

# Sudan's foreign relations with Asia

## China and the politics of 'looking east'

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### Introduction

China has featured prominently in recent international coverage of Sudan. The high-water mark of attention came with the build up to and passing of United Nations Security Council Resolution 1769 that authorised an African Union–UN mission for Darfur. China's vote in favour of this resolution was widely greeted. It prompted unusually positive headlines, which contrasted with previous coverage of its role in Sudan (such as 'Empowering Evil: China aids Sudan's killers', Brookes 2007). Subsequent events have continued to place China at the forefront of coverage of Sudan. This has happened for good reason given the economic importance of China to Sudan and that China's Sudan engagement has acquired wider significance in relation to expanding Chinese engagement in Africa and in the world at large. Darfur has internationalised China's relations with Sudan in a manner that has rendered its involvement in the region a defining episode in its wider foreign relations.

The fixed and at times narrow focus on China has been understandable but has upstaged the role of other states and interests in Sudan. One of the less-covered aspects of Sudan's recent foreign relations has been its increasing cultivation of ties with India, alongside the continuation of economic links with Malaysia. Asia is Sudan's leading regional block for trade and investment, far ahead of the Middle East. China has played the leading role in the reorientation of Sudan's economic relations toward 'Asia', a term that is used as a general category encompassing the main players China, India and Malaysia, and Japan and Korea, and its involvement has become particularly evident in recent years.

This paper contextualises the position of China in Sudan today. It offers a general account aimed at capturing key trends, providing a snapshot of the dynamic landscape of Sudanese politics. Unless stated otherwise, the statistics used are from the Bank of Sudan.<sup>1</sup> Rather than

isolating the role of China in Sudan, the paper seeks to show how it is a salient part of Northern Sudan's 'look east' foreign economic relations. In addition, while in no way as important as China in the economy of Sudan today, India has sought to expand relations as part of its own African engagement.

First, the paper discusses the background to relations and the main factors that have facilitated China's expansion within Sudan. Second, it surveys the nature of the ties between Sudan and Malaysia, India, Japan and China, with particular emphasis on economic relations.

Third, it outlines China's changing role in Sudan in connection to Darfur. It traces the evolution of China's diplomatic role, the elements of continuity in its relations with Sudan and the development of its relations with Chad. Finally, the paper assumes a wider Sudan perspective by considering the role of China in relation to the Comprehensive Peace Agreement (CPA), with particular attention to the development of relations between Beijing and Juba. Until recently, China–Sudan relations referred predominantly to relations between Beijing and Khartoum but the Chinese government has also developed relations with the Government

of Southern Sudan based in Juba.

### China–Sudan relations and factors facilitating China's expansion in Sudan

#### *China–Sudan relations 'before oil'*

The background to China's current relations with Sudan has long been marked by the flavour of a special connection. Sudan was the fourth country on the continent to establish diplomatic ties with the People's Republic of China (PRC) on 4 February 1959. Since that time, China has maintained good relations with Sudan's different parliamentary and military governments. Premier Zhou Enlai visited Khartoum in January 1964. Though Sudan had supported the entry of China into the UN in 1961, his meeting with President Abboud

Sudan has increasingly been cultivating ties with India, as well as maintaining links with Malaysia

was reported to be not especially successful. However, a shared colonial history and events involving General 'Chinese' Gordon provided a symbolic link between China and Sudan and would continue to do so for successive generations.<sup>2</sup>

Relations improved markedly during President Nimeiri's rule in Sudan (1969-1985), especially during the 1970s, a time when the country enjoyed good relations with the United States in the fluctuating context of the Cold War. China's favourable position was due to the contrasting reactions of the Soviet and the Chinese governments to the attempted overthrow of Nimeiri in 1971. The leadership of the Communist Party of China (CPC) prudently kept silent and was quick to congratulate Nimeiri once he was re-established in power. Furthermore, Beijing's unequivocal support for Nimeiri's suppression of the communists, contrasting as it did with Soviet protests against the execution of the coup's ringleaders, won President Nimeiri's favour for the PRC. The Chinese government offered to help train Sudan's armed forces and supplied military equipment. Sudan received Chinese economic grants, soft loans and technical expertise.<sup>3</sup> China mounted an aid programme after the 1972 Addis Ababa peace agreement. The Chinese-built Friendship Hall in Khartoum symbolised the flourishing state relations of the 1970s. Today, many Sudanese remember the Chinese contribution during this period in a positive light.

Ali Abdallah Ali (2006) distinguishes between two periods in the history of Sudan-China relations: 'before and after oil'. This division captures the important difference between China's economic relations with and involvement in Sudan before and after the 1990s: Broadly speaking, China was a less significant economic partner with a much less involved role in Sudan at a different phase of China's own development. China's trade with Sudan had not been important, nor had the country developed serious interests in Sudan. China's economic relations with Sudan during the 1980s were not especially important. Trade continued, and there was a limited business expansion and efforts to increase trade. However, very different and consequential politics have developed since the early 1990s and have accelerated through oil cooperation.

The historical backdrop before the take-off of relations in the 1990s is thus important in certain respects. It plays a role in framing relations and informing the language of official interaction. However prominent the role of history, the period of substantive Chinese involvement in Sudan is comparatively short and would deepen progressively over the 1990s until the present moment largely because of oil. China's role in Sudan today is different from that during previous phases of relations as it is more far-reaching and involved than at any period in the past. This underlying trend is one reason why China's position in Sudan has become more challenging for the Chinese government.

### ***Foreign relations after 1989***

Three trends in the development of relations stand out as factors contributing to the serious entry into and expansion in Sudan by China. First, as for Malaysia and later on India, China's position in Sudan today has been importantly shaped by the nature of Sudan's foreign relations during the 1990s and the destructive wars in Southern Sudan, as well as its own investment strategy. The 30 June 1989 coup that brought the National Islamic Front (NIF) to power in Khartoum came shortly after the Chinese government had forcibly put down political protests on Tiananmen Square. Beijing appeared to be uncertain about the nature of the new government of Sudan (GoS) headed by the chairman of the Salvation Command, Brigadier Omar el-Bashir, who visited China and met the new Chinese president Jiang Zemin in November 1990. Northern Sudan's new hardline Islamist government promoted a domestic project of Islamist social transformation and renewed its war on Southern Sudan against the Sudan People's Liberation Army (SPLA). Islamist support for Iraq and Saddam Hussein over the 1991 Gulf War, notably by Hassan Turabi, caused problems for Khartoum from America and Europe. The NIF was associated with support for terrorism, including the attempted assassination of the Egyptian president in June 1995, which deepened Sudan's regional isolation in the Middle East, reinforcing the NIF's need to turn to China. It was the object of UN sanctions from 1996 and US sanctions from 1997, although the European Union adopted a policy more in line with constructive engagement.

Second, the government of Northern Sudan turned to the Chinese government out of need. As well as political isolation, the NIF faced a crisis of state finance as its war on Southern Sudan continued. The GoS's turn to China for oil investment may have been debated within ruling circles, and questioned by some, but it was driven by necessity and assisted by China's own receptiveness to the prospect. Limited efforts had been made to enhance trade in 1993, including a Chinese trade fair in Khartoum. In 1994, the GoS expressed interest in Chinese assistance in oil development, which led to a preliminary survey conducted by the China National Petroleum Corporation (CNPC) (see Jakobson & Zha 2006). Further deals to finance oil development were completed in late 1995 following a visit to Beijing by President Bashir.

Northern Sudan's relations with China have exemplified genuine state-level mutual benefit. China officially presents President Bashir's request for assistance with oil development at this juncture as an overture to which it has responded positively. China, however, had good reasons to be interested in expanding economic relations with Sudan, particularly through 'energy cooperation'. Established Western corporations controlled other key oil-producing areas on the

African continent and beyond. Given the difficult circumstances of China's own foreign relations after 1989, and like Africa more generally, it viewed Sudan as a political ally. Furthermore, as the largest country in Africa, Sudan was seen as a resource-rich state with a market deemed to have high, untapped potential partly because of a lack of business competition. The international isolation of Sudan and its vast natural resources provided an opportunity with strong potential to China, even if Sudan's complex politics and war economy meant that according to China's calculation, Sudan presented a combination of difficult circumstances entailing investment risks combined with the prospect of benefits to Chinese businesses (Tang 1997). CNPC and Petronas stepped up operations as Western companies, notably Talisman, came under pressure to withdraw. Chinese and other Asian oil companies benefited from measures designed to apply pressure on the government in Khartoum, including economic sanctions on US business with Sudan. The successful development and running of Sudan's oil sector amidst the civil war in Southern Sudan from the mid-1990s demonstrated the absence of investment constraints and dovetailed with GoS military objectives. Furthermore, CNPC had the benefit of state-directed political support and was not significantly affected by international transparency demands.

Finally, oil has been central to the development of relations and continues to be so. China's entry into the Sudanese oil sector came in the wake of a long history of efforts to develop an oil export industry. Oil was fundamental in influencing political developments in Sudan, notably during the breakdown of the 1972 peace accord. Prior to the period of CNPC activity, during a time when the American company Chevron was active, oil was already associated with the dynamics of conflict. While China has never been the sole oil operator in Sudan, its CNPC-led involvement represented a decisive phase in Sudan's longstanding attempts to become an oil exporter. Chinese companies were at the forefront of a state-backed strategy that was successfully implemented during the war to construct the apparatus necessary to extract, process and transport oil from the southern fields to Port Sudan.

