



China and conflict-affected states

Between principle and pragmatism

**SUDAN AND
SOUTH SUDAN**



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The South Sudan and Sudan case study is excerpted from a full-length report published by Saferworld that focuses upon China's role in three conflict-affected contexts: Sri Lanka, Nepal and South Sudan-Sudan.

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Acronyms: Sudan and South Sudan

AFP	Agence France-Presse	MFA	Ministry of Foreign Affairs
AU	African Union	NCP	National Congress Party
AUHIP	African Union High-Level Implementation Panel	NIF	National Islamic Front
b/d	Barrels per day	ODA	Official Development Assistance
CFPA	China Foundation of Poverty Alleviation	ODI	Overseas Development Institute
CNPC	China National Petroleum Company	OECD	Organisation for Economic Cooperation and Development
CPA	Comprehensive Peace Agreement	PDOC	Petrodar Operating Company Ltd
CPC	Communist Party of China	SAF	Sudanese Armed Forces
DDR	Disarmament, demobilisation and reintegration	SALW	Small arms and light weapons
DFID	UK Department for International Development	Sinopec	China Petroleum & Chemical Corporation
DIIS	Danish Institute for International Studies	SIPRI	Stockholm International Peace Research Institute
ECOS	European Coalition on Oil in Sudan	SPLM/A	Sudan People's Liberation Movement/Army
EU	European Union	SPLM-N	Sudan People's Liberation Movement North
Exim Bank	China Export Import Bank	UK	United Kingdom
FDI	Foreign direct investment	UN DPKO	UN Department for Peacekeeping Operations
GNPOC	Greater Nile Petroleum Operating Company	UNAMID	African Union/United Nations Hybrid Operation in Darfur
GoS	Government of Sudan	UNISFA	United Nations Interim Security Force for Abyei
GoSS	Government of South Sudan	UNMIS	United Nations Missions in Sudan
HRW	Human Rights Watch	UNMISS	United Nations Mission to South Sudan
HSBA	Human Security Baseline Assessment	UNSC	United Nations Security Council
ICC	International Criminal Court	US	United States
IDP	Internally displaced person	USIP	United States Institute of Peace
IGAD	Intergovernmental Authority on Development	WFP	World Food Programme
JEM	Justice and Equality Movement		

Sudan and South Sudan



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5

Sudan and South Sudan case study

5.1 Introduction

THIS CASE STUDY draws on evidence gathered through desk review and field research in Juba, Central Equatoria State, and Bentiu, Unity State, South Sudan, Khartoum, Sudan and Beijing and Shanghai, China in July and August 2011. The field research included a total of 28 interviews with government officials, civil society and the public.

The case study focuses on China's engagement, analysing its impacts on peace and conflict dynamics between Sudan and South Sudan, and internal to South Sudan. It is structured to provide an overview of peace and conflict dynamics in Sudan and South Sudan (section 5.2) and international engagement in the two states (section 5.3), before turning to a more detailed analysis of China's engagement (section 5.4). Building on this analysis, section 5.5 then offers conclusions and policy implications. In the wake of South Sudan's independence in July 2011, it pays particular attention to the views of stakeholders in South Sudan regarding China's past engagement and opportunities for its successful future engagement in a challenging but potentially rewarding context. Although relevant links between the present topic, the conflict in Darfur and China's role in the latter must be acknowledged, China's engagement on Darfur will be discussed separately in a forthcoming Saferworld/St Andrew's case study.

5.2 Conflict in Sudan and South Sudan

Recent history and impacts of conflict in Sudan and South Sudan

In the 200 years before their historic split, the history of Sudan and South Sudan was marred by colonisation, exploitation, sectarianism and war. Sudan and South Sudan are culturally, ethnically and linguistically diverse. They contain at least 19 major ethnic groups and 600 sub-groups. Relations and competition between different groups have been bound up in religious, racial and ethnic ideology. After independence from Britain in 1956, the country witnessed four military coups (1958, 1969, 1985, and 1989).

Sudan's diverse society has also been linked together by centuries of economic interaction, much of it exploitative. Despite attempts to curtail the trade at the end of the 19th Century, South Sudan was for a long time used by Arab traders as a hunting ground for slaves. South Sudan is rich in resources and fertile in many parts, but has historically been marginalised and disempowered. In 1955 a civil war began in the Southern regions of Sudan, and when the demand for Southern autonomy was rejected following independence in 1956, Africa's longest civil war ensued. The Addis Ababa Peace Accord, signed in 1972, initiated 11 years of peace and recovery. But a second

phase of civil war reignited in 1983 with renewed intensity, until it was brought to an end in a Comprehensive Peace Agreement (CPA) in 2005.

The CPA of 2005 provided a framework for the National Congress Party (NCP), which holds power in Sudan, and the Sudan People's Liberation Movement/Army (SPLM/A), which formed the Government of South Sudan (GoSS), to pursue peace. It guaranteed South Sudan the right of self-determination while committing both parties to make the unity of Sudan attractive; it established an arrangement for wealth and power sharing, elections and constitutional reform; it offered a framework for careful handling of dynamics in the 'three areas' of Abyei, South Kordofan and Blue Nile; and it ensured processes for compensating the victims of war. This came about through a combination of foreign pressure, exhaustion on both sides with the devastating conflict and willingness to co-operate in profiting from Sudan's oil wealth. The CPA period formally ended with South Sudan's secession in July 2011.

This conflict had a catastrophic human and developmental impact on Sudan that can only be summarised here. The second phase of the North – South civil war (1983–2005), killed two million and displaced four million people in South Sudan.¹ Besides death, injury and displacement, in the long years of fighting, the conditions for achieving any progress beyond the most basic living conditions, infrastructure, institutions and services have never been in place across large swathes of the two countries. Thus pre-secession Sudan remained one of the world's least developed countries: ranked at 154 of 162 states on the Human Development Index in 2010,² with very high rates of under-five mortality (108 per 1,000) and a primary completion rate of just 57 percent.³ The civil war also transformed society in important ways, making violent methods for pursuing interests more commonplace, weakening traditional leadership structures and ensuring weapons proliferation across society on a massive scale.

Multiple causes are cited as having led to the North – South civil war, including failure to share resources equitably, ethnic and religious difference and later, the discovery of and competition for oil. The start of oil production raised the stakes, with adverse consequences for those in close proximity to actual or potential oil producing areas.⁴ Tribal divisions, competition for land, land degradation, poverty and inequality have fuelled many subsidiary conflicts, which persist in a number of the states of South Sudan (such as Warrap, Lakes, Unity and Jonglei). Aside from the civil war between the North and South and related localised and intra-South conflicts, armed conflict has also plagued Darfur and Eastern Sudan.

Key peace and conflict dynamics in and between Sudan and South Sudan

Despite the end of the CPA period and South Sudan's secession in July 2011, key issues remain unresolved between Sudan and South Sudan. These include border demarcation and management, allocation of disputed territories, rights of citizens in the two countries and sharing of debts, resources and revenues. Palpable tensions persist, and related outbreaks of violence occurred throughout 2011 and cannot be ruled out for the future.

There are many ways in which Sudan and South Sudan are closely tied – for example through intermarriages and trade relationships. Both sides also understand that peace is in their pragmatic interests, have limited capacity for war and will remain under considerable pressure to avoid escalating tensions. Nonetheless, the CPA process was

¹ Bennet J *et al*, 'Aiding the peace: A multi-donor evaluation of support to conflict prevention and peacebuilding activities in Southern Sudan 2005-2010', (Netherlands Ministry of Foreign Affairs, December 2010), p 22, www.oecd.org/dataoecd/3/40/46895095.pdf, accessed 29 November 2011.

² UN Development Programme, 'Human development index and its components', 2010, hdr.undp.org/en/media/HDR_2010_EN_Table1_reprint.pdf, accessed 30 June 2011.

³ World Bank, 'Sudan country data profile' (for: 2000, 2005, 2008, 2009 and 2010), ddp-ext.worldbank.org/ext/ddpreports/ViewSharedReport?&CF=&REPORT_ID=9147&REQUEST_TYPE=VIEWADVANCED, accessed 30 June 2011.

⁴ Adapted from: World Bank, 'Sudan: Stabilization and reconstruction', June 2003, www-wds.worldbank.org/external/default/main?pagePK=64193027&piPK=64187937&theSitePK=523679&menuPK=64187510&searchMenuPK=64187283&siteName=WDS&entityID=000094946_03081404004140, accessed 29 November 2011.

threatened by mutual distrust and a sense among the two parties that they must compete to win or lose at each other's expense.

The process of implementing the CPA can only be described as a partial success. The CPA period witnessed a military build-up on both sides, with oil revenues supporting retention of troops and additional arms procurement.⁵ Within the North, the NCP leadership remains under pressure from security-oriented hardliners to attain a good deal in resolving outstanding CPA issues (including on oil revenues).⁶ The NCP is bitterly resented across South Sudan, perceived by many to be better at manipulating negotiations than, and unlikely to deal fairly with, Southern actors. While the SPLM has strongly focused its attention on achieving Southern secession, there have been moments of intransigence and provocation by Southern forces and leaders. Thus, efforts to reach compromises have been held back by mutual suspicion and a dangerous tendency towards brinkmanship by both sides.

It is unclear whether and how the Government of Sudan (GoS) can be influenced to take a more restrained approach that is respectful of the rights of local communities and constructive in its pursuit of political processes, to achieve peace in the spirit of the CPA. Similarly, it is unclear how the GoSS can be influenced to take the most constructive approach possible in negotiations of outstanding issues and in its actions on the ground. Crucially, both sides need to discuss constructively how to share wealth, move forward regarding the status of Abyei and ensure that the violent repression of Sudan People's Liberation Movement North (SPLM-N) supporters and forces in South Kordofan and Blue Nile can be ended without aggravating already tense North – South relations further.

South Sudan contains the majority of the oil of the former state of Sudan, but this oil can only be exported through the North. A new pipeline to export oil from South Sudan via Kenya is a possible, but distant, prospect. For both CPA parties, maintaining the alliances on which stability depends is partly a question of revenue flows that are largely dependent on oil.⁷ With this in mind, a huge challenge lies ahead for both states: analysts are in agreement that unless new exploration identifies new reserves, South Sudan's oil production and revenues will decline from a peak of over 430,000 barrels per day (b/d) at the beginning of 2010, to under 250,000 b/d by the end of 2015.⁸

For both parties, there has been an obvious long-term financial and geopolitical interest in territorially controlling as much as possible of Sudan's oil fields. This has been at the heart of North – South enmity – and considerable armed violence – since the discovery of reserves in the late 1970s. However, the prevailing logic is that both sides recognise the benefits of co-operating over oil production and export – and the drawbacks of failing to do so. Nonetheless, in early December 2011, a deal on how oil would be marketed and sold and the sharing of oil revenue was not yet agreed between the two sides, with the South accusing the North of stealing its oil, and the North demanding a 23 percent share of oil revenues pending a final agreement.⁹ With many groups present in oil-rich border areas who feel excluded from the CPA bargaining process by the two

⁵ See, for example: Wezeman P, 'Arms supplies to North and South Sudan', in: Heinrich Böll Stiftung, *Sudan: No easy ways ahead*, (Berlin, 2010), pp 62–64; Small Arms Survey, 'Supply and demand: Arms flows and holdings in Sudan' (Sudan Issue Brief No 15, December 2009), www.smallarmssurveysudan.org/pdfs/H5BA-SIB-15-arms-flows-and-holdings-in-Sudan.pdf, accessed 29 November 2011.

⁶ See, for example: International Crisis Group, 'Divisions in Sudan's ruling party and the threat to the country's future stability', 4 May 2011, p. 23.

⁷ On maintenance of alliances with financial patronage by the NCP see: De Waal A, 'Sudan's choices: Scenarios beyond the CPA', in: *op cit* Heinrich Böll Stiftung. In terms of dependence on oil revenues, in South Sudan, the Overseas Development Institute (ODI) states that: "The revenue from oil averaged US\$2.1 billion per year over the period 2006 to 2009, accounting for 98.3 percent of GoSS domestic resources (approximately five times the level of donor aid in 2009)", ODI, *Planning and budgeting in Southern Sudan: starting from scratch*, Briefing Paper 65, October 2010, p 2, www.odi.org.uk/resources/docs/6093.pdf, accessed 29 November 2011. On the role of financial patronage in South Sudan's stability, cf eg: "Incomplete establishment of the payroll system for the military has caused some serious tensions throughout the South, with occasional outbursts of fighting and insecurity in towns like Juba, Wau and Malakal", F Von Habsburg/Saferworld, *Southern Sudan conflict analysis*, (unpublished, June 2006), p 27.

⁸ Projected yields shown in: 'Post-referendum arrangements for Sudan's oil industry', ECOS, 1 December 2010, p10. See also: 'Sudan's oil industry on the eve of the referendum', ECOS, December 2010, p 9, both available at: www.ecosonline.org/reports/2010/, accessed 29 November 2011; Large D and Patey L, 'Caught in the middle: China and India in Sudan's transition', Danish Institute for International Studies (DIIS) Working Paper 2010:36, p13, www.diis.dk/sw102024.asp, accessed 29 November 2011.

⁹ The Africa Report, *Sudan, South Sudan fail to reach oil revenue agreement*, 2 December 2011.

parties, there are conflict dynamics at play that the CPA parties are not necessarily able to control fully. In such areas, tackling chronic poverty and disenfranchisement could be crucial to overcoming insecurity and armed rebellion.

A further headline unresolved issue is Abyei. Abyei is an area claimed by both Sudan and South Sudan and surrounded by oil fields on the Northern edge of the South Sudanese states of Unity, Warrap and Northern Bahr el Ghazal. In Abyei, tensions regarding land, grazing rights and oil have erupted in violence. In May 2011, an SPLA attack on a Joint Integrated Unit troop convoy, and the retaliatory occupation of Abyei by Sudanese Armed Forces (SAF), led to fears of the North – South war reigniting; the resulting violence, destruction and looting of property in Abyei caused the displacement of an estimated 100,000 people. An agreement by both sides to demilitarise the area and allow the deployment of a United Nations Interim Security Force for Abyei (UNISFA) in June 2011, is only the first step in what could be a long and challenging process for finding a mutually acceptable solution to the issue.

Alongside Abyei, South Kordofan and Blue Nile have special status under the CPA. These states of Sudan are home to significant populations who are fearful of marginalisation and repression under the ruling NCP. Some of these fought alongside Southern rebels during the civil war. The Popular Consultation processes, agreed for South Kordofan and Blue Nile states under the CPA, had the potential to lead to a peaceful outcome and demonstrate positive ways of addressing grievances between the centre and the periphery.¹⁰ This potential appears, however, to have been squandered during 2011.

After a violent campaigning period, elections were held in May in South Kordofan, and won by the NCP amid allegations of vote-rigging.¹¹ In June 2011, as the NCP moved to ‘disarm rebels’ in South Kordofan, both rebels and civilians were targeted in SAF bombings, while SPLM-N supporters were targeted for assassination, humanitarian relief was blocked and United Nations Missions in Sudan (UNMIS) national staff were arrested and tortured.¹² During June 2011, amid “targeted and ethnic-based killings and other gross human rights abuses” between 73,000 and 150,000 people were estimated to have been displaced in the state.¹³ A similar pattern emerged in Blue Nile state, where fighting between (SAF) and SPLM-N rebels erupted in September 2011.¹⁴ This reportedly caused approximately 30,000 refugees to flee into neighbouring Ethiopia, alleging the indiscriminate killing and rape of civilians.¹⁵ With civilians facing a desperate humanitarian situation in both South Kordofan and Blue Nile, instead of a peaceful political process to resolve political and economic grievances, the two states have thus relapsed into vicious conflict between GoS allied forces and rebels for the foreseeable future.

With rebellions also exploding in South Sudan in 2011 (notably in Jonglei state), a critical question is the extent to which the GoS and the GoSS will refrain from supporting rebel groups in one another’s territory. In a context of weak communications and chains of command, the reactions of different factions and leaders at different levels could make it hard to avoid escalations and attribute responsibility for developments. Two notable examples illustrate the dangers involved: in February and March 2011, the SPLM accused the NCP of supporting Southern rebels (such as George Athor

¹⁰ Saferworld, ‘The significance of state elections and the popular consultations for peace in Sudan’, December 2010, www.saferworld.org.uk/smartweb/resources/view-resource/497, accessed 29 November 2011.

¹¹ ‘Militia attacks in Sudan’s South Kordofan State kill dozens ahead of sensitive polls’, *Sudan Tribune*, 15 April 2011; Verjee A, *Disputed votes, deficient observation: The 2011 election in South Kordofan, Sudan*, (Rift Valley Institute, August 2011).

¹² ‘Sudan forces threaten UN flights: US envoy’, AFP, 20 June 2011, goo.gl/AsqX; ‘UN condemns arrest of its national staffers in Sudan’, *Sudan Tribune*, 25 June 2011, www.sudantribune.com/UN-condemns-arrest-of-its-national-staffers-in-sudan, 39329; Mazen M, ‘Sudan closes Southern Kordofan airport as fighting with North continues’, *Bloomberg*, 11 June 2011, goo.gl/12Zg5; ‘UN, AU: Urge end to Sudanese abuses in S. Kordofan’, *HRW*, 10 June 2011, hrw.org/en/news/2011/06/10/unau-urge-end-sudanese-abuses-s-kordofan, all accessed 29 November 2011.

¹³ Lyman P, ‘Statement of Ambassador Princeton Lyman, U.S. Special Envoy to Sudan U.S. Senate Foreign Relations Committee Hearing “Two new Sudans: A roadmap forward”’, 14 July 2011, foreign.senate.gov/imo/media/doc/Lyman_Testimony.pdf, accessed 29 November 2011.

¹⁴ ‘Sudan army ‘captures’ key rebel stronghold’, AFP, 4 November 2011.

¹⁵ *Ibid*; ‘Ethiopia: Sudanese refugees recount horrors of Blue Nile conflict’, *All Africa*, 1 November 2011 allafrica.com/stories/201111010278.html, accessed 29 November 2011.

in Jonglei state);¹⁶ in November 2011, as SAF bombings close to the North – South border were alleged by South Sudan's President Salva Kiir to have killed seven people in South Sudan's Upper Nile state, Sudanese President Omar Al Bashir warned of his readiness to return to war over Southern support to rebels in Blue Nile state.¹⁷

Sudan and South Sudan failed to resolve several other outstanding issues before Southern secession. These include: citizenship – the status and rights of Southerners in Sudan and Northerners in South Sudan; the as-yet undefined border – along the length of which there is potential for tension over land for agriculture and grazing, copper, uranium and gold to cause problems; and the movement of goods and people across new borders. Such issues have the potential to catalyse further destabilising resentment and violence. While currency unity has been resolved with each side issuing new currency, the ramifications for macroeconomic stability in the two countries may yet prove problematic.

As well as considering conflict dynamics between Sudan and South Sudan, internal dynamics within the two countries are likewise an important area of concern. Thus, while the NCP and SPLM used the CPA to consolidate their own power, there has been only slow progress during the period of CPA implementation towards addressing the root causes of conflict in Sudan and South Sudan. The core issue of poor governance and marginalisation of the periphery by a centrally controlled state looms large in both countries. In Sudan, state institutions have for some years served as the vehicles for upholding NCP patronage and control. For many, authoritarianism and, in particular the imposition of Sharia law, are unacceptable, and the concerns of minorities regarding future exploitation and repression are palpable.

