



**Caught in the Middle:
China and India in Sudan's Transition**

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ABSTRACT

Sudan is at an important, historic moment. The upcoming referendum vote may very likely result in the South becoming an independent state. Since the landmark signing of the Comprehensive Peace Agreement in 2005, China, and to a lesser extent India, have become even more important political and economic partners of the ruling National Congress Party in Khartoum. Generally, commentaries and studies covering China and India's relations with Sudan focus on their interactions with the central government in Khartoum. However, this paper finds that both have also followed a necessary hedging strategy by establishing quasi-diplomatic relations with the Sudan People's Liberation Movement-run Government of Southern Sudan in Juba. Both have expanded economic and political relations beyond investment in Sudan's oil sector and beyond merely engaging Khartoum. Chinese and Indian engagement with the GOSS in Juba marks a major shift in policy from dealing exclusively with the central government. The adaptation of both to political developments, however, does not leave them invulnerable to present uncertainties revolving around Sudan's potential split. Due to its economic role in Sudan, China in particular is in a unique position to promote a peaceful transition.

INTRODUCTION

Peace, prosperity, and flourishing human development: this was Sudan – as presented at the Shanghai World Expo in 2010. Sudan is fast approaching the referendum scheduled for January 2011 on whether the South will remain in or secede from a united country. The Expo version showed off Sudan as ‘the gate for a successful investment’ enjoying ‘stability of economic and financial policies’ (no mention, unsurprisingly, of continuing conflict in Darfur). Its theme was Sudan’s January 2005 Comprehensive Peace Agreement (CPA) between the National Congress Party (NCP) and the Sudan People’s Liberation Movement (SPLM) that ended over two decades of North-South civil war. The CPA’s provisions were displayed prominently at the entrance, opposite a photograph of President Bashir and John Garang, and doves ascending next to the national flag. Besides such sections as power and wealth sharing, the CPA’s declaration of Southern Sudan’s right to self-determination was also displayed. In stark contrast to the vision of peace displayed in Shanghai, the potential consequence of southern independence has filled international headlines on Sudan with warnings of renewed civil war between the North and South. This possibility will place Chinese and Indian interests, particularly in Sudan’s oil sector, between advancing armies.

Sudan is undergoing a political transition of historic importance. Sudan’s North-South peace agreement has until recently been upstaged by international attention to Darfur. With less than two months before the planned referendum, the CPA has entered a critical phase. While the CPA was meant to be about much more than the Southern referendum – codifying a template for democratic transformation and human development – this has become its defining aspect in the eyes of many Sudanese and external observers. There are,

clearly, other important CPA provisions yet to be implemented, notably including the Abyei referendum, but it is the apparent probability of a Southern vote for secession and the prospect of an independent state that dominates politics today and has changed Beijing and New Delhi’s strategic calculus.

This working paper examines the changing Chinese and Indian engagements in Sudan, with particular reference to how both have responded to the CPA. It argues that both China and India have been adapting their engagements to suit political developments in Sudan since the signing of the CPA in January 2005. Generally, commentary and studies covering China and India’s relations with Sudan focus on their interactions with the central government in Khartoum. Chinese and Indian engagement with the GOSS in Juba marks a major shift in policy from dealing exclusively with the central government. Nonetheless, both remain vulnerable to the present uncertainties surrounding Sudan’s upcoming referendum. They are caught in the middle of Sudanese politics. Of the two, China has been more active in cultivating links with the GOSS. Though much remains to be decided, both will have important roles to play in a post-referendum Sudan.

What follows covers three areas of China and India’s recent engagement, starting with economic relations. As well as the continued participation of Chinese and Indian companies in Sudan’s oil sector, Chinese investment has expanded in Northern Sudan. A second dimension concerns political relations between China, India and Sudan after the CPA. Both Beijing and New Delhi have enhanced relations with and support for the NCP. However, both have also been developing more direct relations with Southern Sudan. Third, China and India’s engagements in relation to CPA implementation are examined. Both have been formally supporting the CPA’s legal provision to make unity attractive. But both have also

followed a necessary hedging strategy by establishing quasi-diplomatic relations with GOSS in Juba, thereby allowing for a possible formal upgrading of diplomatic relations, should the South vote to secede and form an independent state.

The main aim here is to explore the Chinese and Indian engagements in Sudan at an important moment in the country's history. The focus is on domestic dynamics of China and India's role within Sudan. As such, Darfur, while important, is not explored in any depth here. It should be noted, however, that in contrast to India, which was never as affected as China, Darfur continues to be an important part of China's relations with Sudan.

OLD FRIENDS, NEW ACTORS

China has been at the forefront of Khartoum's cultivation of important political and economic relations with non-Western states over the past two decades. The June 1989 National Islamic Front (NIF) military coup was pivotal in the process by which China, Malaysia, and later India entered Sudan in a consequential way. They led oil development during Sudan's civil wars. The NIF turned to China in a context of protracted war, a US containment policy and other international sanctions.¹ Stepping into Sudan and breaking Western pressure, China played an instrumental role in constructing an oil export sector amidst war. Relations between Khartoum and Beijing were produced more by the circumstances than any natural political affinity. China's principle of non-interference in Sudan's internal affairs, however,

and its eschewal of the political condemnation and pressure mobilised against the NIF regime was attractive and welcome to Khartoum, as was China's offer to construct an oil refinery.² The China National Petroleum Corporation (CNPC) was able to provide similar commercial terms as the oil major Chevron from the US, which was in Sudan until 1992, and promised the rapid completion of a nearly 1,600 km export pipeline. The oil refinery won the Chinese a leading role in Sudan's oil sector.³ Relations deepened in the context of regional and international pressure against Khartoum. Underpinned by a strong formal rhetorical affinity and a shared pragmatic orientation, relations were characterized by genuine mutual benefit for Sudan's governing regime, the Chinese government and its national oil companies.

A similar combination of US containment and economic opportunity in Sudan's oil sector encouraged India's engagement. The withdrawal of the Canadian oil company Talisman in March 2003 in the face of pressure from human rights activists and the US government made room for India's national oil company, ONGC Videsh (OVL). The exit of Swedish and Austrian oil companies shortly after locked in the dominance of Chinese and Indian oil companies as well as Malaysia's national oil company, Petronas. Former Indian President A.P.J. Abdul Kalam visited Khartoum in October 2003, praising 'time-tested relations' between the two countries, as the first Indian President to visit Sudan in over 28

¹ The US designated Sudan a state sponsor of terrorism on 12 August 1993. UN sanctions in 1996 were followed by US sanctions in 1997, and an American missile attack on a pharmaceutical factory in Khartoum in 1998.