In practice, the development of Sudan's oil sector entailed risk sharing and technical and other forms of cooperation among a range of oil companies. The major national oil companies took the lead, but they were supported by a string of sub-contractors. All were closely and necessarily connected to the GoS (Patey 2006; Human Rights Watch 2003). CNPC shared the investment risk of entering war-torn Sudan when it formed the Greater Nile Petroleum Operating Company

(GNPOC) with Talisman (or Arakis as it was at first), Petronas and Sudapet, the state-owned Sudanese oil company. An agreement to develop Blocks 1, 2 and 4 in Heglig, Unity and Kaikang, Southern Sudan, was signed in the beginning of March 1997. The GNPOC consortium, through a CNPC subsidiary, constructed a buried pipeline to connect oil production with the international market. The first cargo of Sudanese oil—600 000 barrels of Nile Blend crude—was shipped from Port Bashair, south of Port Sudan on the Red Sea, on 30 August 1999.

If China's contribution to the development of Sudan's oil sector was significant, Sudan was important to China's efforts to develop its oil sector. China's involvement in Sudan spans an important phase in the restructuring and expansion of its national oil companies overseas; the aim was to build internationally competitive firms and to enhance China's security in regard to an energy supply. Sudan was important to the process of expanding the Chinese oil sector abroad. CNPC's success in Sudan in 1999 contributed to the State Council's endorsing CNPC's strategy of overseas oil asset shopping (see Zhang 2004).

### Oil has been central to the development of relations and continues to be so

The role of Malaysia was similar to that of China. Minister for Energy and Mining Awad Ahmed al-Jaz described its government as 'friends of yesterday, today and tomorrow who came to Sudan during difficult circumstances' (Agence France-Presse [AFP] 2005). Besides its 30 per cent stake in GNPOC, Petronas's investment portfolio in Sudan also features a 40 per cent share in the Petrodar consortium.

The Indian entry in Sudan's oil sector came through ONGC Videsh Limited (OVL), a wholly owned subsidiary of India's Oil and Natural Gas Corporation (ONGC) Limited, a company that is 90 per cent owned by the Indian government. Mandated to secure overseas energy supplies, OVL has been strongly backed by the government of India. It acquired its share in GNPOC in March 2003 from Talisman for an Indian corporate record of some \$720 million (or \$690, according to OVL). ONGC's entry and strategic foothold in GNPOC came at a time when Western major oil companies were the targets of strong human rights pressure against involvement in Sudan. Arriving relatively late on the scene, ONGC benefited from conditions similar to those facilitating the entry of CNPC and Petronas.

### The economic position of Asia in Sudan today

Sudan's economy is officially growing as the oil-fuelled economic boom largely centred in the north continues amidst sanctions. Against the backdrop of war during the 1990s, Sudan's average real gross domestic product

(GDP) had stood between 2,6 and 3,1 per cent from 1989 to 1999 before the impact of oil was strikingly felt (International Monetary Fund [IMF] 2007:218). The formally measured recent economic growth rate is impressive on paper although headline rates disguised significant fiscal difficulties and economic challenges, real GDP having grown 8,5 per cent in 2005 and 12,2 per cent in 2006 and being projected to grow at 11,1 per cent in 2007 (IMF 2007:75).

China is the foremost external economic actor in Sudan today and leads the strong Asian thrust to Sudan's foreign economic relations. Taken as a category including not only China, India and Malaysia but also Japan, South Korea, Singapore, Indonesia and Taiwan, Asian countries have come to be the most important investors in Sudan, an increasingly significant source of Sudan's imports and a dominant feature of Sudan's export profile, largely through oil. Over the past decade, in Sudan the declining economic role of the West has been counter-posed against an increase in Asian importance. The impact of sanctions on Western companies has been reinforced by the high-profile American-led divestment campaigns initiated during the war in Southern Sudan and reinvigorated over Darfur.

The reorientation of Sudanese trade toward Asia can be seen in official Sudanese import and export statistics. In 1994, for example, Asian countries made up 21,9 per cent of Sudan's exports: China accounted for 6,1; Japan 4,5; Thailand 4,6; South Korea 1,7; and Taiwan 0,1 per cent. In addition, these countries made up 21,4 per cent of imports: Japan supplying 3,7; China 3,2; India 2; Indonesia 2; and South Korea 1,6 per cent. These figures compared with the amounts for 'industrial countries' (US, the United Kingdom, France, Germany, Italy and Germany), which took a combined share of 37,7 per cent of Sudan's exports and a 36,9 per cent share of its imports. The Asian share of Sudan's total imports and exports in particular has increased appreciably since 1999, with China accounting for by far the largest proportion. Asian imports constituted 37 per cent of Sudan's total imports in 2005 and 2006, and the percentage of Sudan's exports going to Asia rose to 85 per cent in 2005 and 2006, largely accounted for by oil.

As the following survey indicates, the leading Asian investors in Sudan are marked by a similar combination of political relations facilitating economic links and providing the resources to invest. China and India's respective import-export banks have been central to this process of underwriting expanding business operations in Sudan. The role of respective national oil companies in facilitating business expansion not

only connected to but also evolving beyond the oil sector can be seen in the cases of Malaysia, India and China.

### ***Relationship between Sudan and Malaysia***

The GoS has maintained political ties with the Malaysian government in a relationship where Islam has been of primary importance in promoting economic relations. Malaysia has supported Sudan on the international stage. It has expressed support for President Bashir over the conflict in Darfur and has stood up for Sudan's sovereignty. Prime Minister Badawi, for example, argued against the imposition of sanctions on Sudan during his state visit to Khartoum in April 2007. Malaysia's position at that point as chair of the Organisation of the Islamic Conference (OIC), which Sudan joined in 1969, meant this statement attracted wide attention. Sudan's ruling National Congress Party (NCP) led by President Bashir had looked to the OIC for international support. After meeting the Malaysian Prime Minister in April 2007, for example, President al-Bashir called on the OIC to help Sudan 'confront western pressure to accept international forces in Darfur' (AFP 2007).

Over the past decade the declining economic role of the West has been counter-posed against an increase in Asian importance

The level of total bilateral trade between Malaysia and Sudan is not high, standing at \$51,9 million in 2006 (some \$51,7 million being Malaysian exports to Sudan). Malaysian investment in oil remains important through Petronas, which is also involved in the oil retail business in Sudan. Besides its stakes in GNPOC and Petrodar, Petronas operates a number of other concessions (a 77 per cent stake in Block 8, 68,8 per cent in Block 5A, 41 per cent in Block 5B, and 35 per cent in the offshore Block 15). Oil sub-contracting activity by Malaysian

companies is widespread. A substantial proportion of contracts awarded by the Petrodar consortium, for example, have gone to Malaysian companies like Ranhill and Peremba Construction. A subsidiary of Petronas, Petronas International Corporation Limited, took up a 50 per cent interest in the new Port Sudan Refinery Project in mid-2005. Petronas and the Ministry of Energy and Mining were planning to jointly invest, develop and operate an export-oriented refinery at Port Sudan designed to process the highly acidic Dar Blend crude from Blocks 3 and 7.

Malaysian companies have been urged by the Malaysian and Sudanese governments to expand investment in Sudan. Malaysian business is already active outside the oil sector. In January 2004, PJI Holdings and Sumatec Resources won a \$1,2 billion contract for the 850 km-long Khartoum-Sennar railway. Sithru Sdn Bhd was awarded an exclusive letter of intent by the government of Southern Sudan (GoSS) in June



2006 to undertake a 5 000 MW hydroelectric facility in Southern Sudan, valued at \$9,5 billion over 15 years. Following a Malaysian trade delegation visit to Sudan in November 2006, the prospects of further operations are good. During his 2007 trip, Prime Minister Badawi made efforts to promote Sudan as an investment opportunity to Malaysian business. Agriculture and food were identified as sectors with particular potential. Sudan was presented as a business bridge for Malaysian companies to the Common Market for Eastern and Southern Africa (COMESA) and the Greater Arab Free Trade Area (GAFTA) ('Sudan Offers Opportunities to Malaysian Investors' 2007). Badawi argued that Malaysia and Sudan had much to contribute to bilateral trade expansion, as well as to the OIC.

### ***Relationship between Sudan and Japan***

The economic role of Japan in Sudan is worth noting. Today, Japan is a comparatively significant economic partner of Sudan. Japanese exports to Sudan have increased in recent years. Japan has doubled its share of Sudan's imports: total imports rose from \$77,2 million (3,2 per cent) in 2003 to \$341,8 million (5,1 per cent) in 2005 and \$535 766 million (6,6 per cent) in 2006. The increase in Sudan's exports to Japan was greater and took the form of oil. From a total of \$64,2 million in 2002 (3,3 per cent), exports increased to \$522,6 million (0,6 per cent) in 2006, having been \$577,5 million (12 per cent) in 2005.

