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What Can Oil Do for Troubled Chad?

by Benjamin H. Hardy

A February 4 *New York Times* item on the World Court's decision in a territorial dispute between Chad and Libya marks a rare mention of Chad in a U.S. newspaper. Although the country generated plenty of headlines a decade or more ago, a look at the *New York Times* index for the 1990s reveals coverage following the December 1990 overthrow of the government, plus brief interest in guerrilla activity during January 1992. Otherwise, events in Chad have been ignored by the *Times* and, with few exceptions, by the rest of the U.S. media as well. Scholarly interest is equally thin. A U.S. academic publisher, when recently asked about the market potential for a possible book about Chad, responded that "We couldn't give it away."

Nevertheless, another look at Chad is overdue. A new factor has entered the picture: oil. The potential income stream from petroleum production, if it materializes, may prove a boon to the country as a whole; on the other hand, the social and political repercussions may generate new conflict among ethnic factions that have already experienced more than a generation of bloodshed.

The Aozou Strip Issue

On February 3, 1994, the International Court of Justice ruled for Chad in a dispute with Libya over the Aozou Strip, a territory lying along the border between the two countries. (See "The Aozou Strip" by Alex Rondos in *CSIS Africa Notes* no. 18, August 1983.) Had the Court instead accepted Libya's arguments, an area much larger than the Aozou Strip--in effect, the whole northern part of the country--might have been awarded to Libya.

The Aozou Strip came into dispute because of long-standing questions about where the border between Libya and Chad really lies. The dispute was (and arguably still is) important because Libya has occupied the area since 1973 as a consequence of its military interventions in Chad's civil wars. When negotiations stalemated in 1990, Chad and Libya referred the dispute to the World Court, but Libya refused to depart pending a decision. Whether the region really contains valuable mineral deposits remains a mystery (e.g., Libya was rumored to want it in order to mine uranium), but in any case the territory has important symbolic value to both disputants. It is not yet clear how Libya will respond to the ruling; renewed warfare between Chad and Libya cannot be ruled out.

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In their legal battle before the court, Chad and Libya adopted strikingly different arguments. According to Chad, the case turned on which agreement defined the border between Chad (a former French colony) and Libya (successively an Ottoman dependency, an Italian colony, a kingdom, and now a socialist state under Colonel Muammar al-Qaddafi). Although Anglo-French agreements in 1898 and 1899 (reconfirmed in 1919) placed the Aozou Strip under French influence, Turkey soon protested that they violated British and French pledges at the 1885 Berlin Conference to respect Ottoman rights in Africa. However, a 1912 accord between Italy and Turkey gave the Italians control over the interior of Libya.

The border might have been fixed by the Mussolini-Laval treaty of 1935 (in which France actually ceded territory, including Aozou, to Italy), except for the fact that instruments of ratification were never exchanged and the Italian government repudiated the treaty in December 1938. In 1947, as part of its World War II peace settlement, Italy renounced all territorial claims in Africa. A 1955 treaty between the independent kingdom of Libya and France based the borders upon the early Anglo-French accords. This became the key factor in the World Court decision. Although the 1955 treaty expired after 20 years, its terms convinced the court that the Aozou Strip belongs to Chad as successor to France rather than to Qaddafi's Libya as successor to the Libyan kingdom.

As anticipated, Libya focused on the Mussolini-Laval treaty--a weak line of argument despite evidence that French colonial authorities had taken tentative steps toward implementing the agreement in anticipation of ratification. Surprisingly, however, Libya's advocates also argued that the Anglo-French accords ignored the rights of other interested powers--the Ottomans and also the traditional rulers of Tripoli and Benghazi, whose ethnic, religious, and political ties with nomad populations to the south antedated the Europeans' pretense that the lands they found in Africa were ungoverned and therefore free for the taking. Libya argued that its true borders were accordingly those in existence under the Ottomans and their subordinate rulers, and encompassed all of Chad as far south as the fifteenth parallel.

Libya's arguments did not prevail at The Hague. But what if they had? Although it is a gross oversimplification to characterize Chad's brutal political and military history as simply a conflict between north and south, there are important cleavages between the two regions. It is therefore perhaps not altogether facetious to say that when the decision went against Libya, the world missed a chance to end several decades of violent conflict in Chad. There are those in Chad, especially in the south, who might be willing to see the country partitioned (a condition that existed de facto on the battlefield during the civil war) as a means of ending the governmental power of the violence-prone and well-armed northern ethnic groups (though few would be happy to see Libyan influence move hundreds of miles closer to the south).

Colonial-Era Cleavages

Enmity between north and south predates the colonial experience, was scarcely suppressed by French military occupation, and has made the history of Chad since independence in 1960 chaotic. (For the origins of Chad's complex, brittle, and unstable domestic politics and international relations, see "Why Chad?" by Alex Rondos and "Chad's Political History in Brief" by Alex Rondos and J. Coleman Kitchen in *CSIS Africa Notes* no. 18, August 1983.)

