

**Oldenburg Model United Nations Conference 2011**  
- Changes and Challenges in a Globalised World -



**Guide to**

**The Special Conference**

*on the Exploitation of Oil in Africa with Special Focus on Armed Conflicts*

## Personal introductions

Dear Delegates,

My name is Nicolai Beerheide and it is an honour for me to be your President of this year's Special Conference. I have been participating at Oldenburg Model United Nations since 2006, first as a Staff of the Press Team and in the last year as the President of the Human Rights Council. This year I would like to try something special: The Special Conference! Together with Matei and Christian I will be your chairing team.

After OLMUN 2011 I would probably start studying something that has to do with renewable energies. My MUN experiences have always showed me how international politics can motivate students just like you to become acquainted with topics they maybe have not heard about before.

Beside OLMUN I am also interested in Sports (I am fencing since 1998) and music, by playing the trumpet together with Christian in the school orchestra of the Altes Gymnasium Oldenburg, which was my school for eight years.

I hope we will have a fruitful discussion, a funny committee and all in all a good time in the wonderful city of Oldenburg and the 11th Oldenburg Model United Nations!

Yours,



**Nicolai Beerheide**



Honourable delegates of the Special Conference,

My name is Matei Mitrache and, as obvious as it seems, I will be one of your chairs at the Special Conference of OLMUN's 11th anniversary. I am an eleventh grader at the National College "Mihai Viteazul" from Romania and I practice parkour and volleyball. This is the fourth time I attend a MUN conference, second time at OLMUN and first time as a chair. These are about all objective pieces of information which I consider relevant, the rest will pop up as we get to know each other.

My friends look at me as the energetic and constructive type and it is said that the opinions that others have on you are the closest to reality. Consequently, I am confident that I will be able to use my skills as a "natural resource" for this elaborate machine which is the Special Conference and encourage you to combine realistic and efficient solutions for the topic of our committee. We will indubitably have some funny moments, inspire ourselves and when we do that, ideas will come up as fast as greased lightning. Nothing could possibly stand in our way then.

Delegates, alea iacta est, just make sure you get that lightning.



It will be an honour to work by your side together with my fellow colleagues Nicolai and Christian and help you construct strong resolutions.

Yours,

**Matei Mitrache**

Honourable delegates,

It is an honour for me to serve as one of the presidents of the Special Conference during this years' OLMUN. I hope we can make the conference and especially our committee the location of a unique experience during the week.

I am 19 years old and currently attending the 13th grade at the Altes Gymnasium Oldenburg. My graduation will be in June. For I am very interested in international politics, I want to spend a year abroad after school, probably in Ireland.

After participating several times in MUN-conferences as a delegate, I wanted to change sides in 2010. Therefore I became a member of the Inner Circle and served as Assistant Chair at the UN- Habitat GC. After a wonderful week during the last conference it was clear to me that this would not be the only time as a chair.

Apart from MUN – Conferences, my daily life is determined by music. I play the trumpet, the bass guitar and a little guitar. I am member of different musical ensembles, e. g. the school's wind orchestra and big band.

In last winter another activity became part of my life: Oldenburg's first rugby team was founded and I am a proud member of it since almost half a year.

But enough of talking for now, let's address the topic with a good preparation and fun at work! I am looking forward to meet you in June.

Yours,

**Christian Müller**

## Something to think about...

The topic of this year's Special Conference is „Exploitation of natural resources in Africa“ – a present issue that strongly influences international economy.

In Africa natural resources are exploited in a high amount. Countries level up their exploitation to become first time producers. For reaching this goal they endure losses of natural resources and environment damage.

Focusing on Africa, there are countries that exploit the African nations and use their natural resources. To give an example we would like to name the conflict that occurred in the DR Congo at the end of 2010. The war emerged because of coltan (a metal found in almost every cell phone). Rebels together with the government sold allowances for hauling of oil or other natural resources, especially coltan. Due to the need of money convection the price was low and companies profited from it while environment and economy in Africa had less to win.

