

Sudan - Conflicts, Terror, and Oil

Shailender Arya*

Sudan has been at the cross-roads of conflict for years as two bitter civil wars marred the last decade. It is a prisoner of history as the departing British, to prevent Egypt from dominating Sudan, artificially joined the two culturally and ethnically different parts, sowing the seeds of conflict. The Darfur conflict erupted in 2003 and generated a grave humanitarian emergency as the government-supported Arab Janjaweed militia began ethnically cleansing African tribes. For years Sudan was also known as a prime terror destination as a religious right-dominated regime in Khartoum sheltered many terror groups including Al Qaeda and encouraged the growth of radical Islam. International pressure, American sanctions and cruise missiles forced President Bashir to part ways with terror but the remnants of the network are yet to be dismantled from the Sudanese soil. Today, a cocktail of international politics, conflicting oil interests and a visible distrust threaten to again plunge Sudan into another round of civil wars, destabilising the entire Sub-Saharan Africa and crippling a nascent oil economy.

Sudan, the largest country of Africa, has been in near constant war since its independence in 1956. For years it was only known to the world for the raging civil war, and as a conflict which had no solution in sight. Later, the name of Sudan became synonymous with a terror sanctuary as its Islamist government opened its doors for terrorists for all affiliations and sheltered the budding Osama bin Laden. It was from the soil of Sudan that the Al-Qaeda plotted the bombings of American embassies in Kenya and Tanzania, and Osama trained a large army of mujahideen, many of which are still in forefront of fighting in the wars in Afghanistan and Pakistan. While the US pressure and the changed geopolitics forced the President Bashir to distance the government from the terror groups, the signing of the Comprehensive Peace Agreement (CPA) in 2005 seems to offer an end to violence in the North-South conflict. But Sudan was not to have lasting peace. As the complex North-South conflict was inching towards a negotiated settlement, a new chapter in Sudan's civil wars opened in Darfur in February 2003. This western region of Sudan was soon to witness ethnic cleansing of African tribes by the government-supported Arab Janjaweed which took an enormous toll of human life with death toll

* Shailender Arya is a serving Artillery officer, currently posted as a Staff Officer with the United Nations in Sudan.

approximated between 200,000 and 400,000. The war in Darfur generated a grave humanitarian emergency and hogged news headlines but the issue still simmers. Thousands of kilometers away, an overzealous International Criminal Court (ICC) has further complicated the matters by issuing an arrest warrant against President Bashir in March 2009 for war crimes and crimes against humanity, earning him the dubious distinction of being the first sitting head of state ever indicted by the ICC. Meanwhile, the presence of huge oil deposits in Sudan – the black gold, which can make democracies love dictators and can forge unholy alliances across religious and tribal divides, is the new all-important factor in Sudan politics. This cocktail of two deep-rooted conflicts and a lucrative oil bounty holds either untold tragedies or riches for Sudan.

The Last of the Divide and Rule

Like all deep rooted conflicts, from the Middle East to the Indian subcontinent, the origins invariably can be traced to the mechanisms and the imperfections of the last moments of British imperialism. During most of the 1800s, Sudan was controlled by the Ottoman Empire and had developed a substantial slave trade. In 1881, Muhammed Ahmad el Mahdi, led a rebellion of northern tribes, driving the Egyptians from Sudan but in 1896, the British and Egyptian allies invaded, and defeated the Mahdist forces in 1898 at the battle of Omdurman. The Anglo-Egyptian forces then established a joint-administered condominium. The British exploited ethnic and religious differences as a means to maintain control and they administered the northern and southern provinces separately. The South of Sudan was declared a “closed area” and was isolated in almost all respects. The essentially Animist and Christian south was held to be more similar to the neighbouring east-African colonies of Kenya, Tanganyika, and Uganda while the predominately Muslim northern Sudan was more similar to Arabic-speaking Egypt. Northerners were prevented from holding positions of power in the south, and trade was discouraged between the two areas.

