



African Oil: A Priority for U.S. National Security and African Development



"Concentration of World Oil Production in any one region is a potential contributor to market instability, benefiting neither oil producers nor consumers... This remains a policy challenge, which we will meet over the longer term through a comprehensive energy policy that addresses both supply and demand. . . Greater diversity of world oil production remains important.

"Along with Latin America, West Africa is expected to be one of the fastest-growing sources of oil and gas for the American market. African oil tends to be of high quality and low in sulfur, making it suitable for stringent refined product requirements, and giving it a growing market share for refining Centers on the East Coast of the U.S."

National Energy Policy Report

Office of Vice President Richard Cheney

May 16, 2001

African Oil Policy Initiative Group

Barry Schutz & Paul Michael Wihbey, Co-Chairmen

Robert E. Heiler, General Secretary

Courtney Alexander, Alexander Strategy Group

Malik Chaka, House Africa Subcommittee

Emmanuel Egbogah, Emerald Energy

Alyssa Jorgenson, House Africa Subcommittee

Lt. Col. Karen Kwiatkowski, USAF, Department of Defense
Africa Policy

Don Norland, former Ambassador to Chad

Melvin Spence, Office of Congressman William Jefferson

Janice Van Dyke Walden, Yanco Energy

Ponzi Watson, Renaissance Management Group

Warren Weinstein, AfricaGlobal

Mark Winter, Stewart Title Guaranty Corporation

*"African oil is not an end, but a means: a means to both greater U.S.
energy security and more rapid African economic development."*

—AOPIG

TABLE OF CONTENTS

Section I: List of Recommendations

Page 2

Section II: Introduction

Pages 3-7

Section III: Energy Security: Recommendations

Pages 8-12

Section IV: African Development Strategies: Recommendations

Pages 13-14

Section V: Regional Security: Recommendations

Pages 15-18

List of Recommendations

Energy Security

1. African nations should be educated, and participating companies encouraged to pursue enhanced recovery techniques to access all of the oil available in the region.
2. The U.S. should encourage regional cooperation among nations in the energy sector by offering debt relief exclusively to countries demonstrating commitment and progress in this area.
3. Real estate privatization should be emphasized by the U.S. as a fundamental policy to be adopted by African States seeking to attract significant capital investment, particularly in the energy sector.
4. U.S. companies should be encouraged to invest more in capping of flared gas flows, and African countries to move toward the establishment of a regional gas grid.

Developmental Strategies

5. Heritage trust funds should be established and receive all oil revenues over \$16 per barrel, and a share of profits if oil revenues is below \$16 per barrel.
6. Similarly, an agreed-upon percentage of oil and gas investment should be ear-marked for ancillary economic development.
7. African governments should be encouraged through debt relief or AGOA enhancement to distribute revenues both horizontally and vertically.
8. The cooperation among governments, NGOs and oil companies embodied in the Chad-Cameroon Pipeline Project should be refined and studied as a model, at least in part for application to other African oil projects.
9. The New Economic Plan for African Development (NEPAD) is another valuable model, and its provisions should be applied where possible in the next wave of oil initiatives.
10. U.S. oil companies should be encouraged, perhaps through tax incentives, to disclose by publication, government filings and on public websites, all payments to the oil-producing governments.

Regional Security

11. Congress and the Administration should declare the Gulf of Guinea an area of “Vital Interest” to the U.S.
12. A regional sub-command, similar to U.S. Forces Korea, should be established for the area.
13. That regional sub-command should strongly consider the establishment of a regional homeport, possibly on the islands of Sao Tome and Principe.
14. A U.S.-Nigerian compact on regional security issues should be established to make the area more secure and thereby more attractive for direct foreign investment.

Introduction

African oil should be treated as a priority for U.S. national security post 9-11, and I think that post 9-11 it's occurred to all of us that our traditional sources of oil are not as secure as we once thought they were. African energy is also critical to African development. It provides a revenue stream that should supply capital to grow African economies and to break the cycle of poverty that plagues the continent. There is no good reason why African oil producing countries should not take advantage of the African Growth and Opportunity Act (AGOA) to diversify their economies.

