

A New Asian-African Alliance? China supports Sudan's Economic Growth

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"You have heard about the Asian tigers. Now, there is an African lion ... and it is beginning to roar!"

This is the message sent out by the Sudanese-European Relations Forum, held in Khartoum on March 10-12. The conference was held under the auspices of the Vice President Ali Osman Mohammad Taha, and was cosponsored by the Sudanese Media Center and the European-Sudanese Public Affairs Council.

It was ESPAC head Dr. David Hoile, who made the comment about the African lion; and he was not exaggerating. Sudan, the largest country in Africa, is literally taking off. Although many compare this development with that of the so-called Asian tigers, the process in Sudan reveals important, positive differences. To be sure, Khartoum is beginning to resemble certain Asian capitals, with its luxury hotels, three new bridges spanning the Nile, freshly paved roads, and masses of shiny white Toyotas and three-wheeled vehicles known as "Rickshaws." But, unlike countries like Malaysia, for example, which have focussed largely on the IT sector, Sudan has concentrated on building up its basic infrastructure, in transport, energy and water, as a precondition for industrialization.

In the 1990s, Sudan's attempts to develop were hamstrung by financial constraints, exacerbated by the pressures exerted by the International Monetary Fund, to exact payment on debts contracted prior to the accession to power in 1989 of the government of Gen. Omar al-Bashir. The IMF demanded exorbitant monthly payments on the debt, which it calculated in 1993 to be \$1.4 billion, and, after initially refusing to pay, Sudan began to pay off about \$35 million per year. This took a tremendous toll on the economy, but at the same time, the country launched a national development effort, which worked, as Sudan began to pump, refine and sell its oil. Since then, these increasing oil revenues have provided the means for targeted investment in big infrastructure projects. And the stress is on "big." Over the past seven years, several giant projects have been started, that are transforming the nation. If Sudan is allowed to continue on its current course, it could positively impact the entire region, and set an example for development throughout the continent.

The major projects include oil refineries, highway construction, and a hydroelectric dam. The first oil refinery, located about an hour's drive from the capital Khartoum, is the fruit of Chinese-Sudanese cooperation, with the participation also of Indian and Malaysian interests.

The two agencies in the joint venture are the Ministry of Energy and Mining (MEM) of Sudan, and the China National Petroleum Corporation (CNPC). As the Administration Division

director, Eng. Tarig Mubark Habib Alla, told participants of the Sudanese-European forum who visited the refinery, the contract for the project was signed in March 1997, and construction started in May 1998. By May 2000 the joint 50-50 project was refining Sudan's crude oil. Starting at 2.5 million tons per year, the plant increased its capacity in 2004 by one million tons more, and again, in 2006, leading to its present capacity of 5 million tons per year. Most of the production is targetted for domestic consumption, which has increased twelve-fold over the past eight years. LPG capacities have doubled and consumption of gasoline and diesel is expected to follow suit. The plant also produces jet fuel, heavy coker diesel, and petroleum coke. In addition to the processing of the three types of Sudanese crude oil, the refinery also has its own power station, water purification station (on the banks of the Nile River), air separation and air compression unit, cooling water treatment system, boiler feed water treatment system and a waste water treatment system. The latter facility provides irrigation, thanks to which, 100,000 trees have been planted in this largely desert area, and as many again are planned.

A second major refinery is slated to be expanded and upgraded. This project, at Port Sudan, was designed by the private Italian oil company, APS Engineering Company Roma, whose president, Engineer Antonio Quadrato, has already delivered the basic engineering design. The idea behind the project is to expand Sudan's refining capacities, so as to augment its export of crude, which generates about \$7 billion per year, with refined products, which could double that figure. The project is a joint venture between the Sudanese MEM and Petronas of Malaysia. The international bid for the project was won by APS, which signed a \$70 million contract in 2005. The refinery is projected to start by the end of 2010. Again, as Eng. Quadrato told me in Khartoum, it is expected that the Chinese will provide the manpower for construction. Here, too, the complex is fully self-sufficient, with an electric power plant, a water treatment plant for plant water, and boiler feed water.

The other huge project visited by the conference guests, is the Merowe Dam, a breathtaking venture. Located about an hour by plane from Khartoum, the dam is being built on the fourth cataract of the great Nile River. Again, the Chinese are the leading protagonists, in a collaborative effort with the Sudanese. The dam project actually includes several other facilities: a water pumping station and a housing project for resettling the 3,500 families who had been living in the area slated for the dam. The settlement, which has regrouped families from numerous small, disparate villages into four integrated villages, has a hospital, schools, markets, water, telecommunications and electricity. Of the 65,000 acres involved in the overall project, 35,000 are irrigated by the Nile. An immense pumping station carries the water from the Nile inland, where it flows along a main canal for 6 kilometers, before branching out into other canals powered by the force of gravity. The fresh water serves to support animal herds, and horticulture, with the production of dates, mangoes, citrus fruits and fava beans, the latter being a staple foodstuff for 90% of the population.

