Sudan Divestment Task Force
www.SudanDivestment.org

Companies Warranting Scrutiny:

Profiles of Companies That Possibly Meet Task Force Criteria for Targeted Divestment

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A Report by
The Sudan Divestment Task Force[1]

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Preliminary List of Companies Warranting Scrutiny

Preliminary list of companies that warrant scrutiny and may meet divestment criteria (in descending order starting with worst offenders);

We have made attempts at gathering CUSIP (Committee on Uniform Securities Identification Procedures) numbers on these companies and note that some are ADR's (American Depository Receipts) and therefore may have two CUSIP numbers. The CUSIP listings represent only preliminary attempts at identification and should not be taken as final or all-encompassing. **Please verify that the CUSIP number corresponds with the correct company and that each company's investment opportunities are completely represented by the affiliated CUSIP numbers**:

Oil and Natural Gas Company (India) – oil and gas concern; CUSIP: Y64606117
PetroChina (China) – oil and gas concern; CUSIP: Y6883Q104; 71646E100 (ADR);
? CNPC Hong Kong (Hong Kong) ? (see text below) – oil and gas concern; Trades on Hong Kong Stock Exchange; HK:135
Sinopec Corporation (China) – oil and gas concern; CUSIP: Y15010104; 16941R108 (ADR)
Petronas/Petronas Capital Limited (corporate bonds- no public equity) (Malaysia) – oil and gas
Info on bond issue for Petronas:
www.petronas.com.my/internet/corp/news.nsf/0/a013fffda97c9cdf48256c800029b1c0?OpenDocument
Schlumberger (French) – oil field services; CUSIP: 806857108; 806857918
Reliance Industries (India) – oil and gas concern; CUSIP: 759470107 (GDR)
Reliance recently demerged (to be completed by end-March 2006) and the demerged companies now trade as:
Reliance Energy: CUSIP:Y09789127; 75945E109 (GDR)
Reliance Capital Venture: Y7229U106
Reliance Communications - to be listed by end-March
Reliance Natural Resources – possibly listed at start of March?
Al-Thani Investment (United Arab Emirates) – oil investments
IPO for oil subsidiary African Arabian Petroleum planned for "early 2006":
http://www.digitallook.com/cgi-bin/digital/security.cgi?csi=132917&ac=&username=
http://www.ameinfo.com/70713.html
Lundin Petroleum (Sweden) – oil and gas concern; CUSIP: W64566107
AO Tatneft (Russia) – oil and gas concern; CUSIP: 03737P306 (ADS)
PECD Berhad (Malaysian) – construction related to oil drilling and export; CUSIP: Y6784F108
Muhibbah Engineering Berhad (Malaysian) – construction related to oil drilling and export
Info on Muhibbah:
Trades on Kuala Lumpur Stock Exchange. Company website available at www.muhibbah.com
Nam Fatt (Malaysian) – construction related to oil drilling and export; current operations need to be clarified.
Financial info on Nam Fatt:
www.corporateinformation.com/snapshot.asp?Cusip=C45856630
Kejuruteraan Samudra Timur Berhad (Malaysia) – oil and gas equipment and supply company;
Financial info on KSTB:
Listed on the Kuala Lumpur Stock Exchange; company website: www.kstb.com.my.

Sudan Telecommunications Company (Sudatel) (Sudan) – telecommunications company with documented complicity in the genocide.
Info on Sudatel:
Trades on the Khartoum Stock Exchange, Bahrain Stock Exchange, and Abu Dhabi Stock Exchange
Bharat Heavy Electricals (India) – power and energy company: CUSIP/Security ID: ?6129523?
Info on Bharat Heavy Electricals (BHEL):
Trades on Bombay Stock Exchange and National Stock Exchange of India; company website is at www.bhel.com/bhel/home.php
Harbin Power Equipment (China) – power and energy company; CUSIP: 411459100 (ADR)

Alstom (France) – power and energy company; CUSIP: F0259M475; F02594103
Norinco (China) – Designs, develops and markets military equipment. State-run, but available to US investors through "Qualified Foreign Insitutional Investors (QFIIs)"; see NORINCO entry below for more details on QFII's.
Dongfeng Automotive Company Limited (China) – Chinese automobile manufacturer, affiliate sold military vehicles to Sudanese government; CUSIP: Y20968106 (Shanghai Stock Exchange)

ABB (Switzerland) – power and energy company; CUSIP: H0010V101; 000375204 (ADR)

Bollore Group (France) – wholly owned subsidiary, SDV, has oil-field services and port logistics operations in Sudan; Trades as a ticker symbol VB on Paris Stock Exchange: http://www.euronext.com/trader/summarizedmarket/0,5372,1732_6834,00.html?selectedMep=1&idInstrument=21616&isinCode=FR0000125858
AMEC (UK) – oil and gas consulting service working with one of the largest oil consortiums in Sudan; CUSIP: G0333T107; Trades on the London Stock Exchange (LSE: AMEC.L)

ICSA (India) – power infrastructure company with contracts predominately in the East of Sudan;
Info on ICSA:
Trades on the Hyderabad Stock Exchange (HSE) and the Bombay Stock Exchange; BSE:531524
Finmeccanica (Italy) – sold civilian radar systems to Sudan; unclear if these systems could be co-opted for military purposes (but the likelihood is low); company is involved in building Chinese military helicopters, and China is involved in attack helicopter sales to Sudan- however, model Finmeccanica is working on is not currently found in Sudan; CUSIP: T4502J151; T4502J110
Total SA (France) – oil and gas concern; CUSIP: F92124100; 89151E109 (ADR)
Alcatel (France) – telecommunications firm; CUSIP: F0191J101; 013904305 (ADR)
White Nile Petroleum (UK) – oil and gas concern; CUSIP: G96119105
Siemens (Germany) – telecommunications, power equipment, and medical equipment (in Sudan); CUSIP: D69671218; 826197501 (ADR)

Mobile Telecommunications Company (Mobitel) (Kuwait) – telecommunications
Info on Mobitel:
Trades on Kuwaiti Stock Exchange; company website at www.mtc.com.kw/muse/obj/portal
Cummins Inc. (US) – designs and manufactures service engines; joint venture with Dongfeng Automotive Company (see above); CUSIP: 231021106