For their part, the French always distinguished between northern and southern Chad. Because Chad was the territorial link between French West and French Equatorial Africa, the first priority was to restrain the Muslim warriors (who traditionally subsisted by raiding their neighbors for livestock, grain, women, and slaves) in order to protect France's other African colonies. Despite the warrior clans' small numbers (even now they constitute only about 2 percent of Chad's population), this proved difficult. A network of forts had to be maintained throughout the colonial period (roughly 1900-1960). Even after Chad's independence, French forces remained in the Saharan oases in order to protect the new government in the south.

The French found more amenable social patterns and some modest economic potential in "le Tchad utile," home to many animist farmers in the rain-fed south. There are significant divisions within all Chadian ethnic groups, but French administration differentiated qualitatively between north and south. French policy in the north was formulated and executed by the military, which developed a romanticized respect for the courage and combat skills of the desert tribes, whereas civilian administrators in the south could concentrate on economic objectives. The southerners allied themselves with France in order to escape the traditional domination of their northern neighbors. Many of the sedentary

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animists accepted Christianity and pursued formal education, assimilating Western cultural values and making careers in the colonial service. Subsistence farmers entered the money economy by becoming the cotton growers who provided most of Chad's exports to the metropole.

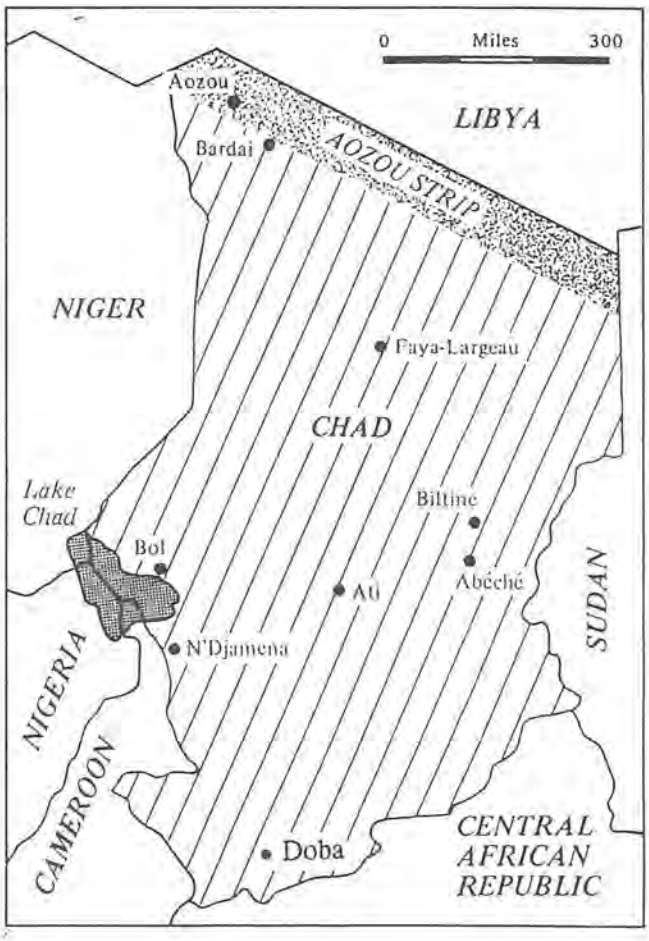
From Tombalbaye to Déby

At independence, Chad's social groups lacked internal cohesiveness and their leaders lacked skill in negotiating coalitions. In the face of traditional social cleavages and stresses brought about by contact with the outside world, the existing institutional structures proved too weak to prevent chaos. The northerners had accepted French rule because it was imposed by force of arms, the kind of authority they respected. A government led by southerners, however, was another matter. Northerners viewed southern politicians, civil servants, policemen, and army officers as usurpers, arrogantly wielding authority they had never earned.

Chad's first president, François (later Ngarta) Tombalbaye, did nothing to dispel this image. Relying on the southern apparatus, he went about centralizing governmental powers in his own hands and tried to stamp out all opposition, especially that from the north. Despite his dependence upon Paris for security and funding, Tombalbaye quarreled with the French, who abandoned their outposts and departed the northern provinces by 1965. Spontaneous resistance from all over the country gradually coalesced into an organized national liberation front. Tombalbaye had to mend relations with the French, upon whom he relied for support, including troops, into the mid-1970s.

By that time, the violence had acquired other international dimensions, notably Libya's support of insurgents and its 1973 occupation of the Aozou Strip. After Tombalbaye's death in a coup d'état led by southern army officers in 1975, armed movements proliferated, splintered, regrouped, and fragmented again. When Nigeria hosted peace talks in 1979, 11 Chadian factions showed up. Because Chad's borders cut across ethnic boundaries, these factions were long accustomed to calling upon kinsmen in neighboring countries for support. Absent a sense of nationhood, they also sought help from any foreign government willing to meddle in so volatile an environment. More than a dozen countries did so at one time or another. By the end of 1980, Libyan forces occupied key points in the northern two-thirds of Chad, and there were some 3,000 Libyan troops in the capital city of N'Djamena.