On the other hand, it is to be emphasized that the coltan issue is not the only high regarded problem in Africa. Oil industry and oil trade are in a continuous bloom but they are not completely under control. This will be an opportunity for oil buyers and vendors to regulate oil trade and moderate Africa's losses while trying to maintain or even improve their position in the market. Such a debate will involve all nations to contribute for a fair oil distribution and implement new rules which will help the development of oil industry and commerce. Policies have to be respected and a realistic attitude ought to guide each delegate.

## Guestspeaker

This year our guest speaker will be Mr. Dustin Dehez from the World Security Network. He was born 1978 in Bremen. After the military service in 1999 he started to study Modern History in Freiburg (Brsg.) in southern Germany and Durham in the United Kingdom. He has profound experience in the field of African Affairs and Security Policies because he worked for the Institute for African Affairs in Hamburg and Federal Academy for Security Policies in the capital of Germany, Berlin.

In 2005 he worked for the spokesman on Defence of the parliamentary party CDU/CSU in the German Bundestag, Mr. Christian Schmidt. In June 2005 he became Senior Research Fellow of the DIAS (Düsseldorf Institute for Foreign and Security Policy). Since June 2006 he is the Director of North-east African Studies in the DIAS. This section focuses on the Horn of Africa, Military in Africa, German and the Iranian Security Policy. Apart from this he also wrote various articles for high quality German journals, “Die ZEIT Online” and “Zeitzeichen”.

If you are interested in his opinion on current international affairs you can read articles on his blog.

In our committee he will have a talk on “The Scarcity of African Resources” with a focus on oil. We would like to encourage you to ask questions! We are convinced that he will provide us with exclusive information on the role of third parties like China and India.

Research resources:

<http://www.blogger.com/profile/16669745168599172100>

[http://www.worldsecuritynetwork.com/dsp/dsp\\_authorBio3.cfm?authID=1478](http://www.worldsecuritynetwork.com/dsp/dsp_authorBio3.cfm?authID=1478)

## The Topic

### **A brief history of the oil market**

Let us firstly refer to the role oil played in the recent past. The interest in it was matched only by gold, during the Gold Rush era (1848 - 1865). As a result, it deserves its name: „black gold.“ In the East and Middle East, oil has been an essential natural resource but the countries that fight for it deny that it be the reason of their conflict.

If many produce it, many must be those that consume it.

The United States of America and the United Kingdom have based an entire part of their economy on oil trade. In 1973, in the USA, the quantity of oil imported was of 75 million barrels per day, in 2004, it rose to 82 million, in 2010, it was around 96 million and it is estimated that the application in 2020 will exceed 110 million per day. The production ceiling of the Organization of the Petroleum Exporting Countries (OPEC) was in April 2004, 23.5 million barrels per day, but the organization overcame it and reached 26 million barrels per day because of the special situation in Iraq, which did not respect the quota system. Moreover, the OPEC seemed overwhelmed by its own purpose because of the always growing application and eventually found itself in the impossibility to provide enough oil for the buying countries. Natural gas gradually became an alternative.

### **Geostrategic value**

In the next decade, world oil reserves will be in a decline of about two million barrels of oil per day. In addition, the new sources of fossil oil have a low potential to absorb the actual crisis. If the global demand of oil continues to grow, the lack of oil could bring the United States in the position of a "land without the possibility to develop". But there is no way the United States will give up that easy.

In recent years, the United States have seized an enormous amount of Caspian oil from the area of influence of the Russians and the Iranians, by negotiating with Azerbaijan, Georgia and Afghanistan to transport it through pipelines from within their territory. Presidents of the Caspian countries met several times to discuss this pipeline idea until they eventually accepted it. American soldiers were stationed in Kyrgyzstan, Tajikistan, Uzbekistan, Turkmenistan, Kazakhstan and Georgia to oversee the operation. The U.S. Army helped providing the Caspian oil with a westward passage – through the United States geopolitical rivals' territories: Russia and China.

On the other side, the reason why Vladimir Putin was so determined to keep [Chechnya](#) (that is the name of the pipeline) under Russian control - regardless of the cost that it would bring to both sides - was that Chechnya is Russia's one of the last routes to Caspian oil. Moreover, a report showed that U.S. strategic domination over the whole region, including all maritime communication channels was perceived as an impediment of China's energy [acquisition](#).

