

FROM NON-INTERFERENCE TO  
CONSTRUCTIVE ENGAGEMENT?  
CHINA'S EVOLVING RELATIONS  
WITH SUDAN

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The state visit of the Chinese President to Khartoum in February 2007 confirmed Sudan as China's most controversial 'all-weather friend' in Africa. A popular talking point in Khartoum before his visit had been why China's top leaders had not visited Sudan during its 'Year of Africa' in 2006. CNPC-sponsored signs in Khartoum proclaimed 'the friendship between the peoples of Sudan and China' to be 'evergreen', but after what Chinese sources described as 'frank' discussions between President Hu and the Sudanese President Bashir, indications of differences over the issue of allowing a UN-African Union peacekeeping mission into Darfur emerged. As China's Ambassador to the UN, Wang Guangya, commented shortly afterwards: 'Usually China doesn't send messages, but this time they did...It was a clear strong message that the proposal from Kofi Annan [to allow

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1 Thanks to Chris Alden and Ricardo Soares de Oliveira and particularly to Jago Salmon and John Ryle for comments on a previous version of this chapter.

a UN-African Union peacekeeping mission in Darfur] is a good one and Sudan has to accept it.' While China 'never twists arms', Sudan 'got the message'.<sup>2</sup>

This chapter provides an overview of relations between China and Sudan. It considers how China was able to successfully enter and develop its relations with Sudan and how the basis of its success would produce unexpected challenges for Beijing. It argues that China's principle of non-interference has been progressively contradicted through the thickening of its relations with Sudan since the early 1990s; while China has been seeking to maintain this principle, it has been further stretched by Beijing's efforts to pursue a policy of more involved 'constructive' engagement. After considering the comparatively recent history of more substantive Chinese relations with Sudan, what follows outlines how relations developed after 1989 and the factors that enabled Chinese expansion within Sudan during the 1990s. It goes on to trace the Chinese role in the development of Sudan's oil export sector, a crucial contribution that established the foundation for a broader and deeper Chinese economic role in Sudan. The nature of political and economic relations after the Comprehensive Peace Agreement of January 2005 is then surveyed, before key trends in Beijing's evolving diplomacy over the ongoing conflict in Darfur and with Southern Sudan are considered.

### *Background*

The principle of non-interference in internal politics provides an important reason for the Chinese government's ability to deal with successive governments in Khartoum after 1959, when Sudan became the fourth country to extend diplomatic recognition to China in Africa.<sup>3</sup> Even if this principle and China's actions in Sudan have not always been congruent,<sup>4</sup> China has maintained generally good

2 'China told Sudan to adopt UN's Darfur plan – envoy', *Bloomberg*, 7 February 2007.

3 Sudan also supported the PRC's entry into the UN (which President Abboud, for instance, advocated before the UN General Assembly in 1961).

4 This was illustrated in Beijing's political and military support for President Nimeiri's suppression of the Sudan Communist Party in 1971, which

relations with independent Sudan's alternating periods of brief parliamentary and longer military government. Beijing supported the Sudanese government during the civil war that formally ended in 1972, during the war in Southern Sudan after 1983 and more recently amidst conflict in the western region of Darfur. By 1989, China already had some three decades of trade, aid, cultural, political and military links with Sudan.

While appreciating historical ties that continue to play out in the present, China's previous role in Sudan should not be overstated. As one of a number of foreign partners. Beijing was not particularly significant in Sudan's external relations or internal politics until relations developed after 1989. The notion of China as a 'new actor' in Sudan is thus also apt.<sup>5</sup> Although China and Sudan share a prominent symbolic historical connection in the form of 'Chinese' Gordon,<sup>6</sup> it could also be said that it was the lack of serious, widely embedded Chinese engagement in Sudan that contributed to enduring good relations until recently. China has moved from the margins to a more central position in Sudanese affairs, and in this process the foundations and political consequences of relations have importantly changed. The difference in relations 'before and after oil'<sup>7</sup> has been considerable. Relations that developed with oil mark a continuing phase of involvement that departs in important ways from the nature

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contrasted to the Soviet response, and laid the foundations for a period of strong relations in the 1970s.

- 5 Francis M. Deng, *War of Visions: Conflict of Identities in the Sudan* (Washington, DC: The Brookings Institution, 1995), p. 383.
- 6 The legendary reputation of Gordon began in China where, from 1863, he led the 'Ever Victorious Army' against the Taiping rebels and was decorated by the Qing Dynasty. It was confirmed, after a career in Sudan where he became Governor General, through his death in Khartoum in 1885 at the hands of rebel Mahdist forces. The political symbolism of Gordon was ideologically most potent in the post-colonial period (beginning with Zhou Enlai's visit to Khartoum in 1964 when much was made of how Sudan had 'finally punished' Gordon), but it has persisted. The site of his death, and the tomb of the Mahdi, have been visited by different generations of Chinese and his name is regularly invoked in public encounters, often to demonstrate shared experience of colonial oppression and successful Sudanese resistance.
- 7 See Ali Abdalla Ali, *The Sudanese-Chinese Relations Before and After Oil* (Khartoum: Sudan Currency Printing Press, 2006).

of past links. In this light, it is the manner and means through which ties have expanded and deepened that has progressively contradicted the formally-declared principle of non-interference.