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But by 1946 the British gave in to the northern pressure to integrate the two areas. The two areas were merged into a single administrative region as part of the overall British strategy in the Middle East, without any consultation with the southerners. Arabic was made the language of administration in the south and northerners began to hold positions there. It was much resented by the English-trained southern elite who were unhappy on being out of their own government. After World War II, as Britain prepared to abandon its colony, it wanted to prevent

Egypt from gaining total control over Sudan. To counterbalance Egypt's influence in the North, Britain sought to include Southerners in a federated government and opened the closed areas. Sudan gained its independence in 1956. The new government inherited a fractured nation with seeds of the conflict already sown by the intrigues in London and Cairo. The southern Sudan considered itself culturally sub-Saharan, while the northerners considered themselves culturally Arabic. The stage was thus set for violent conflict and factions fought for control over a weak and ineffectual government in Khartoum.

Violence erupted even before independence as the South anticipated complete domination by North when the British finally departed. This southern resentment of northern Muslim Arab domination culminated in a mutiny among southern troops in Equatoria Province wherein in August 1955, members of the British Equatorial Corps and local police, mutinied in Torit and other southern towns. These troops were upset that the Khartoum government had failed to deliver on its promises to Britain that it would create a federal system. This was the First Sudanese Civil War, also known as Anyanya rebellion or Anyanya I. For the next 17 years, the southern region experienced civil strife, and various southern leaders agitated for regional autonomy or outright secession. The Second Civil War or Anyanya II, led by the charismatic John Garang started in 1983 and lasted till 2005 when the CPA was signed between the Sudan People's Liberation Movement (SPLM) and the Government of Sudan. This civil war which began in 1983 led to killing of at least two million people and displaced a further four million. In reality, the period between 1955 and 2005 is nothing but a single conflict with an eleven-year ceasefire that separates two violent phases. The January 2005 Naivasha Accords formally ended North-South war with signing of CPA, incorporated SPLM into Government of National Unity (GNU) and created schedule for 2009 national elections and a referendum in 2011. A United Nations mission, called UNMIS, moved in March 2005 to Sudan to support the implementation of the CPA.

Destination Terror

In 1989, Omar Hassan Ahmad al-Bashir was a colonel in the Sudanese Army when he led a group of officers in a bloodless military coup that ousted the government of Prime Minister Sadiq al-Mahdi. The now-General Bashir promised to turn Sudan into an Islamic State and his new military government suspended the political parties. His guide and mentor in this enterprise was Hassan al-Turabi, the founder of the National Islamic Front (NIF) and the head of the Muslim Brotherhood, formally known as the *al Ikhwan Al-Moslemoon*.¹ They began institutionalising sharia law in the northern part of Sudan. A new Islamic penal code was promulgated in 1991 and more zealous regulations followed in 1996. Turabi also had ambitions to turn Sudan into a hive of pan-Islamic activities. In 1991, he established the Popular Arab and Islamic

Islamic activists from Algeria, Tunisia and Egypt were given diplomatic passports and Palestinian leaders like Abu Nidal were welcomed like cousins at family reunion. Even the notorious terrorist Ilich Ramirez Sanchez, better known as Carlos the Jackal, was given shelter in Sudan by Turabi.

Conference (PAIC) in Khartoum as a pan-Islamic front to resist America's "recolonisation of the Islamic world".

A string of colourful visitors with varied agendas soon flocked to Sudan. The Iranian president Hashemi Rafsanjani visited Khartoum in December 1991 and declared Sudan the "vanguard of the Islamic revolution in the African continent". He offered tens of millions of dollars in economic aid and dispatched a force of about 2,000 members of the Iranian Revolutionary Guard Corps (IRGC) and the newly-formed Quds Forces, to help train Sudanese security forces and foreign Islamist fighters. These Iranian Revolutionary Guards set up their camps in Sudan and Khartoum permitted Tehran to use Sudan as a secure transit point and meeting site for Iranian based extremist groups.² This relationship with Iran allowed Turabi to broker a series of meetings between Osama bin Laden and senior leaders of Hezbollah and Iranian intelligence. According to the US indictment of Laden, the Al-Qaeda officials met with an Iranian religious official in Khartoum as part of an overall effort to arrange a tripartite agreement between Al-Qaeda, the NIF and

elements of the government of Iran to work together against the US, Israel and other Western countries.