According to the Bank of Sudan, Japan was the second-largest buyer of Nile Blend crude after China in 2006, importing 39 million barrels of oil from Sudan, 36 per cent up from 2005 (Masaki 2007). However, according to other statistics, Japan was the single biggest customer of Sudanese oil in 2006. In 2006, total Chinese imports from Sudan were 4,8 MT or half of CNPC's share of its total production in Sudan (9,3 MT). Nearly half of the oil that CNPC produced in Sudan share went elsewhere; Japan took 6,3 MT in 2006, making it Sudan's single biggest customer (see Kroeber & Donovan 2007). In mid-November 2007, it was reported that the Japanese government was considering the possibility of banning oil imports from Sudan. Kansai Electric Power Company and Kyushu Electric Power Company were going to reduce oil imports of Nile Blend ('Japan Studies Effect of Possible Sudan Crude Oil Ban' 2007).

### ***India rising***

India has played a more significant but to date less visible role than the previous countries. Its comparatively recent concerted efforts to expand economic relations with Sudan have been part of a wider scaling up of business engagement with Africa. Similar to that of China, India's official rhetoric tends to draw attention to historical ties, which were formalised on the eve of

Sudan's independence (an Indian Liaison Office was set up in Khartoum in April 1955).<sup>4</sup>

Since April 2003, Sudan has been included in India's enlarged Focus Africa programme that was launched in 2002 to expand economic interactions with seven major trading partners headed by Nigeria, South Africa and Mauritius. The visit by President Abdul Kalam to Sudan in October 2003 injected momentum into relations. India's engagement is underpinned by economic motivation, and as in the case of China, New Delhi's relations with Northern Sudan have featured the cultivation of mutually beneficial working political relations. The Indian government has supported the sovereignty and territorial integrity of Sudan amidst debate on intervention in the context of Darfur. The two governments offer mutual support in a number of areas: Sudan supports India's aspirations to become a permanent member of the UN Security Council; in turn, the Indian government agreed in 2005 to assist Sudan in its aim of World Trade Organisation (WTO) accession. The two governments present a shared public commitment to South-South cooperation. India was represented as an observer at the March 2006 summit of the League of Arab Nations in Khartoum, where its federal minister of state for external affairs delivered a solidarity statement by India's Prime Minister Manmohan Singh.

After the Sudanese foreign minister's trip to India in June 2005, the Indian government restated its support for the sovereignty, unity and territorial integrity of Sudan. Furthermore, it affirmed that Darfur 'is an internal crisis' to be resolved by the GoS 'in consultation with the AU'; 'India was not in favour of sanctions which could be counter-productive' (Joint Indian-Sudanese statement, 2006). Beyond formal government diplomacy, but very much connected, India's corporate stance over Darfur is robust. As Sanjeev Kakran, vice president of OVL, said: 'The shadows of Darfur don't affect us' ('ONGC Explores Oil in Sudan Amidst Risks' 2005). The Indian government's own diplomacy and its unwillingness to publicly criticise the GoS on Darfur have caused uncomfortable moments. One such incident involved the UK-sponsored resolution on human rights in Sudan and Darfur, which was not passed in the UN General Assembly Third Committee (Social, Cultural and Humanitarian) in 2005 after a 'no action motion' tabled by Nigeria and supported by India (and Malaysia) was passed by 84 votes to 79, with 12 abstentions.

Bilateral India-Sudan trade totalled some \$621,53 million in 2006. Sudan-India trade is imbalanced in favour of Indian imports. Sudan's exports to India have been minor: In 2006, they amounted to \$22,5 million (0,4 per cent of exports), having been \$30,8 million (0,6 per cent) in 2005 with gum arabic being the largest single item. Sudan's imports from India, however, have increased notably since 2002. The

increase was partly due to their initial low starting point, imports having been \$115,96 million in 2002. In 2006, however, imports totalled \$599,04 million (7,4 per cent of Sudan's total imports), an 88 per cent increase on 2005. The largest portion was made up of petroleum products (\$226 198 million) followed by manufactured goods (\$113 015) and machinery and equipment (\$102 806 million).

The increase can be attributed to state-directed efforts to support the expansion of Indian business with Sudan. Between 1996 and 2005, Sudan attracted the fourth-largest share (\$964 million) of Indian foreign direct investment (FDI). OVL has played a leading role in Indian economic expansion in Sudan. Besides its direct oil operations, it worked on a \$1,2 billion oil refinery, completed in 2005, and the construction of the \$200 million oil and gas export pipeline between the Khartoum refinery and Port Sudan. Similar to CNPC and Petronas in the case of Chinese and Malaysian business, it would act as the beachhead for an expanded commercial engagement in Sudan. A range of public and private Indian companies have sought to enter Sudan, aided by investment promotion channels such as the India–Sudan Joint Business Council. The Associated Chambers of Commerce and Industry of India sent a 200-member business delegation to Sudan in August 2006. The first Enterprise India Advantage Sudan trade fair was held in Khartoum, featuring some 78 public and private Indian companies and conducting business worth \$150 million in an event touted as marking 50 years of diplomatic ties.

The comparatively recent Indian business growth in Sudan has been supported by a government-sponsored investment framework. India's economic policy toward Sudan operates on the basis of 'a non-exclusive five-plus-one policy': five areas, presented as 'priority sectors in which India can respond to Sudan's developmental requirements' (infrastructure, agriculture, human resource development, information and communications technologies, and small and medium industries) are supplemented by 'commercially viable investment' in energy and manufacturing. Opportunities for Indian business are integral to the five-plus-one policy. The Export–Import Bank of India has played a key role in financing and promoting Indian exports to Sudan. A major part of the rationale behind credit lines was to 'provide initial help to kick-start our [Indian] exports'. India had extended Sudan a line of credit of around \$50 million four times by February 2007, when it advanced a \$48 million package directed toward solar electrification, railways and other projects ('Indian Bank to Offer US\$48m Credit to Sudan' 2007).

### ***China: Sudan's 'no 1 economic friend so far'***

A political framework and structure of bilateral investment agreements governing trade has facilitated China's expanding economic relations with Sudan. Political links have featured regular meetings between Sudanese leaders of the NCP and their Chinese counterparts, as well as a largely symbolic official party cooperation agreement between the NCP and the CPC. Events such as President Bashir's participation at the third Forum of China–Africa Cooperation in November 2006 enable the Sudanese president to appear on the international stage.

China's total bilateral trade with Sudan increased markedly in the latter part of 1999 after oil exports began, and it has grown substantially since. Sudan was the third-largest trade partner with China in Africa in 2004 and 2005, after South Africa and Angola. Trade relations are characterised by a rare Chinese trade deficit in Africa caused by the imbalance between Chinese demand for Sudanese raw materials (oil) and Sudanese imports of Chinese goods. While China is a key foreign economic partner from a Sudanese perspective, Sudan's share of China's total foreign trade is minor and has remained between 0,2 and 0,3 per cent.

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The context of current economic relations is defined by the preferential and proportionally high degree of state support for Chinese corporate involvement in the country. Sudan was the most important recipient of official Chinese FDI in Africa until the end of 2005; indeed, it ranked as the ninth-largest recipient of total Chinese outward FDI by 2005. Sudan took a 46 per cent share of China's net non-financial overseas direct investment to Africa as a

whole in 2004 and a 22 per cent of accumulated net overseas direct investment to Africa by the end of 2005 (*China Statistical Yearbook* 2006:759).

China's share of Sudan's overall imports, according to the Bank of Sudan, has increased from 8 per cent in 2002 and 13 per cent in 2004 to 20,8 per cent in 2006. Today, Sudan's imports from China are dominated by 'machinery and equipment', 'manufactured goods' and 'transport equipment', with 'textiles' and 'chemicals' also featuring. Chinese statistics on exports to Sudan show two noteworthy trends. The first one is the apparent inter-linkage between Chinese businesses operating in Sudan and China's exports to Sudan. Demand, for example, is caused by increased construction activity, which also appears to be responsible for the largest export commodity from China to Sudan in 2004: 'steels'. The second trend is the recent increase in Chinese exports of mechanical and electronic goods to Sudan. This provides evidence of Sudan's status as

a growing market and includes Chinese white goods manufactured by companies such as Haier.

China is Sudan's top export partner.<sup>5</sup> The proportion of Sudan's total exports going to China rose from 65,7 per cent of the value of all exports in 2002 to 71 per cent in 2005 and 75 per cent in 2006 (Bank of Sudan figures). Since 2000, oil has made up over 98 per cent of Sudan's exports to China. The only other export products of note going from Sudan to China, according to the Bank of Sudan, are sesame and cotton. However, China has opened up new zero-tariff exports lines to Sudan, which may increase exports.

### *Oil involvement*

Chinese investment and activity in Sudan's oil sector remain central to relations. CNPC-International Sudan operates a 40 per cent stake in the GNPOC's Blocks 1, 2 and 4 in South Kordofan and Unity. Annual production peaked in 2005 when it ran at 328 000 bpd and is declining. Furthermore, it operates a 41 per cent stake in the Petrodar consortium's Blocks 3 and 7, where Sinopec has a 6 per cent stake. These have an annual output estimated at 10 million metric tons of crude. CNPC is an operator of the partly deepwater Block 15 in Sudan, together with Sudapet. In late June 2007, CNPC took a 40 per cent stake in a 20-year concession in offshore Block 13 together with PT Pertamina, Indonesia's national oil and gas company.

