

Genocide in Sudan

Jenny Rhodes reports on the UK companies operating in the most oppressive regime in the world.

The US government and many other organisations have declared that the ongoing massacre in Sudan amounts to genocide.¹ According to the most recent mortality assessment by an independent expert on Sudan, over 450,000 people have died from violence, disease and malnutrition since the outbreak of conflict in Darfur in February 2003. The deaths continue at a rate of 7,000 per month.² In addition 2.5 million people have been internally and externally displaced from their homes as a result of the violence.³ 90% of Darfurian villages have been looted or destroyed, and a systematic policy of rape has been used to maim and humiliate women.⁴

Ethical Consumer's most recent evaluation of oppressive regimes (Issue 98 January/February 2006) ranked Sudan as the world's most oppressive regime according to sources including Human Rights Watch, the International Confederation of Free Trade Unions, War on Want, UNICEF and Survival International.⁵

Funding war with oil

Despite the genocide, the Sudanese economy has continued to grow, showing 9% growth in 2006 compared with 7% in 2005.³ The growth has been sustained by foreign direct investment, mainly in the oil, energy and construction sectors.¹ An analysis of Sudanese government spending in 2001 found that the Sudanese Government's military spending amounted

to \$349million, which was 60% of the year's \$580million oil revenue.³ US sanctions have kept American companies out of Sudan

since 1997 (except for sales of humanitarian goods), however other countries have not followed suite.⁶ The recent International Crisis Group Policy Briefing on Sudan argued that "punitive sanctions" should be taken against the governing National Congress Party (NCP). It called for the immediate adoption of economic measures including "steps that target aspects of the petroleum sector, Sudan's main source of hard currency". The International Crisis Group argued that petroleum is the "largest single source of foreign revenue for the government and thus another potentially effective leverage point for altering NCP actions".⁷

Targeted and pan-divestment

The Sudan Divestment Task Force has argued that economic gains have disproportionately benefited the elite and the military. For example, the Sudanese government has consistently ensured that oil and military operations have access to electricity, whilst access to electricity for the majority of the population has been poor. The crisis in Sudan has led to international calls for divestment from companies operating in Sudan in order to influence the Sudanese government's behaviour.

There are two types of divestment. A pan-divestment approach requires divestment (selling shares) from any company with any connection to an oppressive regime; this is the approach adopted by the US state of Illinois' Sudanese divestment legislation. The Sudan Divestment Campaign has adopted a different approach, using a much narrower focus. This 'targeted divestment' approach focuses on the worst offending companies in Sudan that:

1. provide revenue (or arms) to the government;
2. impart minimal benefit to the country's underprivileged;
3. have expressed no significant corporate governance policy regarding the Darfur situation.

This excludes companies involved in agriculture, distribution of general consumer goods, those engaged solely in the provisions of products and services intended to relieve human suffering or to promote welfare, health, religious and spiritual activities and education.⁴

Current divestment campaigns

In the USA, Sudan divestment policies have been adopted by state and city governments (including the state of California and city of Philadelphia), pension funds (including TIAA-CREF, the largest US private pension fund) and university shareholders.⁷

Outside of the US there has been limited take up of the campaign until September 2006 in Ireland, when a



Polyp

campaign began to investigate if the National Pension Reserve Fund (worth Eu16 billion) had any investments in the Sudan Divestment Task Force's companies of concern. The investigation found Eu 430million in Alstom, Rolls Royce, Total SA and Alcatel.⁸ The campaign's preliminary report recommended targeted divestment from Alstom and Rolls Royce, and engagement with the threat of divestment from the remaining companies. As yet government officials in the Department of Foreign Affairs and Finance have not adequately responded to the campaign.⁸

Subsequent to the launch of the Irish campaign, in October, MPs from the House of Commons foreign affairs committee urged British businesses (including Shell, Rolls-Royce and British Airways) to withdraw from Sudan. British exports to Sudan were found to be worth £140m in 2005, a 50% increase on the previous year.⁹

UK companies in Sudan

UK companies listed as part of the targeted campaign by the Sudan Divestment Task Force as companies of concern include Rolls Royce, Petrofac, Amec, Weir Group and White Nile. All five companies have been implicated in activities in the Sudanese oil sector and are therefore linked to the funding of the Sudanese government's genocidal practices.

Rolls Royce has a history of selling oil engineering equipment to Sudan.¹⁰ An investigation by Norwatch and the Norwegian Council for Africa found that Rolls Royce Marine was providing land-based diesel engines and pumps to the China National Petroleum Company on the border between Darfur and Kordofan. Norwatch allege the equipment will be used to connect new oilfields to the main oil pipeline.¹¹ Rolls Royce repeatedly denied any involvement in Sudan until Norwatch collaborated with a Norwegian newspaper on its investigation, at which point Rolls Royce confirmed its contracts. Consequently, the Sudan Divestment Task Force argue that Rolls Royce has not been transparent about its activities in Sudan and that the company's only possible motivation for this is complicity. According to the Sudan Divestment Task Force, "The company's contract in Sudan is a crucial intervention by a major British company in a genocidal situation, and Rolls Royce has, effectively, taken the side of those directing the violence".¹²

Petrofac has been involved in Sudan's oil industry for several years. The company was awarded a machinery contract by the Greater Nile Petroleum Operating Co for its Heglig and Unity power plants, six pipeline pumping stations, two metering stations, a marine oil export terminal and 56 individual diesel engine packages and associated auxiliary equipment.¹³ At the end of 2005 **Amec** renewed a contract with the Greater Nile Petroleum Operating Company for operating and maintenance support services.¹³

