Great power rivalries over oil animate Sudan secession referendum

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An overwhelming vote for secession is expected in the referendum to be held in the south of the country beginning on Sunday. A "yes" vote will split Sudan and create a new state, South Sudan, on July 9, 2011.

President Omar al-Bashir, who has long opposed secession, now says he will accept the outcome and has even offered the south's leader, Salva Kiir, "anything you need."

Bashir's volte-face notwithstanding, all the indications are that far from bringing peace and prosperity to Sudan, which ranks fifteenth from the bottom in the United Nations' index of the world's poorest countries, secession will exacerbate political tensions and strife. It could ignite another war between the two ruling cliques—the National Congress Party (the successor to the National Islamic Front) in Khartoum and the southern Sudan People's Liberation Movement (SPLM) in Juba.

The NCP and SPLM are themselves pawns in a broader struggle between the major powers to control the country's rich oil, mineral and water resources. The most immediate impact of the referendum is that it will nullify Khartoum's existing oil deals with foreign investors.

Sudan's oil reserves are estimated at 6.7 billion barrels, while the country has massive but uncharted mineral wealth. The ability to plunder this wealth is an inevitable source of conflict, as is access to the Nile, which provides 149 billion cubic metres of water reserves each year. A newly created South Sudan will own about 80 percent of the country's oil resources and include the Nile basin, but Sudan has the refineries and control of the 1,500-kilometre pipeline, built by China National Petroleum Company (CPNC), which carries the oil to the export point of Port Sudan.

The referendum is the outcome of the US-brokered Comprehensive Peace Agreement (CPA) between the Sudan government and the SPLM in January 2005. The CPA brought to an end the country's 22-year-long civil war—Africa's longest war—between the largely Arab north and Christian/Animist south. Two million people died as a result of the war and the famine and disease caused by the conflict, and 4 million people were displaced at various times.

A key part of the deal was to allow Sudan's oil wealth to be shared with the south and open up possibilities for American and European corporations to access the large oil fields in the south that have thus far largely been controlled by China, Pakistan, Malaysia and France. China has by far the largest stake, controlling 60 percent of oil production.

But despite the agreement, the two sides have been at loggerheads, with armed clashes breaking out between their militias. In breach of provisions of the CPA, Khartoum did everything it could to obstruct a referendum, blocked oil revenues going to the south, and refused to disband government-backed militias that operate in the south and fuel ethnic and intercommunal clashes.

The oil revenues, which have generated a fivefold growth in the economy between 1998 and 2008, have enriched a narrow layer in the north rather than benefiting the broader population. They have not been used to build much-needed infrastructure and welfare facilities in the south.

US embassy cables released by WikiLeaks report allegations by the International Criminal Court's chief prosecutor that President al-Bashir has siphoned as much as $9 billion out of the country, putting much of it in UK banks. If true, this is equivalent to one tenth of the annual income of Sudan, where gross domestic product per capita is just $1,200.

The National Congress Party has invested massive sums of money—and accumulated a mountain of debt—in an ambitious but controversial dam programme and other projects aimed at reviving the agricultural sector and encouraging China and the Gulf states to buy up land in northern Sudan.

The US, excluded because it imposed sanctions in 1993 against Sudan for sponsoring terrorism, has cultivated the ruling clique in the south, but has latterly been trying to restore relations with Khartoum. Last November, the Obama administration offered to take Sudan off the US list of state sponsors of terrorism if the Sudanese government agreed to hold a credible and on-time referendum on southern independence and implement all the post-referendum agreements, including those related to border demarcation, oil revenue-sharing, currency and citizenship.

However, every one of these issues is fraught with problems, making it difficult if not impossible to achieve a peaceful secession. The SPLM has been re-arming, with support from neighbouring East African countries, in anticipation of further conflict.

Twenty percent of the putative state borders—the longest in east Africa—have still to be delineated, and ownership of the oil-rich areas remains undecided. Arrangements have still to be made for the key oil-rich region around Abyei, which lies on the border between the north and south and has been the scene of deadly

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clashes, to hold a separate referendum on which state it wishes to join in the event of separation. But there is not even agreement on who should be allowed to vote. The south wants only the permanent residents to vote, while the north wants the nomadic Misseriya people, who are resident in the dry season, to vote as well.