With long-standing, active armed rebellions already challenging the Khartoum regime from the periphery in Darfur, further instability in Abyei, South Kordofan, Blue Nile and Eastern Sudan could call into question the NCP's capacity to manage these tensions – leading potentially to a dangerous endgame. However, internal challenges are not restricted to the North.

Conflict dynamics within South Sudan

Overcoming the legacy of decades of conflict in South Sudan will mean working over decades to meet needs and fulfil rights in every sector across the humanitarian and development spectrum. It will also require development of a culture of peace in a society deeply traumatised by the experience of war and accustomed to living in conflict. The task of setting up a new state and government is underpinned by significant will to succeed and manage difficulties. However, as in the North, governance challenges, centre – periphery tensions and bloody rebellions that are already visible in South Sudan, outline the scale of the challenges ahead.

Despite the signing of the CPA, the South has continued to witness serious violence and challenges in establishing the rule of law. A number of well-armed militias are also present in South Sudan, and armed conflicts have persisted in Jonglei, Lakes, Unity, Upper Nile, Warrap and Western Equatoria states. For example:

- Fighting between rebels led by George Athor and pro-SPLA forces in Jonglei state claimed the lives of over 200 people in February 2011 alone.¹⁸

¹⁶ Sudan Human Security Baseline Assessment (HSBA), 'George Athor's rebellion', Small Arms Survey, April 2011, p3, www.smallarmssurveysudan.org/pdfs/facts-figures/armed-groups/southern-sudan/emerging/HSBA-Armed-Groups-Athor.pdf, accessed 29 November 2011.

¹⁷ 'Sudan warns it is ready to return to war with South Sudan', *The Telegraph*, 9 November 2011.

¹⁸ See: Saferworld, 'Insecurity in Jonglei', *South Sudan Monitor*, April 2011, www.saferworld.org.uk/SouthSudanMonitor_April2011.pdf accessed 29 November 2011; *op cit* Sudan HSBA.

- In 2010 violence occurred in Upper Nile State after the arrest of ethnic Shilluk candidates elected to the South Sudan Legislative Assembly. This led to renewed clashes between the SPLA and local SPLM-Democratic Change supporters in Upper Nile in March 2011, resulting in the deaths of 60 Shilluk people, amid burning and looting of homes.¹⁹
- In April and May 2011, violence in Unity State, between the South Sudan Liberation Army led by Peter Gadet and SPLA forces, led to over 130 deaths.²⁰
- There have also been frequent attacks by unidentified soldiers and gangsters, who have been variously suspected as being SAF proxies, independent bandits, unsalaried SPLA soldiers turning to looting and traders conspiring with bandits.²¹

Small arms and light weapons (SALW) are widely available among civilians and armed groups in South Sudan.²² As SALW are felt by many communities to be important tools for their security, livelihoods and survival, disarmament is proving very challenging. Much remains to be done to achieve the successful reintegration of thousands of ex-combatants and to professionalise the SPLA at an affordable size. With serious armed violence persisting in different areas of South Sudan and the presence of regional neighbours and armed groups accustomed to using violence to achieve political objectives, a military is needed that is able to guard the people of South Sudan effectively from serious security threats. Crucially however, it needs to be politically impartial, under democratic control, committed to humanitarian and human rights principles and accountable for abuses.

Progress has been made in addressing the severe weakness of state security and justice provision. However, in this area there are again huge obstacles: in developing democratic policing capacity, skills, equipment and enabling infrastructure; and in ensuring courts, prisons and other mechanisms, formal and informal, deal more fairly and effectively with crime, violence and disputes.

Governance is also a key issue. In 2005, almost all the infrastructure of a functional government, as well as skilled personnel, laws and procedures needed to be established from scratch. Needs were diverse and urgent, in a context where living standards were extremely low and little of the population could access health services, schools and clean water. At present, nascent government institutions remain centralised, with slowly developing institutions concentrated in Juba and the state capitals.

The Government is also dominated by the military, with spending on defence and security currently running at over one third of the budget (currently US\$1.5–US\$2.0 billion per year).²³ There is a rationale for maintaining this *de facto* welfare system for SPLA ranks – indeed, in its absence, disaffection among soldiers and commanders would carry grave risks. However, very low living standards for the public at large demonstrate the need to move towards proportionally higher spending on infrastructure to support economic development and services such as clean water, sanitation, schools and medical facilities.

Interviewees and communities consulted by Saferworld in late 2010 and in August 2011 consistently affirmed this common frustration: that peace and a new government had not yet resulted in services such as schools, healthcare centres, clean water and policing.²⁴ Progress by the GoSS in these areas will be a key factor determining

19 'Southern Sudan: Abuses on Both Sides in Upper Nile Clashes', HRW, 19 April 2011, www.hrw.org/news/2011/04/19/southern-sudan-abuses-both-sides-upper-nile-clashes; Sudan HSBA, 'SPLM/A-Shilluk Conflict in Upper Nile', Small Arms Survey, April 2011, www.smallarmssurveysudan.org/pdfs/facts-figures/armed-groups/southern-sudan/emerging/HSBA-Armed-Groups-Shilluk-Conflict.pdf, both accessed 29 November 2011.

20 Sudan HSBA, 'Peter Gadet's rebellion', Small Arms Survey, June 2011, www.smallarmssurveysudan.org/pdfs/facts-figures/armed-groups/southern-sudan/emerging/HSBA-Armed-Groups-Gadet.pdf, accessed 29 November 2011.

21 Yoh J, 'The road map countdown – Dynamics and implications of possible divorce', in: *op cit* Heinrich Böll Stiftung, pp 51–61, p 53.

22 *Op cit* Wezeman, p 63.

23 The ODI also gives figures that indicate GoSS expenditure on security in 2009 of over US\$550 million, not including expenditure of over US\$200 million on rule of law. *op cit* ODI, p 2.

24 Saferworld, 'Sudan: Hoping for the best, preparing for the worst?', 20 December 2010, www.saferworld.org.uk/Sudan_hoping%20for%20the%20best,%20preparing%20for%20the%20worst_final.pdf, accessed 29 November 2011; Saferworld interviews, Juba and Bentiu, August 2011.

confidence of communities in the state, in a context where centre – periphery tensions and dissatisfaction with unresponsive governance have historically underpinned, and continue to fuel, divisions and conflict.

At present, the GoSS also suffers from democratic deficits. Much now depends on effective leaders, because power is concentrated in the hands of individuals rather than effective institutions, laws, policies and accountability mechanisms. Although state governors now wield considerable power, decentralisation has been slow, and has become a process reinforcing competition for benefits and nepotism. This can partly be ascribed to the practical challenge of setting up local institutions when management and technical skills are weak. Nonetheless, efforts at developing decentralised governance have not yet led to sufficient progress in lessening the GoSS' remoteness from, and unaccountability to, communities.

However, there are some important factors that provide cause for optimism about progress towards better governance. Firstly, many GoSS leaders and officials are keen to develop legitimate and effective institutions and to draw on advice and support for this. Similarly, many in government are genuinely committed to success in decentralisation and delivering services. A further positive factor is that cleavages related to how power is split between ethnic, military and political interest groups – or at least their leaders – have been managed in many cases without bloodshed. While the common struggle for independence and capacities for compromise bode well, the rebellions noted above demonstrate the risks of factional interests turning to violence. To overcome eruptions of violent discontent, the GoSS will need to form a consensus around an approach to governing that satisfies and is increasingly accountable to the competing interests and demands of different groups.

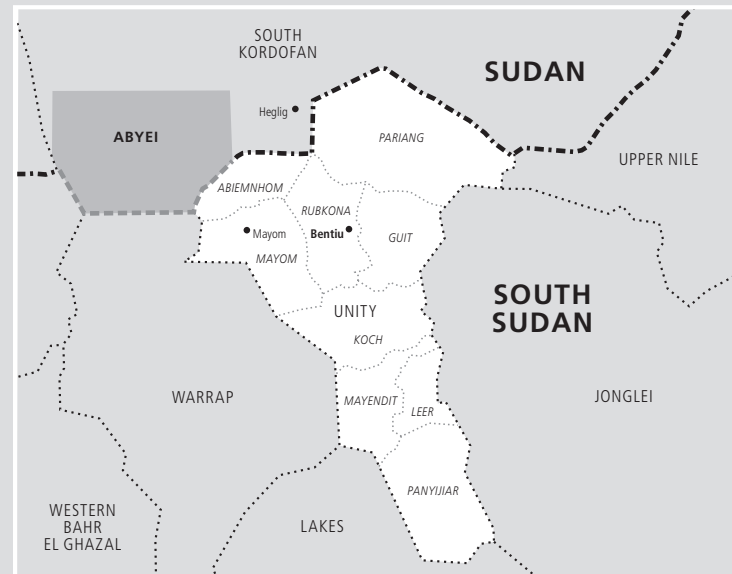
An important aspect to the governance challenges in South Sudan is the limited prospect for demand for better government to emerge from the public through constructive channels. The public's voice is very weak and many communities are very isolated by difficult terrain and illiteracy. Although the media and civil society are getting stronger, and are at times surprisingly vocal and influential, the public lacks access to reliable information and civil society capacity remains weak overall. Likewise, opposition parties exist, but are not unified and the SPLM is yet to stop viewing itself as synonymous with the GoSS.²⁵

Competition and contestation over scarce resources are an integral part of inter-group relations. Disputes over access to water, land, the placement of inter-communal borders, grazing rights and cattle raiding are common. Perceptions of unfairness and exclusion routinely lead to serious inter-communal conflict, in which tribal identity can be mobilised to pursue struggles between groups for resources and leaders for power. Returnees and newly displaced people also have the potential to exacerbate tension over resources.

Of particular relevance to this case study is the fact that the struggle for control of oil-producing areas and the way oil resources in South Sudan have been extracted has had severe negative impacts on communities living in oil-producing areas. As will be examined in more detail in section 5.4 on the role of China, there is considerable potential for further unrest, fuelled by public anger at the failure to compensate communities for past suffering and address their chronic poverty.

The varied culture of South Sudan also plays its part in determining how communities respond to the interaction of other dynamics of conflict already discussed. The history of rebellion against marginalisation, the requirement in many places for males to demonstrate courage, provide protection to and win resources for the community from a young age (manifested for example in persistent problems with cattle raiding), as well as cultural belief systems, all have the potential to influence attitudes and decision-making in relation to potential conflicts in unpredictable ways.

²⁵ Thus, for example, the flag of South Sudan is currently the SPLM flag.



This map is intended for illustrative purposes only. Saferworld takes no position on whether this representation is legally or politically valid.

A focus on Unity State

This case study included field research in Unity state, a key oil-producing area, where Chinese engagement has been significant. With average consumption rates between US\$25–30 per capita per month in Unity state, poverty and underdevelopment remain chronic.²⁶ Buildings housing Government institutions are only starting to spring up in the state capital, Bentiou. Very little infrastructure and few health or education services are in place for communities, following years of lucrative oil production. At the time of Saferworld's research visit, Unity was also hosting refugees from ongoing fighting in South Kordofan state, Sudan, who could not be reached through the existing road system. In addition, the blockage of the North–South border was creating food insecurity and petrol shortages.

In Unity, many stakeholders noted concerns over the use of oil revenues. In their view, although these were intended to contribute to community development, there has been an almost complete lack of progress with this, in spite of the State's oil wealth. The result has been significant public anger and tension over the perceived impossibility of holding authorities to account.²⁷ Relatedly, much bitterness persists following the violent suppression of protests at the contested results of the State elections in 2010, when four local people were killed and others arrested and beaten. A range of interviewees commented on these issues:

"More oil revenue is going for defence than for development. Even the two percent going to the State is not going for development."

Journalist, Central Equatoria State

"At the signing of the CPA there was an allocation of two percent [of oil revenues to the producing state for community development]. How it has been used, God knows. Questions are being asked from time to time, but there is no clear answer."

Civil society activist, Unity State

"The two percent which is for communities: they don't give it to communities, they put it in their pockets. Still there are poor roads, health centres, schools. People are asking about this. When the election result was announced people said it was not possible. They killed four people. If there is not respect for democracy in South Sudan, there will be war."

Journalist, Unity State

"The State elections were announced for the Governor, but the opposition got more votes. When people protested they began to kill people and torture people. People supporting the opposition fled. They tried the democratic way and now are very tense and don't know what else to try."

Civil society activist, Unity State

Illustrating the risks of such disaffection turning to further conflict in Unity State, in October 2011 75 people died in renewed clashes in Mayom county of Unity State, between the SPLA and the South Sudan Liberation Army rebels. The group complain of domination by the SPLM and of corruption, and have threatened to launch further attacks in Bentiou and Warrap State.²⁸ SSLA resistance may have happened anyway, as it stems from historic splits and grievances dating back to the war. However, better governance and greater accountability would have acted as a mitigating factor, and may have prevented violence.

²⁶ *Op cit* Bennet et al, p 21.

²⁷ A point raised by five key informants in Saferworld interviews, Central Equatoria and Unity States, August 2011.

²⁸ 'Death toll of Mayom clashes put at 75 amid mutual claims of victory', *Sudan Tribune*, 30 October 2011; 'South Sudan rebel group attacks town in oil-rich state', *BBC*, 29 October 2011.

Implications of conflict dynamics for external actors

The above analysis suggests that, given the tensions and outbreaks of violence, international engagement in Sudan and South Sudan needs to fulfil its full potential to sustain and strengthen peace in several ways. Firstly, external actors will have to continue to apply meaningful political and economic pressure and incentives to the parties to encourage their co-operation. Secondly, they should also ensure that peace-keeping interventions effectively defuse dangerous developments and strengthen security to the greatest possible extent. Thirdly and relatedly, external actors' military and security co-operation should avoid irresponsibly increasing the potential of either party to pursue escalations of conflict and support reform and improved capacity of the parties for democratic security provision. The latter requires innovative, holistic solutions to respond more quickly to outbreaks of violence, brokering settlements of disputes, re-establishing the rule of law and tackling the root causes of the problems.

Stability in Sudan and South Sudan also requires economic development. Here, there is an obvious role for aid and commercial actors. However, volatility is clearly related to access to resources and services and perceptions of the responsiveness and accountability of government. Thus stability depends less on economic development *per se* than on whether such development is equitably shared. In terms of their working practices, aid agencies and commercial actors therefore need to promote an equitable share for all communities in development – most notably through following conflict-sensitive working methods.

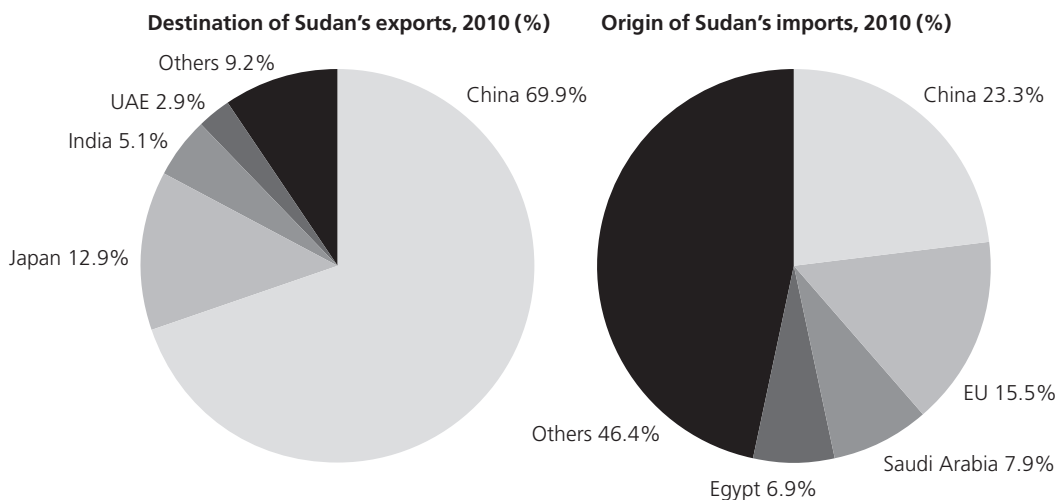
Effective support to capacity of legitimate institutions to provide security and justice and address poverty is also desperately needed. However, to prevent concerns about inequality and unfairness fuelling conflict in the long term, the behaviour of leaders and institutions (listening to the people, respecting democracy and rights, behaving accountably and tackling corruption) are also crucially important to end current, and prevent further, violent rebellions. External actors' impacts on conflict in Sudan and South Sudan must therefore also be judged on two counts: whether they support or undermine better leadership; and whether they engage constructively with a range of actors outside the state who have a role in demanding and monitoring better governance by leaders and state institutions.

5.3 International engagement in Sudan and South Sudan

Section 5.2 introduced relevant conflict dynamics and identified their potential implications for external engagement in support of peace in Sudan and South Sudan. Sections 5.3 and 5.4 provide an overview, firstly, of international engagement in the two states, and secondly, of Chinese engagement. This is followed in each case by a comparative analysis of their strengths and weaknesses.

The engagement by regional and global actors and institutions has been an important factor in shaping the conflict dynamics between the parties. Looking at international engagement in Sudan from an economic perspective highlights the role of a different array of actors to those engaged in aid. In 2009, Sudan's exports were valued at US\$7.834 billion, while imports were valued at US\$8.528 billion.²⁹ The charts below show Sudan's leading trade partners in 2010.

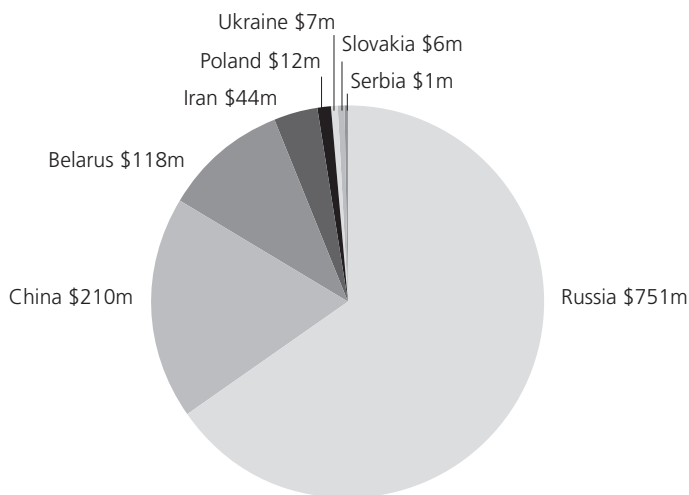
²⁹ CIA, 'Sudan', *The World Factbook*, updated 23 August 2011, www.cia.gov/library/publications/the-world-factbook/geos/su.html, accessed 11 September 2011.



Source: European Commission, *Sudan*, (Directorate General for Trade, 8 June 2011), available at http://trade.ec.europa.eu/doclib/docs/2011/january/tradoc_147395.pdf.