Not enough info produced so far to know if the following companies have current operations in Sudan, but clear concern with past operations or clear past expression of intent to operate in Sudan:
Videocon (India) – oil and gas concern; CUSIP: Y9369T113;Y9369D134;Y9369D118; 92657P107(GDR)
Sumatec Resources (Malaysia) – construction firm involved in oil field services
Info for Sumatec:
Trades on the Kuala Lumpur Stock Exchange; company website is at www.sumatec.com/
Ranhill (Malaysia) – construction firm involved in oil field services; CUSIP: Y7189A108;Y7189B106
Sulzer (Switzerland) – oil field services/parts; CUSIP: H83580128
Bharat Electronics Limited (India) – Indian defense company that may have been involved with selling Sudan defense equipment. Not to be confused with Bharat Heavy Electricals.
Info for Bharat Electronics Limited:
Trades on three stock exchanges; National Stock Exchange on India (Code: BEL), Mumbai Stock Exchange (Code: 500049), and Bangalore Stock Exchange (Code: BEL); company website is at www.bel-india.com.
Weir Group (UK) – oil field services/parts; CUSIP: G95248137
Malaysia Mining Corporation (Malaysia) – investment company supplying oil field services
Info on MMC:
Trades on the Kuala Lumpur Stock Exchange and company site is at www.mmc.com.my/

The following are private firms or firms wholly owned by the government. Therefore, these would only be targets for private equity (or corporate bonds if the company has issued debt instruments). Most of these companies are detailed in the Yale report but the ones that aren't have more information at the end of this report:

China National Petroleum Company (China) – parent company of PetroChina
Sinopec Group (China) – parent company of Sinopec Corporation
Sudapet (Sudan) – government owned oil and gas company
Bentini Construction (Italy) – oil related construction projects
Qatar Petroleum Corporation (Qatar) – oil and gas concern
Kuwait Petroleum Corporation (Kuwait) – oil and gas concern
Hi Tech Petroleum (Sudan) – oil and gas concern
Higleig Petroleum Services (Sudan) – oil and gas concern
Cliveden Group (Switzerland) – oil and gas concern
Dodsal (India) – oil and gas concern
Trafigura Beheer (Netherlands) – commodity trading company involved with Sudan oil (including ONGC)
Lahmeyer (Germany) – energy and power development in Sudan including the Merowe Dam
APS Engineering Company (Italy) – oil field and oil service engineering firm
Ascom Group SA (Moldovia) – oil and gas concern
PetroSA (South Africa) – oil and gas concern

Company Profiles

Further information about companies:
The information below helps to supplement the most recent version of the Yale report. That revised Yale report is available at:
http://www.inosphere.com/sudan/docs/Yale_Lowenstein_Updated_Report.pdf

The info below is not in a particular order, but is approximately categorized by industry.

China's Oil Industry

Overview of China's role in oil industry:
The Yale report adequately describes China's role in Sudan. But the following article from the Washington Times is a good summary of the negative impacts of China's oil companies in Sudan:
http://www.washtimes.com/commentary/20060326-092759-1015r.htm

Specifically quoting from this article:
"In exchange for oil, Beijing provides weapons and diplomatic support. China has supplied Sudan with tanks, artillery, helicopters and fighter aircraft. China has flooded Darfur with antipersonnel mines. It is estimated as much as 80 percent of Sudan's oil revenue goes to buy arms, while the general population remains one of the poorest in the world. Beijing has also helped Sudan build its own factories to manufacture small arms and ammunition, the real weapons of mass destruction in Khartoum's campaign of ethnic cleansing. Chinese-built helicopter gunships reportedly operate from airfields maintained by the Chinese oil companies."

PetroChina, CNPC Hong Kong, and Sinopec Corp.: The parent companies of these three publicly-traded subsidiaries have undisputable involvement in Sudan's oil industry (see Yale report). These subsidiaries, however, do not themselves operate in Sudan. So the question becomes how fluid money transfer between these subsidiaries and the parent company are. Below details those links (it should be noted that every major institution and/or state that has adopted Sudan divestment has decided to divest from Sinopec and PetroChina):

PetroChina:
In its decision to divest from PetroChina, Harvard Corporation's Subcommittee on Shareholder Responsibility issued the following statement regarding PetroChina's links to CPNC:

> In April 1999, CNPC announced its plans to sell $10 billion shares on the New York Stock Exchange. Human rights groups and others objected to the initial public offering, contending that the deal would be tantamount to U.S. support for genocide in [southern] Sudan. In response, CNPC restructured the transaction. It created a new subsidiary, PetroChina, which would operate only inside China, to be owned 90% by CNPC and 10% by private investors. On April 6, 2000, $2.9 billion dollars of shares in PetroChina were sold on the New York Stock

Exchange to private investors. At that time, CNPC's investment bankers from Goldman Sachs asserted to investors that none of the money raised in the IPO would be used to fund CNPC's projects in Sudan. [*Post* article; China's Involvement in Sudan: Arms and Oil, Human Rights Watch, November 2003 (Human Rights Watch Report).]

Despite CNPC's assurances, several potential investors viewed with considerable skepticism CNPC's firewall strategy. Opponents of the IPO pointed out that when PetroChina was created, it incurred $15 billion in debt from CNPC, some of which was incurred in connection with the GNPOC [consortium project in Sudan]. [Human Rights Watch Report.] Fund managers were skeptical that PetroChina could make independent business decisions because CNPC owned 90% of its shares. As a result of these concerns, several major institutions, including such pension funds as TIAA-CREF and Calpers, elected at the time of the IPO not to invest.

Within the past few months, there have been further complaints that "[t]ransparency in the relationship between PetroChina and CNPC is so poor that investors are often in the dark about potential cross-subsidies." ["Assets Plan for PetroChina in Global Drive," *The Standard*, October 25, 2004.]

In an effort to determine whether PetroChina can exercise independence from CNPC despite CNPC's 90% ownership interest in it, the subcommittee examined the management of the two companies. The results of that review were striking. The Chairman of PetroChina is the President of CNPC; PetroChina's legal counsel is CNPC's President; PetroChina's Vice Chairmen, Executive Directors, and Non-executive Directors are also CNPC's Vice Presidents; and the four subcommittees of PetroChina's Board of Directors contain substantial representation from CNPC. Indeed, the investment and development subcommittee of the board of PetroChina is comprised solely of two Vice Presidents of CNPC.

Against this background come new reports that suggest the two companies are contemplating the integration of their operations. According to *The Standard*, "Beijing plans to create an integrated oil giant capable of competing on the global stage with the likes of Exxon-Mobil and Royal Dutch Shell by restructuring PetroChina and its parent China National Petroleum Corp. (CNPC)." [*Ibid*.] As a result of this contemplated corporate restructuring, PetroChina itself may become the direct owner of substantial oil assets in Sudan now owned by CNPC, or CNPC and PetroChina may establish a joint venture through which they would jointly own such assets.