Compared to Africa, the United States developed a new policy and discussed the possibility of establishing a new military base on the island of Sao Tome and Principe, Nigeria and Angola. This measure was applied and put some pressure on the west-African countries. This move determined a geostrategic advantage for United States.

## Dollar vs. Euro

For 50 years now, the reference currency on the oil global market has been the U.S. dollar. The U.S. dollar is printed in one place: the Federal Reserve, the institution represented by a consortium of private banks.

Iraq was the first country in OPEC, who gave up the U. S. dollar and started to sell oil in Euro (from 6 November 2000 when one Euro was 0.8 dollars). Iraq lost much money then, but it proved to have made a brave investment because the Euro surpassed, in the mean time, the U.S. dollar. This was, in fact, Saddam Hussein's trickery, one that the United States was never to forgive.

Syria and Venezuela, with seven percent of global oil and other oil supplying countries together with the OPEC began to seriously think of an Euro transition. The Central Bank of Russia and China were preparing to do the same, thus explaining why there is a large surplus of dollars on world markets and higher demand for Euro.

Switching entirely to expressing the oil price in Euro would be a blow for the U.S. economy, for which Alan Greenspan, former Federal Reserve chairman, has forecasted a loss of 13 trillion dollars only in the first phase. If the Euro becomes the global currency instead of U.S. dollar, a fact that actually happened, besides the fact that the value of the dollar will fall, Americans will not be able to throw dollars in the market. All countries will seek to get rid the world of U.S. dollars for Euro and buy oil from OPEC.

The dollar has been artificially maintained by the U.S. political arrangements with China, South Korea, Taiwan and Japan. These countries produce almost all U.S. consumption. So, the largest reserves of U.S. dollars are in these countries. Economists and bankers have tried to get Asia's attention because if Asia does not support the U.S. dollar by political yet unsubstantiated economic arrangements, it will collapse. The die has been cast, there's no turning back for the United States.

The United States is spreading fast and needs to politically keep an eye on its expansions. That is why it uses federal governments to install some power beacons in the oil providing countries. However, OPEC Member States and those that trade in Euro instead of U.S. dollar look



like they do not trust the United States' statements because the "puppet governments" brought by the United States cannot lead an objective policy in the countries where they take their oil from.

To conclude, as recent history shows us, the oil markets are a very great deal about political and economic interests, areas of influence and sources of energy. The good part is there are recent established or other to be established international relationships that can be regulated to result in fair trade, oftener and more efficient inspection opportunities and showing interest in the evolution of least developed countries

## **Organisation of Petroleum Exporting Countries (OPEC)**

The OPEC is a group formed in 1960 to protect economic interests of oil-exporting countries.

In the early 1950s, international oil companies (IOCs) developed the posted price system to help host governments estimate oil revenues in advance. Posted prices were accounting devices that host governments used to calculate the amount of taxes the companies would pay under industry wide fifty-fifty profit-sharing agreements. Despite the fluctuation in the real prices at which crude oil was traded, posted prices were not adjusted, and fixed posted prices became an industry norm. When competitive pressures forced the IOCs to reduce posted prices unilaterally in February 1959, an immediate outcry arose from the affected host governments.



<http://www.investopedia.com/terms/o/opec.asp>

<http://en.wikipedia.org/wiki/OPEC>

[http://www.opec.org/opec\\_web/en/press\\_room/178.htm](http://www.opec.org/opec_web/en/press_room/178.htm)

<http://www.europeanvoice.com/article/2010/09/an-inconvenient-truth-about-opec/68863.aspx>

The countries that are involved in petroleum industry obviously play an important role in the global oil market but the means by which we can observe their actions and comment on different decisions they make is looking toward the companies that deal with oil production. Companies can be public - not yet developed enough to seek oil contracts outside their country's bounds - and multinational or global - those which trade with more countries than that they originate from.