The importance of Sudanese crude imported into China has declined owing to a combination of new suppliers, especially Angola, and problems within Sudan where high expectations about the potential importance of oil reserves over the longer term have been moderated in recent years. According to official statistics, China's oil imports from Sudan compared to its total African and world imports and as a percentage of oil imports from Africa have decreased since 2002. At that time, Sudan was a reasonably important source of crude for China contributing 9,26 per cent of China's total imports, or 40,68 per cent respectively of China's African oil imports as a whole. In 2004, this figure dropped to 4,7 per cent of China's overall total imports, representing 15,39 per cent of China's total African oil imports, which accounted for 28,69 per cent of China's total in 2004. Sudan was China's sixth-largest crude supplier in 2007, accounting for 6 per cent of China's crude imports.

### *Chinese business in Sudan: beyond oil*

There has been a strong Chinese involvement in the infrastructure and construction sectors in Sudan. Energy sector projects have been prominent. China Exim Bank, together with a number of Middle Eastern investors, has underwritten the construction of the approximately \$1,5 billion Merowe Dam in which the role of companies from China, as well as those from

Germany and France, has been controversial. While the project was presented as having development benefits, it has provoked local disturbances and conflict.<sup>6</sup> The construction of the Kajbar Dam, a 300 MW hydropower project being built on the third cataract of the Nile, downstream of the Merowe Dam in the Nubian region of Northern Sudan, is also contested and opposed by Nubian organisations. The Harbin Power Plant Engineering Company completed the second of the planned four phases of the El Gaili Power Plant in 2007. Planned by the Ministry of Energy and Mining and the Sudan National Electricity Corporation, this gas- and oil-fired power plant is cited by Chinese and Sudanese government officials as an example of the economic and social benefits Chinese investment is bringing to Sudan. Transport is another important sector with Chinese involvement in the construction of highways, bridges and railways. In 2007, the China Railway Engineering Corporation and its subsidiary Transtech Engineering won a \$1 billion contract to build a 700 km-long railway in Sudan between Khartoum and Port Sudan.

## **China's changing role in Sudan**

### ***Darfur and China's Sudan relations***

As Chinese government spokespersons have endeavoured to point out, China 'is not alone' in Sudan. In terms of relative importance, however, the position of other external actors in Sudan does not come close to that of China. China's role has upstaged that of others for good reason, even if at times the context of its involvement is distorted by a narrow focus on Beijing. At times, the continued focus on China's role in Darfur served to divert attention from the central role of the GoS and, to a lesser extent, the political circumstances contributing to the conflict.

Darfur cannot be reduced to a matter of oil and natural resources, though these have played a role. Although the Sudanese have often ascribed foreign interest in Darfur to oil or resource potential, the actual proven reserves have not been extensive. The large oil blocks in Darfur, such as 12B, remain untaken but the potential of undiscovered resource endowments has been a contributing factor. Furthermore, conditions influencing the most recent conflict in Darfur were undoubtedly highlighted by the importance of actual oil money after 1999, contributing to Darfuri rebel grievances and a sense of economic and political marginalisation. China has not played an extensive physical role in Darfur to date. The main exception is CNPC's majority holding (95 per cent) in Block 6, which straddles Kordofan and South Darfur and which produced the relatively small amount of some 33 bpd out of an overall total of 434 in 2006. (CNPC relinquished parts of Block 6 to form Block 17 in 2005, but its status since mid-2007 has been unclear.) There have been a small number of minor Chinese business

projects and contracts. However, the geography of Chinese economic interests in Darfur contrasts with the concentration of Chinese investment on a north–south axis; it is currently marked by speculative potential rather than by substance. For China, this is irrelevant in many ways given the nature of its ties with the NCP; for Beijing, Darfur has proved to be a defining experience in a number of ways.

### ***China's evolving diplomacy***

The Chinese government's involvement in Darfur has demonstrated a process of evolution and indicates a reactive or flexible diplomacy rather than a defined strategy. This development became evident during the course of 2006 and 2007. Beijing's behaviour has been underpinned by pragmatic defence of economic interests and political differences with proposals in favour of interventions in Sudan, and by longstanding mistrust of American-sponsored interventionism rather than solidarity with the core group of NCP leaders around President Bashir, who would prove less susceptible to Chinese pressure than is commonly assumed by many external commentators. What had proceeded as a mutually beneficial relationship since 1994 came to pose challenges to Beijing not only in Sudan but also in its African engagement and in the wider context of its international relations. China's role in Sudan has snowballed beyond the expectations of the Chinese government, which has accordingly reacted to unanticipated critical international attention and scrutiny to redress the damage inflicted.

China's diplomacy has not been exclusively driven by a narrow defence of its economic investment in Sudan (Shichor 2007). Reductionist economic explanations are inadequate, as is the convenient view that oil has driven Chinese diplomacy throughout. Beijing's handling of Darfur has involved self-interested pragmatic action underpinned by investment protection concerns, but it has also reflected the Chinese government's political concern about and stress on the importance of territorial integrity, unity and sovereignty. The disparity between the importance of China to the Sudanese economy and the comparatively minor significance of Sudan to that of China is one indication of this attitude. Sudan as an important source of oil in Africa has been displaced by Angola and other producers; the quality and production rate of its oil have not met expectations. Setting economic relations in perspective, Sudan is not a comparatively significant trading partner of China; the question arises in China whether Sudan has been worth the cost of exposure.

As has been suggested, Beijing has been concerned that UN peacekeeping intervention without the consent

of the Sudanese government (ie the NCP) could pose a risk for the principles of its framework of conducting relations with Africa as a whole. A key factor in China's successful expansion in Africa in recent times has been the doctrine of non-interference; deviating significantly from this principle would have wide ramifications for the principles of its African engagement and, to a certain extent, for China's own context. The precedent of a forcible intervention in Sudan overriding sovereignty would also have implications for China, however the Chinese government appears to have been particularly exercised by the question of political stability in Sudan. The question of international intervention in Darfur was added to concern over possible 'regime change' designs on the government in Khartoum. China's Darfur connection becoming a mobilising subject in American politics complicated this matter, and with Darfur developing into an issue in US–China relations, fear arose that a proxy war would develop. Concern that the efforts to stop human rights abuses in Sudan under American leadership might be directed at China itself is also conceivable. The inability of the GoS to achieve a military solution in Darfur, as well

as continued international pressure and threats to China's economic interest, including those from within Sudan, was a contributing factor behind Beijing's attempt to convince Khartoum to accept the UN peacekeeping contingent in Darfur.

### **A key factor in China's successful expansion in Africa in recent times has been the doctrine of non-interference**

China's support for Khartoum involved a combination of protection and political help. From the early days of the conflict, including the period from 2002 when rebellion crystallised and grew in Darfur, meetings took place between Chinese and senior government officials in Khartoum. China's UN Security Council voting consistently abstained on

Darfur resolutions; however, it supported resolutions relating to the CPA and the UN Mission in Sudan supporting the North–South peace process, to which China contributed peacekeeping troops. Moreover, Beijing sought to emphasise its humanitarian assistance and support for peacekeeping before these activities became part of a more concerted diplomatic effort fronted by the special ambassador, Liu Guijin, in 2007. The Chinese government pledged to offer \$610 000 worth of humanitarian aid to Darfur in August 2004, following a trip to Khartoum by China's Special Envoy and Assistant Foreign Minister Lu Guozeng.

One area of government support to Sudan from China was military (see Small Arms Survey 2007). This may have stemmed from Beijing's apparent expectation that Khartoum would achieve an early military resolution to the conflict in Darfur. The nature and timing of expanded military links are suggestive. Military relations between China and Sudan were strengthened after 2002 in



the wake of a programme of military cooperation. At this time, Khartoum was attempting to crush the Darfur uprising while simultaneously negotiating with the Sudan Peoples' Liberation Movement/Army (SPLM/A) to end the long-standing war with the south. Following an exploratory trip to Beijing by Sudan Armed Forces (SAF) Chief of Staff Abbas Arabi Abdalla in March 2002, a fully-fledged military meeting took place in June. Abdalla and the Sudanese defence minister Bekri Hasan Salih met separately with a high-level Chinese military delegation led by Du Tiehuan, political commissar of the Beijing Military Region ('Sudanese Defense Minister, Chief of General Staff Meet with Visiting Chinese Military Delegation' 2002). A number of further high-level meetings took place in Beijing and Khartoum, among others during December 2003 and late 2005. Participants included the highest-ranking members of the SAF, China's Central Military Commission, and the People's Liberation Army (PLA). In the face of mounting international criticism and financial shortfalls, Chinese assistance became more vital during this period. During an October 2005 visit by 19 Chinese military commanders, the Sudanese minister of national defence, Lieutenant General Eng Abd-al-Rahim Muhammad Husayn, suggested that Sudan and China had discussed a 'plan to develop and improve the [Sudanese] armed forces according to the demands of the peace agreement' ('Sudanese President Meets Chinese General; Lauds Ties with China' 2005). In April 2007, Haj Ahmed El Gaili, the SAF chief of staff, made a week-long visit to China, invited by Liang Guanglie, chief of general staff of the PLA. Further pledges were made to strengthen cooperation.