A turning point toward restoration of order finally came when Hissène Habré, the leader of one of the northern factions, ousted the opposition and established a new government in 1982. It took five more years of fighting, involving covert U.S. assistance plus highly visible French use of military air power to intimidate the Libyans, for Habré to consolidate his position. In a brilliant and daring desert campaign, his forces also expelled the Libyans from all of Chad except the Aozou Strip.



The strong foreign support for Habré's military operations gave him a breathing space for modest efforts (in cooperation with multilateral institutions and bilateral donors, including France and the United States) to rebuild shattered government services and to encourage resumption of economic activity. (For an evaluation of Habré's government at its most promising stage, see "Chad's Third Republic: Strengths, Problems, and Prospects," by William J. Foltz, *CSIS Africa Notes* no. 77, October 1987.) Habré co-opted political and military rivals into his government through patronage. He also manufactured a political party to propagandize his successes and mobilize popular support. He orchestrated the passage of a new constitution and approval of a further seven-year presidential term for himself in a November 1989 popular referendum. Meanwhile he managed to conceal the extent of the torture and murder carried out by his secret police against those suspected of scheming to oust him.

Ironically, Habré's generosity to co-opted rivals angered some of his closest aides, who went unrewarded while ministries were assigned to former enemies. These tensions culminated in April 1989, when a coup attempt led by three senior officers was broken up. One of the three conspirators, Idriss Déby, managed to escape. Despite the fact that Déby had been a strategist who had

planned several military victories against the Libyans, he quickly received Libyan backing, which enabled him to set up a redoubt in Darfur (western Sudan), from which he conducted guerrilla operations inside Chad. By November 1990 he was able to launch major attacks, operating from just inside Chadian territory. After the government abandoned Abéché, the nearby regional capital, the rebels entered it at the end of the month. A few days later, after a rapid (and unopposed) 500-mile advance by his forces, Déby arrived in N'Djamena and assumed the presidency, Habré having fled to nearby Cameroon.

The Shifting Role of France

This stunning achievement did not occur in a vacuum. International politics was a significant factor. Although U.S. policy during the Habré period focused on Libya, France concentrated much more on Chad because of the country's francophone connections. These differences gradually led to something of a rift between the United States and France.

During the Habré government's successful military campaign against Libya, Chad captured valuable stores of Soviet-made equipment and thousands of Libyan prisoners. The Chadians earned windfall income from the equipment, some of which they sold to the United States and France. Aided by the French at least in the early stages, U.S. intelligence operatives established a program to train the prisoners as the nucleus of a "contra" anti-Qaddafi force that would operate inside Libya.

Habré's friendliness toward the United States in response to the inflow of covert funds may have sufficiently irritated the French military (which still dominated policy-making on Chad) to cause them to review their options. In any case, when Déby undertook two years (1985-1987) of advanced training at France's military staff college, he met senior officers of the defense establishment, who had ample opportunity to evaluate his qualities as a possible future leader of Chad. Habré's rude rejection of the new emphasis on multiparty democracy highlighted by President Mitterrand at the June 1990 La Baule Franco-African summit (see "The 1990 Franco-African Summit" by J. Coleman Kitchen and Jean-Paul Paddack, *CSIS Africa Notes* no. 115, August 1990), as well as the mounting evidence of human rights abuses in Chad, may have contributed to French disenchantment.

One can surmise that Déby was willing to negotiate with anyone in a position to help his cause (including both the French and the Libyans). Early in his exile he reportedly handed over to Colonel Qaddafi documents detailing the U.S.-sponsored Libyan contra program. Immediately upon his triumphal return to N'Djamena in late 1990, Déby took steps apparently intended to discharge various obligations, announcing that he would defend the territorial integrity of Chad within the borders inherited at independence (which pleased the French) and freeing the war prisoners (which pleased the Libyans). However, Déby also permitted the United States to fly out about 500 Libyan contras, prompting an angry denunciation from Tripoli. He promised an end to ethnic factionalism and committed his government to work toward multiparty democracy (which pleased the French and slightly mollified Washington).

For their part, the French declared themselves as surprised as anyone else at the speed of events and denied taking sides, saying that they were no longer inclined to meddle in purely internal African conflicts. According to France's minister of defense, Paris did not allow Habré to fall; "we simply ordered our Jaguars not to bomb or strafe Déby's columns" (*Marchés Tropicaux*, December 7, 1990). For France to place a government on an equal footing with guerrilla rebels, however, was tantamount to abandoning a commitment. Indeed, Habré had asked the French for supplies, intelligence, and active intervention at the eleventh hour, to no avail. French neutrality was further thrown into doubt by later revelations that a French intelligence officer had joined Déby in Sudan early in the insurrection and had continued as his adviser until January 1992.