To understand this classification, take, for instance, Nigeria's case where Shell and the Nigerian National Petroleum Corporation are fighting for fields to drill. Shell is a Dutch company which spread broadly enough to reach Nigeria, whereas the Nigerian National Petroleum Corporation is just a state oil corporation and does not have the power to outrun such a powerful investor.

To get a clear image of how the African oil market functions it is to be emphasized which are some of the companies that exploit African oil, what is the relationship to the country they explore and what contracts they sign. The first to be analyzed are the African corporations.

## List of oil companies

### **SONATRACH**

The Sonatrach Petroleum Corporation (SPC BVI) was created in 1989, in accordance with the International Business Companies Ordinance of 1984. It is a 100% owned subsidiary of Sonatrach International Holding Corporation', which is itself owned by the Sonatrach Group.

To support its activities SPC BVI presently has two offices; one in Algiers and one in London, with its main activities being the trading of all hydrocarbons, liquids and gas, and shipping.

Products traded by SPC (BVI) are crude Oil, condensate (NGL), refined products, aromatics and LPG. As part of its expansion, SPC (BVI) is planning in the near future to extend its trade to petrochemical products and derivatives.

After 14 years of successful and diversified trading and shipping activities, SPC (BVI) has established a reliable reputation on the market thanks to the regular and continuous access to products from Algeria as well as from other sources worldwide.

<http://en.wikipedia.org/wiki/Sonatrach>

<http://allafrica.com/stories/200208060483.html>

### **SONAGOL**

Sonangol was instituted as a state owned company whose mission was the management of hydrocarbon resource exploration in Angola. Despite having the government as the sole shareholder, Sonangol has always been governed as a private company and is under strict performance standards to ensure efficiency and productivity.

After the incorporation of Sonangol, a management committee was established to create the necessary infrastructures for the company to start developing its business activities. The management committee was later converted into a board of directors.

In the aftermath of the independence several oil companies abandoned Angola for one reason or another, leaving behind its infrastructures and former employees. To this end, Sonangol bought the premises of Texaco, Fina and Shell and through an agreement acquired those of Mobil. In this process Sonangol also absorbed former employees of oil companies that once operated in Angola.

[http://en.wikipedia.org/wiki/Sonangol\\_Group](http://en.wikipedia.org/wiki/Sonangol_Group)

<http://www.winne.com/topinterviews/Sonangol-Interview.htm>

### **THE ARABIAN GULF OIL COMPANY**

The Arabian Gulf Oil Company is the biggest oil producer formed by the National Oil Corporation in late 1979 to take over the assets of a partnership of BP and Nelson Bunker Hunt of the US, and

a partnership of Chevron and Texaco called “Amoseas”. Its largest fields are Sarir (western Sudan) and Nafoora (central part of Libya), which together produce less than 250,000 b/d from 490,000 b/d in 1995. Agoco has a refinery at Tobruk (north-eastern Libya) on stream since 1985 with a capacity of 18,000 b/d, where in 1996 it had two thermo compression distillation units installed to produce 750 CM/day of drinking water from the sea. Agoco also has a 9,000 b/d topping plant at Sarir.

[http://www.encyclopedia.com/topic/National\\_Oil\\_Corp.aspx](http://www.encyclopedia.com/topic/National_Oil_Corp.aspx)

[http://en.wikipedia.org/wiki/Arabian\\_Gulf\\_Oil\\_Company](http://en.wikipedia.org/wiki/Arabian_Gulf_Oil_Company)

## **NIGERIAN NATIONAL PETROLEUM CORPORATION**

The Nigerian National Petroleum Corporation (NNPC) runs the joint venture which it has with the Nigeria national government and a few of the overseas transnational firms. The transnational firms are referred to as Agip, Shell, Texaco, Chevron, and ExxonMobil. Through the partnership NNPC it has with these firms, the national government of Nigeria carries the advancement of the rich petroleum resources available in Nigeria.

Companies which want to buy crude oil from Nigeria can do so through the NNPC. It is the end seller of crude oil in Nigeria. There are also people referred to as fiduciary agents, operators and allottee. These set of persons find crude oil buyers for NNPC. The grades of crude oil you can buy from NNPC are bonny light crude oil, forcados, qua iboe, etc. Most of these grades of crude oil have their terminals. It is from their terminals that they are sold out.