The transfer of arms has been another related area of Chinese support. UN Security Council Resolution 1556 (2004) prohibited all states from engaging in the 'sale or supply' of arms to Darfur.<sup>7</sup> A report by the UN Panel of Experts established under Resolution 1591 (2005) found that 'shell casings collected from various sites in Darfur suggest that most ammunition currently used by parties to the conflict in Darfur is manufactured either in the Sudan or in China' (UN Security Council 2006: paras 125, 37). It furthermore found that 222 military vehicles were procured from Dongfeng Automobile Import and Export Limited in China (the consignee was Sudan's Ministry of Finance and National Economy, apparently on behalf of the Ministry of Defence. See UN Security Council 2006: para 126). Norinco arms, including QLZ87 35 mm automatic grenade launchers, were identified on fighters for the United Front for Democratic Change outside El Geneina, West Darfur. According to Teng Jianqun of the China Arms Control and Disarmament Association, 'China strictly follows relevant international agreements and codes involving the transfer of military hardware and technology' ('China Is a Responsible Maker and Seller of Arms' 2006). None of these reports proves that China has been violating the letter of the UN arms embargo. However, Chinese arms have been one feature of the

conflict (and would come to threaten Chinese interests through transfers to those fighting against Khartoum).

### ***Beijing's 'constructive' turn***

China's willingness to engage in Darfur predated the much publicised US-led campaign over the 'Genocide Olympics' that gathered momentum in 2007. Efforts in Addis Ababa in November 2006 by the Chinese ambassador to the UN, Wang Guangya, to broker a compromise deal in negotiations on the so-called 'Annan Plan', which called for an expanded UN peacekeeping role in Darfur, were a notable contribution. Although these were initially made quietly, Chinese officials retrospectively sought credit for them in public. Giving evidence to the Senate Foreign Relations Committee on 11 April 2007, the American envoy on Sudan, Andrew Natsios, described Wang's contribution in Addis as 'a vital and constructive role' and part of US efforts to work with China on Darfur. The Chinese government stressed its 'constructive role' over Darfur prior to President Hu Jintao's visit to Khartoum in February 2007. The appointment of the Assistant Foreign Minister Zhai Jun as a special envoy – and later in May the appointment of Ambassador Liu Guijin as a special representative on Darfur, upgraded China's diplomatic role over Darfur. This was an additional attempt to ensure that the Chinese government would not seem to be responding unduly to US government pressure on Beijing over Darfur. At the same time, it would state Beijing's willingness to assist and signal the Chinese government's desire to be, and to be seen to be, involved.

President Hu Jintao's visit reportedly saw him comment on the importance of peace and unity among peoples for the development of Sudan. President Hu's meeting with President Bashir considered Darfur. Chinese public statements about the need for a 'comprehensive ceasefire' and an acceleration of 'the political negotiation process' involving rebel non-signatories to the Abuja Accord, plus the need for humanitarian assistance, were revealing. The Chinese government committed RMB 40 million as aid for Darfur. President Hu is reported to have told President Bashir that 'Darfur is a part of Sudan and you have to resolve this problem' (McDoom 2007).

Beijing's positioning on Darfur had discernibly changed in a way that had seemed unlikely, even if, predictably perhaps, the immediate reaction of external commentators was that the Chinese response had not gone far enough. This reaction extended to China's own proposal for resolving the situation in Darfur, which combined China's firmly held principles with a hybrid peacekeeping role and efforts to promote development as a measure to address what were deemed root causes of the conflict in the form of a 'four-point plan' proposed by President Hu: respecting Sudan's sovereignty and territorial integrity as the

principles for settling 'the Darfur issue'; persisting in dialogues and consultations for the settlement of the issue on an equal footing and through peaceful means; encouraging the AU, the UN, and pertinent parties to play a constructive role in the peace-keeping issue in Darfur; and facilitating the stability of the regional situation and the improvement of the local people's living conditions.

The aftermath of President Hu's visit saw further evidence of China's attempt to persuade Khartoum to accept the hybrid peacekeeping force and of its desire to resolve its deepening Sudan crisis, and facilitating regional stability and improvement of Darfurians' living conditions. Mounting negative advocacy and media attention focused on China over Darfur has likely played a role, notably the advocacy campaign that raised the spectre of a boycott of the 2008 Beijing Olympics. On 14 December 2006, a *Washington Post* article argued that China's aim to be accepted 'at the world's diplomatic top table' was 'unlikely to be advanced if China is perceived to be complicit in genocide. Imagine the newspaper ads leading up to the Beijing Games in 2008: Human rights campaigners will call on the world to boycott the Genocide Olympics' (*Washington Post* 2006). This campaign gathered momentum under largely American public pressure. After a *Wall Street Journal* article by Hollywood actress and UNICEF ambassador Mia Farrow in late March, the 'Olympic Dream for Darfur' campaign was launched in May. While Chinese government officials deny that this campaign had an impact on China's policy, it appears to have briefly galvanised action when its purpose was interpreted to be an Olympics boycott (which did not materialise).

### **Change and continuity**

On 31 July 2007, the UN Security Council, under the presidency of China, passed Resolution 1769 establishing the hybrid AU–UN peacekeeping force in Darfur. The occasion was accompanied by Chinese claims of playing a key role in overcoming the opposition of President Bashir. This resolution represented a new chapter in ongoing attempts to respond to the conflict in Darfur, but China's support had followed as part of a process whereby changes in diplomacy were evident in a number of areas, some of which continue to be apparent.

Chinese diplomacy became visibly engaged. Chinese officials have made more trips to Sudan and to Darfur. Lu Guozeng, the Chinese vice foreign minister, for example, visited North Darfur state in January 2006, and his trip included a visit to the Abu Shuker camp for internally displaced persons (IDPs). After his five-

day trip to Darfur in late May 2007, Liu Guijin affirmed the willingness of the Chinese government 'to play a more constructive role in Darfur and to provide more humanitarian and development help for the Darfurian people'. He also 'hoped that the Sudanese side would show more flexibility on the implementation of a joint peacekeeping plan between the United Nations and African Union in Darfur' ('China Willing to be More Constructive on Darfur' 2007).

Beijing has promoted a dual-track process of AU–UN peacekeeping and an uncertain political process of attempting a negotiated settlement. As a Chinese spokesman said, 'The international society could push forward the peace-keeping and political processes in balance, help improve the humanitarian and security situation in Darfur and finally push forward the comprehensive and proper solution to the issue' ('China Supports UN's Efforts on Darfur, FM Spokesperson' 2007). China's being at one with the 'international community' in agreeing on the importance of the political process can be viewed as an attempt to narrow the distance between China and America in particular and consequently reduce exposure. However, it also resonated with a fundamental issue facing attempts to facilitate movement on addressing possible solutions in the light of the failure of the Darfur Peace Agreement (DPA).

### **Beijing has promoted a dual-track process of AU–UN peacekeeping and an uncertain political process of attempting a negotiated settlement**

The trend of increased Chinese participation in multilateral forums and initiatives on Darfur has continued. On a visit to New York in September 2007, Liu Guijin reiterated that 'the Chinese side has made a huge effort. ... Particularly on the hybrid peacekeeping operation the Chinese side has utilised all kinds of channels and talked to the Sudanese government and persuaded them as an

equal partner to accept the ... plan' ('China Played Determinant Role for Darfur Force Acceptance–Envoy' 2007). Jean-Marie Guehenno, the UN undersecretary-general for peacekeeping, said Beijing was playing 'a very important and constructive role in the Security Council to help bring a consensus' to end the fighting: 'China sees how detrimental to Africa the continuation of the conflict in Darfur is' ('China Keen to Play Role in Ending Darfur Crisis–UN' 2007). Furthermore, in late October 2007, Ambassador Liu attended the peace negotiations in Sirte, Libya, as an observer.

Another change of tone was evident in Beijing's line on arms transfers, moderated in a manner to answer external concerns. The Chinese government publicly recognised its responsibility to prevent weapons from China from reaching Darfur. In July 2007, Liu Guijin, China's special envoy to Sudan, dismissed claims that China was a major exporter of military weapons to Sudan and affirmed:

'We will do our best to prevent the weapons from finding their way into the wrong hands and from doing the wrong things' ('China Tries to Prevent Weapons in Darfur' 2007).

China is committed to supporting the peacekeeping force for Darfur and has increased its aid programme. In mid-September 2007, the PLA held an open training exercise for the 315-strong force of military engineers scheduled to deploy to Darfur, to lay groundwork for the full UN peacekeeping force by building roads, bridges and landing strips. The Chinese force will include several construction units, a force protection unit and a medical unit. Its advance mission was deployed at the end of November 2007. The new Chinese ambassador to Sudan, Li Chengwen, visited Nyala in late October to deliver a batch of aid to the local government. A train bearing 250 tons of donated aid materials featuring medical equipment, water tanks, and generators reportedly for '30 water stations and 25 water hospitals' brought the third of five aid batches of a total of RMB 80 million Chinese-pledged support ('China Sends 250 Tons of Aid Materials to Darfur' 2007).

