

## The scorched earth: oil and war in Sudan /03.01

### Chapter 1 The war for oil

**The government of Sudan is clearing huge tracts of southern Sudan to make way for oil production. Troops are terrorising civilians, burning homes and attacking villages from the air in a war for oil**

Wide stretches of southern Sudan are being subjected to a ruthless 'scorched earth' policy to clear the way for oil exploration and to create a cordon sanitaire around the oilfields. As new areas of exploration open up, and oil companies facilitate troop movements by building roads across swampland and bridges across rivers, the war expands and the scorched earth advances.

While all parties are guilty of flouting Geneva Conventions and international humanitarian law, what marks the government out from the opposition forces is the extent of its attack on civilians living in and around the oil rich areas. This is having a devastating impact on the life of the South's two main tribes: the Nuer, the main victims of the current oil war, and the Dinka.

Since construction of the pipeline to the Red Sea began in 1998, hundreds of thousands of villagers have been terrorised into leaving their homes in Upper Nile. Tens of thousands of homes across Western Upper Nile and Eastern Upper Nile have been burnt to the ground. In some areas, the charred remains of the humble mud huts that got in the way of oil are the only evidence there is that there was ever life in the region.

Government forces and militias have destroyed harvests, looted livestock and burned houses to ensure that no-one, once displaced, will return home. Since the pipeline opened, the increased use of helicopter gunships and indiscriminate high-altitude bombardment has added a terrifying new dimension to the war. 'The worst thing was the gunships,' Zeinab Nyacieng, a Nuer woman driven hundreds of miles from her home, told Christian Aid late last year. 'I never saw them before last year. But now they are like rain.'

The inter-tribal warfare that has plagued the south for the last decade has been fomented by strategic arms deliveries from government garrisons. By the middle of last year, hundreds of cases of ammunition had already been delivered to one of the southern factions fighting for control of Western Upper Nile and its vast oil reserves.<sup>1</sup> This is warlordism - as the government and the oil companies call it - but warlordism provoked and encouraged by the government with the express intent of depopulating oil-rich areas.

One of the most tragic episodes in the history of Sudan's war is unfolding with scarcely a word of protest, or even acknowledgement, from any of the foreign companies operating in the region.<sup>2</sup>

Their silence is tantamount to complicity. The areas around the Heglig and Unity oilfields, the first to be opened up, are already virtual wastelands - government-controlled no-go areas where impunity is the rule. Independent observers are rarely permitted in and, when they are, are tightly controlled. Without international pressure on the government of Sudan and the oil companies working with it, other oil-rich areas will soon suffer the same, irreversible, fate.

Here we report on displacement from three oil areas, based on interviews with people displaced from those areas:

1. Block 5a, south-east of Bentiu, operated by Sweden's Lundin Oil, Austria's OMV and Malaysia's Petronas. Testing operations here began in January 2001 after a ruthless, year-long government assault to secure the environs to the concession and the access road leading to it. Oil was struck again in early March 2001.

2. Block 3, east of Bentiu, where production from the Adar Yei oilfield will be boosted by a new consortium of Malaysian and Chinese companies.

3. Blocks 1 and 2, north of Bentiu, where the Greater Nile Petroleum Operating Company (GNPOC) is exploiting the Heglig and Unity oil fields. Displacement here began in the 1970s but continued, after the formation of the GNPOC, in mid-1999.

***'The only signs of life are the lorries travelling to the oilfield'***

1. Block 5a: Lundin Oil

In April 1999, Lundin Oil of Sweden drilled an exploratory well at Thar Jath, 10 miles from the Nile, and reported finding as many as 300 million barrels of 'excellent' reservoir quality oil. A month later, according to Human Rights Watch, the government moved troops to Thar Jath and adjacent areas, displacing tens of thousands of people.

This was the start of a still-unfolding tragedy in the area that has a single cause: the lack of a national consensus on the country's single most important resource, oil.

In March 2000, amid fighting for control of the Thar Jath site, Lundin said it was suspending drilling because of 'logistical difficulties and safety considerations'. It announced the resumption of drilling in January 2001 'within days of the inauguration of the 75 kilometre all-weather road' from its base camp at Rub Kona.<sup>4</sup> Taban

Deng, a former Minister of State for Roads in the Khartoum government, told Christian Aid the road was built by Chinese workers and paid for by Lundin at a cost of up to \$400,000 per kilometre.

What Lundin did not say in its press release was that in the intervening 10 months, as the oilfield tripled in size and its airstrip was extended, government troops and militias had burned and depopulated the entire length of this oil road. In visits to Western Upper Nile in August and November 2000, Christian Aid found thousands of Nuer civilians displaced from villages along this road, hundreds of miles away in Dinka Bahr el-Ghazal. They all told the same tale. Antonovs bombed the villages to scatter the people. Then government troops arrived by truck and helicopter, burning the villages and killing anyone who was unable to flee - in most cases, the old and the very young.

Chief Peter Ring Pathai said that government troops airlifted to Kuach were shooting at villagers from the air, hanging out of the doors of their helicopters.

'All the villages along the road have been burned,' said John Wicjial Bayak, a local official who had been driven from a village close to the oil road.<sup>5</sup> 'You cannot see a single hut. The government doesn't want people anywhere near the oil.'

Aid workers who have flown over the oil road confirm these claims. An independent aid worker familiar with the area said that all the villages <sup>6</sup> that once existed along the road to Pulteri have been razed to the ground. 'As one flies along the new oil road, the only sign of life are the lorries

travelling at high speed back and forth to the oilfield,' said the aid worker. 'Small military garrisons are clearly visible every five kilometres. The bulk of the population that once lived in villages along the road and within walking distance of OLS airstrips are now nearly beyond reach. Communities in need cannot be assisted.'

Officials of Operation Lifeline Sudan (OLS) who have visited the area also say military traffic on the road is heavy. OLS is the major national and international relief effort bringing aid to the people of the Sudan, a consortium of the UN and non-governmental organisations.

According to village chiefs, systematic attacks on the villages along the oil road began in March 2000, the month Lundin suspended drilling. First, Antonovs would bomb the villages to scatter people, then government troops would come into the village by truck and helicopter to burn huts and kill any people who had stayed. One village was bombed ten times before government troops finally burned out the residents.

### **The scorching of villages along the Lundin oil road**

- One of the first villages attacked was Chotyiel, in October 1999. On hearing gunships, 80-year-old Liu-Liu ran to the forest with six of his grandchildren. 'We dug a hole for the children and put a blanket on top,' he said. 'Then soldiers came to burn the houses. Helicopters flew overhead. If they saw you, they killed you. We stayed 20 days in the forest eating wild fruit. It was not easy to move as we had blind people there. The Arabs are forcing the road to the village. They're going to Rier [Thar Jath], to the oilfield.'<sup>7</sup>

- Then in March 2000 government troops supported by Antonovs and helicopter gunships attacked the village of Dhorbor, on the first stretch of the oil road. Local officials reported more than 30 villagers killed.

- On 11 May 2000 it was the turn of the village of Guit. Mary Cuoy heard shots at 4am. 'I had a 3-year-old grandchild sleeping with me,' she said. 'I took her by the hand and left everything. In the morning, some people went back and saw soldiers taking the cows. Every hut was burned.'<sup>8</sup>

- A few days later, the village of Kuach was attacked by troops who arrived in lorries. 'When I heard bullets I took one child and ran naked to the forest,' said Simon Dual, a father of two. 'But it was far and three people were killed as they ran. When I went back the next day to see what had happened, I found the house burned and the body of my child, Stephen, in the fire.' The SPLA tried to fight back, explained Simon, but the Arabs had very big guns in their vehicles. 'My home was right beside the road works. Bulldozers passed within feet of it. They want to take the oil from the south for the north. They want to chase us off our land because they want the oil.'<sup>9</sup>

### **Burned alive**

An estimated 11,000 people displaced from Block 5a by the above attacks settled in the SPLA-controlled village of Nhialdiu. The village was already swollen by Nuer who had been driven south from the Heglig area in earlier years. Then on 15 July 2000, government militias attacked Nhialdiu - burning every hut bar one and displacing every inhabitant. A local chief, John Lou, said that the militias rounded up the elderly, put them in one hut and burned them alive. He said some of the dead were also very young children - five of them his own children.

Thousands more displaced people fled west into the neighbouring province of Bahr el-Ghazal, where a peace agreement signed between Nuer and Dinka in the village of Wunlit offered a safe haven after years of inter-tribal fighting. John Wicjial Bayak was one of them: 'We crossed five rivers,' he related.<sup>10</sup> 'It took 12 days. We had no supplies, so the children just ate wild fruit. Five children in our group drowned because they couldn't swim. I swam with one hand and supported my two children in the other. We encountered crocodiles and elephants. So many enemies.'

The children who reached Bahr el-Ghazal safely were in a pitiful state when Christian Aid visited the region in November 2000. Most were naked or semi-naked and covered in scabies, having crossed miles of mosquito-infested swampland. Many had lost a parent or a sibling. All were hungry. Most families that had any cows left had begun slaughtering them - a sure sign that they had exhausted all other resources.

### **How much further will it go?**

In early March 2001 Lundin announced that it had struck oil at Thar Jath, a source of an estimated 4,260 barrels a day. 'This is a significant and exciting event for Lundin Oil,' said company president Ian Lundin. 'We have confirmed that the trend of prolific oilfields as seen in Blocks 1,2 and 4 [Heglig and Unity] extend to our Block.' He also announced further exploration, 12 miles south east of Thar Jath, at the Jarayan-1 well and an 'extensive seismic campaign over the block'.<sup>11</sup>

More death and destruction may take place unless the international community takes action to prevent it. The Lundin road is currently being extended beyond the Thar Jath site to the port of Adok on the Nile. Efforts are also reportedly underway to build two spurs radiating out from the road: one to SPLA-controlled Boaw, site of an old capped well, and another to Leer, a government garrison. If Lundin's advance so far has been accompanied by the destruction of dozens of villages, what guarantee is there that its plans for development will not lead to more razing of homes?

### ***'Graves of children litter the area'***

#### **2. Adar oil fields in Block 3**

The devastation in Block 5a chronicled above is, at the time of publication, being repeated in a wide swathe of Eastern Upper Nile, from the Adar oilfield east to the Ethiopian border. Local chiefs and opposition commanders say that here too the government is attempting to drive civilians from the area in order to allow oil exploration to proceed unimpeded. They say the attackers - primarily government militias, some of them newly organised and armed - are avoiding military targets and attacking only civilians.

OLS officials say privately that they believe the government has one aim in the area: 'to depopulate the oilfields so oil surveys can be done in peace.'<sup>12</sup>

Churchmen in the area say that in the year 2000 government militias burned 48 villages and displaced some 55,000 people around Adar. This area, Block 3, is where Malaysian and Chinese state oil companies have recently extended their investment under a new \$30 million exploration programme.<sup>13</sup>

In January this year, four villages in the Guelguk area south-east of Adar were attacked and burned by government militias and mujahadeen. Some rode in on camel-back. First reports said dozens of villagers died. It was difficult identifying the bodies because they had been attacked by birds. Survivors said many of the displaced fled for 48 hours, shot at and pursued the entire time. OLS officials said the displaced were sleeping under trees, without blankets, medicine or water.

One of the few organisations operating in Northern Upper Nile is the Johannesburg-based International Relief and Development agency (IRD). IRD's director, Derek Hammond, visited the region several times last year and said he saw graves of children 'littering' the area.<sup>14</sup> 'People do not build shelters or huts or stay in one area because this immediately presents them as a target,' Hammond said. 'Families live under trees in the bush, mile after mile, hiding under trees. They eat leaves to survive because their crops and livestock have been destroyed by government raiders. Just eight miles away, trucks travel continually up and down a bush road carrying oil from the rig to the Nile.'

The evidence of the atrocities committed along the Lundin oil road and in Eastern Upper Nile appear to condemn these areas to the fate already suffered by areas north of Bentiu, around the Heglig and Unity oilfields.

***'This is not your place any more!'***

### **3. Heglig and Unity oilfields in Blocks 1 and 2: GNPOC, including Talisman**

The depopulation of the Heglig and Unity oilfields began when Chevron first discovered oil there in 1980, and has continued under the Greater Nile Petroleum Operating Company (GNPOC). This is a consortium made up of Talisman Energy (Canada), Petronas (Malaysia), CNPC (China) and Sudapet (Sudan's state oil company).

Canadian company Talisman maintains that it found an 'empty landscape' when it joined GNPOC in 1998. It says the area was not depopulated by oil because it was never inhabited. Despite a body of evidence to the contrary, Talisman repeated this assertion in late 2000, insisting that 'oil development had proceeded... without incident' in the five years before the company began working in Sudan.<sup>15</sup> At best, Talisman is guilty of failing to do its homework; at worst, of deliberately turning a blind eye.

In 1999, the UN Special Rapporteur Leonardo Franco accused Khartoum of using its army to create a 60 km security zone around the oilfields. He reported that half the population in Ruweng county, the county in which Heglig and Unity lie, was displaced in attacks between April and July 1999. He said thousands of villages, and 17 churches were destroyed.<sup>16</sup> In the Gumriak area, one of the areas targeted, a visiting team from the UN's World Food Programme (WFP) was told that government officials had warned local people to move before the attack: 'We don't want anybody here. This is not your place any more! We have business to do here.'