--U.S. House of Representatives Subcommittee on Africa Chairman Ed Royce (R-CA)¹

The strategic question is which countries we depend on for this oil. The suggestion that comes out of all of these discussions is our best partners are in West Africa for many of the reasons I've mentioned: the commitment to democracy. Though there may be strivings and failings, nonetheless there is a commitment. West Africa is closer, making it easier to move product from there to here; the resources are, in most cases, not landlocked. Things usually work fairly well if you're out in deep water.

--Congressman William Jefferson (D-LA)

African oil is of national strategic interest to us, and it will increase and become more important as we go forward.

---U.S. Assistant Secretary of State Walter Kansteiner III

For too long official Washington has been gripped by the perception that the United States has no vital interests in Sub-Saharan Africa. Nothing could be further from the truth. As the political and security conditions of the Persian Gulf deteriorate, the availability and appeal of reliable, alternative sources of oil for the American market grows. African oil is emerging as a clear direction U.S. policy could take to provide a secure source of energy.

On January 25, the Institute for Advanced Strategic & Political Studies' (IASPS) held a symposium in Washington on the issue of African oil and U.S. national security priorities. That a critical issue was being discussed was indicated by the overwhelming turn out of experts from the oil industry, academia, think tanks, Congress, and diplomatic corps. Several speakers from diverse backgrounds emphasized the strategic significance of West Africa's oil-producing capabilities for increased American energy security requirements post-September 11. The symposium created a consensus that if U.S energy policy more fully incorporated African oil, the U.S. could further diversify its energy resources. Moreover, if oil revenue transparency was encouraged, state revenues generated could provide sustainable development to African countries.

¹ All quoted material, unless otherwise designated, is from the January 25, 2002 *Institute for Advanced Strategic & Political Studies* symposium, **African Oil: A Priority for U.S. National Security and African Development.**

Out of this symposium grew a working group called the African Oil Policy Initiative Group (AOPIG). This group comprised representatives from relevant offices in the Administration, the House of Representatives, Senate, international consultants, and oil companies, and other U.S. investors. Utilizing the expertise of all participants, the working group created the recommendations included here.

Official statistics indicate that 15.3 percent of U.S. oil imports come from Africa and that an estimated \$10 billion in U.S. oil production investments would flow into West African fields by 2003. At 1.5 million barrels per day, the amount of West African oil flowing to the United States approximates or exceeds the volume of the U.S. imports from Saudi Arabia. Nigeria is the world's sixth-largest oil exporter and fifth-ranked provider of crude to the U.S. at over 900,000 b/d, while Angola, despite years of civil conflict, may produce close to one million b/d in 2002. Recent significant discoveries have been made off the coast of Equatorial Guinea, Congo (Brazzaville) and Cote d'Ivoire, as well as in areas not traditionally associated with the Gulf of Guinea oil basin, such as South Africa, Namibia and Mauritania. Vice President of Vanco Energy, Janice Van Dyke Walden, described the off-shore potential of her company:

Potential reserves number 8 billion barrels of oil just from Vanco; 1.26 billion barrels of that could be in Equatorial Guinea, 3.2 billion in Morocco, 2.9 billion in Namibia, and half a billion in Cote d'Ivoire. If you were to take our acreage, and superimpose it onto the Gulf of Mexico you would see that it is about 75 percent of deep water Gulf of Mexico, and that's just one company alone. So clearly our interest is in Africa, and the deep water potential there is fantastic...

Such increased level of exploration and production represents significant U.S. capital investment. According to the Energy Information Administration of the U.S. Department of Energy, we will be importing in the year 2020 over 770 million barrels of African oil a year. By 2003, investment in the African oil industry will exceed \$10 billion a year. Between two thirds and three fourths of our foreign direct investment in Africa in the next decade will be in the energy sector.

Such extraordinary growth in the West African energy sector is prompting Washington to reassess its strategic and security priorities in Sub-Saharan Africa. The prospect that this may culminate in an explicit American pronouncement of multi-layered engagement (regional and energy security, and developmental strategy) with the oil-rich Gulf of Guinea region, could dramatically alter traditional geopolitical calculations based on oil production and supply. A recently declassified U.S. Department of Defense conference summary on this issue declared:

West Africa is a swing production region that allows oil companies to leverage production capabilities to meet the fluctuating world demands... West African oil is of high quality, is easily accessed offshore, and is well positioned to supply the North American market. Production in two major oil producing states (Nigeria and Angola) is expected to double or triple in the next 5-10 years. Already Nigeria and Angola provide as much oil to the U.S. as Venezuela or Mexico, making it of strategic importance.

