

China and USA in New Cold War over Africa's Oil Riches

Darfur? It's the Oil, Stupid...

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To paraphrase the famous quip during the 1992 US Presidential debates, when an unknown William Jefferson Clinton told then-President George Herbert Walker Bush, "It's the economy, stupid," the present concern of the current Washington Administration over Darfur in southern Sudan is not, if we were to look closely, genuine concern over genocide against the peoples in that poorest of poor part of a forsaken section of Africa.

No. "It's the oil, stupid."

Hereby hangs a tale of cynical dimension appropriate to a Washington Administration that has shown no regard for its own genocide in Iraq, when its control over major oil reserves is involved. What's at stake in the battle for Darfur? Control over oil, lots and lots of oil.

The case of Darfur, a forbidding piece of sun-parched real estate in the southern part of Sudan, illustrates the new Cold War over oil, where the dramatic rise in China's oil demand to fuel its booming growth has led Beijing to embark on an aggressive policy of—ironically—dollar diplomacy. With its more than \$1.3 trillion in mainly US dollar reserves at the Peoples' National Bank of China, Beijing is engaging in active petroleum geopolitics. Africa is a major focus, and in Africa, the central region between Sudan and Chad is priority. This is defining a major new front in what, since the US invasion of Iraq in 2003, is a new Cold War between Washington and Beijing over control of major oil sources. So far Beijing has played its cards a bit more cleverly than Washington. Darfur is a major battleground in this high-stakes contest for oil control.

China Oil diplomacy

In recent months, Beijing has embarked on a series of initiatives designed to secure long-term raw materials sources from one of the planet's most endowed regions—the African subcontinent. No raw material has higher priority in Beijing at present than the securing of long term oil sources.

Today China draws an estimated 30% of its crude oil from Africa. That explains an extraordinary series of diplomatic initiatives which have left Washington furious. China is using no-strings-attached dollar credits to gain access to Africa's vast raw material wealth, leaving Washington's typical control game via the World Bank and IMF out in the cold. Who needs the painful medicine of the IMF when China gives easy terms and builds roads and schools to boot?

In November last year Beijing hosted an extraordinary summit of 40 African heads of state. They literally rolled out the red carpet for the heads of among others Algeria, Nigeria, Mali, Angola, Central African Republic, Zambia, South Africa.

China has just done an oil deal, linking the Peoples Republic of China with the continent's two largest nations – Nigeria and South Africa. China's CNOC will lift the oil in Nigeria, via a consortium that also includes South African Petroleum Co. giving China access to what could be 175,000 barrels a day by 2008. It's a \$2.27 billion deal that gives state-controlled CNOC a 45% stake in a large off-shore Nigeria oil field. Previously, Nigeria had been considered in Washington to be an asset of the Anglo-American oil majors, ExxonMobil, Shell and Chevron.

China has been generous in dispensing its soft loans, with no interest or outright grants to some of the poorest debtor states of Africa. The loans have gone to infrastructure including highways, hospitals, and schools, a stark contrast to the brutal austerity demands of the IMF and World Bank. In 2006 China committed more than \$8 billion to Nigeria, Angola and Mozambique, versus \$2.3 billion to all sub-Saharan Africa from the World Bank. Ghana is negotiating a \$1.2 billion Chinese electrification loan. Unlike the World Bank, a de facto arm of US foreign economic policy, China shrewdly attaches no strings to its loans.

This oil-related Chinese diplomacy has led to the bizarre accusation from Washington that Beijing is trying to "secure oil at the sources," something Washington foreign policy has itself been preoccupied with for at least a Century.

No source of oil has been more the focus of China-US oil conflict of late than Sudan, home of Darfur.

Sudan oil riches

Beijing's China National Petroleum Company, CNPC, is Sudan's largest foreign investor, with some \$5 billion in oil field development. Since 1999 China has invested at least \$15 billion in Sudan. It owns 50% of an oil refinery near Khartoum with the Sudan government. The oil fields (see graphic) are concentrated in the south, site of a long-simmering civil war, partly financed covertly by the United States, to break the south from the Islamic Khartoum-centered north.

CNPC built an oil pipeline from its concession blocs 1, 2 and 4 in southern Sudan, to a new terminal at Port Sudan on the Red Sea where oil is loaded on tankers for China. Eight percent of China's oil now comes from southern Sudan. China takes up to 65% to 80% of Sudan's 500,000 barrels/day of oil production. Sudan last year was China's fourth largest foreign oil source. In 2006 China passed Japan to become the world's second largest importer of oil after the United States, importing 6.5 million barrels a day of the black gold. With its oil demand growing by an estimated 30% a year, China will pass the US in oil import demand in a few years. That reality is the motor driving Beijing foreign policy in Africa. **(Source: USAID)**

A look at the southern Sudan oil concessions shows that China's CNPC holds rights to bloc 6 which straddles Darfur, near the border to Chad and the Central African Republic. In April 2005 Sudan's government announced it had found oil in South Darfur which is estimated to be able when developed to pump 500,000 barrels/day. The world press forgot to report that vital fact in discussing the Darfur conflict.