These charts illustrate well the dominance of China as an economic partner to Sudan as the CPA drew to a close. While the impacts on conflict of Chinese economic engagement are discussed below, it is important to highlight here that the conflict sensitivity of companies from other countries also warrants detailed analysis. Although such a detailed analysis is beyond the scope of this case study, it is in particular worth noting the extensive literature examining the impact of United States (US), Canadian, Swedish and Austrian oil companies in Sudan, raising serious concerns about their conflict sensitivity and impact on human rights. For example, the comprehensive report ‘Sudan, oil, and human rights’ published by Human Rights Watch (HRW) in 2003, discussed in turn the role played by Chevron, Arakis, Talisman, Lundin, OMV and Petronas, as well as that of Chinese companies.³⁰

Origin of Sudan's arms imports, 1997–2010 (\$ million)



Source: Stockholm International Peace Research Institute (SIPRI), Arms Transfers Database

Military co-operation by a range of actors has important implications for the balance of power between the parties. Russia, China, Belarus and Iran are among the most important sources of weaponry acquired in recent years by the GoS – with Russia the single biggest supplier by some distance.³¹ Arms procurement by the GoSS is less easy to determine: Ukraine, the only supplier of arms to the GoSS listed in SIPRI's arms transfer database, reportedly supplied arms worth US\$82 million to the GoSS in the

³⁰ HRW, ‘Sudan, oil, and human rights’, 2003. www.hrw.org/reports/2003/sudan1103/sudanprint.pdf, accessed 29 November 2011.

³¹ *Op cit* Wezeman, pp 62–64.

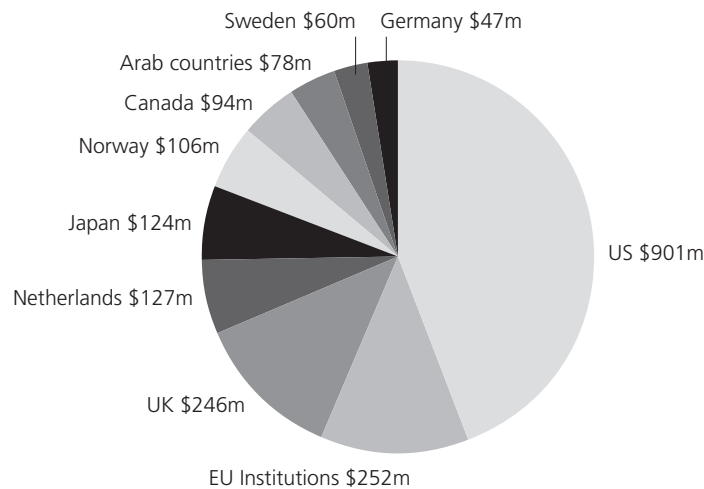
period 2007–2009.³² The US and the United Kingdom (UK) also reportedly provide the GoSS with military advice.³³

At the political level, there has been significant international engagement to encourage a peaceful conclusion of the CPA process. A major role in brokering the CPA was played by the *troika* of the US, the UK and Norway. Negotiations between the parties have been facilitated by the African Union (AU). As a key economic actor with an evolving approach, China's influence has also been strong, especially with the GoS (as discussed in more detail in section 5.4 on the role of China). International institutions, including the International Criminal Court (ICC) and UN Security Council (UNSC) have also applied significant pressure on Sudanese actors in relation to the conflict in Darfur.

In terms of international aid, many actors are financially supporting practical efforts to keep and build peace, build more inclusive and effective states in Sudan and South Sudan and engage in critical relief and development work. International development assistance to Sudan has increased markedly in recent years. From 1995 to 2002 aid to Sudan was worth between approximately US\$0.2 and US\$0.5 billion annually.³⁴ It rose sharply with the onset of conflict in Darfur and again with the signing of the CPA. Between 2005 and 2009 it has ranged between US\$2.1 billion and US\$2.5 billion annually.³⁵ In 2009 Sudan was the world's ninth largest recipient of development aid (US\$2.4 billion) and the biggest recipient of humanitarian aid (US\$1.3 billion).³⁶

Disaggregated Organization for Economic Cooperation and Development (OECD) figures for South Sudan and Sudan will not become available until 2012. The top ten donors of gross Official Development Assistance (ODA) to Sudan for 2008–2009 are shown in the following chart.

Top ten donors of gross ODA to Sudan 2008–2009 average (\$ million)



Source: OECD, 'Aid Statistics, Recipient Aid Charts – Sudan', available at www.oecd.org/countrylist/0,3349,en_2649_34447_25602317_1_1_1_1,00.html#S.

The *troika* of donors who supported the CPA negotiations together accounted for 49.5 percent of ODA to Sudan from 2000 to 2009.

A key component of international support and assistance to Sudan during the CPA period was UNMIS. At the end of 2010, UNMIS had a strength of 9,948 military and 634 police personnel, with an annual budget of US\$938 million.³⁷ Its mandate included

³² SIPRI Arms Transfers Database, 'TIV of arms exports to South Sudan, 1997–2010', accessed 11 November 2011.

³³ *Op cit* Wezeman, pp 62–64.

³⁴ Development Initiatives, 'Sudan aid factsheet 1995–2009: Trends in Overseas Development Assistance', www.globalhumanitarianassistance.org/wp-content/uploads/2011/02/Sudan-Aid-Factsheet-2011.pdf, accessed 5 December 2011.

³⁵ *Ibid.*

³⁶ *Ibid.*

³⁷ Security Council Report, 'November 2010, Sudan', UNSC, 2010, www.securitycouncilreport.org/site/c.gIKWLeMTIsG/b.6355229/k.F05/November_2010brSudan.htm, accessed 5 December 2011.

protection of refugees, internally displaced persons (IDPs), returnees, other civilians, UN staff and aid agencies, including from militias and armed groups, supporting refugee/IDP returns and demining processes, and supporting implementation of referenda and other CPA provisions including disarmament, demobilisation and reintegration (DDR) of former combatants.³⁸ As the CPA period drew to an end, GoS opposition to the renewal of UNMIS' mandate has forced its withdrawal from Sudan. UNMIS' successor, the UN Mission in South Sudan (UNMISS), was established by the UNSC on 9 July 2011. Its strength will be up to 7,000 military personnel and 900 civilian police.³⁹ It is complemented by the presence and activities of a number of other UN missions and agencies, including the new UNISFA and the AU/UN Hybrid Operation in Darfur (UNAMID).

By the end of July 2011, nearly 100 UN member states, including China, had recognised South Sudan, which had also become a member of the UN and the AU. A further ten states recognised South Sudan from August to October 2011. From 2005 to 2009, donors made budgeted allocations of approximately US\$4.2 billion to South Sudan (in addition to the substantial assistance provided to South Sudan by UNMIS). Upon South Sudan's independence, many donors also began to pledge renewed assistance for its development.⁴⁰

Policies and priorities of key international actors

The US placed Sudan on its list of states that sponsor terrorism in 1993, introduced economic sanctions against the country in 1997, and in 1998 launched a missile attack on a pharmaceutical factory in Khartoum, which it alleged to be processing chemical weapons. Its concerted engagement in Sudan after September 2001, and active role within the *troika*, is credited with creating some of the momentum to achieve the CPA. The US has sought to encourage co-operation between the parties over the final stages of the CPA process with the offer to remove Sudan from the list of state sponsors of terrorism if it fulfilled its obligations under the CPA. US strategy in Sudan has three objectives: ending conflict and rights abuses in Darfur; supporting Sudan and South Sudan to become viable states at peace with each other; and ensuring Sudan does not provide a safe haven for terrorists.⁴¹

USAID programmes in Sudan and South Sudan had a budget of US\$820.3 million in 2010. USAID programmes in Sudan currently focus on humanitarian assistance, food aid, peace and security, and governing justly and democratically and, in South Sudan, on peace and security, just and democratic governance, essential services, economic growth and humanitarian assistance.⁴²

The European Union (EU) has been an important actor with political, relief and development aspects to its engagement. In terms of its political engagement, in recent years the EU's focus has been to support the CPA process with an emphasis on assisting governance reforms. In the longer term, the EU is focused on encouraging good neighbourly relations between the North and South, as well as considering carefully how best it can underpin stability and state-building processes in South Sudan. It has been argued that the EU sacrificed political leverage with GoS through its public support for the ICC arrest warrant for President Bashir,⁴³ and has been seen as more important for its significant humanitarian and development assistance than for any role as a political mediator. The EU is a major relief and development actor. It delivered €650 million of development assistance from 2005–2010, and €776 million in humanitarian aid from 2003–2010.

38 UNSC, 'Resolution 1919 (2010)', 29 April 2010, daccess-dds-ny.un.org/doc/UNDOC/GEN/N10/335/77/PDF/N1033577.pdf?OpenElement, accessed 5 December 2011.

39 UNSC, 'Resolution 1996 (2011)', 8 July 2011, www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/Sudan%20SRES%201996.pdf, accessed 5 December 2011.

40 'UN, donors pledge assistance as South Sudan declares independence', *DevEx*, 11 July 2011, www.devex.com/en/blogs/49/blogs_entries/75324?source=MostPopularNews_5, accessed 5 December 2011.

41 US Embassy Khartoum, 'US-Sudan relations', sudan.usembassy.gov/ussudan_relations.html, accessed 12 November 2011.

42 USAID, 'Sudan – Monthly update', July 2011.

43 Marchal R, 'The regional dimension of Sudanese politics', in: *op cit* Heinrich Böll Stiftung, pp 79–96, p 80.

The EU is currently reviewing its comprehensive strategy for Sudan and South Sudan. This is an important priority, since its most recent ‘Country Strategy Paper’ was originally intended to cover the period 2005–2007. The latter strategy focuses EU development assistance on the education and food security sectors, but areas in which the EU has provided assistance include rehabilitation and recovery of war-affected communities and infrastructure, support to CPA implementation, capacity development for non-state actors and public administrations, health, rule of law, media and human rights programmes. The EU has also strongly supported better aid co-ordination and management.

The UK Government states that its objectives for Sudan and South Sudan for the 2011–2015 period are: supporting the peaceful completion of the CPA, including the transition to two countries; working towards an inclusive peace with justice in Darfur; supporting national and regional stability; promoting human rights; and encouraging the development of democratic and accountable government.⁴⁴ In South Sudan, the UK Government has articulated the additional objective of “supporting a more equitable distribution of South Sudan’s resources and their allocation towards development”.⁴⁵

The UK Department for International Development’s (DFID’s) bilateral aid review committed the UK to spend £140 million per year in Sudan and South Sudan from 2011–2015, to be focused on delivering health and education services, long-term development, reducing hunger and extreme poverty and responding to humanitarian crises.⁴⁶ Over two-thirds of this total has been allocated to South Sudan.⁴⁷ As well as continuing to be a major donor to Sudan and South Sudan, the UK is likely to maintain its active efforts to ensure a harmonised international approach both as part of the *troika* of donors who supported the CPA negotiations and as an active proponent of multi-donor funding pools.

The third *troika* member, Norway, was also instrumental in brokering peace, building on its close relationship with the SPLM/A and its support to the role of the Inter-governmental Authority on Development (IGAD).⁴⁸ Sudan and South Sudan were allocated US\$124.1 million of Norwegian development aid in 2010.⁴⁹ These resources support recovery, education, health, food security, good governance, gender equality, anti-corruption, return and reintegration of refugees and IDPs and institutional capacity building.⁵⁰ Norway has also played a key role in ensuring inter-donor co-ordination, having hosted major international donor conferences on Sudan on more than one occasion.⁵¹

Because of their role in brokering and supporting a CPA that has enabled the South to achieve independence, the *troika* and other Western powers are likely to continue to struggle to achieve influence with the GoS. At present, Western powers enjoy strong relations with the GoSS. Nevertheless, these strong relations could change if, in order to encourage it to assume the responsibilities of full statehood and embrace democratic good governance, Western powers find themselves more routinely criticising the GoSS, however constructively.

The influence of regional powers on conflict in Sudan has been complex and significant, and suggests the critical importance of their constructive and more positive engagement in the months and years ahead. The African Union High-Level Implementation Panel (AUHIP), led by Thabo Mbeki, has been mediating talks between the Govern-

44 DFID Sudan, ‘Operational plan 2011–2015’, July 2011.

45 DFID South Sudan, ‘Operational plan 2011–2015’, July 2011.

46 DFID, ‘Bilateral aid review results: Country summaries’ (DFID, 2011).

47 *Op cit* DFID Sudan and DFID South Sudan.

48 Royal Norwegian Embassy in Khartoum, ‘Norway’s role in the peace process’, www.norway-sudan.org/Embassy/Norway_in_Sudan/Peace_process/North_and_South_Relations/Norges_rolle_i_fredsprosessen/, accessed 12 November 2011.

49 Royal Norwegian Embassy in Khartoum, ‘Development cooperation’, www.norway-sudan.org/Embassy/Norway_in_Sudan/Development/development_cooperation/, accessed 12 November 2011.

50 *Ibid.*

51 *Ibid.*

ments of Sudan and South Sudan to settle outstanding issues and newly emerging crises. Relations between Ethiopia, the GoS and the SPLM/A have shifted several times since the 1980s, but at present, Ethiopia plays a key supportive role. Thus, it supplied the peacekeeping troops for UNISFA, and Prime Minister Meles Zenawi has taken an active role in peace diplomacy. It is unclear how Egypt's new Government may choose to take forward concerns over management of Nile waters by South Sudan, which was the primary issue on the Egyptian agenda in the run-up to independence. Kenya, Uganda and Ethiopia are likely to be attracted by the economic opportunities available within South Sudan. This factor could guide their efforts towards supporting peace and stability, but on the other hand, if internal divisions emerge in the South, economic interests may lead neighbouring governments to try to influence the outcome of any power struggle in alliance with different actors. South Africa is also engaged in South Sudan, both in terms of providing police and military support, at the political level via both the AU and UN, and as an economic actor.

India and Malaysia both have substantial interests in Sudan's oil sector. Yet their investment and influence is not so visible in other areas of the economy, and neither is a permanent member of the UNSC. Perhaps for these two reasons, neither country is perceived to have as much influence as China over the CPA parties, nor have they been put under the same pressure as China to exert this influence. India established a Consulate in Juba in 2006.⁵²

Co-ordination between donors has been partially achieved in Sudan and South Sudan. Organised by the UN and the World Bank and chaired by both the Government of National Unity and GoSS, the Sudan Consortium provided an annual forum to review progress in implementing the socio-economic aspects of the CPA. Sudan and South Sudan have been supported through a range of multi-donor funding pools. These include: the Multi-Donor Trust Funds administered by the World Bank; the Sudan Recovery Fund managed by the UN; the Basic Services Fund (established by DFID, but administered by a consulting firm responsible to a joint GoSS and donor steering committee); and the Capacity Building Trust Fund administered by the Joint Donor Team.⁵³ The UK, Netherlands and Norway have been the largest contributors to Sudan and South Sudan's pooled funds, whereas the US does not channel any resources through them.⁵⁴

Initial conclusions about international engagement

A detailed analysis of the international engagement described so far is outside the scope of this case study. However, it is worth recapping some of the key points existing analyses have raised regarding the impacts of international engagement on conflict dynamics in Sudan and South Sudan.

The aid resources invested in Sudan and South Sudan during the CPA period achieved notable progress in some areas in a uniquely challenging context. At the same time, in the recent multi-donor evaluation of support to conflict prevention and peacebuilding activities covering the period 2005–2010, donors to South Sudan identified a number of ways to improve their peacebuilding effectiveness.⁵⁵

At the strategic level, the multi-donor evaluation identified the need to replace the current technical approach to South Sudan's transition with a more political approach. Related to this, it articulated the need for donors to reduce reliance on 'good practice' and Paris Principles (alignment, ownership and harmonisation) and replace them with a more context-specific approach. To achieve this, it pointed to the need for a

⁵² Bagchi I, 'India engages both Sudans', *TNN*, 27 April 2011.

⁵³ *Op cit* Development Initiatives. The JDT was established in 2006 by the Netherlands, Norway, Sweden and the UK, who were later joined by Denmark and Canada. Its role is to support GoSS to accelerate progress in development in the health, HIV/AIDS, water and sanitation, education, governance and economic sectors. It works closely with the UN, World Bank, EU, USAID and NGOs to ensure co-ordination and coherence of their efforts.

⁵⁴ *Op cit* Development Initiatives.

⁵⁵ *Op cit* Bennet *et al.*

clearer connection between conflict analysis and programme design. It highlighted the need to respond better to local dynamics, avoid assuming that poverty reduction or service delivery automatically contribute to conflict prevention and deepen understanding of key actors, their motives and the power relations between them. The evaluation also found weak links between donors and state and local government, and insufficient progress in scaling up local service delivery. In terms of co-ordination, the evaluation flagged the need to ensure co-ordination mechanisms lead in practice to a joint strategic approach.

Whatever their geopolitical underpinnings, the policies and funding allocations of Western donors described above suggest broad convergence of their relief, recovery, equitable development, governance and peacebuilding agendas. A key question for this study is how they achieve influence in promoting democratic change and equitable development with domestic leaders and government institutions, in a context where China's friendship may diminish national stakeholders' need to listen to Western perspectives. This may mean that anything that can be done to achieve complementarity between Western and Chinese development strategies and diplomatic approaches towards GoSS and GoS will prove crucial in years to come.

At the practical level, the multi-donor evaluation suggested room for improvement in the way donors support peace and security. It noted a failure to agree on and back the security agenda developed by the GoSS and poor sequencing of SPLA and police reforms. It also argued that donors had not successfully assisted areas affected by serious insecurity. It thus recommended more routinely targeting them with rule of law support and stabilising measures (such as policing, disarmament, road-building, addressing youth disaffection/livelihoods), ensuring development measures accompany peace initiatives, ensuring services and livelihoods programmes adopt a conflict sensitive approach and working more with informal security and justice mechanisms.

Aside from the issues highlighted in the multi-donor evaluation, past Saferworld analysis points to a number of other areas for development.⁵⁶ Firstly, while humanitarian assistance is needed on an ongoing basis, there has also been criticism of failure to find the right balance between relief and sustainable development. Secondly, given the volatility and predicted decline in oil revenues, there is an urgent need to grow and diversify the local economy. Thirdly, UNMIS provided vital support and co-ordination in many ways, for example in its support to elections in 2010, yet it struggled with delays in getting established, incoherence between mission functions and cumbersome management and co-ordination structures. It also had a poor track record in terms of protecting civilians and delivering results in the areas of security sector reform and DDR.⁵⁷ Its successor, UNMISS, will need to be more effectively managed by UNSC members, donors and countries contributing personnel. Fourthly, overall, work on development of the justice sector and prisons has been insufficient.

More broadly, it is not sufficiently clear whether those supporting security and justice sector development have encouraged civilian oversight, accountability, adherence to international humanitarian and human rights law, and a responsible balance of expenditure between military, security and development sectors consistently enough.⁵⁸

There are also significant gaps in the conflict sensitivity of aid delivery. Firstly, development efforts have too often failed to make the maximum possible use of local labour and resources and build the skills and capacities of individuals, communities and government agencies. Secondly, aid has been focussed too much on working with leaders and elites from the centre and has not yet changed much for communities beyond Juba and state capitals. Thirdly, aid activities in some cases risk distorting local relationships or ignoring local priorities and processes. Fourthly, many agencies

⁵⁶ *Op cit* Saferworld, 20 December 2010.

⁵⁷ Schumann P, 'International actors in Sudan: The politics of implementing comprehensive peace', in: *op cit* Heinrich Böll Stiftung, pp 102–114. Schumann is a former Co-ordinator and Representative of UNMIS in Southern Sudan.

⁵⁸ Saferworld interviews, Central Equatoria State, December 2011.

struggle to achieve continuity of staff in Sudan, which affects institutional memory and depth of knowledge of the context, as well as capacity to engage consistently and sensitively. Finally, local civil society is finding it difficult to access donor resources, which does not lend itself to the development of plural local voices helping to shape a peaceful and well-governed state.