The National Intelligence Council estimates that African oil imports to the United States will rise to 25 percent of total imports by 2015. As Congressman Jefferson put it:

Last year there were eight billion barrel finds of oil in the world; seven of those were off the coast of West Africa. When reserves in the Middle East are compared to the reserves in Africa, all I can say is that we don't quite know what we're talking about. No one knows yet how much oil there is off the West Coast of Africa or in West Africa. If you asked this question five years ago, we would have stated a very different reserve number than we would state now, because of what has happened with technology.

There is a need to reshape a new U.S. national security policy for Sub-Saharan Africa facilitating economic and political development. Such an initiative would be based on a West African regional economic engine driven by large petroleum revenues from producing states such as Nigeria, Angola, Equatorial Guinea, Gabon and Congo (Brazzaville). Nigeria, especially, as Washington's largest African trading partner and despite its difficulties with governance and transparency, could emerge as the pivotal actor, regional economic engine and stabilizer. By providing the United States and other markets with a steady and secure flow of high quality, reasonably priced African crude, dependency on hostile or unstable suppliers in other parts of the globe would diminish.

The nexus between increased investment in petroleum exploration and production and the economic growth of African states was noted by several speakers. Professor Terry Karl of Stanford University and John Flynn of ChevronTexaco U.K. agreed that developmental strategies derived from oil revenues required a sensible calculus for the application of the principles of good governance and the institutionalization of political and economic reforms. Flynn said:

Over the last year or so we've been discussing with the State Department and the Foreign Office the introduction of voluntary principles on the conduct of companies providing security for the oil facilities. Unless those companies act within certain fairly rigorous terms, they can cause tremendous problems.

Such principles aim to create a suitable environment for sustained economic investment and human rights. According to media reports, ChevronTexaco, Shell, Conoco, BP, Rio Tinto and McMoran have already endorsed these principles known as the Voluntary Principles on Security and Human Rights developed by the U.S. State Department, by the UK Foreign Office and various private sector, labor and human rights groups.

Professor Karl suggested that transparency and accountability are essential preconditions for the effective use of oil revenues in developmental strategies, saying:

Oil can be a force for development or it can be a major impetus for war. . . The issue is how to make sure that oil is a force for development rather than the excrement of the devil.

Her recommendation that national oil trusts be established where revenues are targeted towards infrastructure, education, health and welfare of local populations was endorsed by Chairman Royce. Royce said that oil companies, NGOs, governments and multilateral agencies could work together in a partnership to overcome the problem of weak national institutions attempting to manage the efficient exploitation of their natural resources.

As a consequence of the impending interplay of U.S. energy security interests and African economic developmental goals, the United States is on the verge of an historic, strategic alignment with West Africa. With projections of over 2.5 million barrels a day in African oil to the American market by 2015, the ambitious goals of the Bush administration's national energy policy for major diversification of oil supply are within reach. The shift in global energy patterns characterized by massive new production levels in Russia, the Caspian Basin, South America, and West Africa, is contributing to America's reevaluation of its global alliance system. Within this context, AOPIG believes that West Africa is being projected onto center stage in global affairs.

As the Gulf of Guinea emerges as a new energy center of gravity and a vital U.S. interest, Washington needs to work with its regional allies to develop a practical set of foreign policy initiatives underpinning a long-term alignment. These initiatives could provide for a U.S.-West Africa relationship defined by:

1. A new and vigorous focus on U.S.-military cooperation in sub-Saharan Africa, to include design of a sub-unified command structure which could produce significant dividends in the protection of U.S. investments, improving the level of military professionalism and subordination of African militaries to civil leadership, and in cooperatively confronting and eliminating global and regional terrorism;
2. Large scale U.S. capital investment in regional infrastructural projects such as the Chad-Cameroon (oil) and West Africa (gas) pipeline projects leading to economic diversification in the agro-business, hydrological and manufacturing sectors;

3. Expansion of the ideas articulated in the Africa Growth and Opportunity Act to effect the creation of a U.S.-Africa free trade agreement; and
4. A carefully measured and monitored U.S. commitment to debt forgiveness contingent upon bilateral partnerships promoting free market reforms in critical sectors such as energy, banking, and transportation, all the while recognizing that African states need to do their part to secure debt relief.