Also to be considered an adjunct of the dam project, is the new international airport nearing completion at Merowe, almost the size of the one at Khartoum. In addition, 1,500 kilometers of new highways have been built, linking Merowe to Khartoum, as well as to Atbara, Port Sudan and Dongola. The highway network is expected to be extended further, to reach Libya and Algeria. Four new bridges have also been built, financed by the Sudanese government.

The sheer size of the dam (9.2 kilometers long, with a 311 km long homogeneous earth dyke and a 4.4 km long major concrete rockfill dam on the right bank) is awesome.

(www.merowedam.gov.sd/en/structure.html) It is the largest project in Africa, and one of the biggest dam projects in the world. The way it was constructed displays engineering genius. The site was selected for the dam because of the existence of a long island between the two banks of the Nile. The island made it possible to work in two stages, to establish the basic structure of the dam. First, the right river channel was closed, and upstream and downstream cofferdams were used to construct concrete structures. This involved building a temporary sand-made wall to block the entire path of the Nile. Then, the water flow was diverted through low-level sluices of the spillway, to build the cofferdams and the embankment dam on the left river channel. The procedure required to complete the first phase on the right channel, which could have taken days or weeks, was accomplished in the record time of 47 hours! The dam will produce electricity for overall development, for irrigated agriculture, for pumping ground water to feed agriculture, and for industrial projects, food industry products and mining. It will introduce the fishing industry to the dam's lake, protect downstream areas from destructive floods and improve river transportation. The electricity produced will establish a national grid, which will be a crucial contribution to unifying the country.

Why the Chinese were chosen to do the work is no mystery. They have 3,000 years of experience in building dams, said Dr. Ahmed El Tayeb Ahmed El Hassan, resident engineer of the Dams Implementation Unit, so they know how to do it. With 50% of all the dams in the world, they build about 40 new dams per year, not to mention the historic Three Gorges Dam project, so it is nothing special for them. That said, the Sudanese are intent on assimilating the skills of the Chinese totally, so that they, too, in the future, will be able to design and build similar dams. Dr. Ahmed stressed that, according to the contract signed, the Chinese have agreed to transfer the technology at all levels: to individuals, companies, institutions and governments, by sharing the task. Thus, alongside Chinese staff and manual laborers, there are Sudanese counterparts, and in the construction process, the ratio of Sudanese to Chinese labor is continually increasing.

What the Chinese do not provide is the high technology components, for the electromechanical work, which French and German firms, among others, have made available. Technology transfer is obviously the key to ensuring that Sudan-or any other developing sector nation-be enabled to develop further. Eng. Antonio Quadrato's attention is focussed primarily on this aspect. His "dream," as he put it, is to invite Sudanese engineers to Italy, to work there and acquire the know-how to complete the design for such refinery or dam projects; Sudanese laborers, as well, in his vision, should be trained in Italy (or other countries), in modern construction techniques, then return home to train legions of others.

Financing the dam project, given the sabotage of the IMF, was a major endeavor. After having set up the institution to promote the project, President Omar al-Bashir made it his priority to find the financial means. Touring Arab countries in 2000, he succeeded in organizing 70% of the costs for the civil works, with the Sudanese government providing the remaining 30%. Among the funders are the Arab Fund for Economic Development, and similar funds from Kuwait, Abu Dhabi, Saudi Arabia, Qatar and Oman. The Chinese government provided 85% of the funding for transmission lines and substations. The total of funds was \$1.966 million.

In 2001, the design of the structure was completed by the Russian Hydro-project Institute, the same entity which designed the High Dam in Egypt. The German Leymeyer International Company was chosen as a consultant, and Alstrom of France provided the turbines. It is

planned to have 2 turbines working by October 31 of this year, to produce 250 MW, then to add two more turbines every 3 months, until the last are activated at the end of October 2009.

A New Asian-African Alliance?

The implications of Sudan's great leap forward are far-reaching and strategic. First, in the country itself, a fundamental revolution in thinking has taken place. Over the past eight years, thanks to its oil revenues and the helping hand of China, Sudan has jump-started its economy. The impact on the political leadership, as well as the population more broadly, has been striking. Optimism has replaced pessimism, and a new spirit of self-confidence has taken hold. Leaders like former Finance Minister Abdelrahim Hamdi, who, in the early 1990s had been demoralized by IMF and other pressures, are now asserting a healthy, positive sense of aggressiveness, founded on the conviction that the country can make the progress it needs to make. To be sure, as Dr. Ghazi Salahudin Atabani, advisor to the President, told me in Khartoum, there are still problems, especially in ensuring that the benefits of growth be felt tangibly by the entire population, including the lowest economic strata. But the fundamental point is that "contrary to all expectations, of the IMF and others," economic progress has been made, "by Sudan itself — which makes it all the more dangerous. When others see what has been accomplished, by national will, and with the help of China, India and Malaysia," he stressed, "then that sends a signal to others, that they could break loose and develop."