Al-Turabi's pan-Islamist efforts were first evident in the Bosnia war through Third World Relief Agency (TWRA), a charity based in Vienna, Austria. The charity was founded in 1987 by a Sudanese named Fatih el Hassanein and from 1992 to 1995, before it was shut down by Austrian officials; some US \$ 400 million flowed through the organisation's three overt bank accounts in Vienna, including donations from who's who of Muslim radicals, Al-Qaeda supporters and Osama bin Laden. The agency's first large operation came to the attention of Western intelligence agencies in September 1992, when Soviet-built transport planes began arriving in Maribor in Slovenia from Khartoum. While the cargo was marked humanitarian aid, it contained more than 120 tons of assault rifles, mortars, mines and ammunition. The shipment was allegedly arranged by the Muslim Brotherhood, with the full backing of the *Ikhwan* structure in Sudan.³

Sudan kept its doors wide open as the NIF government instituted a policy of allowing any Muslim into the country without a visa. Islamic activists from Algeria, Tunisia and Egypt were given diplomatic passports and Palestinian

leaders like Abu Nidal were welcomed like cousins at family reunion. Even the notorious terrorist Ilich Ramirez Sanchez, better known as *Carlos the Jackal*, was given shelter in Sudan by Turabi. He was often seen revelling at the local nightclubs and restaurants in Khartoum.⁴ *Carlos* was later abducted in August 1994 from Khartoum in joint French and US intelligence operation by the DST and CIA. However, the most famous (or to-be-famous) visitor to Sudan was Osama bin Laden. He, then aged thirty six in 1992, had already organised *jihad* against the Soviets in Afghanistan for ten years but had fallen out of favour with the Saudi royal family when he denounced them for accepting American soldiers on the Saudi soil. He moved into a villa located next to Turabi's home in Riyadh district of Khartoum and to cement the relationship, took Turabi's niece as his third wife.⁵ Osama energetically divided his time between business and insurgency. His construction company built a gleaming new highway from Khartoum to Port Sudan. He traded in agricultural commodity exports and invested over US \$ 50 million in the Sudan's Al Shamal Islamic Bank. Osama bin Laden's companies and financial enterprises were allowed by the Sudan government to import goods without inspection or payment of taxes.⁶ Osama also spent two million dollars to fly Arab *mujahideen* from Pakistan to Sudan, and built at his own expense 30 training camps in Sudan. It is estimated that over 5,000 mujahideen were trained in these camps by 1994, while they also worked on Osama's construction and agricultural projects on the sidelines.

Sudan was soon confirmed as a terror destination in the international circles and in 1993 the Clinton administration listed Sudan as a state sponsor of terrorism. The Sudan trained Al-Qaeda instructors were sent to Somalia and their foot-soldiers confronted the Task Force Ranger of US in Mogadishu on 3rd October 1993 in a grim battle popularly known as the Black Hawk Down. In June 1995, there was an assassination attempt of the Egyptian President Hosni Mubarak as he was leaving the OAU summit meeting in Addis Ababa, Ethiopia. Since the terrorists were trained in Sudan, the UN Security Council took note and imposed sanctions on Sudan. Further pressure on Sudan from US and Saudi Arabia followed and in May 1996, Osama bin Laden was persuaded to board a chartered jet from Sudan to Jalalabad in Afghanistan. Later, in August 1998 the Al-Qaeda carried out bombings of American embassies in Kenya and Tanzania, killing 263 people and injuring over 5000. In retaliation, President Bill Clinton ordered a missile strike on the Al Shifa pharmaceutical plant in Khartoum, charging that the site was being used by bin Laden and other terrorists to make the VX nerve gas and other chemical weapons.

Post the departure of bin Laden, Bashir and Turabi fell out but many Islamist groups continued to use Khartoum as a hub for operations. As late as 1999, the US State Department's annual "Patterns of Global Terrorism" reported that Khartoum served as a meeting place, safe haven, and training hub for members of the Lebanese Hizballah, Egyptian Gama'at al-Islamiyya, Al-Jihad, the Palestinian Islamic Jihad, HAMAS, and Abu Nidal organisation.⁷ Later, an internal power struggle between Turabi and Bashir which Turabi lost

considerably weakened the influence of Turabi in Sudan. However weakened, some radical Islamist presence remains in Sudan, largely in form of multiple training camps for different Islamist organisations, as well as through the Sudanese a non-governmental organisation known as Munazzamat al-Dawa al-Islamiyya (MDI). MDI missionaries often work closely with missionaries from the Jama'at al-Tabligh movement, a proselytizing Muslim organization with roots in Pakistan. Meanwhile, flush with oil money, Sudan is trying to rebuild its image and disassociate itself from the radical Islamic groups but the after-effects of the association with terror refuse to leave Sudan. In March 2007, a federal judge in US ruled that the government of Sudan was liable for the 12th Oct 2000 Al-Qaeda bombing of the USS Cole in the port of Aden, Yemen. The government of Sudan chose not to respond to any of the allegations.⁸

