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# **Riding the Sudanese Storm: China, India, Russia, Brazil and the Two Sudans**

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**South African Institute of International Affairs**

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## ABSTRACT

This paper gives a thematic analysis of the Chinese, Indian, Russian and Brazilian engagements in Sudan after 2005, with particular interest in the changing nature and trajectory of these relationships after the establishment of South Sudan in 2011. It highlights the changing economic and political role of China, by far the most significant of these actors, and of India, whose engagement has also been important. Amid widespread interest in 'rising powers' in Africa in general, and China and India as the leading 'emerging powers' in particular, this paper shows that these groupings fail to translate meaningfully in the complex circumstances of the two Sudans. Besides the mostly bilateral thrust of these engagements, in large part this is because Sudanese politics exercises a determining influence. The aspirational normative rhetoric of South–South co-operation, promoted by China and India, is incongruent with the actual nature of the primarily extractive and infrastructure-based economic engagements that have conformed to the violent and unbalanced political economy of Sudan.

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## ABBREVIATIONS AND ACRONYMS

AU	African Union
AUHIP	AU High-Level Implementation Panel
bpd	barrels per day
BHEL	Bharat Heavy Electricals Limited
CNPC	China National Petroleum Corporation
CPA	Comprehensive Peace Agreement
CPC	Communist Party of China
DIU	Dam Implementation Unit
FOCAC	Forum on China-Africa Cooperation
GNPOC	Greater Nile Petroleum Operating Corporation
GoRSS	Government of the Republic of South Sudan
GOSS	Government of Southern Sudan
ICC	International Criminal Court
JEM	Justice and Equality Movement
LoC	line of credit
MoU	Memorandum of Understanding
MW	megawatt
NCP	National Congress Party
NIF	National Islamic Front
NORINCO	China North Industries Corporation
ONGC	Oil and Natural Gas Corporation
OVL	ONGC Videsh Limited
PDOC	PetroDar Operating Company
SAF	Sudan Armed Forces
SPLM/A	Sudan People's Liberation Movement/Army
UNMIS	UN Mission in Sudan
UNMISS	UN Mission in South Sudan
UNAMID	AU-UN Hybrid Mission in Darfur
UNSC	UN Security Council

## INTRODUCTION

The creation of two Sudans following South Sudan's independence has had important repercussions for two leading partners – China and India – trying to adapt to turbulent new circumstances and fluid politics. The transition has not been smooth. China and India have been exposed to, and involved in, the protracted saga of unresolved differences between Khartoum and Juba, with the oil sector at the centre of a political storm between Sudan and South Sudan. Not long afterwards China and India were forced to adapt to the outbreak of civil war in South Sudan, in which their oil interests have been targeted militarily.<sup>1</sup>

This paper offers a thematic analysis of the Chinese, Indian, Russian and Brazilian engagements since Sudan's Comprehensive Peace Agreement (CPA) of 2005, with particular focus on the changing nature and trajectory of these relationships after the establishment of the two Sudans in July 2011.<sup>2</sup> In concentrating on China, by far the most significant of these actors, and India, whose engagement has also been important, it reflects the hierarchy of importance of these states in the 'Sudans' context.

It first considers how relations changed during the CPA, which paved the way for the current 'two states' framework. Darfur had upstaged Sudan's North–South politics and its international relations, but the creation of the semi-autonomous Government of Southern Sudan (GOSS) led to seismic political changes as China was compelled to follow the momentum towards an independent state. Second, Sudan's changing relations with China, and to a lesser extent India, is examined, taking in the deep roots of an economic partnership dating back to the 1990s and the oil boom that followed the creation of Sudan's oil export industry, to the nature of wider economic ties, and political relations in the new Sudan created by South Sudan's secession. Third, relations between these powers and the independent South Sudan are examined. Initial expectations about economic ties and developmental benefits have been upset by lingering political disputes and insecurity, as well as a deficit of governance capacity.

The final section considers key ongoing themes and impacts. It demonstrates that rather than producing any substantive, broad-based developmental change, the main economic impact of China and India's engagement, normatively framed as South–South co-operation, has conformed to Sudan's historically produced, unbalanced political economy dominated by the political elite in Khartoum and the Nile Valley. The primacy of Sudanese politics is also significant, in a variety of forms, in directing these engagements towards domestic and international agendas. For China, in particular, what was initially a largely politically unencumbered engagement with high economic payoffs in Sudan has become caught up in the turbulence of the political storm in and across Sudan and South Sudan.

## RELATIONS IN CONTEXT: FROM ONE SUDAN TO TWO STATES

China and India are not new to the Sudans: both have notable historical connections. When these ties were resurrected into successful petro-partnerships after the National Islamic Front (NIF) came to power in Sudan in 1989, these old friends became new actors in Sudan and traditional allies became strategic partners. Over the past decade, however, the combination of the Darfur crisis and the end of the CPA ushered in a

new phase in relations. To better understand the ongoing twists and turns in Sudan–South Sudan relations and the position of China, India and other key allies in this, the political setting of the CPA needs to be appreciated. Only then can one approach these engagements in terms of relations with Sudan and South Sudan, and consider the inter-connections between these two. This allows the current combination of interdependence and more separate bilateral relations to be appreciated, as well as the nature and extent of the challenges these engagements now face.

In 2005, the CPA established the semi-autonomous GOSS in Southern Sudan and, as part of the reformed architecture of North–South Sudanese politics, a Sudanese government of national unity composed mainly of National Congress Party (NCP) and Sudan People’s Liberation Movement (SPLM) figures. Sudan’s engagements with China and India continued much as before. At first most influenced by Darfur and then the CPA, these powers, led by China, had to adjust themselves to the possibility and then prepare for the reality of South Sudan’s secession. During the CPA, the northern-centric nature of relations that had been almost entirely dominated by Khartoum was progressively revised, as the agreement’s ‘one country, two systems’ framework moved ever closer to a two-states scenario. Once the January 2011 referendum produced an overwhelming vote in favour of secession, these engagements were recalibrated to prepare for an independent South Sudan on 9 July 2011.

China’s relations with the GOSS advanced considerably in a short period of time. Within a matter of years, the militarised adversity characterising relations during the civil war were superseded by quasi-diplomatic and then full diplomatic relations. The SPLM’s first visit to Beijing, led by Salva Kiir in March 2005, had been low key, but his next trip to Beijing in July 2007 achieved the political breakthrough that galvanised China’s move to cultivate connections with Juba, following a meeting with President Hu Jintao during which the oil geography and self-determination clause of the CPA were clarified. China’s Juba consulate was duly opened by Assistant Foreign Minister Zhai Jun in September 2008, which helped to enhance bilateral relations between the GOSS and China within the new triangular geography of Beijing–Khartoum–Juba relations.<sup>3</sup>

The consulate sought to enhance China’s economic links with Southern Sudan. A small Chinese business community had entered Juba even before the CPA, but official economic relations came later, as did efforts by China’s national oil company, the China National Petroleum Company (CNPC), to engage with the GOSS. As the Southern referendum and then independence approached, contact between the GOSS and China began to increase. China initially hedged its bets on the referendum before adroitly manoeuvring to prepare for the South’s secession. Notable issues in relations featured Juba’s concern at a possible Chinese UN Security Council (UNSC) veto of its independence aspirations, whereas for China a key issue was the One China principle, for which it secured recognition before the 9 January 2011 referendum. Given the wartime history of militarised Chinese oil operations that supported the Sudanese government’s aims and Beijing’s late awakening to Southern Sudanese politics, its ad hoc navigation of the latter stages of the CPA was impressive. From the perspective of Southern politics, the SPLM successfully courted China’s support and, once gained, incorporated relations with the friend of its enemy into its own political strategy against the NCP.

India’s political relations with South Sudan also progressed during the CPA. Indian President Fakhruddin Ali Ahmed had visited the region in December 1975,<sup>4</sup> but only

30 years later was there a significant political visit from India to Southern Sudan. In 2005, the Indian Minister of State for External Affairs, Shri E Ahamed, who represented India at the CPA signing, led an 18-member business delegation to meet with the GOSS leadership in Juba.<sup>5</sup> India opened a Consulate General in Juba in October 2007 and sought to expand its human resource development links, ‘the USP [unique selling point] of India’,<sup>6</sup> with Southern Sudan.<sup>7</sup> In the lead-up to the January 2011 referendum, a senior Indian official in Sudan called for a ‘timely, credible, and transparent’ vote in which the ‘popular will’ of Southerners would be respected.<sup>8</sup> After the yes vote, a GOSS minister visited India to encourage co-operation.

The Russian ambassador to Sudan attended the CPA signing, but Russia provided only limited support<sup>9</sup> to the UN Mission in Sudan (UNMIS) thereafter. Russia’s special envoy became associated with support for the NCP<sup>10</sup> and a united Sudan. South Sudan’s self-determination bid had its uncomfortable equivalents in Russia. Furthermore, Moscow had been sensitive to Islamist terrorism but supportive of the post-1999 Omar al-Bashir-led NCP government that turned away from exporting terror.<sup>11</sup> Nonetheless, Russia had little option but to follow Sudanese politics as the SPLM pushed for the referendum and South Sudan was born.

The creation of two states in July 2011 meant the creation of two formally separate but practically and politically interconnected Sudans, exemplified by the oil sector. South Sudan’s independence stripped away 75% of Sudan’s oil production and most prospective new oil discoveries. However, Sudan still has the only pipeline route South Sudan can use to export its oil to international markets. In June 2010, the African Union High-Level Implementation Panel (AUHIP) on Sudan was established to facilitate negotiations on security, borders, citizenship, oil and other outstanding issues between the two Sudans. Under the leadership of former South African President Thabo Mbeki, the AUHIP was unable to bring the sides to an agreement on how Sudan would be reimbursed for Southern Sudan’s use of its oil infrastructure before the latter’s independence. Nonetheless, both sides insisted that they would continue to share the oil. Northern and Southern officials assured India, China and Malaysia that oil investments were safe and existing agreements would be honoured.<sup>12</sup> Although oil relations were steeped in mistrust, with the NCP dominating control of the oil industry, during the CPA unprecedented oil revenue transfers from Khartoum to Juba were nonetheless made. This fuelled hope that a new oil deal could be signed before South Sudan’s independence. However, with no formal agreement on transfer fee payments in place, the gentleman’s agreement between the former foes quickly fell apart. Due to its strategic economic importance, particularly to South Sudan’s formal economy, an oil agreement between Sudan and South Sudan was not an unresolved issue that could be deferred indefinitely without severe consequences.

Historical political animosities in North–South relations would override the economic rationale of continued oil-sharing in the months after South Sudan’s independence. Oil would be harnessed as a weapon of war by hardliners in the NCP and SPLM rather than as a tool for engineering peace and stability. After several episodes of Khartoum delaying and later confiscating shipments of South Sudanese oil, and as on-going negotiations over transit fees failed, President Kiir decided to shut down oil production in late January 2012.<sup>13</sup> South Sudan also signed a Memorandum of Understanding (MoU) with Kenya in an effort to revive the idea of an alternative export pipeline to Lamu. The situation deteriorated markedly in April 2012 after the Sudan People’s Liberation Army (SPLA)

briefly captured and then withdrew from Panthau/Heglig, an oil production centre in South Kordofan. The hopes of Chinese, Indian and other oil companies that their operations would continue without difficulty despite the secession of South Sudan did not transpire.

The oil shutdown precipitated grave austerity and adjustment in both Sudans and remained a core issue in efforts to find a negotiated settlement on the outstanding unfinished business of the CPA. In September 2012, an agreement was signed in Addis Ababa that appeared to present a breakthrough on oil and security. On oil, it was agreed that over a period of three-and-a-half years, South Sudan would pay Sudan \$11 per barrel for oil travelling through the Greater Nile Petroleum Operating Corporation (GNPOC) pipeline and \$9 per barrel through the PetroDar Operating Company (PDOC) pipeline (in future the vast majority of oil will come from the PDOC oilfields). South Sudan also agreed to pay Sudan \$3.028 billion, at a rate of \$15 per barrel, as a transitional financial arrangement to help manage the financial gap left by the loss of oil revenues.<sup>14</sup> The new agreement left open the possibility of Sudan imposing new transit fees on Asian national oil companies. The Indian oil ministry protested against this, arguing that its national oil company ONGC Videsh Limited (OVL) had 'invested in a united Sudan' and should not be penalised for the country's division.<sup>15</sup> However, despite the Government of the Republic of South Sudan (GoRSS) ordering that production resume in October, the agreement was not implemented due to objections from Sudan over South Sudan's alleged support to Sudan Revolutionary Front (SRF) rebels. Despite the political deadlock, the oil companies began to prepare to restart production. As the head of one major consortium affirmed in December 2012: 'We are ready to begin.'<sup>16</sup>

A security arrangement between the two Sudans in March 2013 gave the green light for South Sudan to restart oil production. In June, however, al-Bashir brandished his 'oil stick' and said he would order the blockage of South Sudan's oil through Sudan within 60 days, accusing Juba of continuing its support to the Sudanese rebels in the SPLA-North. Al-Bashir would delay the date of the threatened blockage and, after a presidential summit with Kiir in September 2013, agreed to allow the pipelines to remain open. A second shutdown would have reopened economic wounds in both countries that were only beginning to heal since the renewal of oil exports in May. As long as it is not upset again, Sudan's economy will receive a much-needed boost from pipeline transit fees while South Sudan will once again enjoy its main source of government revenue after 15 months of enduring deep austerity measures. However, a persistent failure to fully implement previous agreements, ongoing disputes over Abyei and other border regions, as well as Sudan's civil wars in Darfur, and Blue Nile and South Kordofan, will continue to threaten stability and the flow of oil between the two Sudans.

An evolving domestic political environment in South Sudan, with Kiir's reshuffling of his cabinet and, more prominently, his dismissal of Vice-President Riek Machar, SPLM General-Secretary Pagan Amum and others, was considered key in avoiding the oil stoppage.<sup>17</sup> But as these political animosities fomented into armed conflict in December 2013, with Kiir accusing his former vice-president of an attempted coup, the oil sector became a target in an evolving civil war.



