



# DAN Divestment Briefing Paper

## Introduction

The Darfur tragedy continues unabated despite declarations of genocide by United States officials<sup>1</sup> and condemnations of the atrocities happening at the hands of the Sudanese government by the United Nations.<sup>2</sup> The international community's shameful inaction has led to a network of non-governmental organizations taking the reins in areas of aid for internally displaced persons and refugees, other humanitarian aid and pressuring for action and justice. As a response to the need to capture the attention of the Sudanese government, groups all over the world are banding together to put financial pressure on the Sudanese, to demand that they stop the genocide. Today, divestment is being employed as the weapon-of-choice in making the Sudanese Government understand that their actions demand retribution and that the world will not sit by idly any longer.

The aim of this paper is to provide a brief overview of the on-going project of Sudanese Divestment, as well as give a summary of the history and scope for divestment and our argument for a divestment strategy in Australia. The paper will end with a description of DAN's divestment project as a look towards the future for what we hope to achieve in Australia.

## Darfur Background

Since February 2003, the Darfuri people have been the victims of a systematic extermination at the hands of the Sudanese Government. The violence has claimed 400,000 casualties, mostly innocent civilians, and has left over three million displaced people.<sup>3</sup> The Janjaweed and Sudanese military possesses the morbid distinction for the "use of rape as a tool for humiliation and intimidation,"<sup>4</sup> because of the extent to which they have devastated Darfuri women. Worse yet, the atrocities continue today. The Darfuri people who have managed to survive this horrible ordeal are faced with life in squalid refugee or internally displaced persons camps and have been dealt the challenges of famine and drought as well.<sup>5</sup> In addition to the physical distress this crisis has caused, those who live carry the psychological burdens of post-traumatic stress, depression and being robbed of their dignity by being at the mercy of foreign humanitarian aid.

<sup>1</sup> 23 July 2004 marked the date that the United States House of Representatives and Senate unanimously declared the violence in Darfur to be genocide. A few months later in September 2004, President Bush and former Secretary of State Colin Powell agreed that the Sudanese Government was guilty of genocide.; United States Congress. House. 108<sup>th</sup> Congress, 2<sup>nd</sup> session. H. Con. Res. 467; United States Congress. Senate. 108<sup>th</sup> Congress, 2<sup>nd</sup> session. S. Con. Res. 124; Powell, Colin, "The Crisis in Darfur," Testimony before the Senate Foreign Relations Committee. Testified: 9 September 2004, Retrieved on 31 April 2007 from <<http://www.state.gov/secretary/former/powell/remarks/36042.htm>>

<sup>2</sup> The *United Nations Commission of Inquiry on Darfur* alleged the Sudanese Government was guilty of crimes against humanity as well as war crimes that were tantamount to genocide; Report of the International Commission of Inquiry on Darfur to the United Nations Secretary-General, released on 25 January 2005. Retrieved on 31 April 2007 from <<http://www.ohchr.org/english/docs/darfurreport.doc>>

<sup>3</sup> Darfur Australia Network, "The Situation in Darfur," Retrieved on 15 April 2007 from <<http://www.darfuraustralia.org/darfur/background>>

<sup>4</sup> Amnesty International Report, "Darfur: Rape as a Weapon of War: Sexual Violence and its Consequences," 19 July 2004, Retrieved on 25 April 2007 from <<http://web.amnesty.org/library/index/ENGAFR540762004>>

<sup>5</sup> Darfur Australia Network, "The Situation in Darfur," Retrieved on 15 April 2007 from <<http://www.darfuraustralia.org/darfur/background>>

The Sudanese Government, despite its well-spun propaganda<sup>6</sup> and advertisements praising Sudan in *The New York Times*,<sup>7</sup> has consistently failed to protect its own citizens and has been implicated for serious crimes against humanity. The Government of Sudan has also “relentlessly restricted delivery of international humanitarian aid and access of aid workers to the people of Darfur.”<sup>8</sup> The Sudan Divestment Task Force describes this deliberate

...obstruction of humanitarian aid... [to be] an intentional instrument of genocide used by the Government of Sudan. With approximately over 3 million Darfurians in need of food aid, the blockade of humanitarian aid may be the most effective tool of ethnic cleansing Khartoum has employed to date.