Darfur – Sudan's Fresh Wound

Darfur in western Sudan was an independent *sultanate* for several hundred years, till it was incorporated into Sudan by the Anglo-Egyptian forces. An arid region approximately the size of France, it suffered discrimination and skewed developments as the meager resources of Sudan were directed to the tribes of central Sudan near Khartoum. Another chapter in Sudan's civil wars opened in Darfur in February 2003 when Sudan Liberation Army (SLA) and Justice and Equality Movement (JEM) rebels, predominantly from the African Fur, Zaghawa and Massaleit tribes took up arms. They accused the government of oppressing black Africans in favour of Arabs and attacked the government garrisons. A bitter civil war ensued and after series of military victories, government-supported Arab Janjaweed militia began ethnically cleansing African tribes. In the conflict, Sudanese authorities claim a death toll of roughly 19,500 civilians while certain non-governmental organisations, such as the Coalition for International Justice, claim that over 400,000 people have been killed. In addition, an estimated two million people were displaced from their homes, and two hundred thousand fled to neighboring Chad. The US described the conflict as genocide but the UN has not recognised the conflict as such, though conceding to serious human rights violations by the Sudan government.

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This humanitarian emergency generated considerable international pressure and in May 2006 the Sudan Liberation Movement, led by Minni Minnawi, signed a peace agreement, known as the Darfur Peace Agreement (DPA) with the Sudanese government. The other faction of the SLM, led by Abdul Wahid al

Nur, the founding leader of SLM, refrained from signing the agreement, undermining the process by their absence. Consequent to the agreement, the African Union (AU) deployed a force of 7,000 peacekeepers in Darfur though this force remained perpetually under-funded and badly equipped. In June 2007, in face of increasing international sanctions, Khartoum finally accepted an AU/UN hybrid force for Darfur called UNAMID. UNAMID replaced AU in January 2008 in Darfur but resistance from Khartoum has slowed its deployment. The Darfur Agreement had also established a Transitional Darfur Regional Authority (TDRA) headed by Minni Minawi as an interim authority for the region. The DPA states that a referendum on autonomy for Darfur should be held no later than 2011.

Meanwhile, on 4 March 2009, the ICC issued an arrest warrant for President Bashir for war crimes in Darfur. The Arab League soon announced its solidarity with Bashir and even the AU condemned the arrest warrant. Sudan predictably rejected the ICC's jurisdiction and announced that the Presidential plane will be accompanied by jet fighters to prevent possible arrest of the President in the international airspace.⁹ Analysts feel that the ICC indictment is counterproductive and harms the peace process as Darfur rebels who were in a peace process with the Sudanese government immediately declared there is no need to engage in a peace agreement because the ICC recognised the Sudanese president as a criminal. This complication evidently hinders the efforts to establish peace in Darfur and may even undermine the North-South peace process. The dilemma in Darfur between the war crimes and peace process can be summed up as the choice between justice and peace. Justice has won the first round.

The Politics and Economics of Oil

In Sudan even oil is a tragedy. It has been estimated that Sudan oil reserves may be as much as 200 billion barrels, with most of the potential oil fields located in South Sudan. Even at the present production rates of approximately 500,000 barrels per day (2008 figures), the oil revenues make up about 70 per cent of Sudan's export earnings. Sudan is not yet a member of the Organisation of Petroleum Exporting Countries (OPEC) but was granted an observer status in August 2001 which is a distinction reserved for significant global oil producers. Sudan also has a significant natural gas reserve, one of the three largest deposits of high-purity uranium in the world, and the fourth largest deposits of copper.¹⁰ Further, due to numerous tributaries of the Nile River and heavier precipitation in southern Sudan, the South has greater access to water, and is therefore much more fertile. The north of the country is on the edge of the Sahara desert. The northern desire to control these resources, and the southern desire to maintain control of them, contributed to the war. Therefore much of the conflict is a battle for control of resources including oil in the South, but ironically no one seems capable of developing the resources. The western media tends to describe the civil wars in religious and ethnic terms but in

reality these conflicts also represent the struggle for control of the water and oil resources located in the southern and the western Sudan.