## SUDAN

Over the past decade Sudan has fostered close foreign relations with China, and to a lesser extent India. At first centred on the oil sector during the longstanding civil war between the government of Sudan and the SPLA, economic relations expanded into other sectors of the Sudanese economy, notably hydropower, after the CPA was signed in 2005. High-level political engagements by China and India underpinned the commercially driven investments of Asian national oil companies. Framed as multi-beneficial South–South co-operation, historical relations grew to new, previously unseen levels of political engagement that were built around an economic core.

However, Sudan's domestic politics upset these engagements, as civil war broke out in Darfur and South Sudan subsequently separated. The internationalisation of the Darfur issue deeply complicated China's economic role in Sudan and turned a spotlight on its military links with and arms transfers to the NCP. Sudan's loss of three-quarters of its oil to South Sudan ended the prospect of continued high levels of economic growth, but the outbreak of a new civil war in South Kordofan and Blue Nile has also dampened investor confidence. Unless a more conducive political environment can be established for foreign investment from China, India and other emerging powers, mining, agriculture and other sectors of the economy will struggle to fill the oil gap.

### **Economic relations**

For over a decade, oil dominated Sudan's domestic economy and its external economic relations with China and India. Sudan's economy grew on average by 6% each year from 2001 to 2010.<sup>18</sup> Oil accounted for 58% of total government revenues in 2010. However, with the loss of three-quarters of its oil wealth after the separation of South Sudan in July 2011, Sudan's economy went into decline without the influx of petrodollars. This left a deep hole in the government's budget and the economy declined by nearly 2% in 2011, and over 4% in 2012.<sup>19</sup> The successful implementation of the September 2012 oil agreement with South Sudan will offer some relief to Sudan's economy. A combination of pipeline transit fees and transfers from South Sudan as part of the transitional financial arrangement could produce \$2 billion of revenue for Sudan by the end of 2014, depending on the level of oil production in South Sudan.<sup>20</sup>

Demonstrating a common trend in resource-rich countries where governmental institutions fail to harness natural resource wealth towards wider economic development, Sudan was largely unprepared for the loss of the majority of its oil. It is unlikely that the gap left in Sudan's government finances will ever be filled. Increasing gold exports have helped to produce some revenues, but only growth in other sectors of the economy, most notably a combination of hydropower infrastructure and agriculture, can revive Sudan's economy in the long run. Investment from China and other emerging powers may also still play an instrumental role in energising non-oil sectors. Still, the coming decade will be a challenging one for Sudan as it returns to its pre-oil existence of struggling to attract foreign investment and bringing its agriculture industry to its full potential.

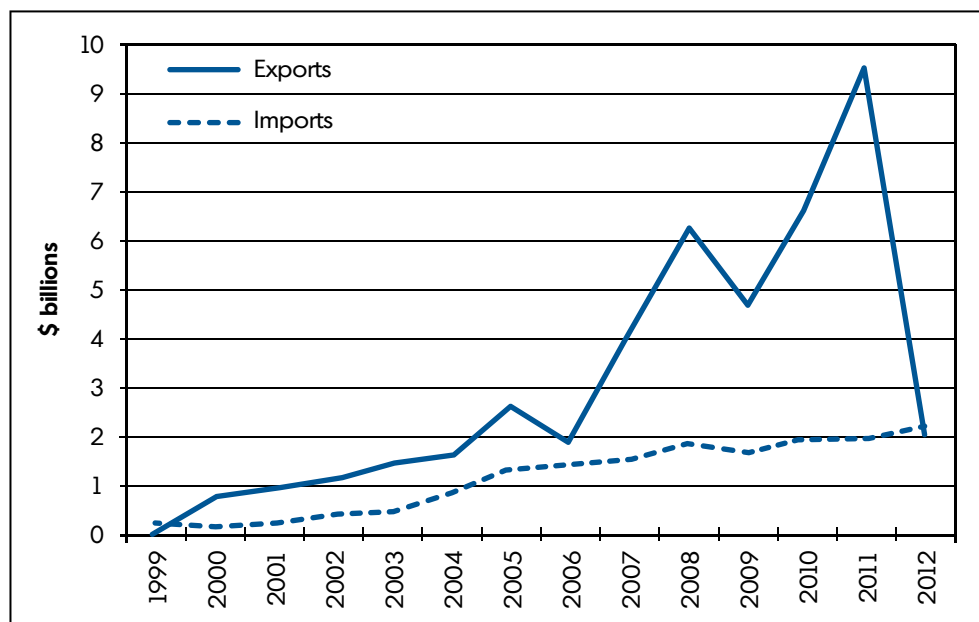
**A decade of oil-dominated trade and investment**

The rise of China as Sudan’s top economic partner was part of the reorientation of its trade away from Western markets and toward Asia. From 2000 to 2010, the composition of Sudan’s external trade partners underwent a seismic change.<sup>21</sup> China and other East Asian partners, along with India, became central to Sudan’s external economic relations (Russia and Brazil remained only minor partners).<sup>22</sup> The demand from Asia fell squarely on Sudan’s oil exports. Crude oil represented around 84% of Sudan’s total exports in 2010 (the last full year that Sudan still benefited from Southern Sudan’s oil production),<sup>23</sup> which disappeared after South Sudan’s separation.

China remained Sudan’s top trade partner in 2010, accounting for 69.5% of Sudan’s exports and 23.2% of its imports.<sup>24</sup> China was also the main buyer of Sudanese crude, taking around 80%, while Japan was usually the second largest buyer.<sup>25</sup> Overall trade volumes from 2000 to 2010 also reflected Sudan’s rising Chinese imports, which increased appreciably after oil exports began in 1999 – from about \$220 million that year to nearly \$1.9 billion in 2010. Sudan’s exports to China, mainly made up of crude oil, were \$6.6 billion in 2010. While the trade balance clearly favoured Sudan (at \$4.7 billion), the creation of an oil export sector also increased business opportunities for Chinese products.

Sudan has generally been China’s third largest overall African trade partner behind South Africa and Angola. In 2012, however, Sudan dropped well down the list to 10<sup>th</sup> spot in the absence of oil exports. The trade balance also shifted in China’s favour with imports rising to \$2.1 billion and exports falling to \$2 billion.<sup>26</sup> The separation of South Sudan in 2011 upset Sudan’s exports to China, but Chinese imports proved more resilient (see Figure 1). This demonstrates that China has opened up markets other than oil in Sudan, but Sudan has found few opportunities in China beyond oil.

**Figure 1: China’s trade with Sudan**



Source: IMF, World Economic Outlook Database, April 2013, <http://www.imf.org/external/pubs/ft/weo/2013/01/weodata/index.aspx>, accessed 15 May 2013

Sudan has also been a recipient of comparatively significant foreign investment in the continent. However, after representing the most important recipient of official Chinese foreign investment in Africa until the end of 2005, Sudan was only the 16<sup>th</sup> largest recipient of China's total outward flows of foreign investment in Africa by 2010, according to China's Ministry of Commerce.<sup>27</sup> This reflected Sudan's strategic importance, which predated China's wider expansion in Africa. However, Chinese foreign investment to Sudan subsequently declined in real terms and relative to its other investments in Africa.

India, another emerging Asian power, followed in China's footsteps in Sudan. Sudan's oil exports used to make up the majority of its trade with India. The important trade and investment agreements between India and Sudan have mostly occurred since 2003.<sup>28</sup> From 2001–2002 to 2010–2011, trade between the two countries increased more than seven-fold to over \$1.1 billion.<sup>29</sup> Sudan's crude oil exports to India powered this expansion, representing over 50% of trade in 2010–11. In the same year, Sudan imported mainly machinery, vehicles and manufactured products from India. However, in 2011–2012, while Indian imports to Sudan were on target to maintain and possibly increase with the fourth quarter of trade yet to be reported, exports were on track to experience a fall of 50% for the fiscal year.<sup>30</sup> As with China and Sudan's trade relations, Indian imports continued to find markets in Sudan while Sudanese oil exports dissipated. Sudan was also one of the largest destinations for Indian foreign investment between 1995 and 2005, representing 11% of total Indian foreign investment, behind only the US and Russia.<sup>31</sup> The wane of Sudan's oil sector at the end of the last decade and the separation of South Sudan upset Sudan's external economic relations with both China and India.

### **Sudan's oil industry**<sup>32</sup>

As the remaining Canadian and European companies withdrew in the face of political pressure from Washington and reputational risk, Eastern corporations began to dominate Sudan's oil sector in the late 2000s. In 2009, Asian national oil companies held stakes amounting to 90% of the total oil production: Chinese companies with 46%, Malaysian companies 34% and Indian companies 10%.<sup>33</sup> Oil was regarded as a bridgehead for wider Chinese and Indian business expansion as well as a pillar industry of Sudan's economic growth.<sup>34</sup>

China's oil investment was the most important for Sudan from September 1995, when CNPC bought Block 6, a concession in South Kordofan. Just over a year later CNPC won a leading stake in GNPOC along with Malaysia's Petronas, accessing what until 2009 were Sudan's highest-yielding oil concessions, Blocks 1, 2 and 4, lying mainly in Unity State. In 2000, CNPC won a commanding share (41%) in PDOC in Blocks 3 and 7 in Upper Nile, Southern Sudan, which began to produce significant exports in 2006. The venture was again undertaken with Petronas but later included SINOPEC, another of China's leading national oil companies. In 2005, CNPC won a majority holding in Block 15 on the Red Sea, adding the adjacent Block 13 to its Sudan portfolio two years later.

By 2007, Sudan was sub-Saharan Africa's third largest oil producer, behind only oil juggernauts Nigeria and Angola. Sudan churned out nearly 470 000 barrels per day (bpd) and held some 6.7 billion barrels in reserve.<sup>35</sup> That year, one estimate put CNPC's total investment in Sudan at \$7 billion since it first arrived 12 years earlier.<sup>36</sup> From 2003 to 2007, Sudan constituted over 40% of CNPC's overseas oil production, but only averaging 6.7% of total production on account of the company's significant domestic assets.<sup>37</sup>

Sudan was not only about acquiring oil reserves, production and revenues for CNPC; it was at the centre of the company's internationalisation strategy. In particular, Sudan was where CNPC launched many of its oil service companies into their first major overseas projects in order to gain crucial experience for further expansion abroad. CNPC's investment in Sudan was critical for the international expansion of Chinese oil service companies.<sup>38</sup> Sudan was also critical for the overseas aspirations of India's OVL.

India's largest economic engagement was in Sudan's oil sector, and was salient in its continental engagement: 'The flagship of India's oil in Africa was Sudan.'<sup>39</sup> India's leading national overseas oil company, OVL, bought a 25% stake in GNPOC from Talisman of Canada in March 2003 for \$720 million. In the same year, OVL purchased stakes in the White Nile Petroleum Operating Company (Blocks 5A and 5B) from departing European oil companies for a combined price of nearly \$140 million. OVL also constructed a 785-km oil pipeline at \$194 million for oil production from Blocks 3 and 7, which was finished in August 2005.<sup>40</sup>

By 2010, OVL had invested a total of \$2.5 billion in Sudan.<sup>41</sup> The GNPOC investment delivered OVLs – and India's – first overseas oil production. In fact, from 2003 to 2010, Sudan represented over 46% of the company's annual production, on average.<sup>42</sup> However, growth in Sudan's oil sector would dampen even before South Sudan's independence stripped the majority of production away.

According to Sudan's national petroleum corporation Sudapet, Sudanese oil production peaked in 2007 at roughly 483 000 bpd.<sup>43</sup> The main reason for the stagnation was that the GNPOC oilfields were declining rapidly. Production levels of the high-quality Nile-blend crude fell from a peak of 288 000 bpd in 2004 to 102 000 bpd in early 2012.<sup>44</sup> GNPOC's falling oil output was the result of both a natural decline in the small and medium oilfields it operated and a lack of investment in secondary recovery by the three Asian national oil companies.

In Upper Nile state, the oilfields of the Chinese-led joint venture PDOC (Blocks 3 and 7) peaked in 2010, according to a CNPC geologist.<sup>45</sup> With oil production already on the decline, Sudan was left with an estimated 115 000 bpd after South Sudan's independence in July 2011.<sup>46</sup> This amount was roughly enough to satisfy demand from the domestic economy, but Sudan's exporting days were over. Consequently, Sudan's significance as an investment destination for Asian national oil companies diminished.

Since losing 75% of its oil resources to South Sudan, Sudan has tried to attract further Chinese and Indian investment to the remains of its oil sector. In October 2012, while in New Delhi, Sudan's Energy Minister Awad Ahmed al-Jaz urged the executives of Indian oil companies to enhance investment in Sudan, including upgrading the refineries in el-Obeid and Port Sudan. India's Minister of Petroleum and Gas affirmed the importance of increasing oil co-operation.<sup>47</sup> The following month, Sudan and China agreed to work towards increasing oil production. A deal to revamp the Khartoum refinery was reached with CNPC.<sup>48</sup> However, insecurity around the oilfields before and after South Sudan's independence, including the brief occupation of the disputed Heglig oilfield by the South Sudanese army, has given Asian national oil companies little incentive to make significant investments.<sup>49</sup> The outbreak of civil war in South Sudan, and the military targeting of key oilfields, has only served to entrench these concerns as hundreds of Chinese workers evacuated the oil regions of South Sudan in late 2013. Other sectors of Sudan's economy will need to grow significantly if the oil gap is to be filled.

### China's infrastructural imprint

Sudan grew as a market for Chinese and Indian companies beyond those directly involved in the oil sector. Chinese investment, at first concentrated in energy, changed as business engagement diversified into a broader spectrum of activities. Transport and energy infrastructure construction, closely related to Chinese credit lines, became prominent. The Chinese imprint on the construction of roads, bridges, railways<sup>50</sup> and Khartoum's airport has been striking.