² Awad al-Jaz, 'The Oil of Sudan: Challenges and Achievements', in Peter Gwynvay Hopkins ed., *The Kenana Handbook of Sudan*, London: Kegan Paul, 2007, p. 673.

³ Patey, Luke A., 'State rules: oil companies and armed conflict in Sudan', *Third World Quarterly* 28, 5, 2007, pp. 1009-10.

years.⁴ While he spoke fondly of the centuries-old cultural bond between India and Sudan, the Indian President was mainly in Khartoum for business. It was oil that had reacquainted the long-lost friends. Kalam signed a bilateral agreement on investment with Sudan during his visit to place a political stamp on budding economic ties between the two countries.

The governments of Sudan and China formally marked the official Golden Jubilee anniversary of diplomatic relations on 4 February 2009, the 50th anniversary of diplomatic recognition. Three years earlier Sudan and India celebrated 50 years of diplomatic relations. President Bashir praised India's assistance in Sudan's first multi-party election in 1953.⁵ Both epitomised how shared history has formed an important aspect of the official diplomatic discourse of public interaction between Sudan and its respective relations with China and India. The historical bond in part compensates for the lack of any common ideological affinity beyond the principles of South-South cooperation by greasing the wheels of what would otherwise be almost entirely interest-based relations.

China and India may both enjoy deep historical links with Sudan, but both in reality are relatively new actors there. Contrary to the official narrative of long unbroken historical ties, it is only comparatively recently that a Chinese history of more substance has developed with-

in different parts of Sudan.⁶ Most obviously, the development of China's oil investment rendered its role far more consequential. Much as the Chinese government might wish to claim this is confined narrowly to the economic sphere, this had a notable political impact in Sudan. Indeed, as well as the militarisation of Sudan's oil sector in the North-South war, with all the human devastation that it brought, oil was also one significant factor behind the CPA itself.

The Chinese role has become more complex in relation to Sudan's internal politics. The notion of Sudan's China relations hitherto has invariably been shorthand for Northern Sudan's relations with China. Since China's entry during the 1990s amidst Sudan's civil wars, its involvement has been rendered politically inseparable from the central state in Khartoum and therefore vulnerable to anti-government violence. The SPLA targeted Chinese and other oil companies as part of their fight against Khartoum.⁷ The development of Sudan's oil export industry had a pronounced impact on the conflict, and the legacy of this lives on in Southern Sudan particularly. Chinese oil operations had thus been involved in the North-South conflict. **China's post-CPA** Sudan engagement has entailed a progressive reorientation away from its former exclusive relations with Sudan's political and economic

4 Ministry of External Affairs, 'India – Sudan, Joint Statement', Press Release, Ministry of External Affairs (India), New Delhi, 22 October 2003.

5 Al-Bashir, Omar, 'President's Forward, Golden Jubilee of Sudan-India Ties', in Riaz, Harun (ed.), *Sudan in Focus*, Embassy of Sudan, New Delhi, 2006, p. 6.

6 The ancient and colonial links connecting the two are certainly interesting and at times suitably colourful to provide an unusually authentic bond of solidarity between China and one of its African partners. China's links with independent Sudan likewise are also notable. However, the recent engagement represents a historical departure.

7 Just as previously the American oil company Chevron had been targeted.

centre in Khartoum to also feature relations with Juba.⁸

ECONOMIC RELATIONS: OIL AND BEYOND

Chinese and Indian economic relations continue to develop into more multifaceted engagements characterised by a greater diversity of business sectors, companies and entrepreneurs. Sudan was open to Chinese business in large part because it was legally closed to American business. Despite some European trade and investment, reputational costs and divestment pressures have scared off the majority of other business. Although benefiting from the lack of commercial competition, Chinese companies nonetheless moved in to become active operators in Sudan. With bilateral trade running at over USD 8 billion in 2008, today China is Sudan's top trade partner, accounting for 58.1 per cent of Sudan's exports and 21 per cent of imports in 2009.⁹ Sudan, in turn, is China's third largest trade partner in Africa.

Not all recent efforts to enhance China's links with Sudan have gone to plan. Direct Beijing-Khartoum air links, for example, did not take off.¹⁰ The Chinese role in Sudan's economy, furthermore, is contentious at different levels, from local complaints concern-

ing the quality of Chinese goods to debates about politics.¹¹ However, there has been a recent upswing of new projects suggestive of an enhanced investment drive and continued Chinese business expansion in Sudan, the timing of which is significant in view of political circumstances.

While not engaged in Sudan to the same magnitude as China, India is representative of a larger group of Asian countries, including Malaysia, Japan, and South Korea, that have still offered the NCP vital economic partnerships to counter Western isolation. Since the CPA in 2005, trade between India and Sudan has increased nearly three-fold to over USD 900 million in 2009-10.¹² Similar to China, it was oil that led to the expansion of economic ties.

The core element of Chinese and Indian engagement in Sudan remains the oil sector interests of their national oil companies and related subsidiaries. In September 1995, CNPC bought a concession formerly operated by Chevron in Southern Kordofan. Just over a year later CNPC won a leading stake in the Greater Nile Petroleum Operating Company (GNPOC) along with Malaysia's Petronas, accessing what have until recently been Sudan's highest yielding oil concessions, Blocks 1, 2 and 4, lying mainly in Unity State. The location of key oilfields in these concessions, such

8 Large, Daniel, 'China's Sudan Engagement: Changing Northern and Southern Political Trajectories in Peace and War', *China Quarterly*, vol. 199, September 2009: 610-26.

9 Economist Intelligence Unit, 'Sudan Country Report', EIU, London, July 2010.

10 Following four test flights until in late 2009, Hainan Airlines reportedly decided, on the grounds of economic viability, to change its planned direct Beijing-Khartoum flight and instead transit through Dubai 'Airliner cancels direct flights between Sudan, China', source: *Al-Ra'y al-Amm*, Khartoum, in Arabic, 2 January 2010 (from BBC Mon MEI MEEau ASI AsPol 020110/ah/hh)

11 It has become so advanced and entrenched that there have been calls from Sudanese commentators for the 'de-Chinaization' of the Sudanese economy. See Ibrahim Elbadawi, 'China in Sudan: Economic Gains and Lost Opportunities A Political Economy Analysis', MPA Thesis, Dubai School of Government, 2009. The issue of economic dependency upon a single external patron, once articulated in relation to the former-colonial economic relations, also became a political issue.