[http://www.encyclopedia.com/topic/Nigerian\\_National\\_Petroleum\\_Corp.aspx](http://www.encyclopedia.com/topic/Nigerian_National_Petroleum_Corp.aspx)

<http://www.businessdayonline.com/NG/index.php/news/76-hot-topic/18084-ogonis-block-nnpc-over-shells-oil-wells>

<http://www.globalissues.org/article/86/nigeria-and-oil>

## **SASOL**

Sasol (Afrikaans for “South African Coal and Oil”) Ltd. is a South African company involved in mining, energy, chemicals and synfuels. In particular, they produce petrol and diesel profitably from coal and natural gas using the “Fischer-Tropsch process”. The company has factories at Sasolburg and Secunda (Secunda CTL) and has taken a stake in projects under construction in Qatar (Oryx GTL), Iran (Arya Polymers) and Nigeria (Escravos GTL). Furthermore, Sasol senior officials are also involved in higher level negotiations with their China counterparts with the view on establishing a chemical plant in China, being the fastest growing economy in the world.

[http://www.sasol.com/sasol\\_internet/frontend/navigation.jsp?navid=1&rootid=1](http://www.sasol.com/sasol_internet/frontend/navigation.jsp?navid=1&rootid=1)

[http://www.sasol.com/sasol\\_internet/downloads/SasolPetroleumProof3\\_1126854012446.pdf](http://www.sasol.com/sasol_internet/downloads/SasolPetroleumProof3_1126854012446.pdf)

## SHELL

The Anglo-Dutch group “Royal Dutch Shell” is a serious and feared competitor for the American oil companies. On a global perspective, Shell is the only not-US-American company with a significant contribution to the development of oil industry in the United States. Shell has attracted the United States attention for a very long time and therefore, the American component of this international group has expanded so much that it actually brings about a third of the company’s profits.

Shell is a well known name throughout the world. It is recognized as supplier of fuels and lubricants, as well as a company that performs research on land and water, to find new deposits of oil and gas.

Royal Dutch Shell Group operates in over 145 countries and has about 135,000 employees worldwide. By combining the idea of a mini-store that sells a wide range of products, from auto accessories to food products, Shell also involves itself in „non-petroleum” trade and outruns the number of chain stores of the fast-food seller “McDonalds”.

Royal Dutch Shell was born as a holding company formed by Royal Dutch and English Dutch Shell Transport & Trading Co. After the attachment, the group expanded through major acquisitions in Europe, Africa and the Americas.

Although it was greatly affected by the two world wars and many factories and refineries were destroyed or confiscated, the company has managed to keep its position in the oil market. Moreover, it successfully managed to enter the North - American market

In the late 80s, 15% of Europe’s energy was provided by natural gas combustion, half of which was supplied by the Shell group. The company was also reorienting toward liquefied gas production and metal industry. At the same time, the company developed and implemented new production technologies and obtained a series of products which revolutionized oil, natural gas and also chemical industry.

Today, fuel and lubricants are produced by Shell and to prove their quality, they are being poured in the Ferrari Formula 1 race car tanks. Headquarters are located in both London and The Hague but the development and commercial services are centralized in London.



[http://en.wikipedia.org/wiki/Royal\\_Dutch\\_Shell#Africa](http://en.wikipedia.org/wiki/Royal_Dutch_Shell#Africa)

<http://www->

[static.shell.com/static/investor/downloads/financial\\_information/reports/2010/shell\\_2010\\_annual\\_review\\_03.pdf](http://www-)

[http://www.offshore-mag.com/index/article-display.articles.offshore.production.north-sea-northwest-europe-2.2010.11.shell-contracts\\_psn.QP129867.dcmp=rss.page=1.html](http://www.offshore-mag.com/index/article-display.articles.offshore.production.north-sea-northwest-europe-2.2010.11.shell-contracts_psn.QP129867.dcmp=rss.page=1.html)

## EXXON

The Exxon Corporation grew out of another oil company giant, Standard Oil Company, founded by John D. Rockefeller (1839–1937) in 1870. Standard Oil's monopoly over the oil business in

the early twentieth century led to a series of attacks on that company from journalists and politicians. Likewise, Exxon's reputation in the late twentieth century has been damaged by the environmental havoc created by a massive oil spill in Alaska from the tanker Exxon Valdez in 1989. Still, Exxon remains the third largest company in the United States and the seventh largest in the world.