Citizenship is a highly contentious issue. The Sudan government has in the past called for the expulsion of the 2 million southerners living in the north in the event of a "yes" vote. At the very least, the north is expected to deny southerners the rights of residency, work, movement and property it gives to Egyptian residents in Sudan. This is likely to prompt the south to try to block the seasonal migration of the northern pastoralists, who spend part of the year in the south.

There is also as yet no agreement on how the oil revenues are to be shared. Oil income accounts for half of the north's revenues and 98 percent in the south. All the oil concessions will need to be renegotiated with South Sudan, whose ruling elite views China as the north's financial backer and has close ties with the US. This is what animates Washington's insistence that the referendum be held. But should fighting break out again between the north and south, rival southern groups might seize the oil fields of the China National Petroleum Company.

A *Financial Times* editorial January 6 urged that "UN peacekeepers should stay on to monitor the frontier, and north and south Sudanese living in the other's state should be protected," warning that "the forces of fragmentation are likely to be violent."

An additional complication is that no one knows precisely how much oil is produced, since Khartoum publishes little useful information and even less than it did in 2008. Global Witness, the UK-based anti-corruption organisation, has reported that Sudan might be producing 26 percent more than the government has declared. But according to the *Financial Times*, only one third of the 21 concessions are actually producing any oil, and only one of these blocks is exclusively in the north.

The government's estimates suggest that Sudan has only 10 years of commercial production. According to the *Guardian*, the Swedish Lundin Company and OVL of India pulled out after drilling several dry wells, and the French company Total has yet to strike it big in its oil concession, all of which suggests that Sudan's oil reserves may be far smaller than once believed.

Until the 2005 peace agreement, the south had no share in the revenues. Since the CPA deal, which splits the revenues from the six concessions, some $10 billion has gone to the southern elite, who have used it for their own self-enrichment and for pet projects. At the same time, they have stoked up fears about Sharia law in order to whip up hostility to the north and popular support for secession.

South Sudan is desperately poor and divided. There are grievances over land reparations, migration routes and lack of development. For decades, aid has focused on alleviating the desperate humanitarian situation, not economic development. According to the charity World Vision, children in southern Sudan are three times more likely to die than children in the north, while 90 percent live on less than $1 a day.

The SPLM/A, the armed wing of the SPLM, has spawned several breakaway groups, leading to fears of internal fighting over control of the oil fields, with rival parties accusing Kiir's government of corruption and failure to defend the population. Kiir has just signed a ceasefire agreement with George Athor, a general who, after defecting from the southern army to run for the presidency of the largest southern state and losing the election, revolted against Kiir. Athor's militia will now be reintegrated into the southern army.

For the north, with 80 percent of Sudan's export revenues coming from the daily shipment of 500,000 barrels of oil, secession threatens economic collapse. On Wednesday, the parliament rubber-stamped the government's austerity plan—agreed with business and the trade and agricultural unions—that will see a reduction in the subsidies on sugar, a food staple, and petroleum products, leading to price rises of between 33 and 50 percent.

Inflation is, according to the government, expected to be 14 percent in 2011, but most analysts expect it will be much higher. Last November, the government was forced to devalue the pound in an effort to attract more foreign currency and destroy the black market, but without success.

Large minority groups in the Nuba Mountains and the South Blue Nile, where the SPLM has governed with the NCP since 2005 and has still not demobilised its fighters, have strong ties to the south. The government has still to organise referendums for these regions.

The various factions in the Darfur region in western Sudan, which are fighting the Sudanese government forces, hope to gain the backing of the new southern state for their demands for wealth- and power-sharing and reparations for victims of the war.

These conditions are an indictment of the legacy of British colonial rule, as well as the rapaciousness of the US and other major powers, which have backed the power struggle of various local cliques in their own interests. They testify to the venality of the Sudanese national bourgeoisie, whose rival cliques seek their own advancement through war and by offering themselves as pawns of the major powers.

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