12 Department of Commerce, Government of India, 'Export-Import Data Bank', <<http://commerce.nic.in/>>, 17 August 2010, (accessed: 21 September 2010).

as Heglig, remains under dispute by the NCP and SPLM heading towards the January 2011 referendum despite international arbitration. In 2000, CNPC won a commanding share (41%) in the Petrodar Operating Company in Blocks 3 and 7 of Upper Nile State. The venture was again undertaken with Petronas, but also included was another of China's leading national oil companies, SINOPEC. In 2005, CNPC won a further majority holding in Block 15 on the Red Sea and in 2007 added the adjacent Block 13 to its Sudan portfolio. CNPC's investment in Sudan was critical for the international expansion of Chinese oil service companies, such as China Petroleum Material and Equipment Corporation and the Great Wall Drilling Company. In 2002, GNPOC's first president, Zhou Jiping, said that the influx of Chinese exports into Sudan were valued at 1.35 times more than CNPC's initial investment with over 6,000 Chinese petroleum workers active in the country.¹³ Indeed, the services provided by CNPC's subsidiaries can at times be more profitable than the company's actual oil production.¹⁴ China's widespread engagement in Sudan's oil sector has been followed up by India.

The ruling NCP in Khartoum tactfully brought India into Sudan's oil sector in an effort to broaden its Asian economic partners against Western isolation, but also to balance Chinese interests from over-dominating. In late 2002, both China's CNPC and Petronas of Malaysia were keen to acquire the abandoned quarter stake of the Canadian oil company Talisman in the lucrative GNPOC. The NCP, however, orchestrated a lobbying mission to Beijing and

Kuala Lumpur to convince the companies and their governments to yield their contractual rights to the abandoned shares.¹⁵ Soon after, India's OVL joined its Chinese and Malaysian counterparts in GNPOC. Khartoum did not want either CNPC or Petronas to own a majority share in its main oil venture, but rather to balance its Asian partners. By August that year the Indian company also bought stakes in Blocks 5A and 5B in Southern Sudan (relinquishing the latter in 2009, after three unsuccessful exploration wells had been drilled).¹⁶

Extending its reach in Sudan's oil sector, OVL agreed in 2004 to construct a 741 km oil pipeline from the Khartoum refinery to export terminals at Port Sudan. Sudan offered an investment destination for Indian oil service companies with the Mumbai-based Dodsal group, carrying out the pipeline's construction at a cost of almost USD 194 million. In December 2005, testament to the new political landscape that was developing in Sudan following the signing of the CPA, Salva Kiir, first Vice President of Sudan and President of the now regionally autonomous Southern Sudan, christened the completed pipeline at a ceremony attended by former Sudanese oil minister Awad Ahmed al-Jaz and Indian ambassador to Sudan Deepak Vohra.¹⁷ The oil refiner Indian Oil Corporation was later brought in to train Sudanese engineers to operate and main-

13 Kong, Bo, *China's International Petroleum Policy*, Santa Barbara: ABC-CLIO, 2010, pp. 88-89.

14 Interview with oil service company representative, 14 October 2010, Khartoum, Sudan.

15 'Petronas to hit ONGC's overseas investment plan', *The Times of India*, 18 December 2002; Varcoe, Chris, 'Sudan sale to close in March', *The Calgary Herald*, 1 February 2003; Haggett, Scott, 'Out of Africa: Talisman closes the book on Sudan', *The Calgary Herald*, 13 March 2003; Dutta, Sanjay, 'Diplomatic arm-twisting clears Sudan oil deal', *The Times of India*, 14 March 2003.

16 'OVL to quit in Sudan', *Times of India*, 27 April 2009.

17 'OVL-Built Sudan Pipeline Dedicated to the People of Sudan', *The Hindustan Times*, 10 December 2005.



Source: Patey, Luke A., 'Lurking Beneath the Surface: Oil, Environmental Degradation, and Armed Conflict in Sudan', in Päivi Lujala and Rustad, Siri Aas (eds), *High-Value Natural Resources and Post-Conflict Peacebuilding*, London: Earthscan, 2011.

tain the pipeline.¹⁸ The oil sector also boosted Indian exports to Sudan with the pipe maker PSL Ltd. winning a USD 190 million contract to supply 785 km of pipeline for the Melut Basin Oil Development Project. Despite the continual centrality of oil in China and India's economic engagement in Sudan, both have progressively gone beyond oil and into infrastructure, agriculture, and services. Indeed, for both, oil is often considered a pillar industry for wider business expansion and economic growth.

Transport and energy infrastructure construction is another prominent aspect of the Chinese economic role. A number of existing or new road projects are being implemented or have recently been announced.¹⁹ The Chinese role in constructing power stations and electricity networks is notable,²⁰ along with dam construction, a sector which in 2010 alone has seen the completion of one major project and the start of another. In April 2010, President Bashir inaugurated the final electricity unit at the Merowe hydroelectric power station,

thereby finishing construction at the Merowe dam complex.²¹ Not long afterwards, President Bashir was also present at the signing of a new contract between the Sudan government's Dams Implementation Unit, the China Three Gorges Corporation and the China Water and Electric Corporation, to undertake the Upper Atbara Dams Complex Project in eastern Sudan.²² The project is touted as being able to sustain the yearly water flow in the Atbara River, and irrigate new agricultural projects in Halfa and upper Atbara. It was hailed as 'the biggest project to be implemented by a Chinese company in Sudan,' and 'the second biggest built by a Chinese company in a foreign country.'²³ The deal was cited as further confirmation of the China Three Gorges Corporation's success in its corporate 'go global' strategy with the project also presented as offering benefits to local Sudanese.²⁴ Indian companies have also gone beyond oil, investing into Sudan's energy and transport infrastructure.

Indian Tata buses, Maruti cars, and Bajaj auto-rickshaws are part of the expanding traffic of Khartoum.²⁵ In August 2006, at a business fair in Sudan's capital, 75 Indian companies explored business opportunities in the oil sector as well as in power, infrastructure,

18 'Indian Oil to train Sudanese pipeline engineers', *The Hindustan Times*, 10 September 2005.

19 The foundation stone of a new al-Dibaibat-Abu Zabad-al-Fula road connecting North and South Kordofan states was ceremonially laid in January 2010. The USD 100 million, 185 km project, is expected to be completed in three years by the China Chongqing International Construction Corporation. The road would link the area to the main highway heading to Kordofan, Khartoum and Port-Sudan, also linking the oil production areas with other parts of Sudan. See 'Sudanese minister highly praises Sino-Sudanese ties', *Xinhua*, 6 January 2010.