ExxonMobil is the largest non-government owned company in the energy industry and produces about 3 percent of the world's oil and about 2 percent of the world's energy. ExxonMobil, like other oil companies, is struggling to find new sources of oil. According to Wall Street Journal, for every 100 barrels of oil it has pumped, it has replaced only 95. This stands in contrast to natural gas, where, for every 100 cubic feet of gas extracted, Exxon has found or bought an additional 158.

<http://www.exxonmobil.com/Corporate/about.aspx>

[http://oilandglory.foreignpolicy.com/posts/2011/02/15/whywe\\_care\\_about\\_exxons\\_identity\\_crisis](http://oilandglory.foreignpolicy.com/posts/2011/02/15/whywe_care_about_exxons_identity_crisis)

[http://en.wikipedia.org/wiki/Exxon\\_Valdez\\_oil\\_spill](http://en.wikipedia.org/wiki/Exxon_Valdez_oil_spill)

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## Country Profiles

### **Equatorial Guinea**

The economy of Equatorial Guinea grew larger since oil was discovered offshore in the Gulf of Guinea. The country holds according to IEA proved oil reserves for 1.1 billion barrels and has a daily oil production of 300 000 barrels per day. Most of the oil is – one third – is exported to North America. The oil production is managed by the national state owned company, the “GEPetrol”.

Equatorial Guinea is a resource-rich country with natural resources like timber, gold, bauxite, diamonds, tantalum and petroleum and natural gas. The President Teodoro Obiang Nguema Mbasogo is in power since 1979 when he seized it in a military coup. Since then, several elections were run but those have been seen as flaws by the opposition.

Taking a look on the GDP it shows that Angola is depending on its oil industry: with a total of 93.9 percent.

### **Algeria**

Algeria has been a member of the OPEC for a long time. The country has proven oil reserves of 12.2 billion barrels. The EU member state imports oil mainly from Algeria because of the high quality and the low sulphur content, which helps the EU to fulfil the regulations of sulphur content in fossil fuels.

Algeria is producing 2 229 barrels each day due to OPEC limitations.

## **Nigeria**

Nigeria is the most problematic of the oil exporting countries in Africa. It is situated at the Gulf of Guinea – the same Gulf where Equatorial Guinea is situated. The Gulf of Guinea is known for its big oil abundance.

Beside oil, Nigeria furthermore produces iron, tin, coal, limestone, niobium, lead and zinc. Nigeria has the largest natural gas reserve in Africa but Nigeria has not the infrastructures to develop the LNG (Liquid Natural Gas) sector. The production of oil mainly takes place along the Niger and especially in the Niger Delta. This caused serious damages to the nature; you can read more about this at the end of this guide.

Nigeria has the eighth largest population on earth but in opposite to that the life expectancy is one of the lowest in the world followed only by Afghanistan and Angola. This is mostly caused by HIV/Aids. The GDP lays at 369.8 billion Dollar and the GDP per capita is 2 400 Dollars. There is no major sector in Nigeria. All three sectors have the same quota which is about 33 percent but however most of the people (70%) are working in the first (agricultural) sector.

Most of the Nigerians are extremely poor. About 70 % of the population are living under the poverty line (you can check the CIA Factbook for further instances about the definition of poverty).

"Oil-rich Nigeria has been hobbled by political instability, corruption, inadequate infrastructure, and poor macroeconomic management". This quote describes the situation of the Nigerian economy very well. The Nigerian government introduced the "Petroleum Industry Bill" to reform the entire petro sector, which is absolutely necessary because Nigeria's future lays in the oil and gas producing sector. According to the "Oil and Gas journal" Nigeria has a proven oil reserve of 37.2 billion barrels.