In 1978, US oil giant Chevron discovered oil north of Bentiu in the Upper Nile province and spent nearly one billion dollars on exploration. It identified two major oil fields in areas of 'Unity' and 'Heglig' but suspended its activities in 1984 due to rebel attacks.¹¹

In 1992, the Bashir government persuaded Chevron to sell its 42 million acres concession. It then subdivided the area into smaller oil blocks and introduced new partners including Arakis, a Canadian company. Since the oilfields lay mostly in Nuer and Dinka (tribes) territory in South Sudan, the Bashir government played the classical *divide and rule* game. In August 1991, Riek Machar had opposed the leadership of John Garang and formed the Nasir faction which divided the rebels in the South Sudan. Incidentally, only two months before he led the coup against Garang, Machar had married Emma McCune, a British aid worker whose life and death in Sudan has been brilliantly captured by Deborah Scroggins in her bestseller *Emma's War*. Bashir used Riek Machar's Nuer faction to keep SPLM at bay, and promised the Nuers a pie in the oil revenues. A peace agreement, called Khartoum agreement was also signed between Riek Machar and Bashir in 1997 to display the return of peace to the oilfields to attract the foreign investors. The agreement was never implemented.

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Meanwhile, the oil extraction and export was very tedious as the oil fields were located in remote areas. A need was therefore felt to build a pipeline and an export terminal on the Red Sea coast. To raise the required capital, a new oil consortium called the Greater Nile Petroleum Operating Company (GNPOC) was set up. The Arakis Energy Corporation of Canada was operator of this consortium and held 25 per cent share. In addition, China's state-owned China National Petroleum Corporation (CNPC) held 40 per cent share, Malaysia's Petronas held 30 per cent and Sudan's Sudapet held 5 per cent. Work started in May 1998 and soon they completed the construction of 1540 km pipeline, called Greater Nile Oil Pipeline, from Nile oilfields to a new marine port for oil super tankers at Port Sudan on the Red Sea. The pipeline was operational by July 1999 with a capacity of 250,000 barrel per day. The first export of crude oil began in August 1999 and by 2001 Sudan was producing 240,000 barrels a day, with oil revenues then contributing over 40 per cent of the government's revenue. A study by PFC Strategic Studies has concluded that the Sudan government could collect as much as US \$ 30 billion in total oil revenue by 2012, with the potential for much more if exploration succeeds.¹²

Like the infamous *blood diamonds* of Sierra Leone, the oil of Sudan has been a controversial product. However unlike diamonds which are a luxury, oil is a vital necessity and thus the humanitarian concerns have not found many takers. Many NGOs working in Sudan including the Amnesty International have accused the government of deliberately committing atrocities to depopulate and maintain security in the oil-rich areas. In 1998, Arakis was purchased by Talisman, another Canadian company. Talisman struggled to defend itself from a barrage of criticism from shareholders, Canadian public, and human rights and church groups who, like the SPLM, said that the oil is fuelling the war. In 1999 the Canadian government instituted an enquiry into the relationship between human rights abuses and the oil industry in Sudan. The findings of the enquiry were announced in February 2000. Though the findings stated that the oil revenues were exacerbating the civil war, the Canadian government did not impose sanctions on either Talisman or Sudan. In November 2002, Talisman finally exited from Sudan by selling its Sudanese assets to India's ONGC Videsh for US \$ 758 million. In March 2000, a concession for the Melut Basin of central Sudan was awarded to a consortium led by Fosters Resources, another Canadian company. Fosters Resources, however, pulled out due to pressure from human rights groups and the consortium was reformed in November 2000 with Qatar's Gulf Petroleum Company, GNPOC and the Al-Tham and Sudapet from Sudan.