### *1989 and after*

The Chinese government initially appeared cautious about the National Islamic Front (NIF) government that took power through a military coup on 30 June 1989. This was seen during the visit of its leader, Umar Hassan al-Bashir, to Beijing in November 1990.<sup>8</sup> While China expressed formal support for Sudan, relations only resumed through Iranian-funded Chinese arms supplies in 1991. Business activity was also promoted, including a Chinese trade fair in Khartoum in 1993, but until the advent of oil exports in late 1999, Sudan's trade with China was proportionally small.<sup>9</sup> China's 'energy cooperation' (*nengyuan hezuo*) with Sudan spearheaded an expansion of ties. In 1994 the Government of Sudan (GoS) expressed interest in Chinese involvement in oil, which led to CNPC conducting a preliminary survey.<sup>10</sup> A further visit to Beijing by President Bashir in September 1995 resulted in a deal providing a reduced rate Chinese loan. This was followed in December by an agreement between Exim Bank and the Bank of Sudan to finance oil development.<sup>11</sup> CNPC began operations in Block 6 (see map p.283) and, in conjunction with other companies, notably Petronas, subsequently expanded exploration and other work (see next section).

- 8 Bashir praised Chinese cooperative projects 'in an apparent bid to secure greater Chinese economic aid.' Hinting at the war, the new Chinese President Jiang Zemin told him: 'Without political stability and unity, it is impossible to push forward the economy.' Further, China's aid to Sudan was 'insignificant', and 'intended only to show China's sympathy.' Lillian Craig Harris, *China Considers the Middle East* (London: I.B. Tauris, 1993), p. 211.
- 9 In 1994, for example, China took a 6.1 per cent share of Sudan's exports and 3.2 per cent share of Sudan's total imports (Bank of Sudan Foreign Trade Statistical Digests).
- 10 Linda Jakobson and Zha Daojing, 'China and the Worldwide Search for Oil Security', *Asia-Pacific Review*, 13, 2 (2006), p. 66.
- 11 Yun Zongguo, '*Sudan shiyou kaifa xiangmu qianjing guangkuo*', ['Prospect for Sudan oil development project is broad'], *Guoji jingji hezuo* [International Economic Cooperation], 5 (1997), pp. 22-3.

China's economic expansion within Sudan during the 1990s was assisted by a related combination of armed conflict and the nature of Sudanese politics after June 1989. The hardline NIF regime promoted a revolutionary Islamist project within and outside Sudan.<sup>12</sup> The Islamist leader Hassan al-Turabi's support for Saddam Hussein in August 1990 resulted in a political backlash in the region and beyond, and triggered a marked reduction in international aid. The attempted assassination of the Egyptian President in June 1995 in Addis Ababa by a militant group active in Sudan and linked to Sudanese security elements further contributed to Sudan's regional isolation in the Middle East, reinforcing the NIF's need to turn elsewhere for external support. Sudan was already associated with supporting terrorism, the American State Department having designated Sudan a state sponsor of terrorism on 12 August 1993, but in 1996 it became the object of UN Security Council sanctions. US sanctions in 1997 were followed by an American missile attack on a pharmaceutical factory in Khartoum in 1998. The NIF had dire relations with the IMF, which had suspended Sudan for non-payment of arrears in 1986. Facing a crisis of state finance, the NIF adopted a policy of economic 'self-sufficiency' and had restricted options to develop the oil sector as its war against the Sudan People's Liberation Movement/Army (SPLM/A) continued amid this external pressure. President Bashir had said Sudan would follow the example of China in independent development, but his turn to China was made in a moment of necessity and was accompanied by debate within the GoS about the merits of seeking Chinese assistance (and of rapprochement with the US). What counted most was the fact that China provided a significant, politically dependable option, and 'instead of waiting' Sudan 'decided to go East'.<sup>13</sup> Relations developed as a genuine case of 'mutual benefit' for the Sudanese and Chinese governments, but have not been marked by any apparent thick solidarity. However, Beijing successfully managed to expand investment in Sudan amidst

12 See Alex de Waal and A.H. Abdel Salam, 'Islamism, State Power and *Jihad* in Sudan', in Alex de Waal (ed.), *Islamism and its Enemies in the Horn of Africa* (London: C. Hurst & Co., 2004), pp. 71-113.

13 Ali, *Sudanese-Chinese Relations*, p. 6.

internal political struggle in the NIF through its relations with President Bashir, who prevailed against his Islamist opponents in 1999, and other key interlocutors, especially Dr Awad Ahmed al-Jaz, the long-serving Energy Minister.

Sudan's internal instability, its economic potential and the circumstances of its foreign relations produced an attractive investment prospect for China. Sudan was viewed as a friendly, resource rich state with a market deemed to have high, untapped potential due, in part, to the lack of business competition.<sup>14</sup> Its political isolation and vast natural resources created an 'unprecedented opportunity' even if, as today, Sudan's complex politics and difficult economic conditions presented a mixture of opportunities and challenges, risks and benefits to Chinese businesses.<sup>15</sup> CNPC's engagement in Sudan spanned an important phase in the restructuring and global expansion of the Chinese oil sector. Sudan served as a key overseas arena for technical development, and CNPC's success in Sudan in 1999 contributed to the State Council's endorsement of CNPC's vigorous strategy of oil asset shopping.<sup>16</sup> Sudan assumed a position as China's leading energy investment operation in Africa and was briefly its leading African oil supplier; in 2002 Sudan contributed 9 per cent of China's oil imports, or 40 per cent of its African oil imports as a whole.<sup>17</sup> Sudan was also seen as the bridgehead into the regional economy and the African oil market.