Weir Group is listed by the Sudan Divestment Task Force as a company that warrants scrutiny and may meet divestment criteria.¹⁴ Weir Group has produced oil pumps for use in Sudan according to the Task Force report, "If Weir Group is still invested in Sudan it is directly involved in the production of oil revenue for the Sudanese regime. Furthermore, if it is still invested in Sudan it's seeming desire to hide these investments

casts serious doubt on any commitment the company might have to transparency and constructive engagement in their business relations in the country".¹⁵

White Nile is listed by the Sudan Divestment Task Force as a company that warrants scrutiny and may meet divestment criteria following further research.¹⁴ Former England cricketer Phil Edmonds was the founder of start-up oil firm White Nile listed on the AIM market in London.¹⁵ On 23 August 2006 it was announced that White Nile was celebrating its first commercial lifting of crude oil from the Thar Jath oilfield in the south of Sudan.¹⁶ White Nile has signed a contract with the government of southern Sudan and it appears that oil revenues may principally go to southern Sudan. However, the company has no stated Darfur policy and the Sudan Divestment Task Force advise that the company warrants further investigation.¹³

National Westminster Bank Plc (part of the Royal Bank of Scotland Group) acts as bankers to Rolls Royce, Weir Group, White Nile and Amec. It also provides revolving credit facilities to Petrofac.^{17,18} However the other main UK banks (and Equator Principles signatories) are not without connection to the issue. Halifax Bank of Scotland (HBOS) also provides revolving credit facilities to Petrofac, while Barclays and HSBC also provide banking facilities to Amec.^{17,18,19} The Royal Bank of Scotland Group is a signatory to both the Equator Principles and the UN Global Compact, which includes a commitment that "businesses should make sure that they are not complicit in human rights abuses". The group is therefore in the perfect position to put pressure on Rolls Royce, Weir Group, White Nile, Amec and Petrofac to adopt, as a bare minimum, a transparent, public business policy that acknowledges and addresses the fact that the companies are providing revenue to a government that is committing genocide. The bank should also surely prompt the companies involved to provide a public response to MPs calls for British companies to take the lead in withdrawing from Sudan. The historic success of boycotts against apartheid South Africa provides indisputable evidence that companies both are able, and are morally obliged, to take effective action. A do nothing approach is unacceptable.

LINKS

Waging Peace: www.wagingpeace.info 020 7243 0300 info@wagingpeace.info

Sudan Divestment Task Force: www.sudandivestment.org info@sudandivestment.org (for both USA and Irish campaigns)

International Crisis Group: www.crisisgroup.org 020 7031 0230 london@crisisgroup.org

References **1** p3 Arguments for the Efficacy of Target Divestment from Sudan. Sudan Divestment Task Force 15/03/2006 **2** www.sudanreeves.org/Article104.html accessed 14/11/2006 **3** Irish Investment in Genocide: Factsheet, Sudan Divestment Taskforce 27/10/2006 **4** Options and Resources for Sudan Divestment. Sudan Divestment Task Force, October 2006 **5** pp26-29 Ethical Consumer January/February 2006 Issue 98 **6** Hitting Sudan in the Pocketbook: Pension funds are taking notice of a growing push to cut ties to the rogue state. Businessweek 02/05/2005 **7** Policy briefing: Africa Briefing No 43. Getting the UN into Darfur. International Crisis Group 12/10/2006 **8** pp1-2 Updates on State of Divestment Since Last Update on 9/1/06. Sudan Divestment Task Force 14/10/2006 **9** The Observer 1/10/2006 **10** p19 Companies Warranting Scrutiny: Profiles of Companies That Possibly Meet Task Force Criteria For Targeted Divestment. Sudan Divestment Task Force 23/10/2006 **11** www.norwatch.no/index.php?artikkelid=1529&back=1 15/09/2006 **12** pp19-21 Irish Investment in Genocide: Investigation into the National Pension Reserve Fund's Investment in Companies Contributing to Genocide in Darfur. Sudan Divestment Task Force - Ireland, October 2006 **13** Companies Warranting Scrutiny: Profiles of Companies That Possibly Meet Task Force Criteria For Targeted Divestment. Sudan Divestment Task Force 23/10/06 **14** Irish Investment in genocide: investigation into the National Pension Reserve Fund's Investment in Companies Contributing to the Genocide in Darfur. Sudan Divestment Task Force - Ireland, October 2006 **15** An Analysis of Select Companies' Operations in Sudan: A Resource for Divestment. Allard K Lowenstein International Human Rights Clinic and Allard K Lowenstein International Human Rights Project Yale Law School 13/12/2005 **16** www.sudantribune.com/spip.php?mot6 24/08/2006 **17** www.hemscott.com accessed 14/11/2006 **18** p74 Petrofac Annual Report & Accounts 2005 **19** www.equatorprinciples.com accessed 14/11/2006

Take Action

- Write to Royal Bank of Scotland about its provision of finance to companies on the Sudan Divestment Task Force List: Group Chief Executive Sir Fred Goodwin, PO Box, 1000, Gogarburn, Edinburgh EH12 1HQ or telephone 020 7672 0008.
- If you bank with Barclays, Halifax, Bank of Scotland or HSBC you may also want to take up the issue of financing companies operating there with them too.