Chad Under Déby

Since coming to power in December 1990, President Déby has continued to assert his support of human rights, national unity, and multiparty democracy, and indeed has adopted formal policies and created institutions to support those goals. Viewed solely in such terms, his presidency demonstrates progress. Nevertheless, his administration's day-to-day record is at odds with these symbolic commitments. The exercise of power in Chad remains arbitrary, corrupt, and violent. Public services are minimal and management of government resources is poor. The economic environment is precarious; a virtual absence of the rule of law discourages business activity. Foreign donors, including France, have been uncertain about political stability and about the government's ability to use aid effectively.

In early 1991, Déby named a civilian prime minister, transformed his guerrilla movement into a political party, and created a national council (in lieu of a legislature) that promulgated a national charter (in lieu of Habré's constitution, suspended immediately after the change of government). He proposed a 30-month program to return the country to civilian rule. The program included a promise to hold a "sovereign national conference" in a year's time to plan the country's political future. Encouraged by these developments, Chadian human rights organizations recruited new members and became the moral voice of those victimized or threatened by the government's many violent and illegal acts. *N'Djamena Hebdo*, Chad's only newspaper at that time, became the government's implacable critic.

Noting that Déby's Libyan and Sudanese connections made it relatively unlikely that these countries would provide covert support to his opponents, France resumed economic aid and took on the politically sensitive task of

restructuring the regular army by cutting it from about 60,000 to about 20,000 men, at the same time trying to integrate Déby's insurgents, who included some 7,000 of his clansmen from the Sudanese side of the frontier. In dealing with attacks from numerous guerrilla bands scattered throughout the country, Déby relied most on his presidential guard, which comprised the pick of his nearest relatives. There were more immediate threats in N'Djamena itself, including a nasty battle in October 1991 resulting from a showdown (to forestall an "attempted coup") with one of Déby's major ethnic allies. Two months later, when Déby confronted a guerrilla threat from Habré partisans not far from the capital, the French heeded his urgent request for military help, clearly contradicting the policy they had enunciated the previous year.

Soon, however, the French ministry of defense was having second thoughts about its protégé, doubts heightened by problems in reforming the army and by Déby's apparent inability to control the depredations of his forces. France reduced its own military presence from 1,200 to 700 men. Appointment of a new cabinet including opposition figures was not enough to dispel concerns in Paris about Déby's suitability for bringing democracy to Chad. In the wake of another disruption within Déby's inner circle (a key cabinet member, Abbas Koti, fled in June 1992 during another "attempted coup"), Chad was adjudged too unstable to sustain early democratization. Also, registration of five new political parties notwithstanding, opposition politicians worried about being prepared in time; consequently, the national conference was postponed.

A period of relative calm ensued, interrupted only by occasional combat between government and insurgent forces, truces, and renewed combat; government massacres of civilians; assassination of human rights activists and journalists; and strikes by labor union members and unpaid civil servants. (Similar events continue to this day.) The "calm" encouraged planning for the national conference and registration of more political parties. Accordingly, in late 1992 Déby fixed the opening date of the national conference for January 15, 1993. France, Germany, the United States, and the United Nations Development Program agreed to fund the conference.

The Sovereign National Conference

The conference, numbering more than 750 delegates representing all areas of society and most political factions, faced an immediate challenge from President Déby, who pointed out that as head of state *he* embodied Chadian sovereignty. The conference's name was allowed to stand, but the delegates--many of them Déby supporters--decided that both the president and the conference were sovereign. Déby, who could thenceforth rest assured that this national conference, unlike others in Africa, would not overturn the existing political system, went off to France for medical treatment.

The conferees spent most of their time bogged down in such procedural matters as whether to vote by secret ballot (Déby's party followers argued for a raising of hands, which wags immediately relabeled a raising of arms), whether to publish the proceedings in classical Arabic, and how to organize working commissions. The delays were sufficiently great that the conference had to be extended and Déby eventually made a pointed request to the delegates to wrap up their work.

At the end, on April 7, the conference could point to several accomplishments (despite irregularities in its financial accounts): participants had aired old complaints, heard old extremists offer new cooperation, and developed basic documents to guide the country toward a future constitutional, multiparty democracy. These included a transitional charter (i.e., an interim constitution) and a Cahier des Charges (set of tasks) to be accomplished by the interim government, which consisted of a cabinet of ministers and a Conseil Supérieur de la Transition (CST) with limited legislative powers, one being dismissal of the government on a vote of no confidence. Just before concluding, the conference chose members (many from Déby's party) for the CST and elected a physician from the opposition, Fidèle Moungar, as prime minister.

The transitional structures contained several weaknesses, notably an unclear delineation of the powers of the president (head of state, commander of the armed forces, chief of administration) versus those of the prime minister (responsible for carrying out the Cahier des Charges, head of government). A second weakness lay in the Cahier des Charges itself, a wish list for eliminating every fault and repairing every damage (all as an interim step leading quickly to a new constitutional system!) in a country not only woefully afflicted by social ills, economic underdevelopment, and lack of effective political traditions or institutions, but also racked by nearly 30 years of civil war.