CNPC Hong Kong:

CNPC Hong Kong is one of the publicly-traded subsidiaries of the China National Petroleum Company (the same parent company of PetroChina). Again, CNPC Hong Kong does not appear to have operations in Sudan, but the question is whether assets and management between CNPC Hong Kong and its parent company, CNPC, are fluid (as in the case of PetroChina). To date, it has yet to be determined if this is the case (at least to the same degree that the link between CNPC and PetroChina has been shown), although CNPC Hong Kong's own annual report[2] notes that its largest customer is PetroChina (another subsidiary of CNPC, the parent company) and its largest supplier is Xinjiang Petroleum Exploration Bureau ("XPEB"), an operational entity owned by CNPC.

Sinopec:

Because of the public-relations disaster that Sudan-related assets had on the success of PetroChina's IPO, Sinopec Group decided to delay its IPO from April of 2000 to late 2000. During that intervening time, Sinopec Group sold its Sudan assets (undisclosed details) to CNPC- i.e. one state owned company selling assets to another state-owned company. A few weeks before its IPO, a WSJ article article revealed that Sinopec Group still had ties to Sudan and questioned the legitimacy of this Sinopec Group/CNPC transaction (*The Wall Street Journal*, October 11, 2000; "Sinopec's Ties to Sudan May Hurt Its $3.5 Billion Global Stock Issue", by Peter Wonacott).

Since the IPO, it has become clear that Sinopec Group and several of its subsidiaries have resumed or intend to resume significant oil-based operations in Sudan. The Yale report notes that subsidiaries of Sinopec Group include:

1. One of the largest oil service providers in Sudan, including the three largest oil consortium companies in Sudan.
2. A subsidiary that just completed a $100 million oil pipeline.
3. The parent company's ownership in the Petrodar oil consortium.

It has additionally been reported that Sinopec Group and CNPC are planning to acquire drilling rights for an oil field in Sudan valued at $600 million.

Unlike the PetroChina situation, the IPO of Sinopec Corp did not include any explicit promise to exclude Sinopec Corp or its assets from being tangled in Sudan. Instead, Sinopec Group allayed US investor concerns by "selling" its assets to CNPC. However, it's now publically clear that Sinopec Group has resumed operations in Sudan and intends on expanding that role.

Currently, the vast majority of Sinopec Corp's focus is on domestic oil drilling, refining, and distribution. However, the Yale report notes that Sinopec Group owns 67.2% of Sinopec Corp. The two entities have swapped assets postceding the IPO (see, for example, http://english.people.com.cn/english/200105/09/eng20010509_69531.html) and Sinopec Corp Chairman of the Board's 2005 address (http://english.sinopec.com/en-company/936.shtml). Because corporate governance structure for state-owned firms is completely opaque (I can't even find a website for Sinopec Group), it's hard to document how money is transferred between Sinopec Group and Corp. However, a cursory glance at Sinopec Corp's website reveals a pattern of governance overlap similar to that between CNPC and PetroChina. For example, Sinopec Group's President is the Chairman of the Board of Directors for Sinopec Corp. The Vice-President and at least three other members of the Board of Sinopec Corp were previously Vice-Presidents of Sinopec Group. The supervisory group that oversees Board actions is also dominated by current or

[2] http://www.cnpc.com.hk/report/2005Annualreport(e).pdf

former Sinopec Group executives. (www.sinopec.com). Emphasizing the connection between Sinopec Corp and its parent company, Yale's Advisory Committee on Investor Responsibility (who made the successful recommendation to Yale Corporation for divestment from Sinopec) notes that the situation between Sinopec Corp and Sinopec Group is similar to the one between PetroChina and CNPC (see ACIR report at: http://www.acir.yale.edu/ACIRReport.pdf). Yale also noted a lack of response by Sinopec Group or Sinopec Corp to its inquiries to better decipher their relationship. The connection between Sinopec Corp and Sinopec Group was also publicized by Harvard Corporation's recent statement on reasons the university decided to divest from Sinopec Corp: http://www.news.harvard.edu/gazette/2006/03.23/02-divest.html.

India's Oil Industry

Indian Oil Companies: Oil and Natural Gas Company (ONGC), Reliance Industries, and VideoCon: See Yale report. It should be noted that it is unclear what Videocon's current operations in Sudan are and further research on VideoCon is needed.[3] ONGC is one of the major players in Sudan oil. It recently made clear, in response by a decision of the California Public Employee Retirement System Board to ban future investments in ONGC, that it intends to continue with the status quo in Sudan; ONGC's director of finance RS Sharma noted, "We do not care if CalPERS will invest with us or not. We have more than 300 FIIs as our investors. We will continue our operations in Sudan."[4] Reliance Industries recently won a major contract for oil drilling from the Sudanese government and has expressed no Darfur-related policy.[5] Like China, India is making attempts to invest heavily in Sudan. The Indian government has touted its growing partnership with the Sudan, making no mention of the ongoing genocide in Darfur or the Sudanese government's record on a variety of other human rights issues. This growing partnership, encapsulated by Indian companies like ONGC, Reliance, VideoCon, and Bharat Heavy Electricals (see below for info on Bharat), is providing Sudan with sources of revenue that are completely uncontingent on the government's record towards its own citizens. Like its relationship with China and Russia, Sudan's increasing relationship with India (through Indian companies) is causing serious impediments to concerted international action on Darfur.

Other Oil Companies

Petronas: Petronas is clearly a major player in the Sudanese oil industry. It has expressed no Darfur policy. The Yale report covers these details well. Petronas is wholly owned by

[3] VideoCon signed a memorandum of understanding with Sudan in early 2005, but it is unclear if that resulted in an actual contract. When the California Employees Retirement System (CalPERS) decided to ban investments in VideoCon in May 2006, the Indian Financial Times called VideoCon and asked about their involvement in Sudan. When contacted VN Dhoot, chairman Videocon Industries Limited said, "Neither do we have any concern in Sudan, nor any oil blocks there." However, the Financial Times of India noted that Mr Dhoot has inked an MoU for mutual co-operation with the Khartoum State of the Republic of Sudan to invest and develop projects there. As a result, it is unclear to what extent VideoCon should be a target for scrutiny. See http://www.financialexpress.com/fe_full_story.php?content_id=127621.

[4] http://www.financialexpress.com/fe_full_story.php?content_id=127621

[5] http://www.sudantribune.com/article.php3?id_article=14188

the Malaysian government, but it does have approximately $3 billion in corporate bonds that it has issued and therefore can be targeted through fixed-income investments.

