Development Act for Africa**

Carol Thompson

The first years of the new trade act seem to show mixed results, with one or two countries benefiting, such as Mauritius or Madagascar. However, there is also evidence of sweatshop conditions in the Lesotho textile mills, with labor strikes. What has been the impact of the new U.S. trade initiatives? We need hard data.

ACAS has long discussed how activist scholars can better assist Africa-advocacy NGOs, such as those in ADNA. An experiment is occurring Spring semester 2003 in that the trade sector of ADNA, led by the Washington Office on Africa (WOA) and the Africa Faith and Justice Network (AFJN), has designated priority questions and data analyses needs, in order to assess and track the U.S. Trade and Development Act for Africa (2000-old AGOA).

Five graduate students and 10 undergraduates at Northern Arizona University have joined a class project to learn about trade issues and to search for data. The graduate students are assisting the undergraduates in data analyses (and finding some undergrads better than they at it!). As the professor coordinating the work, I am very much involved in selecting what work is feasible and in assisting students with the data searches; I meet with teams of two/three to resolve their problems. As important, I will work with 2-3 graduate students to edit and rewrite the findings to make them readily accessible to busy and informed NGOs. Our goal is to make the work useful to the NGOs!

The students are very excited about doing research that may be immediately relevant. They enjoy working in small teams; they are reading much more about trade theory and finding more data sources than I ever dreamed possible!

This approach was planned about a year ahead of time. The undergraduate and graduate courses are scheduled on the same afternoon, and sometimes the grads come early to attend the undergrad class. Leon Spencer and Larry Goodwin have worked with me for a year for us to find congruence between what they need and what the classes might be able to deliver.

My optimism is that this approach could be used by many ACAS scholars for many different policy areas. It takes planning (and staying realistic about goals), but we often plan our courses a year ahead anyway! It is a way to teach and stay activist!

If you are interested in how it turns out, or have questions, please do email me. Carol Thompson, ACAS Research Co-Chair ([carol.thompson@nau.edu](mailto:carol.thompson@nau.edu)).



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