## Evidence of Sudan’s Economic Vulnerability

Despite the desperate picture painted above, Sudan has actually experienced a period of economic growth since the discovery of oil within their borders in 1999.<sup>9</sup> As a result, Sudan has attempted to make themselves as attractive as possible to investors, and in many ways they have succeeded.<sup>10</sup> The Sudanese Government has appealed to investors all over the world, including big business in Europe and China. In fact, during “the 2003-2005 period (which covers the start and apex of the Darfur genocide), Sudan ranked 16<sup>th</sup> among 141 countries in its capacity to attract foreign investment.”<sup>11</sup> Investment has come mostly from China, Russia, India and Malaysia and each have afforded Sudan protection, as well as stipulation-free loans- something that no Western country with concern for human rights would allow.<sup>12</sup> In particular, China’s relationship with Sudan is especially damaging. Most of the worst offending companies singled out in the targeted divestment model are Chinese; worse yet, China continues to sell arms to Sudan despite their deplorable human rights record.

Divestment asks that shareholders take an in-depth look at who they are doing business with and in this case, to use their influence to change the situation in Darfur. Because

“Sudan’s current genocidal military campaign against Darfurians relies heavily on foreign direct investment (FDI)... divestment from companies doing business in

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<sup>6</sup> On the website of the Sudanese Ambassador to the United States, the Ambassador himself claims, “It is my wish that we all cherish the peace and tranquillity brought about by the Comprehensive Peace Agreement (CPA), the Darfur Peace Agreement (DPA) as well as the Eastern Sudan Peace Agreement (ESPA).” He also goes on to discuss the “Politics of Naming” in regards to the label “genocide” and calls American media regarding Darfur “sensationalist.”; Embassy of the Republic of Sudan, “*Sensationalist Shorthand Distorts the Reality of Darfur*,” Retrieved on 3 May 2007 from <<http://www.sudanembassy.org/default.asp>>

<sup>7</sup> Aegis Trust, “*Frequently Asked Questions*,” Retrieved on 25 May 2007 from <<http://www.darfurdivestment.org/FAQs/>>

<sup>8</sup> Sudan Divestment Task Force, “*Efficacy of Targeted Divestment*,” (updated) 10 May 2007, Retrieved from <<http://www.sudandivestment.org/position.asp#petrochina>> on 15 May 2007.

<sup>9</sup> Ministry of Investment, Sudan, “*Welcome*,” 2006, Retrieved on 15 April 2007 from <<http://www.sudaninvest.org/>>

<sup>10</sup> The Sudanese Embassy to the United States website contains a long list of reasons like “cheap labor and ideal location” as reasons to invest; Embassy of the Republic of Sudan, “*Business and Economy*,” Retrieved on 3 May 2007 from <<http://www.sudanembassy.org/default.asp?page=businessandconomy>>

<sup>11</sup> United Nations Conference on Trade and Development, “*Inward FDI Performance Index*,” Retrieved on 15 May 2007 from <<http://www.unctad.org/Templates/WebFlyer.asp?intItemID=2471&lang=1>>

<sup>12</sup> Sudan Divestment Task Force, “*Efficacy of Targeted Divestment*,” (updated) 10 May 2007, Retrieved from <<http://www.sudandivestment.org/position.asp#petrochina>> on 15 May 2007.

Sudan encourages these companies to withdraw FDI thereby exerting further economic pressure on the government of Sudan to end the genocide.”<sup>13</sup>

Human Rights Watch further highlights this point by stressing the connection between Foreign Direct Investment and Sudan’s military. In their 2003 report, *“Sudan, Oil and Human Rights,”* they claim that the discovery of oil is “the all important difference in projected military spending...The military spending of 90.2 billion dinars (US \$349 million) for 2001 was to soak up more than 60 percent of the 2001 oil revenue of 149.7 billion dinars (US \$580.2 million).” The connection between FDI and military spending is hard to deny. Because it is internationally accepted that “the Sudanese military has fully participated in and funded the genocide in Darfur, there is a direct link connecting FDI and genocide.” It is because of this connection that investors have the power to influence the Sudanese Government’s behaviour. Sudan has a violent history and a diverse population that has been controlled in the past through military means. The genocide in Darfur is one example of such tactics and the civil war in the South of Sudan exemplifies another; together they represent the vested interest the Government of Sudan has in keeping their military strong, to keep them in power and maintain control over their citizens.

