Threat of Middle East war spurs grab for West African oil

Trevor Johnson
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With a US-led war on Iraq looming that could disrupt oil supplies from the Middle East for many years to come, the question of securing alternative sources has become a vital concern for both the US and Europe.

Industry lobbyists have stepped up their calls for the US to diversify its own oil sources, while the Bush administration is attempting to dominate all the oil-producing regions of the world as a means of applying leverage to its economic rivals.

This has spurred on a grab for West African oilfields by the major powers. Africa contains 7.2 percent of the world's proven reserves of oil—76.7 thousand million barrels—more than the proven reserves of North America or the former Soviet Union. The area of sub-Saharan Africa, and particularly the Gulf of Guinea, has seen a big increase in oil exploration and production in recent years, and is now attracting the attentions of all the major oil companies.

The importance of its oilfields has increased in recent years for a number of reasons:

* The increasing volatility of the Middle East.
* The large amounts of oil discovered in the region.
* The development of technology allowing the extraction of oil from fields as deep as 8,000 feet.
* The scarcity of big new oil prospects elsewhere.

The region is also attractive to US companies because it is geographically closer than the Middle East. The region's crude oil production exceeded four million barrels a day in 2000—more than Iran, Venezuela, or Mexico. The US currently receives 16 percent of its imported oil from sub-Saharan Africa—more than it gets from Saudi Arabia. West Africa exported almost twice as much crude oil to the US in 2001 as it did to Europe (68.1 million tonnes to the US, 34.9 million tonnes to Europe.) According to projections by the US National Intelligence Council, the proportion of oil imported to the US from sub-Saharan Africa will reach 25 percent by 2015, exceeding that from the Persian Gulf.

The importance of West African oil in the US's strategic planning was the subject of a January 25 seminar in Washington attended by the Assistant Secretary of State for African Affairs, Walter Kansteiner III, as well as the ambassadors of several African countries. The seminar was entitled, "African Oil—A Priority for US National Security and African Development."

Investments in West Africa by US transnationals such as ChevronTexaco and ExxonMobil, as well as lesser-known ones such as Amerada Hess and Ocean Energy will total $10 billion annually by next year, according to the Energy Information Administration. An analyst at Phillip Dodge at Ryan, Beck & Co. said, "From a competitive standpoint the majors have to participate."

Oil drilling equipment has become one of the main US exports to Africa.

While the cost of drilling for oil in deep waters is greater than on land, the advantage for the oil companies is that their operations are remote from the instabilities of the African mainland, minimising the risk of an interruption to the supply. US oil giants such as ChevronTexaco Corp., Exxon Mobil Corp., and Europe's Royal/Dutch Shell and TotalFinaElf are using cutting edge technology to tap the fields off West Africa's coast.

ChevronTexaco has made the biggest move into West Africa, with exploration and production interests in OPEC-member Nigeria—where more than two-thirds of the region's oil lies—Angola, the Congo (Brazzaville) and Equatorial Guinea. "Africa is a very important part of the world for us in that objective of increasing our oil equivalent production growth," ChevronTexaco spokesman Fred Gorell said.

The smaller Vanco Energy Company specialises in buying up deep-sea areas that are potential oil fields, and doing deals with the governments involved. It has bought 27.4 million acres of deep water around Africa, and plans to set up six oil wells in Cote d'Ivoire, Equatorial Guinea, Morocco and Namibia in 2002 and 2003. It has already overtaken the Italian oil company Agip in the size of its African holdings.

Africa Confidential notes that there are "growing rivalries" between US-based and French-based oil companies, and this can only deepen as the number of remaining unclaimed oil fields dwindles. Many of the West African countries whose oil is now being opened up under the auspices of US companies are former French colonies, and many are members of the "Franc Zone" or CFA (Communauté Financière Africaine). Until recently, France viewed these countries as its own sphere of influence. But it lacks the huge amounts of capital needed to mount any challenge to the US companies.

The African Oil Policy Initiative Group, a lobby group for the oil industry, urges the Bush administration in a white paper to declare the Gulf of Guinea "an area of vital interest" to America. The huge investments are also bringing increasing pressure from the industry for a greater US military presence in the region. The white paper recommends establishing a military subcommand for the Gulf of Guinea.

The five biggest African oil producers account for 85 percent of the continent's oil production and are, in order of decreasing output, Nigeria, Algeria, Libya, Egypt and Angola. Libya is still listed as a "rogue state" by the US, despite pressure from US businesses to get this changed, while Algeria and Egypt are beset by instability. This is why other African countries—Gabon, Republic of Congo (Brazzaville), Equatorial Guinea, Cameroon, Tunisia, Chad and many others—are also attracting the attention of oil companies.

Nigeria

Nigeria is the world's sixth-largest exporter of oil and the fifth-largest supplier to the US. Its oil production was 2.15 million barrels per day in 2001, and this is expected to increase to 3.2 million barrels per day by 2010. Bonny Light crude from Nigeria has low-sulphur content, and is easily converted into gasoline.

Nigeria is the only West African country belonging to the Organisation of Petroleum Exporting Countries (OPEC). It has been a member of

OPEC since 1971, but is now under pressure to withdraw as part of the ongoing effort by the richer countries to drive down the price of raw materials. The US has been the major backer of the civilian government led by Olesegun Obasanjo, but his rule has failed to bring stability and may not last much longer.