20 Sudan inaugurated a new 405-megawatt, USD 680 million, power plant on March 24. The Finance Ministry signed an agreement with the Export-Import Bank of China for a USD 274 million loan to fund the construction of a 630 km transmission network. The network will supply electricity from the new Al Fola power plant, located in Northern Kordofan state, to both Northern and Southern Kordofan and the western region of Darfur. 'Sudan to Open USD 680 Million Power Plant on March 24, SUNA Says', *Bloomberg*, 21 March 2010.

21 This has also involved such projects as a new international airport, the Friendship Bridge over the Nile at Karama and a renovated railway line.

22 This USD 838 million project is projected to take over five years to complete and planned to involve two dams of a total length of 15 km, with a lake holding a storage capacity of 2.7 billion cubic meters.

23 'Two Chinese Companies Sign Contract To Build Dams Complex in Eastern Sudan', *Xinhua*, Beijing, 6 April 2010.

24 By providing '7 million people with irrigation water, 3 million people with drinking water and millions more with electricity'. 'China signs USD 838 million hydro junction contract with Sudan', *People's Daily Online*, 8 April 2010.

25 'India makes strategic moves in distant Sudan', *Sudan Tribune*, 26 December 2003.

textiles and agriculture under the slogan 'Indian enterprise, Sudan advantage'.²⁶ Multiple lines of credit from the Export-Import Bank of India totalling almost USD 625 million have been provided to foster Indian investment in Sudan. Mostly state-owned Indian companies in power and transport infrastructure have taken part.²⁷ Indian Railway Technical and Economic Services provided three locomotives to Sudan Railway Corporation to replace an aging fleet that had not been able to secure an upgrade due to longstanding American sanctions.²⁸ Through Sudan's National Electrical Corporation, Bharat Heavy Electricals Ltd. is investing USD 457 million in a 500 MW combined cycle power plant in Kosti that is set to be complete by early 2011. Sudan has asked BHEL to construct a 1,000 MW plant at Port Sudan paid for in oil in a potential agreement with OVL.²⁹ Agriculture is another area where the government of Sudan has sought to cultivate relations with China and India.

Contemplating finite oil reserves in Sudan, both the Chinese and Sudanese governments

have lauded agriculture as representing the future of economic relations. This is presented as a partnership in which the respective strengths of Sudan and China can be combined: Khartoum looks to China for technology and technical assistance, and Beijing looks to Sudan as a potential 'breadbasket of Africa'. The dams being built by Chinese companies connect with agricultural needs.³⁰ An agricultural co-operation protocol was signed in Beijing by the Sudanese and Chinese Ministers of Agriculture in June 2008. Chinese enterprises have worked on agricultural development cooperation projects and established a small number of farms. Such links have thus far been largely at the experimental stage but are increasing.³¹

At the April 2008 India-Africa Forum Summit in New Delhi, Indian Prime Minister Manmohan Singh called on India and Africa to increase agriculture investments in the quest for food security. He said that Sudan had the potential not only to feed the whole of Africa, but also the rest of the world.³² India has provided several lines of credit to support agriculture and livestock investments in Sudan. Punjab Chief Minister Parkash Singh Badal met a high-level Sudanese delegation from Khartoum State in early 2010 to assess the initiation of joint ventures in agriculture and

26 '75 Indian Companies organize mega trade show in Sudan', *Sudan Tribune*, 14 August 2006.

27 'Exim Bank Extends USD 25 MN LOC to Government of Sudan', *Engineering Export Info-Bulletin*, Vol. 11, No. 9, 2 March 2009; a USD 50 million US line of credit in January 2004 to finance exports of machinery and locomotives and other goods from India to Sudan; a USD 350 million LoC to Bharat Heavy Electricals Ltd. in January 2006 to construct the Kosti Combined Cycle Power Plant; a USD 41.9 million LoC to Sudan (completed by Indian firm Angelique International) to finance the Singa-Gadaref transmission and substation project also in January 2006; a USD 48 million US LoC to Sudan for agriculture, education and infrastructure projects in February 2007 and, finally, a USD 52 million LoC in July 2007 for infrastructure and livestock projects.

28 'Indian RITES dispatches three locomotives to Sudan Railway', *Sudan Tribune*, 21 October 2005.

29 Bhaskar, Utpal, 'Sudan offers payment in oil for power project', *LiveMint*, <<http://www.livemint.com/2010/05/02211540/Sudan-offers-payment-in-oil-fo.html>>, (accessed: 22 September 2010).

30 How coherent the relationship is between these and northern Sudan's agricultural strategy is not clear.

31 In June 2009, the Chinese company ZTE signed two memoranda of understanding with the government of Sudan for agricultural projects in northern and eastern Sudan. 'Chinese firm given land deal in Sudan', *Sudan Tribune*, 17 March 2010. In mid-March 2010, the Ministry of Agriculture allocated ZTE approximately 10,000 hectares of land in a deal that was presented as occurring within China and Sudan's agricultural cooperation framework.

32 Ministry of External Affairs, India, 'Joint Press Conference following the conclusion of first India-Africa Forum Summit 9th April 2008, Vigyan Bhavan, New Delhi', Speech 13808, <<http://meaindia.nic.in/speech/2008/03/09ia02.htm>>, (accessed: 20 September 2010).

other sectors.³³ This emerging area of official cooperation in some senses represents a back to the future trend, evoking comparison with Sudan's previous 'breadbasket' drive. Sudan remains a predominantly agricultural economy. Because oil production is already declining in the GNPOC blocks, and is expected to decline further over the next two decades, it is understandable why so much hope is once again being invested in Sudan's agricultural sector.

Finally, there has been a rise of Chinese service industries as part of a more established Chinese community in Sudan. Seen most obviously in the expanding number of Chinese hotels, restaurants and even travel companies in Khartoum, this has been regionally differentiated. Since the CPA, for example, a small Chinese business community has grown in Southern Sudan, most obviously in Juba. An Indian community has long been established in the towns of Omdurman, Kasala and Port Sudan.³⁴ More recently, following the CPA, a small Indian business community became more active in Southern Sudan, including those with links to Kenya or Uganda.

POLITICAL RELATIONS OF 'ONE SUDAN, TWO SYSTEMS'

China has been far more influential than India in Sudanese politics since the CPA. Beijing's links with Khartoum became a particular point of international controversy on account of concerns about Chinese political patronage

33 'India: Punjab to start joint ventures with Sudan Government', 25 January 2010, <www.punjabnewslines.com>, (accessed: 10 May 2010).