China's hydro-engagement has been upstaged by oil but Sinohydro, a major Chinese state-owned hydropower engineering and construction company, has been active in Sudan as the equivalent of CNPC. Merowe Dam is often cited by the Chinese as the outstanding example of China's development contribution to Sudan.<sup>51</sup> It also embodies the deeply controversial politics of Chinese investment. Chinese finance was crucial in enabling Merowe to go ahead, but the dam also involved important contributions from Middle Eastern sources. The Export-Import Bank of China (Exim Bank) played an important role in funding Merowe, officially providing \$520 million<sup>52</sup> for a very costly project accounting for up 40% of total Sudan government investment spending between 2005 and 2008.<sup>53</sup> Sinohydro was the leading technical implementing partner of the Sudanese government's Dam Implementation Unit (DIU) for Merowe and the new dam projects, assisted by other Chinese corporations.<sup>54</sup> The dam, built between 2003 and 2009 at the fourth cataract on the Sudanese Nile, is situated in the impoverished Nubian heartland. It added 1 250 MW power-generating capacity to the Sudanese grid. Lauded as 'the project of poverty elimination in Sudan'<sup>55</sup> by NCP leaders, the dam displaced 50 000 people and destroyed millennia-old Nubian archaeological heritage.<sup>56</sup> There was strong criticism of Merowe's environmental impact, as well as numerous complaints about the forcible displacement of affected civilians and the failure of 'model villages' to properly resettle displaced Nubians. DIU Special Forces repeatedly resorted to lethal violence around Merowe<sup>57</sup> and the new Kajbar Dam to break the resistance.<sup>58</sup>

Al-Bashir inaugurated the final electricity unit at the Merowe hydroelectric power station in April 2010, formally completing construction of the dam complex. Not long afterwards, he attended the signing of a new contract with two Chinese corporations to construct the Upper Atbara Dams Complex Project in eastern Sudan. Touted as being able to sustain the yearly water flow of the Atbara River and irrigate new agricultural projects, it was hailed as 'the biggest project to be implemented by a Chinese company in Sudan'.<sup>59</sup> This new wave of Chinese dam construction was part of Khartoum's ambitious 'hydro-agricultural mission' partly aimed at diversifying its economy away from over-dependence on oil.<sup>60</sup> However, with continuing regional tensions about use of the Nile waters, the ways in which China is increasingly immersed in regional hydro-politics have become more manifest. Meanwhile, the Merowe Dam project continued to encounter protests – including within the ruling NCP.

Amid Sudan's economic crisis following South Sudan's separation, there were limited new Chinese infrastructure initiatives,<sup>61</sup> although this did not stop ambitious new plans being announced.<sup>62</sup> China emerged as an important banker for Sudan at the same time that Khartoum sought finance from Middle Eastern states to bail it out. In November 2011, the Sudanese Minister of Finance and National Economy and the Exim Bank agreed on a preferential loan for projects in eastern Sudan.<sup>63</sup> In December 2012, in one of several statements to this effect made during 2012, Sudan's finance minister announced

that Sudan had received a 'huge' Chinese loan and that this, which would cause 'radical' change, was 'good news for the people of Sudan'.<sup>64</sup> The \$1.5 billion loan from an unnamed Chinese bank, apparently guaranteed by CNPC, was extended on 31 December 2012 and was to 'be used to bridge the fiscal gap and enhance our balances of payments'.<sup>65</sup> However, the opaque nature of the announcement and loan provoked many questions, including why CNPC rather than the Central Bank of Sudan would guarantee it, and whether this would be an additional burden to Sudan's already huge external debt stock.<sup>66</sup>

Wars in South Kordofan and Blue Nile, and continuing conflict in Darfur, have had a negative impact on China's ongoing economic engagements. Chinese businesses have been targeted by various armed groups. In early 2012, 29 Chinese road workers were abducted in South Kordofan; the SPLM met Chinese government representatives in Addis Ababa to negotiate as the SRF, a coalition of rebel groups from South Kordofan, Blue Nile and Darfur, became involved. Sudan has also had to respond to fresh attacks, which only underline the new insecurity risks related to often-militarised grievances. In December 2012, for instance, a Khartoum court used Sudan's Anti-Terrorism Act in sentencing four defendants to life imprisonment for raiding an oil camp in South Kordofan and killing a Chinese engineer.<sup>67</sup> Not long afterwards, in January 2013, an armed group attacked a road construction site between al-Fasher and Um-Keddada, in north Darfur, operated by the China Railway 18 Bureau Group Co., Ltd., and three Chinese drivers were kidnapped. Another Chinese engineer went missing on the same road. This road (the West Salvation road, on which work started in January 2010) has been a longstanding grievance in Darfur.<sup>68</sup> The Chinese embassy triggered its emergency mechanism to locate and rescue the missing Chinese nationals in an episode that brought further pressure to bear on the Chinese government to better ensure the protection of its nationals.<sup>69</sup>

### **India's power projects**

The bulk of Indian investment in Sudan is backed by six lines of credit (LoCs) from India's Export-Import Bank provided since 2004 and totalling \$567 million.<sup>70</sup> The largest, at \$350 million, helped the Indian national power and energy company Bharat Heavy Electricals Ltd (BHEL) to set up a 500 MW combined cycle power plant at Kosti in the White Nile state in central Sudan.<sup>71</sup> The project was the largest export order in BHEL's history.<sup>72</sup> For Sudan, it represented the second largest investment from India after that of OVL in the oil sector in 2003, and was to be a key source of power generation in its agricultural heartland.

By early 2011, however, the BHEL project was still not complete, although senior Sudanese officials indicated it was nearly finished.<sup>73</sup> A senior Indian diplomat in Khartoum claimed that the delay was due to the Sudanese government's failure to repay the loan after the moratorium period expired on account of its shortage of forex (foreign exchange) reserves.<sup>74</sup> At the same time, BHEL found that working conditions in Sudan were so poor that illness among the local workforce caused further delays.<sup>75</sup> Sudan was pushing for BHEL and the Indian government to complete and finance a 1 000 MW power plant in Port Sudan to support crude oil loading.<sup>76</sup> However, even before July 2011 there was little investor confidence in the Sudanese government's ability to repay loans, based on BHEL's experience.

South Sudan's independence catalysed a transitional phase in Indian businesses' approach to and relations with the Sudans. A number of Indian business teams visited

north Sudan in 2012.<sup>77</sup> However, due to considerable uncertainty about the economic climate in both Sudans, Indian businesses were ‘waiting and watching to see if the current crisis will blow out’.<sup>78</sup> At New Delhi’s 8<sup>th</sup> Confederation of Indian Industry and Exim Bank India–Africa business conclave in March 2012, Sudan’s Minister of Finance and National Economy led a large business delegation as part of ongoing efforts to attract Indian investment.<sup>79</sup> However, the prospects for India’s securing a return on its loans looked bleak.<sup>80</sup>

### **Agriculture, mining and other business**

Agriculture was hailed as the future of economic relations in the face of finite oil reserves even before South Sudan’s independence. ‘Green gold’ was thus promoted in Sudan’s relations with China and India. Agriculture was also central to efforts to enhance economic relations between Sudan and Brazil,<sup>81</sup> although such aspirational talk was not, for the most part, matched by action.<sup>82</sup> With a predominantly agricultural economy, agriculture accounted for 31.3% of Sudan’s real GDP in 2010 (as compared to 7.5% for petroleum or 0.2% for mining).<sup>83</sup>

In pursuing a strategy of ‘agricultural renaissance’, Khartoum increasingly turned to China, framing an agricultural partnership in terms of sharing respective strengths: Khartoum would look to China for technological and technical assistance and Beijing would look to developing Sudan’s unfulfilled agricultural potential. An agricultural co-operation protocol was signed in Beijing in June 2008. Chinese enterprises developed agricultural co-operation projects, notably an Agricultural Technology Demonstration Centre, and established a small number of farms: but overall, being emergent and experimental, it did not amount to a substantial role for China.<sup>84</sup> However, the Sudanese government continued to seek further Chinese investment in Sudan’s agricultural sector.<sup>85</sup>

Agriculture was another potential area for Indian economic co-operation with Sudan, but this experienced little traction beyond visiting delegations and minor investments.<sup>86</sup> At the April 2008 India-Africa Forum Summit in New Delhi, Indian Prime Minister Manmohan Singh called on India and Africa to increase agricultural investments in the quest for food security. He noted that Sudan had the potential to feed not only the whole of Africa but also the rest of the world.<sup>87</sup> However, India’s agricultural engagement with Sudan has not progressed substantially. Despite talks, ongoing debates about food security in India, and efforts by Sudan’s Delhi embassy to attract Indian farmers, there had been ‘not much [progress] on the ground’ in Sudan.<sup>88</sup>

Mining is another area of economic activity. This is exemplified by gold, with which the NCP is aiming to generate billions in exports to help fill the gap left by the loss of oil.<sup>89</sup> In recent years, this has been successful to a degree. Gold replaced oil as Sudan’s largest export in 2012, representing 64% of total exports. This generated \$2.2 billion in exports, which was a vast improvement from 2009, when gold exports measured \$403 million.<sup>90</sup> More Asian investors are entering the gold and wider mining sector.<sup>91</sup> In April 2010, Sudan’s Minister of Energy and Mining signed new gold exploration agreements with two Indian companies, among others. In September 2012, al-Bashir inaugurated Sudan’s first gold refinery in Khartoum as part of ambitious plans to continue to increase gold production and revenues.<sup>92</sup> However, substantial investment in new technology to dig deeper mines is needed to sustain the growth in gold output.



The number of Chinese hotels, restaurants and travel companies in the service sector has grown considerably.<sup>93</sup> There has also been interest in northern Sudan-based manufacturing opportunities, with the country seen as being well located for regional export markets and bio-energy.<sup>94</sup> China's water projects have been prominent in Beijing's government-funded assistance programme to Sudan, notably in Darfur. Indian business similarly expanded on the back of oil, only to face financing problems due to Sudan's economic decline after South Sudan's spilt-off. In August 2006, a business fair in Khartoum was attended by 75 Indian companies exploring business opportunities in oil, power, infrastructure, textiles and agriculture.<sup>95</sup> Business valued at \$150 million was reported.<sup>96</sup> Indian companies, such as Maruti, Tata and Mahindra & Mahindra, sought to expand. Other private sector engagements include Angelique International in the power sector and Kirloskar Brothers Limited providing machinery for Sudan's sugar sector.<sup>97</sup>

There has been an apparent increase in business activity with Brazil prior to and after South Sudan's independence, as Khartoum sought to mitigate the impact of secession.<sup>98</sup> One tactic appeared to be redoubled efforts to find new economic partners. There were thus, for instance, political and investment exchanges between Khartoum and Brasilia.<sup>99</sup> Brazilian officials have talked up Sudan's prospects.<sup>100</sup> However, there has not been significant business growth, despite eye-catching headlines. Brazil has attracted attention more for what it might do in Sudan. Sudan's interest in Brazil is linked to on-going efforts to cultivate partnerships that can bypass international sanctions and address new economic imperatives following the South's secession. It follows that the Brazil–Sudan 'marriage of opportunities must be in the medium run'.<sup>101</sup>

### Migration

It is difficult to get an accurate grasp on migration.<sup>102</sup> The full nature and extent of Chinese migration to Sudan is unknown, but it has been driven largely by the growth in economic relations between the two countries over the past decade. Some of the key stages in recent relations provide an indication of the numbers (for example, the leap from 553 registered Chinese labourers in 1997 to 4 985 in 1998<sup>103</sup> clearly correlates with imported labour for oil operations at that time). While 277 Chinese nationals were officially registered in Sudan in 1993, by January 2010 there were 10 697 Chinese with valid residence permits (making up about 30.9% of the total amount of foreigners in Sudan, if neighbouring countries with particular arrangements for entering and staying are excluded).<sup>104</sup>

The Chinese social engagement in northern Sudan has featured 'people-to-people' links. Links between official organisations were renewed in the late 1990s. Cultural links have been growing, often used to demonstrate friendship, with on-going efforts to promote such ties. A Confucius Institute was established at the University of Khartoum in 2009, but while Chinese films are shown in Khartoum, Bollywood appears to resonate more. In education, there have been various visits between Sudanese and Chinese arts communities.<sup>105</sup> Sudan airport and passport officials are to receive Mandarin language instruction. Other, limited Chinese ventures include a hospital scheme sponsored by the China Foundation for Poverty Alleviation.<sup>106</sup>

Some estimates indicate that there are between 1 200 and 1 500 people of Indian origin living in Sudan,<sup>107</sup> others over 3 000.<sup>108</sup> Most arrived from Gujarati in India in the 1930s and have settled in Omdurman, Kassala and Port Sudan. Official statistics show Indians make up 11.5% of registered residence permit holders as of 1 January 2010 (compared to



1 577 registered in 1993), with some 3 967 Indians with Sudanese residence permits.<sup>109</sup> Most work for small-sized companies providing goods and services in agriculture, health and education as well as contracting to the large Indian investments in the oil and power sectors. Although the Indian community living permanently in Sudan has facilitated some economic activity, the extent to which this has encouraged large investments from Indian state-owned enterprises is limited.<sup>110</sup>

### **Political relations**

Sudan's multi-stranded relations with China developed through the influential political relations that underpinned CNPC's entry into Sudan and the expansion of China's economic engagement in the country. Structured into central state co-operation channels,<sup>111</sup> political relations are multi-tiered and have featured political party co-operation between the NCP and the Communist Party of China (CPC), which is significant given the power and role of both ruling parties.<sup>112</sup> Such relations also demonstrate the NCP's interest in the CPC's political experience. Chinese national companies also conducted bilateral relations, corporate–state interaction being particularly important in China's 'energy diplomacy'.<sup>113</sup> India's breakthrough in Sudan came with the October 2003 visit of Indian President APJ Abdul Kalam to Khartoum. While rejuvenating links that pre-dated Sudan's independence<sup>114</sup> and that were revived in limited ways after 1989,<sup>115</sup> this marked not just India's first presidential visit to Sudan in over 28 years but also the catalyst of relations. In addition to signing several bilateral agreements and MoUs, Kalam extended India's LoCs to Sudan and donated \$50,000 to flood victims in eastern Sudan.<sup>116</sup> Political relations subsequently were enhanced in an effort to better manage business relations.<sup>117</sup>

Among other engagements, Russia has more developed political ties, but these do not approach the nature and importance of the multifaceted partnership Khartoum cultivated with India and China.<sup>118</sup>

Sudan's relations with India and China were framed in terms of general South–South co-operation, each flavoured according to its own stylised agenda. The India–Africa Forum Summit framework, in which Sudan participated, in turn codified India's African engagement partly within the terms of its foreign policy objectives and within South–South politics more generally.<sup>119</sup> Sudan supported India's aspiration to become a permanent member of a restructured UNSC, while India supported Sudan's sovereignty. Sudan's relations with China similarly operated under the banner of South–South co-operation and within the constellation of China's regional bodies and alliance behaviour in international forums.<sup>120</sup>

### **International politics of Darfur**

The fusion of bilateral and South–South relations between China and Sudan was subject to strain following the escalation of violent conflict in Darfur from 2003. More than any other factor, Darfur visibly globalised Sudan's relations with China. Due to its pre-eminent economic role in Sudan, wider stature and permanent UNSC seat, China was in a league of its own among the other emerging powers in relation to the Darfur controversy, which became more prominent after the April 2004 anniversary of the Rwandan genocide. The NCP sought the assistance of other powers in its embattled diplomatic efforts to prevent intervention as it fought a brutal campaign in western Sudan, but China stood out for good reasons.