Lundin Petroleum (Sweden):

Positives:

- Only in exploratory phase for Block 5B at this point. Lundin plans to commence drilling in up to three exploration wells by late 2006.[6]
- Has engaged in social programs in the country

Neutral:

- Prides itself on remaining in areas where no other Western firms want to be; noted to be one of the only Western oil/drilling firms that has remained behind in Sudan; also remained in South Africa during the 80's when most other companies had pulled out

Negative:

- Lundin's past involvement in Sudan has been widely criticized by human rights groups (as well as Sweden's own foreign minister and a slew of Swedish political leaders) as being irresponsible
- Now that security situation in Southern Sudan is relatively stable and the Comprehensive Peace Agreement is in place, company intends to resume full operations on block B and has already begun seismic explorations in preparation for full drilling; this ignores the impact of oil revenue on the Darfur genocide.
- Lundin social programs have been fairly widely criticized as being a sham (see attached sections copied form Yale report); this stands in contrast to a company like ABB, for example.

As an update, a Sudan Tribune article from June 2006 indicates that plans for drilling on block 5B are continuing as expected. Lundin's CEO recently met with high level ministers in Khartoum to help solidify these burgeoning efforts.[7]

Yale report on Lundin social programs:

Human Rights Watch released a report, also in 2003, entitled *Sudan, Oil, and Human Rights*, with a chapter entitled "Lundin: Willfully Blind To Devastation In Block 5A." Human Rights Watch alleged that Lundin attempted to ignore or cover up stories of fighting, forced displacements, and human rights abuses in Sudan throughout its involvement in Block 5A. Human Rights Watch also criticized Lundin's so-called community development program:

"When interviewed by human rights investigators, however, those displaced from Block 5A in 2002 were not aware of any of Lundin's "social investment" activities. The investigators noted, "Although one of the oil business's contributions made by the Lundin Petroleum-led consortium for the development of the region was the building of a bridge over the Bahr el Ghazal [Nam] River, the bridge's only tangible impact on the well-being of the local communities has been to enable Baggara horsemen and mechanized Government forces to access the area, and to kill, rape and chase away the people." Block 5A was the focus of increasingly heavy government military operations from 1998 to date. In these operations government forces have relied on the oil company road and the bridge for access to the areas that they have targeted,

[6] http://www.sudantribune.com/article.php3?id_article=16321
[7] Ibid.

generating increasing numbers of wounded and killed, as well as tens of thousands of displaced persons. The Sudanese government forces continued to fight to militarize and control the Lundin oil areas even after signing a ceasefire agreement in October 2002, notably in January and February 2003 during a dry season offensive in Block 5A documented by the Civilian Protection Monitoring Team (CPMT). While Lundin's development projects may have assisted some people in the area of its operations, they cannot compensate for the abuses that those people have suffered because of the fighting connected to oil development."

HRW report available at: http://www.hrw.org/reports/2003/sudan1103/25.htm

Tatneft: It is difficult to ascertain whether Tatneft has current operations in Sudan. However, its immediate past corporate behavior in Sudan (oil for arms) was perhaps as alarming as anything in the press regarding companies in Sudan. A summary of that behavior is in the Yale report. Given that Russia continues to be accused of arms shipments to Sudan (it should be noted that a large portion of the Sudan military's equipment is Russian), such a company deserves extra scrutiny. In its most recent 20-F filing with the SEC, Tatneft makes it explicitly clear that it intends to resume oil drilling operations in Sudan. The combination of this statement, the company's past history, the Russian government's alleged continuation of arms shipments to Sudan, and the obvious lack of transparency that companies like Tatneft engender (due to the nature of their operations), Tatneft clearly remains a highly suspicious company.

Al-Thani Investments: See Yale report in addition to information below. Al-Thani holds a 5% stake in the Petrodar oil consortium. A recent report by the European Coalition on Oil in Sudan reports on the problematic nature of Petrodar's operations in the Melut Basin region of the Upper Nile State in Sudan. Among the report's findings are the following:

1. Oil-rich areas in the Melut Basin have suffered the same pattern of oil-related death, destruction and displacement as the Muglad Basin fields in Western Upper Nile, though on a smaller scale.

2. The oil fields have been developed against the background of a war in which Petrodar has not acted as a neutral party but as a loyal partner of one of the warring sides, the Government of Sudan.

3. Petrodar has shown no due regard for the natural environment or concern for the rights of the population. The signing of the Comprehensive Peace Agreement (CPA) has not brought visible changes in its attitude or business practices.

4. Oil exploitation has coincided with a decline in the rural population in parts of Melut and Maban Counties.

5. Many of the sandy ridges where Dinka build their settlements have been excavated and used for road construction, desecrating the graveyards. The remains of the dead are now scattered in the oil roads.

6. Crop patterns in Melut County have changed dramatically between November 1999 and 2005.

7. The hundreds of kilometres of all-weather roads have dammed seasonal tributaries to the Nile, including the Khor Adar.

8. The oil exploitation threatens the integrity of the world-famous Machar Marches wetland.

9. Despite the fact that oil production in Melut County currently generates well over $ 10 million a day, the region remains extremely poor with negligible service levels.

10. The meagre and contractually obligatory Community Development activities by Petrodar have served to reward militias with highly abusive records and to perpetuate forced displacement. Their benefits have gone largely unnoticed by the population.

The report detailing these problems with Al-Thani and the oil-consortium it is affiliated with was accessed through the Sudan Tribune in June 2006.[8]

White Nile Petroleum: Has begun seismic data acquisition in preparation for drilling at the end of 2006. One of the few European firms actively gearing up for oil drilling. No stated Darfur policy. White Nile signed a contract with the government of southern Sudan so it is unclear how much of oil revenues will go to Khartoum versus southern Sudan. If oil revenues principally go to southern Sudan (or, since the government of southern Sudan owns 48% of White Nile, any profits will benefit the south), then White Nile clearly does not meet the criteria of benefiting principally the central government. Follow-up letters to White Nile needed to solve this issue. Additionally, there appear to be at least initial attempts by White Nile to establish the company philanthropically in the South, although it should be emphasized that the scope of these operations has not been established (http://www.sudantribune.com/article.php3?id_article=15866).

Related articles:
http://www.sudantribune.com/article.php3?id_article=14552

http://www.sudantribune.com/article.php3?id_article=15576

http://online.wsj.com/article_email/SB115067000217383632-lMyQjAxMDE2NTEwOTYxNzkwWj.html

Total SA: Not currently drilling in Sudan, but does own rights to an oil block in the country (currently in dispute with White Nile). Has publicly stated that it intends to start drilling as soon as possible, but the company has also been willing to engage concerned pension funds like the California Public Employee Retirement System (CalPERS) on the issue. Since a company that expresses human rights concerns and is not currently drilling (but does own rights to a block) is much better than a company that is actively drilling and doesn't have a human rights policy, the Sudan Divestment Task Force's feeling is

[8] http://www.sudantribune.com/article.php3?id_article=16289

that Total should be engaged through letters (made publicly available) and proxy voting. This is the approach that CalPERS has taken with the company.