There has been a new focus on the causes of the 'Darfur crisis', together with practical measures and arguments about the need to address underdevelopment in western Sudan. In May 2007, for example, the chairman of Exim Bank spoke at the Shanghai meeting of the African Development Bank and commented that 'Chinese aid and investment will in the long run help in the resolution of the Darfur problem' (Bodeen 2007). In April, it emerged that a Chinese farmer from Shandong, who managed a farm near Khartoum, was employing some 20 workers from Darfur as a gesture of humanitarian support ('Chinese Farmer Makes Special Contribution to Sudan's Darfur' 2007). In late May 2007, China's special envoy for Darfur, Liu Guijin, announced in Nyala that China would fund the construction of 120 schools in Darfur. Few disagree that development is needed in Darfur and that issues of economic marginalisation have been important in conflict. As Flint and De Waal (2005:xiv) point out, enduring problems of governance need to be addressed in Sudan and 'Darfur needs massive social and economic development'. The argument of development as a means to address root causes of conflict dovetailed with Chinese economic involvement in Sudan and was related to a tendency in Chinese analyses of the conflict in Darfur to present the matter in depoliticised terms that attribute war to ecological change or poverty and neglect to engage the history and politics behind of the conflict.

China's diplomacy on Darfur has clearly not progressed in a linear manner from a position of unconditional 'all-

weather' support for Khartoum to one of openly critical relations characterised by a break with the firmly held principle of public non-interference in the internal affairs of Sudan. Alongside processes that have demonstrated flexible diplomacy and efforts on the part of China to engage effectively, a continuation of relations in other areas has been evident. First, China has continued to insist that political and economic pressure on the GoS is counter-productive and that sanctions are not needed. Second, while the Chinese government played a key part in achieving Resolution 1769, it attempted to shape the resolution in a manner that responded to Khartoum's concerns, especially where its objections to invoking Chapter VII of the UN Charter were concerned. Third, while China expresses support for arms controls, its continued military cooperation programme with Sudan and the assertions that it will be strengthened 'contradicts Beijing's assertion that it strives for a more harmonious world' (Jacobson 2007:16). Fourth, the Chinese government has continued its programme of routine bilateral political cooperation and expanded economic relations with Sudan not only in the north but also in Southern Sudan. Darfur was a prominent feature of Western coverage of President Hu's visit to Sudan. However, while important, this visit led to discussions about continued political cooperation and regional and international issues and deepening 'pragmatic cooperation' in energy, telecommunications, irrigation and infrastructure construction. It has been followed by less visible cooperation between the two governments. In addition, the government of Sudan has continued to court Chinese business; on 12 November 2007, Sudan opened a new consulate in the Hong Kong Special Autonomous Region of China.

'We will do our best to prevent the weapons from finding their way into the wrong hands'

### ***China–Chad relations: regional entanglement***

Sudan's links with China are worth locating in the changing geography of China's regional relations. Of particular importance in the context of Darfur is the change brought about by Chad's switch away from Taiwan to Beijing on 6 August 2006. This move not only opened up Chad's oil fields to CNPC but also changed China's diplomatic interests with regard to Sudan and Darfur.

President Deby of Chad reportedly explained to the Taiwanese president that the seriousness of the rebel threat forced him to make compromises with the Chinese government to ensure the 'survival' of Chad, or his own political future. Winning Chad from Taiwan was a coup for Beijing. Beijing's diplomatic/political victory over Taiwan appears to have been assisted by the threat posed to Deby by Sudan-backed rebels in which China's support to the NCP played a part. In

April 2006, for instance, after rebels had again failed to take N'djamena not long before Deby ditched Taiwan, Chad displayed Chinese munitions captured from rebels supported by Khartoum.

Relations between N'djamena and Beijing have thickened since August 2006. Chad sent a delegation to the 2006 Forum of China–Africa Cooperation, where military cooperation was also reportedly discussed. Subsequently, the then Chinese foreign minister Li Zhaoxing visited N'Djamena in January 2007 to open the Chinese embassy and unveil an assistance package. CNPC announced that it had struck oil in late July. Not long afterwards, it a CNPC subsidiary, the CNPC Service and Engineering Limited, signed an agreement with the Chadian government to invest jointly in a refinery company to the north of N'Djamena.

President Deby was feted during a state visit to Beijing in late September 2007. He met President Hu Jintao and Premier Wen Jiabao and expressed appreciation for China's positive role on Darfur. The Chadian president also met Cao Gangchuan, China's defence minister and vice chairman of the Central Military Commission. Afterwards, the two sides pledged further military cooperation. Escorted by the Chinese ambassador to Chad, Wang Yingwu, Deby also visited the headquarters of CNPC. President Deby secured a number of agreements in Beijing, including preferential loans, agreements for the Chinese construction of government facilities, humanitarian aid, anti-malaria medicines and a health facility.

The return of Chad to Beijing meant an enhanced Chinese interest in the continued political rule of President Deby. It presented a further self-interested reason for China to try to prevent conflict in Darfur from overly destabilising new Chinese interests. It also feeds into competition with the US as part of regional politics. However, while France has a more important direct role in Chad, China is now more caught up in regional political/military dynamics it partly contributes to but which are essentially beyond its control. It is faced with the contradictions of its involvement as refracted in the complex, violent politics of the region. Since 2005, Chad has been involved in conflict in Darfur as a supporter of anti-Khartoum rebels. China's support for President Bashir today is hard to square with the NCP's sponsorship of attempts to overthrow Beijing's new friend in N'djamena. China, in effect, has been supporting two governments engaged in an extended regional conflict, and the unintended consequences of China's political and military support to Khartoum and more recently N'djamena are continuing to unfold.

### **China, Asia and the comprehensive peace agreement (CPA)**

China has publicly supported the CPA, an agreement that has facilitated an important change in its formerly

fixed axis of engagement with the central government in Khartoum. According to the Chinese ambassador to Sudan, 'China supports the CPA and its execution in a very comprehensive manner in order to establish unity, peace and encourage development in Sudan' and any talk of separation was 'premature' ('Interview with the Ambassador of the People's Republic of China in the Republic of Sudan' 2007). China has until recently preferred to conduct direct bilateral relations with the NPC government. It could, however, relate directly for the first time to the Sudan People's Liberation Movement (SPLM) as a member of the government of national unity in Khartoum.

China's preferred method of operating free of multilateral constraints contrasted with India's more integrated position in the multilateral framework of the CPA. India attended the Oslo Donors' Conference in April 2007 and announced a grant of \$10 million and a concessional line of credit of \$100 million. Half the grant was earmarked for a hospital in Gogrial, South Sudan, and the rest for vocational training centres in other war-affected areas including Darfur. India has supported United Nations Mission in Sudan (UNMIS) and has been one of its most important troop contributors, with a total of some 2 600 military forces including its force commander and police personnel.

The CPA has enabled the further exploration and development of oil resources in Sudan. The terms of the CPA explicitly protect 'existing oil contracts', defined as contracts signed before the date of signature of the CPA, and stipulate that these 'shall not be subject to re-negotiation'. Production has increased in part through the construction of enlarged infrastructural capacity. Oil remains central to politics in Sudan. First, wealth sharing continues to be divisive and oil remains a major destabilising factor, including in the context of Abyei and extent to which the oil fields will be demilitarised. Second, civilians affected by oil development have seen little progress, producing tension in oil-affected areas. The oil industry in Sudan may feature an international chain of business from exploration to use, but it is founded in local relations of extraction characterised by coercive methods such as forced displacement. Third, the progressive provisions of the CPA are not matched by events on the ground. The CPA may provide for oil use consistent with 'the national interest and the public good' and 'the interest of the local population in affected areas' and allow for entitlement to 'compensation on just terms', but it is most unlikely that these conditions can or will be realised for the benefit of affected populations. While the major oil companies, including CNCP, show interest in a nascent corporate social responsibility, thus far it has yet to have a proven constructive impact. Fourth, in the current circumstances of Sudan's oil industry in view of its history of conflict, it is not surprising that Southern Sudanese leaders would attempt to leverage the national oil companies. Speaking at the Shanghai

meeting of the African Development Bank in May 2007, the deputy governor of the Bank of Sudan, Elijah Malok, even evoked the spectre of the Niger Delta:

'You know what is happening today in the Niger Delta in Nigeria? ... We don't want that to happen in the south, but that can happen very easily. ... We have invited the Chinese to invest in our oil industry. But we are advising them to invest with a human face' (Beck 2007).

As Chinese business interests strive to expand market presence in Sudan, they face commercial challenges. One issue that was raised by President Hu during his trip to Sudan is the need for Chinese business to establish a credible reputation. As an apparent gesture of sensitivity towards its reputation, it was announced that 'The Chinese Government will encourage more well-established Chinese enterprises to participate in Sudan's economic constructions' ('Chinese President Meets Sudan Vice-Presidents, Comments on Darfur' 2007). The need to upgrade the quality of Chinese electrical goods exported to Sudan to ensure 'commercial prestige' has also been noted. Furthermore, the advent of serious Chinese commercial involvement in Sudan has provoked debate about the dumping of Chinese goods and the subsequent stiff economic competition for Sudanese business. There have been calls to protect Sudanese industry and craftspeople from Chinese and Malaysian companies. One commentator, noting that increased Chinese imports into Sudan had 'made local production retreat in the face of the Chinese dumping', argued for the protection of 'Sudanese commodities and weak segments that have suffered as a result of the current trade conditions' (Khalil 2007).