34 2,500 Indian settlers and expatriate workers live in Sudan in Omdurman, Kasala and Port Sudan; 'Indians in Sudan: Of potluck and cultural bonding', *The Hindustan Times*, 5 February 2005.

and economic support for an embattled regime sponsoring a brutal counterinsurgency campaign in Darfur. As a result of its now more established economic presence, however, different aspects of the Chinese engagement have unsurprisingly become caught up in domestic Sudanese politics.

First, this is apparent in the continuing conflict in Darfur, which poses a threat to Chinese oil operations in areas adjacent to the region. Besides international attempts to impose sanctions on Sudan's oil industry or to target Chinese oil companies in Sudan, armed rebellion has threatened China's economic interest, even in the central state in Khartoum. The attack in May 2008 by the Justice and Equality Movement on Omdurman, one of the three towns making up Khartoum, demonstrated this risk in spectacular fashion. More directly, rebel targeting of Chinese oil operations became a real security threat. Darfurian rebel groups rationalised these attacks as legitimate targeting of oil extraction systems directly supporting Khartoum.³⁵ Due to China's leading role in Sudan's oil industry, its notable support for the NCP and position on the UN Security Council, the Chinese position is more exposed than the positions of India or Malaysia.³⁶ This is partly indicative of the shift in China's basic position in Sudan since the mid-1990s, from business

35 In October 2007 JEM attacked Chinese oil interests in Defra, Kordofan and issued a week-long ultimatum to Beijing to withdraw by 25 October. In October 2008 nine Chinese oil workers were abducted in the Abyei region of central Sudan by a commander linked to JEM and complaining about a lack of benefits of oil and continuing underdevelopment in Southern Kordofan. Five Chinese oil workers were subsequently killed after their captors appeared to have panicked following an apparent rescue attempt.

36 Both Indian and Malaysian oil interests have been threatened by insecurity around Sudan's oil fields. In May 2008, four Indian oil technicians working for the oil service company Petro Energy were taken by a local armed group near Heglig.

entry to a leading role in Sudan's economy and external trade, with established interests to protect. Much as China might claim to adhere to non-interference or wish to be insulated from politics, Chinese companies operate Sudan's most important economic sector. Oil in Sudan is inseparable from politics. It is not surprising, therefore, that China has become and will remain a potential source of proxy leverage against Khartoum.

A second factor where Chinese engagement has become entangled in Sudanese politics relates to the geography of Chinese oil interests, which represent a highly strategic resource for both Khartoum and Juba with the referendum for Southern independence drawing near. The concessions of the GNPOC and Petrodar consortiums, in which CNPC has the leading stakes and OVL also holds a 25 per cent stake in GNPOC, are mostly located in Southern Sudan or straddle the contested borderlands with Northern Sudan.³⁷ The infrastructure of Sudan's oil industry directs all crude petroleum for processing and export through the North. The location of the main oil fields in Southern Sudan, coupled with the CPA's referenda provisions, necessitated a different political engagement by China and India. After the CPA, both adjusted their political relations to engage the South.

Until recently, most analysis of Sudan-China or Sudan-India relations effectively meant relations between the governments in Khartoum and Beijing or New Delhi. Since the CPA, however, an additional element has been added, namely the development of links between Juba and Beijing. The CPA instituted different systems in Northern and Southern

Sudan, establishing two governing entities as part of a six year interim period: a Khartoum-based Government of National Unity (GoNU) operating on a power-sharing basis between the NCP and the SPLM, and the semi-autonomous regional Government of Southern Sudan (GOSS) based in the new southern capital of Juba under SPLM control. The Chinese government has followed an incremental dual-track process in continuing relations with the NCP and developing new, parallel relations with the SPLM. The Indian government has also reached out to Juba.

The NCP maintains strong, multi-stranded relations with Beijing. First, political and corporate elites have been instrumental in directing and managing bilateral relations. The Chinese government and leading companies have cultivated effective, close relations with senior NCP leaders. Since 1989, China's political relations have been directed by senior leaders and supported by different branches of government.³⁸ Key NCP leaders have been involved in managing the government of Sudan's China relations.³⁹ A second area of political interaction occurs between political parties. 'Party-party cooperation' between the Communist Party of China (CPC) and the NCP involves rituals of rhetorical solidarity, and occasional

38 Governmental relations are structured into official co-operation channels, with the Joint Sudanese-Chinese Ministerial Committee, which has alternated between Khartoum and Beijing and held its eighth meeting in Beijing in December 2007, playing a leading role.

39 These, unsurprisingly, represent key members of the NIF, from President Bashir, who first visited Beijing in November 1990, to the role of technical management through the long-term Energy Minister and current Minister of Finance, Awad Ahmed al-Jaz, who played a pivotal role in the oil sector.

37 Only Block 6 is located in the North, though this produces the worst quality oil and exploration acreage was partially sold off by CNPC.

gestures of more active support.⁴⁰ 'Military cooperation' and arms supplies constitutes a third, less documented but nonetheless significant area of state links between China and Khartoum.⁴¹ A final strand of relations operates between Chinese state-owned enterprises, the NCP and central state ministries in Sudan, in what amounts to a corporate-state nexus that is particularly important in 'energy cooperation'.⁴²

China's relations with Juba are much less developed. These adhere to the principle of 'one Sudan, two systems' in recognising and engaging both the GoNU and the GOSS.⁴³ The formal, legal incorporation of the SPLM into the GoNU rendered it possible on paper for Beijing to engage the SPLM directly. China's relations with the SPLM may have been legally sanctioned, but political outreach with Southern Sudan presented particular challenges for Beijing. These were due not just the

legacy of Beijing's previous wartime political, economic and military support for Khartoum, but also NCP concerns about possible China-South Sudan links. China had not dealt with the SPLM in any formal capacity before. By supporting the NIF/NCP, Beijing was widely seen as the principal backer of the SPLA/M's former enemy.

The SPLM's post-war policy on external relations was premised on constructive engagement as part of its wider interest in attracting external investment. After devastating conflicts, Southern Sudan's need for investment was considerable. The scheduled referenda, coupled with the geography of CNPC's main oil fields, most influenced Beijing's need to respond to the new political reality in Juba. The drivers of this process of courtship have featured a combination of pragmatism, mutual need and the prospect of mutual benefit

There was contact between the SPLM and the Chinese government not long after the CPA, but it would take longer for more significant relations to begin to develop.⁴⁴ Salva Kiir Mayardit's visit to China in July 2007 was pivotal in advancing Southern Sudan's relations with China. He wore two political hats, GoNU first-vice President, and President of Southern Sudan, but it was the latter that counted most. As he noted on his return: 'We have managed to pass key messages to the Chinese leadership. At least China is now aware that most of the oil produced in Sudan is from Southern Sudan and that people of Southern Sudan will exercise their right of self-determination in a refer-

40 Political support for the NCP was expressed, for example, in the context of the CPC's opposition to the International Criminal Court process on Sudan. The NCP reciprocates through support for Beijing's One China policy and occasional gestures of practical assistance to the CPC. In July 2008, for example, the senior NCP politician, Mustafa Osman Ismail, donated USD 100,000 to the CPC to aid China's response to the Sichuan earthquake. 'CPC To Promote Cooperation With Sudan's National Congress', *Xinhua*, 9 July 2008.