Beijing opposed non-consensual humanitarian intervention on Darfur amid wide suspicion about US/Western regime change intentions. Driven by changing circumstances within Sudan, the unexpected global prominence of Darfur (put in the international spotlight by activists campaigning over the ‘Genocide Olympics’ before the Beijing Olympic Games of 2008) and regional developments changing China’s interests in greater Darfur and Chad, China’s diplomacy evolved from strategic efforts to protect Khartoum into a more engaged, active role.<sup>121</sup> This became manifest through efforts to exercise ‘influence without interference’ over NCP leaders on the question of admitting UN peacekeepers into Darfur.<sup>122</sup> China’s role prior to UNSC Resolution 1769 (31 July 2007), which authorised a hybrid peacekeeping force for Darfur, involved ‘active persuasion’, seeking Khartoum’s consent to admitting UN blue helmets, despite staunch opposition from al-Bashir. Throughout, however, Chinese economic links with Sudan strengthened. Thus China tried to be seen as a progressive force while supporting the NCP.

Khartoum also sought China’s support against the International Criminal Court (ICC), expecting a more robust defence than that which materialised. China’s abstention on the UNSC’s ICC Resolution 1593 (2005) greatly disappointed the NCP. Beijing subsequently expressed strong reservations and called for a suspension of the ICC process.<sup>123</sup> The ICC’s arrest warrants for alleged Darfur war crimes were issued on 4 March 2009. Beijing’s support for an Article 16 deferral appeared relatively clear-cut in principle, but it preferred to stand behind and anchor itself in the opposition by the African Union (AU) and the Arab League. Just as China stretched the plausible meaning of non-interference in Sudan, it also shied away from fully blocking Western initiatives to hold Sudan’s leader to account. While Khartoum–Beijing solidarity was tested, there was sufficient and co-ordinated mutual benefit even amid adversity for relations to continue.

India’s engagement on Darfur, and its role in Sudan, was almost entirely overshadowed by that of China. India persistently opposed sanctions, underlining ‘Sudan’s territorial integrity and sovereignty’ against outside interference.<sup>124</sup> This was consistent with India’s stated aversion to ‘meddling’ in Sudan’s internal affairs<sup>125</sup> and its emphasis on engagement: ‘Sanctions are counterproductive ... We believe in engagement.’<sup>126</sup> For New Delhi, there were also domestic parallels with its own bloody partition and enduring questions such as Kashmir. Nonetheless, Khartoum did not receive the backing it sought against the ICC warrant. After the ICC indictments, Awad Ahmed al-Jaz led a delegation to India to meet the Indian ministers of External Affairs, Finance, Railways, and Petroleum and Natural Gas.<sup>127</sup> The Sudanese were drumming up further economic engagement between the countries and calling on New Delhi to oppose the ICC indictments. However, the official Indian statement following the Sudanese delegation’s visit avoided taking a strong position on the matter of al-Bashir’s indictment.

The timing of Sudan’s enhanced political links with Brazil was also partly connected to Khartoum’s evolving Darfur diplomacy, especially its attempt to secure support against the ICC. Brazil was not, however, willing to back Khartoum over Darfur and the ICC,<sup>128</sup> unlike Russia.

Moscow’s diplomatic efforts regarding Sudan stepped up a gear over Darfur and involved various forms of support for Khartoum. Following the 2006 Darfur Peace Agreement, the US circulated a draft UNSC resolution to prepare for a transition from the AU Mission in Sudan/Darfur (AMIS) to UN peacekeepers, and the resolution passed unanimously.

Russia, like China, stated that its willingness to support the resolution did not mean it would support non-consensual UN intervention. Under pressure from Qatar, Russia decided to reverse its position and abstain at the last minute on the UNSC Resolution 1706, inviting the consent of Khartoum to accept a UN mission.<sup>129</sup> It appointed a special envoy for Sudan in December 2008. Moscow thus supported Khartoum in a number of ways, including calling for sanctions on Darfur rebels.<sup>130</sup>

Having voted in favour of UNSC Resolution 1593 (March 2005), referring Darfur to the ICC, Moscow subsequently opposed al-Bashir's indictment. It was more active than Beijing in publicly calling for an Article 16 deferral.<sup>131</sup> Moscow emphasised its 'strenuous efforts' to help resolve the conflict, insisting that any such efforts be pursued 'in accordance with respect for Sudan's territorial integrity and independence'.<sup>132</sup> Moscow has continued to support Khartoum in the face of external condemnation over its war in South Kordofan and Blue Nile.<sup>133</sup> While not a developed economic partner with Sudan, it has continued to act as an international patron, albeit not to the same extent as China.

### **Military relations**

Military relations are a less documented but nonetheless significant area of China's state and corporate links with Khartoum. Following earlier links,<sup>134</sup> relations were enhanced after the Sudan Armed Forces (SAF) Chief of Staff visited Beijing in March 2002.<sup>135</sup> Initiating a wave of such meetings in Beijing and Khartoum, these growing relations took place while Khartoum was attempting to suppress the escalating Darfur uprising in 2003. Chinese military assistance during this period thus became disproportionately important for a Sudan facing mounting international criticism and financial shortfalls.

Sudan's arms trade was importantly mediated by but not confined to states, and involved deliberate and unintended redistribution within Sudan.<sup>136</sup> This opaque subject is bedevilled by incomplete data<sup>137</sup> and complicated by a succession of attempts to sanction arms transfers to Sudan before<sup>138</sup> and as part of the CPA, and in relation to Darfur. During the CPA, Khartoum's major arms acquisitions maintained military connections established during the North–South civil wars.<sup>139</sup> Unlike India, China was an important supplier to Khartoum.<sup>140</sup> In addition to helping finance weapons acquisition on the international market through oil revenues, China also acted as a major arms seller to the government of Sudan with corporations such as China North Industries Corporation (NORINCO).<sup>141</sup>

The question of arms transfers to Sudan is complicated and political. The UN Panel of Experts was careful to state that China did not violate the Darfur embargo.<sup>142</sup> Documenting the prevalence of military equipment with Chinese markings or origins, it nonetheless clearly stated that 'the arms embargo on belligerents in Darfur has no discernible impact on those actors'.<sup>143</sup> The unofficial report by three former members of the panel documents SAF ammunition in Darfur that appeared to be of Chinese make.<sup>144</sup> Chinese ammunition and weapons, and even arms stolen from the AU–UN Hybrid Mission in Darfur (UNAMID),<sup>145</sup> have become prominent in the Darfur region, through deliberate and unintended secondary redistribution by the SAF.

Since the spilt of South Sudan, China has continued its bilateral military relations with Sudan, concurrent with its UN peacekeeping contribution to UNAMID.<sup>146</sup> Sudan's military partnerships assumed heightened importance following the recrudescence of Khartoum's war against the SRF in South Kordofan and Blue Nile, Sudan's 'new south'

after 9 July 2011. Conflict and militarised insecurity continues in Darfur, amid shifting dynamics, notably after the death of the Justice and Equality Movement (JEM) leader Khalil Ibrahim in December 2011<sup>147</sup> and a shaky peace agreement. Sudan's present arms manufacturing capability is dubious, despite longstanding talk of military self-reliance. In January 2012, for example, Sudan's defence minister declared plans to start producing heavy weapons after Sudan apparently had ceased its dependence on purchases of small arms from outside.<sup>148</sup> Sudan's Military Industry Corporation claims to operate five military factories and produce everything from munitions to tanks, armoured vehicles and items with aerial capability.<sup>149</sup>

Recent field investigations do indicate the reality of arms supplies. Sudan continues to receive new Mi-24 helicopter gunships,<sup>150</sup> while cluster bombs, guided rockets, incendiary bombs and grenade launchers capable of launching chemical or gas munitions continue to point to former Soviet manufacturers and Chinese sources.<sup>151</sup> However, this is not necessarily a function of the intended foreign policy of these states. For instance, state-owned but profit-seeking Chinese arms manufacturers such as NORINCO may not always be in step with wider Chinese foreign policy objectives, which mostly appear to have come to treat arms transfers to Sudan with greater caution. The apparent autonomy of these corporations and the lack of political will or ability to better regulate their operations show the complexity of Beijing's efforts to mount a coherent policy on Sudan and square its public rhetoric of support for peace with other actions that fuel the machinery of highly destructive warfare.

While Brazil hardly features in the military equation with Sudan<sup>152</sup> and India's links have been mostly confined to training exchanges,<sup>153</sup> Russia does have notable military links with Khartoum. Unaffected by the EU embargo and keen to enhance lucrative exports, Russia has kept up good military relations, consisting mostly of training and maintenance.<sup>154</sup> Russia's defence chief promised that Moscow would 'effect a cheap all-round modernisation of Sudan's Soviet and Russian-made hardware'.<sup>155</sup> At the same time, the military links between Sudan and former Soviet arms producers, especially in Ukraine and Belarus, are also significant.<sup>156</sup>

## THE REPUBLIC OF SOUTH SUDAN

The relations of China and emerging powers with South Sudan are largely characterised by conflicts over the young nation's unfinished political and economic agreements with Sudan. China's pragmatic engagement with Southern Sudan during the latter half of the CPA paved the way for high expectations for economic relations after South Sudan's independence. However, these were brought back down to the reality of complicated Sudanese politics after the January 2012 shutdown of South Sudan's oil sector. China has sought to balance its relations between the two Sudans and adjust to a structural deficit of governance capacity in South Sudan. China and South Sudan's political relations are still in the early stages of development. South Sudan's hopes of attracting high levels of financial support from China's policy banks have so far gone unfulfilled and have been further frustrated by the onset of civil war in late 2013.

### **Economic relations**

South Sudan's cessation of oil production in January 2012 precipitated the onset and deepening of economic austerity, the contraction of the state's budget, uncertainty and economic insecurity throughout the country. Whereas there were fears of an economic collapse in August 2012, and some international agencies made contingency plans to deal with such a scenario,<sup>157</sup> the severe adjustment did not lead to a breakdown. However, in the face of insecurity, crises and uncertainty, what hopes there might have been for a post-independence bonanza for China and India in South Sudan have dried up.

### **South Sudan's oil industry: reform and adjustment**

The newly independent South Sudan's formal state revenue is underpinned by extreme dependence on oil. Since the oil shutdown, and somewhat overshadowed by political developments, there has been a process of transition and adjustment in South Sudan's oil sector undertaken by the Ministry of Petroleum and Mining. The GoRSS set about governing its own oil industry, an event that has been more important than the renaming of Sudan's former joint-operating consortiums<sup>158</sup> and the physical relocation of the oil companies to Juba. Juba signed exploration and production-sharing agreements with CNPC, OVL and Petronas on 13 January 2012. The Petroleum Act, passed in 2012, empowers the Ministry of Petroleum and Mining to develop and manage South Sudan's oil sector. Based on progressive principles, it creates the institutional architecture to govern the industry and grants the Ministry of Petroleum and Mining a range of powers to negotiate and manage oil contracts, including transitional provisions such as social and environmental audits to determine damage, and compensation for those affected by oil operations. While they look good on paper, converting these principles into action is regarded as the key problem: 'Implementation is going to be a challenge, because of capacity.'<sup>159</sup>

South Sudan is striving to build new oil infrastructure, including two refineries to process crude.<sup>160</sup> Potentially most significant is the proposed pipeline to export South Sudanese crude via Lamu on the Kenyan coast as part of the Lamu Port South Sudan Ethiopia Transport (LAPSET) Corridor project.<sup>161</sup> Presided over by the presidents of Kenya and South Sudan, and Meles Zenawi, the then Prime Minister of Ethiopia, the ground-breaking ceremony for the massive project was held in March 2012. However, while construction of the new southern pipeline was supposed to begin in early 2013 irrespective of whether the GNPOC pipeline started to flow again, the ambitious project has been delayed amid discussions with potential investors, including Chinese and Japanese interests. With various feasibility studies underway in 2013, the cost, technical viability and security of the potential new pipeline route remain shrouded in uncertainty. The most important factor appears to be political will, since far more than a narrow economic calculus is involved. The idea has wide political support and popular backing. 'We need our own pipeline – it would make separation complete, and provide a better chance of peace than interdependence.'<sup>162</sup> While the resumption of oil exports appears likely to affect the pipeline plan it may not derail this entirely, especially if regional developments in Uganda and Kenya's own nascent oil industries move forward in the coming years. A Uganda–Kenya pipeline originating at Lake Albert would make a connection from South Sudan to the Kenyan coast more feasible. However, new and large

commercial discoveries would likely also be required in mostly untouched concessional areas in Jonglei state, where Total and Exxon, among others, are seeking contracts to operate. Without an end to South Sudan's civil war, however, there will be limited, if any, new work in these underexplored oil concessions. The already challenging goal of linking with planned oil infrastructure in neighbouring Uganda and Kenya will likely be insurmountable until relative political stability and security returns to South Sudan.