In May 1999, the village of el-Toor was attacked and burned by government forces using troops and aircraft. Taban Deng, governor of Unity State at the time, told Christian Aid the village was within walking distance of a Talisman site. He said an agricultural programme he had set up at el-Toor to encourage southerners to return to the area was burned by the troops that attacked the area - the very troops assigned to 'protect' the oilfields. He said the troops looted four of his 10 tractors and arrested his state police.

'The government's policy is to drive people inside the towns,' said Deng. 'In the bush either you run away or you are shot, burned and killed. Inside the towns they make life difficult for you.'

Survivors of the offensive interviewed south of Bentiu said they fled empty-handed. Stripped of their homes and livelihoods, and weakened by sickness and hunger, some walked as far as 200 miles south. Others fled into the swamps bordering the Nile or to other inaccessible areas like forests. Many died on the way.

'We heard about one group of displaced who ran into a tributary of the Bahr el-Ghazal river straight into the jaws of crocodiles,' a WFP official said.<sup>17</sup> 'That gives you an idea of the extent of their desperation. These are the stories you get to hear. What about the stories you don't hear?'

Did GNPOC and its members, including Talisman, know about this displacement? Taban Deng says Talisman officials asked him in February 1999 if their operations had caused displacement. He told Human Rights Watch: 'I told them about the market that existed before the locals were burned out. I told Talisman about the displacement from Heglig... Our people are not safe there.'

Talisman says Deng made no mention of displacement until a meeting with Talisman executives in Khartoum in December 1999.<sup>18</sup> Deng recalls that meeting. But he also recalls other, earlier meetings with Talisman officials in Bentiu at which he raised the issue of displacement and told company officials of his concerns.

### **Government suspicion of southerners**

Government suspicion extends not only to local people but to all southerners who might be security threats. In March last year, William Gatjang, a student at a Catholic school in Khartoum, travelled to Heglig to look for work. Within minutes of asking for directions, he says, he was seized in Heglig market by five plainclothed men armed with pistols.

'They took me into an office and registered my name,' Gatjang said.<sup>i</sup> 'They asked me what tribe I came from and I said: "Nuer." They said: "You'll spy on us and then you'll inform on us! You are SPLA!" I said: "No, I'm a student from Khartoum." They laughed at me and gave me 50 lashes with a leather whip.'

Gatjang says he was imprisoned in a rat-infested room with six other young southerners who told him that four fellow prisoners had died in the prison from injuries sustained in the two weeks before he arrived. His daily ration was a piece of bread and a glass of water. For 12 consecutive days, he claimed, he was beaten and kicked in an attempt to extract a 'confession' from him. 'They tied my hands and ankles,' he said. 'Four people took hold of me and threw me up and down. When I was weak, they interrogated me. I understood that they didn't want a southerner, and especially a Nuer, to work in the oilfields. In Khartoum they abuse us; when we come to our area looking for work they imprison us.'

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## **Chapter 2 Flight bans and the denial of relief**

### **The Sudanese government is now using relief as a weapon of war. To empty the oil areas it regularly bans aid flights to the oil areas, denying food and medicine to a people already in desperate need**

In a region which is no stranger to hunger, oil is tipping the scales from food shortage to crisis point. Always precarious, life across southern Sudan is lived on a knife-edge. Drought and fighting - which drives families away from their land and crops - are perennial problems. But in Upper Nile, aid flight bans - the latest twist in the government's strategy of emptying the oil-rich areas - are fanning fears of a tragedy of the dimensions of the 1998 famine in Bahr el-Ghazal in which tens of thousands died.

While oil workers are permitted full and free access to Upper Nile, relief workers are not. Oil companies trumpet their own small humanitarian initiatives - but say nothing about the government's bans on much larger, potentially life-saving, deliveries by Operation Lifeline Sudan.

No other part of the world is as dependent on aid as southern Sudan. Lacking basic infrastructure and a functioning economy, aid is vital for the beleaguered people of southern Sudan. From the Lokichokio complex in northern Kenya, one of the world's biggest aid operations is run by the OLS consortium. To fly into southern Sudan, OLS must receive permission from Khartoum month by month. Banning these flights, as routinely happens, can be a death sentence. If fighting does not empty the area, hunger will.

As early as July 1999, the World Food Programme (WFP) warned of 'a humanitarian catastrophe' unless the government's flight bans on Western Upper Nile were lifted.<sup>1</sup>

A year and a half later, most of those bans are still in place and others have been introduced. Pockets of extreme hunger are said to be appearing. Sixty per cent of people will depend on aid this year if they are to have enough to eat. The denial of relief to parts of Western Upper Nile is exacerbating a looming food crisis caused by the failure of rains and the destruction of crops because of fighting. No one knows the full extent of the tragedy in Western Upper Nile. Outside witnesses cannot reach many of the affected areas because of fighting and the extremely limited access. Many displaced people have fled to mosquito-infested swamps where they cannot be reached, dying in large numbers from malaria and water-borne diseases.<sup>2</sup> Others prefer the bush to populated areas that are likely to be attacked, and are reluctant to emerge even on the rare occasions that relief is delivered for fear of government strikes against relief planes.<sup>3</sup>

#### **Government denies access to relief planes**

Since the war spread to Western Upper Nile in 1998, many factors have conspired to impede relief operations - inter-factional fighting that prompted the withdrawal of most NGOs in 1998/99 and the intensification of aerial bombardment among them. Khartoum's refusal to let OLS deliver relief has completed the tragedy.

For the past two years, the Sudan government has refused to allow agencies operating under OLS's umbrella to fly into wide swathes of Western Upper Nile - a region so far-flung that there is no alternative to air transport. By mid-1999, OLS had virtually no access to Western Upper Nile. In March 2000, Khartoum gave the go-ahead for need assessments but then denied the access required to alleviate that need.

Khartoum's 'denials' are only occasionally motivated by genuine security considerations. Locations given the green light by OLS's own security office are frequently put out of bounds by the government - most critically, for virtually all of last year, relief centres like Nhialdiu and Mankien where the displaced fled precisely because they were free of fighting. Eight locations in Western Upper Nile have been consistently denied relief: Duar, Ganyiel, Gumriak, Leer, Mankien, Nhialdhu, Toy and Wicok, plus, less frequently, Kuach.<sup>4</sup>

As a result of the government bans, villagers displaced from the Bentiu-Thar Jath oil road in Lundin's Block 5a shuffled backwards and forwards in a futile and increasingly desperate search for food, medicine and clothing.

LiuLiu, the octogenarian grandfather burned out of his home village of Chotyieli, walked first to Chang, the closest relief centre. But the government had banned aid deliveries to Chang and there was no relief. From Chang he walked to Nhialdiu, only to find it too was on the banned list. And so he returned to Chang, waiting only to borrow a pair of shorts so he would not have to walk naked. 'In Chang we found only wild fruits,' he said shortly after arriving in Nhialdiu.<sup>5</sup> 'So we walked ten days to get here. We expected the UN to help us here because there is an airstrip, but we have found

nothing. We brought nothing with us when we fled. No food, no blankets, no mosquito nets. No lines or hooks for fishing. Nothing to enable us to survive.'

A local woman, Martha Nyaring, summed up the bewilderment of the local people. 'We do not understand why the UN has brought nothing,' she said. 'There has been no fighting here all year.'

### **A cat-and-mouse game**

To limit the damage caused by the flight bans, OLS has developed a system of alternative airstrips, playing a cat-and-mouse game with Khartoum in an effort to enforce its mandate without open confrontation.<sup>6</sup> But these airstrips are often far from the displaced, who tend to flee along clan lines to traditional relief centres. In its 2000/2001 needs assessment, WFP reported that some people walked for as many as ten hours to reach a relief location. In the rainy season, many people could not reach any relief site.<sup>7</sup>

'The bulk of the population that once lived in villages along the road and within walking distance of OLS airstrips are now nearly beyond reach,' an OLS official said in January this year, citing both government bans and OLS bans motivated by insecurity and the presence of government forces. 'Communities in need cannot be assisted at this time. We do not have a clear understanding of where these populations are, due to the recent fighting, and what their intentions might be. We do know that all these locations suffered poor harvests due to drought and what little food they had was lost in the rounds of fighting that began last July.'<sup>8</sup>

In September last year, a senior OLS official told colleagues that the OLS would take Khartoum's denial of access 'to the highest levels of the Security Council' if necessary. But rather than join battle on access, OLS agreed not only to submit a list of locations to which it wanted to fly a month in advance, but also to specify which aircraft would be flying to which location on which exact day - an almost impossible target.

The field director of a British NGO - one of the few NGOs to operate in the area - said the tightening of access had 'massively reduced' his flexibility. It had also endangered staff in the field, he said. <sup>9</sup>

Some OLS officials said Khartoum's conditions were no different from those imposed by any sovereign state. But they also said colleagues in Khartoum had recommended against increasing pressure on the government.

'These conditions are crippling. They mean we have no emergency response capacity,' said a senior Unicef staffer. 'The crisis has been building up in Western Upper Nile since 1998. We should be rolling over locations all the time. Instead OLS basically has no presence in Western Upper Nile.'<sup>10</sup>

Local Sudanese NGOs have been struggling to provide some assistance but the aid delivered has been a far cry from meeting the real needs of people, both within and outside government-controlled areas.

### **The medical emergency**

Healthcare has always been poor in Western Upper Nile. But over the past two years, the government flight ban, continuing insecurity and the failure of OLS to respond have all combined to create a medical emergency. As a result, needless death from illness and disease, on a colossal scale, is a reality across the region.

'There is virtually nothing in the whole of Western Upper Nile,' says an OLS official.<sup>11</sup> 'At the most basic level, there's a vastly increased risk of disease among the displaced who are living

rough and scratching around for food. Unicef is supposed to be supplying medicines, but it isn't - and there's not a location in Western Upper Nile where we couldn't have dropped medicines.'

Even before the town of Nhialdiu was burned to the ground, the only medicines available were those on sale in the market. Looted from NGO stores in Bentiu by government militias, they were prohibitively expensive and the young men selling them did little business. Instead, in a heart-rending exercise in futility, women and children continued to queue at the old OLS-supplied dispensary - even though it ran out of drugs in September 1999. 'We are even seeing diseases we didn't know before like hepatitis and brucellosis,' said medical coordinator Abraham Riak of the SRRA. 'But I am a coordinator with nothing to coordinate. Every day people come to what is called the dispensary, but there is no food and no drugs. I tell the mothers: "Take your child home to die. Better to die at home than in a dispensary with nothing to dispense."'12

Displacement from the oil war has also created new waves of illness. The burning of Nhialdiu in July sent more than 10,000 inhabitants fleeing, some as far as Bahr el-Ghazal.

Health worker Joseph Chang, interviewed three months later at a health clinic in partially rebuilt Nhialdiu, reported: 'I have been to all the villages around Nhialdiu and found many children dying, mostly because of diarrhoea.

'When they escaped from Nhialdiu the children drank dirty water. They had no good food and whenever they got diarrhoea they had no resistance. The situation is very, very bad. You cannot imagine how hard it is. People come with so many diseases - and you have nothing to help them with.'13

One of the most common diseases in the region, kala azar, had been brought under control by 1998, but is now spiralling out of control. Kala azar is a bacterial disease of the liver and spleen, to which the malnourished are especially vulnerable. It is fatal in 95 per cent of cases. After renewed fighting and the looting of NGO compounds, key programmes, including a hospital in Leer, were closed. In the absence of medical services, the incidence of the disease today can only be very roughly estimated. But a spot check carried out at Nhialdiu airstrip by MSF-Holland in January 2000 found that 39 out of 50 people tested positive, a dramatic increase on the usual rate of one in three.

### **'In the name of God, you cannot find a single seed!'**

Wherever war strikes in southern Sudan, hunger follows. In Western Upper Nile, the WFP, the main provider of food aid, targeted an average of 250,000 people last year, roughly half the estimated population. This gives the oil areas of Western Upper Nile the highest proportion of needy people anywhere in Sudan. A new WFP report claims that children are at greater nutritional risk here than anywhere else in the south.

All of the hungry will not receive aid. In a good month, using alternative airstrips, the WFP claims to have been able to access 60 per cent of the needy; in a bad month, only 40 per cent. Relief agencies say the real figure is probably even lower than 40 per cent.14

In Eastern Upper Nile, the site of the Adar oilfield, the situation is even worse. Here there is virtually no relief.

IRD director Derek Hammond described what he found in areas around Adar: 'Fields of destroyed crops with no evidence of any type of food, a handful of local people scratching around in a swamp for something to eat, children chewing on the roots of a plant, women reaching up into

trees to pick leaves which are boiled on a fire and eaten - not for any nutritional value, but merely to satisfy hunger pains.'

A 41 per cent reduction in WFP's staff in southern Sudan has combined with expectations of a substantial decline in food production in 2000/2001 to create real concern for the coming year. In a report published in October 2000, USAID's Famine Early Warning System said late rains, inadequate inputs following poor harvests in 1999, increased insecurity and displacement, late-season flooding and crop damage had combined to augur a 50 per cent decline on the production levels of 1999/2000.