### *Oil development: the Chinese contribution*

On 30 August 1999 the first cargo of Nile Blend crude was shipped from Port Bashair, south of Port Sudan, and Northern Sudan finally became an oil exporter just over two decades after oil was discovered.

14 Liu Anpeng, 'Zhongguo gongren zou jin Sudan' ['Chinese workers enter Sudan'], *Shijie Zhishi* [World Knowledge], 9 (2004), pp. 42-43.

15 'Tang Nailong, 'Sudan gongcheng chengbao shichang fenxi' [A market analysis of project contracts in Sudan] *Guoji jingji hezuo* [International Economic Cooperation] 11 (1997), pp. 58-59.

16 See Jin Zhang, *Catch-up and Competitiveness in China: the Case of Large Firms in the Oil Industry* (London: RoutledgeCurzon, 2004).

17 Calculated from data in *China Commerce Yearbook, Almanac of China's Foreign Economic Relations and Trade*.

This was achieved amidst armed conflict in Sudan, through a concerted effort by different oil operators supported at all levels by the GoS. The Chinese oil engagement was part of longstanding efforts to create an oil industry in Sudan.<sup>18</sup> Before CNPC entered decisively during the 1990s, this had rendered oil central to politics and conflict in Sudan and had been one factor contributing to the breakdown of the 1972 peace accord. The CNPC-spearheaded phase of oil development continued but intensified the role of oil in the North-South (not to mention South-South) conflict. Like America (through Chevron) or France (through Total) before, Chinese, Malaysian and later Indian and other oil companies became 'far from disinterested observers' in Sudan's wars.<sup>19</sup>

China has different oil concessions in Sudan today (see map below). Its first important operation was the 40 per cent stake CNPC acquired in the Greater Nile Petroleum Operating Company (GNPOC), a consortium that signed an agreement to develop three blocks (1, 2 and 4) in Southern Sudan at the beginning of March 1997. At this point oil production was constrained by the lack of infrastructure. A concentrated effort to construct the apparatus of a functioning oil export industry followed, a period when select Chinese exports to Sudan correlate with demand from Chinese companies active in Sudan.<sup>20</sup> GNPOC constructed a 1,506 km buried pipeline to connect oil production with the international market through a CNPC subsidiary, the China Petroleum Engineering and

18 For accounts of Sudan's oil sector, see Peter Verney, 'Raising the Stakes: Oil and Conflict in Sudan' Sudan Update, (2000); Human Rights Watch, *Sudan, Oil and Human Rights* (New York: Human Rights Watch, 2003); 'Soil and Oil: Dirty Business in Sudan' (Coalition for International Justice, 2006); Luke Patey, *A Complex Reality: The Strategic Behaviour of Multinational Oil Corporations and the New Wars in Sudan* (DIIS Report, 2006).

19 Abel Alier, *Southern Sudan: Too Many Agreements Dishonoured* (Reading: Ithaca Press, [1990] 2003), p. 263.

20 This was illustrated, for example, between early 1997 and August 1999, when China's export statistics to Sudan reveal dramatic increases, often from low or non-existent bases, in key commodities such as cement (which increased by 2,832 per cent between 1998 and 1999, from 14 to 39,675 MT). See *China Commerce Yearbook, Almanac of China's Foreign Economic Relations and Trade* (various).

Construction Corp, which also built the US\$215 million oil terminal in Port Sudan. Completed in time for the tenth anniversary of the NIF's coup on 30 June 1999, CNPC's first overseas refinery was built as a joint venture with the Ministry of Energy. It became operational in February 2000, rendering Sudan self-sufficient in oil for the first time. CNPC took a 41 per cent stake in Sudan's second major oil consortium, the Petrodar Operating Company, with Sinopec taking 6 per cent. This was to develop blocks 3 and 7 in northern Upper Nile from 2000. Oil infrastructure was developed in a similar fashion through field production facilities, airfields, all-weather roads, feeder-pipes and a pipeline to Port Sudan, which became operational in April 2006.

Oil development during this period was militarized and closely interconnected with armed conflict in Southern Sudan. Oil facilities were used for military purposes. The creation of infrastructure such as all-weather roads, which became military corridors, eroded the established seasonal pattern of conflict that had previously been characterized by dry-season government offensives. The leader of the SPLA, John Garang, announced in August 1999 that the new pipeline, oilfields and oil company workers were regarded as legitimate targets. The kidnapping of two Chinese oil workers on 13 March 2004, who were later released after ICRC mediation, and the killing of two other workers soon afterwards, briefly cast a shadow over China's involvement in Sudan. Other opposition groups also targeted oil facilities for sabotage.<sup>21</sup>

Exacerbating civilian suffering, oil companies became 'partners with the state in human destruction'.<sup>22</sup> The military strategy of the Sudan Armed Forces (SAF) against the SPLA in Western Upper Nile, for example, relied on aerial bombing raids and support for proxy militia attacks on Nuer and Dinka settlements and cattle camps. These were viewed by the GoS 'as a security risk, potential

21 In January 2000 the GOS was reportedly losing around US\$1m in revenue every two hours from oil spilling from the bomb-damaged GNPOC pipeline. 'Sudanese Pipeline Sabotage Costs Millions', *Hart's Africa Oil and Gas*, 3, 2 (2000), p. 3.