Dr. Moungar committed a technical violation of the transitional charter by appointing a cabinet substantially larger than stipulated in the document, in the hope of pleasing as many political parties as possible, Déby's included. In response to criticism from the CST, Moungar eliminated several portfolios. As called for by the Cahier des Charges, his finance minister initiated steps to integrate the Caisse Autonome d'Amortissement, which manages the government's debt service funds, back into the finance ministry. This angered Déby, who had detached the Caisse and placed it in the hands of his close relatives. In September 1993 he dismissed the finance minister and named a replacement. Moungar countered by producing yet a third finance minister, a move that further strained Déby's patience.

October 1993 marked two more milestones for Déby--the death of an adversary, Abbas Koti, followed by the removal of Prime Minister Moungar. The two developments illuminate the president's character and methods.

Koti had returned to Chad in August 1993 (under an agreement between Déby's government and those of

Libya and Sudan, with Libya taking the unusual step of providing a written guarantee of Koti's personal safety while in Chad) in order to negotiate an agreement with Déby to bring his warriors back into Chad under full amnesty. Such an agreement was signed on October 16, but on October 22 Koti was shot dead by Déby's agents, supposedly while they were preventing another "coup attempt."

In defeating Moungar, Déby used the machinery created by the Sovereign National Conference: the CST, controlled by his party followers, exercised its authority under the transitional charter to vote no confidence in Moungar on the grounds that he had named too large a cabinet and, worse, his government had failed to carry out the tasks listed in the Cahier des Charges.

Within two weeks the CST had chosen a new prime minister, Nouradine Delwa Kassiré Coumakoye--another opposition political figure, but one much more amenable to Déby's direction. Members of Déby's party made up the majority of the new cabinet (reduced in size to 16 ministers).

Thus, some 10 months after the opening of the Sovereign National Conference, Déby had reestablished himself as Chad's sole major political figure. In this connection, a November 11, 1993 editorial in the *N'Djamena Hebdo*, Déby's most vociferous opponent among the country's few newspapers, warrants quoting:

> We underestimated him a bit, and now he has confounded everyone. Bravo, Idriss Déby! In less than six months he has turned the clock back; the Sovereign National Conference now seems to have been a collective hallucination. The reality is that Idriss Déby is incontestably the master player in Chadian politics; we have to give him that. . . . Today more than ever Idriss Déby is alone at the helm.

The CFA Franc Devaluation

Whether President Déby will have a ship of state worth steering depends very much on France. Just as Chad's politics reflect French influence, so does its economy. In January 1994, like the other 13 African member countries of the so-called Franc Zone (whose currencies had been convertible into French francs at rates of exchange that had been fixed since 1948), Chad found its currency devalued (going from 50 to 100 CFA francs per French franc) under pressure from the International Monetary Fund and the French government. (See "U.S. Interests in Africa Revisited" by Walter H. Kansteiner, *CSIS Africa Notes* no. 157, February 1994, and "The CFA Franc Zone" by J. Coleman Kitchen and Jean-Paul Paddack, in *CSIS Africa Notes* no. 115, August 1990.) In each of the affected countries, the parity rate adjustment was to be accompanied by adjustment measures designed to cushion the short-term impact. In Chad, these measures included a 15 percent civil service salary increase, a 50 percent increase in the producer price for cotton, and limits on price increases for sugar, water, electricity, and diesel fuel. In addition, France has agreed to forgive its share of Chad's official debt. Even so, the IMF anticipates that Chad will face severe economic repercussions, notably a 1994 inflation rate of 42.3 percent and a drop in per capita GDP from about $200 to $125. (It should be pointed out, however, that the latter figures--obtained by dividing estimated GDP by estimated total population--are largely meaningless in terms of individuals and families, especially given that a majority of Chadians live almost entirely outside the money economy but manage to maintain themselves except during times of drought.)

In the aftermath of the CFA franc devaluation, the IMF initiated a one-year standby program totaling SDR 16 million (about $20 million) to help stabilize Chad's public finances, matched by a World Bank loan of the same amount; World Bank disbursements will be tied to satisfaction of the IMF standby conditions. Both institutions are looking for improvements in management of the government's financial resources.

In addition to the negatives described above, the IMF also estimates some immediate benefits from devaluation: an increase in real growth rates from 2.4 percent in 1993 to 7.3 percent by 1995, and a drop in the government's budget deficit from nearly 6 percent in 1993 to less than 1 percent by 1995. It remains to be seen whether these gains will actually materialize. Lawlessness makes business and even subsistence difficult. Physical and social infrastructures are inadequate. Landlocked, Chad relies on long, limited-capacity roads across other countries. At present it produces mainly primary agropastoral products (cotton, gum arabic, grains, peanuts, livestock, and fish) and therefore depends on imports for virtually everything else.