The US has sent in forces to train the Nigerian army. It sees Nigeria not just as a source of oil, but also as a regional power that can be used to police tensions in the whole of West Africa. Nigerian troops make up the biggest contingent of the ECOMOG multilateral military force, which has intervened in several countries to put down disturbances.

Angola

Angola has in recent years become the ninth-largest oil supplier to the US. It currently holds around 5.4 billion barrels. Angola was formerly a colony of Portugal until its independence in 1975. The government of the Popular Movement for the Liberation of Angola (MPLA) has been in power since 1975, led by President José Eduardo dos Santos since 1979. After helping UNITA (under Jonas Savimbi) to destabilise Angola for decades through a civil war costing millions of lives, the US is now working through the MPLA government to get access to its oil. After Savimbi's death, a peace agreement between UNITA and the Angolan government was signed in April 2002. Oil production has increased from around 500,000 barrels per day a decade ago to 731,000 in 2001. By 2010, this is expected to increase again to 1.4 million barrels per day. More than half of Angola's exports are already going to the US.

Africa Confidential describes Angola as the "exploration target of choice for industry giants". The huge Girassol field, in Block 17 of the waters off Angola, is owned by TotalFinaElf, and went into production last year.

Despite being endowed with valuable natural resources including huge oil reserves, Angola's per capita income is amongst the lowest in the world. The country is presently suffering a catastrophic famine. A recent report by Global Witness claimed that between one-third and one-half of all state revenue in Angola—more than $1 billion—disappeared in 2001.

Gabon

Gabon has a per capita income four times the average for sub-Saharan Africa, but inequalities in income ensure that a large proportion of the inhabitants are desperately poor. Gabon depended on timber and manganese until oil was discovered offshore in the early 1970s. The oil sector now accounts for 50 percent of GDP, with production in 2001 standing at 301,000 barrels per day (8 percent down on the previous year). Gabon exports almost half of its commodities to the US, but imports mainly from France. Gabon was formerly a French colony, and is still a member of the CFA.

For most of the time since its independence from France, Gabon has been ruled as a one-party state. In May 1990, attempts were made to establish the right of parties other than the Gabon Democratic Party (PDG) to exist, and those countries with interests in Gabon now claim it has a more "transparent electoral process".

The French investigation in the 1990s into the misuse of funds by the Elf oil firm in Gabon caused tensions between Gabon and France. Elf deposited illegal "commissions" in Swiss bank accounts, for the alleged use of top Gabonese politicians.

Republic of Congo (Brazzaville)

Congo Brazzaville, which borders the much bigger Democratic Republic of Congo, is a substantial oil producer—271,000 barrels per day in 2001. The ruling regime is hoping to benefit from heavy new investment in deep offshore reserves, with production expected to rise to around 400,000 barrels per day by 2010. It is backed by the US and France for this reason. Congo Brazzaville was a French colony until 1960, when it became independent and is part of the CFA.

The government is a thinly disguised dictatorship, which came to power through a bloody military coup in 1997. Its elections have been characterised by flawed electoral rolls, and the main opposition candidates have been barred from standing.

Equatorial Guinea

Equatorial Guinea's oil production has more than doubled the country's gross national product in three years, having increased from nothing in 1991 to 181,000 barrels per day in 2001. The country was administered by Britain until the middle of the 19th century, and then became a colony of Spain until 1968, when it became independent.

President Obiang Nguwma Mbasogo has held power since August 1979, when he seized power through a military coup. The country has belonged to the CFA since January 1985, and is under French influence. Nevertheless, it was the US oil companies who moved into the country first, and who now dominate its oil industry.

Cameroon and Chad

Cameroon produced 80,000 barrels of oil per day in 2001, down from 88,000 the previous year. This figure is expected to rise to 150,000 barrels per day by 2010.

A tripartite maritime boundary dispute with Equatorial Guinea and Nigeria is currently before the International Court of Justice. The presence of oil reserves in the Bakassi Peninsula has made all sides determined to hold out for as much of the disputed area as possible.

Cameroon is the product of the 1961 unification of what was French Cameroon with part of British Cameroon. It is currently ruled by an ethnic-based elite. Cameroon is part of the CFA, and much of its trade is with France and Italy.

AIDS has become one of the major causes of death in recent years, with over 10 percent of the population infected.

Next year, Cameroon's neighbour, the landlocked Chad—another former French colony, in which power is held by an ethnic-based northern elite—is set to start pumping as much as 250,000 barrels a day. Exxon/Mobil is funding the "Chad-Cameroon Development Project," to develop oilfields in southern Chad. In order to export the crude oil from the country's landlocked oilfields, it will be transported approximately 1,070 kilometres (663 miles) by underground pipeline to a marine terminal on the coast of Cameroon.

Billions of dollars are now being pumped into sub-Saharan Africa, one of the poorest areas of the world. Yet the population suffers from famine and disease on a scale that can only be considered a crime in the 21st century. The West has made much of the transition to democratically elected governments in Africa, but in countries with such a stark division between rich and poor parliamentary democracy has little meaning for the mass of the population. It only serves to conceal a new grab for Africa's resources resembling that which took place in the 19th century, with profit-hungry companies claiming the right to exploit vast areas of territory at the expense of the local population.