22 Jok Madut Jok, *Sudan: Race, Religion and Violence* (Oxford: Oneworld, 2007), p. 198.



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## European Coalition on Oil in Sudan



Geography - © Grinnell, Esri, DeLorme



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| <p><b>Block 1,2,4, GNPOC</b></p> <ul style="list-style-type: none"> <li>- 40% CNPC</li> <li>- 30% Petronas</li> <li>- 25% ONCC Videsh</li> <li>- 5% Sudapet</li> </ul> <p><b>Block 3,7, PDOC</b></p> <ul style="list-style-type: none"> <li>- 41% CNPC</li> <li>- 40% Petronas</li> <li>- 8% Sudapet</li> <li>- 6% Sinopec</li> <li>- 5% Al Thani</li> </ul> <p><b>Block 5A, WNPOC-1</b></p> <ul style="list-style-type: none"> <li>- 68,87% Petronas</li> <li>- 24,12% ONCC Videsh</li> <li>- 7% Sudapet</li> </ul> <p><b>Block 5B, WNPOC-2</b></p> <p>10% awarded to GOSS; composition to be renegotiated</p> <ul style="list-style-type: none"> <li>- 39% Petronas</li> <li>- 24,5% Lundin</li> <li>- 23,5% ONCC Videsh</li> <li>- 13% Sudapet</li> </ul> | <p><b>Block 6, CNPCIS</b></p> <ul style="list-style-type: none"> <li>- 95% CNPC</li> <li>- 5% Sudapet</li> </ul> <p><b>Block 8, WNPOC-3</b></p> <ul style="list-style-type: none"> <li>- 77% Petronas</li> <li>- 15% Sudapet</li> <li>- 8% Hi Tech</li> </ul> <p><b>Block 9,11, Sudapak I</b></p> <ul style="list-style-type: none"> <li>- 85% Zafir</li> <li>- 15% Sudapet</li> </ul> <p><b>Block 10, Free</b></p> <p><b>Block 12A, Qahtani &amp; Others</b></p> <ul style="list-style-type: none"> <li>- 33% Qahtani</li> <li>- 20% Ansan</li> <li>- 20% Sudapet</li> <li>- 15% Dindir Petroleum</li> <li>- 7% Hi Tech</li> <li>- 5% A.A. In.</li> </ul> | <p><b>Block 12B, Free</b></p> <p><b>Block 13, CNPC, Pertamina &amp; Sudapet</b></p> <ul style="list-style-type: none"> <li>- 40% CNPC</li> <li>- 15% Pertamina</li> <li>- 15% Sudapet</li> <li>- 10% Dindir Petroleum</li> <li>- 10% Express Petroleum &amp; Gas</li> <li>- 10% Africa Energy</li> </ul> <p><b>Block 14, Petro SA</b></p> <ul style="list-style-type: none"> <li>- 80% Petro SA</li> <li>- 20% Sudapet</li> </ul> <p><b>Block 15, RSPOC</b></p> <ul style="list-style-type: none"> <li>- 35% Petronas</li> <li>- 35% CNPC</li> <li>- 15% Sudapet</li> <li>- 10% Express Petroleum &amp; Gas</li> <li>- 5% Hi Tech</li> </ul> <p><b>Block 16, Lundin</b></p> | <p><b>Block 17, Ansan</b></p> <ul style="list-style-type: none"> <li>- 66% Ansan</li> <li>- 34% Sudapet</li> </ul> <p><b>Block A, Sudapak II</b></p> <ul style="list-style-type: none"> <li>- 85% Zafir</li> <li>- 17% Sudapet</li> </ul> <p><b>Block B, Total</b></p> <ul style="list-style-type: none"> <li>- 32,5% Total</li> <li>- 27,5% Kufpec</li> <li>- 10% Sudapet</li> <li>- 10% OQSS</li> <li>- 20% open</li> </ul> <p><b>Block C, APCO</b></p> <ul style="list-style-type: none"> <li>- 65% Hi Tech</li> <li>- 17% Sudapet</li> <li>- 10% Khartoum State</li> <li>- 8% Hegleig</li> </ul> <p><b>Block Ea, Free</b></p> |
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Map of oil concessions in Sudan

supporters of rebel movements, to be forcibly moved off the land that they inhabit to facilitate oil development.<sup>23</sup> Militia attacks drove the inhabitants away into Southern Sudan, into government garrison towns, or to the government-controlled north of Sudan, especially Khartoum. For many Southern Sudanese, Chinese investment and activity represented direct support for the GoS and its military objectives. This view was strengthened as a result of increased oil revenues, a high percentage of which went into procuring weapons and developing an indigenous arms manufacturing capability with Chinese technical and supervisory assistance.<sup>24</sup>

The Chinese government continues to be closely associated with the NIF and is widely seen to have consolidated the political and military foundations of its power. Beijing's 'blind-eye'<sup>25</sup> support for the NIF has been a wellspring of grievances in many quarters. This stems from the marked incongruence between China's principle of non-interference and the way this played out in practice in Sudan since the mid-1990s. What China had promoted as a principle of intention did not materialize as non-interference in effect. Chinese investment and its role within Sudan contributed importantly toward a political outcome, sustaining the rule of the NIF. In this process, the NIF's transition from a revolutionary Islamist project to a more pragmatic, self-interested government was crucial and was bolstered by a substantially expanded oil revenue resource base, which enabled the GoS to escape from its financial crisis.