The American government imposed a trade embargo in 1997, freezing Sudanese government assets in the US and cutting off its exports to and imports from Sudan, with a few exceptions. In Washington, the religious right pushed for arming the south to overthrow the regime in Khartoum but the oil industry pushed for engaging the regime. While the US maintained its sanctions against Sudan, which technically means that US firms can have nothing to do with companies dealing with sanctioned states, the oil companies involved in Sudan have been able to negotiate any problems by creating complex corporate structures. For example, in 1999, CNPC was able to raise capital by creating a subsidiary called PetroChina and selling it on the New York Stock Exchange, asserting that none of the money would be used in Sudan. In April 2001, the Russian oil company Slavneft concluded an agreement with the Sudanese government to prospect for oil in Khartoum, El-Gezira, White Nile and Northern Kordofan states. There are also plans to explore oil in northwestern Sudan, the Blue Nile Basin in southeastern Sudan and the Red Sea area of eastern Sudan.

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The American oil giants are not being missed much in Sudan as the Chinese oil companies have rushed to fill

the void. Sudan has been China's most successful African energy investment with Sudan now sending 60 per cent of its oil output to China. The Chinese CNPC owns 40 per cent – the largest single share – of the GNPOC, the consortium that dominates Sudan's oilfields.¹³ The CNPC also operates the Greater Nile Oil Pipeline which has been since extended and now begins in the Unity Oil Fields in South Sudan. According to government statistics, China's imports have grown from about 6 percent of its oil needs a decade ago to roughly one-third today and are forecast to rise to 60 per cent by 2020. Chen Fengying, an expert at the China Contemporary International Relations Institute, which is based in Beijing and affiliated with the state security system, has stated that "China confronts foreign competition. Chinese companies must go places for oil where American [and] European companies are not present. Sudan represents this strategy put into practice".¹⁴

Separately, CNPC owns most of a field in southern Darfur, which began trial production recently, and 41 per cent of a field in the Melut Basin, which is soon expected to produce as much as 300,000 barrels per day. Another Chinese firm, Sinopec Corporation, is erecting a 900-mile pipeline from that complex to Port Sudan on the Red Sea, where China's Petroleum Engineering Construction Group is building a tanker terminal. The International Energy Agency projects China's net oil imports will jump to 13.1 million barrels per day by 2030 from the earlier figure of 3.5 million barrels per day in 2006. In 2008, as per *China Daily*, in spite of global financial crisis, the country imported 179 million tons of crude, up 9.6 per cent from a year earlier while the *Business Week* reported in February 2008 that China purchased 40 percent of Sudan's 25-million-ton annual output of oil, accounting for about six per cent of all Chinese oil imports. Sudan has been a success story for China in their quest for energy security. Further, unlike the West, the Chinese with their officially stated policy of 'non-interference in domestic affairs' have no issues in dealing with Khartoum. The Chinese leaders advocate that the human rights are relative, and each country should be allowed their own definition of them and timetable for reaching them.¹⁵

The Arms Race

Oil and arms are almost inseparable. In February 2009, Somalian pirates released a ship hijacked by them in September 2008, the Ukrainian *MV Faina* after a light plane parachuted to them US \$ 3.5 million as ransom payment. Shortly after the hijack, *TIME* magazine reported that the freight manifest obtained by BBC showed that the Ukrainian ship seized carried weapons destined for South Sudan.¹⁶ The ship was registered in Belize and owned by a notorious Israeli billionaire arms dealer, Vadim Alperin. Its cargo included 33 Russian-made T-72 battle tanks, 150 rocket grenade launchers, six anti-aircraft guns and thousands of tonnes of small arms and ammunition, was reported to be heading for Mombasa in Kenya. But Kenya was the merely the transit as the Kenyan Army is equipped with and trained on British-made

Vickers Mark-3 tanks and other British equipment. A US Navy spokesman said the tanks and other arms were for delivery to South Sudan, on Kenya's northern border. At the same time, Russian media reports said that the arms consignment had been paid for by the US.¹⁷ While the Somalian pirates inadvertently exposed the murky world of clandestine arms purchases and the violation of the 2005 agreement, which stipulates that Khartoum and Juba, the South Sudan capital, must inform a central defence committee about weapons purchases, most of the affected players including the North kept quiet.