Because Sudan has thus far been unresponsive to political pressure, and has been historically reactive to economic pressure, there is a great capacity to provoke change through divestment. In 1993, the Clinton Administration listed Sudan as a sponsor of terror citing a “disturbing relationship with a wide range of Islamic extremists” and accused Sudan of supplying “paramilitary training, indoctrination, money, travel documentation, safe passage and refuge” to terrorists including “Osama bin Laden and other members of the Al Qaeda terrorist network.”<sup>14</sup> Clinton then imposed rigorous economic sanctions against Sudan in 1997, which inspired a dramatic alteration of its policies and practices of harboring terrorists.<sup>15</sup> John Prendergast, a senior director of the International Crisis Group and former member of the National Security Council during the Clinton Administration “doubts the sincerity of Sudan’s commitment to combating terrorism, but agrees that ‘their promises of cooperation were designed to get sanctions removed.’”<sup>16</sup> Another example of Khartoum bowing to economic pressure was also in the late 1990’s. A divestment campaign in response to human rights abuses that took place during the Government of Sudan’s civil war with the South prompted Talisman Oil, OMV and Lundin Petroleum to withdraw from Sudan.<sup>17</sup> The withdrawals led “to the Sudan’s decision to finally enter into peace negotiations with the South that eventually ended the country’s twenty-one year civil war.”<sup>18</sup>

## **Sudanese Divestment Today**

While movements in the past have supported comprehensive divestment, such as the South African divestment movement that protested apartheid, targeted divestment is

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<sup>13</sup> Sudan Divestment Task Force, *“Efficacy of Targeted Divestment,”* (updated) 10 May 2007, Retrieved from <<http://www.sudandivestment.org/position.asp#petrochina>> on 15 May 2007.

<sup>14</sup> Silverstein, Ken, *“Official Pariah Sudan Valuable to America’s War on Terrorism,”* *Los Angeles Times*, 29 April 2005, Retrieved on 13 May 2007 from <<http://www.latimes.com>>

<sup>15</sup> Silverstein, Ken, *“Official Pariah Sudan Valuable to America’s War on Terrorism,”* *Los Angeles Times*, 29 April 2005, Retrieved on 13 May 2007 from <<http://www.latimes.com>>

<sup>16</sup> Prendergast, John in Ken Silverstein, *“Official Pariah Sudan Valuable to America’s War on Terrorism,”* *Los Angeles Times*, 29 April 2005, Retrieved on 13 May 2007 from <<http://www.latimes.com>>

<sup>17</sup> Silverstein, Ken, *“Official Pariah Sudan Valuable to America’s War on Terrorism,”* *Los Angeles Times*, 29 April 2005, Retrieved on 13 May 2007 from <<http://www.latimes.com>>

<sup>18</sup> Sudan Divestment Task Force, *“Efficacy of Targeted Divestment,”* (updated) 10 May 2007, Retrieved from <<http://www.sudandivestment.org/position.asp#petrochina>> on 15 May 2007.

believed to be the ideal way to prevent harm to Sudanese citizens and directly impact the Sudanese Government. According to the Sudan Divestment Taskforce model:

Divestment should therefore be targeted to those companies that maintain a business relationship with the government or a government-created project, impart minimal harm to the country's underprivileged, and have expressed no significant policy regarding the Darfur situation (i.e. pressuring the Sudanese government or delivering humanitarian aid).<sup>19</sup>

This definition of divestment ensures that companies that are acting in a socially responsible manner or are involved in business that brings economic prosperity Sudanese citizens (such as the agricultural industry or infrastructure). The Taskforce highlights the importance of excluding agriculture by emphasizing that 80 percent of the Sudanese population is employed in the industry.<sup>20</sup> It comes as no surprise that many of the worst offenders are oil companies. Amnesty International and Human Rights Watch have documented the fact that most oil industries operating in Sudan import their workers,<sup>21</sup> rather than employ Sudanese citizens. The state-owned and operated Chinese National Petroleum Corporation has been singled out by the Taskforce as "especially concerning in this regard."<sup>22</sup> Oil companies in Sudan also present difficulty in the area of transparency. Their significant lack of accountability "worldwide tends to breed corrupt, autocratic and unaccountable governments for the vast majority of oil-based economies around the world."<sup>23</sup>