41 See Dan Large, 'Arms, oil and Darfur: The evolution of relations between China and Sudan', Small Arms Survey Issue Brief, No. 7, August 2007.

42 For example, Sudan's former Minister of Energy and Mining, Al-Zubayr Ahmad al-Hasan, visited China in August 2008 at the invitation of CNPC, officially to discuss cooperation between his ministry and CNPC. He also attended the opening ceremony of the Beijing Olympics. 'Minister of Energy and Mining Visits China', *Suna* (Khartoum), 12 August 2008.

43 China is not alone in doing so, with other foreign governments from Africa and beyond doing the same. See 'U.S. Policy to End Sudan's War: report of the CSIS Task Force on U.S.-Sudan Policy', co-chairs, Francis M. Deng and J. Stephen Morrison, Washington, DC: CSIS, February 2001.

44 The first official contact between Beijing and the SPLM took the form of a high-ranking SPLM delegation visit to Beijing in March 2005.

endum to be conducted by 2011'.⁴⁵ The process of establishing official ties was confirmed when China's new consulate in Juba was inaugurated by Assistant Foreign Minister Zhai Jun in September 2008. This move upgraded the new diplomatic ties between Juba and Beijing, allowing China to engage Southern Sudan in its own, bilateral terms rather than having relations mediated through Khartoum.

In engaging the GOSS, Beijing responded to political imperatives flowing from investment protection concerns as part of an apparent hedging strategy geared toward the possibility of Southern secession.⁴⁶ Beijing's relations with the GOSS subsequently expanded, following the creation of its Juba consulate. CNPC also intends to open up an office in Juba after having made social investments in the southern capital.⁴⁷ China's engagement aims to support Juba and promote China's position in Southern Sudan. China's aid to Southern Sudan increased. Efforts to improve political relations continue, including through CPC-SPLM cooperation. The SPLM Secretary General, Pagan Amum, reported that the CPC had invited the SPLM to establish party-party links during Salva Kiir Mayardit's 2007 China trip and that the SPLM planned 'to establish relations' with the CPC in order 'to ensure efficient development and management of oil resources to the

benefit of the Sudanese people.'⁴⁸ Pagan also noted the SPLM's plans to develop relations with the ruling parties of India and Malaysia.

Since the successful entry of India's national oil company, and the subsequent visit of former Indian President Kalam to Khartoum in October 2003, India has kept close political ties with the NCP. The influential former Sudanese oil minister Awad Ahmed Al-Jaz and the Minister of National Defense Lt Gen. Bakri Hassan Salih visited India in 2003.⁴⁹ In 2008, Al-Jaz led a Sudanese delegation to New Delhi to meet with Indian ministers of External Affairs, Finance, Railways and Petroleum and Natural Gas.⁵⁰ The Sudanese were drumming up further economic engagement from India in Sudan while calling on New Delhi for political support against the ICC indictment of President Bashir. Albeit representing a stance established long before its oil engagement, India has persistently opposed sanctions against Sudan over the Darfur conflict and maintained a political line that underlines 'Sudan's territorial integrity and sovereignty' against outside interference.⁵¹ However, the political transformation of the SPLM into the ruling party of the GOSS after the CPA has altered India's relations with Southern Sudan.

Since the CPA, India has maintained cordial ties with Khartoum but it has also simultaneously expanded its political and economic

45 Text of the speech of H.E First Vice-President and President of Southern Sudan government, Salva Kiir Mayadrit, at the opening of the second session of the Southern Sudan Legislative Assembly, Juba, 10 September 2007.

46 This is not confined to Juba: Chinese political and corporate relations with Southern Sudan have additionally featured connections with Southern state government authorities.

47 Interview with political analyst, Khartoum, Sudan, 11 October 2010. One such investment is a new and as yet unfinished CNPC-branded computer laboratory at the University of Juba.

48 Organisational Report Presented to the 2nd National Convention of the Sudan People Liberation Movement by SPLM Secretary-General Pagan Amum Okiech, 18 May 2008.

49 Ministry of External Affairs, Government of India, 'Annual Report 2003-2004', Ministry of External Affairs, New Delhi, 2004, p. 60.

50 Simha, Vijay, 'Carte Blanche', *Tehelka Magazine*, Vol. 5, Iss. 45, 15 November 2008.

51 Ministry of External Affairs, Government of India, 'Annual Report 1999-2000', Ministry of External Affairs, New Delhi, 2000, p. 45.

presence in Southern Sudan. In 2005, the Indian Minister of State for External Affairs, Shri E. Ahamed, who had represented India at the signing of the CPA in Nairobi, later in the same year led an 18-member business delegation to meet with GOSS leadership in Juba.⁵² India opened a Consulate General in Juba in October 2007 and in early 2008 brought 15 officials from GOSS to the Foreign Service Institute in New Delhi for diplomatic training. India supports the 'timely, credible, and transparent' implementation of Sudan's Southern referendum, in which it insists that the 'popular will' of the Southern Sudanese people be respected.⁵³ The establishment of the semi-autonomous GOSS under the CPA laid the roots for growing relations between India and a possible independent Southern Sudan in years to come.

CPA ENGAGEMENT

China had been more active in its political and diplomatic engagement on Darfur than the CPA until recently; part of the wider international engagement had shifted away from the CPA towards Darfur, and then back again. China's diplomacy became more involved in Northern Sudan's politics through its efforts to

exercise 'influence without interference' on the NCP over Darfur.⁵⁴

China's CPA diplomacy has entailed a combination of working with Sudan's various regional and international partners, whilst continuing bilateral relations with the NCP and developing relations with the SPLM. Beijing has sought to align its role with that of the African Union, Sudan's key external partners, including the US and other guarantors of the CPA, as well as the UN Security Council. The bottom line for Beijing appears to be stability of any legitimate CPA outcome, to avoid instability leading to political fragmentation. While Beijing might harbour an inherent preference for unity, and keeps close relations with the NCP, any outcome best supporting this goal according to the terms of the CPA appears to be most palatable. At the same time, it is also a scenario that has become more likely, leaving China with little option. Additionally there are strong regional implications for China concerning the success or failure of the CPA. Any regional destabilisation brought about by a breakdown over the ending of the CPA would affect Chinese relations with Sudan's neighbouring states. As such, China faces the reality of the basic interconnectedness between Sudan's politics and the different regional thea-

52 Ministry of External Affairs, Government of India, 'Annual Report 2005-2006', Ministry of External Affairs, New Delhi, 2006, p. 56.