### *China-Sudan relations after the CPA*

The Comprehensive Peace Agreement (CPA) of 9 January 2005 between the GoS and the SPLM/A ushered in a period of formal peace between Northern and Southern Sudan, as conflict in Darfur wors-

23 Georgette Gagnon and John Ryle, 'Report of an Investigation into Oil Development, Conflict and Displacement in Western Upper Nile, Sudan', (October 2001), p. 48.

24 For more detail, see 'Issue Brief: Arms, Oil, and Darfur: Evolving China-Sudan Relations', *Small Arms Survey Issue Brief* 7, 2007.

25 Mahgoub El-Tigani, 'China should revise policies on Sudan', *Sudan Tribune*, 22 April 2006.

ened. While Beijing contributed military and police personnel to the UN Mission in Sudan established to support the CPA, it mostly operated bilateral relations with Sudan.<sup>26</sup> Political relations between the Chinese government and Sudan's ruling National Congress Party (NCP), which had formally replaced the NIF, continued to be characterized by high-level political and corporate ties. An integral aspect of political relations has been military links, which were stepped up in 2002. The NCP has an official, though largely symbolic, cooperative agreement with the Chinese Communist Party.

Economic relations expanded after the CPA. Sudan's oil-fuelled economic boom, centred on Khartoum, saw real GDP grow by 11.8 per cent in 2006 according to the IMF. China became northern Sudan's most important trade partner and has been at the forefront of a reorientation of Sudanese trade that has seen an enhanced Asian and Middle Eastern role as Western trade and investment have dwindled under the impact of sanctions. China is the most important economic partner for Sudan by far, and operates a rare trade deficit. China dominates a strong Asian dynamic to Sudanese trade. As a general category used by the Bank of Sudan, Asia accounted for 43.6 per cent of total imports and 86 per cent of total exports in 2006. China accounted for 20.8 per cent of total imports (or US\$1,679.4 million) and 75 per cent (US\$4,243.9 million) of total exports.<sup>27</sup>

The proportion of petroleum in Sudan's exports to China has been over 98 per cent since 2000, when bilateral trade increased sharply on the back of oil production. Sudan's importance as an oil supplier to China has declined since the high water mark of 2001–2. It supplied 4.7 per cent of China's oil in 2004 (or 15.39 per cent of China's total African oil imports).<sup>28</sup> In 2006 Japan appeared to be the single largest customer for Sudanese crude<sup>29</sup>, but Sudan accounted

26 The first deployment of 430 troops became operational in May 2006. The second group of 435 Chinese peacekeepers was dispatched to Sudan in January 2007.

27 Bank of Sudan Annual Report 2006. Other trade statistics from China and the IMF give lower figures, however.

28 Calculated from data in *China Commerce Yearbook, Almanac of China's Foreign Economic Relations and Trade*.

29 Bank of Sudan statistics put China as the top customer. However, other

for 6 per cent of China's crude imports in 2007. Oil exploration increased after the CPA, especially in Unity State and Upper Nile, and the oil sector began to generate considerable revenue. There have been negligible improvements for civilians in oil-producing regions, however, both in terms of services and of action to address concerns over the environmental impact of oil development.

Sudan has been comparatively important in Beijing's economic engagement with Africa. It was China's third largest trade partner after South Africa and Angola in 2004 and 2005, with total bilateral trade running at \$2.52bn and \$3.91bn respectively.<sup>30</sup> It was the top recipient of Chinese net non-financial overseas direct investment in Africa until the end of 2005 (22 per cent), and ranked as the ninth largest recipient (\$352m) of China's total outward FDI by 2005.<sup>31</sup> Northern Sudan is also a growing market for Chinese exports. According to the Bank of Sudan, the share of Sudan's overall imports from China rose from 8 per cent in 2002 to 20.8 per cent in 2006. The amount of manufactured goods (particularly garments and textiles, electronic goods, vehicles and steel products) that China exports to Sudan has been increasing in recent years.<sup>32</sup> This reflects northern Sudan's status as a relatively more developed market for Chinese goods in Africa, including white goods produced by companies like

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statistics, including those from the US Energy Information Administration, tell a different story. In 2006 total Chinese imports from Sudan were 4.8 MT or half of CNPC's total share (9.3 MT) in Sudan, meaning that nearly half of CNPC's share was directed elsewhere. Japan took 6.3 MT in 2006, which made it Sudan's biggest single customer. See Arthur Kroeber and G.A. Donovan, 'Sudan Oil: Where Does it Go?', *China Economic Quarterly*, 11, 2 (2007), p. 18.