The United States has an opportunity to break from the politics of the geostrategic pressure of unstable or unfriendly oil-producing states by actively participating in the creation of a new zone of security and prosperity in a part of the world receptive to American presence. As Chairman Royce said:

We should follow up on the success of the Africa Growth and Opportunity Act, which has attracted hundreds of millions of dollars in direct foreign investment and created hundreds of thousands of jobs. . . . I am just back from Lesotho, South Africa and Namibia, and we saw factories that employ tens of thousands going up. We've seen a 17 percent increase in trade with Africa in the last six months. Also impressive is the transformation in African attitudes. African government officials, now believing that they have a chance in the global economy, are speaking passionately about creating better investment climates, including combating corruption, cutting red tape and improving governance. The energy sector is pleased by the AGOA-triggered reforms in customs services. AGOA should be used to leverage these improvements throughout the continent.

Energy Security: Recommendations

Africa provides the oil, helps us with human intelligence, helps with our access to the Middle East so we can have a forward presence. Our tradeoff has to be to help develop Africa with what makes our country work: transportation and information technology. That is the new deal I hope we can get out of this for Africa and the United States. That is where I think our national security interests are.

--Rep. William Jefferson (D-LA)

If recent history has a lesson, it is volatility. For example, few predicted the fall of the Soviet Union, the most geopolitically significant event in at least a generation, very far in advance. And no one saw September 11th coming. But in the resulting uncertain, multi-polar world, geography and geology are stabilizing influences. In the energy market, geography and geology argue for greater U.S. engagement in the Gulf of Guinea. As AOPIG member Robert Murphy put it, "Much of Africa's oil is offshore, thereby insulated from domestic political or social turmoil, and can be delivered via open sea lanes devoid of canals or narrow straits." These and other reasons persuade the AOPIG that American energy security is well-served by a coherent strategy that recognizes and utilizes West Africa as a means of diversification and price stabilization in the world energy market.

Any comprehensive plan to address energy security in the post-9/11 world must confront both short-term and long-term problems. West African energy producers offer some unique advantages in both of these categories.

The short-term problem is directly related to the current and potential conflict in the Middle East and its geopolitical effect on major U.S. oil suppliers. As previously noted, West Africa currently supplies 15 percent of American oil imports, a figure the National Intelligence Council (NIC) expects to rise to 25 percent by 2015. Establishing an improved regional security framework will accelerate American capital investment, which in turn will increase African production capacity. Because the limiting variable in many West African production equations is infrastructure, production could, in this environment, increase even faster than the NIC anticipates.

With Middle Eastern suppliers openly discussing the possibility of embargo, as well as continued political instability in Venezuela, increasing and diversifying supply is a matter of national security. Moreover, it is a prerequisite to freedom of action in U.S. foreign policy. West Africa offers the quickest, most secure and least complicated potential for such an increase.

The U.S. should not be partnering with unpopular, undemocratic regimes. On the contrary, proper foreign policy would bolster American values with our allies and encourage democratic development. One way to achieve this is to engage with energy-producing countries in a way that fosters and encourages the development of a middle class, rather than allowing petro-dollars to flow into the hands of a small number of corrupt leaders and their associates. As Murphy stated at the symposium:

Oil is one of the few things that guarantees a transfer of wealth from the developed to the developing world. The presence of oil creates opportunities for constructive engagement, transfer of technology, and the development of infrastructure and human capital.

Specific means of capitalizing on these opportunities will be discussed in the next section; here will suffice the observation that such considerations serve long-term U.S. energy security as well as African development. African oil is not an end, but a means: a means to both greater American energy security and more rapid African economic development.

African energy must be approached with a regional strategy tempered by nation-specific tactics. Many challenges that African countries face, both in energy production and generally, are common to most or all of the nations in the region. Lack of infrastructure, health facilities, land privatization and clean water, as well as the AIDS pandemic, are all problems that will require regional cooperation to solve. A case in point is the role of legally protected land ownership as a key ingredient to successful market economy development. Efforts to promote private sector economic development, such as oil, depends in part on fast, accurate and clearly defined legal rights in land and on accurate, systematic demarcation of legal boundaries between tracts of land. Readily transferable titles to property will stimulate the flow of private capital for mortgages and the financing of economic development. As the Chairman of Stewart Title, Malcolm Morris, said:

Good and indefeasible land titles form the basis for the development of a healthy real estate-based economy in a country. When people have no place to call their own, it leads to unrest and tension.