Petroleum Prospects

Oil may--or may not--eventually change the economic picture. The oil story began in 1969, when Conoco (Continental Oil Company, a U.S. firm) negotiated agreements with the government of Chad to explore for oil at several sites reportedly chosen using satellite data. Conoco concentrated on an area just north of Lake Chad near the village of Sedigui, east of the Niger border. During the early 1970s, Esso Exploration Company (part of Exxon Corporation, a U.S. firm) agreed to participate in exploration with Conoco; similarly, Shell (a British/Dutch multinational) and Chevron (a U.S. firm) "farmed in" during the mid-1970s, whereas Elf Aquitaine (until recently owned by the French state, but now undergoing privatization) declined to become involved. During the 1970s, Conoco (as the operating company) drilled 21 wells; eight yielded oil. In 1981 Conoco decided to withdraw from Chad, whereupon Esso became the operating partner. At the same time, Esso, Shell, and Chevron established a consortium that negotiated a new exploration agreement with the government. During 1985-1986, the consortium drilled another eight wells; two yielded oil.

In 1988 the companies and the government renegotiated the convention, extending its life by 10 years; under the new agreement, the consortium had

drilling privileges on about 26 million acres of land, some near Lake Chad, but much of it in a broad swath running the length of the country's southern border. Between 1987 and 1992, Esso drilled five more wells; two yielded oil. By this time commercial potential was obvious in two places--near Sedigui north of Lake Chad and near Doba in southwestern Chad, between Moundou and Sarh.

• **Sedigui.** Exploration near Sedigui yielded encouraging results well before work began in the south. By the 1980s it was clear that reserves near Lake Chad were limited, but the oil's specific gravity and low viscosity made it an attractive source for light products such as gasoline. The consortium and the government considered using Sedigui oil to meet Chad's domestic fuel requirements if it could be transported by pipeline to a small refinery, tentatively to be located at N'Djamena. In 1988, a pipeline and refinery construction firm, Société d'Études et d'Exploitation de la Raffinerie du Tchad (SEERAT), was formed with the consortium members and the government as partners. SEERAT, in turn, contracted with Technip, a French firm, to undertake engineering studies for a pipeline, a 3,300-barrels-per-day refinery, and a 12-megawatt electricity generating station.

The World Bank, approached in the late 1980s for IDA soft loan financing, provided several million dollars toward the project's engineering work, but macroeconomic conditions in Chad in the aftermath of the 1990 regime change caused it to back off. At the point (March 1993) when construction bids were about to be invited, the World Bank's reluctance to provide additional funds discouraged the government from proceeding.

Some observers have speculated that one of the economic disincentives for a refinery at N'Djamena is the fact that Nigerian gasoline smuggled into Chad has commonly sold (at least prior to the recent CFA franc devaluation) for a small fraction of the price a Chadian minirefinery would have to charge. Foreign gasoline tankers are often seen on the streets of the capital, prompting public speculation that the smuggling may be sanctioned or even controlled by government officials. In any case, the World Bank's present position is that it has no commitment to provide financing for a refinery relying on Sedigui petroleum. Under current conditions, the project is unlikely to proceed without World Bank financing. Even with such funding, project construction would take three more years.

• **Doba.** Sedigui is an insignificant sideshow compared with Doba. According to one source, Sedigui's reserves amount to 12 million barrels. Drilling of six new wells in the Doba Basin during 1993 revealed 150 million to 200 million barrels in new reserves, bringing the current total estimates for Doba reserves to the 700-800 million barrel range. Because exploration is incomplete, the final numbers may well be higher. At present the Doba field is thought to be 50 to 60 miles long and about half as wide.

Unfortunately, the Doba Basin's subsurface geological strata are complex and believed to be discontinuous, which means that oil cannot flow long distances underground before encountering rock formations that block its progress. As a result, up to 300 wells may be required to access the deposits located thus far, and water injection may be needed to force the oil in some pockets to the surface. Among the promising deposits, three stand out: Koumet contains a waxy, highly viscous, low API gravity oil, while Miandoum and a smaller deposit, Balobo, contain oils of average viscosity. Although of varying quality, when mixed at the oil field these three oils will produce a blend that can be piped at ambient temperatures.

• **The Trans-Cameroon Oil Pipeline.** More than 600 miles of large pipe (24 inches or more in diameter) and four pumping stations will be needed to move the oil. In 1993 Esso contracted with Gulf Interstate Engineering Company to carry out technical studies for design of a system with a 30-year operating life. Dames and Moore, Inc. undertook field studies of the environmental and socioeconomic impact of the pipeline along its proposed route to the Atlantic terminal at Kribi, Cameroon. Engineering and environmental criteria were also used in choosing Kribi over two other ports, Douala and Limbe.