- 30 According to MOFCOM statistics. Part of Sudan's importance can also be seen in the Chinese statistical measure of 'economic cooperation' (which takes in contracted projects, labour and 'design consultation') for which total turnover with Sudan stood at some \$1.34bn in 2005. According to MOFCOM, Sudan's share of the total level of 'economic cooperation' as a percentage of China's African total stood at 17-21 per cent between 2001 and 2005.
- 31 In 2004 Sudan received \$146.7m, or a 46 per cent share of China's overseas direct investment to Africa. See *China Statistical Yearbook 2006*, p. 759.
- 32 See *China Commerce Yearbook, Almanac of Foreign Economic Relations & Trade* (various).

Haier, which exhibited at Khartoum's International Trade Fair in January 2007 and competes with Japanese, Korean and Indian companies in Sudan.

Although Chinese investment has been heavily concentrated in oil and energy, Chinese business has been diversifying beyond oil. Promising post-war business opportunities for Chinese companies had been identified even before the CPA,<sup>33</sup> especially given the sanctions restricting Western investment. There were more than 124 officially registered Chinese companies in 2005, mostly involved in construction, oil, trade, and services.<sup>34</sup> The Chinese construction sector in northern Sudan has expanded through established large companies and firms established by Chinese entrepreneurs in Sudan. Transport infrastructure<sup>35</sup> and energy are two areas where Chinese companies have been active. The Harbin Power Plant Engineering Company completed the second phase of the el-Gaili Power Plant in 2007. Two Chinese companies are leading construction of the approximately \$1.9bn Meroe dam funded by Exim and Middle East investors.<sup>36</sup> Agriculture is another area of growing activity and official cooperation. Chinese enterprises have worked on agricultural development cooperation projects. The increase in small businesses in Khartoum and beyond, including restaurants, shops and other service sector businesses, testifies to a more recent wave of smaller entrepreneurial Chinese business interest and connects to the emerging Chinese social presence in northern Sudan.<sup>37</sup> In Southern Sudan,

33 Jing Sangchu, *Dan zhan hou touzi he chengbao shichang* ['Sudan's postwar investment and contract project market'], *Guoji jingji hezuo* [International Economic Cooperation], 4 (2004), pp. 43-5.

34 Ali, *Sudanese-Chinese Relations*, p. 89.

35 Featuring construction of roads and bridges, two Chinese companies won a US\$1.154 billion contract to build a 792km railway connecting Port Sudan and Khartoum in February 2007.

36 This project, with substantial investment from the Middle East and the involvement of German and French partners, has been controversial. See Ali Askouri, 'China's Investment in Sudan: Displacing Villages and Destroying Communities', in Firoze Manji and Stephen Marks (eds), *African Perspectives on China in Africa* (Fahamu, 2007). Downstream from Meroe, at the Third Cataract, there is also Chinese involvement in the Kajbar dam.

37 It is reflected in a popular street expression in Khartoum that 'under every

Chinese business outside the oil sector is relatively new and limited. Regional trade flows connecting Juba with the DRC, Uganda and Kenya have also meant other access routes for Chinese products being sold in Juba. A small number of Chinese businesses entered Juba after the CPA via Kenyan and Ugandan brokers in the form of construction joint ventures and a hotel.<sup>38</sup>

*Going global: China and Darfur*

Darfur became a far more consequential foreign policy issue for the Chinese government than Southern Sudan ever was. It has influenced wider perceptions of China within Sudan, in Africa and around the world. Although commonly reduced to material, pragmatic economic interests, Chinese diplomacy has also reflected, as Shichor has argued, 'fundamental and ideological concerns'.<sup>39</sup> There was undoubtedly concern about creating a high-profile precedent running at odds with the commitment to sovereignty that has formed a key pillar of its African engagement. Investment protection connected to geopolitical dynamics also played a role. The Chinese government appears to have prized political stability in Sudan and been distrustful of the objectives of proposed intervention in Darfur. Amid persistent suspicion of the US's non-humanitarian motives, there were also questions about why further sanctions were being recommended once China had 'succeeded' in Sudan.

China's political involvement has changed as part of an evolving diplomatic strategy. Beijing initially underestimated the severity of the conflict and the political risk.<sup>40</sup> Firm insistence on the sovereignty and territorial integrity of Sudan and consistent UN Security Council abstentions from 2004 were accompanied by high-level meetings

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stone you will find a Chinese' (to which is also added 'and a UN worker').

38 For example, the Nile Construction Company entered into a joint venture with the Chinese company Golden Nest in October 2006 to work on construction projects and another Chinese company, COVEC, won contracts to renovate ministers' quarters and the hospital.