### ***China–Southern Sudan relations***

China's political and commercial relations were previously conducted with Northern Sudan while its relations with Southern Sudan continue to evolve. In recent years, China has made efforts to cultivate relations with the GoSS under SPLM leadership. The SPLM previously regarded Beijing critically because of China's support to the GoS during the war. The CPA enabled contact between Beijing and the SPLM through the Government of National Unity. The first notable step was the 'friendship' visit by a SPLM delegation led by Salva Kiir, who was then second to John Garang in the SPLM leadership, to Beijing in March 2005 for talks about possible economic cooperation and assistance. In February 2007, Salva Kiir welcomed Chinese participation in Southern Sudan's post-war construction while meeting President Hu Jintao in Khartoum. Beijing subsequently offered a loan to the GoSS.

The willingness of the GoSS to work with China was demonstrated in July 2007 when Salva Kiir visited China as first vice president of Sudan and president of Southern Sudan. His reception there suggested a new, more forward-looking approach to Southern Sudan. Central to this visit were reassurances from President Kiir that China's oil investments were secure not only in terms of the provisions of the CPA, but also in terms of a possible secession after 2011 (even though Southern Sudan would still rely upon those pipelines taking oil northwards for export). China's outreach to Southern Sudan, apparent recognition that Khartoum did not speak for Juba and new diplomacy with the GoSS were indicative of its need to adapt to the changing realities of politics in Sudan and the provisions of the CPA. A Chinese government delegation made an official visit to Juba in late August 2007. A new Chinese aid package was subsequently announced. This targeted hydro-electric projects and infrastructure construction including housing, roads, schools and a stadium, cultural centre and oil refinery.

A relevant question still being asked in Southern Sudan is 'whether or not the current Chinese economic interests in the Sudan will accommodate the development needs of South Sudan, the Nuba Mountains and Funj which are emerging from the destruction of war' (Nyaba 2005). Given China's track record in Southern Sudan during the 1990s and the intimate association with the NIF/NCP for many southerners, it is not surprising that elite ties have provoked discontent amongst those southerners who remember or experienced the impact of China's assistance to their former enemies during the last war. However, developing ties with the SPLM could be a significant step for the Chinese government in view

### **China has made efforts to cultivate relations with the GoSS under SPLM leadership**

of the current instability and possibility of a return to war. The reception of Salva Kiir in Beijing may have been formally dedicated to his position as first vice president of Sudan and presented as such by NCP leaders in Khartoum. However, there were indications that his position as president of Southern Sudan was also important. This was one of a number of factors pointing to an awakening by Beijing to the new political reality in Southern Sudan and a more forward-looking, flexible response that was compelled by good reasons. Should an independent Southern Sudan emerge unilaterally, through referendum, or through contested secession, the mere geography of the oil fields necessitated a change of positioning from Beijing, even if it were accompanied by continued insistence on support for a united Sudan.

The announcement by the SPLM in October 2007 that it was withdrawing cooperation with the NCP refocused international attention on the future of the CPA. That

Darfur had overshadowed important issues pertaining to the north–south peace framework codified in the CPA became even more apparent. China’s reaction, however, was interesting and contrasted with its earlier announcements welcoming the CPA and expressing a concerned and, by implication, more involved viewpoint. As a foreign ministry spokesman said:

China expresses concern on that. We believe the Sudanese National Congress Party and the SPLM will be able to proceed from the overall interests of national unity and reconciliation, safeguard the results of north–south peace which have not come by easily, properly resolve their differences through dialogue and consultations, work together, conscientiously implement the comprehensive peace agreement, and push forward the north–south peace process continuously. (Ma & Zhang 2007)

### ***China’s challenges in Sudan***

Darfur is a more important foreign policy issue for the Chinese government than Southern Sudan ever was. Chinese and other oil interests benefited from conflict in Sudan during the 1990s, but the timing and nature of conflict in Darfur generated different challenges at a different stage of relations. China’s growing involvement in Sudan has resulted in a number of broad and ongoing challenges in terms of its international politics, on the African continent and within Sudan.

At the international level, Darfur features as a mandatory item in China’s bilateral exchanges with European governments and the US, and in relations China has with the UN or regional forums such as the Arab League. Both as a general foreign relations issue and as an African one, Sudan presented China with challenges bearing implications for its international politics. Foremost were Beijing’s attempts to be seen as a ‘responsible’ rising power in Sudan. The condemnation China has attracted over Darfur has damaged the credibility of its claims of promoting a harmonious international world. Beijing has attempted to redress this damage by playing a more engaged role in Sudan by, amongst others, making efforts to further a politically negotiated solution. China has also been deepening its economic involvement in Sudan and has been continuing to support the government, and the NCP in particular. China has been attempting rather difficult diplomacy as it responds in part to the unintended consequences of support for a particular group centred around President Bashir as these have rebounded on Chinese interests.

China’s role in Sudan has become closely associated with its wider African engagement. China’s argument that it supported an African regional approach to addressing conflict in Darfur was in line with its policy of privileging local and regional approaches. The

Chinese government has made a point of expressing public support and providing financial support to the AU for Darfur. This is one aspect of its relations with the AU; the Chinese project to build a new AU Convention Centre in Addis Ababa began in May 2007. However, in previously resisting further international involvement in Darfur under UN auspices without the consent of Khartoum while supporting UNMIS, Beijing’s support for Khartoum rested upon a hard notion of sovereignty that was at odds with the AU Constitutive Act (and, in particular, the emerging principle of non-indifference codified in Article 4). This tension between a contested notion of sovereignty and attempts to go beyond it as codified in the Charter—from non-interference to non-indifference—meant that China’s own policy appeared to be badly matched with evolving standards in Africa, even if these remain contested.

Finally, China faces a number of challenges in Sudan. Many of these arise from the nature of its current involvement there. As suggested earlier, the present phase of Chinese involvement in Sudan can be thought of as the product of a comparatively recent engagement that has expanded since 1989, and particularly after 1994. It is thus hardly surprising that the growing complexity of China’s involvement is putting the established principles the Chinese government has employed to govern relations under stress. In particular, the principle of non-interference has been brought into question not merely by the politics surrounding China’s relations with the NCP but also by the processes by which the Chinese have become part of the established socio-economic landscape in Sudan.

China now faces investment protection challenges that are the result of its expanded ties or, put differently, its commercial success in Sudan. Since 2003, and particularly after the CPA, which enabled oil activity to increase, China has established a structural foothold in Sudan not only in terms of the oil sector but also in terms of a growing market share for its products. This involvement is different from its previous one. China’s recent diplomacy on Darfur has been pursued at a very different phase of its involvement in Sudan, in the region and in Africa. China’s profile in Sudan and Africa during the 1990s was low, even if China’s militarised role in oil development in Southern Sudan attracted criticism. Today China is importing Sudanese oil and looking to increase production, in contrast to its exploration and limited extraction activities in Southern Sudan during the war in the 1990s. China now needs to protect the investments that it established in infrastructure and market presence in Sudan.

The close association between China and the NCP in Khartoum means that the Chinese government’s efforts to demonstrate an active commitment to the Darfur peacekeeping mission or to show progress in other areas, such as its oil operations, are compromised.



China is the most visible economic and political partner of Khartoum. As such, while its oil companies operate as part of business collaborations between different domestic and foreign partners, especially Malaysia and India, China is the most exposed. The rebel attack on Block 6 in 2006 fitted into a long history of a military targeting of the oil sector. However, China's current exposure has been illustrated by recent events. First, the October 2007 Justice and Equality Movement (JEM) attack on the GNPOC field of Defra, Kordofan, featuring hostage taking and a week-long ultimatum to Beijing to withdraw on 25 October, was described by a JEM spokesman as 'a message to the Chinese companies in particular'. The episode underlined the extent of Beijing's interest in a political resolution on Darfur and its reliance on Khartoum. Second, while Beijing has taken care to promote its support for and participation in the UN-AU Mission in Darfur (UNAMID), its interest was already politicised before the advance party of Chinese military engineers had been deployed to Nyala on 24 November 2007. Reaction to the Chinese peacekeeping contingent from the main rebel groups was hardly equivocal. The Sudan Liberation Movement commander for North Darfur, Suleiman Marjan, said that 'all Darfur is hostile to their presence' ('Darfur is Hostile Region for Chinese Troops-Rebel Commander' 2007). Khalil Ibrahim, leader of JEM, expressed opposition and reiterated his call on China to 'quit Sudan':

'I am not saying I will attack them. I will not say I will not attack them. What I am saying is that they are taking our oil for blood' ('Darfur JEM Rebels Reject Chinese Peacekeepers' 2007).