Oil-Field Services and Construction Companies

Schlumberger: The Yale report notes that Schlumberger currently has 150 employees in Sudan and an office/contact number in Khartoum. More recent estimates reported to the Task Force have put the number of employees in Sudan at closer to 475. As Schlumberger is the French equivalent of Halliburton, it is assumed that almost all or all of its business in Sudan is related to oil and gas field services.

On January 23, 2006, Maine State Treasurer David Lemoine ordered the sale of all direct holdings in Schlumberger Ltd. stock held by Maine's State Held Trusts. The sale was the first divesture action taken by the Treasurer since including scrutiny of companies involved in Sudan as part of his quarterly portfolio review efforts in 2005.
According to Maine (who has told us they used the Simon search system), Schlumberger Ltd. reported a 90% increase in the number of its oil rigs deployed in Sudan during 2005. The company's own website notes that since the genocide started (Feb-April 2003), there's been a greater than 400% increase in oil rigs deployed by the company in the country. Their increasing investments (especially in the oil sector) in Sudan despite the ongoing genocide warrant attention. When asked by a Forbes reporter (whom the Sudan Divestment Task Force is in contact with) about their ongoing Sudan operations in the face of the genocide, Schlumberger responded that they are in the oil business and Sudan has oil (partially quoted in the following article:
http://www.forbes.com/global/2006/0313/028.html. Generally, Schlumberger has a policy of not commenting on how they are invested in the dozens of countries where they do business, making it difficult to carry out an engagement campaign.

PECD Berhard (Malaysian): The Yale report notes that in 2004, PECD Berhad's wholly owned subsidiary Peremba Construction was awarded a $232 million contract to construct marine export terminal facilities for the Melut Basin Oil Development Project. Peremba Construction was awarded a $68.5 million contract in October 2005 to construct GNPOC oil consortium's head office. In October 2005, PECD Berhad began talks with an international partner to bid for oil and gas refinery projects in Sudan worth $1 billion.

The Sudan Divestment Task Force group searched PECD's site and a variety of other sources to look for any social programs they have in place in Sudan. They were unable to find any.

Nam Fatt: The Yale report notes that Nam Fatt's subsidiary and the private firm Bentini Construction won a contract from the Petrodar oil consortium in Sudan to build six oil pumping stations on the Melut Basin along with heating facilties located along the pipeline in order to transport crude oil at maximum capacity for the Petrodar consortium. It should be noted that Nam Fatt, on its website, indicated that the project was scheduled to end in January 2006. It is unclear whether the project continues today or whether Nam Fatt has any other business ties to Sudan today. A recent US Department of Energy report noted that the Melut Basin project had continued at least to the month of April 2006.[9] In the past, Nam Fatt has also done oil field service construction projects for another major oil consortium in Sudan, the GNPOC. Sudan Divestment Task Force members scoured the Nam Fatt website- absolutely every single link they could find and all documents they could find- and found no documents expressing any corporate policy regarding Sudan.

As an aside, the Malaysian state-owned oil company, Petronas, is one of the major players in Sudan's oil industry (and in the Petrodar consortium). As a result, there are several auxiliary Malaysian firms that operate in Sudan in cooperation with Petronas. Nam Fatt is an example of such a firm.

Muhibbah: A subsidiary of the Malaysian company Muhibbah, Muhibbah Petrochemical Engineering Sdn Bhd ("MPE"), has benefited significantly from contracts with Sudan's largest oil consortiums, the Greater Nile Petroleum Operation Company (GNPOC) and the White Nile Petroleum Operating Company (WNPOC). According to the company's website (http://www.muhibbah.com/images/corp_dev.htm), these consortiums have awarded MPE "many turnkey contracts for installation of piping, electrical, instrumentation, chemical injection skids and mechanical works for more than 100 oil wells coupled with the installation of pipelines connecting the oil wells to the central gathering and processing facility."

According to Muhibbah's 2005 year-end company report (http://www.muhibbah.com/images/AR2005-pt1.pdf), MPE is involved in engineering, procurement, construction and commissioning ("EPCC") of facilities for the oil and gas, power and petrochemical industries. MPE ventured into Sudan in 2001 and as of the end of 2005, approximately 97% of the total revenue of the Oil and Gas Construction Division of MPE was derived from projects in Sudan. The company report notes that MPE is first Malaysian company to complete more than 100km of power transmission lines and substations for the oil fields. In October 2005, MPE was awarded another EPCC contract to build a processing facility for WNPOC.

Several other sources confirm Muhibbah's involvement in Sudan's oil projects. According to one of Malaysia's principle business newspapers in August of 2005, the company has two oil well projects in Sudan worth over $27 million each.

http://biz.thestar.com.my/bizweek/story.asp?file=/2005/8/6/bizweek/11676467&sec=bizweek

Also in 2005, Muhibbah was awarded a $40+ million dollar contract to build a new headquarters facility for the major Malaysian oil-firm in Sudan, Petronas. The headquarters will be located in Khartoum and is planned for completion sometime in 2007.

http://www.theedgedaily.com/cms/content.jsp?id=com.tms.cms.article.Article_87b0fd5d-cb73c03a-bbfa5c00-8b248389

[9] http://www.eia.doe.gov/emeu/cabs/Sudan/Oil.html

Kejuruteraan Samudra Timur Bhd.: Malaysian-based KSTB provides supplies and equipment for oil drilling and export. In August 2005, Kejuruteraan Samudra Timur Bhd accepted a letter of award from one of Sudan's largest oil consortiums, the White Nile Petroleum Operating Co (not to be confused with the company named White Nile which is in dispute with Total SA over drilling rights in Sudan) for the provision of tubular handling and running tools services (i.e. services related to oil field infrastructure and oil pipeline transport). The company has said that the contract is for a period of two years with an option to extend for another year.

http://www.sudantribune.com/article.php3?id_article=11153

Bollore Group: Bollore's wholly owned subsidiary, SDV, has several different types of operations in Sudan. SDV Oilfield, which provides oil-field logistics and services, has offices in Khartoum and the government-stronghold city of Port Sudan (located in the north- one of the major cities for exporting oil out of the country). SDV oilfield's website is at: http://www.sdvoilfield.com/asudan.htm. SDV Transami recently won a multimillion dollar contract to build an inland port in the southern Sudan city of Juba. The port would serve as a focal point for incoming imports to the country and several types of exports, including oil. Report: http://allafrica.com/stories/200605090406.html. Since the port is being built in the war-ravaged south and appears to serve a multifunctional purpose (i.e. not just oil exports), the Task Force feels this company warrants further research, including a determination of whether the benefits of SDV's port building operations in the south outweigh any oil-related field service contracts SDV might have with the central Khartoum government. Contact info for SDV's representative in Khartoum (for further inquiry) is:
Ctc**:** Bruce Currie Tel**:** (249) 11 489231-4 Email**:** brucecurrie48@yahoo.com

SDV requires an official letter of inquiry sent to the following address in order to respond back with the extent and nature of its operations:
SDV Transintra Sudan Ltd PO Box 662 Khartoum Sudan.