'Now we are independent' remains a common refrain in South Sudan, including vis-à-vis its self-managed oil sector. Despite the high and often positive expectations about what South Sudan can achieve through managing its oil, real problems remain about how the industry is governed. In such important questions as the renegotiation of contracts, redressing the legacy of past oil development via compensation and addressing environmental damage, CNPC, OVL and other companies will be involved. Historically, as seen in Sudan after 1999 and in other parts of Africa, oil and politics have not proved conducive to the aspirational progressive development that the GoRSS seeks to pursue and achieve. The finite resource will be fundamental to the country's short- and medium-term economic development prospects. Without new discoveries or significant improvements to recovery rates in existing oilfields, South Sudan's main revenue earner will dry up in the coming 20 years, dropping below 100 000 bpd by as soon as 2019, according to the Ministry of Petroleum and Mining.<sup>163</sup> How oil revenues are used will be crucial.

### **Business opportunities**

China's efforts to promote economic relations with South Sudan started before the referendum but, with this being subordinated by the SPLM to its political aims, did not progress far. In February 2010, the Chinese consulate organised a Juba workshop for GOSS officials about economic co-operation with China and enhancing commercial relations between China and Southern Sudan.<sup>164</sup>

Reassured by the comparatively smooth transition and keen to pursue new opportunities in a new country, an increasingly sizeable and diverse range of Chinese companies sought to enter and become operational in South Sudan. Following independence, a growing number of Chinese businesses and entrepreneurs were looking for mineral and mining opportunities.<sup>165</sup> Chinese companies were 'coming in big numbers, but their Western counterparts are only trickling in'.<sup>166</sup> The emerging Chinese business engagement has thus been expanding and diversifying beyond what started as independent entrepreneurial niche businesses (restaurants, hotels and construction) in 2005.<sup>167</sup> Chinese corporations of different types and sizes are more visible and established in Juba. Besides the oil companies, larger national companies such as Jiangsu have their own offices; Huawei, for example, was a sponsor of South Sudan's Second Agricultural Fair in November 2012.

Chinese companies were proactively soliciting business with government ministries after independence. Just as those in business during the CPA hedged corporate strategies against the progress of the peace agreement, so the post-independence surge in Chinese businesses has been tempered by the reality that the anticipated flow of money to fund many projects has not materialised. While the Chinese business presence remains active, it is in a very different context than what many envisaged. Alongside and interlinked with security concerns, the crowded Chinese construction sector, for example, faces a financing

problem. Wider interest in infrastructure construction contracts, such as for roads or hydropower, proceeds amid negotiations with Chinese banks over further infrastructure projects.<sup>168</sup> These were advanced during the South Sudan–China Investment Forum in April 2014, but ultimately, overshadowed by South Sudan’s civil war.

China’s government-supported economic relations with South Sudan have corresponded to political developments and to the oil sector, or, in practice, the availability of government finance to underwrite new business opportunities. In this way, there was great interest during the build-up to independence in the economic opportunities that were thought to be imminent. However, between the euphoria of independence and the cold sobriety of early 2012, there were difficult negotiations between the GoRSS and the main established oil companies. In other sectors, meanwhile, there was a burst of active interest from all manner of external investors seeking to secure new openings, enter and develop operations in South Sudan.

Even amid austerity, the regional trade economy of South Sudan has remained dynamic and important. This can be seen in more than just the continued engagement by Kenyan–Indian businesses or the normal widespread circulation of Chinese goods that make up the bulk of commodities in the markets of Juba and other South Sudanese towns. A new aspect of more transnational trade involves a small number of Khartoum-based Sudanese traders importing Chinese goods via Mombasa to sell in South Sudan as part of new trade configurations featuring increasing numbers of South Sudanese business links with China.

India explored options for enhancing its economic relations with South Sudan before and after July 2011. In June 2011, for example, the Indian Minister of State for External Affairs visited Juba and outlined a road map for India’s engagement in South Sudan’s agricultural, health and oil sectors. The potential for Indian economic engagement in South Sudan was being explored.<sup>169</sup> In Juba, several Indian-operated hotels, restaurants and stores have been established, even though the main early entrepreneurs were of Kenyan-Indian background. OVL has established an office in Juba. India’s Joint Secretary for West Asia and North Africa in the Ministry for External Affairs, Rajeev Shahare, expressed India’s interest in ‘the future farming out’ of oil concessions in South Sudan.<sup>170</sup> There was even some optimism that India was ‘going to be their [South Sudan’s] number 1 development partner’.<sup>171</sup> A number of Indian projects were underway as part of efforts to step up its engagement there. The former Indian Ambassador to Sudan also led a number of Indian business delegations to Juba.<sup>172</sup> South Sudan attracted attention from key business forums such as the Federation of Indian Chambers of Commerce and Industry, which was exploring options to expand its links with South Sudan.<sup>173</sup>

For India, South Sudan looks to be an engagement with future regional importance that may yet develop in important ways but for now remains tied to the uncertainty of the current state of affairs between the Sudans. This was underlined in August 2013, when Kiir cancelled a planned trip to India. Notwithstanding official efforts to boost relations, the Indian corporate sector appears to be engaged but not yet robustly so. With Nairobi regarded as an optimal base for expanding operations into South Sudan,<sup>174</sup> and East Africa seen as ‘a major strategic focus for India’, South Sudan was anticipated to ‘be a very important country for India not only for itself but also for its east African regional dimensions’.<sup>175</sup>



## Migration

Despite political turbulence, independent South Sudan has seen the growth of a new social presence through economic migration of a different kind than that seen after the CPA. In early July 2011, there were reportedly some 1 700 Chinese nationals in South Sudan (including the oil industry's managerial and construction personnel and peacekeepers).<sup>176</sup> With the increase of the Chinese population in South Sudan, especially Juba, has come business and community organisation, the marking of major festivals and interest in founding a Chinese cultural centre in Juba.

Notwithstanding changing attitudes, various popular stereotypes about China and India still remain. The recent increase in Chinese nationals in Juba and parts of South Sudan has been met with mixed feelings and reactions, linked to more general politics of reaction against Kenyan or Ugandan traders, for example. In China's case, there has also been some resentment that Chinese business has become so ubiquitous following China's support for Khartoum during the war years. In contrast, Indian medicine, for example, is widely seen as trustworthy and affordable, and India is a destination of choice for those with means seeking affordable, good health treatment. This is especially the case in view of popular perceptions of India's good immigration and visa services. As summarised by one knowledgeable analyst: 'If I want to go to India, I can go tomorrow.'<sup>177</sup>

## Chinese development assistance

Even before the oil shutdown, South Sudan was keen to attract assistance and sought 'any help' it could get 'so long as it fits with our development priorities'.<sup>178</sup> China aligned itself to the 2011–2013 South Sudan Development Plan. While underlining the need to mitigate oil dependency and diversify the economy before the oil runs out,<sup>179</sup> this plan rested upon the intention to use 'oil wealth to drive rural economic recovery and development' and use infrastructure construction to support rural development.<sup>180</sup>

China has promoted a multi-stranded development and humanitarian assistance programme. In October 2011, a RMB<sup>181</sup> 200 million (some \$30 million) grant intended to underwrite Chinese development activities was announced. However, in general, the implementation of China's programme has not been smooth. Notable projects, such as the planned hospital construction project in state capitals were delayed, but others like the Rumbek Hospital in Lakes State, were being completed, and the Chinese medical aid programme was able to start after some delays. Now that South Sudan is a Forum on China-Africa Cooperation (FOCAC) partner as an independent state, it is eligible for assistance. China's Juba embassy was seeking to increase assistance to South Sudan's via this mechanism.<sup>182</sup>

South Sudan remains interested in securing Chinese investment in agriculture and learning about China's agricultural experience.<sup>183</sup> China's minor agricultural role in South Sudan remains in an emergent stage as it seeks new opportunities and considers setting up an Agricultural Technology Centre.<sup>184</sup> Beyond China's technical programmes, the general optimism at independence about what China could do in South Sudan through developmental engagement foundered on the reality of a new government struggling to establish itself and facing a host of other problems. A major structural problem, not helped by the conflict and politics between the two Sudans, was mismatched capacity. This predated and was exacerbated by the oil shutdown. The GoRSS lacked sufficient capability to negotiate with China; in turn, the Chinese government and banks became frustrated



by what they saw as Juba's inability to prioritise its needs, poor planning and the absence of repayment guarantees.

This was dramatised in 'the so-called \$8 billion' loan-that-never-was affair.<sup>185</sup> In April 2012, South Sudan's Minister of Information announced an \$8 billion loan from China, not long after Kiir visited Beijing and in the context of oilfield conflict. There are varying accounts of this, a more widely reported episode in the protracted negotiations about the amount, nature and conditions of a Chinese financial package to South Sudan. When announced, however, this loan had not been agreed upon. By neither publicly denying nor confirming the claim for nearly a year, the Chinese government hardly helped resolve the ambiguity. Only in mid-March 2013 did China's special envoy confirm that Beijing had not offered South Sudan the \$8 billion loan. Such a loan would have been remarkable. However, even if not finalised, the legend of the huge loan rapidly took on a life of its own, amplified by a situation of deepening austerity.

The upshot was mutual discontent: some South Sudanese politicians and officials' disquiet about China was mirrored by the private frustrations of Chinese officials, including with what they regarded as Juba's poor planning and its failure to prioritise its needs. China's aversion to blank cheque diplomacy and the lack of repayment guarantees were also factors. Beijing was widely perceived as financially capable but politically unwilling to fully help the GoRSS at a critical time. In November 2012, a cartoon published in *The Citizen* newspaper summed this up: holding armfuls of dollars, a figure representing China tells a puzzled South Sudan, leaning against a barrel of oil: 'We are friends but no loan.' The message, in other words, appeared to be that South Sudan, a friend in need, was not China's friend indeed.

### Political relations

At independence, the GoRSS's new Ministry of Foreign Affairs and International Cooperation set about establishing diplomatic relations with China and other powers. On 9 July 2011, a special envoy of the Chinese President signed a joint communiqué establishing diplomatic relations between China and South Sudan. Indian Vice President Mohammad Hamid Ansari also took part in the independence celebrations in Juba.<sup>186</sup> Brazil sent an official representative to the independence ceremony and established diplomatic relations the same day. Diplomatic relations between Russia and South Sudan was established later, on 22 August 2011.<sup>187</sup>

Bilateral political relations between South Sudan and China have advanced significantly since July 2011, but this has happened in the shadow of ongoing crises.<sup>188</sup> There have been a number of high-level Chinese government delegations to Juba in the build-up to and after independence, including a visit to Juba by Chinese Foreign Minister Yang Jiechi in August 2011. Kiir embarked on another visit to Beijing in April 2012 – a state visit that was intended to consummate the newly forged relations. Despite holding talks and opening South Sudan's new embassy in Beijing, the visit was overshadowed by a serious deterioration in South Sudan–Sudan relations. Kiir returned to Juba early.

Political relations have involved different levels of government – not only the central state in Juba but also South Sudanese state governors, some of whom have pursued relations with China. China's training programme for GOSS employees continued after independence.<sup>189</sup> In July 2012, South Sudan participated in FOCAC 5 for the first time.

This new membership in China's framework of official African co-operation was linked to Juba's efforts to join regional African economic and political bodies.

One area in which there was an evolution in inter-state relations concerned practical working arrangements. In this context, both sides sought to advance more effective working relations, in effect seeking to convert the official rhetoric of partnership into a living reality better able to deliver more tangible benefits. Both sides have been developing new ways to overcome the problem of mismatched capacity. In particular, this has been seen in joint efforts by South Sudan's Ministry of Finance and the Chinese embassy in Juba to establish a 'China desk' (and a similar venture at the Exim Bank). Such mechanisms, properly achieved, had the potential of playing a significant role in negotiating the financial foundations of wider China–South Sudan economic relations, and the developmental benefits for South Sudan that should accrue from these.

The financial bottleneck has not been entirely resolved. Not long after, the resumption of oil exports in May 2013 made general circumstances far more conducive. The reform measures heralded the potential for progress and, in the context of improved relations between Juba and Khartoum, appeared to be bearing fruit in South Sudan's China relations. The first evidence of sorts that loans are being agreed upon came in April 2013. While not providing figures, Kiir told the National Legislature that 'a major loan scheme' had been agreed with China to 'pay for major infrastructure projects', namely the Juba airport, roads and electricity schemes.<sup>190</sup> This progress, however, was stalled by the start of South Sudan's civil war eight months later.<sup>191</sup>

Another area of political relations has involved party diplomacy. The SPLM started developing links with the CPC before July 2011 through an increasing number and range of contacts, and this has continued. Apart from enhancing familiarity between what had been mutually ignorant parties, such links have involved the exchange of ideas and, especially, exposure to China's approach to politics. The SPLM's April 2011 visit to China was thus, for example, themed around 'construction of the Party's ruling capability'.<sup>192</sup> After July 2011, the SPLM continued to deepen relations, and formalised these through the signing of an MoU finalised in late 2011. In November 2012, another SPLM delegation toured China 'to learn about China's experiences in the area of governance'.<sup>193</sup> Among recent exchanges, in April 2013 a CPC delegation to Juba met the SPLM in another exchange presented in governance-learning terms. However, these were affected by the political changes of July 2013 and the dismissal of Amum as SPLM Secretary General.

