

Oil companies complicit in Sudan civil war, report alleges

By Brian Smith
12 July 2010

The European Coalition on Oil in Sudan (ECOS)—a group of 50 European Non Governmental Organisations—recently released a report, “Unpaid debt: The legacy of Lundin, Petronas and OMV in Sudan, 1997-2003”. It alleges that an oil consortium led by Swedish firm Lundin Petroleum (and including Petronas of Malaysia, OMV of Austria and the Sudanese state oil company Sudapet) may have been complicit in “war crimes and crimes against humanity” in Sudan.

ECOS notes that the Lundin Consortium signed a 1997 agreement with the Khartoum government for the exploitation of oil in the Block 5A concession on the border of North and South Sudan, an area not controlled by the government. ECOS claims that the start of exploration in Block 5A set off “a spiral of violence as the Sudanese government and forces loyal to them set out to secure and take control of the oilfields in that block”.

The report says that in the ensuing six years the civilian population was forcibly displaced following indiscriminate attacks, pillage, killing, rape, abduction, torture and the burning of shelters. It alleges that the Sudanese government’s efforts to secure the oilfields included the use of “artillery, ground troops, helicopter gunships, and high-altitude bombers against the civilian population”. ECOS estimates that 12,000 people died and “almost 200,000 people were violently displaced” in the process.

Jeffrey Fountain, vice president for legal affairs of Lundin Petroleum, has pointed to an open letter on the company’s website refuting “all the allegations and inferences of wrongdoing attributed to Lundin Petroleum”.

The Swedish public prosecutor has opened a criminal investigation into Lundin Petroleum’s activities in

Sudan between 1997 and 2003 following the ECOS report, and has launched a formal investigation into the role played by Swedish Minister for Foreign Affairs Carl Bildt, who was on Lundin’s board during the period.

Said Mahmoudi, professor of international law at Stockholm University, believes that “you have evidence that Lundin knew about what was happening, and they just closed their eyes simply because it was a question of millions and millions of dollars”.

The report splits the events into three stages. 1997–1999: Commencement of oil exploration by the Lundin Consortium sparks war in Block 5A; 2000–2001: Oil is discovered amidst intense violence; and 2002–2003: A Military Solution.

In the first stage, Lundin Petroleum and the Sudanese Government signed the Block 5A Exploration and Production-sharing Agreement in February 1997, just 10 weeks before the signing of the Khartoum Peace Agreement between the government and the Southern independence and defence groups.

After bringing OMV, Petronas and Sudapet on board, Lundin began seismic acquisition, and Khartoum sent in troops and the air force to keep the South Sudan Defence Force (SSDF) from controlling the oilfields. The peace deal soon collapsed.

In May 1999, the Lundin Consortium suspended its operations after an attack on its oil installations by the SSDF, though it soon after announced “a significant new oil discovery” comparable with the finds in Blocks 1 and 2 that contained an estimated 500 to 800 million barrels of reserves.

In the second stage, while operations were officially suspended, Lundin pushed on with building an all-weather road to the oilfield with the help of a major government offensive to protect road construction.

The completion of a pipeline from Blocks 1 and 2 to the Red Sea in July 1999 led to huge oil revenues flowing into Khartoum's coffers, which allowed the government to increase its offensives in Block 5A using newly purchased large-calibre artillery, helicopter gunships, and armoured combat vehicles.

The road was completed in January 2001, when Lundin began drilling, and by March it announced a major oil strike with the field reportedly containing recoverable reserves of 149.1 million barrels of oil.

In the third stage the Sudan People's Liberation Army (SPLA) and the Sudan People's Defence Force (SPDF), who had reunified following a cease-fire agreement in August 2001, declared oil operations a legitimate military target. Khartoum responded by launching a final major offensive to control Block 5A and to clear the oil areas of civilians.

In January 2002, Lundin was again forced to suspend operations after an attack on its installations. In March 2003, after announcing that it would resume activities, Lundin Petroleum and OMV sold their rights in Block 5A to Petronas and ONGC Videsh Ltd (India) respectively.

In September 2003, the Naivasha Agreement on Security Arrangements was signed by the Khartoum government and the SPLA (representing the Southern ruling elites), as a prelude to the Comprehensive Peace Agreement (CPA) between the parties signed on January 9, 2005, bringing to an end two decades of civil war in which some 2 million people died—mostly due to starvation—and 4 million people lost their homes.

The CPA called for a future (2011) referendum on Southern independence and the sharing of oil and non-oil revenue. It made the SPLA the de facto ruling group in the South and a partner to rule in Khartoum. Under the wealth-sharing agreement all revenue was to be shared between Khartoum and the SPLA, with each receiving at least 2 percent of oil revenue.

The main impetus for settling the dispute has been pressure from Europe and the United States, because the 20-year civil war hampered their ability to extract the enormous oil reserves that lie predominantly under the border region. Southern Sudan produces over 80 percent of all the country's oil, which contributes around 70 percent of total Sudanese exports. US oil companies felt that they have been hampered by Washington's uncompromising stance on Sudan, and

felt marginalised by other foreign oil companies that were working more closely with the Khartoum regime.

In the five years since its signing, the oil revenue generated did not find its way to the wider population, where poverty and sporadic starvation are the norm. Nor was money spent on much needed infrastructure projects.

In addition, the shaky alliances that went into signing the CPA have disintegrated, with Northern and Southern partners within the Government of National Unity at loggerheads, and divisions re-emerging within the Southern parties as the referendum approaches. The SPLA government was accused of corruption, and along with the Khartoum government, of fraud during the recent elections.

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