In one area of Upper Nile - the Koch area close to the Thar Jath oilfield, repeatedly attacked by SPLA forces - an OLS assessment team found a 'severe emergency situation looming' in October last year. They warned that food interventions would be needed right up to October this year.<sup>15</sup> But, because of oil, that may prove impossible: a number of airstrips close to the Bentiu-Thar Jath oil road have already been put off-limits - 'red-lighted' - by OLS's own security office because of the presence of government troops on the road. OLS fears that aid deliveries will draw civilians to distribution points and make them vulnerable to attack.

The situation in many areas was already critical at the time of the last planting in April/May 2000. By the end of the planting season, two of the most important traditional relief centres in Western Upper Nile, Nhialdiu and Chang, had received no OLS flights and had nothing to plant. SRRA relief coordinator Kut Yang said the 11,000 displaced people in Nhialdiu had consumed all the host population's seeds. 'In the name of God, you cannot find a single seed,' he said.

There was nothing left to plant, and no food aid to fill the gap.

In the nearby rebuilt village of Roubnyagai, women were feeding their families on water lily roots gathered from the river. 'Five women have been taken by crocodiles,' said Martha Nyaring. 'But what choice do we have? We have no seeds at all. If we don't go to the river our children may die.'

Collecting wild food is becoming increasingly hazardous. All over Western Upper Nile in the wake of the fighting between Nuer rivals Peter Parr and Peter Gadet, civilians report that wild animals have encroached on burned and abandoned villages, making the search for wild foods increasingly unsafe.

Across the region, displacement is placing unbearable pressure on host communities, themselves already barely surviving. Even in the north, the impact is felt. Christian Aid staff visiting the north in July 2000 witnessed the overcrowding and hardship of about 64,000 displaced and their cattle in Bentiu town.

In the south, WFP officials warn that Nuer displaced people flooding into Bahr el-Ghazal are creating a 'timebomb'. Dinka officials in Akop payam, which is hosting Nuer displaced from all across Western Upper Nile, agree.

'The little cultivation of the first internally displaced persons was spoiled by drought and new displaced people are arriving with few cows,' said SRRA field supervisor Peter Akec.<sup>16</sup> 'They are very weak and most are sick because they were moving through water. They are begging from the Dinka. I don't think the Dinka can continue to share the little they have.'

Dhieu Paul, an SRRA relief official in Pagarau, 320 km miles south of Bentiu, said the displaced were arriving in terrible condition. All were hungry. Many were suffering from malaria and diarrhoea.<sup>17</sup>

'Before oil, our region was peaceful,' said Chief Malony Kolang, a Nuer chief just returned from escorting a group of displaced to safety in Pagarau. 'People were cultivating with their cattle. When the pumping began, the war began. Antonovs and helicopter gunships began attacking the villages - sometimes four times every day. All the farms have been destroyed. Everything around the oil fields has been destroyed. Oil has brought death.'

### **Soft targets: the war on humanitarian agencies**

In addition to denying access, the government of Sudan has taken its war directly to relief agencies. SPLA forces have killed relief workers and routinely loot relief in attacks on front-line oil villages. But government attacks are more concentrated, more systematic and more sustained.

Last year, the US Committee for Refugees (USCR) reports, the government launched at least 152 aerial attacks on humanitarian agencies and civilians throughout the south - eight in the first three weeks of 2001 alone. USCR also reported the increased use of helicopter gunships in the oil areas.<sup>i</sup>

'Once they get people out, they have to keep them out,' says an OLS observer.

In recent months, attacks on relief agencies have spread from Western to Eastern Upper Nile, where Chinese and Arab oil firms have formed a joint consortium to develop existing oil fields in Adar Yei and explore other fields in a 75-square-kilometre area east of the White Nile.

In an attack last May on Mading, north-east of the town of Nasir, government-backed forces placed anti-personnel mines inside the compound of one NGO, outside the primary health centre and at a water point. Syringes and needles in the health centre were piled up and doused with fuel. All NGO compounds were looted. Seeds delivered by CARE the day before the attack were stolen. An OLS security officer who visited Mading after the attack said the government forces were applying a policy of 'trash and run'.<sup>ii</sup>

Five months later, in October, a government militia moving south from the Adar area attacked two villages with an NGO presence. In one village, Uleng, they sprayed the compound of the NGO - the International Rescue Committee - with machine gun and rocket fire, shouting: 'We're going to take UN workers!' IRC employees were not in their tents. Had they been, OLS investigators said, they would have died.

'We think we're seeing the beginning of a policy to chase relief workers from the area,' said a Unicef field officer. 'The attack was vicious even by 1998 standards.'

That year marked the start of the government's war on relief in Western Upper Nile. In inter-factional fighting for Leer town in 1998, government-backed forces destroyed an MSF hospital and looted NGO compounds. The Catholic church's grinding machine and an NGO car were burned. A second MSF compound in nearby Duar was also looted and burned. Soon after, all relief agencies were forced to withdraw from Leer. MSF had been providing therapeutic and supplementary feeding to 751 children.

'The government troops burnt everything on their way including our compound, the huts which made the clinics, the medical supplies we had brought in and the huts in the villages nearby,' one of the NGOs affected said recently. 'This was undoubtedly because of our proximity to the oilfields. Since then, we haven't been able to go back to that place due to continued insecurity. There are no other agencies providing humanitarian assistance to one of the most vulnerable populations in south Sudan.'

Another NGO, which asked not to be named for fear of inviting government retaliation, has no presence on the ground but flies in every month to meet local health workers. In June, its staff stayed in the area overnight. Antonovs bombed 24 hours after they left and ground troops attacked the following day, burning all the villages on their path. They destroyed the medical supplies the NGO had brought in and the food WFP had dropped some weeks earlier.

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## Chapter 3 Paying for the war: oil for arms

### **Dollar for dollar, oil pays for the war: \$1 million a day in oil income for \$1 million spent on defence**

Sudan's military budget has more than doubled since construction began on the Red Sea pipeline, rising from US\$162 million in 1998 to a projected US\$327 million in 2000.<sup>1</sup> For a country as poor as Sudan this is a huge amount. Khartoum spends approximately half the state budget - US\$1 million a day - on the war in southern Sudan. Profits from oil exports are estimated at approximately US\$400 million a year, which is enough to pay for the entire war.

After early protestations that their new-found oil wealth would be pumped into development, not arms, Sudanese leaders are now throwing caution to the wind and acknowledging the all-important role played by their re-launched oil industry. Speaking to student army conscripts in Khartoum last July, 11 months after pumping began, armed forces spokesman General Mohamed Osman Yassin announced that Sudan was manufacturing ammunition, mortars, tanks and armoured personnel carriers thanks to an 'unprecedented economic boom - particularly in the field of oil exploration and exportation, and the remarkable progress in light and heavy industries.'<sup>2</sup> He said Khartoum would reach 'self-sufficiency in light, medium and heavy weapons from its local production by the end of the year 2000.'

A new report by the influential Washington DC-based Center for Strategic and International Studies (CSIS) says: 'Oil is shifting the balance of military power in favor of Khartoum. It has prompted Khartoum to focus its military efforts, including forced mass displacement of civilians, on oilfields and the pipeline.' Oil - and the revenue which flows from the oilfields - is fundamentally reshaping the war and making the prospects of peace even more remote.

### **The weapons factories**

Before oil, Sudan manufactured ammunition on a relatively small scale at a factory in Shaggara, south of Khartoum. Sources inside the arms industry say Sudan today has two huge sites. The first of the new sites, known as the Military Manufacturing Complex (MMC), is split into two sections: military and non-military manufacturing.<sup>3</sup> The military section, which reportedly specialises in light weapons, machine guns and ammunition, is a huge complex on the Khartoum-Medani highway. Workers live in accommodation inside the complex and security is tight.

The second site, a complex called GIAD, cost US\$450 million. It was inaugurated by President Omar el-Bashir in October 1999, 13 months after oil began flowing through the pipeline. Today the government presents GIAD solely as a civilian manufacturing centre: GIAD promotions show gleaming new vehicles rolling off the assembly line and boast of its new vehicle manufacturing capabilities. But at the opening ceremony, Bashir was more explicit. Speaking at the site, some 40 km south of Khartoum, Bashir said the complex was already producing rocket-propelled grenades, machine-guns and mortars - and was still expanding. 'We will produce mortars and tanks,' he said. 'Then we will go on to warplanes and rockets.'<sup>4</sup> In November last year the Economist Intelligence Unit reported that President Bashir had ordered the GIAD project to be carried out in great secrecy, to prevent international opposition that might lead to calls for a ban on dual-purpose products.<sup>8</sup>

Commander Gadet, the former government ally who defected to the south in October 1999, told Christian Aid he had collected weapons from several of the new plants before he left the government. He had seen military vehicles and tanks, rocket-propelled grenades and heavy machine guns being assembled under the supervision of Chinese engineers.<sup>5</sup> Gadet showed Christian Aid RPG-9s that carried no identification marks. He said these weapons - lightweight anti-tank weapons that can be pulled by hand - were among those being made in Khartoum under the supervision of Chinese engineers. 'Most of those assembled inside are unmarked,' he explained. 'The government doesn't want to show where its oil money is going.'<sup>6</sup>

OLS security officers also believe Sudan's new domestic production is playing a significant role in supplying the south with the low-tech weapons that cause most civilian casualties. In recent months, they have seen new AK-47 submachine guns with refurbished yellow stocks, and boxes of ammunition so pristine they believe they must originate in northern Sudan. 'All the other boxes of ammunition I have seen are dirty old things. But these were brand new. It would therefore seem they are coming in from the north and no place else,' said one security officer.<sup>7</sup>

### **Arms from China and Poland**

Attempts to globalise the EU arms embargo have so far failed. Shipments of weapons regularly arrive in Sudan - mainly from China and Eastern Europe.

Taban Deng, who as governor and state minister had access to strategic information, said he believed the new revenue was also enabling the government to increase its imports of arms, many of which come from private brokers who fabricate a complex paper trail of East European suppliers and legitimate destinations on Sudan's borders.<sup>9</sup> He said 'a lot of tanks, more Antonovs and Russian gunships' had come in from Eastern Europe, while China was supplying artillery - especially 130mm - and vehicles.

China, the largest shareholder in the Greater Nile consortium, is the key player in Sudan's arms effort and has sold arms to successive Sudanese governments since the early 1980s, becoming a major supplier in the 1990s. According to Human Rights Watch, Beijing attaches no conditions to arms sales other than monetary ones and oil concessions - 'guns for oil' deals or, in industry jargon, 'offset packages'. Weapons deliveries by China since 1995 include ammunition, tanks, helicopters and fighter aircraft.<sup>10</sup>

In one of the most significant transactions since Sudan discovered oil, China is said to have sold Khartoum SCUD missiles at the end of 1996 in a deal underwritten by a \$200 million Malaysian government loan against future oil extraction. A former embassy official in Kuala Lumpur, who claimed to have witnessed the deal, said it was arranged by Sudan's state minister for external relations, Dr Mustafa Osman Ismail.<sup>11</sup>

The defector in question, Abdel Aziz Ahmed Khattab, told Human Rights Watch that the Malaysian national oil company was used as a cover to ship arms to Sudan: 'Arms deals agreed upon have been shipped by sea, in the name of the Malaysian National Petroleum Company and the Chinese National Petroleum Company, under the guise of petroleum exploration equipment. This is according to an agreement concluded between the government in Khartoum and these companies in Kuala Lumpur under which they provide weaponry and military equipment in exchange for being given concessions for oil explorations.'<sup>12</sup>

As if to illustrate what oil would mean for the war, 20 T-55 tanks arrived in Sudan on the very day that the first 600,000 barrels of oil were shipped from Port Sudan.<sup>13</sup> The tanks were traced to Poland's state-run Cenzin arms company. However, the company cancelled a second delivery under threat of economic reprisal from the United States.<sup>14</sup> Cenzin's reconditioned tanks cost only \$30,000 each - an indication of how far US\$327 million can be stretched in a low-tech war like Sudan's.<sup>15</sup>

### **German helicopters converted into gunships?**

There is also evidence that Khartoum may have acquired German-made helicopters. Early last year, sources at Hover Dynamics, a Johannesburg-based firm for pilot training and helicopter maintenance, said they had won a contract to train Sudanese pilots on German-built BO 105 helicopters - the same model as South Africa itself flies.<sup>16</sup> The sources said the helicopters, initially conceived as medical evacuation helicopters, were being converted by Khartoum for use as gunships. They said eight had already been delivered and more were en route. 'It's not very difficult to cobble some anti-tank missiles on the side of a helicopter,' commented Paul Jackson, editor of Jane's *All the World's Aircraft*.<sup>17</sup>

Commander Gadet told Christian Aid his forces had shot down three gunships - two Russian-made Hinds and one German.<sup>18</sup> Gadet displayed the German 'Varta' battery taken from one of the gunships, which he said had German writing inside the cabin.

Taban Deng also said a small number of Puma helicopters have recently been seen transporting senior officers in the oil area, sometimes landing at company airstrips at Heglig and Rub Kona. The Puma is a French-made transport helicopter favoured in the oil industry - widely used, for example, in the North Sea.