Using the genocide charge to militarize Sudan's oil region

Genocide was the preferred theme, and Washington was the orchestra conductor. Curiously, while all observers acknowledge that Darfur has seen a large human displacement and human misery and tens of thousands or even as much as 300,000 deaths in the last several years, only Washington and the NGO's close to it use the charged term "genocide" to describe Darfur. If they are able to get a popular acceptance of the charge genocide, it opens the possibility for drastic "regime change" intervention by NATO and de facto by Washington into Sudan's sovereign affairs.

The genocide theme is being used, with full-scale Hollywood backing from the likes of pop stars like George Clooney, to orchestrate the case for a de facto NATO occupation of the region. So far the Sudan government has vehemently refused, not surprisingly.

The US Government repeatedly uses "genocide" to refer to Darfur. It is the only government to do so. US Assistant Secretary of State Ellen Sauerbrey, head of the Bureau of Population, Refugees and Migration, said during a USINFO online interview last November 17, "The ongoing genocide in Darfur, Sudan — a 'gross violation' of human rights — is among the top international issues of concern to the United States." The Bush administration keeps insisting that genocide has been going on in Darfur since 2003, despite the fact that a five-man panel UN mission led by Italian Judge Antonio Cassese reported in 2004 that genocide had not been committed in Darfur, rather that grave human rights abuses were committed. They called for war crime trials.

Merchants of death

The United States, acting through surrogate allies in Chad and neighboring states has trained and armed the Sudan Peoples' Liberation Army, headed until his death in July 2005, by John Garang, trained at US Special Forces school at Fort Benning, Georgia.

By pouring arms into first southern Sudan in the eastern part and since discovery of oil in Darfur, to that region as well, Washington fuelled the conflict that led to tens of thousands dying and several million driven to flee their homes. Eritrea hosts and supports the SPLA, the umbrella NDA opposition group, and the Eastern Front and Darfur rebels.

There are two rebel groups fighting in Sudan's Darfur region against the Khartoum central government of President Omar al-Bashir- the Justice for Equality Movement (JEM) and the larger Sudan Liberation Army (SLA).

In February 2003 the SLA launched attacks on Sudan government positions in the Darfur region. SLA Secretary-General Minni Arkou Minnawi called for armed struggle, accusing the government of ignoring Darfur. "The objective of the SLA is to create a united democratic Sudan." In other words, regime change in Sudan.

The US Senate adopted a resolution in February 2006 that requested North Atlantic Treaty Organization troops in Darfur, as well as a stronger U.N. peacekeeping force with a robust mandate. A month later, President Bush also called for additional NATO forces in Darfur. Uh huh... Genocide? Or oil?

The Pentagon has been busy training African military officers in the US, much as it has for Latin American officers for decades. Its International Military Education and Training (IMET) program has provided training to military officers from Chad, Ethiopia, Eritrea, Cameroon

and the Central African Republic, in effect every country on Sudan's border. Much of the arms that have fuelled the killing in Darfur and the south have been brought in via murky, protected private "merchants of death" such as the notorious former KGB operative, now with offices in the US, Victor Bout. Bout has been cited repeatedly in recent years for selling weapons across Africa. US Government officials strangely leave his operations in Texas and Florida untouched despite the fact he is on the Interpol wanted list for money laundering.

US development aid for all Sub-Sahara Africa including Chad, has been cut sharply in recent years while its military aid has risen. Oil and the scramble for strategic raw materials is the clear reason. The region of southern Sudan from the Upper Nile to the borders of Chad is rich in oil. Washington knew that long before the Sudanese government.

Chevron's 1974 oil project

US oil majors have known about Sudan's oil wealth since the early 1970's. In 1979, Jafaar Nimeiry, Sudan head of state, broke with the Soviets and invited Chevron to develop oil in the Sudan. That was perhaps a fatal mistake. UN Ambassador George H.W. Bush had personally told Nimeiry of satellite photos indicating oil in Sudan. Nimeiry took the bait. Wars over oil have been the consequence ever since.

Chevron found big oil reserves in southern Sudan. It spent \$1.2 billion finding and testing them. That oil triggered what is called Sudan's second civil war in 1983. Chevron was target of repeated attacks and killings and suspended the project in 1984. In 1992, it sold its Sudanese oil concessions. Then China began to develop the abandoned Chevron fields in 1999 with notable results.

But Chevron is not far from Darfur today.

