

US, Europe intervene to protect oil interests

## West Africa: Coup aborted in São Tomé and Príncipe

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A coup in the Atlantic islands of São Tomé and Príncipe, off the coast of West Africa, has ended in international mediation after just one week and President Fradique de Menezes returning from Nigeria to a red carpet treatment.

There is a promise of fresh elections.

The coup seems to have had little public support and was widely condemned by the African Union (AU), ex-colonial power Portugal, the United Nations and the United States, all of whom exerted pressure on the rebels. The World Bank threatened the rebels with diplomatic isolation and cuts in vital aid. Military intervention was also discussed by Nigeria and the AU.

With the ending of the coup, Corporate Council for Africa president Stephen Hayes declared that now was the time for US investors to become “more actively engaged with São Tomé and Príncipe than ever before.”

São Tomé is a poor country with an average income of just 70 cents per day (\$280 per annum). A youth was killed last April during antigovernment protests demanding better living standards. It is an agricultural economy whose main export is cocoa, which yields around only \$4 million per annum.

Despite this, the coup aroused interest around the world largely because seismic data suggests that the Gulf of Guinea, off West Africa, may have enormous deep-water oil reserves that new technology is making commercially viable to access. More than 10 billion barrels of oil are believed to lie around the islands, with the potential to eventually produce 3 million barrels per day.

São Tomé, in conjunction with Nigeria, is currently auctioning off licenses for the rights to search for oil under its territorial waters, and will follow this with an auction of permits in early 2004. Oil production is expected to start in 2006-2007.

In 2001, São Tomé signed an agreement with Nigeria, Africa’s biggest oil producer, for a Joint Development Zone (JDZ) along their shared maritime border. The JDZ is to be administered by a Joint Development Authority (JDA), which gives Nigeria 60 percent and São Tomé 40 percent of future oil revenues of the JDZ. The JDZ is divided into nine blocks, each

of which is expected to raise at least \$30 million from licensing. São Tomé is hoping to gain around \$100 million from licensing alone—around twice the country’s annual budget.

The JDA gives Nigeria preferential treatment in choosing which blocks to exploit. In exchange, São Tomé will be paid 10,000 barrels per day (bpd). But De Menezes has been seeking to raise the payment to 40,000 bpd as originally requested because he claims the deal gives Nigeria too much control over future exploitation.

The bloodless coup took place around 3 a.m. on July 16, with brief gunfire and grenade explosions. The rebels took control of the state radio and TV stations, the airport and the central bank. Government officials were arrested as troops patrolled the streets. These included Prime Minister Maria das Neves, her cabinet and the speaker of parliament. The prime minister later collapsed and was taken to hospital where she was treated for a heart condition.

Foreign Minister Mateus Meira Rita, who was in Portugal at the time, escaped arrest. President Menezes also escaped arrest whilst attending the Sixth Leon Sullivan Summit in Abuja, Nigeria—opened two weeks ago by George W. Bush—an African and African-American conference with some 30 countries attending.

The coup was led by Major Fernando “Cobo” Pereira, the head of the military training centre in São Tomé. It was backed by marginal opposition party the Christian Democratic Front (FDC), which has no parliamentary representation and is led by Sabino Santos and Arlécio Costa. The FDC includes individuals who gained combat experience as mercenaries in apartheid-era South Africa. *Africa Confidential* reports that some took part in the mercenary outfit Executive Outcomes’ operations in Angola in the 1990s. FDC members took part in an unsuccessful invasion of São Tomé in 1988 from bases in Gabon where they were in exile.

Pereira declared himself commander-in-chief in a radio broadcast and ordered all government officials and legislators to report to the central police headquarters, and 15 of the 55 legislators did so. Pereira announced that the takeover was in

reaction to severe economic conditions and to the country's political instability. He referred to the grinding poverty of the masses and the enrichment of the rulers, and declared a "Junta of National Salvation" to reverse the country's decline. A dusk-to-dawn curfew was imposed and all branches of the country's administration were shut down.