The London-based Institute for Strategic Studies says that the government currently has five helicopter gunships.<sup>19</sup> However, reports indicate that the figure may be higher. Even a small increase in the number of gunships is worrying.

Aerial bombardment by Antonovs and helicopter gunships are one of the biggest changes in the war since oil production began, according to people living in the oil areas. 'In the morning they attacked on the ground and then they bombed the whole village,' said Chief Malony Kolang, one of thousands of Nuer displaced by oil. 'They crushed people with tanks. People couldn't hide because gunships landed. So they fled.'

### **Money for militias**

Oil revenues are paying for more than just weapons. Since oil revenue started coming in, the government has hiked the pay and improved the benefits of the forces fighting for it - regular troops and militias alike.

'In the financial year 2000/2001, salaries of civil servants were raised by 15 per cent because of oil - but army salaries by 80 per cent,' Deng told Christian Aid. 'Because of oil, there are also better services. Officers now have cars. In the oilfields, you have

a car from captain up. If you are operational, your family is well treated.'

He added: 'Two or three years ago, young men were reluctant to go the army. But now people are going back to the army because of good services and salaries.'

'In 1999, before the army had all this oil money, the army enrolled less than a battalion. Hardly anyone wants to fight for a jihad - holy war - which cannot be measured in terms of household benefit. But everyone is in favour of a war that has cut the price of cooking gas by half.' Last year, he said, thousands volunteered. Deng also said that before his defection the government had earmarked US\$10 million for militias in this year's dry-season offensive. 'A single militia person in operations is being paid 50,000 Sudanese pounds pocket money. He is given food, a rifle and ammunition. The rifle is his; he doesn't have to return it. If his horse or camel is killed, the minimum compensation he will get is 700,000 Sudanese pounds.'

Asked what these sums meant for a militiaman, Deng replied: 'It's little to him. The biggest thing is the booty he's going to have. Any cattle is his. A child fallen captive is his.'

#### **... but no money for development**

The increase of funding for the war is not matched by an increase in funding for southern development. In August 2000, Khartoum announced that it had allocated approximately US\$3 million for development in the south. This is the equivalent of one per cent of military spending. When Deng resigned, he accused the government of investing its oil wealth in the army rather than in development projects for southern areas affected by oil: 'When I was governor I never received a single penny from the oil so I could build a school,' he said.

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## **Chapter 4 Foreign oil: how complicit?**

### **A year after a Canadian commission reported human rights violations in oil areas, oil companies still claim not to know the extent of the death and destruction on their land. Is this ignorance - or part of a PR offensive?**

FOREIGN OIL COMPANIES have built Sudan's oil industry. Agip began exploration in 1959 in the Red Sea. US oil giant Chevron discovered oil in the south in 1979, but pulled out in 1984 after three expatriate workers were kidnapped and executed by the SPLA.

Today, a network of Western and Asian companies provide the critical expertise, finance and technology for Sudan's oil industry. Talisman Energy (Canada), Petronas (Malaysia), CNPC (China), Lundin (Sweden) and OMV (Austria) have built production and refining facilities and financed the building of the 1,600 km pipeline taking oil from the oil fields to the Red Sea. Royal Dutch Shell built a refinery at Port Sudan.<sup>1</sup> Chinese companies built the pipeline using materials that were supplied by the European company, Europipe, owned by Mannesmann (Germany), British Steel (now Corus), and a French company. As Chapter 5 describes, British companies also contribute. Weir Pumps of Glasgow and Allen Power of Bedford were awarded the contract to produce pumps and drivers in January 1998. Rolls Royce provides diesel engines and expatriate engineers to maintain them.

Claims that foreign investment in oil has not been the key to development must be dismissed as so much false modesty. When Talisman took over the job in October 1998, only 680 km of pipeline had been laid, as Human Rights Watch points out.<sup>2</sup> Less than a year later, the 1,600 km pipeline to the Red Sea was completed, a port for oil supertankers was built at the Red Sea, more wells had been drilled, and production in Blocks 1 and 2 was up to 150,000 barrels per day, most

of it for export. Fittingly, Talisman CEO James Buckee presided over the opening of the pipeline on 31 May 1999 alongside President Bashir.

These companies are doing business in Sudan in the face of massive human rights violations specifically linked to oil operations. Pleas of ignorance no longer stand up to scrutiny. The reports of the UN Special Rapporteur on Sudan, Amnesty International, Human Rights Watch and Sudanese organisations including the New Sudan Council of Churches, a Christian Aid partner, make the extent of the atrocities clear. In February 2000, a Canadian delegation led by John Harker reported widespread human rights violations in both Talisman and Lundin concessions. A year on, as Chapter 1 shows, the situation is even worse.

When oil pumping resumed in 1999, SPLA leaders announced that the new pipeline, the oilfields, and oil company workers would all be regarded as legitimate military targets. But the need for protection in a war zone does not justify what is a well-documented, systematic policy of attacking civilians.

Christian Aid believes that foreign oil companies are complicit in these human rights violations in the following ways:

1. At company request, the Government of Sudan and its allied militias provide security for the oilfields.
2. Facilities paid for by oil companies, including roads and airstrips, are used by government forces for military purposes.
3. Revenues from oil production and exports increase the government's ability to wage war, as Chapter 3 shows.
4. The uncritical presence of international oil companies fosters impunity and adds credibility to a government which systematically violates human rights.

***'We are very relaxed We think this foreign investment can only be evidence of tranquillity and a prosperous atmosphere.' Adbelgai Kabir, deputy director, Sudan's Peace and Humanitarian Affaires Department***

***'Remaining in Sudan is the moral thing to do.' Jacqueline Sheppard and Reg Manhas, Talisman Energy Inc. ii***

But it is not just the companies which are complicit. Oil exploration in Sudan continues because of the huge potential for revenue. It is also motivated by the policies of national governments, some of them owners of the oil companies operating in Sudan. Current investment by Chinese and Malaysian state oil firms reflect those countries' desire to secure reliable supplies of oil and to give political support to the Sudanese government. The European Union has a policy of 'critical dialogue' with the Government of Sudan, which is now courting European companies (oil and non-oil) for investment opportunities.

Moreover, as the report by the US think tank CSIS recommends, governments of the companies engaged in Sudan also have responsibilities. These are the governments of Canada, China, Malaysia, Austria, France, Qatar and Sweden, whose companies (state owned and private) are directly involved in Sudan.

Only US companies are not investing in Sudan, as sanctions have been imposed due to the Sudanese government's alleged sponsorship of terrorism and poor human rights record. These sanctions prohibit trade between the US and Sudan, as well as investment by US businesses in

Sudan. As the next chapter notes, CNPC had to restructure its corporate flotation so that major investors such as BP could buy shares.

### **1. The provision of security to the oil companies**

Talisman and CNPC companies have asked the Government of Sudan to provide security in the Heglig and Unity oilfields. This security has been provided by government troops, local defence forces and organised armed militias. Lundin initially sought to employ a local Nuer force, but backed down under pressure from Khartoum and is now protected by government troops.

Two divisions of regular troops, the 10th and the 15th, guard the oilfields around Bentiu, supported by mujahedeen - holy warriors - commanded by army officers. It was these regular forces assigned to the protection of oil who burned villages close to Talisman's rig at el-Toor in 1999.<sup>3</sup> The militia of Paulino Matip, an illiterate and exceptionally bloody warlord whom Khartoum has rewarded with the rank of major general in the regular army, operates out of Bentiu, capital of Unity State.

These forces are all accused of committing human rights abuses against civilians. The perceived needs of the oil companies to operate without interruption have taken precedence over the rights of the Sudanese people living in the oil areas not to be killed, injured or displaced from their homelands.

This report has documented the burning of villages around Nhialdiu and the massive displacement, and burning of villages, in Lundin's Block 5a. Most of these attacks were carried out by government forces, using aerial bombardment from Antonovs and helicopter gunships, and troops on the ground. This offensive follows the Harker report's documentation of the displacement that occurred from Talisman's concession area during 1999 - a government campaign that led to a 50 per cent decline in the permanent population of Ruweng county and large numbers of others earlier being placed in 'peace camps' near to government-held towns of Bentiu and Pariang.<sup>4</sup>

Government-sponsored militias such as Matip's have unleashed a rule of terror - even in government - controlled areas. In a letter to US special envoy Harry Johnston in November 2000, citizens of Unity State said the worst aspects of the 'cleansing' of oil areas were entrusted to [Paulino] Matip, 'a brutal killer [who] has committed atrocities which are beyond imagination' - including the murder of two state ministers. They said these atrocities were committed with the 'full knowledge and connivance of the northern Islamic regime.'<sup>5</sup>

Peter Gadet, a commander under Matip before he returned to the south, said that Matip's forces killed scores of civilians, raped and abducted women and burned and destroyed homes south of Bentiu in the months before the pipeline opened. Gadet's own men participated in many of those abuses. He said the main purpose of the atrocities was to gain control of the oilfields.<sup>6</sup>

Although Matip has no official role in defending the oilfields, oil companies appear to have links with him. Michael Chian, a commander who defected to the south with Gadet, was liaison officer between the militia and Lundin until 1999. Chian said the militia had orders to clear the oilfields of southerners because 'the government does not want southerners working there.'

There is no apparent accountability for the actions of government forces and government-sponsored militias demanded by the oil companies. Nor is there a transparent relationship between the companies and the Government of Sudan. Despite written requests from Christian Aid, no oil company has been willing to disclose the terms of its agreements with the forces assigned to it. Talisman cited 'confidentiality reasons' for its refusal. Talisman, Petronas and

Lundin have written to Christian Aid expressing general concerns over allegations of human rights violations.<sup>7</sup> However, to Christian Aid's knowledge, no company has acknowledged a single instance of abuse within its area of operations.

The degree of the companies' contractual complicity with the government's war effort cannot be known while their contracts are 'confidential'. In this regard, the example set by international oil companies in other war-torn, oil-rich countries gives cause for concern. In Colombia, oil companies have entered into arrangements which oblige them to furnish the Colombian military with goods and services including security and communications equipment, information, engineering and health services, helicopter time and land transport. They have also made direct cash payments.<sup>8</sup>

Taban Deng, former governor of Unity State, claims that GNPOC pays funds to the Sudanese military. He told Christian Aid that he believed that 'GNPOC gives the Ministry of Defence a lot of money. The companies know that for them to operate they have to support the army.'<sup>9</sup>

Oil companies operating in Sudan must state clearly what their obligations are to the Sudan army and whether they pay for the troops whose protection they have sought. They must make public the agreements they have with security forces. Reliance on government forces carries a moral responsibility for any abuses those forces may carry out. Secrecy can only encourage these abuses to take place with impunity.

There is already concern about new displacement from heavily populated SPLA-controlled areas close to the town of Mankien in Block 4, where Talisman is drilling three new wells.<sup>10</sup> Shortly before Talisman announced the venture in November, helicopter gunships firing rockets filled with metal shards wounded more than 50 people in a two-minute attack on Mankien.<sup>11</sup> Days after the announcement, government Antonovs subjected the villages in the area to high-altitude indiscriminate bombardment.<sup>12</sup>

## **2. The military use of oil company resources: the 'all-weather war'**

Government forces use the infrastructure of the oil companies in pursuit of their war aims. Peter Gadet said: 'The companies are giving power to the government to drive us away. They are helping the government with everything. They are making the roads, bringing the cars, making the airstrips where the bombers and helicopter gunships sleep. They are bringing the guns and the engineers that make the guns.'<sup>13</sup>

In the GNPOC concession, all-weather roads built by the oil companies were used by government armoured personnel carriers in their offensive in Ruweng county in May 1999. Amphibious vehicles owned by the oil companies have been used to build the roads across the rivers, assisting the movement of government troops.

### **Shared airstrips**

More importantly, as air power becomes a greater factor in the war, government helicopter gunships and Antonov bombers have been armed and re-fuelled at the Heglig airstrip and then used against civilians. The Heglig airstrip was a small government dirt airstrip that the GNPOC lengthened and converted to all-weather use. A government garrison is stationed next to the airstrip. The airstrip is now the principal all-weather airstrip in the region. Reports from Heglig say it is currently being tarmacked. Using the airstrip offers enormous advantages to government forces, as Heglig is roughly 450 km further south than El Obeid, a northern base - bringing troops much closer to their military targets.

A year ago, Harker judged that 'flights clearly linked to the oil war have been a regular feature of life at the Heglig airstrip.' He said: 'Canadian chartered helicopters and fixed-wing aircraft which use the strip have shared the facilities with helicopter gunships and Antonov bombers of the government of Sudan.'