39 Yitzhak Shichor, 'China's Darfur Policy', *China Brief*, 7, 7 (2007).

40 Linda Jakobson, 'The Burden of "Non-interference"', *China Economic Quarterly*, 11, 2 (2007) p. 16

with the NCP and aid donations.<sup>41</sup> Amidst an international arms embargo, there were arms supplies alongside military cooperation and training programmes between the SAF and the PLA. Chinese companies such as Norinco were among those supplying light weapons and other military hardware used in Darfur and Chad.<sup>42</sup>

Chinese diplomacy became more engaged over the course of 2006. Beijing welcomed and supported the Darfur Peace Agreement of May 2006. More involved diplomacy was first evident in behind-the-scenes encounters, as when President Bashir attended the Forum on China-Africa Cooperation. Most notably, this was seen later in November 2006 when the Chinese Ambassador to the UN helped to broker a compromise deal in Addis Ababa on the 'Annan plan' calling for an expanded UN peacekeeping role in Darfur.<sup>43</sup> This occurred amid ongoing discussion within the Chinese government about its Sudan policy.<sup>44</sup> There were different pressures at work. Exposure to criticism over Darfur meant sustained scrutiny and condemnation. Chinese investment in Sudan was threatened not merely by possible new sanctions but also by conflict in which the close association between China and the key architects of the Sudanese government's brutal counter-insurgency campaign in Darfur rendered China an enemy of the main Darfurian rebel groups. Chad's switch away from

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41 Including US\$610,000 worth of humanitarian aid to Darfur pledged in August 2004 after a trip to Khartoum by the Assistant Foreign Minister, Lu Guozeng, and donations to the African Union Mission in Sudan.

42 The UN Panel of Experts established under UN Security Council Resolution 1591 suggested 'that most ammunition currently used by parties to the conflict in Darfur is manufactured either in the Sudan or in China.' Report of the Panel of Experts established pursuant to paragraph 3 of resolution 1591 (2005) concerning the Sudan (30 January 2006), para. 125, p. 37. Opheera McDoom, 'Chinese arms in Darfur: the twisted trail of weapons', *Reuters* 19 June 2006.

43 Described by the American envoy on Sudan, Andrew Natsios, as 'a vital and constructive role' in evidence to the US Senate Foreign Relations Committee 11 April 2007.

44 Policy discussions in China on appropriate action broadly divided, it appears, between those wanting to resist US pressure and those who regarded Sudan as not worth damage to China's international standing, sometimes suggesting that China had over-invested in Sudan, had poor returns, and had lost face internationally to the extent that it was regarded as a 'reckless country'.

relations with Taiwan in August 2006 presented China with a further interest in regional stability, whilst also drawing it further into conflict between Khartoum and N'djamena.

The Chinese government went to some lengths to emphasize its 'responsible' role over Darfur before and after President Hu Jintao's February 2007 state visit to Sudan. The change of diplomatic positioning and more proactive public engagement were discernible before the 'genocide Olympics' campaign led by a coalition of activist groups in the US, which aimed to make Sudan rebound on China and compel Beijing to exert influence in Sudan. By invoking the spectre of an Olympics boycott, this appears to have briefly catalyzed Beijing's response. However, President Hu's visit illustrated the combination of flexible diplomacy in addressing international concerns on the one hand and continued practical support for President Bashir and the NCP-led government of national unity on the other. China made its most critical public comments on Darfur. President Hu even proposed his own 'four-point plan' to resolve the conflict, but at the same time offered further support to President Bashir through debt cancellation, aid, economic and military cooperation. Beijing had insisted on the need for Khartoum's consent to admitting a UN force into Darfur. It abstained on Resolution 1706 (31 August 2006), which authorised a UN peacekeeping force in Darfur, for this reason, but signalled acceptance of a UN force and subsequently offered to provide troops for the UN mission. The notable change was Beijing's efforts to persuade President Bashir to accept the UN force, followed by calls to recognize China's 'constructive' contribution and its 'influence' in securing the passing of Resolution 1769 on 31 July 2007.

The widespread suggestion of a qualitative shift in Beijing's diplomatic strategy was misleading. There was certainly a more proactive approach. The visit of Assistant Foreign Minister and special envoy Zhai Jun to Darfur in April 2007 and the appointment of a new special envoy, Liu Guijin, testified to China's efforts to contribute and redress the damage to its image, as well as continuing to promote its own agenda through more active diplomatic participation and media relations. However, this was accompanied by continuity in China's opposition, for example, to sanctions. A broadly dual-track strategy



appeared to operate: Beijing speaking to and wanting to be seen to align with American and EU constituencies, while affirming and renewing practical support for the NCP. Set alongside Beijing's claims of, and attempts to gain credit for, its 'responsible' actions, then, were the continuation of political and strengthening of economic relations between China and Sudan.<sup>45</sup> In this process, Khartoum continued its efforts to attract Chinese business (as illustrated, for example, in September 2006 when a ministerial delegation led by Dr Al-Jaz attended the 10<sup>th</sup> China International Fair for Investment and Trade in Xiamen).

The Chinese government was attempting the difficult task of reconciling 'non-interference' with the facts of its considerable involvement and economic importance in Sudan and a desire to receive credit for exerting constructive 'influence'. The nature of conflict in Darfur was also changing. Despite Beijing's new diplomacy, its close association with Khartoum rendered it vulnerable. It was increasingly likely that the rebel attack in November 2006 on Block 6 would be replicated and Chinese assets targeted as the most high-profile foreign oil operator in Sudan and one closely associated with the NCP. To face this danger, China's reliance on the Sudanese government to protect facilities increased but the nature of its diplomacy also demonstrated a willingness for flexible engagement within Sudan beyond its established relations with the North.