As mentioned, SDV is wholly owned by its parent company, Bollore Group. Bollore appears to be traded under the ticker symbol VB on the Paris Stock Exchange. It also appears that only 10-15% of its shares are owned by the public outside of company executives.

AMEC: A subsidiary of AMEC, AMEC SPIE Oil and Gas Services, operates IPEDEX, which recently (end of 2005) renewed a contract with one of Sudan's largest oil consortiums, the Greater Nile Petroleum Operating Company (GNPOC), for operation and maintenance support services for the consortium. The ongoing contract, which has been consistently renewed on a yearly basis, is worth a little over $2 million dollars per year. Information contact for this contract is: rose.swan@ipedex-me.com.

http://www.amec.com/uploadfiles/FurtherInformationDocuments/InTouch_2005_issue6.pdf

Power Companies

Overview:

There are four major power companies on the Sudan Divestment Task Force list, and they are considered together (it appears that Siemens has already finished its power projects in Sudan so they are discussed separately): Harbin, ABB, Bharat, and Alstom. There is a smaller power company now operating in Sudan, ICSA India, but it is considered separately because its primary operations are in the East of Sudan.

In general, power is critical to infrastructure so if any action were going to be taken on these companies, there needs to be a higher level of complicity than for the oil companies. Unfortunately, all four of these companies (Harbin, ABB, Bharat, and Alstom) are working on power projects that appear to have minimal benefit to those outside the immediate government-dominated areas of Khartoum and Northern Sudan. Eric Reeves, independent Sudan expert and consultant for numerous NGO's, notes that Sudan is the size of the US east of the Mississippi, but these types of projects go to benefit an area the size of Deleware. For example, the Yale report notes that ABB is building power lines to connect the Merowe Dam Project to Khartoum, Port Sudan (a main oil export terminal located in Northern Sudan), and a resort by the Nile – but nowhere else in the country. Additionally, both the Merowe and Kajbar Dam projects have been heavily criticized for the forced displacement of area inhabitants (to arid desert). That is partially documented in the Yale report, but it is more completely documented at the website of a non-profit specifically engaged on the Merowe dam project, the International Rivers Network. They note that the Merowe Dam violates the World Bank policies on Environmental Assessment (on 38 counts), on Natural Habitats (on 10 counts), on Involuntary Resettlement (on 12 counts), and on Cultural Property (on 3 counts).

IRN's information is at:
http://www.irn.org/programs/merowe/index.php?id=050428merowe.html
http://www.irn.org/programs/merowe/index.php?id=051130appeal.html

New information on the continued problems with the Merowe Dam Project was released in March of 2006 and will appear in the prestigious science journal, Nature. The independent Environmental Impact Assessment review of the project, carried out by the Swiss Federal Institute of Aquatic Science and Technology (EAWAG), found that the dam was of poor quality and does not address many of the project's potential impacts on the environment.[10] Additionally, government-sponsored massacres of those displaced by

[10] The International Rivers Network summarized the study as follows:
The Merowe Dam is a prominent example of China's expansive role as an investor in international energy and mining projects. International Rivers Network calls on the companies that are developing the project - China's CCMD Consortium, Alstom, Lahmeyer International and ABB - to suspend project construction until the environmental impacts have been adequately addressed.

The main conclusions of the EAWAG review are:

the Merowe dam continue, as detailed in a recent report co-released by International Rivers Network and a local association of displaced persons.[11]

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*Poor quality EIA: According to the review, "key environmental issues such as reservoir sedimentation, irrigation, water quality and downstream ecological impacts (…) were not addressed adequately."
*Fluctuating water levels: Dam operations will cause the downstream water level to fluctuate by 4-5 meters every day. The reservoir surface will fluctuate between 350-800 square kilometers every year. The strong fluctuations will erode the river banks, making it difficult for farmers to collect water and fish in the river and reservoir.
*Sedimentation: Up to 130 million tons of sediment will be deposited in the reservoir every year. As a consequence, the storage capacity will be reduced by 34% within 50 years. This will seriously diminish the capacity of the project to generate electricity.
*Aquatic Ecology: The dam will block fish migration. The fluctuating water levels and erosion of the river banks will destroy fish spawning areas and the habitats of other organisms.
*Water quality and health: Pollution and the decomposition of organic matter may create public health hazards for people drinking water or eating fish from the reservoir. Furthermore, "stagnant water and exposure of a large area of the river bed can create perfect breeding conditions for mosquitoes, vectors of malaria and yellow fever and the water flea, host of the guinea-worm."
*Climate change: Large amounts of plant matter, algae and soil will decompose in the Merowe reservoir, and will produce carbon dioxide and methane in the process. According to IRN calculations, the Merowe Project will emit roughly the same amount of greenhouse gases as a natural gas project generating the same amount of electricity.

Peter Bosshard, Policy Director of International Rivers Network, says:
"The Merowe Dam will have serious environmental impacts on the Nile Valley, the lifeline for Northern Sudan. The project violates Sudan's Environmental Protection Act and all internationally accepted environmental standards. The Merowe Dam could not be built in most other countries, and is a test case for the commitment of leading hydropower companies to the minimal standards of (see next page) environmental stewardship. The companies that are developing the project should suspend construction until the serious environmental impacts have been adequately addressed."

The Merowe Dam on the Nile is the largest hydropower project currently under construction in Africa. Once completed in 2008/09, the dam's reservoir will be 200 kilometers long, and will have the capacity to produce 1,250 megawatts of power. The project is currently displacing 50,000 people from the fertile Nile valley to arid locations in the Nubian Desert.

For further information:
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The review of the Merowe Dam EIA is available from IRN, and will be accessible from www.eawag.ch from March 23.

Nature is covering the review of the Merowe EIA in its March 23 issue. See www.nature.com/journal/v440/n7083/index.html

For more background information about the Merowe Dam, see www.irn.org/programs/merowe/ (IRN) and www.merowedam.com/en/index.php (project authority).

[11] "April 22, 2006: Sudan Government Massacres Merowe Dam Affected People: Three killed and more than fifty wounded - civil society demands protection\of affected people and immediate suspension of project construction and displacement."

The main involvements of these companies are as follows: The Merowe Dam Project (Harbin, ABB, Alstom), the Kajbar Dam Project (Alstom), technical/operational expertise to Sudan's Greater Nile Petroleum Operating Company (the largest oil consortium in the country) (ABB), and an electricity power station near Khartoum (Bharat Heavy Electricals).