Transporting oil across a neighboring country obviously complicates development of the Doba deposits. Cameroon will demand and receive significant compensation, inasmuch as 85 percent of the pipeline will be on its territory. Construction of the system will employ more than 1,500 workers, and operations will provide some 300 long-term jobs. In addition, Cameroon will receive "throughput" fees based on the system's volume of oil. An attractive side benefit would be the possibility of developing small oil deposits thought to exist in northern Cameroon but hitherto considered not worth investigating because of transport costs; a branch line to the main pipe might alter that assessment.

Transport system construction and operation would be in the hands of a company whose charter is under negotiation among the consortium members, the government of Chad, and the Cameroonian state-owned oil firm, Société Nationale des Hydrocarbures (SNH). Public speculation centers on the company, tentatively known as Cameroon Oil Transportation Company (Cotco), whose shares will be held by these three entities. As of mid-January 1994, the three had signed an agreement about the proposed construction route, but the consortium and the Chadian government were reported to be still studying SNH's counteroffer to a proposal on Cameroon's throughput fees they advanced in 1993; the SNH response demands substantially more than was contained in the initial consortium/Chadian government offer. Inasmuch as transportation costs are a critical factor in determining the project's economic viability, the negotiations play a crucial role in whether Doba Basin development goes forward.

• **The Doba Development Decision.** The rumors are true: there is oil in Chad. It is worth remembering, however, that (assuming a Chadian population of about 6 million) oil reserves of 800 million barrels would yield 133 barrels per person, worth about $2,000 at current world prices. This income may be spread out over 20

years, and the resulting $100 per person per year would hardly constitute exciting news if it were to be evenly distributed among the population.

Beyond that, moreover, there are problems--of geology, affecting extraction; of environmental protection; of transportation, in particular of building and operating a pipeline across Cameroon to a terminal on the Atlantic ocean; of oil quality, affecting price on world markets. Such risks cannot be measured with certainty; even with computerized cost/benefit models based upon oil production experience worldwide, the decision whether to proceed with Doba oil field development will be an exercise in informed judgment. In addition to the technical risks already enumerated, there are political risks--the uncertainties of maintaining good working relations with two sovereign states. Each of these risks can affect the costs of delivering a barrel of oil to an ocean tanker; variations in world oil prices can make those costs acceptable or unwarranted.

Costs for Doba oil field development and transport system construction are now estimated at about $3 billion. This amount is higher than previously expected, but oil field cost figures change as exploratory drilling proceeds, and it has only been in recent months that engineering and environmental studies for the transport project have been undertaken on the ground. Weighed against total potential revenues, $3 billion is a sobering figure. If a $15 per barrel selling price is used as a rough revenue measure, it means the oil companies must commit a quarter of the field's potential value to development before any Doba oil reaches the market. Even assuming a firm decision to proceed, oil field development and pipeline construction will take at least three years.

• **Enter Elf.** Nevertheless, any share in $12 billion of revenues over 20 years is attractive to the Chadian government, whose existing fiscal resource base is one of the world's smallest and least dependable. It is also attractive to the consortium partners--in fact, attractive enough for Elf to lobby hard to be admitted as a member. France's special relationship with Chad, and with President Déby, played a part in how the consortium share ownership was redistributed.

Although French interest in Chad's oil potential rose steadily as exploration in the south proceeded, it was a decision by Chevron, a U.S. partner in the consortium, that precipitated the change. In 1992 Chevron chose to withdraw from Chad in order to focus on opportunities in other parts of the world. Although Chevron informed Esso and Shell of plans to sell its 25 percent share in the consortium, neither was then interested in expanding its stake, amounting to 37.5 percent each. On that understanding, Chevron was free to seek another purchaser. It did not have to look far. Elf proved extremely interested, and the two firms reached a tentative agreement for transfer of the shares. However, when Esso and Shell learned of the share price in the deal, they decided to exercise their purchase rights guaranteed to partners under the consortium charter.

At this point the negotiations became politicized. According to a Chadian press report, petroleum specialists in President Déby's office drafted a decree to create a new, two-member consortium, but a former Elf employee close to President Déby drew up an alternative decree in Elf's behalf. There was strong lobbying from the French government, working directly through President Mitterrand's senior military aide and indirectly through political figures in Gabon, where Elf dominates oil production. In the end, Déby awarded the Chevron shares to Elf. Protests from Esso and Shell failed to undo the decision, but did persuade Déby to adjust the shareholdings: 40 percent each for Esso and Shell, 20 percent for Elf. This compromise was signed at Paris on December 14, 1992.

Elf also joined SEERAT, gaining some of Chevron's shares but also some from the government, whose holding fell from 51 percent to 41.3 percent. Elf's participation will also be felt with respect to the more important Doba Basin development and trans-Cameroon pipeline projects. Elf is now involved in the negotiations with Cameroon concerning the consortium's share in Cotco, the pipeline company. As operating company for the consortium, however, Esso retains responsibility and authority over day-to-day operations. Esso managers prepare exploration and development plans as well as annual investment and operating budgets, all presented to the consortium members, who vote their shareholding percentages on these and other major policy and financial decisions. Each member funds its percentage share of the budget. The shareholders also brief Chadian officials on plans and progress. In addition, as a shareholder in its own right, the government will have a voice in the affairs of Cotco, as it already has in SEERAT.