America can provide the leadership, trade and support in achieving development of these greatly needed infrastructures.

At the same time, individual countries have specific problems that their neighbors do not share; Gabon, for example, is facing the depletion of its oil reserves, or at least of the reserves that are accessible through conventional recovery techniques.

Complementing proposed regional security initiatives, AOPIG offers the following recommendations for maximizing the effect of African hydrocarbons on increased American energy security:

1. **Enhanced Oil Recovery Techniques:** African oil-producing nations and concerns must be encouraged and educated in techniques of Enhanced Oil Recovery. This will maximize economic benefit over time to African nations, maintain diversity of supply, and utilize all of the oil available. Conventional recovery often leaves as much oil behind as it removes; this kind of waste is not in the best interest of developing nations; moreover, it is not in the U.S. interest of maximum supply diversification. Currently, oil companies enjoy tax write-offs for the ownership of fields that are defined as spent, but which actually still contain substantial reserves. Legislation should be passed to end this failure to recognize new technology. Indeed, companies should be offered tax credits for pursuing enhanced recovery in so-called “brown fields,” or for releasing land rights to other companies willing to extract the residual oil. Gabon, with its reserve-depletion issue, would be a good place to start this process.
2. **Regional Cooperation and Debt Relief:** Cross-border projects, policy harmonization, free trade agreements and integrated pipeline and transmission networks on the continent are all vital to increasing regional energy sector cooperation and maximizing benefits to both producers and U.S. consumers. Many of these goals also serve the ends of improving governance, strengthening regional stability, and economic reform. Accordingly, debt relief negotiations should be linked to these issues. African nations seeking debt relief should be accommodated when they demonstrate dedication to and progress toward these goals.
3. **Real Estate Privatization:** Social stability and increased prosperity are created when businesses and private citizens own their own homes, land, and buildings and have good, clear, and transferable title to their property. Meeting Africa’s real estate privatization challenge is a necessary step toward attracting investment capital for oil and all other types of business development. Land titling and rule of law must be incorporated into U.S.-Africa dialogue as a prerequisite for the development of inland oil exploration and free market structures.

4. **Gas Flaring:** Throughout the region, natural gas is wasted in this manner, even as enormous quantities of wood are burned for heat, causing environmental degradation. Meanwhile, projections of U.S. gas demand indicate a coming deficit in supply. In the short term, U.S. interests are served by greater investment in capping gas flows currently being flared. Both American and indigenous companies should be encouraged to make this investment. In the long term, African nations also must be encouraged to work together to establish a regional gas grid. Such a grid would strengthen regional stability and economic interdependence; therefore, such encouragement should be made part of the Bush administration's increase in targeted and limited foreign support this year to countries pursuing economic and political reform. Energy companies should be discouraged from flaring gas, through legislation and/or tax credits, as economic and technological development allows for the use of gas as a heating fuel.

African Developmental Strategies: Recommendations

“What is likely to happen if African countries...exploit oil in the context of very weak political and economic institutions? What is likely to happen is that oil will exacerbate profound political and economic crises.... It will lead to a reduction of the welfare of people in oil exporting countries. It will provoke violence and unrest. It will lead to the violation of rights. It will lead to the destruction of the environment. It will buffer authoritarian rule. That’s what will happen, again, if (oil investment) is inserted in weak political and economic and social institutions without interventions to see that something to the contrary occurs.”

--Professor Terry Karl, Stanford University

Oil investment in Africa has been no boon to the cause of economic and political development. Oil revenues have helped to prop up dictatorships (Nigeria under Sani Abacha), prolong wars (Angolan civil war), devastate residential environments (the Niger Delta), and obstruct transparency in commercial transactions (the primary reason for World Bank involvement in Chad-Cameroon Pipeline Project). Yet oil provides one of the few ways that wealth can be transferred from developed countries to the Third World. Mega-companies like ChevronTexaco and ExxonMobil now concentrate on providing extensive social and community benefits to affected oil producing areas and employees. Small, adventurous companies like Vanco are exploring, and often finding, favorable seismic attributes for oil development from Senegal to Madagascar. Certain “majors” like Royal Dutch Shell, with its Washington office now claiming some American ownership, are compensating for their dismal record in Nigeria and other West African countries by implementing programs providing social and economic benefits to employees and other people living in areas of their ongoing African operations.