A number of southerners who have worked at Heglig told Christian Aid that gunships used to be accommodated in a small hangar on the edge of the airstrip. The sources said the gunships 'gave cover to oil workers,' but also attacked civilian targets. One of Talisman's own security advisors, a former employee of the British security firm

Rapport, said privately that a gunship unloaded ammunition at Heglig only minutes before the Harker team arrived on its closely monitored inspection visit.<sup>14</sup> Joshua Latjor, a Nuer who worked in Heglig during 1998/99, said 'government planes shared the airstrip with the company. They could even land there at night.'<sup>15</sup>

Talisman has given various accounts of the use of the Heglig airstrip. It initially denied that the government used the airstrip at all. Then it said its contract with the government allowed it to be used for 'defensive' purposes. But in a response to the Harker report, Talisman CEO Dr James Buckee said Khartoum appeared to have exceeded the terms of the contract: Talisman had complained to Khartoum about the use of the airstrip on the grounds that it appeared to go beyond the demands of defence and logistics.<sup>16</sup> Dr Buckee indicated that government use of the airstrip had stopped.

Then, at its AGM in May 2000, Talisman was asked whether it could guarantee that its airstrip in the oilfields of Sudan would not be used to support or assist any military purpose. Dr Buckee said that the company was concerned about the use of the airstrip; that the airstrip had been used in the past for some supporting role for military purposes, but that the company had made it clear to the Government of Sudan that this was not acceptable. He said that Talisman hoped that the airstrip would not be used in the future for military purposes.

The airstrip is still apparently being used. A 24-year-old student, Anwar Abdullah Abdullallah, told Christian Aid how when he was taken for obligatory military services in May 2000, he and 250 other conscripts were flown from Khartoum to Heglig in a government plane. After two weeks at Heglig, they were told they were being sent to deliver food to a government garrison. Instead they were sent to fight on the front line.

Talisman receives security advice from a British company, Rapport. Christian Aid has learned that some Rapport officials who have been seconded to Talisman have warned Talisman against letting the government use the Heglig airstrip for military purposes. They have reportedly told Talisman that it is difficult for Rapport to fulfil its security brief in these circumstances. They have also told Talisman it is not prudent to give government commanders room on aircraft leased by Talisman. Asked for comment, an official at Rapport's London headquarters said: 'I don't think I should comment.

In fact, I don't want to say anything at all.'<sup>17</sup> He then hung up the telephone.

Taban Deng told Christian Aid that Talisman frequently gave space on its aircraft to government commanders, among them State Minister for Defence Brig. Ibrahim Shamseddine.

A second airstrip, longer than Heglig's, was built at Rub Kona in 1999, paid for by Lundin, according to Taban Deng. Rub Kona is headquarters of the army's 15th Division and Lundin's base camp. Deng told Christian Aid that government planes use both airstrips, sometimes for Antonov bombers that carry no military markings.

Outside GNPOC's drilling area, government bombers attacking in and around the oilfields fly on aviation gas refined at the El Obeid refinery on the GNPOC pipeline.<sup>18</sup>

### **Troops use all-weather oil roads**

The army also makes use of a huge network of all-weather roads built and financed by the oil companies, both to clear existing oilfields of unwanted populations and to open up previously inaccessible oil-rich areas to development. Roads in the GNPOC concession are banked up as much as six feet to prevent flooding during the rainy season. Some are lit up night and day, giving government forces a clear advantage in their war against the SPLA.<sup>19</sup>

'Every tree and bush has been destroyed,' said a foreign observer who asked not to be identified. 'The rebels have nowhere to hide. These all-weather roads and airstrips are making this an all-weather war for the government.'

The roads extend to frontline garrison towns: Mayom, Wangkei, Bentiu, Pariang, and Abiemnom. Taban Deng told Christian Aid he was never consulted about the road system, either as governor of Unity State or later as State Minister for Roads and Communications.<sup>20</sup> He said company executives told him the roads were to enable the army to 'secure the oil from afar'.

The roads have become an integral part of the military drive. Last year, Anwar Abdullah and his fellow conscripts were driven to the front along oil roads. Deng said the government's plans for its 2001 offensive include the recapture of Gogrial, the frontline of SPLA-controlled Bahr el-Ghazal, by moving troops along GNPOC's Heglig-Abiemnom road.

Deng said the government also plans to push into Western Upper Nile down the Rub Kona-Thar Jath road financed by Lundin, using spurs of the road yet to be built across areas already burned and depopulated. He said even the Ministry of Energy had expressed surprise at the size of the budget drawn up by the Ministry of Defence to secure the Thar Jath road and oilfield. Lundin also paid for half the cost of the Rub Kona-Heglig road, Deng said, at a cost of up to US\$400,000 per km. It put up some US\$10 million to build a semi-permanent bridge across the river Jur south of Rub Kona. The bridge enables government troops garrisoned in Rub Kona to push into oil-rich areas south of Bentiu in Western Upper Nile.

**Giving vehicles for the ground war** There are also reports that the oil companies are giving the government vehicles that are being used in the ground war. Deng and Gadet told Christian Aid that GNPOC handed 50 trucks to the government's deputy chief of staff for operations, Mohamed Ahmad Shagaf, in a ceremony in Bentiu at the end of 1998. They said the lorries were painted with camouflage colours and used to transport troops along the Rub Kona-Thar Jath road. Most of the cars used by the army came from the consortium, they said.

### **The Companies' response**

Faced with evidence of human rights abuses, the response of the oil companies has been muted. Talisman, as the largest western company involved in Sudan, has had to face sustained campaigning from churches, human rights groups and shareholder activists since 1998.

***'In five years of operation, staff in the field have not seen any evidence of forced displacement or relocation in our area of operation.'* Dr James Buckee, Chief Executive Officer, Talisman Energy**

### **Talisman**

Responding to criticism, Talisman says that it has developed human rights monitoring processes to investigate and document activities within GNPOC and has persuaded GNPOC to adopt a code of conduct that 'includes the concept of human rights protection'.<sup>21</sup> It has also reported to Christian Aid that Dr Buckee and a senior member of Talisman staff met government officials in Khartoum to 'advocate'

respect for human rights.... the protection of civilians in conflict zones [and] the cessation of the bombing of civilian targets in south Sudan.' However, the human rights situation has not improved since these meetings; on the contrary, it has worsened.

Talisman has also outlined the benefits the company is said to bring to the local community. In a letter circulated to shareholders on 23 November 1999, Dr Buckee said that Talisman had provided a hospital, a vaccination programme, employment, water wells, and hundreds of miles of roads. 'Projects funded by the oil project,' he stated, 'have brought hope and stability to the region.' The value of these projects is evaluated in the box below.

Buckee's words stand in strong contrast to the expressed feelings of the citizens of Unity State. Their appeal to Senator Johnston asked: 'Until when will the world turn a blind eye to the Khartoum regime and allow it to do whatever it pleases with the lives of the southern people? Although you are hearing and seeing the suffering and the atrocities committed against the southern people, yet you are unable to move to solve the problem which causes so much suffering and has claimed so many lives.... You who love humanity and freedom, we appeal to you to put an end to our misery now without delay.' In August 2000, Talisman flew in widely publicised supplies of medicines, tents, mosquito nets and veterinary supplies for southerners displaced to Bentiu by fighting. It now has spent US\$1 million on community projects, including 53 water wells. Taban Deng said Talisman's development programmes are referred to in Unity State as 'programmes of displacement' because they encourage northerners to settle in place of displaced southerners.

Writing in the *Oil & Gas Journal*, two senior Talisman executives gave the official view: 'The company believes that remaining in Sudan is the moral thing to do because its involvement there is improving life for the Sudanese,' they wrote.<sup>22</sup>

Senior company officials have repeatedly stated that reports of human rights violations in Sudan are false, exaggerated or mere hearsay. In his 23 November letter to company shareholders, Dr Buckee recorded his opposition to forced relocation of people to make way for oil development. But, he said, 'in five years of operation, staff in the field have not seen any evidence of forced displacement or relocation in our area of operations.... We have diligently investigated these allegations and found them to have no basis in fact.'

The Harker commission interviewed the Talisman staff person assigned to conduct this investigation. It found that no formal report of the investigation existed. Nor had the investigator visited Pariang or Bentiu, the centres of government activity in 1999 and 2000.

A Talisman executive also initially denied any knowledge of the destruction of el-Toor in the government offensive of 1999. After investigating, he claimed that it was 'merely an inter-tribal problem'. Harker concluded: 'so much [for Talisman] seems to be explained as "merely an inter-tribal problem", but displacement has gone on and is still going on, and in Ruweng county, it is hard to deny that [it] is because of oil.'<sup>23</sup>

Harker noted that his team had visited the areas where people had been displaced and had made efforts to talk to a range of people. He stated: 'We think we have found [the truth] and, within

limits, were Talisman to actively seek the truth of what is going on around it, it too would find the truth as we have.'<sup>24</sup>

Talisman's country director in Khartoum told Christian Aid that population figures were increasing in its concession, but gave no verifiable details and made no mention of the massive displacement that emptied this strategic area in 1999.<sup>25</sup>

### **What are Talisman's sources of information?**

Although Talisman gives the impression that it enjoys freedom of movement and therefore has independent sources of information, Harker concluded that 'the movements of Talisman staff are restricted by the government.' Oil companies reportedly keep their contacts with the southern officials of Unity State to a minimum at the insistence of Khartoum, according to Taban Deng. He said their point of contact is not the local government but the federal Ministry of Energy and Mining - even in community programmes.

As Harker noted, companies genuinely concerned with truth must seek information from sources other than local security staff who maintain 'the closest collaboration' with the army, and who often come to the companies from the army or intelligence services.

Following intense public pressure from Canadian churches and US institutional investors threatening to sell their shares, Talisman has taken steps to improve its human rights image in two ways: persuading GNPOC to sign the code of conduct, mentioned above; and hiring PriceWaterhouseCoopers (PWC) to audit its human rights report. Neither initiative is convincing.

In a letter to Christian Aid, Reg Manhas, Talisman's senior advisor for corporate responsibility, said that Talisman was developing a 'human rights monitoring process whereby activities or events in the GNPOC can be fully investigated, documented and, if necessary, remedied.'<sup>26</sup> He said Talisman had persuaded GNPOC to adopt a code of conduct that included 'the concept of human-rights protection'. Manhas did not mention the code's proviso: that GNPOC business must be conducted in line with its 'contractual obligations'.<sup>27</sup> Nor did he mention that the rights documents which Talisman and GNPOC have signed are not binding on the Government of Sudan or its proxies. Talisman has since said that it will 'promote' within GNPOC and the government of Sudan the 'formalisation of the provision of security which complies with the UN code of conduct for law enforcement officials', according to its website. Again, 'promote' is a concept without enforcement.

PWC's audit is meant to monitor Talisman's compliance with the Canadian Code of Business Ethics, a code that is value-laden but has no monitoring process or tangible indicators of success.<sup>28</sup> PWC stresses that it is 'not conducting an in-depth study either of the effects of Talisman's presence in the Sudan or of the impact of oil production on the country.'<sup>29</sup>

PWC only planned to travel in government-controlled areas and inside Talisman's concession. It has no access to those displaced from the concession area, to neighbouring tribes or to any area not controlled by the government. Within government-controlled areas, it can expect to be closely monitored by government officials both inside and outside GNPOC's security apparatus - as was Harker. One of

Talisman's own security staff told Christian Aid that even his movements were controlled by the government.<sup>30</sup> He said he needed to apply for permission every time he wanted to travel outside Talisman's area of operations.

### **Some questions over Talisman's assistance**

**The hospital** The Harker report noted that the hospital that Talisman has built in Heglig was empty of patients during their visit. Talisman said that Harker visited one afternoon during Ramadan. Outpatients had gone home, and due to a mistake, inpatients had been moved away. Harker noted that the hospital was still empty the next morning. He also pointed out that the nearest local hospital in Bentiu was now barracks for government forces, and that the conflict meant that people in Bentiu would not be able to access GNPOC medical facilities in Heglig.

**Employment** Talisman noted that there was underemployment of southerners in the oil plants and said it was establishing vocational training colleges in Bentiu and Rub Kona - these towns are both at the epicentre of the displacement, under government control. There is now a training centre in Khartoum. It is doubtful whether many southerners would be able to attend.

**Water wells** Harker said that wells appeared to be left over from oil drilling and exploration sites and were not situated near villages or grazing sites.

**Roads** Most of the roads have been built to facilitate the movement of oil company equipment. They go in straight lines to wells rather than linking villages. Deng asked for roads for southerners but was turned down.

**Relief goods** Talisman has supplied relief goods to the displaced in Bentiu, claiming collaboration with the UN and other relief agencies. However, UN officials and relief agencies have had to disassociate themselves from Talisman's efforts, including flying goods on Talisman relief flights. UNICEF representative Thomas Ekvall noted that the SPLA has threatened oil companies and anybody associated with them: 'We cannot risk the lives of our staff by associating ourselves with any of the oil companies working here.' iii

## **Lundin**

Similarly, Lundin has downplayed evidence of conflict in its own Block 5a. Magnus Nordin, Lundin's Investor Relations Manager, told Christian Aid that the company had 'not noticed directly any conflict' but said that the company recognised that it is a 'complicated and unstable situation.'<sup>31</sup>

Lundin's lack of awareness is surprising given that Lundin withdrew from its concession in March 2000, citing logistical difficulties. Lundin reported that it was unable to continue in the area due to the lack of infrastructure and security concerns - after opposition forces attacked its exploratory wells. After striking oil at Thar Jath in March 2001, the company is back in operation in Block 5a but it has not mentioned the measures that the Sudanese government has taken to build its vital oil road, as described in Chapter 1.

