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In Quietly Courting Africa, White House Likes Dowry

By JAMES DAO

Africa, the neglected stepchild of American diplomacy, is rising in strategic importance to Washington policy makers, and one word sums up the reason: oil.

Africa already provides about 15 percent of the United States' crude oil imports, but its share is expected to grow rapidly from new production in West Africa and construction of a pipeline linking southern Chad to Atlantic ports. Within the next decade, recently discovered offshore reserves are expected to enable West Africa to outproduce the North Sea's oil rigs and capture as much as 25 percent of America's oil-import market.

Though the Persian Gulf will remain the nation's primary source of imported crude, the new African oil could reduce dependence on countries like Saudi Arabia, whose relations with the United States have been strained in the year since the Sept. 11 attacks.

"The key to security of supply is diversity of supply," said Robin West, chairman of the Petroleum Financing Company, a consulting firm for the industry. "And I would argue that West Africa in the near to medium term will be a more important source of oil to international markets than Russia."

The Bush administration demonstrated its growing interest in Africa by sending Secretary of State Colin L. Powell there two weeks ago on a three-nation tour. President Bush has said he intends to visit early next year.

"Energy from Africa plays an increasingly important role in our energy security," Energy Secretary Spencer Abraham told the House International Relations Committee in June.

New African oil will probably not flow fast enough to compensate for lost Iraqi production if the United States begins an invasion. In the first half of this year, the United States imported 110 million barrels of crude

oil from Iraq. But African sources could eventually help soften price shocks during times of upheaval in the Middle East.

African oil has other advantages. Much of it lies beneath the Atlantic or near the West African coast, which makes it simpler to transport to the United States than oil from the Persian Gulf or the Caspian Sea.

Moreover, Nigeria is the only sub-Saharan country that belongs to the Organization of the Petroleum Exporting Countries, which means that much of Africa's new production will not be constrained by any cartel quotas.

Gabon was an OPEC member but quit in 1995, and Nigeria is considering quitting, a move that analysts believe would sharply weaken the organization's grip on world markets. "There is a long-term strategy from the U.S. government to weaken OPEC's hold on the market," said Roger Diwan, a managing director of the Petroleum Finance Company, "and one way to do that is to peel off certain countries."

The Bush administration has not trumpeted its interest in African oil, partly to avoid antagonizing its Middle Eastern allies and partly to avoid generating a perception that it cares only about Africa's resources. But the administration has intensified its diplomatic activity with several African governments, sending clear signals that it is paying closer attention.

Secretary Powell, for example, visited Angola and Gabon, both major oil exporters to the United States that rarely receive high-ranking American officials. (He was the first American secretary of state to visit Gabon.) On Monday he addressed the United Nations on the New Partnership for Africa's Development, a multinational group seeking to increase investment in the continent.

Last Friday, Mr. Bush met with the leaders of 10 African countries at the United Nations, urging them to uphold agreements to end conflicts in Congo and elsewhere, and requesting their help in the effort against terrorism.

The president has also announced plans to visit Africa early next year, with a possible stop in Nigeria, the

largest oil producer in sub-Saharan Africa and the fifth-largest exporter of oil to the United States.

“I think the administration is cognizant that we need to engage across the board with Africa,” said Representative Edward R. Royce, California Republican and chairman of African subcommittee of the House International Relations Committee. “Paying Africa the diplomatic attention it deserves is important.”

The State Department also plans to reopen a consulate in Equatorial Guinea that was closed for budgetary reasons in the 1990’s. American oil companies have been expanding operations there to take advantage of recently discovered offshore reserves.

During his visit to Angola, Secretary Powell broke ground for an embassy building in Luanda, where American diplomats have been working for years in temporary buildings known as the Trailer Park.

“This has been the end of the food chain for many years,” Secretary Powell told embassy employees during the ground breaking. “But we’re here to stay.”

There has also been discussion in Congress and the Pentagon about increasing military exchanges with West African countries and perhaps establishing a military base in the region, possibly on Sao Tome, an island nation in the Gulf of Guinea.

In their meetings with African leaders, administration officials have talked less about oil and more about getting African governments to end regional conflicts, reduce corruption, protect human rights, improve schools and expand social services. As an incentive to better government, they have offered increased American aid through a new program called the Millennium Challenge Account.

But administration officials acknowledge that greater stability will enhance oil production and encourage investment and trade. At a time when South American oil exporters like Venezuela and Colombia are enduring civil war and unrest, officials say, many African countries -- including Angola and Congo -- have made progress toward resolving long-standing conflicts.

“Ultimately, it is the market that determines how many barrels are produced,” said a senior State Department

official. “But greater stability and transparency makes them more efficient sources. If you have petroleum dollars increasing the health and education of their people, and not flowing into someone’s Swiss bank account, that makes for more efficient production.”

Oil analysts project that a quarter of all the new, non-Persian Gulf oil that comes onto the world market over the next five years will come from sub-Saharan Africa.

“In the industry, there is a lot of excitement about West Africa,” said Daniel Yergin, chairman of Cambridge Energy Research Associates. “Its politics may be complex, but the transportation and logistics are easier.”

Nigeria is expected to raise production over 3 million barrels a day by 2007, from 2.2 million now, according to the Petroleum Finance Company. Angola’s daily production is projected to double, to nearly 2 million barrels. Chad is expected to produce 225,000 barrels a day once a \$3.5 billion pipeline through Cameroon is completed in 2004. Production in tiny Equatorial Guinea is expected nearly to double, to 350,000 barrels a day, within three years.

Before the fall of the Soviet Union, the United States viewed Africa mainly as a cold war battleground. Washington pumped aid into governments that proclaimed themselves anti-Communist and supported Jonas Savimbi’s efforts to oust the pro-Moscow government in Angola.

During the 1990’s, the Clinton administration tried to increase trade and investment in Africa, while promoting efforts to fight AIDS. But there was not a sense that the continent was strategically important. Oil is changing that perception.

“The oil stakes in Africa are rising,” said J. Stephen Morrison, director of the Africa program at the Center for Strategic and International Studies, a Washington-based policy group. “The question is: to what degree can growth in production be accelerated, and to what degree is our political posture toward these countries important to the flow of oil?”
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GRAPHIC: Photo: Drilling for oil off Angola, a growing source for the United States. (Lori Waselchuk)(pg. A6)

Graph: “BY THE NUMBERS: Increasing Oil Production in Africa”

Oil production forecasts for selected sub-Saharan African countries, in millions of barrels a day.

Graph shows the oil production forecast for the following sub-Saharan African countries :

Nigeria

Angola

Equatorial Guinea

Chad