This is the point that has strategic implications. Agriculture experts know that, were Sudan provided the necessary water, agricultural technology and modern farming skills, it — especially if in cooperation with Egypt — could become the breadbasket for Africa, and even export food abroad. Many more such dams and related water management projects could translate this into reality. This would mean challenging, if not defeating, current policy to thwart Africa's development. The Malthusian blueprint for Africa, as outlined in Kissinger's infamous 1974 strategic document, NSSM 200, among other locations, is to encourage the four horsemen of the apocalypse,—especially famine and disease—to depopulate the continent, allowing foreign interests to move in and loot the massive mineral and raw materials resources. The last thing they want is for Sudan to feed Africa.

Politically, Sudan's emergence as an "African lion," with the helping hand of China as well as India and Malaysia, may give rise to the notion of a new configuration of economic alliances between Asia and Africa. As several Sudanese have noted, their experience with China has established Sudan as the gateway for that Asian giant to Africa, and several other nations have begun similar economic cooperation deals. Why African nations may be turning to China, and other Asian economies, for help, should be obvious: if the U.S. and Europeans continue to hesitate to work with Sudan, or worse still, to impose sanctions on it, on hoked-up grounds of human rights concerns, then, as former Finance Minister Hamdi put it, the nation will "go east." It should, in his view, deal with the U.S. and Europe, with a policy of "splendid neglect," and let these potential trade partners be on the losing end, as Sudan continues to double its GDP. If India and China need Sudan's food and minerals, let them be in on the growth process. Regarding the U.S., which has dealt with Sudan through sanctions and little else, Hamdi stressed that sanctions were hurting the U.S. itself, and lamented the backward thinking of officials at the State Department, and "even worse," the Treasury Department, with whom he had had dealings. Most damaging to relations have been the conditionalities posed for relations, conditionalities which include "globalization, privatization, liberalization, women's rights," the works.

But, at the same time, this does not mean that the “go east” faction is intent on boycotting the West entirely; were the Europeans to seek cooperation on an equal basis, and use their embassies as “investment bureaus,” decent relations could ensue, to the benefit of all parties. As the Merowe Dam project shows, Sudan needs high tech products which Europe can deliver. If the Europeans accept political constraints imposed by London and Washington, then, as it was suggested in the conference, private companies, like the Italian APS, should step forward. Government cooperation is not to be ignored, if the will is there. Bruno Calzia, special advisor to the Italian Ministry of Agriculture, said that Italy was eager to help develop the country’s food producing potential. He pointed to the historic visit of Gen. Omar al-Bashir to Rome last autumn, as indicative of what can be achieved.

Aside from the economic advantages of cooperation for Europe, there is a fundamental fallacy in the approach embraced by those who envisage a new world order, in which the leading Asian economies, as well as Russia, close ranks with the Africans, and “to Hell with the West.” The fallacy here should be only too obvious at the current juncture, when the West, led by the bankrupt U.S. economy, is going into a terminal monetary, financial and economic breakdown crisis. This crisis of the dollar is no grounds for Schadenfreude, for, as the dollar goes, so goes the entire dollar-based system. And the Chinese are fully aware of this. China’s American markets, along with its considerable dollar-denominated foreign exchange reserves, will follow the greenback in its accelerating crash. Unless those proposing an alternative Eurasian-African alliance address the need for a new monetary system to replace the bankrupt old order, their vision will remain a chimera.

The danger inherent in the unfolding crash, is that hegemonic financial interests, desperate to maintain their political clout, will unleash military aggression against those perceived as challenging the old dying order. Not only Iran is targetted. So is China, so is India; so is ultimately Russia. Attacks against Beijing for its cooperation with Sudan are on the increase, with absurd calls for the Chinese government to “use its influence” in Sudan allegedly to solve the Darfur crisis. Furthermore, the hue and cry raised internationally against China’s repression of the Tibetan uprising (itself fomented and nurtured by the war party in the West), is aimed at further isolating China.

To ward off the danger of new wars, which could send the planet into Hell, it is urgent that those economic and political forces committed to economic progress, take on the urgent issue of reorganizing the world monetary system, as a precondition for reestablishing order in world trade. The perspective of regime change in Washington, at the latest with the November elections, provides an opportunity to engage sane American forces in this effort.

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