Brazil's relations with South Sudan remain largely aspirational, especially after the early ambitions to enhance relations were rocked by the events of 2012. Following independence, Brazil stood 'ready to co-operate' with South Sudan 'and to contribute to its sovereign development'.<sup>194</sup> South Sudan looked to expand links with Brazil and, before the oil shutdown, planned to establish an embassy in Brasilia later in 2012. Brazil's principles of non-interference and developing status were attractive to many GoRSS figures.<sup>195</sup> Overall, while Brazil has declared its intention to assist South Sudan 'in areas that may contribute to its sustainable development',<sup>196</sup> apart from limited links<sup>197</sup> this has yet to be followed through.

## Military relations

China and the emerging powers have not developed significant direct military relations with the SPLA, which has maintained closer military links to other powers as it pursues efforts to realise its planned defence transformation and respond to internal conflicts within South Sudan. China has not initiated formal military relations with the SPLA.<sup>198</sup> People's Liberation Army (PLA)–SPLA military co-operation would conform to China's standard relations with many African allies, but would be particularly sensitive in the Sudans. In contrast, Russia has made more public efforts to conduct military business with South Sudan, although this is in a secondary commercial role.<sup>199</sup>

The main modality of military engagement with South Sudan among the emerging powers has been peacekeeping contributions to the UN Mission to South Sudan (UNMISS) (see Figure 2). Following its CPA-era peacekeeping role, India has deployed the largest troop contingent, seven of whom lost their lives before and after the start of South Sudan's civil war. China has also deployed troops. Russia decided to withdraw four helicopters and ground the rest of its fleet in December 2011.<sup>200</sup> Despite strenuous efforts in Juba and New York, UNMISS did not have the operational capacity, for example, to transport heavy military equipment to respond to conflict in Jonglei in late 2012.<sup>201</sup>

**Figure 2: UNMISS deployments (as of April 2013)**

Country	Nature of deployment	Male	Female	Total	Overall total
<b>Brazil</b>	Individual police	6	0		
	Experts on mission	5	0	5	
	Contingent troops	3	0	3	
					<b>14</b>
<b>China</b>	Individual police	14	0	14	
	Experts on mission	3	0	3	
	Contingent troops	339	8	347	
					<b>364</b>
<b>India</b>	Individual police	19	4	23	
	Experts on mission	5	0	5	
	Contingent troops	1 931	6	1 937	
					<b>1 965</b>
<b>Russian Federation</b>	Individual police	12	0	12	
	Experts on mission	3	0	3	
	Contingent troops	4	0	4	
					<b>19</b>
<b>UNMISS total (all countries)</b>					<b>7 157</b>

Source: UN DPKO (UN Department of Peacekeeping Operations), 'UN Mission's Summary Detailed by Country', 30 April 2013

Within South Sudan, there have also been new conflicts and proto-rebellions featuring recently acquired Chinese arms.<sup>202</sup> Ukraine was the main exporter of small arms and light weapons to South Sudan after the CPA,<sup>203</sup> but Chinese and Russian arms have been notable. Although the trail is unclear (with arms being routed through third parties or sourced directly from China), large quantities of Chinese manufactured ammunition have been recorded in SPLA stocks and among the various armed rebellions that have beset South Sudan. There were four heavily armed rebellions in the year before independence, all linked to Khartoum's security apparatus.<sup>204</sup>

## THEMATIC CONCLUSIONS

China, India, Brazil and Russia have been very different in their complex engagements with Sudan and South Sudan. As a result, this paper questions the analytic usefulness of the currently popular and ubiquitous grouping-together of 'emerging powers'. China's engagement has overshadowed that of other powers, notably India and Malaysia; it is still the most important of all, to the extent that it is almost in a category of its own. Over the past two decades, across economic, political, social and military engagements, China has clearly been ahead of all the other so-called emerging powers.

These prominent relations with Sudan, and later South Sudan, led by an initial economic impulse, have been tested by Sudan's unstable politics and the independence of South Sudan in 2011, and now, again, by a series of ongoing conflicts. This can be seen in at least three areas. First, approaching Chinese and Indian engagements as applied manifestations of self-ascribed South–South co-operation may be more useful in so far as it allows a more coherent organising framework. Nonetheless, this too is problematic, though in more interesting ways given the incongruence between today's aspirational normative rhetoric and the existing nature of actual South–South co-operation. Second, China and India's engagement has been caught up in Sudan's domestic politics. As a result, their developmental impact has largely conformed to and reinforced an embedded violent political economy. Notwithstanding areas of functional economic co-operation between China and India, exemplified by oil, or areas of political co-operation and co-ordination, it is Sudanese politics – and now political relations between and within the two Sudans – that continues to exercise the most fundamental influence on the nature and impact of China and India's engagements. Third, China and India's engagements have been adjusting and responding to the ongoing conflicts and political turbulence between and within Sudan and South Sudan. The trend has been toward recalibrated economic links in the face of the very different, far more difficult economic circumstances following more than a decade of economic growth and an oil-fuelled boom that rendered Sudan an enticing market.

### **South–South co-operation under strain**

The notion of 'co-development' has been a basic descriptive tenet and a legitimating rationale of China's approach in Sudan since the 1990s. The notion that Sudan's oil-powered economic growth could spearhead transition into a developed future state re-articulated the visions of economic modernisation pursued by previous central governments in Khartoum. Similarly, the attempted revival of Sudan's agricultural

breadbasket ambition followed on similar efforts in the past. China's role in the NCP's 'hydro-agricultural mission' was vital in the NCP's efforts to advance a 'Sino-Sudanese model of development'. Even before South Sudan's independence, however, it was not clear if China would be the factor to make a qualitative difference in the face of entrenched constraints and the politics of the NCP.

Before July 2011 and the more pronounced economic crisis that followed, Sudan's economic growth was outwardly impressive in terms of official statistics, and economic benefits undoubtedly accrued to the political and corporate elites involved, but these did not equate with 'development' in a broader sense.<sup>205</sup> As such, while the mutualism and reciprocity implied in the slogan of 'co-development' were attractive, the actual main dividends were confined to a more limited set of actors. The results of this centrepiece of South-South co-operation did not depart from Sudan's previous external partnerships, which also rallied around common development goals. In this, the NCP's role in maximising the benefits of Chinese, Indian and other engagements for its own purposes, on top of inherited development constraints, should locate China's role within a deeper set of more enduring, structural barriers inhibiting 'development' and the determining role of politics in shaping these. China and India's engagements, conforming to and reinforcing aspects of Sudanese politics, have led to criticism of their role both inside and outside Sudan, but changing political conditions have also upset the hard economic core underpinning South-South co-operation.

At first predominantly extractive and concentrated on oil, and later more commercial and diversified across economic sectors, these engagements entered, compounded and would in turn be affected by Sudan's historically unbalanced political economy and the dominant cultural-racial supremacy of its Nile-centred elite. The main economic impacts, most evident in the oil sector, thus largely conformed to the historical pattern of Sudanese politics rather than substantially altering it. China's engagement blended into Sudan's longer history of authoritarian top-down, centralised, disempowering and impoverishing development.<sup>206</sup> This was seen most clearly in the oil sector. While the oil-rich regions began to generate considerable revenue, there were negligible improvements in service delivery and on-going grievances concerning the environmental impact of oil were not addressed. Grievances concerning the absence of oil benefits for local communities contributed toward renewed conflict, spliced onto a longstanding discourse protesting against the underdevelopment of Sudan's periphery.

China was caught up as a result, being regarded as active in this process and inseparable from the state. The most dramatic example of the politicisation of Chinese interests has been the killing of five Chinese oil workers in October 2008, targeted in an apparent effort to use oil interests as proxy instruments of political leverage against Khartoum. Local grievances are thus channelled through but not confined to Chinese and other oil companies, and express more general frustrations with the lack of a tangible 'peace dividend' and compensation for the wartime impact of oil development. This also continues in South Sudan, albeit under a formally different legal regulatory structure. The kidnapping of some 29 Chinese workers in South Kordofan on 28 January 2012 and the partial shutdown of South Sudan's oil production due to its civil war again highlighted China's vulnerability to and immersion in Sudanese politics.<sup>207</sup>

Apart from among state elites, (hardly holding uniformly or unreservedly positive views themselves), the Chinese economic role has been more critically received. There is

appreciation of aspects of China's role, from its oil intervention in the 1990s to subsequent investment, but popular attitudes are far more varied and critical. For some time, there has been a chorus of business complaints about and popular grievances against the Chinese economic presence.<sup>208</sup> The Chinese role in Sudan's economy thus has long been contentious at different levels: there have been local complaints concerning the quality of Chinese goods, debates about the impact of Chinese competition on Sudan's industry,<sup>209</sup> and general perceptions of opaque business methods.<sup>210</sup> Now that China has become more important to Sudan, however, the political significance of these ties is likely to continue to render such issues subordinate to state objectives.

Over a relatively short period, China became a new and somewhat different development partner for South Sudan. Alongside favourable gains in government and public opinion, opposition to and mistrust of China continue at multiple levels as a legacy of the war years, and its recent perceived lack of support to the GoRSS. Those South Sudanese who 'visit China to see development' express admiration at multi-tiered flyovers and high-speed trains. Enhanced direct contact has redressed wartime ignorance and lack of exposure.<sup>211</sup> China has also sought to enhance its popularity in South Sudan with its assistance programme, and to reactivate the more positive, pre-war associations of a benevolent China (via an exhibition of photographs of its medical teams in the 1970s etc.). The Chinese government has made notable political progress with the South Sudanese elites. Many (though not all) now have a pragmatic attitude towards working with China, reinforced by recognition of its financial clout and capability to assist where Western donor partners cannot. Nonetheless, this is no zero-sum shift. Overt and latent opposition remains.<sup>212</sup> There also remain questions about what these strengthening links will translate into in terms of formal goals concerning sustainable, broad benefits.<sup>213</sup>

Sudan and South Sudan remain important in demonstrating the changing patterns and politics of South–South trade and investment in a rapidly globalising world. However, the independence of South Sudan and the resultant political ramifications for the economic interests of China and India, as well as strained relations, have challenged China in particular to sustain its commercial interests while demonstrating a positive impact on peace and development. Whereas China's economic relations have gone far above and beyond oil, in particular in terms of hydropower investments, India's wider economic engagement may have peaked with Sudan's oil production. India has been active outside of oil, but major projects have tapered off quickly with falling oil prospects and as the Sudanese government's poor ability to finance major infrastructure projects has become clear. While New Delhi has been engaging with Juba, its trajectory in both Sudans appears to have been pegged to political developments in and between both states.

### **Primacy of Sudanese politics**

Beyond areas of common economic endeavour, if there is a theme linking the disparate engagements of these powers in the Sudans it is the defining significance of myriad forms of Sudanese agency in variously shaping and incorporating these engagements to serve changing domestic and international agendas. The importance of Sudanese agency is hardly new or surprising. In fact, being driven by intelligible motivations, it is to be expected, confirming a deeper historical pattern in Sudan's extraverted relations with a range of external powers.

The political curtailment of trade and investment from the West coincided with initial overseas investment from China, Malaysia and, from 2003, India, that primarily focused on oil but later expanded into other economic sectors. Sudan represented an undefended African beachhead of sorts for Asian state-owned enterprises to test-run international investment strategies and access new markets. In turn, not only did Khartoum benefit from cultivating economic partnerships, thus allowing it to successfully bypass US-led efforts to isolate it, but it also managed competition between these actors to its own advantage.

Oil was closely connected to the changing nature of NCP rule after 1999, providing a substantial resource stream for Khartoum's security state. Oil, additionally, was one factor further undermining the socio-economic position and political stature of Sudan's two main traditional political parties. The NCP regime's interests came to be predicated more on regime perpetuation.<sup>214</sup> Staying in power necessitated, among others, having the economic resources to maintain the means of effective patronage, as well as being seen to deliver tangible development benefits for key constituencies. In this regard, the Chinese engagement played an invaluable role in the NCP's domestic politics, bringing tangible short-term and other, more strategic dividends.

China, in particular, was an empowering alternative economic and political partner for the government of Sudan in the face of Western and regional pressure on Khartoum. This was achieved through a combination of Chinese-led external international patronage and the NCP's internal oil-powered patronage system. Khartoum sought to harness the benefits of China and Chinese assistance in order to legitimate its own rule via demonstrations of the developmental impacts it had brought to Sudan through its partnership with China. For example, the Merowe Dam was used to symbolise al-Bashir's success in advancing economic progress.

India's entry in Sudan's oil industry through the investment of OVL was guided by Sudanese determination as well. Both CNPC and Petronas held the contractual right to purchase the abandoned stakes of the Canadian oil company Talisman in 2003. However, the Sudanese government successfully pushed both Asian national oil companies to permit OVL to acquire the abandoned stakes in an effort to diversify external partners and move away from any one foreign country or company having too strong a hold on the oil industry.

This Sudanese political agency is by no means confined to central state protagonists in Khartoum or Juba, but has diversified into multiple active forms. This only serves to underline the difference in circumstances from when, in the 1990s, the key oil interventions could rely on devolving security to the Sudanese government and be mostly shielded from serious repercussions. Most notably, the intimate association and symbiosis between China's interests in Sudan and the NIF/NCP have long rendered the Chinese role politicised in the minds of anti-regime groups or other levels of more popular opposition. As a result, China is a lightning conduit for various anti-government grievances – including those combining economic grievances, military means and political agendas – and for more opportunistic economic targeting. This was most clearly seen in Darfur when the JEM and other groups condemned China for supporting Khartoum. It has also been seen more recently in Sudan's other areas of active conflict.

A further, notable difference is visible in how both the ruling parties and governments of Sudan and South Sudan attempted to use China as a proxy in their inter-state



relations.<sup>215</sup> After Sudan lost three-quarters of its oil resources due to the independence of South Sudan, the SPLM pushed China in particular to favour its position in oil negotiations with Sudan. In mid-January 2012, a high-level Chinese delegation led by Li Yuanchao (who was elevated to the Politburo of the 18th CPC Central Committee in November 2012) visited Juba. A transitional oil agreement and six other agreements were signed by Stephen Dhieu Dau, South Sudan's Petroleum and Mining Minister, and Jiang Jiemin, the CNPC chairman.