The reasons for the silence from the North are not difficult to fathom. With the dawn of oil production in 1999, Sudan's government began collecting US \$ 500 million a year in oil revenues and Basher went on a militarisation spree, buying helicopter gun ships and armoured combat vehicles. Sudan's defence spending increased by 96 per cent between 1998 and 2000. China is the main arms supplier to Sudan though even Russia has sold 24 MiG 29 fighter jets to Khartoum. According to Human Rights First, a New York-based NGO, China self-reported over US \$ 700,000 worth of direct arms sales to Sudan since 2004 while Sudan reported having received almost US \$ 55 million worth of weaponry of Chinese origin. Sudan also reported to be in negotiations with China for the purchase of 12 Chinese FC1 Fighter aircraft.¹⁸ Thus in a symbiotic relationship, Sudan is China's largest overseas oil project now providing China with up to one-tenth of all of China's imported oil, and in exchange China is Sudan's largest supplier of arms. Most of the recent arms sales to Sudan are in breach of an international arms embargo which was placed on Sudan in relation to the Darfur conflict.

The South Sudan is not far behind in the arms race and many arms consignments for South Sudan arrive by air from Ethiopia and Kenya. Even Israel had provided South Sudan with military assistance as a way of weakening the Arab coalition.¹⁹ According to Alex de Waal, a renowned expert on Sudan and programme director at the New York-based Social Science Research Council, while the South gets arms and defence training from Ethiopia, Kenya, South Africa, US and Britain, the North gets an even wider array of Eastern European and Chinese military equipment, including combat aircraft and fighter jets. An October 2008 report by Human Rights First says that China, India, Kenya, Iran and Russia, by their own admission, ship arms directly to northern Sudan.²⁰ Presently, the Government of Southern Sudan spends 30 per cent of its budget on the military though independent estimates say this figure may be nearer to 60 per cent. In comparison, health, education and development get only 28 per cent of the total budget. Another report by World Bank in their 2007 Public Expenditure Review for Sudan pegs the Government of National Unity's expenditure for defense and national security in 2006 at US \$ 1.175 billion, or 20 percent of total government spending and the security spending for the Government of Southern Sudan in 2006 at US \$ 555 million or 42 percent of the southern government's expenditures. In October 2008, the southern parliament voted to nearly double its 2009 budget

to cover the military spending.²¹ It is estimated that the SPLA still has 170,000 armed men as there has been no appreciable disarmament, demobilisation, and reintegration (DDR) in Sudan as mandated by the peace agreement. The arms race and non-reduction of combatants is likely to continue unabated as both sides expect the worse.

Arms market and oil booty are not the only attractions of Sudan. The conflict itself is of interest of many corporate entities, particularly the private security companies who are keen to jump in the fray. In 2006, the US firm Blackwater USA (now called Xe) lobbied hard with the US government to outsource the peacekeeping in Darfur to them. Joseph Cofer Black, the ex-CIA Vice Chairman of Blackwater, while showcasing his company at Special Operations Forces Exhibition and Conference (SOFEX) in Amman, Jordan in March 2006 announced that Blackwater was prepared to deploy a private brigade-sized force to conflict or crisis zones worldwide.²² By late 2006 the ratio of active-duty US soldiers to private contractors deployed in Iraq had almost reached one to one ratio.²³ Encouraged by these trends in the mercenary industry, the mushrooming private security companies eyed the conflicts of Sudan as one promising place where they can be in business forever. In addition, sending in private US Forces under the guise of humanitarian mission could have given Washington a major foothold in Sudan for future action²⁴, besides countering the Chinese ingress.

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Key Issues and Future

Not long back, Randolph Martin in his article in *Foreign Affairs* had called the manipulations of the North as the 'Sudan's Perfect War'. Khartoum had consolidated its power and ended the international isolation while the oil money paid for the military and bought new friends abroad. Thus from the north's perspective, the battle against the south had become self-sustaining, both politically and economically – *a perfect war*.²⁵ A peace agreement has not changed much though North will be under considerable Western pressure to honour the agreement. As per the 2005 peace agreement, a referendum is scheduled for January 2011. It is widely believed that the South will choose to break away and a new country will emerge in the heart of Africa. The option for independence is almost a foregone conclusion as fundamental differences exist between the two parts of Sudan which go beyond the ethnic differences. The South Sudan constitution is based on customary laws and values - not on Islamic sharia law, which is a source of law for the North.