53 Interview, senior Indian official, Khartoum, Sudan, 12 October 2010.

54 Li Anshan, 'China and Africa: Policy and Challenges', *China Security* vol. 3, no. 3, 2007, p. 77. China's policy of 'active persuasion' with the NCP on the transition from the African Union to the AU/UN hybrid peacekeeping mission established by UNSC Resolution 1769 (31 July 2007). This entailed negotiating the boundaries of China's non-interference principle by seeking Sudanese consent to UN blue helmets despite staunch opposition led by President Bashir.

ties with which it, and China's interests, are connected.⁵⁵

In 2010, China's CPA engagement has been developing in a number of ways. Chinese peacekeepers have continued to operate as part of the UN Mission in Sudan, including making preparations for the CPA's final stages.⁵⁶ Beijing supported Sudan's elections including through a USD 3 million grant made at the end of 2009.⁵⁷ Prior to the elections, China's Special Envoy for Africa, Liu Guijin, affirmed China's support for the elections to be held on time, whilst also affirming China's willingness to respect to the results of the 2011 Southern referendum.⁵⁸ China sent a number of observers for the elections themselves. In late April 2010, a spokeswoman for China's Foreign Ministry welcomed the smooth conduct of the elections.⁵⁹ The Chinese government's interest in working with the international community

to promote peace in Sudan was also emphasised.

Beijing's public stance on the CPA's referenda processes has also come to be articulated in a way that adheres to the letter of the CPA, in effect supporting the outcome of the Southern vote even if that is cast in favour of secession. The Chinese government has not been alone in expressing public support for the CPA's provision of 'making unity attractive'.⁶⁰ However, Beijing's official representatives have publicly affirmed that whilst supporting the CPA's framework, the Chinese government will 'respect the will of the Sudanese people' as expressed in a legitimate referendum.⁶¹ In other words, even if there are Chinese constituencies who prefer a united Sudan, there is recognition of political reality and the need to consider, and be prepared to deal with, the direct implications of a Southern vote in favour of secession.

As the referendum countdown progressed over 2010, a number of factors pointed to an enhanced Chinese political engagement with Sudan, though the actual nature of China-NCP interaction remained unclear. This process has been characterised by parallel north and south tracks: China is seeking to maintain good relations with the NCP, while at the same time improving relations with GOSS in a forward-looking manner. These two strands might intersect at times through official con-

55 These include the Horn of Africa, where China has developed strong ties with Ethiopia, maintained links with Eritrea and has engaged with the issue of Somalia in a number of ways; East Africa, with Kenya being a important regional hub for China and Uganda; Central Africa; and Chad, not to mention Sudan's most important neighbour, Egypt, which hosted the fourth Forum for China Africa Cooperation in November 2009.

56 China has been active in UNMIS since it became fully operational. See ICG, 'China's Growing role in UN Peacekeeping', Asia Report No. 166, 17 April 2009. Current duties thus include helping to prepare the UN's referendum centres as well as other logistical tasks.

57 In late December 2009, the Chinese government made the grant to support Sudan's elections, in a gesture announced by Deputy Chairman of the National Commission for the Elections, Abdullah Ahmed Abdullah. 'China grants three million USD for Sudan's election', *Sudan Tribune*, 28 December 2009.

58 'Chinese envoy affirms government's support to 'upcoming election' in Sudan', *Sudan Vision*, Khartoum, 2 March 2010.

59 'China says to continue efforts for Sudan's peace process', *Xinhua*, 27 April 2010.

60 China's ambassador to Sudan was cited in an official Suna report in late May 2010 as emphasising the necessity of CPA implementation to make unity attractive. 'Chinese envoy calls for implementation of Sudan's Comprehensive Peace Agreement', *Suna*, 23 May 2010. Other northern media sources of the same press conference affirmed China's support for unity. Alsammani Awadallah, 'Beijing Calls on Movements for Peace Dialogue, Stresses Support of Unity', *Sudan Vision*, 24 May 2010.

61 Interview with senior Chinese official, Beijing, 2 June 2010.

tact with the Government of National Unity in Khartoum, but have importantly also involved separate contact.

China's relations with the NCP have been maintained through a number of direct exchanges. While the exact content of these is unknown, they are indicative of China's rather different direct links with the NCP that other states do not enjoy to the same extent or in the same way. They suggest the maintenance of at the least regular communications, if not possible coordination of positions as seen, for example, in shared emphasis on the need for a 'legitimate' referendum. While visiting Sudan in July 2010, for example, Liu Guijin told reporters: 'We would be delighted to see Sudan remaining united, [but] at the same time we will respect the choice and the choice of the Sudanese people...At the same time, whatever happens, whatever the result of the referendum will be, we hope and we believe that peace and tranquillity will prevail'.⁶² Overlapping with his visit to Sudan, there were talks between the NCP and the Chinese government in early July 2010 in Beijing.⁶³ Sudan's Foreign Minister, Ahmed Ali Karti, visited China from September 13-14 to meet with China's foreign minister Yang Jiechi in the build-up to the Sudan meetings at the UN in New York later that month.⁶⁴

The GOSS became more vocal about their demands that China commit to supporting the

outcome of the referendum; in other words, that China agree to support an independent Southern Sudan. The substance of GOSS's message was the need for China to recognise and support Southern Sudan if it wanted to retain its oil assets. Relations between both governments appeared to be in the process of developing over 2010. Following the visit by a GOSS delegation to China in late September 2010, a Chinese government delegation visited Juba in early October.

China was also caught up in other key issues in the CPA process. Its oil operations have close links to the North-South boundary demarcation, particularly the question of Abyei's future status and its own referendum, which is even further behind schedule than the Southern referendum. It has been pushing in public for a 'win-win solution' by encouraging the two parties to reach a negotiated settlement on post-referendum arrangements.⁶⁵ China has not, however, been conducting the type of influence diplomacy on Abyei that it exercised on the Sudan government over Darfur. Whilst the Chinese government might rationalise such action as non-desirable interference in Sudan's internal affairs, Abyei's fundamental importance to the future of Sudan is such that an approach commensurate with the high stakes involved over Abyei could have been at least warranted. China's role was also indirectly important in other ongoing negotiations. This is evident in concerns over Sudan's debt, and how to divide it after the Southern referendum.