Chad oil and pipeline politics

Condi Rice's Chevron is in neighboring Chad, together with the other US oil giant, ExxonMobil. They've just built a \$3.7 billion oil pipeline carrying 160,000 barrels/day of oil from Doba in central Chad near Darfur Sudan, via Cameroon to Kribi on the Atlantic Ocean, destined for US refineries.

To do it, they worked with Chad "President for life," Idriss Deby, a corrupt despot who has been accused of feeding US-supplied arms to the Darfur rebels. Deby joined Washington's Pan Sahel Initiative run by the Pentagon's US-European Command, to train his troops to fight "Islamic terrorism." The majority of the tribes in Darfur region are Islamic.

Supplied with US military aid, training and weapons, in 2004 Deby launched the initial strike that set off the conflict in Darfur, using members of his elite Presidential Guard who originate from the province, providing the men with all terrain vehicles, arms and anti-aircraft guns to Darfur rebels fighting the Khartoum government in the southwest Sudan. The US military support to Deby in fact had been the trigger for the Darfur bloodbath. Khartoum reacted and the ensuing debacle was unleashed in full tragic force.

Washington-backed NGO's and the US Government claim unproven genocide as a pretext to ultimately bring UN/NATO troops into the oilfields of Darfur and south Sudan. Oil, not human misery, is behind Washington's new interest in Darfur.

The "Darfur genocide" campaign began in 2003, the same time the Chad-Cameroon pipeline

oil began to flow. The US now had a base in Chad to go after Darfur oil and, potentially, co-opt China's new oil sources. Darfur is strategic, straddling Chad, Central African Republic, Egypt and Libya.

According to [Keith Harmon Snow](#): "US military objectives in Darfur—and the Horn of Africa more widely—are being served at present by the US and NATO backing of the African Union troops in Darfur. There NATO provides ground and air support for AU troops who are categorized as 'neutral' and 'peacekeepers'. Sudan is at war on three fronts, each country—Uganda, Chad, and Ethiopia—with a significant US military presence and ongoing US military programs. The war in Sudan involves both US covert operations and US trained "rebel" factions coming in from South Sudan, Chad, Ethiopia and Uganda."

Chad's Deby looks to China too

The completion of the US and World Bank-financed oil pipeline from Chad to the Cameroon coast was designed as one part of a far grander Washington scheme to control the oil riches of central Africa from Sudan to the entire Gulf of Guinea.

But Washington's erstwhile pal, Chad's President for Life, Idriss Deby, began to get unhappy with his small share of the US-controlled oil profits. When he and the Chad Parliament decided in early 2006 to take more of the oil revenues to finance military operations and beef up its army, new World Bank President, Iraq war architect, Paul Wolfowitz, moved to suspend loans to the country. Then that August, after Deby had won re-election, he created Chad's own oil company, SHT, and threatened to expel Chevron and Malaysia's Petronas for not paying taxes owed, and demanding a 60% share of the Chad oil pipeline. In the end he came to terms with the oil companies, but winds of change were blowing.

Deby also faces growing internal opposition from a Chad rebel group, United Front for Change, known under its French name as FUC, which he claims is being covertly funded by Sudan. This region is a very complex part of the world of war. The FUC has based itself in Darfur.

Into this unstable situation, Beijing has shown up in Chad with a full coffer of aid money in hand. In late January, Chinese President Hu Jintao made a state visit to Sudan and to Cameroon among other African states. In 2006, China's leaders visited no less than 48 African states. In August 2006 Beijing hosted Chad's Foreign Minister for talks and resumption of formal diplomatic ties cut in 1997. China has begun to import oil from Chad as well as Sudan. Not that much oil, but if Beijing has its way, that will soon change.

This April, Chad's Foreign Minister announced that talks with China over greater China participation in Chad's oil development were "progressing well." He referred to the terms the Chinese seek for oil development, calling them, "much more equal partnerships than those we are used to having."

The Chinese economic presence in Chad, ironically, may be more effective in calming the fighting and displacement in Darfur than any African Union or UN troop presence ever could. That would not be welcome for some people in Washington and at Chevron headquarters, as they would not find the oil falling into their greasy bloody hands.

Chad and Darfur are but part of the vast China effort to secure "oil at the source" across Africa. Oil is also the prime factor in US Africa policy today. George W. Bush's interest in

Africa includes a new US base in Sao Tome/Principe 124 miles off the Gulf of Guinea from which it can control Gulf of Guinea oilfields from Angola in the south to Congo, Gabon, Equitorial Guinea, Cameroon and Nigeria. That just happens to be the very same areas where recent Chinese diplomatic and investment activity has focussed.

“West Africa’s oil has become of national strategic interest to us,” stated US Assistant Secretary of State for Africa, Walter Kansteiner already back in 2002. Darfur and Chad are but an extension of the US Iraq policy “with other means”—control of oil everywhere. China is challenging that control “everywhere,” especially in Africa. It amounts to a new undeclared Cold War over oil.

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