This section has affirmed the clear scope for international actors in Sudan and South Sudan to improve their contribution to peace in many different ways. Some of these areas for improvement may also provide food for thought for Chinese actors grappling with similar challenges and pursuing overlapping interests. However, as section 5.4 also explains, the role of China has been, and is likely to remain, different from that of other international actors for some time to come. Thus it has very different relationships with all key stakeholders. These lend it a unique potential to achieve positive influence on the context, as well as posing significant challenges that it will need to overcome, in managing the risks of the context and demonstrating its role as a responsible global power in the two countries.

5.4 The role of China

China – or rather the Chinese Government and the diverse array of Chinese companies and entities engaged in Sudan and South Sudan – has played an important role in changing peace and conflict dynamics between and within the now-separated countries over the last two decades. It has influenced the trajectory of development and conflict significantly through economic investment, trade, infrastructural development and its military co-operation – all shaped by its distinct political approach to the context.

Political engagement

This case study is written at a time of evolution in Chinese engagement. After the National Islamic Front's (NIF's) assumption of power in 1989, Beijing became Khartoum's most significant international ally during the 1990s. It maintained close political, economic and military relations with Khartoum during the second phase of Sudan's civil war, and into the CPA period from 2005. However, as the likelihood of Southern secession increased, it deepened its new ties with the GoSS and acted to reinforce its interests in South Sudan, a process that continues in the wake of South Sudan's independence.

Although there are examples of Beijing's support for revolutionary movements in Africa motivated by political ideology, in the period from 1955, Beijing allied itself with the Sudanese Government in Khartoum and offered no support to the Anyanya 1 rebel movement in the first phase of the civil war.⁵⁹ Despite its limited influence on Sudanese politics until 1989,⁶⁰ this continued in the second phase of the Sudanese civil war: in line with the principle of non-interference, Beijing sided with Khartoum against the SPLM rebels and cultivated a friendship with the isolated NIF regime in Khartoum after the 1989 coup.⁶¹ Beijing's strong relations with Khartoum came to be manifested in government-to-government relations (with close ties between senior leaders and different branches of government), party-to-party co-operation between the Communist Party of China (CPC) and the NCP (involving "rituals of rhetorical solidarity, and occasional gestures of more active support"), military co-operation (including capacity development and the sale of arms) and state-directed industrial – commercial engagement (between Chinese state-owned enterprises, the NCP and a number of Sudanese ministries).⁶²

⁵⁹ Large D, 'China's involvement in armed conflict and post-war reconstruction in Africa: Sudan in comparative context', DIIS Report 2007, pp 52–54.

⁶⁰ Large D, 'China's Sudan engagement: Changing Northern and Southern political trajectories in peace and war', *China Quarterly*, 199 (2009), pp 610, 626, p 613.

⁶¹ *Op cit* Large and Patey, p 6.

⁶² *Op cit* Large (2009), pp 610–626, pp 616–617; quoted text from: *op cit* Large and Patey, pp 14–15.

According to one prominent South Sudanese journalist, China approached the SPLM/A as early as 2004.⁶³ By this time the party's leader, Dr John Garang, according to the same source, had already facilitated the formation of a party position which recognised the importance of engagement with China, due to its influential position on the UNSC and its potential to stymie South Sudan's self-determination.⁶⁴ Under the CPA, the SPLM became a party of Government, sharing power with the GoS within the Government of National Unity. In light of this, the relationship between Beijing and the SPLM quickly began to grow. Salva Kiir, then Vice-President and now President of South Sudan, led a high-level SPLM delegation to Beijing in March 2005. A friendship agreement between the SPLM and the CPC was signed shortly afterwards.⁶⁵ Salva Kiir met Chinese President Hu Jintao in February 2007 and returned to China in July of that year, discussing prospects for the development of CPC – SPLM links.⁶⁶ In September 2008, Beijing established a consulate in Juba, and after South Sudan's independence in August 2011, Chinese Foreign Minister Yang Jiechi visited Juba. Since 2005, many South Sudanese leaders and officials have visited China as part of the process through which, below the level of national government, China has also fostered relations with State governors and governments within South Sudan.⁶⁷

Although from a Chinese perspective, the swift *rapprochement* between Beijing and Juba has been felt to be consistent with the principle of engaging with the newly emerging sovereign power on the basis of non-interference, it has been widely attributed in the West, as in South Sudan, to the growing realisation that after secession the majority of Sudan's oil would lie in South Sudan, and thus significant Chinese oil investments would be in areas under GoSS control.⁶⁸ For its part, the GoSS pointed out in 2010 that if China wanted to retain its oil assets, it would need to recognise the outcome of the referendum on South Sudan's secession in the event of a vote for independence.⁶⁹

As the crucial referendum on Southern secession approached, Beijing's position was to support the CPA's aim to make unity attractive, but at the same time China agreed to recognise the outcome of a credible referendum.⁷⁰ China was thus among the first countries to recognise the Republic of South Sudan on 9 July 2011.

China's potential to contribute to stability in Sudan and South Sudan is at the political level partly due to the significant influence conferred by its permanent membership of the UNSC. It has reportedly threatened to use its veto in Security Council deliberations to ensure the withdrawal or amendment of statements intended to pressurise the GoS.⁷¹ As a result, draft resolutions for sanctions and arms embargoes were significantly watered down. While some view its stance on such resolutions as a failure to exert due pressure on GoS for its actions in Darfur, others have noted a shift in China's approach. Under this analysis, Chinese encouragement to settle the Darfur conflict began as early as 2004,⁷² and has included some significant gestures, such as the announcement of principles for achieving this by President Hu⁷³ and effective pressure to accept the presence of UN peacekeepers in Darfur.⁷⁴ At the same time,

⁶³ Saferworld interview, Central Equatoria State, August 2011.

⁶⁴ Saferworld interview, Central Equatoria State, August 2011.

⁶⁵ *Op cit* Large (2007), p 74.

⁶⁶ *Op cit* Large (2009), pp 610–626, p 623.

⁶⁷ *Ibid* p 624.

⁶⁸ *Ibid* pp 610–626.

⁶⁹ *Op cit* Large and Patey, p 19.

⁷⁰ *Ibid* p 19.

⁷¹ Such as the withdrawal of a Presidential Statement drafted by the UK Government in July 2008. Dagne T, 'Sudan: The crisis in Darfur and status of the North-South peace agreement', Congressional Research Service, 1 June 2011, p 27. *cf* Large (2007), p 69: "Until mid-2006, [...] The Chinese government consistently abstained at UN Security Council Darfur resolutions, including resolution 1593 (the 'ICC Resolution') of 31 March 2005. There are indications that it diluted the more interventionary measures proposed, including an oil embargo".

⁷² As affirmed by officials such as China's Deputy Permanent Representative to the UN, Wang Min: 'China urges long-term peace in Sudan', *Xinhua*, 19 January 2011; for a detailed account and chronology of China's evolving and influential stance on Darfur, see: Ahmed G, 'The Chinese stance on the Darfur conflict', Occasional Paper no 67, *China in Africa Project*, September 2010; *cf* also: Small Arms Survey, 'Arms, oil and Darfur', Sudan Issue Brief No 7, July 2007, p 9.

⁷³ *Op cit* Large (2009), p 619.

⁷⁴ "[I]ts support for the deployment of a United Nations peacekeeping mission for Darfur[...] ran contrary to the wishes of President Bashir in Particular." *Ibid* p 619; *op cit* Large (2007), pp 69–70; Large and Patey p 17; Small Arms Survey, (July 2007).

through abstentions on or support for certain resolutions, China has on several occasions enabled the international community to take action on Sudan and bring pressure to bear on the GoS.⁷⁵

As Chinese scholars admit, both in relation to Darfur and the peaceful co-existence of Sudan and South Sudan, Chinese diplomacy has come to entail a delicate balancing act.⁷⁶ Thus China supported the principles behind the ICC, and has agreed that individuals must be brought to justice over violations of human rights and humanitarian law in Darfur; however, it has argued that no one has the right to challenge the immunity of a head of state and criticised the timing of the ICC's indictment of President Bashir.⁷⁷ In June 2011, China was in turn heavily criticised when it welcomed President Bashir on his first official visit outside Africa since the ICC indictment against him.⁷⁸ However, at the same time as the Chinese President was affirming that "the Chinese side will firmly pursue a friendly policy towards Sudan", China reportedly used the visit to affirm in public its support for the North – South peace process and to urge the Sudanese President to resolve outstanding CPA issues.⁷⁹ According to one China – Sudan expert interviewed, China also took the possibility of further arms supplies to the GoS off the agenda for discussion during Bashir's visit.⁸⁰

As with its diplomacy on Darfur, regarding the North – South peace process, it has been argued that in urging the SPLM and NCP to "adhere to peace and restrain themselves", the Chinese Foreign Ministry has made a "sharp break from China's usual silence about the domestic behaviour of the Sudanese regime".⁸¹ Throughout 2011, in step with the AU, the UNSC and other key external actors,⁸² China has also consistently been urging the parties to "adhere to the peace option", has declared itself to be "ready to exert joint efforts with Sudan to find solutions to the outstanding issues for sustainable peace" and has also affirmed its willingness to work with the international community in support of this.⁸³ In December 2011, the diplomatic mission of Chinese special envoy Liu Guijin to Khartoum and Juba to discuss the deadlock over oil with the two parties offered further tangible – and welcome – evidence of China's preparedness to play a more proactive role in mitigating tensions between the North and the South.⁸⁴

With the outbreak of violence in South Kordofan in June and July 2011, China's approach was reportedly once again to attempt a delicate balance: objecting to a Security Council press statement in August 2011 calling on the Sudanese Government to cease hostilities and aerial bombardment in the state,⁸⁵ but at the same time, according to an expert on China's diplomacy towards Sudan, communicating to the Sudanese Government that it is paying attention to the ongoing violence and willing to make efforts with the concerned parties to calm the situation.⁸⁶

⁷⁵ Such as resolutions 1556, 1591, 1593 and 1706 on Darfur. *op cit* Dagne T, p 27. See also: *op cit* Ahmed G, pp 7–8.

⁷⁶ Saferworld interview, Shanghai, May 2011.

⁷⁷ Saferworld, 'China's growing role in African peace and security', January 2011, p.vi.

⁷⁸ Higgins A, 'Oil interests tie China to Sudan leader Bashir even as he faces genocide charges', 22 June 2011; 'China rolls out red carpet for visiting Sudan president, wanted on war crimes warrant', Associated Press, 28 June 2011.

⁷⁹ 'China's President reaffirms support for peace process between north, south Sudan', *Xinhua*, 29 June 2011; 'China "helpful" on south Sudan: US', AFP, 1 July 2011; Saferworld interview with Sun Baohong, Deputy Director General, African Department, Ministry of Foreign Affairs, PRC, 25 July 2011.

⁸⁰ Saferworld interview, Beijing, July 2011.

⁸¹ Johnson D, 'Sudan's peaceful partition, at risk', *The New York Times*, 31 May 2011.

⁸² *Op cit* Large and Patey, p 17.

⁸³ Quotes: Chinese Special Envoy on African Affairs Liu Guijin in, 'Chinese envoy urges north, south Sudan to adhere to peace option', *Xinhua*, 13 June 2011. Other relevant examples include: in January 2011, China expressed an overall willingness to "work together with the international community and the parties concerned to continue to play an active and constructive role in promoting the long-term peace, stability and development of Sudan", in: 'China urges long-term peace in Sudan', *Xinhua*, 19 January 2011; In June 2011, Special Envoy for African Affairs Liu Guijin told leaders in Juba and Khartoum to "exercise maximum restraint and be prepared for compromise" regarding violent disputes in Abyei and South Kordofan, in: Bodeen C, 'China pushing for end to renewed violence in Sudan', *Associated Press*, 23 June 2011; since South Sudan's secession, China has also been vocal in urging the parties not to "lose the peace equation", 'China FM warns North & South Sudan against losing "peace equation"', *The Citizen*, 9 August 2011.

⁸⁴ 'China dispatches envoy to Sudan with proposals over oil', *Sudan Tribune*, 5 December 2011.

⁸⁵ 'Russia, China blocked calls on UNSC to condemn Sudan's fighting in South Kordofan', *Sudan Tribune*, 13 August 2011.

⁸⁶ Saferworld interview, Beijing, July 2011.

In relation to its diplomacy over the Darfur conflict, it is possible that the views of the SPLM may have been a factor in China's willingness to pressurise Khartoum.⁸⁷ In light of South Sudan's independence, the willingness of Beijing to consider the views of Juba in relation to issues, such as ongoing violence in Abyei, South Kordofan and Blue Nile, is surely likely to increase.

“China should use its influence to stop war in Darfur, South Kordofan and Blue Nile. These wars have a direct impact on the South. Lots of refugees from the Nuba are now in Unity State. The only way to get peace is to influence Khartoum. China is the one.”

Civil society activist, Upper Nile.

Overall, China's diplomatic engagement tends to remain cautious and Beijing is reluctant to play a proactive or visibly high profile role. Instead, officials refer to regional bodies (such as the IGAD and the AUHIP) and the UNSC as holding primary responsibility and being best placed to mediate between parties. China has previously argued that Sudan's internal conflicts remain outside of the mandate of the UNSC as they represent no threat to regional or international peace. With South Sudan's secession however, it will be harder for Beijing to continue to take this line in relation to any future outbreaks of conflict at the inter-state level.

Commentators on Beijing's political approach have argued that although the overall principle of non-interference is unlikely to be abandoned by China, it has found the principle of limited value for advancing its interests in Sudan, and has therefore adapted its approach to the Sudanese context in significant ways.⁸⁸ What seems clear is that, while nurturing its friendship with South Sudan, Beijing wishes to maintain the strongest possible relations with the GoS and is determined to encourage both to maintain a peaceful relationship.

Senior Chinese diplomat Liu Guijin has argued that China's approach, “built on equality and mutual benefit”, is in fact much more able to achieve influence than the political pressure and sanctions favoured by the US and other Western actors.⁸⁹ Yet it remains to be seen whether this approach offers the most effective way for China to contribute to the emergence of a peaceful and stable investment environment in a context where the responsiveness, efficiency and accountability of nascent government systems will prove critical for stability.

As China's gaze turns further towards the South, it is likely to continue to develop political relations with the GoSS and to provide markedly increased amounts of infrastructure and economic assistance to cement ties and safeguard resource access. With the SPLM following a policy of constructive engagement with external powers to attract investment, such an approach is in a straightforward sense likely to succeed.⁹⁰

However, Sudanese and South Sudanese scholars and interviewees have raised some important questions about this approach. For example, in the study ‘African perspectives on the role of China in Africa’, Ali Askouri argues that China's influence has led to displacement and killing in Sudan and concludes that “many Africans who are aspiring to further democratic values” object to the way that “China interferes deeply in the domestic affairs of its partners, but always to the benefit of the ruling group”.⁹¹

“If China thinks oil will come from Salva Kiir, they will favour Salva Kiir. Lots of people will have a problem with this.”

Civil society activist, Central Equatoria State

⁸⁷ *Op cit* Ahmed, offers two examples of SPLM views being broached in late 2006 and during President Hu's February 2007 visit to Sudan.

⁸⁸ *Op cit* Large, p 611; Hanson S, ‘China, Africa and Oil’, Council on Foreign Relations, 6 June 2008.

⁸⁹ ‘China Defends Engagement with Africa’, *VOA*, 24 June 2011.

⁹⁰ *Op cit* Large and Patey, p 15.

⁹¹ Askouri, ‘China's investment in Sudan: displacing villages and destroying communities’, in: Manji F and Marks S, *African perspectives on China in Africa*, (Fahamu, 2007), pp 73, 77.

“China is not interested in pleasing the public but rather looking at doing deals with the Government leaders. The Government of South Sudan values the speed at which China works. The people are not educated enough to oppose.”

Journalist, Central Equatoria State

“Leaders who have good relations with the Chinese will fail, because they will no longer be part of the community of South Sudanese society.”

GoSS official, Unity State

As with all external actors, if at the political level China supports elites without finding ways to ensure that the economic and social benefits its engagements provide are duly shared across South Sudan’s diverse area and population, this could prove a missed opportunity to improve the attitudes of local stakeholders towards China. It could also exacerbate conflicts configured around centre – periphery tensions, like those that led to the civil war and the Darfur conflict. Such conflicts are already evident in the new state of South Sudan and have the clear potential to continue to jeopardise the security and profitability of Chinese investments, as pointed out by several of the interviewees for this case study.

With China interpreting and applying the principle of non-interference as it does at present (avoiding encouraging internal political reform), its position as an alternative partner to the SPLM has the potential to reduce the leverage of those international actors who seek to encourage shifts to good governance, democracy and human rights fulfilment through their aid and diplomacy. As noted above, competition for leadership and resources is currently fuelling ongoing conflicts in a number of states in South Sudan. A key question for Chinese actors to ask could be: “how can China best balance its efforts to court the patronage of South Sudan’s leaders with the risk of deepening the marginalisation and potential animosity of South Sudanese stakeholders outside the political leadership?”

The way forward, both for governmental aid and for Chinese commercial actors was perhaps articulated by a Chinese scholar interviewed for this study by Saferworld, who argued that “it’s important for CNPC [China National Petroleum Company] to maintain good relations not just with state authorities, but with local actors too.”⁹² Thus, by identifying and addressing the priorities of a broader cross-section of South Sudanese society and ensuring benefits from its interventions are shared more equitably across society, China can significantly boost its image and acceptance among South Sudanese society as well as make a significant contribution to conflict prevention in South Sudan.

Military co-operation

China has been a prominent supplier of arms to Sudan since 1971.⁹³ HRW notes the statement of a GoS official that after 1980, China was a major supplier of anti-personnel and anti-tank mines to Sudan. It also affirms the supply by China between 1995 and 2003 of ammunition, tanks, helicopters and fighter aircraft and notes the use of Chinese howitzers, tanks and anti-aircraft guns by SAF in the North – South civil war in 1997.⁹⁴ Although according to SIPRI the value of Russian conventional arms transfers to Sudan from 1997–2010 was more than treble the value of Chinese, according to the Small Arms Survey, China provided 72 percent of the SALW delivered to the GoS in the period 2001–2008.⁹⁵ In the same period, it supplied missile launchers, tanks, combat aircraft, transport aircraft, helicopters, cannon, rocket guns and air defence guns.⁹⁶

⁹² Saferworld interview, Beijing, July 2011.

⁹³ *Op cit* Large (2007), p 54; and Large (2009), p 617.

⁹⁴ *Op cit* HRW (2003), p 457.

⁹⁵ *Op cit* Small Arms Survey (December 2009).

⁹⁶ *Op cit* Saferworld (January 2011), p 51.

China has been criticised for supplying arms, military equipment and ammunition, which was later used in the conflict in Darfur.⁹⁷ Despite the fact that transfer of Chinese weapons to non-state actors such as Janjaweed militia and SAF operating in Darfur by GoS was in direct contravention of a UN Arms Embargo, China has – aside from a reported suspension of such transfers in 2008 – continued to supply weapons to Khartoum.⁹⁸ China has also been criticised for providing the GoS with the financial means to purchase increasing amounts of its arms, in spite of evidence of their use to clear areas of South Sudan for oil exploration and production and later to commit atrocities in Darfur.⁹⁹

Another facet of Chinese military co-operation in Sudan has been the assistance of Chinese companies to the building of at least three weapons factories outside of Khartoum.¹⁰⁰ Aside from this, according to the Small Arms Survey, there have also been a series of high-level meetings between senior SAF and Chinese military delegations since 2002, discussing military co-operation and plans to “develop and improve the [Sudanese] armed forces”.¹⁰¹

Evidence of Chinese military co-operation with GoSS is much more limited. One interviewee stated that the SPLM had started to receive technical support from China in 2009, may even have been offered assistance to develop military infrastructure and that SPLA soldiers had visited China “to observe technology”.¹⁰² There are no clear indications as to whether GoSS – China military relations are now developing further.