Those reserves are exploited by 1673 million barrels per day. This number is fixed by the OPEC which Nigeria is a member of.

The Nigerian National Petroleum Corporation (NNPC) is the national and state owned Petro company that is responsible for most of the dwellings. NNPC is working together with other oil companies like Exxon Mobile, Chevron, Total, Eni/Agip, ConocoPhillips, PETROBRAS, Statoil Hydro and Shell (which is producing oil in Nigeria since 1936). Shell is mainly dwelling oil in the Niger Delta, causing damage to nature and the agricultural land in the Niger Delta. This leads - together with other reasons - to a constrained instability which harms the development of the downstream sector and the natural gas production.

## **Angola**

Angola has a death rate of 23.4 deaths per 1000 people (July 2011 est.). With that rate it sadly takes the first place in the world. The life expectancy is even lower than in Nigeria with 38.76 years. Angola is divided into two separated parts. The providence Gabinda is situated in the middle of the DPR Congo and has no link by land to the "main" part of the country. The Gabinda providence contains furthermore a big onshore field. But due to active seperative groups which fought against the government in a 27 years lasting civil war, it is difficult to produce oil there.

The civil war ended in 2002 with a ceasefire contract between the two opposing parties the MPLA (Movement for the Liberation of Angola) and the UNITA (National Union for the Total Independence of Angola) with the leader Jonas Savimbi.

The civil war broke out when Angola gained independence from Spain. The President José Eduardo dos Santo is now in charge for 32 years. The next presidential elections should have taken place in 2009 but were suspended after passing a new constitution and are now expected to be in 2012.

The oil is the main body of the Angolan industry. It contributes with 80 percent to the GDP and 90 percent to all exported goods. It is expected that the oil producing sector will grow with the time due to new explorations. For that reason Angola entered the OPEC in 2007 and held the presidency in 2009. During the years it became the leading oil producer in Africa. Above all, China invests much in infrastructure projects in exchange of oil, because it is the third biggest supplier of China.

The proven oil reserves are estimated by 9.5 Billion barrels according to the “Oil and Gas Journal”. However, the Angolan president expects a total of 13.1 Billion barrels. The civil war had a major impact on the Angolan oil production. Most of the oil is produced offshore because of instability.

SONAGOL is the national oil corporation and the leading concessioner of the offshore oil fields. It works together with other companies via Joint Ventures. It controls the upstream as well as the downstream activities. Main offshore oil field is for example the Dalia Oil field, a offshore source in block 17 which is dwelled by Total (ownership: 40%), Statoil (Norway; 23.33%), Exxon Mobile (20%) and BP (16.67). The oil field produces a total of 240 000 barrels per day.

Beside oil the industry also relies on Diamonds, Iron Ore, Phosphates, Copper, feldspar, gold, bauxite and uranium.

## **Libyan Arab Jamahiriya**

Most of the Libyan oil fields are onshore oil fields cumulated in the Sirte Basin. The Libyan state dwells the oil itself by owning the “Arabian Gulf Oil Company” and the “National Oil Corporation”. The Production of oil started in 1961 with the drilling by BP. During the Revolution of 1965 the oil fields were sabotaged.

Because of the recent events in Libya and the intervention of the North Atlantic Treaty Organization it is necessary to be up to date.

## **Sudan**

Lamentably, Sudan is most known for the conflict in Darfur (Western Sudan). This conflict has a heavy impact on the Sudanese oil economy. Since Sudan is relying on oil – 90 % of all exported goods are oil – the UN and EU sanctions are a major problem for the country because they forbid western companies to transfer money into the Sudan and keep big oil companies out of the country. For that reason China is the biggest investor in the Sudan working together with SUDAPET the Sudanese NOC using Joint Ventures.

Sudan is further producing copper, chromium ore, zinc, and tungsten, mica, silver and gold.

