On the Trail of "Oil Rush" Development in the Gulf of Guinea

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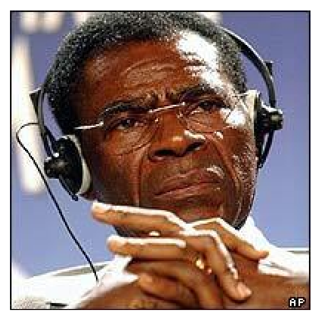
Several recent developments in West Africa's Gulf of Guinea recall our attention to the new "Great Game" that is now taking shape in this region, driven to a great extent by new offshore oil discoveries and exploration fever.



This region now has the **world's fastest growth rate for new oil reserves**, with $5-$10 billion a year being invested to develop its offshore resources. Oil industry experts speculate that by 2010, the seven top oil-producing "**New Gulf States" – Equatorial Guinea (E.G.), Sao Tome & Principe, Gabon, Cameroon, Angola, and Congo, plus landlocked Chad** -- may account for at least 10-15 percent of the world's conventional oil and gas reserves, and an even larger share of US energy imports. This means that, collectively, these tiny African countries may soon play a much greater role in world energy supply than Nigeria, Mexico, Venezuela, or Iraq.

In addition to raw economics, this shift is also being driven by political factors. The US is eager to free itself from OPEC, especially from dependence on politically-sensitive countries like Venezuela and Saudi Arabia. And alternative sources of supply like the Caspian pipeline, Central Asia producers, and Siberian exports have been slow to materialize. So it is not surprising that the development of Gulf of Guinea energy has recently received high priority, not only in Houston and Dallas, but also in Washington, D.C. As the recent attempted coups against Equatorial Guinea's dictator and Sao Tome's President indicate, they are also receiving increased attention from the world's "oil mafia" and their attendant mercenaries.

In principle, the region's new oil discoveries should also provide a gigantic windfall to **the 41 million long-suffering inhabitants** of these otherwise-impoverished West African countries. **Their life expectancy now averages just 46 years, and more than half of them still survive on less than $1 per day**. There is an unique opportunity for the Great Powers that are most active in the region – the US, France, the UK, China, and Spain, as well as multilateral institutions like the World Bank and the IMF -- to learn from the many previous negative experiences with the impact of oil wealth on development, and establish some "rules of the game" to insure that it really goes to support democratic development.

Unfortunately, rather than seize this opportunity, these Great Powers appear to be defaulting to age-old imperial practices. They are permitting their corporations to define investment and development strategy for them. With few exceptions, the result is a "winner-take-all" race for the riches, with the region's corrupt local dictators and tiny private elites dividing the spoils with transnational corporate allies, private bankers, private armies, and other intermediaries.

There are already many "per-country" accounts of these developments in the Gulf of Guinea. But it is helpful for us to consider them collectively. Among the most important patterns:

- **Increased corruption, militarization, territorial conflict, and political instability**, a direct byproduct of the region's many wobbly dictatorships in the region, the influx of oil dollars, and the growing value that outsiders place on seizing control of the tiny "New Gulf Oil States;"
- **Deeper involvement among oil-hungry powers** like the US and China, traditional colonial powers like France, the UK, and Spain, and regional powers like Nigeria and South Africa;
- A new willingness on the part of the US and other leading trading partners to **look the other way at electoral fraud, human rights abuses, and corruption** perpetrated by the region's oil-producing non-democratic regimes.

All told, these patterns do not bode well for the future of democratic development for the "New Gulf States" --- **even as the US invests so heavily to bring representative government and stable government to 25 million Iraqis.**

Eighty-five years ago, at the end of World War I, when a similar approach was taken by that period's Great Powers to the division of oil wealth in the Middle East, they could at least plead that they had little experience with the negative consequences of an elitist, laissez-faire approach to oil-rush based development. ***Today's Great Powers have no such excuse.***

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