The apparent contradiction between supplying arms to a context where Chinese peacekeepers are actively engaged was brought to the fore in October 2010 when China reportedly attempted to block a Panel of Experts report to the UNSC, which showed the use of Chinese ammunition against AU and UN Peacekeepers in Darfur.¹⁰³ This emphasises the need for China to consider carefully whether it is in its interest to supply arms to recipient countries that might not only act in violation of UN arms embargoes, but also divert weapons acquired from China to conflict regions where they might be used against China’s own peacekeepers.

In October 2011, the Small Arms Survey documented the discovery of newly manufactured Chinese Type-56-1 assault rifles in the possession of rebel groups in South Sudan under the command of Peter Gadet and George Athor.¹⁰⁴ This once again illustrates the danger of Chinese arms being diverted to end up in the wrong hands – not only in Darfur, but also in South Sudan. Here, they present the twin risk of damaging China’s growing friendship with the GoSS and being used against Chinese peacekeepers or companies.

⁹⁷ See: *op cit* Large (2007), pp 54–55; and: Dagne (1 June 2011), p 27; Letter dated 30 January 2006 from the Chairman of the Security Council Committee established pursuant to resolution 1591 (2005) concerning the Sudan, addressed to the President of the Security Council, para 126; *op cit* Saferworld, (January 2011), pp iv and 51; Amnesty International, *China: Sustaining conflict and human rights abuses: The flow of arms continues*, 9 June 2006, and *Sudan: Arms continuing to fuel serious human rights violations in Darfur*, May 2007; ‘China is fuelling war in Darfur’, *BBC News*, 13 July 2008; Human Rights First, *China’s arms sales to Sudan: fact sheet* (2008).

⁹⁸ *Op cit* Saferworld (January 2011), pp iv, 51.

⁹⁹ “Sudan’s military expenditures have risen dramatically since 1997, the year of its first oil exports. [...] By 2005, Sudan’s small arms imports had risen to more than 680 times their 1999 levels. From 2003 to 2006, the period covering the worst abuses by Sudanese government forces in Darfur, China sold over US\$55 million worth of small arms to Khartoum. Since 2004, the year in which the United Nations Security Council imposed an embargo on arms transfers to Darfur, China has been the near-exclusive provider of small arms to Khartoum, supplying approximately 90 percent of Sudan’s small arms purchases each year.” *Op cit* Human Rights First. The indications that China opposed the imposition of an oil embargo on Sudan (*op cit* Large (2007), p 69) also suggest the significance of its role in ensuring Khartoum maintained sufficient resource flows to support its growing military expenditure; Human Rights Watch, (*op cit* HRW (2003)), also states (p 59) that, “The president of Sudan announced in 2000 that Sudan was using the oil revenue to build a domestic arms industry. The military spending of 90.2 billion dinars (US\$ 349 million) for 2001 was to soak up more than 60 percent of the 2001 oil revenue of 149.7 billion dinars (US\$ 580.2 million)”, and (p 457) that China, “made available easy financing for some[...] arms purchases”; *cf op cit* Small Arms Survey (July 2007), p 4; Coalition for International Justice, ‘Soil and oil: dirty business in Sudan’, Washington, February 2006, p 24 notes the use of Chinese weaponry in oil-related land clearance: “in the spring of 2002 in Leal, Sudan. Sudanese military with coffers invigorated by oil receipts, and supported by Chinese-made helicopters expelled local inhabitants from the rapidly expanding area of oil production”.

¹⁰⁰ *Op cit* Saferworld (January 2011), p 51; and: Small Arms Survey (July 2007), p 6; ‘China’s role in genocide’, *The Washington Times*, 26 March 2006.

¹⁰¹ *Op cit* Small Arms Survey (July 2007), p 6.

¹⁰² Saferworld interview, Central Equatoria State, August 2011.

¹⁰³ *Op cit* Saferworld (January 2011), p 51.

¹⁰⁴ Sudan HSBA, ‘Materiel seized from Peter Gadet’s forces’, (Small Arms Survey, October 2011).

The question of how China may seek to balance its military support for Sudan and South Sudan, now that the latter is independent, is currently a topic of considerable interest to South Sudanese stakeholders. South Sudanese interviewees for this case study, from both Government and civil society, widely shared the view that to succeed in courting the favour of the GoSS, China would need to show itself willing to provide weapons and other technical/infrastructural inputs to South Sudan and to end its supply of weapons to Khartoum, as well as discourage the use of violence by the GoS in South Kordofan, Blue Nile and Darfur.

Given the evidence available regarding the end-use of Chinese weapons in Sudan in the past decade, it should be clear that further supply of weapons and ammunition to the two Governments has the potential to deepen instability, worsen the impacts of further tensions or outbreaks of violence between Sudan and South Sudan and indeed enable the activities of any other actors who may come to acquire *matériel* supplied to either side. Although they can strengthen China's political relations with recipient governments and have commercial benefits for defence companies, such supply would also be likely to add to existent threats faced by Chinese interests and personnel in Sudan and South Sudan (which are discussed further below). At a time of significant tensions between Sudan and South Sudan, a policy pursuing restraint in arms transfers to the two neighbouring countries, rather than one that favours military build ups, would be a logical way for all responsible international actors to support peaceful outcomes, rather than fuelling potential new conflicts.

Contributions to peacekeeping and demining

China provides personnel to UN peacekeeping operations in Darfur, South Sudan and Abyei. In the CPA period, it contributed peacekeepers to UNMIS. In 2007, its second group of 435 peacekeepers included a 275-strong engineering division, a 100-strong transportation division and a 60-strong medical division.¹⁰⁵ At present, China provides 362 contingent troops, ten experts on mission and six police to UNMISS (the successor mission to UNMIS), and one expert on mission to UNISFA.¹⁰⁶ Thus, in October 2011, the area of Sudan and South Sudan accounted for 36 percent out of China's total world-wide contribution of personnel to UN Peacekeeping Operations of 1,936.¹⁰⁷

It is commonly acknowledged that Chinese personnel within peacekeeping missions, "have overall fulfilled their tasks with significant professionalism".¹⁰⁸ Likewise, China's willingness to deploy peacekeepers within Sudan and South Sudan has demonstrated how in this area it has taken a leading role in ensuring vital peacekeeping presence and capacity in these two very challenging environments.

It has also been recognised among senior AU and UN officials that the Chinese presence in UNAMID and UNMIS has helped to "temper the host government's suspicions that the missions are really Western-led military interventions".¹⁰⁹ While in this respect Chinese proximity to GoS has been of clear benefit, others have suggested the need for Chinese peacekeepers to play a greater role in interacting with non-state actors.¹¹⁰

A further aspect of China's military co-operation with Sudan and South Sudan that should be recognised as positive is its support to demining through the provision of training and equipment to both the GoS and the GoSS.¹¹¹

¹⁰⁵ *Op cit* Large (2007), p 67.

¹⁰⁶ UN Department for Peacekeeping Operations (UN DPKO), 'UN Mission's summary detailed by Country', 31 October 2011.

¹⁰⁷ Including 319 troops in UNAMID. *Ibid* UN DPKO.

¹⁰⁸ *Op cit* Saferworld (January 2011), p 77.

¹⁰⁹ Gill B and Chin-Hao Huang, 'China's expanding role in peacebuilding: Prospects and policy implications', *SIPRI Policy Paper* 25 (1990), p 27.

¹¹⁰ Hirono M, 'China's charm offensive and peacekeeping: The lessons of Cambodia – What now for Sudan?', unpublished manuscript (2010).

¹¹¹ PRC Ministry of National Defence, 'China holds humanitarian minesweeping training course for South Sudan and Sudan', 11 October 2011; 'China presents demining equipment to Sudan', *Sudaneseonline*, 29 January 2009; 'China launches demining training course for Sudan', *Sudan Tribune*, 8 April 2008.

Aid, finance and economic development

China's role in economic development in Sudan has been significant. In 2010, China was Sudan's biggest trade partner, accounting for 69.9 percent of its exports and 23.3 percent of its imports, amounting to a total of approximately US\$8.52 billion in bilateral trade.¹¹² Chinese actors are estimated to have invested US\$15 billion in the North.¹¹³ In 2010, an adviser to President Bashir stated that China had invested US\$8 billion in Sudan in 2010.¹¹⁴

Rather than being easily classifiable as ODA, in many contexts, Chinese engagement in economic development more often takes the form of projects implemented by Chinese companies (state- or privately-owned) financed by Chinese loans or commercial investment.¹¹⁵ Nonetheless, China and Chinese organisations and companies do deliver aid in Sudan and South Sudan, and undoubtedly do have a unique potential for helping to address underdevelopment through both aid and commercial activity.

In terms of finance, reliable and comprehensive figures are hard to obtain. The limited information that is publicly available suggests that the boundaries between Chinese aid, investment and loans are indeed characteristically blurred in Sudan, but that tied loans are more significant than direct grants.¹¹⁶ An International Monetary Fund working paper notes that Sudan is, after South Africa, probably the largest recipient of Chinese foreign direct investment in Africa, and that "Chinese FDI [foreign direct investment] flows increased from nothing in 1996 to over US\$800 million in 2007".¹¹⁷ Likewise, a study by Nour asserts that:

*"[T]he Chinese share in total loans and grants offered to Sudan greatly increased from 17% in 1999 to 73% in 2007 out of total loans and grants offered to Sudan [...] increasing Sudan's debts to China from 0.9% in 1999 to 13.45% in 2007 out of Sudan's total debts."*¹¹⁸

In 2001, it was reported that China cancelled 63 percent of Sudan's US\$67.3 million debt.¹¹⁹ China cancelled a further US\$70 million of Sudanese debt in 2007 and provided a US\$13 million interest-free loan for Sudan to construct a new presidential palace.¹²⁰ Another Chinese action aimed at lessening Khartoum's economic isolation was the agreement in 2008, as an element of broader economic co-operation, to open branches of Chinese banks in Sudan.¹²¹

Known examples of Chinese aid to Sudan or South Sudan, aside from assistance for Darfur,¹²² include a grant of US\$3 million to Sudan "for strengthening North-South unity";¹²³ a further grant of US\$3.0 million in December 2009 to support Sudan's elections (for which it also provided observers).¹²⁴

A number of headline infrastructure development projects have been backed by China and/or built by Chinese firms in the North. Among the best known of these is the Merowe Dam on the Nile. The lead financier of this US\$1.5 billion project was China's Export Import Bank (Exim Bank). It was built by Chinese, French and German companies.¹²⁵

¹¹² European Commission Directorate General of Trade, 'Sudan', 8 June 2011, trade.ec.europa.eu/doclib/docs/2011/january/tradoc_147395.pdf, accessed 5 December 2011.

¹¹³ Hardenberg D, 'China – A force for peace in Sudan?', *Al Jazeera*, 11 Jan 2011.

¹¹⁴ 'Sudan to hold strategic dialogue with China', *Sudan Vision*, 10 May 2011.

¹¹⁵ See also: Section Two of this report, on China's aid to conflict-affected states.

¹¹⁶ Cf the analysis that "Chinese FDI has often been bundled with aid mainly project loans and credit lines": Mlachila M and Takebe M, 'FDI from BRICs to LICs: Emerging growth driver?', *IMF Working Paper WPI/11/178*, July 2011, p 26.

¹¹⁷ *Ibid* p 26.

¹¹⁸ Nour S, *Assessment of Effectiveness of China Aid in Financing Development in Sudan*, UNU-MERIT, Working Paper #2011-005.

¹¹⁹ *Op cit* Askouri, p 71, citing Kuwait News Agency (Kuna), 7 April 2001.

¹²⁰ *Op cit* Large (2007), p 71, and Dagne (1 June 2011), p 27.

¹²¹ Journal of Current Chinese Affairs, 'Data supplements: PRC Agreements with foreign governments' (Feb 2007–Aug 2009).

¹²² Examples of Darfur-related aid include the provision of 'symbolic aid' via the AU mission in Darfur- such as a grant of US\$3.5 million in mid-2006, (*op cit* Large (2007), p 69) and a further grant of US\$1.8 million. (*op cit* Saferworld (January 2011), p v). Other sources state that China had provided US\$11.65 million of assistance for water, electricity and health services in Darfur by June 2008. (*op cit* Ahmed (2010), p 7). *Op cit* Small Arms Survey (July 2007), p 9, similarly notes the pledge of over US\$5.0 million in humanitarian assistance for Darfur by China during President Hu's visit in February 2007.

¹²³ *Op cit* Journal of Current Chinese Affairs.

¹²⁴ *Op cit* Large and Patey, p 18.

¹²⁵ *Oil development in northern Upper Nile, Sudan*, (ECOS, May 2006), p 14; Bosshard P, 'New Chinese dam project to fuel ethnic conflict in Sudan', *Huffington Post*, 26 January 2011; *op cit* Large (2007), p 68. Chinese companies involved include China International Water & Electric Corp., China National Water Resources and Hydropower Engineering Corp, Harbin Power Engineering Company, Jilin Province Transmission and Substation Project Company.

In 2010 Chinese consortia or corporations reportedly won contracts of US\$838 million, US\$711 million and US\$705 million to build the Upper Atbara, Sherek and Kajbar Dams respectively.¹²⁶

A Chinese company has also reportedly been contracted to build a railway from Nyala to Abeche, linked to the larger plan to build a 1,000 km railway linking the Sudanese capital Khartoum and the Chadian capital N'Djamena.¹²⁷ In February 2011, a subsidiary of the state-owned China Communications Construction Company also won a contract worth US\$1.2 billion for its role in the construction of Khartoum's new international airport,¹²⁸ which is co-financed by the Exim Bank alongside banks from Saudi Arabia, Kuwait and Turkey.¹²⁹

Other major Chinese projects involve power, water and transport infrastructure. In March 2010, Exim Bank agreed a loan of US\$274 million to fund the construction of a 630 km network to supply electricity from the new Al Fula power plant.¹³⁰ According to Sudanese news media, the Chinese company CMIC holds a contract worth US\$373 million to build a water pipeline from the Atbara-Nile confluence to Port Sudan, while other Chinese companies hold a number of contracts to deepen the harbour at Port Sudan and construct bridges, each worth tens of millions of dollars.¹³¹

A further area of investment that appears to lie at the crossroads between economic investment and human development is China's growing interest in supporting the development of agriculture in Sudan and South Sudan. Co-operation in this area could be crucial to the challenging task of diversifying the two countries' economies in time to stave off declining oil revenues – and could make an important contribution to the food security of the wider region and other external trading partners. Aside from the proclaimed agricultural benefits of the large Chinese-built dam projects in Sudan, a headline agriculture project touted by the Sudanese media has been the construction of a 500,000-acre 'ideal agriculture centre' in Gazira state, with the financial support of the Chinese Government.¹³² Chinese businesses are also engaged in agricultural co-operation projects and have set up a number of farms.¹³³

Chinese newspapers have also documented China's efforts to support social development. According to the *People's Daily*, China has been sending medical missions to Sudan since 1971 and the China Foundation of Poverty Alleviation (CFPA) is providing US\$9.3 million to support the development of medical facilities and technologies in Sudan, as well as building and providing staff for a hospital in Abu Ushar, Gezira (140 km south of Khartoum).¹³⁴ Similarly, according to the *China Daily*: "China has been providing unconditional funds to build schools, hospitals and roads. Currently more than 100 Chinese companies with more than 10,000 staff members are working in the region, creating jobs for the local residents and supporting development initiatives."¹³⁵

Chinese officials and scholars have claimed that its support to socio-economic development in Sudan is, among other things, a contribution to conflict prevention. For example, in 2007 Ambassador Liu reportedly stated that: "China will continue to support the development projects in the region [...] on the basis that the absence of socio-economic development is part of the causes of the conflict."¹³⁶

¹²⁶ *Op cit* Bosshard; Medieval Sai Project, *Nubians resist new dams*, 13 March 2011.

¹²⁷ 'Sudan officials in China to sign Sudan-Chad railway', *Sudan Vision*, 27 April 2011.

¹²⁸ 'China to build new Sudan airport in Khartoum', *BBC News*, 15 February 2011; 'China to build a new US\$1.2 billion airport in Sudan', *Al Arabiya News*, 15 February 2011.

¹²⁹ Mazen M, *Arab fund lends Sudan US\$360 million for new airport two dams*, 28 Mar 2011.

¹³⁰ *Op cit* Large and Patey, p 11.

¹³¹ *Op cit* Askouri, p 76.

¹³² Awadallah Al Sammani, 'Al Bashir's Visit to China to Expand Partnerships', 23 June 2011.

¹³³ *Op cit* Large and Patey, p 12.

¹³⁴ 'Chinese charity assists Sudan to improve health care system for mothers, children', *People's Daily*, 5 June 2011.

¹³⁵ Zheng A, 'Development key to Sudan's lasting peace', *China Daily*, 20 Jan 2011.

¹³⁶ *Op cit* Ahmed, p 7, citing *China Daily*, 18 June 2007; see also: *op cit* Saferworld, p 84.

However, although Chinese actors have made some positive contributions through such projects, there have also been criticisms of the approaches taken and the impacts on peace and conflict dynamics of some Chinese projects. For example, while the Merowe Dam benefits Sudan by providing irrigation water and doubling the supply of electricity, it has also been criticised for displacing 50,000 people from the Nile valley, amid violently suppressed protests.¹³⁷ The project to build a dam near Kajbar was likewise the focus of violent clashes in 2007, in which more than 20 people were injured and four killed.¹³⁸ It would be unjust to suggest that such criticisms only apply to Chinese companies: higher standards of conflict sensitivity need to be upheld also by Western firms working in Sudan – including those who are partners in these projects. Nonetheless, consultation of communities when deciding on and designing initiatives and fair compensation for any disruption caused, would enhance the reputation of, and reduce the security risks for, all firms involved in such projects.

A further contentious issue is that despite significant Chinese-backed development projects in Sudan, in South Sudan such projects are not yet comparable in scale. The perception that this is the case is widely shared among South Sudan's people and officials.

“In the South, China has done almost nothing compared to what it has done in the North – in terms of roads, infrastructure and agriculture.”

Civil society activist, Unity State

“They say they have built things – hospitals and schools – but this is in the North, not in the South. They have built a computer laboratory at the University of Juba – it is a start, but more is needed.”