As Donald Norland, former Ambassador to Chad, pointed out in his April 18 testimony before Congress, (see Appendix 5) the Chad-Cameroon Pipeline Project is demonstrating the potential of joint public/private cooperation. Norland said,

The Chad Project is a bold new model for collaboration among private investors, the World Bank Group and the government of Chad. But these are not the only key players. Indeed, success will require keeping the project in the spotlight of public attention as well as under constant scrutiny and monitoring by outside groups: NGOs, human rights and environmental organizations and the media. Scrutiny is the key to transparency. Transparency is, in turn, indispensable in guaranteeing that oil resources go – as prescribed by Chadian law and relevant agreements – to projects that reduce poverty while preserving the environment and advancing human rights. In short, to make sure that revenues go to benefit the people of Chad and not to private bank accounts.

Recognizing Chad’s place as the world’s fifth poorest country, the World Bank has joined ExxonMobil and ChevronTexaco in financing the pipeline. The World Bank has thus far succeeded in convincing Chad’s authoritarian President Deby to allow revenues from oil production to be placed in a reserved Trust for educational and social development. In addition, ExxonMobil and the

other oil investors have accepted the recommendations of environmentalist NGO's in laying the pipeline. ExxonMobil has even employed a team of anthropologists to communicate with Chadian residents displaced or otherwise affected by the pipeline.

But public sector financial organs like the World Bank are not the only way to pursue transparency, as AOPIG member Ponzi Watson, of Renaissance Management Group, pointed out:

One way to monitor is to back into it by looking at financing, which is the only point of entry that the private sector at large has. RMG works with banks in the U.S. to rehabilitate Nigerian financing instruments. This way, you can reach anti-corruption through the private sector.

1. **Heritage Trust Funds:** Encourage oil investors and African governments through tax incentives and debt relief to establish Heritage Trusts whereby all revenues over \$16 (or whatever is deemed the average price per barrel over time) are placed in that Trust. When the price of oil is at that level or below, revenues would be shared by the partners on a for-profit basis. Revenues above the agreed figure would be deposited in the Heritage Trust account in a bank agreed upon by both investor and government. The proceeds in the Trust would be used when the price of oil dips below the average, and for any emergency economic or ecological conditions.
2. **Ancillary Economic Development:** Proposed by Watson, this approach would earmark a certain percentage of the oil (or gas) investment for ancillary economic development. This initial payment would be set aside in trust for expenditures in education, agriculture, and other forms of social welfare or economic development.
3. **Vertical and Horizontal Distribution:** African governments could vertically pass down oil revenues to state and local governments and/or horizontally direct oil revenues from the central government to a trust in a holding bank agreed upon by the government and the investing companies (see above recommendations). Nigeria has already been successful with vertical distribution to its state governments, a positive action not given its due. These processes can be encouraged by debt relief or enhancement of AGOA.
4. **The Chad-Cameroon Model:** The replication of this model anywhere else in Africa is unlikely. However, there are various components of the Model that would benefit other investment/development linkages. The World Bank has clearly stated that it joined this project because of Chad's extreme poverty; however, its experience with the Chadian government has been arduous and the Bank has little appetite for any similar

engagements in the near future. Nonetheless, the apparently effective cooperation between the oil companies, the NGOs concerned with the environment, academic anthropologists and sociologists looking to apply their expertise for the good of African development, and the local community decision-makers in rural communities augurs well for such cooperation in future investment projects.