Underlining its 'serious concern' for Sudan's debt burden, the IMF estimated public and publicly-guaranteed debt to total some USD

62 'China favors Sudan's unity but will respect referendum outcome: envoy', *Sudan Tribune*, 7 July 2010.

63 On 5/6 July in Beijing Nafi'a Ali Nafi'a, NCP vice president, met Jia Qiling, chairman of the National Committee of the Chinese People's Political Consultative Conference, and a Standing Committee member of the Political Bureau of the CPC Central Committee. 'Top Chinese political advisor meets Sudanese National Congress vice president', *Xinhua*, 6 July 2010.

64 'Sudanese Foreign Minister To Visit China', *Xinhua*, 9 September 2010.

65 'China weighs its options', *Africa Asia Confidential*, vol. 3, no. 11, September 2010, p. 4.

35.7 billion for the end of 2009.⁶⁶ This mainly reflected an increase on accumulated interest arrears, but also included new debt from Arab multilateral and bilateral creditors, as well as from China and India. The Chinese government has previously written off debt to Sudan.⁶⁷ Details about this combination of writing off debt and contracting new loans are difficult to ascertain, but Sudan's China debt appears to have increased in recent years.⁶⁸ The amount is proportionally not very large, but still represents a part of Sudan's wider debt burden.

Another significant area where China factors into post-referendum planning, concerns future wealth-sharing arrangements and the oil industry itself. One strategic question for the GOSS is its total dependence on the North for oil exports and revenue. This is both a source of potentially positive economic interdependence if it can encourage some continuation of wealth sharing. It is also a source of grievance for Southern elements who resent continuing Northern benefit from Southern oil. One continuing point of discussion is thus the viability of a pipeline from Southern Sudan to the east coast of Africa, possibly Lamu.

66 See 'Sudan: Article IV Consultation—Staff Report; Debt Sustainability Analysis; Staff Statement; Public Information Notice on the Executive Board Discussion; Statement by the Executive Director', IMF Country Report No. 10/256, June 2010.

67 During his February 2007 visit to Khartoum, for example, President Hu Jintao announced the cancellation of debt worth some USD 70 million.

68 In 2009, debt related to infrastructure development projects and financing peace agreement commitments, 'amounted to USD 693 million, mainly from China.' 'These loans, which are earmarked for infrastructure projects such as roads and power transmission grids, have a long maturity and appear to have a grant element due to their generally moderate interest rate.' See 'Sudan: Article IV Consultation—Staff Report; Debt Sustainability Analysis; Staff Statement; Public Information Notice on the Executive Board Discussion; Statement by the Executive Director', IMF Country Report No. 10/256, June 2010, at para. 21.

China, of course, is not the only country that has expressed support for the peaceful outcome of Sudan's transition. This is a widely held position, recently reiterated after the UN Security Council's visit to Sudan. On 6 July, India's new ambassador to Sudan, on a visit to Juba, affirmed India's support for good relations with North and South Sudan, irrespective of the Southern referendum in January 2011.⁶⁹ India had pledged USD 100 million as concessional bilateral credit and USD 10 million in grants for economic reconstruction as part of the Donors' Conference in Oslo for Southern Sudan and contributed almost 3,000 troops to the UNMIS peacekeeping mission.⁷⁰ With the Southern referendum closing in, it was prepared to deal with an independent Southern Sudan.

CONCLUSION

With a Southern referendum vote in favour of separation widely expected, China and India, as well as the international presence in Sudan, are preparing to respond to the prospect of two Sudans. Sudan's North-South tensions are being reproduced in China and India's policy engagements, both being caught in the middle of the CPA endgame through conjoined economic and political interests. China continues close relations with the NCP, tempering its default preference and support for unity by affirming it will support the outcomes of the Southern

69 James Gatdet Dak, 'India assures of good relations irrespective of South Sudan referendum result', *Sudan Tribune* 7 July 2010.

70 'Sudan for bigger Indian investment', *The Hindustan Times*, 7 June 2005; Ministry of External Affairs, 'India–Sudan, Joint Statement', Press Release, Ministry of External Affairs (India), New Delhi, 8 June 2005.

and Abyei referenda providing these are conducted legitimately. The dual-track strategy of cultivating new links with the GOSS in Juba and continuing more established relations with the NCP in Khartoum have paved the way for a two-state scenario. For the GOSS, the support of China at the UN Security Council will be particularly important in the build-up to, conduct of and especially recognition of the outcome of the Southern referendum. For China, the support of GOSS matters, most directly on the issue of how the Chinese role in the oil industry continues under new circumstances. China and India were not supporting Southern independence, but it was apparent that both did not want, or could not afford, being left out if the South voted to secede and this outcome was realised.

The Chinese and Indian engagements in post-referendum Sudan will remain important. Beijing's links with Northern Sudan will continue under new political circumstances. China's future role in Southern Sudan could also be significant, particularly in view of how it might assist the GOSS to address a number of important challenges. These range from the institutional challenges involved in building a functioning, capable system of government, massive dependency on falling oil revenue,⁷¹ infrastructure and more general developmental needs.

The stylised presentation of Sudan at the 2010 Shanghai World Expo seemed far removed from ongoing politics. However, the theme of peace and the CPA was positive. The CPA's key provisions, including its template for democratic transformation, socio-economic development, wealth sharing and recogni-

tion of the right to self-determination, were prominently displayed to the mainly Chinese who visited the stall. The possible implications of the CPA for Sudan, and its external partners including China and India, may not have been readily apparent to all visiting tourists. But clearly China and India have had to respond to the direction of Sudan's political change as the Southern referendum rapidly approaches, amidst ongoing political problems and security tensions of the Abyei vote. Due to its economic role in Sudan, in theory China is in a unique position to assist the stable, peaceful and thereby successful management of the final stages of the CPA. Such a role, however, to stand a greater chance of being effective, necessitates practical and in certain ways political engagement. Given that the stakes are so high, this seems more than warranted and necessary if the vision of a peaceful Sudan displayed in Shanghai is to become a sustainable reality.

71 Oil accounted for roughly 98 per cent of total GOSS revenues since 2005. See Ministry of Finance and Economic Planning (GOSS), 'Approved Budget 2010', MFEP, 2010.