China is clearly more involved in Sudanese politics than before, much as it's government might wish otherwise. This reality, amidst continuing uncertainty about the future of the CPA and Darfur negotiations, means that it faces protracted challenges. Beijing's concern with political stability in Sudan has continued to translate, in effect, into an active interest in the political continuity of NCP rule under President Bashir. So far, the Sudanese president has lasted through the Jiang Zemin era and halfway through Hu Jintao's period in office and China has been successful in navigating Northern Sudanese politics, particularly the power struggles within the NCP. However, China's close association with the NCP renders it vulnerable to the uncertain course of Sudanese politics. As a result of the Chinese role in Southern Sudan during the 1990s and in the context of the more recent conflict in Darfur, China's blind-eye support for the NCP has attracted particularly strong criticism within Sudan. One commentator, for example, wondered 'whether Beijing is in effect on the verge of setting up a new imperial arrangement in

Sudan under the hegemony of the repugnant National Islamic Front regime in the country' (Marsu 2007).

China has been crucial to the NCP's foreign relations on the question of international intervention in Darfur, far more so than other states that have investments in Sudan and that have supported Khartoum, such as India and Malaysia. The core leadership around President Bashir would not have been able to pursue its strategy in the absence of Chinese support. The process throughout has been underpinned and directed by Khartoum under the ruling faction of Bashir's NCP, which benefited from Chinese assistance. In 2007, however, despite the lack of full information concerning China's formal/informal role and actual attempted leverage, the Chinese government has appeared to be more willing than ever to go public on its once private frustrations. Debate on Darfur within China reflected the varying degrees of prominence and presentation the conflict received in the Chinese media and, in particular, the lack of field reporting and coverage of Darfur.

## Conclusion

The itinerary of President Hu's state visit to Sudan in February 2007, featuring visits to the Khartoum oil refinery and meetings with representatives of the Chinese UNMIS peacekeeping force and with Chinese companies, provided a representative snapshot of China's contemporary interests in Sudan. What he reviewed amounted to over a decade of scaled-up economic investment spearheaded by that in oil and, more recently, a progressive broadening beyond this commercial anchor. At least in principle, the oil boom in Sudan is conducive to market expansion for

Chinese exports to Sudan, as well as to business inside Sudan, but there is wide competition. In particular, the Indian and Sudanese governments recently urged Indian companies to expand investment in Sudan.

China's foremost position as a key Asian dynamic to Sudan's foreign relations and internal economy, particularly where oil is concerned, has been importantly linked to relations between Chinese actors and the central state in Khartoum. Like Petronas and ONGC, Chinese actors such as CNPC relied on the state apparatus and on its military and ability to mobilise proxy allies to develop the oil fields. This tendency continues and has strengthened the governing state in Khartoum in the process, but it has also broadened, notably in terms of Beijing's emerging relations with Southern Sudan. In the process whereby the economic position of Asia in Sudan has grown appreciably, Asian investment has proceeded concurrently with the promotion of Western divestment

and has additionally benefited from the unintended consequences of Western-led efforts to apply pressure on the GoS. With the thrust of Western concern echoing the pressure directed toward oil companies over operations in Southern Sudan during the 1990s, however, the current campaign may well have assisted the economic prospects of Asian actors in Sudan.

Sudan is a defining case in China's changing relations with Africa. Beijing's adherence to the principle of non-interference in internal affairs may have been compromised but Sudan has become a laboratory for Chinese innovation in its African engagement. This process has not proceeded in a systematic manner: rather than following strategy, Beijing appears to have been attempting to navigate the river of Sudanese politics stone by stone in a mostly reactive manner while continuing to maintain and expand its commercial engagement.

Sudan has become an important case in China's wider international politics. When one considers the issue in the wider context of other international initiatives on Darfur, and the history of the conflict, a wholesale transferral of blame on Beijing simplifies a complex situation and underplays the role of Khartoum in orchestrating its counter-insurgency campaign in Darfur, a conflict that has since become even messier. However, in complaining that criticism of China is 'unfair', the Chinese government undoubtedly overlooks the nature and consequences of its role in Sudan, as well as the grievances that many Sudanese have about China and that have been generated in the process. As of November 2007, with the prospects for the UNAMID peacekeeping force established under UN Resolution 1769 uncertain, China has an opportunity of making a contribution that could enhance the potential for UNAMID to have an impact through further support.

Connected to Darfur is Beijing's interest in the fate of the CPA, together with that of other foreign governments. It remains to be seen whether or not China's new diplomatic positioning and apparent increased willingness to play a more involved role in Sudan will extend to active efforts to successfully promote the implementation of the CPA.

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## Notes

- 1 The Bank of Sudan and the Chinese Ministry of Commerce do not use the same measurements or reporting lines and their figures differ, sometimes significantly. These issues in regard to statistics are important but cannot be considered here.
- 2 Gordon's career began in China, where he supported the Qing Dynasty against the Taiping rebellion by leading a militia known as the Ever Victorious Army, and ended in Khartoum at the hands of the Mahdist rebellion in 1885.
- 3 Between 1970 and 1972, for example, the PRC granted Sudan some S£28 million in loans for a variety of projects, including the construction of the Wad Medani–Gedarif road and programmes such as the development of fishing, the modernisation of rice cultivation under the Gezeira scheme, and a survey of chrome resources.

- 4 Two episodes stand out: the supervision of Sudan's first parliamentary elections in 1953 by Shri Sukumar Sen, the chief election commissioner of India, and Nehru's gesture of granting Sudan early independence at the Bandung conference in April 1955 where he is said to have written 'Sudan' on his handkerchief to create an improvised flag of Sudan, thus welcoming the country into the international community before its formal independence on 1 January 1956.
- 5 According to UN Comtrade, the United Nations commodity trade statistics database, for example, trade value totalled \$8 189 425 861 between 2002 and 2006, significantly more than that of second-placed Japan (\$939 378 614) and third-placed Saudi Arabia (\$615 394 385).
- 6 In late 2005, for example, there were reports of disturbances in the Sani area. They were connected to the occupation of water wells in a Manasir nomad centre by Chinese contractors installing electricity networks connected to the Merowe Dam. Further demonstrations occurred in 2007 (see Askouri 2007).
- 7 State-to-state transfers from foreign governments to Khartoum are not prohibited by the embargo, but only acts that bring weapons to the Darfur region (North, South, and West Darfur states). It is therefore extremely difficult to demonstrate violations.



# European Coalition on Oil in Sudan



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**Block 1,2,4, GNPOC**  
- 40% CNPC  
- 30% Petronas  
- 25% ONGC Videsh  
- 5% Sudapet

**Block 3,7, PDOC**  
- 41% CNPC  
- 40% Petronas  
- 8% Sudapet  
- 6% Sinopec  
- 5% Al Thani

**Block 5A, WNPOC-1**  
- 68,875 Petronas  
- 24,125 ONGC Videsh  
- 7% Sudapet

**Block 5B, WNPOC-2**  
10% awarded to GOSS; composition to be renegotiated  
- 39% Petronas  
- 24,5% Lundin  
- 23,5% ONGC Videsh  
- 13% Sudapet

**Block 6, CNPCIS**  
- 95% CNPC  
- 5% Sudapet

**Block 8, WNPOC-3**  
- 77% Petronas  
- 15% Sudapet  
- 8% Hi Tech

**Block 9,11, Sudapak I**  
- 85% Zafir  
- 15% Sudapet

**Block 10, Free**

**Block 12A, Qahtani & Others**  
- 33% Qahtani  
- 20% Ansan  
- 20% Sudapet  
- 15% Dindir Petroleum  
- 7% Hi Tech  
- 5% A.A. In.

**Block 12B, Free**

**Block 13, CNPC, Pertamina & Sudapet**  
- 40% CNPC  
- 15% Pertamina  
- 15% Sudapet  
- 10% Dindir Petroleum  
- 10% Express Petroleum & Gas  
- 10% Africa Energy

**Block 14, Petro SA**  
- 80% Petro SA  
- 20% Sudapet

**Block 15, RSPOC**  
- 35% Petronas  
- 35% CNPC  
- 15% Sudapet  
- 10% Express Petroleum & Gas  
- 5% Hi Tech

**Block 16, Lundin**

**Block 17, Ansan**  
- 66% Ansan  
- 34% Sudapet

**Block A, Sudapak II**  
- 83% Zafir  
- 17% Sudapet

**Block B, Total**  
- 32,5% Total  
- 27,5% Kufpec  
- 10% Sudapet  
- 10% GOSS  
- 20% open

**Block C, APCO**  
- 65% Hi Tech  
- 17% Sudapet  
- 10% Khartoum State  
- 8% Hegleig

**Block Ea, Free**

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## About this paper

China's role in Sudan has received wide attention, notably prior to the passing of UN Security Council Resolution 1769 authorising an AU–UN mission for Darfur. However, while it has been Northern Sudan's most prominent external partner, China has played the leading role in the wider reorientation of Sudan's economic relations toward Asia that has become particularly evident in recent years. This paper surveys the position of China in Sudan today, locating Chinese engagement as part of this broader Asian dynamic. It considers the past and current context of China's relations with Sudan and, traces the evolution of its diplomatic role over in Darfur and the development of relations with Southern Sudan. It concludes by considering the role of China and other Asian actors in relation to the CPA.

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