### **Objectives of the DAN Divestment campaign**

While DAN's divestment campaign is in its infancy, it is important to think proactively to ensure the project's success. We would like to concentrate our efforts in three areas:

- Relaying of divestment information to the Australian public and media
- Promotion of the divestment agenda on Australian university campuses
- Promotion of the divestment agenda on a national level

One of the aims of DAN's divestment project is to provide the Australian public with up-to-date information about on-going campaigns in Australia, as well as divestment news and developments around the world. DAN's divestment initiative will strive to engage the wider Australian community by acting as the central source for divestment information related to Darfur within Australia. The volunteers for this project also realize it is extremely important to engage the media in this endeavour; therefore we plan to initiate communication with several media outlets to hopefully see this issue receive better coverage. In cooperation with Aegis Trust, DAN plans to release full page advertisements in *The Australian* to highlight the importance of divesting from Sudan, and also the central role China plays as Sudan's primary investor. The advertisement itself uses a very

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<sup>19</sup> Sudan Divestment Task Force, "Efficacy of Targeted Divestment," (updated) 10 May 2007, Retrieved from <<http://www.sudandivestment.org/position.asp#petrochina>> on 15 May 2007.

<sup>20</sup> Sudan Divestment Task Force, "Efficacy of Targeted Divestment," (updated) 10 May 2007, Retrieved from <<http://www.sudandivestment.org/position.asp#petrochina>> on 15 May 2007.

<sup>21</sup> Sudan Divestment Task Force, "Efficacy of Targeted Divestment," (updated) 10 May 2007, Retrieved from <<http://www.sudandivestment.org/position.asp#petrochina>> on 15 May 2007.

<sup>22</sup> Sudan Divestment Task Force, "Efficacy of Targeted Divestment," (updated) 10 May 2007, Retrieved from <<http://www.sudandivestment.org/position.asp#petrochina>> on 15 May 2007.

<sup>23</sup> Report of the International Commission of Inquiry on Darfur to the United Nations Secretary-General, released on 25 January 2005. Retrieved on 31 April 2007 from <<http://www.ohchr.org/english/docs/darfurreport.doc>>

powerful image and will hopefully provide a much needed spotlight on the divestment issue.

DAN Divestment agrees with the approaches of the Genocide Intervention Network's Sudan Divestment Task Force and desires to partner with similar organizations in the USA and UK to help fulfil its objectives. The mandate to divest from Sudan has experienced significant backing by American universities and we would like that to be true for Australian universities as well. Because many of DAN's members are university students, DAN's divestment campaign has a responsibility to ensure that their tuition is not invested in a company that may be directly or indirectly funding genocide. The University of Melbourne has been chosen as the launch point for the campaign, not only because many of our members are enrolled there, but because of its unique place in the community. The University represents social-consciousness and forward-thinking, and is regarded by many as the top Australian university. This position makes it a leader in society; a model that other universities can look to. From this point we hope to ensure that all Australian university endowments are being responsibly invested through individual campus initiatives.

The United States has led the way on the Sudanese divestment front, with individual states ratifying divestment legislation across the nation. Divestment of this scale is easily possible in Australia, and we intend to advocate for the introduction of this legislation on a federal level. DAN has been fortunate enough to network with several politicians, including Michael Danby, who has spoken on our behalf before. While planning for this stage of DAN's divestment campaign is only preliminary, we believe that Australia is situated in an advantageous position to act as a world leader on this issue, and intend to push our agenda to the federal level.

## **Conclusion**

The Government of Sudan has refused to cooperate with the international community on many levels, and with the protection that countries like China and Russia have afforded them, action by our international governance bodies may not be possible. While Khartoum believes they can continue their campaign of genocide free from penalty, they will continue to do so. In one regard, divestment can be a symbolic tool to show our national and international governing bodies that we care about what is happening in Sudan. But divestment also gives companies, institutions and individuals the ability to impose that penalty. Economic pressure will work to stop the genocide in Darfur; already the Sudanese Government is denouncing divestment from their country. It is imperative that both governmental and non-governmental organizations divest from this genocidal regime, and apply the pressure needed to bring an end to this tragedy.

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13. United States Congress. House. 108<sup>th</sup> Congress, 2<sup>nd</sup> session. H. Con. Res. 467
14. United States Congress. Senate. 108<sup>th</sup> Congress, 2<sup>nd</sup> session. S. Con. Res. 124