5. **The NEPAD Model:** South African President Thabo Mbeki's touting of the New Economic Plan for African Development (NEPAD) provides an opportunity to promote regional support for oil/gas-induced development. Approaching regional organizations in the past has had mixed results. But with the popular success of AGOA and the new oil initiatives, now could be the time to spread the benefits of successful African developmental programs.
6. **Ensuring Transparency:** All oil-exporting states have not been forthcoming in showing publicly the amount of investments received by foreign oil companies and the amount of profits generated from the export of that oil or gas. U.S. oil companies should be encouraged, perhaps through tax incentives, to disclose all payments to the oil-producing governments. Diplomatic pressure should be brought to bear to encourage other countries to require such reporting of their energy companies as well. As Global Witness, a corruption watchdog NGO, has stated: "You don't know where the money's gone when you don't know what's come in." The World Bank has required such disclosure in its participation in the Chad-Cameroon Pipeline Project but it will not likely be a player in most African oil projects. Ruling elites have thus far generally refused to disclose their income and disbursement from foreign oil investment, proclaiming that such disclosure is an infringement on national sovereignty.

Most of these programs are a mix of inducements to keep the pressure on oil investors and African governments for the purpose of enhancing a more balanced African development. Oil investment has not had a good track record, but there are signs that current investment practices may be more successful in stimulating African development.

Regional Security: Recommendations

The importance of U.S. oil production in the Gulf of Guinea points to developing a strategy to protect this production from terrorism, and this raises critical concerns about the role of the U.S. military in the region and its relations with African militaries....In this respect, the relation of the Nigerian military and the members of ECOMOG is crucial.

--Chairman Ed Royce

On April 14, 2002, the Department of Defense announced its new global military command organization. In the plan, responsibility for coordinating military to military issues with African states remains divided between Central Command/CENTCOM (covering the Middle East and Southwest Asia) and European Command/EUCOM (covering Europe, Russia, the Atlantic and most of Africa, including Western and Southern Africa). This organizational construct does not optimize or focus diplomatic and military attention in sub-Saharan Africa, and the lack of a dedicated regional unified or sub-unified command to safeguard rapidly growing American involvement in sub-Saharan Africa is a stark omission that may needlessly raise the risk to U.S. interests in Africa in coming years. (As recently as April 23, 2002, Nigerian and international workers were taken hostage on a ChevronTexaco oil rig off Western Nigeria by members of a nearby local community. Although the hostage drama was resolved peacefully and without injury, this type of event is a recurring problem due to lack of Nigerian off-shore security capabilities.)

AOPIG considers the Gulf of Guinea oil basin of West Africa, with greater western and southern Africa and its attendant market of 250 million people located astride key sea lanes of communication, as a “vital interest” in U.S. national security calculations. The Gulf of Guinea, as part of the Atlantic oil-bearing basin, surpasses the Persian Gulf in oil supplies to the U.S. by 2:1; moreover, it maintains significant deposits of critically important strategic minerals including chromium, uranium, cobalt, titanium, diamonds, gold, bauxite, phosphate and copper. The region is also characterized by underdeveloped hydrological, agricultural and fisheries resources. Failure to address the issue of focusing and maximizing U.S. diplomatic and military command organization will be perceived by many in Africa as a device of cultivated neglect by the world’s only superpower, and could therefore act as an inadvertent incentive for U.S. rivals such as China, adversaries such as Libya, and terrorist organizations like Al-Qaeda to secure political, diplomatic, and economic presence in parts of Africa. Such threat possibility from such actors exposes U.S. personnel and assets to heightened dangers and diminished opportunities. (A recent visit by Chinese

president Zeming to Nigeria concluded agreements on Chinese assistance in developing Nigeria's light weapons industry, oil refinery construction, power plants, and possible Chinese rehabilitation of Nigeria's rail system). AOPIG strongly urges the Bush administration to adjust its regional security calculus on sub-Saharan Africa in coming years, through active sub-regional diplomatic focus via ambassadorial appointments to ECOWAS and other sub-regional security organizations, and through examination and creation of a new regional unified or sub-unified command.

The foundation of a new security structure already exists with EUCOM's Africa Engagement Plan, which is committed to freedom of navigation, quick response to humanitarian crisis, rule of law, military professionalism, and subordination of African militaries to civil leadership. These operating principles have been exemplified by the formation of the African Crisis Response Initiative (ACRI), the Africa Center for Strategic Studies (ACSS), and the Joint Combined Education Training Program for small unit training. The U.S. military and diplomatic community has the ability to integrate these endeavors into a comprehensive regional security architecture, and this could be facilitated and expedited through a dedicated unified or sub-unified command organization.