How is it that an oil company that is waiting for a road to be built to enable its return to a potentially profitable concession would not be monitoring the progress of the road, for which it is reportedly paying? Lundin's lack of knowledge about the situation in its own concession is not credible. However, Lundin has indicated that Sudanese government approval may be needed on any public reports about its operations in Sudan. Restrictions such as this one may be allowing the war in Block 5a to continue without publicity.<sup>32</sup>

In a carefully worded letter to Christian Aid, Lundin noted that it contributed to relief efforts for displaced southerners in government-controlled Bentiu last year. It did not mention that the cause of the displacement was fighting for control of its own Block 5a. It said it had increased its monitoring of the situation in Block 5a given 'allegations regarding the conflict in Sudan,' but did not say how it planned to monitor impartially given that it is present only on one side of the conflict.

### **The PR offensive: development or displacement?**

The companies have attempted to seize the moral high ground with a public relations offensive that, in the case of Talisman, focuses on 'community development and participation programmes'.<sup>33</sup> It is significant that the PR campaign went into top gear last year, with full-page advertisements in newspapers, just as Khartoum launched an unprecedented aerial onslaught against the south, attacking towns and villages as well as relief planes and compounds.

In the same month - August 2000 - that Amnesty International called on Khartoum to 'immediately stop indiscriminate bombings of civilians in south Sudan,'<sup>34</sup> Talisman began trumpeting details of its relief work for displaced southerners. In an article entitled 'Talisman and relief agencies work together,'<sup>35</sup> the company said the displaced had fled 'as far as 100 kilometres north towards the oilfields to reach safety' - implying that oil regions were secure. It did not say that the displaced were fleeing fighting in other oil areas nor did it say that the fighting involved government-supplied forces as well as the SPLA.

In his letter to Christian Aid, Talisman's Reg Manhas implied that Talisman's presence has brought nothing but good: a hospital, clinics and an artificial limb camp, a vaccination programme, employment and water wells. He made no mention of displacement or of the 'hundreds of miles of roads' that his company had highlighted in a 1999 letter to shareholders - roads that enable government forces to attack more deeply, and more quickly, than ever before. 'It is not a question of how many schools are built or how adequate they are,' Deng said. 'What good are these schools to you when you can be shot, burned and killed in the villages? When your daughter can be raped in Rub Kona?'

### **No corporate support for peace**

According to Deng, Talisman had not consulted the wishes of local people or himself as governor as regards the development projects. 'I never saw a single penny from oil so I could make a school,' he said. 'When Talisman built a school at Pariang, it did not consult even the commissioner. But when the community asked Talisman for support for a meeting to make an internal peace in Unity State, they were rebuffed. Talisman said it had asked the government and the government had said "no".'

### **The only solution**

Christian Aid believes that there is one thing that the oil companies can do: stop all oil exploration and production until a just peace is negotiated. Christian Aid is not calling for the oil companies to sell their concessions, or their stake in Sudan, but to acknowledge that current oil production is fuelling the war, causing thousands of deaths and mass displacement. Until oil is produced under a new set of circumstances, the companies will continue to be complicit.

***'Until when will the world turn a blind eye to the Khartoum regime and allow it to do whatever it pleases with the lives of the southern people? Citizens of Unity State to Senator Johnston, US special envoy to Sudan***

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## **Chapter 5 The British connection**

**British companies are helping, directly and indirectly, to build the Sudanese oil industry**

Three British firms are involved in Sudan's oil industry: Weir Pumps of Glasgow, Rolls Royce and, indirectly, BP. The first two provide equipment and operational support. BP own shares in a subsidiary of CNPC, one of the major operators in the oilfields and in the areas where the government has most forcefully pursued its scorched earth policy.

### **Weir Pumps: the heartbeat of a pipeline**

Pumps are the heartbeat of a pipeline. Without them oil cannot flow; exports cannot happen; profits cannot be made. In Sudan's 1,600-km pipeline to the supertanker port at the Red Sea, British company Weir Pumps has played a key role.

Weir's contract to provide the pumping stations for the first pipeline to the Red Sea is worth £20 million. It is currently building stations with which Khartoum hopes to boost its production from 185,000-200,000 barrels per day to 400,000 - doubling at a stroke the revenue available from oil.

Weir issued a press release about its first contract, but made no announcement about the second. It is understood, however, that the second contract is worth 'substantially less' than the original one. A spokesman declined to say why Weir had made no announcement about its second contract with Khartoum. He said the company 'is not prepared to talk about it for commercially confidential reasons'.<sup>1</sup>

In addition, Weir has brought Sudanese engineers working on the pipeline to Scotland to be trained. All the workers are believed to have been from the north of Sudan, and approved by the government.

Although Weir's involvement in Sudan has attracted little public attention, Andrew Rowe, MP for Faversham and Mid Kent,<sup>2</sup> has said the GNPOC project in which Weir is involved 'threatens to perpetuate the Sudanese war and undermine the fragile peace process' and called on the British government to 'refuse any export licences to Sudan'. When asked whether Weir accepts any responsibility for the devastation caused by oil, the spokesman replied: 'No comment'.

### **Rolls Royce: keeping the oil flowing**

Rolls Royce plc provides both equipment and operational support to GNPOC. According to the company, it has provided 34 diesel engines which are used by GNPOC to pump oil along the pipeline and for power generation purposes. It also works with a local Sudanese company, DAL Engineering, to provide maintenance and support. 'At any given time we will typically have between 12 and 20 expatriate engineers in the country,' Rolls Royce told Christian Aid.

This technical support is vital to getting and keeping the oil flowing. When Rolls Royce was asked whether the company has a security agreement with government forces and whether it had verified that government forces were not violating human rights, the company declined to speak further 'for reasons of corporate, operational and commercial sensitivity'.<sup>3</sup>

### **BP: an unethical portfolio?**

BP's connection to Sudan is through its investments in PetroChina, a subsidiary of CNPC, one of the main oil extractors in Sudan today. It has announced investments of US\$578 million in PetroChina. BP claims that none of its capital has been, or will be, used to finance operations in Sudan. Christian Aid believes this cannot be guaranteed, as we show here.

The issue of fungibility is at the heart of concern over BP's initial US\$578 million investment in PetroChina, which was floated in March 2000, with CNPC retaining 90 per cent of shares. BP bought 10 per cent of the flotation, making it, with 2.2 per cent of PetroChina's shares, the single biggest minority shareholder.

Although PetroChina was floated as a 'domestic only' unit of CNPC with all its assets in China, this was an expedient creation designed to raise capital after it became clear that CNPC could not be floated in its own name because of the US embargo and criticism of its role in Sudan.

PetroChina's underwriters, Goldman Sachs, maintain they have created a 'firewall' between CNPC and PetroChina to prevent investments like BP's being used in any of CNPC's overseas ventures, including Sudan. PetroChina says the money will be spent on developing China's own oil and gas reserves, some of which are in Chinese-occupied Tibet, and that the net proceeds of US\$2.47 billion from the flotation were put in a separate account by CNPC.<sup>7</sup> But analysts estimate that some US\$270-US\$300 million of PetroChina's initial public offering (IPO), about ten per cent of the total, went directly to CNPC - and this was new money that could be included in CNPC's new investment in the Eastern Upper Nile.

The only way for the BP firewall to work, said one political risk analyst, 'is for CNPC to get out of Sudan'.<sup>8</sup> Another analyst referred to the firewall as 'a smoke screen', in a study commissioned by Christian Aid.<sup>9</sup> BP's 'firewall' argument does not stand up to scrutiny:

- It is impossible to show that the profits of PetroChina that accrue to CNPC will not be used to fund its overseas oil development in Sudan. There is no independent scrutiny and no guarantee that funds will not flow between the companies.
- The only assurance BP has offered that there will be no fungibility is a 'pledge' from CNPC. But given the secretive, unaccountable nature of China's state-owned enterprises, these guarantees are flimsy. The company also says that its auditors, PriceWaterhouseCoopers (PWC), will review the ringfencing of funds. But again the issue of secrecy remains.
- Mechanisms are in place in the agreement that funds can flow between PetroChina and its parent corporation, in any event. CNPC has an agreement to provide products and services to PetroChina and to charge PetroChina above cost. This money could be used to finance overseas operations. According to the Financial Times, from January-September 1999, PetroChina paid US\$5.5 billion to CNPC for a number of services - more than 50 per cent of its total outlays.<sup>10</sup>
- The assumption of billions of dollars of CNPC debt by PetroChina has freed up CNPC resources. Relieved of debt, CNPC is now able to use the money it has saved for other purposes. These could include financing operations, including those in Sudan.
- The management relationship between CNPC and PetroChina is also direct. According to the company prospectus, 'CNPC's ownership share will enable CNPC to elect [PetroChina's] entire board of directors without the concurrence of any of [the] company's other shareholders'. CNPC will be able to control the policies of the company, determine the timing and amount of dividend payments, and effect corporate transactions without the approval of minority shareholders.<sup>11</sup>

In these circumstances, a dollar for PetroChina is essentially a dollar for CNPC - as even Chinese officials appear to acknowledge. At the time of its flotation last year, Sheng Huaren, a minister in China's State and Trade Commission, stressed that PetroChina had no overseas assets but stopped short of giving an assurance that none of the proceeds of PetroChina's listing would go to CNPC and from there be diverted to Sudan.<sup>12</sup> There is no means of monitoring this. The control over the flow of information in Chinese state-owned companies like CNPC regarding traded securities is almost total, making information about investment flows almost impossible to come by.

From CNPC's point of view, it benefits from BP's investment because the company absorbed a large portion of CNPC's old debt - PetroChina came into being defined by the US\$15 billion debt inherited from CNPC, much of it accrued in Sudan. Freed from this debt, CNPC then had the financial means to expand its Sudan operations: late in 2000, CNPC took a 23 per cent stake in a new consortium in the Adar area in Block 3.

BP has argued that proceeds from PetroChina's listing would never end up in Sudan because CNPC's stake in the the larger grouping of oil companies, GNPOC, is now 'self-funding' - paid back through royalties.<sup>13</sup> But CNPC's new involvement in Block 3 necessitates additional capital. In the judgement of one industry analyst who wishes to remain anonymous: 'American capital raised through a deal made possible by BP Amoco is now on its way to Sudan.'

Without independent scrutiny, of course, no one will ever know with absolute certainty whether PetroChina profits are making their way to the oilfields of Sudan. PriceWaterhouseCoopers, which has been advising CNPC on its US restructuring, will be monitoring the firewall. But CNPC, as a Chinese corporation, is not entirely subject to independent monitoring.<sup>14</sup> In Christian Aid's view, BP cannot guarantee the efficacy of the firewall. Without an absolute guarantee it is risking its reputation as a company which is not involved in Sudan.

### **What BP says**

BP has written to Christian Aid stating its view that it is not directly active in Sudan while expressing its concern over human suffering in Sudan and its support for 'fiscal transparency and respect for human rights in Sudan'.<sup>15</sup> Its CEO, John Browne, winner of numerous accolades for being a champion of social responsibility, has pioneered a corporate commitment to business ethics through its much-publicised commitment to the UN Declaration of Human Rights. In late 2000, the company signed up to a voluntary code for US and UK oil and mining companies in an initiative which could have been tailor-made for Sudan. Led by the US and UK governments, the code seeks to ensure that companies will stop abuses by public or private security forces which protect company operations.

Why, then, is BP clinging to its indirect investment in Sudan? In its portfolio, BP, holds a major stake in two subsidiaries of one of the main companies, CNPC, complicit in Sudan's oil war. Surely a commitment to human rights should involve a review of the company's own portfolio investments - and immediate divestment of shares which compromise BP's human rights obligations.

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## **Recommendations**

### **Christian Aid calls on:**

#### **1. Oil companies currently operating in Sudan: *to immediately suspend operations until a just and lasting peace agreement has been agreed.***

Christian Aid is not calling for the operational oil companies to sell their concessions, nor to relinquish their investment in the Sudanese oil industry. But they must to send a clear message to the government of Sudan that it is unacceptable to violate human rights and humanitarian law in order to assist the production of oil.

To encourage the process of a lasting peace agreement and to prevent further human rights abuses, Christian Aid calls on the oil companies to guarantee the following actions before they resume operations in Sudan:

- Publicly urge the Government of Sudan and opposition groups to renew efforts in finding a just peace, based on the IGAD Declaration of Principles.
- Ensure that company infrastructure will not be used for military purposes that lead to violations of humanitarian law against civilians.
- Ensure human rights training for all security personnel employed to protect staff and business interests.
- Raise, with the Government of Sudan and SPLA as appropriate, reports of humanitarian and human rights violations and to encourage all sides to observe international humanitarian law and to take active steps to protect the civilian population.
- Disclose the nature and content of the above discussions.
- Publicly encourage Sudan to invite UN human rights monitors to investigate the human rights situation in the oil regions in Sudan, with no restriction on their mandate and movements.
- Develop and fully implement codes of conduct that refer to the protection of human rights and corporate responsibility with independent verification.

**2. Oil companies not yet extracting oil such as TotalFinaElf and those companies supplying equipment to the industry: *to refuse to begin operations, supply equipment, or take any further steps (involving financial, technical or human resources) until a just and lasting peace agreement is agreed.***

Those companies with actual or potential contracts with the Government of Sudan should also follow the recommendations above.