*Towards 2011: China's evolving relations  
with Southern Sudan*

The new Government of Southern Sudan (GOSS) established by the CPA and largely under SPLM control in Juba presented new challenges for Beijing. It had not dealt directly with the SPLM before and had been the principal backer of its wartime enemy. The SPLM's post-war China policy was to turn 'enemies into friends'<sup>46</sup> and it was

45 In the first quarter of 2007, for example, new engineering contracts for Chinese companies were signed worth \$1.4bn. Wang Wei, 'Wider Cooperation and Deeper Friendship - Feeling China-Africa Pragmatic Cooperation in Sudan', *Renmin Ribao* [People's Daily] BBC, 16 July 2007.

46 Pagan Amum, SPLM General Secretary, conversation in Juba,

thus in principle open to dealing with Beijing as one of a number of potential investors. The CPA enabled contact between the Chinese government and SPLM members of Sudan's government of national unity. It also facilitated the first notable connection between the SPLM and China, a friendly visit by a high-ranking SPLM delegation to Beijing in March 2005 led by Salva Kiir Mayardit, who became President of Southern Sudan and First-Vice President of Sudan in August 2005 following the death of John Garang.

The possibility of Southern secession in 2011 contained in the CPA, and the location of the main oil fields in Southern Sudan, were amongst the factors behind the apparent growing recognition by Beijing that it would need to respond to the new political reality in Juba in a manner that departed from its past practice of strict bilateral relations with the central government.<sup>47</sup> Salva Kiir met President Hu Jintao in Khartoum in February 2007 and welcomed Chinese investment in Southern Sudan. Beijing subsequently offered a loan to the GOSS. In July 2007 Salva Kiir made another visit to China and was reported to have reassured the government that China's oil investments were secure.<sup>48</sup> A Chinese government delegation made an official visit to Juba in late August 2007. A new Chinese aid package was subsequently announced, which targeted hydro-electric projects and infrastructure construction. These developments cumulatively suggested a momentum toward the 'normalization' of political ties indicative of Beijing's need to adapt to the changing nature of politics in Sudan. However, this process has involved political elites to date and has given rise to questions about why the SPLM is engaging with Beijing. Opposition and critical popular attitudes towards China in Southern Sudan reflect the legacy of China's support for the GoS during the war. At times these are articulated in racial terms as seen, for example, in critical Southern reaction to the November

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December 2005.

47 Peter Adwok Nyaba, 'An Appraisal of Contemporary China – Sudan Relations and its Future Trajectory in the Context of Afro-Chinese Relations', paper present to the Centre for Advanced Studies of African Societies conference on 'Afro-Chinese Relations', 23-24 November 2005.

48 The CPA itself also stipulates that oil contracts 'shall not be subject to re-negotiation'.

2006 Sino-Arab Friendship conference in Khartoum, which produced renewed complaints about China's continued preference for Northern 'Arab' Sudanese.

### *Conclusion*

Together with the oil-fuelled prosperity of state elites, Sudan-China relations today have also involved growing disenchantment with, and resistance to, the impact of China's business in Sudan. Views accentuating the positive economic impact of China are articulated in business quarters, but there are also mounting grievances against Chinese employment and business practices, including product dumping. Such views, and other criticisms, contrast with the more positive memories of China's role in Sudan during the 1970s.

As a foreign relations issue in Africa and more generally, Sudan was a high profile case that brought into question both China's efforts to respond to the American challenge of being a 'responsible' rising power in the international arena and its own attempts under Hu Jintao to promote a more 'harmonious' international society. The Chinese government pursued a difficult balancing act of attempting to respond to different constituencies. It has publicly supported the political process of negotiations on Darfur and the African Union-UN mission, while attempting not to be seen as responding to US pressure and reassuring the government of Sudan (and the NCP in particular) of China's continuing support. Beijing was thus in the awkward position of appearing to want to be seen as a progressive force on Darfur while endeavouring to maintain a distinctive principled difference, conscious of the ramifications its diplomacy might have for its wider African engagement, as well as its own national interests.

This chapter has reviewed a rich subject on which much more remains to be researched. After 1989 China's engagement in Sudan progressed from that of a comparatively insignificant economic partner to that of key patron. China's role in Sudan's oil sector initiated a new phase of relations that approximate the crossing of boundaries (*chuangxin kuayue*) called for by the four-character slogan under the CNPC sign on the Sudan Hotel in Khartoum. Sudan is an important and, from China's perspective, successful case of directed investment:

in 'Chinese oil investments overseas, CNPC's Sudan operation represents the single most outstanding success'.<sup>49</sup> China's comparative success in Sudan was driven through by a concerted state-backed effort and, like that of Malaysia and India, benefited from the unintended consequences of Western foreign policy. This success has meant a highly mixed impact in Sudan. The deepening Chinese role has inevitably entailed political outcomes as part of an involvement that has incrementally undermined from within the principle of non-interference as experienced by Sudanese. The nature of the Chinese government's relations with the NIF/NCP has also meant that non-interference has increasingly been conveyed as rhetoric cloaking the defence of China's established interests in Sudan and support for a government with a particularly violent record. Within northern Sudan, oil development contributed to a transformation within the politics of the NIF from its former revolutionary Islamist interest in social change to a more self-interested politics in which the changing extractive resource base of the government was crucial. For China, however, the principle of non-interference remained even as it continued to attempt a more engaged role in Darfur, Southern Sudan and the uncertain future of Sudan.

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49 Jakobson and Zha, 'China and the Worldwide Search for Oil Security', p. 67.