With that general point/counterpoint introduced, the following is an analysis of each company individually:

Bharat Heavy Electricals:

Bharat's recent contract to build a power station in Kosti represents one of the largest ever contracts signed between Sudan and India. As has been documented by the Sudan Divestment Task Force and Sudan experts, India, along with Russia and China, are three of the most prominent countries blocking international forward progress on resolving the Darfur issue (because of Indian, Russian, and Chinese firms doing business in Sudan).

Merowe Dam militia armed with machine guns and heavy artillery attacked a group of persons displaced by the Merowe dam project in late April as they were meeting in a local school. The group has been vigorously resisting displacement months and utilizes the school as a meeting place. The attacking militia opened fire on people without warning when they were having breakfast in the school courtyard. Three people were immediately killed and more than fifty injured, including 30 persons in critical condition. Further reports from the area confirmed that dam security also arrested people who drove the injured to a nearby hospital in Kariema. Unconfirmed reports say the number of detainees could be more than thirty.

The conflict between the dam authority and the affected people is about locations for resettlement. Whereas affected people demand to be resettled around the dam reservoir, the dam authority insists on resettling the people in Bayouda desert, a location lacking basic resources such as water and plant life. Affected people allege that the dam authority has forcibly sold their land.

Construction of the Merowe Dam is financed by China Exim Bank and different Arab Funds, and executed by Chinese and European companies, including Lahmeyer International (private), Alstom, and ABB.

The Leadership Office of Hamdab Affected People (LOHAP), the Corner House and International Rivers Network call on the United Nations and Western embassies in Khartoum to take immediate steps to protect the people affected by the Merowe Dam from further atrocities, and to investigate the massacre at the school. They call on the Sudanese government and all the companies involved in the Merowe Dam project to immediately halt construction of the Merowe Dam and displacement of the affected people.

All parties except for the National Congress Party condemned the attacks. Notably, Western firms working on the Merowe Dam project were delayed in their response to the attacks. Landmeyer issues a statement approximately 20 days after the incident claiming that the victims had been violent preceding the attacks; Landmeyer's story and the NCP story on what happened, however, are not consistent. ABB released a statement fully two weeks after the incident stating, "ABB has met the Sudanese authorities and expressed concern about the reported violent incidents in the Amri School area in April. Taking note of the Sudanese government's intention to hold a formal inquiry into the incidents, ABB has called for a full inquiry and for the results to be made public." It is unclear how unbiased the inquiry will be nor what ABB's next steps are. Alstom has yet to issue a statement regarding the situation (as of May 5, 2006).

For further information: Ali Askouri, LOHAP, bertait@fareah.fslife.co.uk or fatima@fareah.fslife.co.uk
Peter Bosshard, IRN, (510) 848-1155, (510) 213-1438

Therefore, Indian-based firms warrant special scrutiny for whether they are helping to entrench a relationship between Sudan and India. In the case of Bharat, the contract for the power plant and the laying of the first foundation stone were attended by high level ministers from both India and Sudan. India's minister of Heavy Industries and Public Enterprises specifically noted the growing friendship and economic ties between the two countries and cited ONGC and Bharat (India's two leading public sector undertakings) as salient examples. Furthermore, because of Bharat's project in Sudan, the Indian government extended Sudan a $350 million line of credit, the type of loan that could not come from Western countries because Sudan doesn't meet basic human rights standards. In essence, the partnership of Bharat with Sudan allows Khartoum access to stipulation-free loans. It should also be noted that the power station, by way of its location in the North of Sudan, appears to be headed for supplying power to Khartoum and its immediate surrounding areas – and not to the country's disaffected regions in the East, South, and West. Finally, there have been no statements made by Bharat regarding the situation in Darfur (or the rest of Sudan). Indeed, all comments from Bharat regarding Sudan have painted an optimistic picture of business collaboration.

Alstom:

Alstom has been engaged on the Merowe Dam project. The International River Networks (IRN) has said (personal communication) that Alstom is essentially unresponsive to engagement (as contrasted to IRN's ability to engage ABB). The company appears to be unconcerned with recent reports on the poor quality, environmental problems, and forced displacement surrounding its dam projects. Furthermore, the company has stated to CalPERS that it has not done anything to directly protect or promote human rights in Sudan, claiming that responsibility falls to the Dam authority that employs Alstom. The company also provides customer service activity for the rehabilitation of generators and turbines at the North Khartoum Power Plant.

ABB:

ABB has been the most engaged with outside investors on its role in Sudan according to the non-profits that the Sudan Divestment Task Force was able to talk to. It should also be noted that ABB formed a Business Leaders in Human Rights initiative that appears to be more than window-dressing. It's corporate responsibility behavior should be contrasted with its actions in Sudan. Besides the Merowe Dam Project, ABB is also providing equipment to Sudan's GNPOC oil consortium. It should also be noted that ABB admitted in February 2006 to violations of anti-bribery rules in some of its international operations. It's not clear if its operations in Sudan were involved, but it has been documented that ABB was guilty of bribery charges in its operations in Nigeria in the 1990's. Because ABB seems willing to engage but still has concerning business practices in Sudan, there is debate on whether the company should be engaged or divested.

Harbin:

All of the projects by Harbin are again projects destined for the Khartoum area and the government-controlled north. Harbin's involvement in several power projects has also been a reason that the Chinese have extended loans to Sudan. For example, Chinese banks are funding 75% of the Kajbar Dam Project. Even more than India, China has been the biggest international impediment to international collaboration on ending the Darfur genocide. It has used its position on the UN Security Council to block almost all substantive action proposed regarding Darfur. While the government of China has not flaunted its relationship with Harbin as much as India has with Bharat, it is clear that Chinese loans (like the Kajbar Dam Project) are coming into Sudan because of Chinese-based companies there. Harbin is almost impossible to engage- it's not even clear if the company has a website.

ICSA India:

In April 2006, ICSA India won a $139.95 million dollar contract with the National Electricity Corporation (NEC) of Sudan, the primary government-owned electricity provider in Sudan, to lay 514 km of transmission lines and construction of power sub-stations in four primary locations and two secondary locations. The contract is to be executed over the next 30 months.

More specifically, the contract calls for sub-stations to be build in Girba, Kassala, New Halfa, and Abu Hamad with two "bay extensions" at Gadarif and Atbara. While these types of power projects have historically not benefited local populations (as elucidated in the general discussion on power projects in Sudan above), the majority of these projects are in what is considered the disaffected Eastern portion of Sudan that includes the States of Gedaref, Kassala, and Red Sea (specifically, the towns/cities of Kassala, New Halfa, Gadarif, and Girba are in these states). On the other hand, the contract is with the central government rather than with any regional authority in Eastern Sudan, which makes it less likely that even those projects in Eastern Sudan will substantially contribute to benefiting the local population. Because of all these factors, ICSA appears on our list of companies that warrant scrutiny, but it is ranked significantly lower than the four other major international power companies operating in Sudan.