Widespread discontent in the army regarding pay and conditions and a planned reorganisation of the military played a part in sparking the rebellion. But it is widely believed that the coup was an elitist jostling for position to gain advantage of the expected oil bonanza. "I don't know what's happening in São Tomé," declared Rev. Andrew Young, ex-US ambassador to the UN, whilst chairing the Abuja summit, "but I know nothing happened until someone announced there was plenty of oil."

The Nigerian embassy was surrounded by troops, prompting Nigeria to issue a statement declaring that any threat to its property or the life of its citizens "will evoke appropriate response." Nigerian Petroleum Ministry officials said they did not expect the new junta in São Tomé to scuttle the oil bloc award based on the contractual agreement between the two countries. "The truth is that Nigeria can do without that area in terms of oil search. Our own continental shelf is there and very busy," said a ministry source.

The European Union (EU) and in particular the United States are keen to find new sources of oil; and shipping oil from West Africa to Europe or America is relatively straightforward, making it desirable.

De Menezes, a former cocoa baron, won 65 percent of the vote in the September 2000 election in a campaign that he admits was backed by foreign oil money. The last election in March 2002 was marked by the government and opposition accusing each other of using foreign intervention from Angola, Taiwan and Nigeria. During a previous coup in August 1995, the country's 900-man army seized power briefly, but was forced to back down after Angola intervened to force a settlement.

De Menezes has had five prime ministers in his three years in office, and he dissolved parliament last January, in part because of disagreements over who should control the oil sector and who had the right to negotiate exploration contracts with oil firms. When parliament reconvened, the disagreements soon resurfaced, as the president admitted to having received a payment from an international oil company that he used for campaigning purposes.

Last year, De Menezes accused undisclosed "oil interests" of trying to destabilise him. Opponents have also accused him of receiving backing from Nigeria. De Menezes was at the Abuja conference, discussing amongst other things the recent deal signed between the two countries. He has fought to renegotiate contracts with Exxon Mobil and Chrome Energy of Nigeria, which the International Monetary Fund (IMF) declared unfair to São Tomé. The last renegotiation caused a public outcry from several leading members of the elite, who described the

deals as poor and too generous to foreigners.

Many, including oil companies and other nations such as Angola, are unhappy with a deal signed last April by Chrome (formerly the Environmental Remediation Holding Corp.) and the JDA, which gives Chrome a series of rights and options in the JDZ. This is queering the pitch for everyone else. Emeka Ofor, who is close to the Nigerian elite, heads Chrome. A senior official at Chrome Energy declared, "The primary consequence of the coup to us is that the licensing round will be delayed."

There have been three previous delays to the licensing round due to diplomatic wrangling between Nigeria and São Tomé over the agreement. Initially planned for August 2002, it was delayed until October 2002, then until February 2003, and it is now scheduled for October 2003. The submissions are at an advanced stage, and the oil companies are clearly anxious about their profits slipping away from them.

The US has shown an interest in establishing a naval base on São Tomé to control its oil reserves and to police the Gulf of Guinea. Following Bush's careless mentioning of this plan, it is now denied by all sides. Nevertheless, it is widely thought to be a likely scenario, and de Menezes has welcomed the idea as a means to defend both São Tomé's territorial waters and its future oil revenues. Nigeria has also offered to place its troops on the islands.

The *Financial Times* reported that an Israeli lobby group, the Institute for Advanced Strategic and Political Studies, has called for the creation of a Gulf of Guinea Command with São Tomé serving as the naval base. There are other options for the US, as Equatorial Guinea's president Obiang Nguema has offered to allow the use of its strategically placed Bioko Island for a US naval base.

US officials visited twice last year, and de Menezes has met Bush in Washington. The US has admitted helping São Tomé establish a coast guard to protect its territorial waters. The UN's IRIN web site declared that the US "has also shown a keen interest in São Tomé's potential oil wealth and negotiated the establishment of air and naval facilities on São Tomé island last year."



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