But the South has about 75 per cent of Sudan's 6.3 billion barrels of proven oil reserves, giving the North a vital interest in preventing it from seceding. Further, these oil reserves are coveted by the North as a resource to sell to China, whose appetite for Sudan's oil has given Khartoum a financial and diplomatic windfall. China's interests are closely aligned with North's ability to prevent the separation of South as Beijing has invested heavily in developing Sudan's reserves. To guarantee these supplies, China needs Sudan to stay united.²⁶ Not surprisingly, North has been accused of deliberately igniting ethnic conflict in the South, arming some tribes to fight others with an aim to sabotage the proposed 2011 referendum. The South Sudan faces its own set of challenges and tribal divisions. The South may have western sympathies but the AU has argued that pre-colonial boundaries are sacrosanct. Further, following the untimely death of its leader John Garang in July 2005, the SPLM under Salva Kiir has not yet emerged as a genuine national opposition party. Most of the leaders of SPLM are not at all optimistic about a united new Sudan and are investing in stability only in order to achieve separation under the promised 2011 referendum on self-determination for South Sudan.²⁷

Oil has ignited dormant border disputes as both sides lay claim to maximum oil-rich areas. Presently, under the CPA, a revenue sharing formula has been worked out to allow both sides to share the disputed regions' hydrocarbon wealth. Oil accounts for practically all revenue in the South, while it is also the largest source of foreign currency for the government in Khartoum. Both North and South lay claim to Blue Nile State, Nuba Mountains in Southern Kordofan and the Abyei region. These areas are the transitional and contested-zones straddling the north-south political, military and cultural fault lines. Many of the richest oil fields lie in an area of South Kordofan province, where the north-south border has yet to be delineated. Among these areas, while Abyei votes along with South Sudan on independence and self-determination in 2011, the 2005 peace deal only set out arrangements for interim power sharing and "popular consultation" in Southern Kordofan and Blue Nile states. Since in ethnic terms, the population is mixed and many people, particularly in Nuba Mountains identify more closely with the 'African' southerners than their northern Arab neighbours, another potential conflict is all set to scar the 2011 referendum, thanks to the ill-defined "popular consultation". This could trigger another civil war.

Meanwhile, Sudan's economy is booming as oil has turned it into one of the fastest booming economies in Africa. American sanctions have kept many companies from Europe and the US out of Sudan, but firms from China, Malaysia, India, Kuwait and the United Arab Emirates are racing in.²⁸ According to World Bank Database Group and UNCTAD figures²⁹, the direct foreign investment has shot up to US \$ 3.5 billion in 2006, from US \$ 500 million in 2001, in spite of US sanctions. New supermarkets and office blocks are coming up in Khartoum which is beginning to look like another oil-rich capital with BMWs and Mercedes on the roads and swanky hotel rooms which can cost up to

US \$ 4,000 per night. This has emboldened the nation's already belligerent government and giving it the wherewithal to resist the western demands to end the conflict in Darfur. This oil money may also encourage the Bashir government to delay the referendum, knowing its likely outcome.

Conclusion

Sudan sits at the crucial crossroads of the Arab Peninsula, northern Africa and sub-Saharan Africa. The stability of large parts of Africa depends on the successful resolution of the current conflicts in Sudan. While the possibility of a peaceful resolution and smooth transfer of power has been complicated by international politics, oil interests and a visible distrust among the heavily armed parties to the conflict, the peace dividend is significant. The return of the peace will allow the world's major energy companies to enter Sudan and transform its economy, though the world may witness a race between American and Chinese oil companies to secure their respective oil supplies. But the oil bonanza pales in comparison to the humanitarian dividend which may be achievable in Darfur and South Sudan, after years of bloodshed, strife and human misery. In war-ravaged Darfur, a separate 2011 referendum hopes to establish Darfur as a unitary region with a single government and end its long marginalisation. In the North-South conflict, the fulcrum and the key to the future is the 2011 referendum. The elections scheduled for July 2009 are already delayed. If the polls and the 2011 referendum are further delayed or cancelled due to tribal rivalries in the South, the people of southern Sudan shall feel cheated and may plunge into another civil war. On the other hand, if the referendum goes as scheduled and the south chooses independence, the north may launch a war to hold the key oil fields. Between these two options, the middle path is fragile and it would be miraculous if Sudan manages to tread this narrow path in spite of conflicting oil interests and misplaced nationalist feelings. The future is uncertain and offers only extremes, but any compromise which contributes towards lasting peace in the heart of Africa shall be a ray of light in the Dark Continent.



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