A decision to conscientiously focus and organize U.S. security and diplomatic energies around sub-Saharan Africa security priorities would give official sanction to post-9/11 geopolitical realities and would help shift U.S. emphasis from costly and ineffectual crisis response to peace-time security cooperation. As a result, the regional security environment would be improved via increased engagement with African civil and military decision makers, enhanced anticipation of impending problems and a more accurate and in-depth understanding of the needs of our African partners. The establishment of a regional unified or sub-unified command provides the United States with proactive options for crisis management and prevention. Just as importantly, it would send a powerful signal of long-term U.S. commitment to regional stability and development.

The Economic Community of West African States (ECOWAS) is in particular a critical link for a successful U.S. regional security policy. U.S. diplomatic and military relationship with ECOWAS should be a priority, with a continuation and expansion of efforts such as EUCOM's West African Stabilization Program and the appointment of a dedicated U.S. ambassador to ECOWAS. Such an

approach will help all the countries of the region, producers and non-producers alike, to secure the proper political and investment climate in order to maximize their revenues for programmed economic development and democratic reforms.

AOPIG offers the following recommendations for the implementation of a regional security doctrine in West Africa:

1. **National Security Priority:** The Congress and the Administration declare the expanded Gulf of Guinea region of western and southern Africa as an area of “vital interest” to the United States.

2. **Establishment of a Regional Command:** While recognizing the desirability of a new regional command, bureaucratic and budgetary realities dictate an interim measure that can satisfy many, if not most of the goals attainable through a single CINC for Africa. The establishment of a sub-unified command with exclusive responsibility for the expanded Gulf of Guinea region, or all of sub-Saharan Africa, similar to U.S. Forces Korea, is a viable alternative that can be implemented in a cost-effective and timely manner. The commander would have CINC-like rank but be subordinate to EUCOM. The formation of such a force command organization would send a powerful signal to our regional friends that the United States is making a strategic commitment.

Responsibilities under such a command would include safety for U.S. citizens, a focused emphasis on improving levels of military professionalism and national security capacity across the region, improved intelligence gathering and sharing, protecting sea lanes, monitoring and preventing illicit arms traffic, maintaining the region free from weapons of mass destruction as well as threats from transnational terrorist and criminal groups. All of these responsibilities have a direct impact on trade and long-term development of African economies and will improve mutually desired levels of trade and stability.

3. **Forward Military Presence and Facilities:** U.S. friends and allies in West and Southern Africa largely have little or no bluewater naval capabilities, and find it difficult to survey and secure their coastal waters, whether to secure legitimate trade and sea traffic, to combat illegal arms and other transfers, or to monitor their fisheries. To assist in this capability, and to safeguard increasing volumes of petroleum shipments from producing states, the U.S. should give serious consideration to increased force presence

and the establishment of a regional homeport, possibly on the islands of the Republic of Sao Tome and Principe centered in the Gulf. A forward military presence would not only help deter potential threats but also enhance U.S. credibility by facilitating increased naval visits to western and southern African ports, improving military-to-military contacts and building long-term and professional military capacity to secure national borders and economic zones.

4. **U.S./ECOWAS Regional Security Doctrine:** Many key leaders in Western Africa and the expanded Gulf of Guinea region have committed to a democratic process, rule of law and achieving smaller, more professional, capable, and civilian controlled militaries. Nigeria, Senegal and Ghana, among others, have taken a leading role in support of the American position towards the Congo, Liberia, Sierra Leone, Zimbabwe and the war on terrorism. ECOWAS's regional peacekeeping efforts have been praised for maintaining stability in difficult circumstances. A U.S.-ECOWAS condominium on regional security issues is critical to overall regional stability and the formation of a new regional architecture. The United States should consider a security-oriented engagement with ECOWAS as the prerequisite for a strong regional doctrine that would support regional stability and economic growth. A regionally focused security assistance would include improved base and port facilities, increased support for regional defense attaché offices, enhancement of crisis response capabilities of the national and regional militaries, coastal patrol, border security, and brown water naval capabilities. The program could include significantly upgraded military to military (including pilot) training as well as the transfer of selected military hardware: coastal patrol vessels, helicopters, air transport, trucks, APCs and new surveillance platforms. This would greatly assist in the strengthening of regional capabilities, thus preempting the necessity to deploy U.S. troops when security issues arise.