The Sudanese people had in the beginning of 2011 the chance to vote for the splitting of the country into a Northern and Southern part. The problem is that the Southern part has the oil fields and the Northern part holds the infrastructure to transport the oil to the coast to be loaded on ship vessels.

## Environmental problems caused by the oil production

Many of the constituent parts of crude oil are highly toxic, some are cancer-causing. But it is not only dangerous to humans, but it also damages the environment in multiple ways. It takes only one litre of oil to make about 950.000 litres of water toxic to wildlife. In a concentration of only 0,4 % in water the oil can already have lethal consequences for the fish.

The petroleum gas which is discharged during the extraction was often burnt in the past. Because this releases such a lot of CO<sub>2</sub>, it is not implemented these days in many parts of the world, but the few organisations which still carry out this procedure (e. g. Shell in Nigeria) deteriorate the climatic situation severely. The same problem applies for the burning of the oil. Additionally, substances which are toxic (e. g. carbon monoxide) are set free here.

In addition to that, the burning process generates the formation of nitrous oxides. Those transform with sulphur dioxide and the water in the air to the so called acid rain. Acidic water causes the death of trees and the acidification of lakes which leads to the death of its fish population.

### **Case study: Niger Delta**

In 1956 the first successful oil drilling took place in the region. At that time, the Royal Dutch Shell was the operating organisation, but others like Exxon and Total followed in the next years. Experts calculate that in the last 50 years about 2 million tons of crude oil got into the environment. During the same space of time, the companies earned a profit of approximately \$600 billion.



Today there are 6000 kilometres of pipelines in the delta region and averaged 5 spills (massive oil-disaster) per week. Often the poor residents of the delta steal oil from the pipelines by drilling holes into the tubes. They do not have the ability to avoid unregulated escape of crude oil; therefore the inhabitants of the region cause the problem partially on their own. They do not profit from the oil industry and allege the Nigerian

government of being corrupt. The government earns a lot of money with the oil business, because it is involved in all organisations working in the delta. Another reproach therefore is that the government would be able to prevent further environmental damage through environmental standards.

One can see that the poverty in the area contributes to worsen the problem. On the other side, there is still no solution to the problem of poverty in the population. Since the late nineties there is also a violent conflict. It is still going on, although a truce was announced in September of 2004. It only lasted for a few weeks and in 2006, with the emerging of the Movement for the Emancipation of the Niger Delta (MEND), the conflict started again. This organisation committed several attacks on equipment of oil companies (especially the Royal Dutch Shell). Those attacks stroke the international oil-market firmly.

*Pictures: The Boston Big Picture*

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## Contact

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If you have any questions concerning our council's topic, your country's policies, how to conduct your research, procedural matters, how to write the resolution or any other issues, please feel free to contact us at [spc@olmun.org](mailto:spc@olmun.org).

Furthermore, it has proven to be useful for a smooth debate to get in touch with your fellow delegates prior to the conference using the OLMUN-Forum at [www.olmun.org](http://www.olmun.org). In this forum you can exchange your ideas, resolutions, tactics, policy statements or more useful research sources you have discovered. Both emailing and forum are a good opportunity to make pre-lobbying and get to know more about the other countries in anticipation. You can also find useful information in the OLMUN Handbook.

We are very much looking forward to having a passionate and constructive debate with all of you at the 11<sup>th</sup> OLMUN!

Yours sincerely,

**Nicolai Beerheide, Christian Müller and Matei Mitrache**  
*Presidents of the Special Conference of OLMUN 2011*

## Glossary

### **Crude oil**

The term *crude oil* describes the condition of the oil right after the extraction. This means that the oil is not refined or processed in any other way. Through refining, the crude oil turns into substances with a higher value, e. g. kerosene, domestic fuel oil or diesel oil.

### **Downstream**

The downstream contains in the oil industry all parts of the workflow after the extraction of the crude oil. This means refining, commercialization, transport and of course the distribution of the final products. Sometimes there is also a *midstream* (containing refining and transport), but it is normally part of the downstream.

### **Upstream**

This term stands in the oil industry for the exploitation and the extraction of the crude oil. The processes, which are part of the upstream, are separated from the consumer by the so-called downstream.