Civil society activist, Unity State

It is therefore encouraging to note among Chinese commentators a growing recognition of poverty and inequality as potential drivers of further conflict in Sudan and South Sudan. Work by Chinese scholars such as Jiang Hengkun, Yu Jianhu and Wang Zhen have posited low levels of socio-economic development and poverty as the root cause of the Darfur crisis.¹³⁹ Applying the same logic to South Sudan, Professor Zheng Anguang has argued that, “the giant gap between the northern and southern regions has been a significant factor in the hatred and war that has caused so much suffering”,¹⁴⁰

At the official level, clearly, new agreements for Chinese aid, investment and construction in South Sudan are being agreed in a variety of sectors. Chinese diplomats have signalled Beijing's willingness to increase much-needed investment in physical infrastructure, hydroelectric energy, agriculture, health, education and other sectors in South Sudan.¹⁴¹ In line with this, a Chinese firm has reportedly won a contract to develop South Sudan's new capital.¹⁴² Furthermore, a leading expert on China – South Sudan relations interviewed by Saferworld noted that the agreement of Chinese programmes for the development of all of South Sudan's state capitals¹⁴³ and other projects to construct hospitals, schools and agricultural processing facilities for locally produced meat and rice are also planned.¹⁴⁴ For example, an agreement was signed on 28 March 2011 between the Ministry of Agriculture and Forestry and the Chinese construction firm Beijing International to enhance agricultural technologies and

¹³⁷ *Op cit* Askouri, pp 78–81, cites several occasions of violence being used against local communities affected, including a militia attack on a protest meeting in April 2006 that led to three deaths and over 50 injuries. See also: *op cit* ECOS (May 2006), p 14; Bosshard; and Large (2007), p 68.

¹³⁸ *Op cit* Bosshard.

¹³⁹ Jianhu Yu and Zhen Wang, ‘China-Africa strategic partnership ushered in a new era’, in: *China-Europe-Africa Co-operation: Chances and Challenges: Proceedings of the 6th Shanghai Workshop on Global Governance*, 14–15 March 2008; Hengkun Jiang, ‘China and the Darfur crisis: A Chinese perspective’, paper presented at the *China-Africa Civil Society Forum on Peace and Development*, Beijing, 2–4 June 2010; *op cit* Saferworld (January 2011), p 84.

¹⁴⁰ Zheng A, ‘Development key to Sudan's lasting peace’, *China Daily*, 20 Jan 2011.

¹⁴¹ For example: in the press statement made by Chen Xiaodang following a meeting in May with GoSS Vice President Riek Machar: ‘China to expand investment in South Sudan after independence’, *Sudan Tribune*, 1 June 2011; cf Zhang H, ‘China keen to foster south Sudan ties’, *China Daily*, 5 June 2011.

¹⁴² ‘Chinese firm wins contract for S. Sudan's new capital’, *Sudan Tribune*, 29 October 2011.

¹⁴³ Chinese firms will undertake construction under the programmes, although it is not clear on what basis they are being financed. Saferworld interview, London, July 2011.

¹⁴⁴ Saferworld interview, Central Equatoria State, August 2011.

techniques in South Sudan. In October 2011, China granted South Sudan US\$31.5 million for development projects.¹⁴⁵

Alongside these rapidly developing plans, examples of Chinese aid and finance beginning to address the perceived imbalance of assistance between North and South are beginning to emerge. *China Daily* has estimated the value of Chinese investment in aid projects such as school and hospital construction and well digging in South Sudan in the six years to 2011 at US\$60–100 million.¹⁴⁶ One well-publicised example of Chinese engagement beginning to deliver benefits to South Sudan is a new hospital worth US\$760,000, built by the Chinese in the oil-producing Unity State. The hospital was opened in April 2011.

A report by a local journalist on the opening of the hospital placed it in the context of a criticism repeated by several South Sudanese stakeholders from within and outside GoSS interviewed by Saferworld in Unity State in August 2011, pointing out that, “For years, the Chinese have been profiting from oil pumped from Unity State, but almost no development has been seen by the people living there”.¹⁴⁷ At the same time, another local stakeholder interviewed pointed out that the hospital provides levels of equipment and treatment that could only be obtained in the past by travelling to Khartoum.¹⁴⁸

Yet other key informants interviewed by Saferworld in Bentiu were more critical of the development model that the hospital in Bentiu represents, pointing out that the hospital is not a gift but a business, and will benefit only elites, since it provides medical services for fees that the vast majority of local people are unable to afford.¹⁴⁹

“China didn’t do projects for the people until ordered by the Government. They have made a Chinese hospital in Bentiu. It’s good, but it’s very expensive – too much for local people.”

GoSS official, Unity State

“This is not a support – it is a business. It is not a reward to the people.”

Civil society activist, Unity State

The example suggests that China may need to pay closer attention not just to whether benefits from its engagement accrue more visibly in South Sudan, but also to consider carefully how it can achieve an equitable spread of the benefits of its assistance across South Sudanese society. Another criticism is of the quality of Chinese infrastructure, which some GoSS officials believe could be of higher quality and durability.¹⁵⁰

At the same time, it is important to note that, of the few standing buildings in the state capital Bentiu at the time of South Sudan’s independence, a large proportion had been recently constructed by Chinese companies. As well as the private hospital, these included a conference centre, an assembly hall and houses for GoSS officials to purchase on credit. A new water purification plant is also in the early stages of construction in Bentiu. While these structures are not necessarily oriented to directly tackling poverty and access to services for communities, they do illustrate the capacity and potential of China to fast-track infrastructure development and stimulate local economies in South Sudan, in a context where it should be noted that other foreign actors are barely engaged and have negligible logistical capacity.

“They are building permanent housing in Bentiu for the Government of Unity State. The individuals pay through the Government to buy the houses. A Chinese company also produces bricks in Bentiu in large quantities.”

GoSS official, Unity State

¹⁴⁵ ‘South Sudan: China Grants Country US\$31.5 Million for Development Projects’, *Sudan Tribune*, 24 October 2011.

¹⁴⁶ Zhang H, ‘China keen to foster south Sudan ties’, *China Daily*, 5 June 2011.

¹⁴⁷ ‘China strengthens relationship with South Sudan: new hospital in Bentiu’, *Sudan Tribune*, 10 April 2011.

¹⁴⁸ Saferworld interview, Unity State, 5 August 2011.

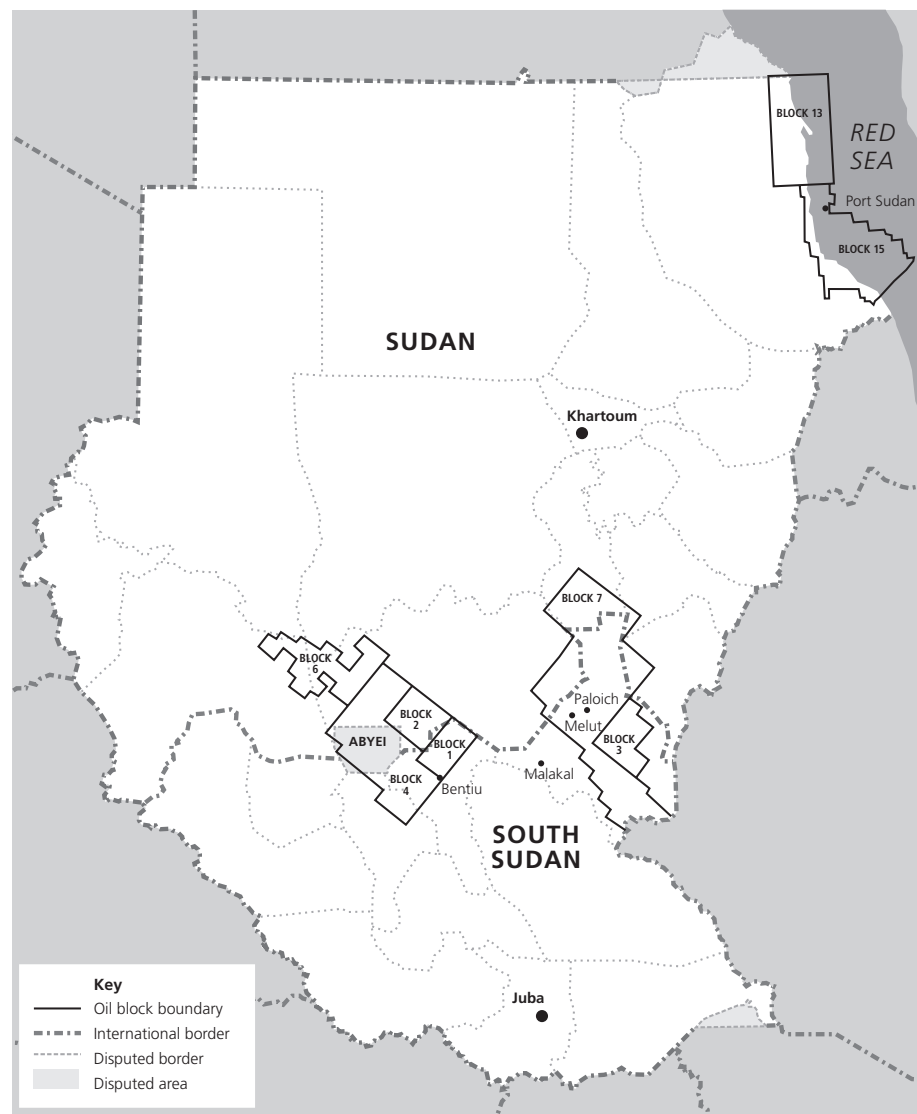
¹⁴⁹ A point echoed by four Saferworld interviewees drawn from GoSS and civil society. Saferworld interviews, Unity State, August 2011.

¹⁵⁰ Saferworld interview, Unity State, 5 August 2011.

Regarding the criticisms commonly levelled against Chinese actors of failing to support community development, provide employment opportunities and foster good community relations, a counter-example was also put forward by the employees of a Chinese construction firm interviewed in Bentiu. As well as the company's production of much-needed construction materials in Bentiu, the staff highlighted its contribution to the construction of two schools in Unity State (albeit on commercial terms), the donation of roundabouts to the town's main thoroughfares, their willingness to use company vehicles to transport sick local people to hospital on request and their employment of local people in non-technician posts.¹⁵¹

Energy and infrastructure

By far the most significant sector of Chinese economic engagement in Sudan and South Sudan is the energy sector. Having accounted for one percent of gross domestic product in 1999, by 2008 oil came to account for 18 percent, providing over 50 percent of GoS revenue in that year.¹⁵² Sudan was the sixth largest supplier of oil to China in 2010.¹⁵³ China is in turn the leading actor in Sudan and South Sudan's oil industry.¹⁵⁴



This map is intended for illustrative purposes only. Saferworld takes no position on whether this representation is legally or politically valid.

¹⁵¹ Saferworld interview, Unity State, August 2011.

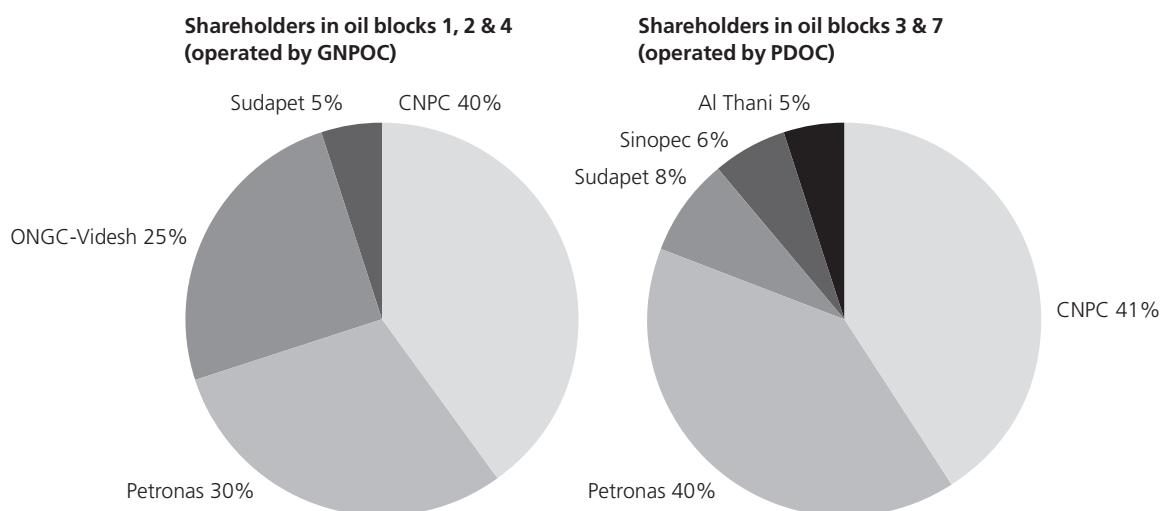
¹⁵² *Op cit* Mlachila and Takebe, p 26.

¹⁵³ Dyer G, 'Signals of a shift', *Financial Times*, 21 Jan 2011. Figures are for the 12 months to November 2010.

¹⁵⁴ The 240,000 b/d produced by state-owned China National Petroleum Company (CNPC) in 2008 accounted for half of all Sudanese production in that year. Lexis Nexis, *CNPC Sudan – Q1 2011*, 2011.

In recent years, there have been two key oil-producing areas. The first comprises oil blocks 1, 2 and 4, which lie partly in Unity, Warrap and Northern Bahr El Ghazal States in South Sudan, partly in the disputed area of Abyei, and partly on the North side of the border in Sudan's South Kordofan State. The second comprises oil blocks 3 and 7, which lie predominantly in Upper Nile State of South Sudan but also fall partly into South Kordofan, White Nile, Sennar and Blue Nile states in Sudan.¹⁵⁵

CNPC holds the largest stake in the consortia holding the concession rights in both of the two key oil-producing areas: in 1996 it acquired a 40 percent stake in the Greater Nile Petroleum Operating Company (GNPOC) consortium that exploits blocks 1, 2 and 4.¹⁵⁶ The Petrodar Operating Company Ltd (PDOC) was awarded the concession to develop oil blocks 3 and 7 in 2000. In 2001, PDOC was incorporated, with CNPC holding a 41 percent share and the China Petroleum & Chemical Corporation (Sinopec) also holding six percent.¹⁵⁷ Those who assert CNPC's responsibility for the actions of these consortia in Sudan have also highlighted the inter-changeability of the senior staff of CNPC, GNPOC and PDOC.¹⁵⁸ Elsewhere in Sudan, CNPC also holds a 96 percent stake in oil block 6, which straddles Darfur and South Kordofan¹⁵⁹ and production sharing agreements in blocks 13 and 15 in North-Eastern Sudan and the Red Sea.¹⁶⁰



China has also provided the lion's share of the infrastructure necessary to transport and process Sudan and South Sudan's oil. For example:

- CNPC invested US\$700 million in the construction of an oil refinery in Sudan near Khartoum.¹⁶¹
- The Chinese-led PDOC has also supported a US\$300 million investment to increase the capacity of the refinery.¹⁶²
- CNPC built the pipelines running to Port Sudan from oil blocks 1/2/4 (1,506 km) and 3/7 (1,370 km), and from block 6 to the Khartoum refinery (716 km).¹⁶³
- The construction of the Heglig-Port Sudan pipeline involved over 10,000 Chinese workers.¹⁶⁴

¹⁵⁵ See: ECOS, 'ECOS Oil Map, colour, large', www.ecosonline.org/oilmap/resources/Soedan%20A5%20kleur.pdf, accessed 29 November 2011.

¹⁵⁶ *Op cit* ECOS (May 2006), pp 13–14.

¹⁵⁷ *Ibid* pp 13–14.

¹⁵⁸ Sudan Divestment Task Force, *PetroChina, CNPC, and Sudan: Perpetuating genocide*, 15 April 2007, p 6.

¹⁵⁹ *Op cit* ECOS (May 2006), pp 13–14. CNPC reportedly signed a 20-year multi-billion dollar development deal with the Government of Sudan in June 2007, and on 28 June 2011 by signing a deal to boost co-operation with the Sudanese Government. 'China rolls out red carpet for visiting Sudan president, wanted on war crimes warrant', *Associated Press*, 28 June 2011.

¹⁶⁰ *Op cit* Lexis Nexis. [0]

¹⁶¹ *Op cit* Mlachila and Takebe, p 26.

¹⁶² *Op cit* ECOS (May 2006), pp 13–14.

¹⁶³ *Op cit* Lexis Nexis. [0]

¹⁶⁴ *Op cit* Mlachila and Takebe, p 26.

- China's Petroleum Engineering Construction Group built a US\$215 million oil terminal in Port Sudan.¹⁶⁵
- Similarly, in 2009 CNPC was awarded seven engineering contracts estimated to be worth US\$260 million for projects in oil block 6 including construction of oil tanks and expansion of a power plant.¹⁶⁶

Some infrastructure development created by the oil industry is also visible in South Sudan, but almost all of it has been built directly to support oil production, rather than to deliver any significant wider benefits.¹⁶⁷

In this most significant area of China's engagement in Sudan and South Sudan, there is a range of evidence to be taken into account in considering what has been the impact on peace and conflict dynamics of Chinese actors to date, and why and how all those engaged in the sector, including Chinese actors, should make a greater contribution to peace looking forward.

The first overarching point to be made is that in some ways the desire to share in oil revenues has underpinned the drive towards settlement of the North – South civil war.¹⁶⁸ Oil wealth and actors in the petroleum industry also have a significant potential to contribute to recovery and development in Sudan and South Sudan. Yet there was a clear relation between oil and conflict in the second phase of Sudan's civil war. During the 1990s, control of oil-producing areas and exploitation of oil became critically important to Khartoum, in that it enabled it to generate funds and acquire arms to consolidate its power and wage war against rebel groups.¹⁶⁹ It has been extensively documented that efforts to exploit oil in Sudan have been accompanied by and in some cases directly fuelled serious armed violence.

Oil companies from the US, Canada, Austria and Sweden, alongside those of China, Malaysia and India, have been criticised for their role in oil exploitation amid war in Sudan.¹⁷⁰ After its operations became affected by violence in the 1980s, the American oil company Chevron sold its rights to blocks 1, 2 and 4 in 1992. Other Western oil companies, such as Lundin and Talisman, eventually succumbed to pressure to withdraw from consortia exploiting oil in areas of Sudan seriously affected by violence. By contrast, along with its Malaysian and Indian partners, CNPC stayed the course: "Exports of crude oil to China reached as high as 80 percent of Sudan's total crude exports on average between 2001–2004".¹⁷¹ Thus CNPC led the GNPOC and PDOC consortia that developed the productive capacity of the Sudanese oil industry in contested areas as they were violently cleared of civilians and rebels. Numerous reports have documented the violence used to displace the population to make way for oil operations in blocks 1/2/4 and 3/7.¹⁷² For example:

*"Oil exploration and production resumed in the late 1990s when the Greater Nile Petroleum Operating Company (GNPOC) leased blocks 1, 2 and 4 and built a pipeline from Ruweng County to Port Sudan. From April to July 1999, an estimated half of the population of Ruweng County, where the Unity and Heglig oilfields are located, was displaced after attacks by Government of the Sudan troops."*¹⁷³

¹⁶⁵ *Op cit* ECOS (May 2006), pp 13–14.

¹⁶⁶ *Op cit* Lexis Nexis. [0]

¹⁶⁷ For example, "Once Petrodar was formed, changes on the ground in northern Upper Nile were immediate and impressive. A comprehensive oil development infrastructure began to be built, including 31,000 b/d field production facilities at the Adar Yale and Agordeed fields, a full-size airfield, and hundreds of kilometres of all-weather roads and feeder-pipes. Kotolok, just west of Paloic, became the centre of operations and the hub for the 1,392-kilometre pipeline to Port Sudan that was inaugurated on 6 April 2006." *Op cit* ECOS (May 2006), p 14.

¹⁶⁸ *Op cit* Large and Patey, p 7.

¹⁶⁹ "Oil revenues accruing to the GOS increased by a massive 875.7 percent between 1999 and 2001. [...] Oil revenues provided hard currency not just for arms purchases but also the Chinese-assisted development of a domestic arms manufacturing capability by the GOS." *Op cit* Large (2007), p 61.