The leadership of South Sudan was able to exploit its new-found political power to coerce CNPC and other oil companies to accept changes in existing oil contracts. While the financial terms of the contracts would go unchanged, new environmental, social and local clauses were introduced, in addition to a clause that freed the South Sudanese government of any liability or compensation obligations in the event of an oil shutdown.<sup>216</sup> When Juba decided to halt oil production in the weeks following the high-level Chinese visit in late January 2012, CNPC and the other Asian national oil companies had no recourse but to wait for the political storm to blow over.

The inherent political and security risk of investing in Sudan in the 1990s and 2000s eventually caught up with CNPC, Petronas and OVL in the aftermath of South Sudan's independence. Although Asian national oil companies have entered a number of trouble spots through their early internationalisation, this is far from unique in the global oil industry.<sup>217</sup> US and European oil majors also invest in conflict-affected countries around the world. It is the nature of the business for oil companies, regardless of whether they are Asian or Western, to invest where there is oil and seek out new markets in search for new reserves and revenues. Asian national oil companies may be inherently closer to their governments than their Western counterparts and receive state support, but profit making is central to both groups. What was unique about Asian national oil companies venturing into Sudan was the nature of Sudanese politics, and the civil wars it produced. This drove the US' confrontational foreign policy on Khartoum, which provided a strategic advantage for Asian companies due to the absence of US, and much European, competition. Asian national oil companies will continue to be shaped by Sudanese politics across the two Sudans.

In a fraught context where both Khartoum and Juba have been pressuring China to pressure the other, it is hardly surprising that Beijing should be unwilling to intervene, and rather seek to remain outside the politics of this relationship, where possible. However, one problem it faces as a result is that relative degrees of inaction can only ensure that Beijing's diplomacy remains reactive, responding to events, which deepens its vulnerability.

Given the progress China has made with the GoRSS in a comparatively short period of time, and Juba's recent history of closer ties to some Western countries, the geopolitics of South Sudan's emerging foreign relations has inevitably attracted wide speculation. The GoRSS may have defined the general guiding principles of its foreign relations, but it has not pursued a clearly defined foreign policy.<sup>218</sup> In light of political turbulence, various domestic challenges, resource constraints and the capacity deficit of its fledgling Foreign Ministry, the foreign relations of the new state have been mostly reactive, dominated by its relations with Sudan and neighbours such as Uganda.

This is an early stage in independent South Sudan's foreign relations. It has a diverse range of external partners to look to and potentially benefit from. A scenario of seeking to maximise the benefits of all – of trying 'to milk both cows at once'<sup>219</sup> – appeared to be the



most likely for Juba in going forward. At the same time, there is the apparent likelihood, at some stage further down the line, of more deliberate management of these powers, as precedents from Sudan point to and political logic suggests could become possible. Should US or European policy become derailed (and South Sudan's civil war may severely rupture these ties), China stands to benefit, but not in axiomatic or zero-sum terms, and with inbuilt tensions.

### **Negotiating and balancing between and within the two Sudans**

Crisis diplomacy is one area in which China has been active in the new context of two Sudans. In 2012, China attempted to engage both sides to stem hostilities emerging from Sudan and South Sudan's oil feud, but played a limited brokering role. Beijing engaged with Juba to attempt to secure its oil interests in South Sudan and to bridge Juba's differences with Khartoum over an oil deal. External expectations centred on the desired potential efficacy of China's mediation role in the AUHIP-facilitated Addis Ababa negotiations. When translated into practice, however, this was problematic. While the Chinese government conducted bilateral efforts of its own to support the talks, it was not very engaged in Addis Ababa itself, instead engaging at the New York level.<sup>220</sup> China's previous interventions in the dispute did not get far in resolving the political differences between Khartoum and Juba. However, despite affirming its desire 'to be a fair broker' and that 'peace is good for both',<sup>221</sup> China appeared to adopt a realistic stance and largely deferred to the AUHIP, rather than pushing for a deal. It welcomed signs of progress in public while privately expressing the hope that the two parties could resolve their differences.<sup>222</sup>

Managing relations with both Sudan and South Sudan has introduced greater complexity for Chinese diplomacy both vis-à-vis these states and in the context of connected, wider regional relations. Trying to approach the Sudans as equal, separate yet 'interdependent' entities, on the basis of non-interference and respect for state sovereignty, Beijing endeavoured to balance its relations with and interests in both Sudans. Its political rhetoric reflects this: 'We are friends of the Sudanese, not the Northern Sudanese or the Southern Sudanese but the whole Sudanese people.'<sup>223</sup> Against this is the challenging political reality that China faced the actuality or potential of efforts by Khartoum to secure Chinese support against Juba, and Juba's efforts to secure its support against Khartoum, continuing a political trend that developed with the CPA. However, the changed circumstances following South Sudan's independence mean that China must try to balance formally equal relations with both Sudans more adroitly. Despite China's, and to a lesser extent India's, public and private concern over the continual oil shutdowns, economic crises gave both Sudans plenty of reasons to also want to reach an agreement on oil.

Warming ties between Khartoum and Juba were not undone with the start of South Sudan's civil war in 2013. Both sides held a mutual interest in ensuring oil production continued. However, this state of affairs could be a short-term affair. The fluidity of politics and the multiple and interconnected civil wars in the Sudans, along with the unresolved issues of the CPA, may yet upset relations.

China's crisis diplomacy intensified at the onset of South Sudan's civil war. Building on previous engagements over Darfur and the 2012 Sudan–South Sudan conflict, China's special envoy to Africa, Zhong Jianhua, moved quickly to support regional and

international efforts to broker a January 2014 cessation of hostilities. However, the agreement, and its later reaffirmation, was unsuccessful in bringing an immediate end to the conflict, underlining the primacy of South Sudanese politics to events.

After the 2012 oil shutdown, India also became more active, encouraging a negotiated settlement to the political and economic issues facing Sudan and South Sudan. In March 2012, Amarendra Khatua, an additional secretary at the Ministry of External Affairs, was named as Special Envoy to Sudan and South Sudan.<sup>224</sup> He was replaced in early 2013 by PS Raghavan. As the head of the ministry's Development and Partnership Administration, a new body responsible for managing India's international development partnerships, Raghavan was better placed to engage the Sudans.<sup>225</sup> However, in late 2013, he was appointed ambassador to Russia and the special envoy position was left untended as civil war broke out in South Sudan. India's Ministry of External Affairs sent Sandeep Kumar, Joint Secretary for West Asia and North Africa, to Juba to assess the situation and Addis Ababa to follow the negotiations, but New Delhi remained largely on the sidelines of international efforts to broker peace. This is a sign of both the low, and diminishing, priority of the Sudans in Indian foreign policy, and the relatively smaller and declining value of OVLs oil investments.

## CONCLUSION: ENCUMBERED ACTORS

Amid widening interest in 'rising powers' in Africa, with China and India as the leading 'emerging powers', one theme evident in this paper is that such general groupings fail to translate meaningfully in the complex circumstances of the former Sudan and the new two Sudans. In large part, on top of the mostly bilateral thrust of these engagements, this is because it is Sudanese politics that exercises a determining influence. The two Sudans may be legally independent states but they remain interconnected in ways that have intensified the political pressure on China most especially, and in other, less direct ways on India. Russia and Brazil are in a different, lower-order category. These countries will continue to face political and security threats to their economic interests in the Sudans.

It is clear that China is not an emerging power so much as an emerged power in Sudan nearly two decades after entering the country's oil sector. China's role has undergone a transition from an ad hoc, emergent and expansive phase of relations to becoming an established, more structural and diversified part of the Sudanese landscape in which economic activity is inevitably politicised. With the exposure attending China's emerged status – perceived and ascribed – has come a very different set of challenges, as was dramatically demonstrated in South Sudan after 15 December 2013.

China was once politically unencumbered, able to expand its oil-based interests from the mid-1990s thanks to government and allied proxy militia support, but now the Chinese government is an encumbered actor seeking to manage declining oil returns and deepening political challenges alongside new forms of political exposure, conflict and attendant vulnerability in both Sudans. This combination of diminishing economic returns amid higher political costs, continuing risks and investment threats – most obviously in the wars in South Kordofan, Blue Nile and Darfur, as well as South Sudan – has meant that the Sudans today constitute a markedly contrasting engagement from that of the 1990s. The sustainability of Chinese, Indian and other engagements amid intractable conflicts

remains an issue that is compounded by ongoing political uncertainty and instability in both Khartoum and Juba.

Another change concerns the expectations for and pressure on China to engage in more active burden sharing and take on a more involved and visible diplomatic-political role. This is a further indication of its irretrievably encumbered and more visibly exposed status. The trend that saw Sudan's economic importance diminishing at the same time that its political importance became elevated has continued. In the process, and as China's diplomatic efforts shifted in 2014 from trying to enhance relations between Sudan and South Sudan to addressing conflicts within both states, the political challenges of the two Sudans facing China in particular are considerably more complex and politicised. This can only continue.

## ENDNOTES

- 1 This occasional paper was first completed in mid-2013 and therefore includes limited discussion of South Sudan's civil war.
- 2 This paper does not include South Africa nor is Malaysia's role considered, though it has been influential. See Marchal R, 'Malaysia-Sudan: From Islamist Students to Rentier Bourgeois', in Large D & L Patey (eds), *Sudan Looks East: China, India and the Politics of Asian Alternatives*. Oxford: James Currey, 2011.
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- 4 *Indian Express*, 'As a new country is born in Africa, India extends a hand of friendship', 9 July 2011.
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- 6 Personal interviews, Indian Council of World Affairs, New Delhi, 5 March 2012.
- 7 In early 2008, for example, India brought 15 GoSS officials to the Foreign Service Institute in New Delhi for diplomatic training.
- 8 Personal interview, Khartoum, 12 October 2010.
- 9 Russia, for example, was 'planning to provide' \$2 million of emergency food aid to the World Food Programme. Statement by the Representative of the Russian Federation, Dr Alexei F Chistyakov, Ambassador of the Russian Federation in the Republic of the Sudan, Sudan Consortium, Khartoum, 19 March 2007.
- 10 After backing the re-election of President Omar al-Bashir in Sudan's April 2010 elections, and invoking the spectre of secession (see *Sudan Tribune*, 'Russia warns from new Somalia in South Sudan', 27 August 2010). In March 2011, Margelov was appointed 'presidential special representative for co-operation with African countries' by a presidential decree and released from his position as presidential special representative for Sudan.
- 11 At the 2<sup>nd</sup> PAIC Congress in December 1993 in Khartoum, Turabi discussed Muslim problems in Russia with Geidar Jamal, a prominent Russian Islamist, and proposed an Islamic committee for Russia. Millard Burr J & RO Collins, *Sudan in Turmoil: Hasan Al-Turabi and the Islamist State, 1989–2003*. Princeton: Markus Wiener Publishers, 2009, pp. 137–38.
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- 21 Britain was Sudan's most important export destination and source of imports before the Second World War. It remained 'Sudan's number one customer and supplier' at independence. See *[Sudan] Economic Survey, 1957*. Khartoum: Economic Section, Ministry of Finance and Economics, pp. 14–15. From 1933–39, Britain bought around 51% of Sudan's exports on average (Egypt taking 12%, India 10.4%, France 5.3% and the US 4.2%). Britain and India bought 82% of Sudan's cotton in 1939. Britain was also Sudan's leading supplier of imports, accounting for an average of 27.5% of mostly manufactured imports from 1933–39 (Egypt supplying 19.4%, Japan 17.9% and India 5.8%). See Daly MW, *Imperial Sudan: The Anglo-Egyptian Condominium, 1934–1956*. Cambridge: Cambridge University Press, 1991, pp. 103–104.
- 22 The USSR was once a major importer of Sudanese cotton, but Russia did not register in official Sudanese trade statistics. Bank of Sudan figures show Russia trade accounted for just 0.9% and 1.0% of Sudan's imports in 2009 and 2010 respectively. Despite efforts to boost economic relations, Brazil-Sudan trade was rightly described as 'irrelevant' in 2009. See Daniel I, 'Brazil to have new ambassador in Sudan', *Brazil-Arab News Agency*, 25 June 2009.
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- 27 China, Ministry of Commerce, '2010 Statistical Bulletin of China's Outward Foreign Direct Investment', Beijing: Ministry of Commerce, 2011, pp. 83–4. In 2004, Sudan ranked 4<sup>th</sup> as a destination of China's foreign investment in the world, its share of \$146 million representing 46% of China's largest outward flow to Africa (significantly exceeding Nigeria, the nearest country, at 14%). In 2005, Sudan dropped to 8<sup>th</sup> with \$91.13 million (or 0.7% of China's world total). In terms of accumulated Chinese foreign investment at the end of 2005, Sudan's share as a proportion of Africa's was 22% (as a proportion of China's total, however, it stood at 0.6%).
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- 36 Downs ES, 'Who's afraid of China's oil companies?', in Pascual C & J Elkind (eds), *Energy Security: Economics, Politics, Strategies and Implications*. Washington, DC: Brookings Institute, 2010, p. 86.
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- 93 Only general information is available on non-oil Chinese foreign investment, with a number of data problems. For instance, Sudan's Companies Registry lists more than double the number of Chinese companies registered with the Ministry of Investment: the Companies Registry includes 203 companies classified as Chinese while the MOI registry contains 97 fully licenced Chinese firms, private or joint venture firms, as a total for 2000–2008. Suliman KM & AAA Badawi calculate 13 state-owned enterprises as resource seeking with a \$7.56 billion stock of FDI, and 97 market-seeking private firms with \$81.83 million stock; see Suliman KM & AAA Badawi, 'An Assessment of the Impact of China's investments in Sudan', AERC Paper, CCS 13, November 2010, p. 23.
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- 112 The CPC's International Liaison Department, for example, is at times referred to as China's 'second foreign ministry', serving party-to-party ties that often dictate actual foreign policy. Personal interview, Chinese professor, Beijing, 27 October 2011.
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- 114 India opened a Liaison Office in Khartoum in April 1955, before Sudan's independence on 1 January 1956. India provided the chief election Commissioner, Sukumar Sen, for Sudan's first multi-party election in 1953.
- 115 In 1993 and 1994, India voted against UN resolutions on Sudan and stood against efforts to expel Sudan from the IMF. An India-Sudan Joint Ministerial Commission was created in June 1997.
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- 131 In February 2009, for example, Russia’s UN Ambassador called for the UNSC to invoke A16.
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- 133 In August 2011, a closed UNSC meeting failed to agree on a statement concerning a ceasefire in South Kordofan. Sudan’s permanent UN envoy reportedly said that China, Russia, India and Lebanon objected to a US and French initiative to call on Khartoum to cease its military offensive in the region. This followed a statement by the US, withdrawn after opposition from Russia and China to any condemnation of aerial bombing; see *Sudan Tribune*, ‘Russia, China blocked calls on UNSC to condemn Sudan’s fighting in South Kordofan’, 12 August 2011.
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- 135 With the PLA’s Chief of General Staff and the vice-chairman of China’s Central Military Commission, see *Xinhua*, ‘China’s Fu Quanyou, Sudanese Chief of Staff of Armed Forces discuss relations’, 25 March 2002; *Xinhua*, ‘Zhang Wannian thanks Sudanese guests for supporting human rights, Taiwan Issue’, 26 March 2002.
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- 138 Most importantly, since it came into force on 16 March 1994 and was strengthened in 2004, the EU's arms embargo is the most comprehensive.
- 139 Following commercial arms deals with China in 1991, Russian and Chinese military vehicles and weapons systems were reportedly supplied to Khartoum from the mid-1990s (in some cases with Iranian financing of Chinese equipment).
- 140 With some occasional exceptions; in 2005, Bharat Electronics Limited, for example, an Indian government-owned defence firm, exported battlefield surveillance radars to Sudan: see 'BEL to export radars to Indonesia, Sudan', *The Financial Express*, 9 February 2005.
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- 142 Report of the Panel of Experts on the Sudan established pursuant to Resolution 1591 (2005), S/2011/111, 8 March 2011, par. 58–60.
- 143 *Ibid.*, par. 53.
- 144 See Gramizzi C, Lewis M & J Tubiana, 'Letter and Report from former members of the Panel of Experts on the Sudan established pursuant to Resolution 1591 (2005) and renewed pursuant to Resolution 1945 (2010) address to the Chairman of the Security Council Committee established pursuant to Resolution 1591 (2005) concerning the Sudan, 24 January 2011'.
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- 147 'Sudan: The future is military', *Africa Confidential*, 53, 1, 6 January 2012.
- 148 *Sudan Tribune*, 'Sudan moving to produce heavy weapons, minister says', 18 January 2012.
- 149 See its website at <http://www.ebanan.com/success-gaid.php>. The GIAD Industrial Complex, a major production centre for licence-produced vehicles and trucks, has also reportedly produced small arms and munitions. This has not been properly verified.
- 150 Amnesty International recorded that 'a photograph taken at St Petersburg airport in May 2011 shows a new Mi-24 helicopter gunship painted in SAF markings, apparently awaiting export'; see Amnesty International, *Sudan: No End to Violence in Darfur*. London: Amnesty International, 2012.
- 151 Personal interview with former UN Panel of Experts on Sudan, Nairobi, 30 May 2012.
- 152 One exception, which confirms this, took the form of a three end-user certificate apparently issued by the MIC dated 23 June 2004 for 5 000 M973 9mm semi-automatic pistols, magazines and cleaning kits from Imbel of Brazil via John Knight (Endeavour Resources Ltd), purportedly for 'internal law and drug enforcement agencies'. See Small Arms Survey, 2009, *op. cit.*, p. 30. There is little evidence of any significant military links with Brazil.
- 153 Only limited interaction has taken place between the Sudanese and Indian armed forces, apart from training exchanges. Sudan's Minister of National Defence visited India in December 2003, for example. See India, Ministry of External Affairs, *Annual Report 2003–2004*. New Delhi:

- Ministry of External Affairs, 2004, p. 60. India offered a National Defence College training position to Sudan in 2004.
- 154 Sudanese military personnel were trained as Mi-24 pilots at Russia's Air Force's Combat and Conversion Training centre at Torzhok; a Russian company provided maintenance for a fleet of Mi-17 and Mi-24 attack helicopters.
- 155 Peterson S, 'Sudan's key ties at the UN', *Christian Science Monitor*, 31 August 2004.
- 156 Aggregate data from SIPRI, for example, puts arms export volumes from Ukraine and Belarus above China for the period 2005–2012, with Russia heading the list by a significant margin. See Sipri, 'Military expenditures', <http://portal.sipri.org/publications/pages/expenditures/splash-expenditures>.
- 157 Personal interview with analyst, Juba, November 2012.
- 158 PDOC became DPOC (Dar Petroleum Operating Company), WNPOC became SUDDPOC (Sudd Petroleum Operating Company), and GNPOC became the Greater Pioneer Operating Company.
- 159 Personal interview with GoRSS official, Juba, December 2012.
- 160 In November 2012, the foundation was laid for the Tangrial oil refinery in Melut, Upper Nile, December 2012: an MoU was signed by the Ministry of Petroleum and Mining and a Russian company to build a Bentiu refinery. See *Sudan Tribune*, 'South Sudan embarks on building Bentiu oil refinery', 14 December 2012.
- 161 Apart from South Sudan's interest in attracting Indian investment, Kenya had sought Indian support for its Lamu port development project. Interview with professor, University of Delhi, 13 March 2012.
- 162 Personal interview with South Sudan analyst, Juba, November 2012.
- 163 South Sudan, Ministry of Petroleum and Mining, *MPM Marketing Report: July, 2011 – January, 2012*. July 2012, p. 12.
- 164 Personal interview with Chinese official, Juba, September 2010.
- 165 Discussion with Chinese investor, Juba, December 2011.
- 166 Personal interview with GoRSS official, Juba, December 2012.
- 167 This includes the service sector (restaurants, medical, travel and property agencies); telecommunications; retail; construction; and even small-scale manufacturing initiatives.
- 168 Personal interview at Chinese Embassy, Juba, 22 November 2012.
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- 170 Roche E, 'India keen on ties with South Sudan', *LiveMint*, 8 July 2011, <http://www.livemint.com/2011/07/07222506/India-keen-on-ties-with-South.html?atype=tp>, accessed 9 February 2012.
- 171 Personal interview with former Indian official, New Delhi, 12 March 2012.
- 172 *Ibid.*
- 173 Personal interview with Indian business association representative, New Delhi, 13 March 2012.
- 174 Personal interview, New Delhi, 10 March 2012.
- 175 Interviews, Indian Council of World Affairs, New Delhi, 5 March 2012.
- 176 Zhihui L & L Yan, 'Chinese diplomat spells out steps to build ties with South Sudan', *Xinhua* (Juba), 8 July 2011, citing China's Consul General in Juba.
- 177 Personal interview with South Sudanese analyst, Juba, November 2012.
- 178 Personal interview with GoRSS official, Juba, December 2011.

- 179 'Regardless of the outcome of the negotiations between the North and South the total revenues will decline gradually until the production ceases in 2035', 'South Sudan Development Plan 2011–2013', Government of the Republic of South Sudan, Juba, 2011, p. 123.
- 180 *Ibid.*, xviii.
- 181 Three-letter currency code for the Chinese renminbi.
- 182 Personal interview at Chinese Embassy, Juba, 22 November 2012.
- 183 This was seen, for example, when the GOSS Minister of Agriculture participated in an August 2010 conference on China-Africa Agricultural co-operation in Beijing, and in an October 2011 SPLM visit to the China National Hybrid Rice Research Centre.
- 184 Personal interview at Chinese Embassy, Juba, 22 November 2012.
- 185 Personal interview with GoRSS official, Juba, December 2012.
- 186 'As a new country is born in Africa, India extends a hand of friendship', *Indian Express*, 9 July 2011.
- 187 In recognising the new state, Russia's president cited prior socialist links with the SPLA, despite a period of rapprochement and commercial relations, notably military and oil, with Khartoum after 1989.
- 188 See ICG (International Crisis Group), *China's New Courtship in South Sudan*. Brussels: ICG Africa Report, 186, 4 April 2012.
- 189 The Chinese government has supported training for a range of different government ministries in Juba, from the MFA to the Ministry of Petroleum and Mining.
- 190 Statement of H.E. President General Salva Kiir Mayardit, opening of the South Sudan National Legislature, 23 April 2013.
- 191 Dixon R, 'Even China has second thoughts on South Sudan after violence', *Los Angeles Times*, 20 February 2014.
- 192 Or '*dang de zhizheng nengli jianshe*'; see <http://ss.chineseembassy.org/chn/sbwl/t814624.htm>.
- 193 Embassy of the PRC to South Sudan, 'SPLM leaders on study tour in China', 30 November 2012.
- 194 Statement by Dilma Rousseff, President of the Federative Republic of Brazil, at the opening of the General Debate at the opening of the 66<sup>th</sup> Session of the UN General Assembly, 21 September 2011.
- 195 'Brazil is totally different, it is a welcoming country and it doesn't meddle in the affairs of other countries, it doesn't dictate to other countries and doesn't impose democracy by force.' See Ortiz F, 'Sudan: "Brazil Could Mediate Between Juba and Khartoum"', *IPS*, 20 September 2011.
- 196 Statement by Ambassador Antonio de Aguiar Patriota, Minister of External Relations, Federative Republic of Brazil, at the 6583 Meeting of the UN Security Council Report of the Secretary General on the Sudan, New York, 13 July 2011.
- 197 The GoRSS received some training from Brazil's Ministry of Foreign Affairs, including its Second Course for African Diplomats in September 2011, held in Rio de Janeiro.
- 198 The SPLA quietly undertook commercial low-cost procurement of non-lethal equipment from Chinese companies. Interview with senior SPLA official, Juba, December 2011.
- 199 In late 2010, the GOSS purchased 10 MI-17 transport helicopters manufactured by Kazan Helicopters. In October 2011, shortly after a US military delegation visited Juba, the Russian state arms export company Rosoboronexport met senior South Sudanese leaders in Juba. See *Sudan Tribune*, 'Russia ready to step up military relations with South Sudan', 15 October 2011.
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- Order on withdrawing Russian peacekeeping troops from Sudan', Kremlin Archive, 24 January 2012, <http://eng.kremlin.ru/news/3354>.
- 201 Personal interview with UNMISS official, Juba, December 2011. Having scaled back to four helicopters in December 2012, the SPLA shot down a UN helicopter, killing four Russian crew members; this appeared to confirm Russia's plans to withdraw peacekeeping support by March 2013.
- 202 See Small Arms Survey, 'Arms and ammunition seized from George Athor's forces', 20 October 2011.
- 203 The SPLA's acquisition of heavy weaponry, small arms and light weapons from Ukraine in 2007 being a notable example. This became visible following the September 2008 hijacking by Somali pirates of a ship en route from Ukraine to Mombasa carrying a cargo, destined for GOSS, of both heavy weaponry and small arms and light weapons, including T-72M1 main battle tanks, BM-21 multiple-launch rocket systems, 14.5 mm anti-aircraft guns, and RPG-7V grenade launchers.
- 204 Small Arms Survey, 'Reaching for the Gun: Arms Flows and Holdings in South Sudan', Sudan Issue Brief 19, April 2012.
- 205 Personal interview with Sudanese analyst, Khartoum, 27 January 2010. As Muglad notes: 'Oil and gas, and other mineral exports, which explain growth in Sudan's economy, are capital and skilled-labour intensive, rely heavily on imported inputs and have few linkages with the rest of the economy.' See Maglad NA & FK Hassan, 'Trade and Poverty in Sudan', Final Draft Report', [2010?], p. 21.
- 206 Mohamed Salih MA, *African Democracies and African Politics*. London: Pluto Press, 2001.
- 207 The oil industry itself has also triggered ongoing discontent. In April 2011, for example, there were protests against unemployment by 200 unemployed graduates in al-Fula, in Block 6 (a Chinese concession) in a Misseriya area of South Kordofan.
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- 209 Personal interview with Sudanese academic, Khartoum, 17 January 2011. See also Abd-al-Qadir Khalil M, 'Chinese commodities "imperial" Sudanese craftsmen', *Al-Ra'y al-Amm*, Khartoum, (in Arabic), 27 April 2007 (via BBC monitoring).
- 210 Personal interview with Sudanese academics, Khartoum, 25 January 2011.
- 211 Personal interview with journalist, Juba, November 2012.
- 212 Personal interview with GOSS official, Juba, 25 September 2010.
- 213 Personal interview with GoRSS MP, Juba, December 2012.
- 214 See Galab AA, *The First Islamist Republic: Development and Disintegration of Islamism in the Sudan*. Aldershot: Ashgate, 2008.
- 215 See SUNA (in Arabic), 'Sudan foreign minister lauds progress of relations with China', 17 December 2012.
- 216 ICG, 'China's New Courtship in South Sudan', ICG, *Africa Report*, 186, 2012, p. 22.
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- 218 See GOSS, *The Transitional Constitution of the Republic of South Sudan*. par. 43, pp. 13–14.
- 219 Personal interview with South Sudanese analyst, Juba, November 2012.
- 220 Personal interview, Juba, November 2012.
- 221 Personal interview at Chinese Embassy, Juba, 22 November 2012.

- 222 *Xinhua*, 'China urges Sudan, South Sudan to maintain negotiations', 7 January 2013.
- 223 Personal interview, Chinese Embassy, Juba, 22 November 2012.
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- 225 Telephone interview, Indian academic, 22 January 2013.



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