**3. BP and other investors in China National Petroleum Corporation (CNPC) subsidiary PetroChina : *to divest shares in PetroChina unless CNPC immediately suspends operations in Sudan.***

**4. Shareholders, pension funds and other institutional investors: *to monitor the activities of any oil companies operating in Sudan, or indirect investors such as BP, for evidence of compliance with the above recommendations and to consider divestment if there is no compliance by the time of the companies' Annual General Meetings.***

**5. The Government of Sudan: to take active and serious steps in finding a just and lasting peace agreement, based on the IGAD Declaration of Principles**

***A. To stop all human rights and humanitarian law violations by:***

- Actively protecting civilians in the war zones, including during military operations around the oilfields.
- Publicly condemning human rights violations committed against civilians by the government army and government allied militia in the war zones.
- Allowing UN human rights monitors free access to the region, with no restriction on their mandate and movements.

- Immediately allowing unrestricted access for humanitarian agencies to all government controlled areas.
- Stopping the practice of red lighting relief locations and air strips in southern Sudan, starting with the oil areas of Western Upper Nile.

***B. To promote an equitable use of the oil reserves for all the people of Sudan by:***

- Stopping the further sale of oil concessions in southern Sudan until the signing of a just and lasting peace agreement.
- Initiating discussions with the oil companies and independent experts on verifiable ways in which oil export earnings can be reserved for humanitarian and development purposes and shared equitably by all regions of Sudan.
- To agree with the IMF an auditing arrangement to ensure that oil revenues are not used to fund excessive and abusive military or security forces' operations in any part of Sudan.
- To make such audits publicly available.

***6. The armed opposition: to take active and serious steps in finding a just and lasting peace agreement, based on the IGAD Declaration of Principles***

To stop all human rights and humanitarian law violations by:

- Actively protecting civilians in the war zones, including during military operations around the oilfields.
- Publicly condemning human rights violations committed against civilians by their forces in the war zones.
- Allowing UN human rights monitors free access to areas under opposition control, with no restriction on their mandate and movements.

***7. The IMF:***

- To negotiate and agree with the Government of Sudan an auditing arrangement to ensure that oil revenues are not used to fund excessive and abusive military or security forces operations in any part of Sudan.
- To make such audits publicly available.

***8. The UK government:***

- To renew efforts to bring about a comprehensive peace agreement between the Government of Sudan and all opposition parties, based on the IGAD Declaration of Principles.
- To fund, and provide diplomatic support to, any UN Human Rights monitors in Sudan and press for there to be no restrictions on mandate or travel.
- To place full diplomatic pressure on the Government of Sudan and the armed opposition to respect human rights and humanitarian law.
- To take steps to put in place strong and enforceable regulations of transnational corporations so that they cannot directly or indirectly be complicit in violating human rights.
- To monitor the activities of any national oil companies operating in Sudan for evidence of compliance with the above recommendations.

## **9. The European Union:**

- To support the recommendations above.
- To investigate potential breaches of the EU arms embargo to Sudan.
- To include oil-related human rights violations as part of the ongoing EU dialogue with the Government of Sudan.
- To disclose the nature and content of the above discussions.
- To take steps to put in place strong and enforceable regulations of transnational corporations so that they cannot directly or indirectly be complicit in violating human rights.

## **10. The international community and particularly the governments of national companies investing in Sudanese oil industry:**

- To renew efforts to bring about a comprehensive peace agreement between the Government of Sudan and all opposition parties, based on the IGAD Declaration of Principles.
- To fully fund, and provide diplomatic support to, any UN Human Rights monitors in Sudan and press for there to be no restrictions on mandate or travel.
- To place full diplomatic pressure on the Government of Sudan and the armed opposition to respect human rights and humanitarian law.
- To monitor the activities of any national oil companies operating in Sudan for evidence of compliance with the above recommendations.

## **Glossary**

**CNPC:** China National Petroleum Corporation, China's state oil company which owns 40% of GNPOC.

**GNPOC:** Greater Nile Petroleum Operating Company, the consortium made up of Talisman Energy (Canada), Petronas (Malaysia), and Sudapet (Sudan's state oil company) which runs the major oil fields in Blocks 1, 2 and 4, including Heglig and Unity, the two biggest producing oilfields. Also owns the 1,600 km pipeline to the Red Sea and the supertanker facilities near Port Sudan.

**IGAD:** Inter-Governmental Authority on Development, the grouping of governments which provides the principal forum for negotiations between Khartoum and the SPLA. Governments include: Ethiopia, Eritrea, Djibouti, Somalia, Sudan, Kenya and Uganda. IGAD is backed by the IGAD Partners' Forum, consisting of European states including the UK.

**Mujahadeen:** Islamic 'holy warriors' in the service of the government of Sudan, made up of Baggara tribal militias placed to fight in Western Upper Nile and Bahr el-Ghazal.

**NIF:** National Islamic Front, led by General Omar el-Bashir, which came to power in a coup in 1989. The NIF is now renamed the National Congress.

**OMV:** Austrian oil company and investor (28%) in Block 5a, along with Lundin and Petronas.

**OLS:** Operation Lifeline Sudan, set up in 1989 and now the world's largest aid operation. Led by the UN and made up of 40 NGOs and UN agencies, principally the World Food Programme (WFP) and Unicef. OLS is divided into two sectors: a northern sector based in Khartoum and a southern sector, which operates from the northern Kenyan city of Lokkichokkio.

**PetroChina:** A 90% subsidiary of CNPC in which BP and other international investors hold a major stake. BP invested US\$578 million when CNPC launched its initial public offering on the stock exchange in March 2000 and argued that it had erected a 'firewall' between its investment and Sudan. But concerns over fungibility and investments in Tibet have made it controversial.

**Petronas:** Malaysian national oil company with a 30% stake in GNPOC and 28.5% stake in Block 5a.

**SPLA:** Sudan Peoples' Liberation Movement/Army, the main armed opposition movement in Sudan. The SPLA controls most of the south with the exception of garrison towns. In this report we refer to it as the SPLA.

**SRRA:** Sudan Relief and Rehabilitation Association, the humanitarian wing of the SPLA.

**WFP:** World Food Programme, responsible for most food aid deliveries to southern Sudan and a leading UN agency within OLS.

## **Sudan's civil war**

For more than four decades Sudan has been divided in a bitter and bloody civil war between the central government of Khartoum and armed opposition movements. The strongest of these is the Sudan Peoples' Liberation Army (SPLA), based in the southern part of the country. The war is being fought over a complex and changing set of issues which encompass the identities and cultures of diverse African and Arab peoples; control over natural resources such as land, livestock, water and now oil; and the balance of power between a powerful minority population in the riverain centre and a weak majority spread across the more remote marginal areas of this vast country.

This war has caused untold harm to all the Sudanese people, both directly from the use of arms, but even more from the famine, malnutrition and disease that results from the government strategy of grinding the SPLA down by undermining the population's livelihoods. It has cost millions of lives - over two million dead and four million people internally displaced - in the last 18 years alone.

It is further complicated, especially in the south of the country where most of the oil is, by the interplay of different armed factions. Initially the result of internal dissension between Dinka and Nuer groups within the SPLA, the rivalry is now exploited by the government as part of a sophisticated divide and rule policy to strengthen its cause. It arms proxy forces to fight its battles including both Arab and southern militias, and holy warriors or mujahedeen. The warlords who have been encouraged to develop are often only loosely aligned and effectively operate in isolation. None of the protagonists respects the rights of civilians and all sides have been accused of committing atrocities.

The current government of General Omar el-Bashir seized power in a coup in 1989, but its hold on the country has never been strong. It has engaged in negotiations with the SPLA through the Inter-Governmental Authority on Development (IGAD) peace process. But despite the fact that both sides signed up to a 'Declaration of Principles' for peace in the mid 1990s, the IGAD process has faltered. Commentators are painting a bleak picture at the start of 2000, with reports of heavy fighting between opposing factional commanders Peter Parr and Peter Gadet. The suffering of the civilian population will be devastating yet again.

## **Christian Aid's programme in Sudan**

Christian Aid's programme in Sudan dates from the early 1970s when an end to the first civil war since independence gave the country hope for a new start. Yet the renewed outbreak of war only 11 years later, in 1983, marked the beginning of a context which has been ever more challenging to relief and development work and ever more frustrating as the constraints have continuously outweighed the efforts of local churches and agencies and their supporters. Today Christian Aid works

with 24 local partners in both the north and south of the country with an annual programme expenditure of over £2 million.

The challenges and constraints affect every aspect of Christian Aid's work: relief, development and advocacy. The displacement and hunger caused by warfare and drought create the constant need for both food and non-food relief amongst millions of displaced families existing on the outskirts of Khartoum, and amongst remote and dispersed communities right across the southern part of the country from Wau to the Nuba Mountains, to northern Bahr el-Ghazal and Western Upper Nile. Relief efforts are exorbitantly costly because access both north and south is usually only possible by air. In the south aid flights take place at great risk because of fighting, and are also often banned by the government in Khartoum.

Christian Aid has called southern Sudan a 'development disaster'. Constant warfare has left neglected all basic infrastructure and all institutions of governance and welfare. Almost 20 years of conflict has devastated health and education services. Christian Aid's partners are struggling to provide people-focused development through building civil society and community organisations which can deliver a voice to the people as well as education and other basic services. Support to independent voices in the north is also a key priority in Christian Aid's programme. But development work is hampered by a lack of funding from government and other official institutions whose definitions of humanitarian assistance preclude an adequate longer-term response to situations of chronic conflict.

Advocacy is thus a key priority for Christian Aid and its partners. Partners including the Sudanese Councils of Churches stand up to advocate on issues of human rights abuse in circumstances of personal danger and engage, particularly in the south, in groundbreaking programmes of grassroots people-to-people peace-making. Partners

have also spoken out against investment by foreign oil companies as the war has become ever more destructive.

'The Sudanese churches believe that the oil in southern Sudan is a national resource that should be used for all the peoples of Sudan,' said the Sudanese Councils of Churches in a statement issued in late 2000. 'Instead, oil revenues have been used for the purchase of weapons used for killing and displacing people in the oil areas. As shepherds of the population in the Sudan and eyewitnesses, we call upon the international community to take immediate action... [and for] the withdrawal of the oil companies.'

## **Who's who in oil**

### **The investors**

#### ***BP***

Through its \$578 million stake in PetroChina, created in an initial public offering on the NY Stock Exchange in March 2000, BP is a substantial investor in two subsidiaries of China's national oil company, CNPC. It is the largest minority stakeholder in PetroChina, with 2.2% of shares (having purchased 10% of the offering). To prevent allegations that BP was contributing to human rights violations, the company erected a 'firewall' which would, it said, stop its funds from contributing to the parent company which operates in Sudan. CNPC retains 90% ownership of PetroChina. Given the nature of Chinese state-owned corporations, concerns persist about fungibility. Many observers argue that a dollar for PetroChina is essentially a dollar for CNPC - and therefore potentially for its Sudanese operations.

### **The concession holders**

#### ***GNPOC***

The Greater Nile Petroleum Operating Company is currently the sole operational consortiums developing Sudan's oilfields. It is made up of Talisman Energy Inc, which holds a 25% stake; CNPC, the Chinese national oil corporation, with 40%; Petronas Carigali Overseas, which holds 30%; and Sudan's national oil corporation, Sudapet, which owns 5%. GNPOC's Blocks 1, 2 and 4, particularly the Heglig and Unity oilfields, are the scenes of greatest conflict and displacement to date. GNPOC also owns the 1,600 km pipeline to its oil supertanker facilities near Port Sudan on the Red Sea. Talisman, Canada's largest independent oil and gas company, is currently drilling in the North Sea's Moray Firth.

#### ***Lundin Oil AB***

A family-run Swedish oil company based in Geneva, Lundin suspended operations in Block 5a, adjacent to GNPOC, in 1999, because, it said, of 'logistical difficulties'. Sources claim that the construction of the oil road through Lundin's area - essential to develop the concession - has been accompanied by a military drive and the burning of villages. In March 2001 Lundin announced that it had struck oil at Thar Jath in Block 5a, one of the regions's richest deposits, and will be continuing oil exploration further south. Lundin is the lead operator in Block 5a, with 40% of shares. Other stakeholders in this concession are Petronas (28.5%), OMV of Austria (26%) and Sudapet (5%).

#### ***TotalFinaElf***

Block 5, a vast expanse of 120,000 km<sup>2</sup> running all the way south to Sudan's border, was sold to TotalFinaElf in the 1980s, but it has remained unexploited because of security problems. Called an 'oil goldmine', the concession is alluring - both for the company and for the government, who

will see the area around Bor as the next big lucrative prize.

### **CNPC**

The China National Petroleum Company, along with Malaysian and Gulf state companies, is expanding in the Adar Yel oil fields in Block 3. CNPC holds 23% and is the lead in the GNPOC consortium. There are reports of increased attacks on NGOs and civilians in eastern Upper Nile near Adar, which may presage the rumoured building of a pipeline to Ethiopia.