¹⁷⁰ Reinforcing, but only up to a point, the argument that "the similarities between Chinese and more established actors should be remembered and the temptation to present China's African involvement as somehow qualitatively different, resisted". *Op cit* Large (2007), p 52.

¹⁷¹ *Op cit* Large (2007), p 58.

¹⁷² De Guzman D, 'Depopulating Sudan's oil regions', (ECOS, May 2002); *op cit* ECOS (May 2006); 'Documentation on the impact of oil in Sudan', (ECOS, 29 May 2001); 'Unpaid debt: The legacy of Lundin, Petronas and OMV in Block 5a, Sudan 1997–2003', (ECOS, June 2010); *op cit* HRW (2003); and Askouri; see also: *op cit* Large (2007), pp 60–61.

¹⁷³ *Op cit* De Guzman, p 3.

“In May of 1999, just as the [CNPC/CPECC] pipeline was completed, an offensive on the eastern edge of Heglig was carried out by the Sudanese army displacing one to two thousand civilians. The United Nations Special Rapporteur noted reports by observers of government bombers, helicopter gunships, tanks and artillery used against unarmed civilians to clear a 100-kilometer swathe around oilfields.”¹⁷⁴

“Oil-rich areas in the Melut Basin [...] have been developed against the background of a war in which the Petrodar Operating Company Ltd has not acted as a neutral party but as a loyal partner of one of the warring sides, the Government of Sudan. [...] The total number of people that has been forcibly displaced can be safely estimated at well above 15,000 minimum; the true number could easily be double that figure. Several hundreds of people have reportedly been killed. Destruction in Blocks 3 and 7 was carried out primarily by the regular Sudanese army and Government-supported Dinka militias, at several occasions backed by helicopter gunships or even high-altitude bomber aircraft, despite the fact that the SPLA presented no direct threat to oil exploitation. Many settlements were burned. The wave of destruction peaked in 1999–2002, preceding and coinciding with the development of the oil fields. We estimate that in total over a hundred villages and settlements have been victimized, and often disappeared.”¹⁷⁵

“According to information provided by the UN, WFP [World Food Programme] and others, as of March 2002 an estimated 174,200 civilians remained displaced as a result of the conflict between the government and its southern militia proxies, and the rebel SPLM/A in the oilfields of Western Upper Nile/Unity State (roughly Blocks 1, 2, 4, 5A, and 5B) [...] In mid-May 1999, the Sudanese government launched an all-out attack lasting several weeks on Dinka communities in the eastern part of Block 1. The assault commenced with aerial bombardment, followed by ground troops who looted freely and burned everything. Tens of thousands of people were displaced. [...] Block 1 was also a target of Sudanese army offensives and SPLA counter offensives throughout 2001, including a government attack with new helicopters and ground troops in October in Ruweng (Panaru) County, in which an estimated 80,000 persons were displaced. [...] The UN special rapporteur on Sudan reported to the March/April 2002 session of the UN Commission on Human Rights that: [...] ‘oil exploitation is closely linked to the conflict [...] oil has seriously exacerbated the conflict while deteriorating the overall situation of human rights’ [...] HRW concludes that CNPC and Petronas operations in the GNPOC Sudanese oil concession Blocks 1, 2, 4 [...] have been complicit in human rights violations. Their activities are inextricably intertwined with the government’s abuses; the abuses are gross; the corporate presence fuels, facilitates, or benefits from violations; and no remedial measures exist to mitigate those abuses.”¹⁷⁶

One aspect of the link that has been documented between the oil companies and the violence that unfolded in the oil-producing regions related to the security apparatus they used. Thus, for example, a detailed report in 2000, commissioned by the Canadian Department of Foreign Affairs and International Trade, asserted that GNPOC security staff:

“[...] are serving or former army, police or security service officers and maintain the closest collaboration with the Sudanese Army garrison in Heglig.”¹⁷⁷

The Coalition for International Justice also documents such links, noting that:

“in or around 1999, a Chinese oil company operating in Sudan had contracted with the Sudanese government to ensure the security of its operations. Khartoum-backed paramilitary groups have been deployed to the oilfields [...] the Popular Defense Force, a

¹⁷⁴ Coalition for International Justice, ‘Soil and oil: dirty business in Sudan’, Washington, February 2006, p 21, citing UN (Special Rapporteur Leonardo Franco), ‘Report on the Situation of Human Rights in the Sudan’ (October 1999), para 77.

¹⁷⁵ *Op cit* ECOS (May 2006), pp 3, 19.

¹⁷⁶ *Op cit* HRW (2003), pp 39, 40, 42, 56.

¹⁷⁷ Harker J, ‘Human security in Sudan: The report of a Canadian assessment mission’, Ottawa, January 2000, p 62; cf ‘Post-referendum arrangements for Sudan’s oil industry’, (ECOS, 1 December 2010), p11: “Petroleum consortiums in Sudan are reportedly required by the Government to employ specific security staff, who have background or experience in the army or the security services. They allegedly report to security agencies based in Khartoum rather than to their employers”.

*militia that is armed and trained by the Army [...] includes a unit known as the 'Protectors of the Oil Brigade.'*¹⁷⁸

Another criticism in the same report related to the fact that:

*"Use of oil infrastructure for military purposes also has been widely documented. As part of the protection of Sudanese military forces, the [GNPOC] consortium provided use of their facilities such as air strips, landing pads, and mechanical support."*¹⁷⁹

Furthermore, the testimony of witnesses and perpetrators makes it clear that much violence directed against the local populations in the areas operated by the Chinese-led consortia was (as was also the case in areas operated by companies from other countries) undertaken specifically to clear land for oil exploration and extraction. For example:

"Monybai Ayong was a commander in the Dinka Dong Jol militia of Thon Mum Kejok until he joined the SPLA after peace was signed in January 2005. He said his militia, based in Akoka near Malakal, was sent out to kill civilians in villages where there was no SPLA presence, but which stood in the path of projected oil roads.

*'We only killed. The Government burned the villages. One of the villages we were ordered to attack was Adair. We cleared it for the road [from Melut to Paloic].' (Monyba Ayongi, Payuer, 26 April 2005)*¹⁸⁰

These and other examples combine to demonstrate that oil exploration in South Sudan before the signing of the CPA directly, including that led by Chinese companies, worsened conflict and caused significant suffering. Whether or not this body of evidence and analysis is accepted by CNPC and other Chinese actors, interviews conducted for this case study indicate that South Sudanese officials, civil society and people retain strong negative memories and perceptions regarding Chinese actors from this period. Because these have the potential to affect their relation with China and Chinese companies long into the post-independence era, it is very clearly in China's interest to examine them and take steps to achieve reconciliation.

"China's impact on peace and conflict dynamics in the past has been negative."

GoSS adviser, Central Equatoria State

"Wherever there was oil, people were displaced, killed and attacked with helicopter gunships and antonovs."

Civil society activist, Unity State

"The population in Pariang, Rubkona and Abiemnom [counties of Unity state in oil blocks 1/2/4] were displaced so that they could exploit the oil. [...] I am from that area. They were bombarded by helicopter gunships and were driven out by nomads. [...] If someone has done something bad to us, we may forgive, but not forget."

GoSS Minister, Unity State

"There is a negative perception of the Chinese because of the war: the Government of Sudan went and struck a deal with Chinese companies."

GoSS Minister, Unity State

"During the war the Government in Khartoum decided to make use of oil in the South using that method of clearing inhabitants by force. China came in full swing in support of that."

Civil society activist, Central Equatoria State

¹⁷⁸ *Op cit* Coalition for International Justice (February 2006), p 22.

¹⁷⁹ *Op cit* Coalition for International Justice (February 2006), p 23.

¹⁸⁰ *Op cit* ECOS (May 2006), p 13.

“When the Government tried to clear the oil passage the Government ethnically cleansed people so that the Chinese companies could come later. That was done because of the Chinese interests.”

Civil society activist, Unity State

“Their past approach was to drive people from oil areas. We tried to reach them to ask them why they had done this, but we could not reach them.”

Civil society activist, Central Equatoria State

“China has been ignorant of the conflict of South Sudan... They gave arms to SAF for oil. Now, the relation is changing and China is leaning to South Sudan... Their way is to offer a package – roads, hydropower, agriculture. We won’t turn the offer down, although we haven’t forgotten what they’ve done.”

GoSS official, Central Equatoria State

An important strength of the CPA was to set out principles to ensure redress for past problems, conflict-sensitive working practices and social development in affected areas. Thus the CPA provided for:

- The sharing of oil wealth for the benefit of all the citizens and parts of Sudan;
- Use of best known practices in sustainable use of natural resources;
- Consultation and consideration of the views of those holding land rights in areas where natural resources are developed, as well as compensation on just terms and a share in the resulting benefits;
- Remedial measures for contracts that have fundamental social and environmental problems;
- Compensation for persons whose rights have been violated by oil contracts;
- Publication of all the revenues and expenditures of the Government.¹⁸¹

This represents a framework for all actors, including oil companies operating in Sudan, to redress past negative impacts of oil production and embrace practices and initiatives that will contribute to stability and human security in future. Encouragingly, according to a GoSS official closely involved in the drafting process, positive principles such as those set out in the CPA regarding management of the petroleum sector seem set also to be reflected in the draft transitional constitution, the draft petroleum policy and draft petroleum law currently being prepared by the GoSS.¹⁸² According to the US Institute of Peace (USIP), the draft norms and policy include:

- Use of World Bank environmental and social standards “as a benchmark”;
- Requirement for insurance to cover environmental clean-up responsibilities;
- A commitment to seek Extraction Industry Transparency Initiative membership;
- Allocation of a percentage of oil revenue to producing states;
- Oil company collaboration with GoSS to develop infrastructure to enhance livelihoods of people in producing areas;
- The creation of opportunities for local businesses to provide goods and services to the industry;
- Continuation of existing contracts together with the right for GoSS to review them and create addenda in areas of non-compliance with the policy.¹⁸³

The GoSS faces a great challenge in developing the necessary capacity to ensure that these policies and laws are carried through into practice. However, if agreed provisions affirm the key points of the draft documents, such laws and policies in themselves have

¹⁸¹ Adapted from: ‘Chapter III – Wealth sharing’ in: *The Comprehensive Peace Agreement between the Government of The Republic of The Sudan and the Sudan People’s Liberation Movement/Sudan People’s Liberation Army*, January 2005, www.sd.undp.org/doc/CPA.pdf, accessed 29 November 2011.

¹⁸² Saferworld interview, Central Equatoria State, August 2011. Shankleman J, ‘Oil and State building in South Sudan’, (United States Institute of Peace, July 2011), pp 7–8.

¹⁸³ *Op cit* Shankleman, pp 7–8.

significant potential to help actors such as CNPC fulfil their commitments to sustainable development and contribute to stability in South Sudan, as well as mitigate risks to their own security and profitability.¹⁸⁴

In fact it is already clear that Chinese companies such as CNPC are keen to win friends in Sudan and South Sudan by being seen to contribute to development. In 2006, CNPC was able to boast of the investment of US\$30 million in health, education, transport and water infrastructure in Sudan.¹⁸⁵ In November 2010, CNPC Nile donated US\$600,000 to support the work of CFPA in Khartoum.¹⁸⁶ It also provides training to Sudanese and South Sudanese nationals in the petroleum industry.¹⁸⁷

CNPC's contribution to development in South Sudan has been less evident thus far, although China's donation of a computer laboratory to the University of Juba in July 2010, funded by CNPC and built by Beijing Construction limited, is one very visible contribution to the social infrastructure of the South Sudanese capital.

This has made it possible for some scholars to take a positive view of the contribution of CNPC in Sudan. So argue Yu and Wang:

“Chinese investments have helped to establish a complete system of oil refineries, petrochemical plants and trading companies. More than 100,000 Sudanese are employed by China-Sudan joint ventures. The Chinese National Petroleum Corporation has spent an additional US\$35 million in building roads, bridges, hospitals, and schools for various Sudanese communities, benefiting over 1.5 million local residents.”¹⁸⁸

However, interviews undertaken for this case study tend to back up the evidence compiled in some past reports that due compensation and conflict-sensitive working practices are not yet a reality in South Sudan and will require further efforts on the part of the oil companies and the new regulators of South Sudan's oil industry to achieve.

A report by the European Coalition on Oil in Sudan (ECOS) in 2006 strongly questioned the efforts of PDOC to support community development in oil blocks 3/7. It identified not only an overall failure to undertake community development projects, but also, in some of the cases where projects have been undertaken, instances of infrastructure being developed primarily for use by those who had perpetrated the violent displacement of communities, failure to consult communities when implementing development projects and the resultant provision of resources that were of no use to communities (such as mosques in non-Islamic areas, schools that remained abandoned and building materials in locations prone to flooding).¹⁸⁹

The perception that Chinese actors have not helped communities carries significant risks for China. This was highlighted by the killing of five Chinese oil workers in South Kordofan in October 2008. The Justice and Equality Movement (JEM)-affiliated commander responsible for this attack cited lack of local benefits from oil wealth and continuing underdevelopment as underpinning his belief that China's support had assisted the GoS in marginalising the region.¹⁹⁰ Such targeted violence illustrates that China is perceived by local actors as having an impact on conflict dynamics and suggests that future violence would be less likely if China steps up its support to raising living standards and overcoming the deep sense of grievance in marginalised communities.

¹⁸⁴ CNPC affirms an “International Cooperation Principle” of “Mutually beneficial development” and a “Sustainable Development Strategy” defined as: “To supply energy for sustainable social and economic development in a safer, cleaner and more efficient way, and to create a better life for its stakeholders. Fulfilling its social responsibilities is the basic precondition of the Company's sustainable development. In addition to public welfare and charity donations, corporate social responsibility should also be incorporated into the whole production and operation process”. CNPC, *CNPC in Sudan* (2009).

¹⁸⁵ *Op cit* Large (2007), p 73.

¹⁸⁶ ‘CNPC Nile Company signs an agreement on public welfare donations’, *CNPC*, 23 November 2010

¹⁸⁷ Awadallah Al Sammani, ‘Al Bashir's visit to China to expand partnerships’, 23 June 2011.

¹⁸⁸ *Op cit* Yu and Wang, p 88.

¹⁸⁹ *Op cit* ECOS (May 2006), pp 22–23.

¹⁹⁰ *Op cit* Large (2009), p 618.

Interviews for this case study by Saferworld indicate perceptions of local officials and civil society in South Sudan that the framework of the CPA, the Constitution and the draft petroleum policy and law is not being taken forward by the relevant actors. Although the primary responsibility for this lies with GoSS, the oil consortia led by China also bear some of the responsibility.

“I come from Upper Nile State. Petrodar? It’s like a small town where they dig the oil. It’s like the first world. But the surrounding area? It’s the opposite – they are not interested in it.”

GoSS official, Central Equatoria State

“The signal is that they are ready to work with the Government of South Sudan and build capacity. The concern is that they target the top leaders and not the community. At their operation sites they don’t mix with people. [...] We haven’t seen Chinese development projects for the people.”

Civil society activist, Central Equatoria State

“Up to now, the victims of oil production have not got anything to compensate them to change their mind of what they have gone through.”

Civil society activist, Central Equatoria State

“Six years have passed [since the CPA] without seeing any development. The roads are the same. The schools are still under trees or semi-permanent constructions.”

Civil society activist, Unity State

“China is getting a lot of oil revenues but has not put a single project in the South – even where the oil is coming from.”

Civil society activist, Unity State

“If you go to the oil fields they are all Chinese, but they have given nothing to the community. That is a big challenge. The people are not happy with the Chinese and don’t trust the Chinese.”

Journalist, Unity State

“In Upper Nile, oil installation areas have everything – roads, airport facilities. In Melut, seven kilometres away, nothing is there.”

Civil society activist, Upper Nile State

“The communities [rioting in an oil producing area of Upper Nile state] say that government is not paying a percent to them to develop their lands. The Government is supposed to build schools and hospitals but the place is very poor and nothing is happening.”

Former CPECC trainee, Central Equatoria State

“We don’t have any problem if they offer training, employment, social development and community development projects – and also change their attitude not to view us as enemies to be ignored or backward.”

GoSS Minister, Unity State

Overall, the picture that emerges of a Chinese engagement that has been characterised by too close a relationship with state authorities as they were asserting military control over oil exploration areas and too little initiative by all concerned stakeholders to achieve reconciliation with and deliver development benefits to communities.

A further serious problem raised in past reports relates to the environmental damage caused by oil exploration, which has reportedly resulted in deaths of people and cattle and the loss of the agricultural potential of local land. Some interviewees for this case study suggested that the problem is beginning to be addressed, but most South Sudanese stakeholders consulted took the view that there was still a significant problem.

“They don’t observe environmental issues. Children and cows who have come to drink ponds where they have dumped toxic waste have died.”

Civil society activist, Central Equatoria State

“The chemicals used to separate the oil from the water are harmful to the people. But these chemicals have been used there [in Upper Nile] for the last seven years. [...] They are going into the river from which people take their water.”

Former CPECC trainee, Central Equatoria State

“Chemicals of oil on the southern side of Heglig and in [the] Unity [oilfield] have affected the soil so that agriculture there is not productive.”

WFP official, Unity State

“The problem was very severe in 2007–2008. State Governments and the Government of South Sudan forced companies to pay compensation and take safety measures. Toxicity has reduced since 2009 but still there is a danger as water goes to streams affecting cattle and children. Some people feel positive about the action taken but not if the money ends in the hands of commissioners: most is taken by commissioners who only sometimes invest it in services.”

GoSS official, Unity State

“Ten days ago there was a serious protest in Melut against the oil companies and the Government of South Sudan, complaining about environmental and employment issues. They blocked the way for three days.”

Civil society activist, Upper Nile State

“On the issue of toxic waste, in the Melut basin, in Upper Nile State, communities have been protesting and threatening to disrupt.”

Civil society activist, Unity State

The view that significant environmental problems remain to be addressed by oil companies is also supported by *Agence France-Presse* (AFP) documentary footage released in August 2011. The film asserts that drinking water remains contaminated due to oil exploration in Unity State, in areas where GNPOC operates.¹⁹¹

South Sudanese officials share with ECOS analysts the perception that the methods used to extract oil in blocks 1/2/4 by the CNPC-led consortium have caused a loss of production potential.¹⁹²

“When they take the oil, they do not follow international standards. Everything is temporary and not made to last. They use generators and pull the oil right out so that it is full of water. They invest nothing in a place and take all the money back home.”

GoSS official, Unity State

South Sudanese officials also bemoaned a lack of transparency on the part of Chinese companies.¹⁹³

“They had a system whereby Khartoum would have control over permissions to visit oil fields. Even now, they do not want us to go [...] we can go but they are secretive.”

GoSS Minister, Unity State

Another significant concern of South Sudanese stakeholders relates to employment opportunities in the operations of outside investors. Although specific neither to the energy sector, nor to China, these concerns are particularly prominent in the petroleum industry. In the past, national staff employed by oil companies in Sudan were predominantly from the North. Before South Sudan's independence, most oil consortia had to recruit personnel through a company named Petroneeds, whose manager was believed to be a General in the National Intelligence and Security Service.¹⁹⁴ Resentment and suspicion thus remains strong towards the continued presence of Northern oil workers in oil companies operating in South Sudan.