One of the key questions for the future is how long the French will be satisfied with a minority share and role in Chadian oil. Although the French ambassador to Chad recently took pains publicly to recognize Esso's primacy as operating company within the consortium, many observers, including Chadians, expect that France's ultimate goals are management control and a large part of the revenues. Some even link French intrigues over oil to the overthrow of two Chadian heads of state, Tombalbaye and Habré. In February 1993, then-Prime Minister Joseph Yodoyman voiced what many Chadians still firmly believe: "As long as the French are not involved in controlling the oil, there will never be peace."

President Déby certainly appears to favor France. According to Tidjani Thiam (who prepared the presidential decree ruling in Elf's favor), Déby "has done everything in his power since taking office to bring the French firm into the consortium."

If Esso and Shell decide that the Doba Basin is not commercially viable due to development and/or transport system costs, the political balance may tip in Elf's favor. In 1993, President Déby and then-Elf chairman Loïk Le Floch-Prigent discussed ways to speed development of Chad's oil riches in order to make available revenues for food production, investments in industry and communications, and exploitation of other mineral resources. Refusal by Esso and Shell to proceed with

Doba Basin development and its transport system would likely alienate the government and leave the field open for Elf, with or without new foreign partners. The Caisse Française de Développement, France's foreign aid lending agency, is already being mentioned as one likely source of funding for the pipeline project.

Is There a U.S. "Chad Policy"?

The shareholding controversy highlighted the striking differences between French and U.S. perceptions of their respective interests in Chad. The French take a long view based upon generations of experience in the country, out of which came a special appreciation for the desert peoples whose survival has so long depended on dominating the weak through violence and outwitting the strong through guile. Although much is being made of the passing of a generation of French policymakers who care passionately about francophone Africa, not much has changed with respect to Chad; the links are still emotional and historical as well as strategic and economic.

Far from sharing these sentiments, few Americans even comprehend them. In terms of political objectives, the United States in the 1960s and 1970s saw Chad as a strategic vacuum, an area of weakness that invited meddling from U.S. enemies, notably the Soviet bloc and hard-line Arabs. In the 1980s, these concerns focused intensely on the Libyan factor. With the end of the cold war and an allied victory in the Gulf War, neither Libya nor Sudan seems a major threat to regional security. In the complex Franco-U.S. relationship that has evolved during the past decade--partnership in war, rivalry in peace--strategic risks in Chad can be left for France to manage.

This enables the United States to define its relations with Chad on the basis of the same objectives it pursues elsewhere in Africa: emergency disaster relief, economic policy reforms that promote private-sector development rather than state intervention, respect for human rights, and introduction of democratic values and institutions as well as effective governance. Particularly where a country's record on accepting and promoting the latter is poor, the United States appears prepared to reduce its foreign aid support and maintain formal rather than cordial relations. Such may be the case in Chad. The State Department's human rights report for 1993 dwells at length on the level of official violence in Chad and the absence of legal protections for citizens. In November 1993, when the administration announced plans to close 21 USAID field missions around the world, Chad was among the 9 in sub-Saharan Africa included on the list. The USAID program in Chad is to be wound up by the end of September 1995. (See "The Restructuring of USAID: Implications for Africa" by Jennifer Windsor and Carol Lancaster, *CSIS Africa Notes* no. 155, December 1993.)

Of course, there will still be a U.S. embassy in Chad, but the announcement about foreign aid must have puzzled French observers. It is hard to imagine France cutting its official aid to any country at a moment when a French firm faced a critical investment decision, especially one involving $12 billion in potential revenues. The difference is that the relationship between the U.S. government and U.S. firms is frequently circumspect--neither wants to be seen as too close to the other. In this instance, moreover, the U.S. firm in question is a multinational giant capable of and accustomed to defending its own interests.

Shortly after the decision to close USAID/Chad was announced, French Minister of Cooperation and Development Michel Roussin paid a special visit to N'Djamena. After the conclusion of his negotiations, he reminded a radio interviewer that France was Africa's--and Chad's--most generous bilateral donor. Unlike some, he indicated, France would not walk away from Chad, but would remain to support the democratic process.

What Next?

As the transition enters its second year, there are few signs of progress. Because a draft constitution was only recently completed and no electoral institutions have been established, France balked at Déby's plan to hold snap elections for which only his party would have been prepared. The government appears paralyzed in the face of formidable problems: Libya remains entrenched in the Aozou Strip, negotiations with Chadian rebels are stalemated, the swollen army lacks unity and discipline, corruption and violent crime are rampant, social services have ceased because unpaid government employees no longer report for work, and there appear to be no policies for dealing with a profound economic malaise aggravated by the short-term effects of currency devaluation. Even if Esso and its partners decide to move ahead, it is hard to foresee what kind of Chad will survive to benefit from oil revenues in the next century.

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