### **The suppliers**

Weir Pumps (Glasgow) and Rolls Royce are suppliers of pumping stations, pumps and engines to the pipeline and pumping stations. Without this vital contribution, there would be no oil moving to the Port Sudan terminal along the 1,600 km pipeline.

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#### **Chapter 1**

1. Interviews with OLS security officials in Lokichokkio, May 2000.
2. Human Rights Watch World Report 2001.
3. Business Wire, Vancouver B.C., 20 January 2001, on Sudan Thar Jath Well testing operation.
4. idem.
5. Interviewed in Mariel Lou, Bahr el-Ghazal, November 2000.
6. A partial list of the destroyed villages include: Kuach, Wicluak, Thoar, Daw Gawjal, Waw, Dhorbor, Kach, Gier, Gieni, Chottial, Bangna, Kuoynyang, Norchieng Yar, Parjiek, Tiak, Raal, Dhorchieng Chuol, Kuorong, Khoreng, Kuerchieng, Pah and Lejak, according to the an aid worker who has flown over the Lundin road on numerous occasions.
7. Interviewed in Nhialdiu, May 2000.
8. Interviewed in Nhialdiu, May 2000.
9. Interviewed in Nhialdiu, May 2000.
10. Interviewed in Mariel Lou, Bahr el-Ghazal, in November 2000.
11. 'Lundin Oil: Lundin Strikes Oil in Sudan', news release, 5 March 2001.
12. Interviews in Lokichokkio in May 2000.
13. In March 2000 the Melut Petroleum Company (MPC) signed a \$30 million, three-year contract to explore 70,000 square miles in central Sudan including the Adar oilfields east of the White Nile. MPC's parent company, Fosters Resources, defaulted from the agreement a few months later because of controversy over investments in Sudan.
14. E-mail received on 26 May 2000.
15. Jacqueline Sheppard and Reg Manhas, Talisman Energy, 'Sudan experience offers corporate responsibility lessons, opportunities', Oil & Gas Journal, 13 November 2000.
16. Cited in John Harker, 'Human Security in Sudan: The Report of a Canadian Assessment Mission', Ottawa, January 2000, p.10.
17. Interviewed in Nhialdiu, May 2000.
18. As Talisman reported to Human Rights Watch.

## **Box**

i Interviewed in Nhialdiu, May 2000.

## **Chapter 2**

1. World Food Programme, news release, 27 July 1999.
2. WFP is currently testing hovercraft that will be used to explore the marshy grazing lands. It is not clear when they will be operational.
3. In a press release on 10 August 2000, Amnesty international said three relief planes - one chartered by Médecins Sans Frontières (MSF) and two by OLS - were narrowly missed by government air raids in the space of three weeks.
4. OLS, Location Security State, 4 February 2001.
- 5 Interviewed in Nhialdiu, May 2000.
6. One alternative strip, Toy, was used for only a month before Khartoum identified it and denied it.
7. Southern Leech State, 2000/2001 Annual Needs Assessment.
8. E-mail from OLS official, Lokichokkio, January 2001.
9. NGOs almost across the board require anonymity to protect themselves from reprisal.
10. Interviewed in Nhialdiu, May 2000.
11. Interviewed in Lokichokkio, November 2000.
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13. Interviewed in Nhialdiu, November 2000.
14. Interviews with aid workers, Lokichokkio, November 2000.
15. Interviewed in Nhialdiu in May 2000.
16. Interviewed in Mariel Lou, Bahr el-Ghazal, November 2000.
17. Interviewed in Pagarau, Bahr el-Ghazal, May 2000.

## **Box 'Soft targets'**

- i US Committee for Refugees, cited in 'Sudan's Military Bombed Civilian Sites 152 Times Last Year', Africa News Service, 23 January 2001.
- ii Commander Gadet's forces killed two health workers for MSF-Holland during an attack on Koch in October 2000. Gadet said he considers relief workers in government-controlled areas part of the enemy, but denied that the two had been targeted.

## **Chapter 3**

- 1 The refinery was sold in 1992. However, Shell continues to operate in Sudan, supplying fuel and lubricants to 57 service stations and major customers, and with 170 employees and 200 contractors, according to an interview by Pax Christi with senior Shell staff, including the financial director of Shell Sudan. Telephone interview with Pax Christi, 16 March 2001
2. IMF (2000) Sudan: Staff Report for the Article IV Consultation and Fourth Review of the First Annual Program under the Media Team Staff-Monitored Program.
3. Al-Share Al-Siyassi, 1 July 2000.
4. Lundin Oil, news release, January 2001.
5. Quoted by the Associated Press, 9 October 2000.
6. Interviewed in Tam, November 2000.
7. Ibid.
8. Interviewed in Lokichokkio, August 2000.
9. Sudan Country Report, EIU, November 2000, p. 19.
10. In one typical case, the Sunday Times disclosed in early 1999 that 6,000 metric tonnes of arms from Slovakia were destined for Sudan. The deal was cut by a British arms broker and the shipment carried a false end-user certificate: the country of Chad.

11. Human Rights Watch report 1998, cited by Arthur Kransdorff in 'Memorandum on Sudan', a report for Christian Aid.
12. Human Rights Watch, op. cit.
13. Human Rights Watch, 'Sudan: Global Trade, Local Impact. Arms Transfers to all Sides in the Civil War in Sudan,' August 1998, vol.10. no. 4(A), cited in footnote 83.
14. Amnesty International, The Human Price of Oil, May 2000, p 12.
15. Poland said the tanks had been sold to Yemen and illegally diverted to Sudan.
16. Robin Hughes, 'Yemen receives Russian and Czech main battle tanks', Jane's Defence Weekly, 26 July 2000.
17. In October 2000, the same sources later claimed that Hover Dynamics had lost the contract.
18. Paul Jackson also said that the BO 105s were likely to have been bought on the second-hand market; only a handful had been built in the last few years. He said German, Spanish and reportedly the Iraqi army use the BO 105 for military purposes. Interview, London, December 2000.
19. Gen Abdul Rahman Saeed of the United Military Command, the anti-government forces fighting in northern Sudan, told Christian Aid his forces had shot down four Russian gunships. He said Khartoum had been able to replace them all. In 1989, as deputy chief of operations in the Sudanese armed forces, Gen Saeed was instructed to draw up a project for the defence of the oilfields - at a time when there were no foreign companies to protect. He judged that three brigades would be needed, each with 100 tanks, heavy artillery and helicopters. He estimated the cost at US\$1 billion.
20. IISS, The Military Balance 2000-2001, Oxford University Press.

## **Box**

i Telephone conversation with Christian Aid, 18 December 2000.

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1. Human Rights Watch, unpublished manuscript, June 2000, pp 58-59.
2. Interviews with former local government and militia allies of the Government of Sudan, November 2000 and February 2001.
3. Harker report p. 48.
4. Letter to Harry Johnston, US Special Envoy to Sudan, 4 November 2000.
5. Interviewed in Tam, Western Upper Nile, November 2000.
6. Letter to Christian Aid from Mohd Ashar Bin Osman Khairuddin, Legal and Corporate Affairs Division, Petronas, 14 December 2000; letter to Christian Aid from Reg Manhas, Senior Adviser, Corporate Responsibility, Talisman Energy, 6 December 2000; letter to Christian Aid from Ian Lundin, President, Lundin Oil, 30 November 2000.
7. Human Rights Watch, Colombia: Human Rights Concerns Raised by the Security Arrangements of Transnational Oil Companies, April 1998, p.4.
8. Telephone interview, 18 December 2000.
9. 'Talisman to drill three new exploration wells in Sudan,' Reuters, 20 November 2000.
10. E-mail from OLS sources in Lokkichokkio, December 2000.
11. 'Schoolchildren flee government bombing raids,' UN Integrated Regional Network (IRIN), 27 November 2000.
12. Interview in Tam, November 2000.
13. Rapport Research and Analysis defines itself as 'a security consultancy specialising in the provision of information-based security services for companies operating in areas of high risk.'
14. Interviewed in Wunchuei, Bahr el-Ghazal, in November 2000.

- Latjor now works for a European NGO as a nomadic health worker.
15. Talisman Energy, news release, 14 February 2000.
  16. Telephone interview with Clive Russell, 15 December 2000.
  17. Amnesty International, op. cit.
  18. OLS security officials interviewed in 2000.
  19. This was the post Deng held when he resigned in December 2000. State ministers are second-ranking officials in federal ministries.
  20. Jacqueline Sheppard and Reg Manhas, Talisman Energy, 'Sudan experience offers corporate responsibility lessons, opportunities', Oil & Gas Journal, 13 November 2000.
  21. *ibid.*
  22. Harker report, p. 51.
  23. *ibid.*, p. 63.
  24. Meeting with Ralph Copeland, Talisman country director, Khartoum, 1 December 2000.
  25. Letter to Christian Aid from Reg Manhas, Talisman, 6 December 2000.
  26. GNPOC Code of Ethics, published on Talisman's website.
  27. The Code obliges Talisman to support and promote the protection of international human rights in its sphere of influence and not to be complicit in human rights abuses. The code does not set standards or have a monitoring process.
  28. PriceWaterhouseCoopers, Verification of Talisman Energy's Corporate Social Responsibility Report 2000: an outline of the nature and scope of the verification work.
  29. Conversation with Christian Aid, 18 January 2001.
  30. Conversation with Christian Aid, 30 October 2000.
  31. 'We will update information as the project progresses, bearing in mind that our reporting can be dependent on Government and joint venture partner approval,' Lundin Oil website, 'Q&A: Why has the Sudan project been delayed?'
  32. Letter to Christian Aid from Reg Manhas, Talisman, 6 December 2000.
  33. Amnesty International, news release, 10 August 2000.
  34. Talisman website, 22 August 2000.

#### **Chapter 4: boxes**

i Quoted by Reuters, 13 January 2000

ii Oil & Gas Journal, 13 November 2000

Box: 'Some questions over Talisman's assistance. Source: Harker report.

iii Toronto Globe and Mail, 23 October 2000

#### **Chapter 5**

1. Telephone conversation with Weir's public relations director, Emrys Inker, 18 December 2000.
2. An early day motion to the House of Commons on 11 February 2000.
3. E-mails from Tim Blyth, director, corporate communications, Rolls Royce plc, 22 December 2000 and 15 January 2001.
4. Sinopec Yearbook 1999.
5. Sinopec company chairman Li Yizhong in the Wall Street Journal, 11 October 2000.
6. The Wall Street Journal, 11 October 2000.
7. Two separate accounts for all the proceeds from PetroChina's Initial Public Offering (IPO) were established - 90% going to PetroChina and 10% to CNPC.
8. Dennis Bennett, Washington state analyst in Wall Street Journal, 3 November 1999.

9. 'Memorandum on Sudan,' Arnold Kransdorff, a report for Christian Aid, 15 June 2000.
10. Financial Times, 8 March 2000.
11. PetroChina Company Prospectus, PetroChina Company Limited, amendment no. 9 to Form F-1, Registration Statement under the Securities Act of 1983, filed with the Securities and Exchange Commission on 29 March 2000.
12. Wall Street Journal, 8 May 2000.
13. BP claims that proceeds from the PetroChina IPO will be used for staff retraining, reorganisation and reduced borrowings providing that 'they do not violate US sanctions on Sudan or any other country'. But its only guarantee that this will happen is a 'pledge' from CNPC.
14. The case of Sinopec, China's second largest state-owned oil company, is illustrative of the often unaccountable nature of Chinese corporations. Until June 200, Sinopec had a joint project in Sudan with CNPC through its subsidiary Zhongyuan Petroleum Corporation. Zhongyuan held an 80% stake in a 'small exploration block', with CNPC holding the remaining 20%. Total investment block 6, in the three years to 1999 came to \$30 million.

Sinopec was floated on the New York Stock exchange in October 2000. BP, Shell and Exxon Mobil together brought Sinopec shares worth US\$1.83 billion, according to Sinopec's own figures. To encourage investors with human rights concerns Sinopec claimed it had divested itself of its Sudan assets - the three year \$30 million investment held in block 6 by Zhongyuan. Sinopec said that Zhongyuan staff had been transferred to CNPC four months prior to the flotation, and claimed that 'neither the group [Sinopec] nor any of the subsidiaries, have any interest in Sudan.' Shell, BP and Exxon Mobil, along with other foreign investors, could therefore claim not to be involved in Sudan.

But an investigation published by the Wall Street Journal on 11 October 2000, at the time of the flotation, revealed that for months after the flotation, Zhongyuan was still active in Sudan. Journalists discovered that a Zhongyuan executive was still working on site in Sudan and quoted him as saying that Sinopec's work in block 6 continued although it was not 'public information'. At Zhongyuan's still-operational Sudan office in China, a Zhongyuan executive said the company continued to provide services in block 6.

Shell has assured Christian Aid that there is now no link between Sinopec and CNPC and that the Zhongyuan assets have been completely transferred to CNPC. But the fact that Zhongyuan continued to operate in Sudan despite commitments to the contrary, reveals just how elusive control over state-owned Chinese companies is - and therefore how flimsy such guarantees can be.

15. Letter to Christian Aid from John Gore, Group Vice President, Government and Public Affairs, 26 September 2000.

### **Report credits**

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