¹⁹¹ ‘Water pollution “a catastrophe” in South Sudan’, AFP, 20 August 2011, www.youtube.com/watch?v=QSVj_z7jbPA, accessed 29 November 2011; Saferworld interview, Unity State, August 2011.

¹⁹² Saferworld interview, Unity State, August 2011. The same complaint is made in an interview with Unity State Governor Taban Deng (*op cit* Dyer). See also: *op cit* ECOS (December 2010), p 15.

¹⁹³ Saferworld interview, GoSS Minister, Unity State, August 2011.

¹⁹⁴ *Op cit* ECOS (December 2010), p 22.

In interviews with Saferworld, although there was a mix of views, some GoSS officials expressed concerns about overall levels of employment of South Sudanese people by the oil industry and stated that there are insufficient opportunities offered to them to develop skills and careers in the petroleum industry.¹⁹⁵

“All their workers are Chinese. They don’t have opportunities for South Sudanese people to be employed.”

Civil society activist, Central Equatoria State

“Opportunities for people to work are all for North Sudanese people.”

Civil society activist, Upper Nile State

“They are employing the local community in their business. The Chinese bring Chinese senior staff, but employ local communities in their work.”

GoSS official, Unity State

Addressing such perceptions is by no means straightforward. For example, a young unemployed man from Equatoria interviewed by Saferworld described a dangerous situation that emerged because of negative perceptions about a Chinese company’s use of local labour. He was one of a group of South Sudanese trainees, recruited from across South Sudan, to work at an oil processing facility in Upper Nile. However, when the group arrived to begin working for the company near Malakal in Upper Nile in July 2011, they were taken captive and held for four days without food by local communities protesting the failure to employ members of their communities.¹⁹⁶ Such incidents clearly show the business case for overcoming negative local perceptions through selecting staff in a conflict-sensitive way, investing in the skills of local people, consulting communities and addressing any misunderstandings.

The negative perceptions of past and present Chinese engagement in the energy sector that persist in South Sudan are perhaps complemented by what could be termed Chinese fatigue with the volatile investment environment. In many African countries, this has been noted as a factor that may lead to greater concern by Chinese actors to do more to mitigate risks and promote better governance.¹⁹⁷ That such fatigue may be shared by both the Chinese Government and Chinese companies engaged in the oil sector in South Sudan is suggested by numerous examples of how their interests have been directly affected by ongoing conflict and/or lack of social support for their operations:

- In 2006, a PDOC team leader was killed in Upper Nile state;¹⁹⁸
- In October 2007 the Darfurian JEM rebel group attacked Chinese oil operations in Defra, Kordofan, criticising Chinese arms supplies to the Government of Sudan and demanding Chinese withdrawal from Sudan;¹⁹⁹
- A further attack on the Rahwa oil field in December 2007 was carried out by JEM “in its targeting of the Chinese oil companies”;²⁰⁰
- A GNPOC report estimated the costs of vandalism, theft and related stoppages in the first half of 2008 at US\$10.7 million;²⁰¹
- In October 2008, nine CNPC employees were kidnapped by militants in oil blocks 1/2/4 in South Kordofan near Abyei, four of whom were rescued, but five were killed.²⁰²
- On 28 September 2011, an attack in South Kordofan caused the death of one Chinese oil engineer and injury to another.²⁰³

¹⁹⁵ Unity State Governor Taban Deng has also criticised Chinese companies for failing to employ local people: see: *op cit* Dyer.

¹⁹⁶ Saferworld interview, Central Equatoria State, August 2011.

¹⁹⁷ For example in Alden C, ‘Charting Africa’s Chinese future’, powerpoint presentation, no date.

¹⁹⁸ *Op cit* ECOS (May 2006), p 25.

¹⁹⁹ *Op cit* Ahmed, p 17; Large (2009), p 618.

²⁰⁰ *Op cit* Ahmed, p 17.

²⁰¹ *Op cit* ECOS (December 2010), p 8.

²⁰² ‘The last missing CNPC employee kidnapped in Sudan confirmed killed’, *China Wire*, 1 November 2008.

²⁰³ ‘Chinese engineer killed in S Sudan attack’, *China Daily*, 3 October 2011

Discontent in communities and insecurity have in the words of one GoSS Minister led “either to some production plans being shelved or, even worse, production stoppage”.²⁰⁴ Similarly, in January 2011, noting the kidnapping of Chinese workers, failure to pay Chinese contractors and arrest of three Chinese nationals in Juba, the *Financial Times* quoted Zhang Jun, Chinese Consul for Economic affairs in Juba, opining that “our people are risking their lives [...] This is far from a society running by the rule of law”.²⁰⁵

There is clearly a question therefore, regarding how China can best provide for the security of its operations and its citizens in South Sudan. The combination of too close a relationship with coercive state authorities as they were asserting military control over oil exploration areas, too little initiative on all sides to deliver development benefits to communities and deficits in the conflict sensitivity of Chinese actors’ approaches has both proved politically damaging and led to heightened security risks for China. It is thus clear that the alternative path – choosing a more conflict-sensitive approach to attain greater levels of acceptance – offers China and all other stakeholders important benefits.

“I would like to see compensation for the whole area of the oil activities. People have been very badly affected, and died too young, from the effects of the displacement.”

GoSS minister, Unity State

“The risk of popular discontent is there, and a conflict risk – like in the Niger Delta. If companies can ensure corporate social responsibility – through consultation with local communities and stakeholders – they can supplement this and ensure their corporate social responsibility practices align with their company’s policies. This is different from buying patronage – they should be very mindful to hear the local needs, for things like roads, schools and scholarships.”

GoSS adviser, Central Equatoria State

5.5 Conclusions and policy implications

External actors’ recent engagement in Sudan and South Sudan has in some ways contributed positively to peace. For example, there clearly has been effective co-ordinated diplomacy to support the emergence of a fragile peace from decades of war. However, the emerging lessons from the CPA period suggest much that could be done to respond better to conflict in Sudan and South Sudan. This could be achieved through: better contextual understanding; more coherence around a collective strategy to respond flexibly and effectively to conflict dynamics, including the political aspects of the post-conflict transition; more effective support for rollout of service delivery outside main towns, rapid economic growth and economic diversification; and greater conflict-sensitivity in how assistance is designed and delivered.

China’s engagement in Sudan and South Sudan forms a strong contrast with that of Western actors. Each element examined in the case study – political, military, aid and economic – illustrates both positive and negative aspects of Chinese engagement. Thus China has influenced the parties to pursue peace, but could have done so more strongly, and will need to consider whether its courting of elites could prove divisive and short-sighted, given its long term interest in stability. China has also contributed personnel vital to keeping the peace in Sudan and South Sudan and assisted in building local demining capacities – but paradoxically, has retained an irresponsible arms transfer control policy that has embittered Southern stakeholders and fuelled violence against civilian populations. China has also made huge investments in Sudanese infrastructure, but should consider how to ensure that some clear negative impacts on local communities are avoided in future such projects and address the strong local perception

²⁰⁴ Quotation: Minister Lual Deng in *op cit* ECOS (December 2010), p 12.

²⁰⁵ *Op cit* Dyer.

in South Sudan that China's assistance has disproportionately benefited the North and not the communities worst affected by the conflict. In the energy sector, Chinese companies pioneered profitable oil extraction and processing in Sudan – but in doing so they were, along with several Western companies, complicit in causing tremendous human suffering. Chinese oil companies will continue to face hostility from local stakeholders until they are able to enjoy tangible compensation for what many feel have been strongly negative impacts of oil exploration.

The clear risks to Chinese interests posed by conflict dynamics in Sudan and South Sudan have been increasingly recognised by China and fed into both lessons learning among officials and organisations like CNPC, and the adoption of new approaches in the form of measures aimed at enhancing security and more active political engagement in support of peace.²⁰⁶ The policy implications set out in this section are intended as a contribution to such lessons learning – as well as to help Western actors to consider how they can strengthen their contribution to peace in considering the strengths and weaknesses of China's approach. Most importantly, the case study suggests that China would have nothing to lose, and everything to gain, from addressing these negative aspects – maximising the conflict sensitivity of its engagement in Sudan and South Sudan as an increasingly responsible global power.

The conduct of Khartoum has made it at times a problematic ally for Beijing and this has led international observers to question China's contribution to peace and stability as a responsible global power. Beijing needs to make it clearer to Khartoum that the price for close friendship with Beijing is not only avoiding escalations of conflict with the South, in the three areas and in Darfur, but also tackling the root causes of such conflicts. No one stands to benefit more from better relations with the populations of Sudan's peripheries than the GoS, but China also has both the protection of civilians and the security of its oil operations and workers to consider, and should therefore use its unique traction to influence Khartoum to stop targeting civilians in ongoing violence and pursue meaningful negotiations towards a durable peace in South Kordofan and Blue Nile. It should also work to ensure that both parties negotiate a fair and therefore durable agreement on sharing oil revenues and the final status of Abyei.

This paper notes that China needs to consider carefully whether it is in its interest to supply arms to recipient countries that might not only act in violation of UN arms embargoes, but also divert weapons acquired from China to conflict regions where they might be used against China's own peacekeepers. Chinese military co-operation should also be shaped under the overall priority for China of supporting peace and stability. Restraint in the supply of arms to GoS and GoSS is likely to lessen the readiness of either side and their proxies to pursue escalations of hostilities. Any dialogue and capacity support on military matters should also encourage the fulfilment of global norms and standards, such as the responsibility to protect; and China should increase its engagement in peacebuilding efforts, such as those to collect and destroy illicit weapons, or to build capacity for demining.

International actors face a common challenge in supporting GoSS and other stakeholders to respond better to outbreaks of armed violence in South Sudan, with a combination of stabilising measures in the security, justice, relief and development sectors. China should be proud of the contribution its peacekeepers make to stability in South Sudan, but seek to engage more in support of innovative and holistic responses to violence that provide security for local people and address the causes that underpin ongoing violence.

China should also play a role in contributing to more rigorous management of the performance of UNMISS, than was achieved with UNMIS. It is critical that UNMISS becomes more effective in key areas such as ensuring genuine protection of civilians from violence and the development of a responsive and accountable security sector.

206 *Op cit* Large (2009), pp 618–619.

In line with the concern that corruption can fuel resentments that drive conflict, China should strengthen the guarantees it requires regarding the use of grants, loans, infrastructure and services it provides in the two countries, and carefully guard against providing assistance in a way that is seen as benefiting only elites. Until the public feels confident that oil revenue is being fairly allocated in support of national and local priorities, concerns about corruption will increase the likelihood of further armed conflicts. If China shares Western concern about this, it should seek to support the capacity of the anti-corruption commission and other systems for budget monitoring and tackling corruption in South Sudan.

Like companies from all countries, Chinese companies' chief purpose is to pursue commercial success. However, all Chinese companies, especially those that are state-owned, also represent China in the world. Structurally, Beijing should consider how it can ensure that Chinese companies pursue success in a way that is fully compatible with China's image in the world as a responsible global power. This could be achieved by enhancing China's legal framework to require greater corporate social responsibility and conflict sensitivity from companies operating abroad. It should also increase the powers and capacity of the Chinese Ministry of Foreign Affairs (MFA) to monitor Chinese commercial actors and ensure they operate in ways that are contributing to China's prestige.

The challenges China is facing in Sudan and South Sudan are not new challenges, but difficulties that have also faced other emerging economic powers in the past and will affect others, such as India, increasingly in the future. As China's engagement – even that which is providing development benefits – is primarily commercial at present, the most important areas where it could usefully draw on the lessons of past Western failures are, perhaps, drawing on the expertise of aid agencies regarding the need to 'do no harm' or to be 'conflict-sensitive', and adopting emerging best practices in terms of corporate social responsibility.

In considering the issues and perceptions surrounding the energy sector in South Sudan at the time of independence, a number of recommendations can be identified that would clearly enable Chinese actors to make a more positive contribution to peace and stability. By providing broad-based social and economic benefits in the right way and engaging responsibly with both political leaders and communities, they can mitigate the political and security risks they face to bring about a 'win-win' scenario for themselves and South Sudanese stakeholders.

A key recommendation regarding conflict-sensitive approaches to any context is to take every opportunity to consult with communities and where possible, address any concerns or grievances they raise. It is also important to work in a way that stimulates the local economy and provides employment opportunities to local people. At policy level, as affirmed by a senior Chinese MFA official in an interview with Saferworld, the MFA already encourages Chinese economic actors, including state owned companies, to do risk assessments, and this provides scope for engagement with local community actors that could become a bedrock for more conflict-sensitive engagement.²⁰⁷

A very clear demand from South Sudanese stakeholders is for community development projects in the South that more clearly target the very deeply marginalised and impoverished people of the country. Conflict-sensitive community development initiatives would build on a strong platform of consultation with communities to identify their perceptions and ways to respond to the needs of the most vulnerable. For as long as GoSS capacity for the task remains weak, oil companies should take steps to compensate communities within their blocks of operation through processes that assess all aspects of damage caused to communities, directly and indirectly, as a result of oil exploration and deliver socio-economic benefits to communities through processes that are designed, implemented, monitored and evaluated through conflict-

sensitive, participatory processes owned by communities. This is an example of a specific area where it could be beneficial for Western aid agencies to share with Chinese actors their experience of using community development approaches that work in a participatory and accountable way directly with communities. Such an approach would help China to achieve important improvements in its image among South Sudanese stakeholders, enhancing its security at the same time as making a more visible and effective contribution to poverty reduction.

Oil companies should also commit to improve their protection of the environment. They should undertake comprehensive assessments of the potential environmental impacts of their work, take all necessary steps to avoid negative impacts on the environment, monitor their performance in doing so in consultation with communities and other local stakeholders, and report transparently on this.

ECOS has argued that:

*“The continued prevalence of people with a military and security background [...] may provide a certain kind of security, but risks sustained alienation and dissatisfaction among the population and perpetuating a climate in which targeting companies remains socially acceptable.”*²⁰⁸

As a framework to address this, ECOS recommends that oil companies adopt and implement the Voluntary Principles on Security and Human Rights.²⁰⁹ An important way for companies to embrace the conflict sensitive principle of impartiality would be for them to ensure that their risk management and security operations are independent from the security apparatus of both GoS and GoSS. They should also follow codes of conduct that help improve the way Chinese companies are perceived by communities and officials. Furthermore, the quality of community development work undertaken by Chinese companies will be optimised if it is designed, implemented and evaluated by staff with expertise in community development and conflict sensitivity, rather than being managed wholly by security/risk management staff.

In addition, given the expected sharp decline in Sudan and South Sudan’s oil revenues by 2015, China and Chinese companies appear to be in a unique position to support stability in three main ways. Firstly, according to ECOS and USIP, a key way for Chinese oil companies to improve the perceptions of GoSS officials and other stakeholders of the contribution they are making would be for them to discuss with officials any existing options for investing in technologies that would increase the yield from remaining oil stocks, negotiating new contractual arrangements for covering the costs of doing so where necessary.²¹⁰ Secondly, Chinese companies were said in 2010 to be the only companies with a track record in successful exploration to have expressed interest in investing further in South Sudan’s oil sector – potentially staving off the threat of declining oil production.²¹¹ Thirdly and crucially, Chinese actors are in a unique position to support the diversification of South Sudan’s economy: this can be achieved by the implementation of the Forum On China-Africa Cooperation Sharm-el-Sheikh Action Plan of 2009 and in particular, through the financing and delivery of fast-tracked infrastructure development, drawing on and perhaps further expanding the already unrivalled logistical capacity of Chinese companies in South Sudan.²¹² In doing so, Beijing should encourage companies to ensure that infrastructure development draws as much as possible on local labour and resources and does not serve only elite interests as a result of political interference.

Considering China’s approach and engaging with China is also crucial for Western actors. Western donors should prioritise discussion and focus on the situation in

²⁰⁸ *Op cit* ECOS (1 December 2010), p 11.

²⁰⁹ *Ibid*, p 11; see also: *op cit* Shankleman.

²¹⁰ New wells and technologies could, according to ECOS, add five percent to the current recovery rate in oil blocks 1/2/4, and delay the predicted decline in production from oil-producing blocks. See: *op cit* ECOS (December 2010), pp 10, 15.

²¹¹ *Ibid*, p12.

²¹² ‘Forum On China-Africa Cooperation Sharm El Sheikh Action Plan (2010–2012)’, FOAC, 12 November 2009.

Sudan within broader dialogues with Chinese officials. A shared interest in peace and security should be the foundation on which dialogue is built – and much can be learned on both sides through considering the case of Sudan and South Sudan, based on closer understanding of the perspectives of local communities. Such a dialogue might lead to closer policy alignment in some areas. More broadly, dialogue will contribute to the longer-term and gradual process of international norm-building surrounding China's emergence as a global power. At the same time, discussions should also be seen as an opportunity for Western states to demonstrate that they understand and appreciate the legitimacy of China having its own perspectives that may contribute constructively to common aims.

In light of the challenges they have acknowledged in shifting from relief to more sustainable development benefits in Sudan, Western actors should consider what they can learn from China's commercial model. It has underpinned commercial activity that provides employment, and in some cases services, sustained by local market demand – even in locations such as Bentiu, where others working with conventional aid approaches have developed negligible logistical capacity. Chinese actors could in turn benefit from engaging in dialogue with aid agencies on how to achieve a conflict-sensitive approach to delivering development assistance in South Sudan and elsewhere. This could look in particular at how to work with officials and communities to ensure an equitable spread of benefits from development initiatives and how to reduce the risk of any diversion of development resources from their intended purpose – also a key priority for GoSS.

China's growing engagement also has policy implications for Western actors engaged in South Sudan. Encouraging the uptake of human rights, democratisation and good governance in a situation where large volumes of support are increasingly available from actors who do not prioritise them is challenging. As one GoSS official put it:

“If a man is thirsty, he needs to drink, no matter where the water comes from. China is ready to do things straight away. [...] When the West gives some small money, they want to manage it very carefully. While they are thinking what to do, China will come in.”²¹³

For the time being, however, South Sudan will need as much assistance as possible from all sources. Thus there is no zero-sum game for influence with GoSS in prospect for the present time. In their development engagement in South Sudan, Western governments and their donor agencies should remain openly committed to their core values and avoid falling into the trap of re-aligning their development priorities as a means to compete with Chinese influence. In fact, seeking co-operative or complementary development objectives and diplomatic approaches with China need not detract from promotion of core values – but could instead be crucial to their advancement.

Ultimately, it is the task of South Sudanese people to demand and uphold governance and regulatory systems that can ensure that external actors' projects and capacities help their country move forward to peace and prosperity – for example, through the implementation of South Sudan's new petroleum policy and legislation. Rather than seeking to exert pressure exclusively through direct influence with the national government, Western actors should adopt a more clear and strategic focus on resourcing and building the capacity of local media, civil society and communities to hold their leaders and commercial actors to account.

Saferworld works to prevent and reduce violent conflict and promote co-operative approaches to security. We work with governments, international organisations and civil society to encourage and support effective policies and practices through advocacy, research and policy development and through supporting the actions of others.

COVER PHOTOS LEFT: Nyala, Sudan – Chinese engineers working for the United Nations-African Union Mission in Darfur (UNAMID) arrive at their duty station, July 2008 © UN PHOTO/STUART PRICE

RIGHT: Juba, South Sudan – Computer laboratory donated by the Chinese Government, funded by the China National Petroleum Corporation and built by Beijing Construction Ltd, July 2011



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