Articles related to ICSA:
http://www.thehindubusinessline.com/2006/04/08/stories/2006040803160200.htm
http://www.sudantribune.com/article.php3?id_article=14990

Defense-Related Companies

Overview:

While defense-related companies involved in contracts with Sudan would normally appear high on the list of companies warranting scrutiny, in many cases, it has been hard to clearly substantiate links between publicly-traded companies and weapons in Sudan. Most of the arms trade to Sudan is carried out at the country level, with Russia, Belarus, and China currently supplying the majority of weapons imports for Sudan. Nevertheless, some indirect links have been made.

NORINCO (China North Industries Group):

Norinco (China North Industries Group) is a Chinese defense-industrial enterprise that develops, markets, and produces a variety of military equipment. According to a June 2006 Amnesty International report, Norinco has the following ties to Sudan:

"Arms made by the Chinese company, Norinco, have been seen in the hands of fighters for the United Front for Democratic Change (Front Uni pour le Changement Démocratique au Chad, FUC) [FUC is one of the major Chad rebel groups that are supported by the Sudanese government. These rebel groups have attacked Darfurians, both in Western Sudan and those Darfurian refugees who have fled to Eastern Chad for cover]. Members of the group were photographed carrying [Norinco-made] QLZ87 35mm automatic grenade launchers outside the town of El Geneina in Western Darfur, Sudan, near the Chad border, on 28 February 2006. The weapons appear not to be very old, and it is not clear how they ended up in the hands of a Chadian armed group."[12]

Despite the fact that NORINCO is state-run and the US has sanctions on the company, US investors may still be potentially exposed. In a 2005 testimony before the U.S.-China Economic and Security Review Commission (http://www.uscc.gov/about/overview.php), Center for Security Policy President, Frank J. Gaffney Jr., reported:

"Norinco is arguably the most famous serial [arms] proliferator in China, yet its stocks trade on the 'A-share' market of China's Shenzhen exchange, to which American portfolios have access only via what Beijing dubs 'qualified foreign institutional investors' (QFIIs) such as Goldman Sachs and Morgan Stanley [among others]."[13]

QFIIs are further explained in the following excerpt from the *Bloomberg Corporate Law Journal*:

"In order to give foreign investors access to the A share market, the Qualified Foreign Institutional Investor (QFII) scheme was introduced. This allowed qualifying investors to apply for an allocation to purchase A shares. As the name of the scheme suggests, the intended investors are institutional investors and there are significant asset size and asset under management (AUM) requirements. Smaller investors who do not qualify have to participate indirectly through a QFII..."[14]

Given China's prominent current and historical role in providing the Sudanese government with arms and defense equipment and given that Norinco has already been sanctioned by the US government because of its problematic historical arms-sales activities, the revelations above are highly concerning.

Dongfeng Automobile Company Limited:

[12] http://web.amnesty.org/library/index/engasa170302006
[13] http://www.uscc.gov/hearings/2005hearings/written_testimonies/05_08_11wrts/gaffney_frank_wrts.pdf

[14] http://www.whitecase.com/publications/detail.aspx?publication=947

Dongfeng is a Chinese automobile manufacturing firm that has sold military vehicles to Sudan (and to another human-rights abusing regime, Myanmar/Burma). According to a June 2006 Amnesty International report:

"In Sudan in August 2005 a UN panel, which was investigating violations of the international arms embargo on Sudan, saw a shipment of green Dongfeng military trucks in Port Sudan. New green trucks of a similar type were also seen on the Sudanese air force premises in Darfur in October…The investigation showed that a total of 222 vehicles (212 military trucks of model EQ2100E6D and 10 chassis workshop of model EQ1093F6D) were procured from Dongfeng Automobile Import and Export Limited, [a subsidiary of Dongfeng Automobile Company] in China… The consignee was the Ministry of Finance and National Economy of the Sudan. Further reports received indicated that the vehicles were consigned on behalf of the Ministry of Defense."[15]

Again, Dongfeng's actions should be put in the context of China's general role as a significant military equipment supplier to Sudan. It is the Task Force's view that Dongfeng should be fully aware of where its military vehicles end up, especially when there is documentation of some of those vehicles being sold to the government of Sudan.

Cummins:

Cummins Inc. is a U.S. company based out of Columbus, Indiana that designs, manufactures, and distributes service engines and related technology. Engines produced by Cummins were recently discovered in military vehicles sent to Sudan by the Chinese Dongfeng Automobile Company Ltd (see above). According to a June 2006 Amnesty International report:

"[T]he EQ2100E6D truck [made by Dongfeng and sold to Sudan] is powered by Cummins [Inc.'s] 6BT5.9 turbo charged diesel engine."[16]

Through a phone conversation with the public relations department of Cummins Inc., the Task Force has confirmed that Cummins does run a joint venture in China, Dongfeng Cummins Engine Co. (DCEC) with Dongfeng Automotive Company Limited (DFAC). According to Cummins, the engines in question (installed in the 212 EQ2100E6D trucks) were produced by DCEC, sold to DFAC, sold to a DFAC affiliate, Dongfeng Limited, installed in the trucks, and finally sold to the Sudanese government.

According to a letter from Cummins Inc. to Amnesty International in late June 2006, the company has taken the following steps after the above was disclosed in the June 2006 Amnesty Report:

- "Effective immediately, Cummins will ban ***all*** sales of its products in Sudan and Myanmar. The Company has begun notifying its sales organizations, distributors and dealers around the world of the change in policy. This decision goes well beyond Cummins' legal obligation under U.S. law, but we feel it is necessary

[15] http://web.amnesty.org/library/index/engasa170302006
[16] http://web.amnesty.org/library/index/engasa170302006

given potential uncertainty over the end use of our products in these countries of concern.

- Cummins' most senior U.S.-based executive responsible for our operations in China was sent from the U.S. [in June 2006] to meet our partners at DFAC and Dongfeng Limited to gain more information about the truck sales to Sudan. In those meetings, Cummins told its partners that it did not want components produced by our joint venture being used in equipment sold to Sudan. Our partners understood our position and expressed a willingness to work with us on this issue.

- Cummins also intends to hold similar discussions in the near future with other joint venture partners to communicate that we do not want products manufactured by our joint venture companies installed in equipment sold to this market."

The Sudan Divestment Task Force commends Cummins Inc. for taking swift steps towards a substantive policy on Sudan. However, Cummins Inc. remains on our list of companies that warrant scrutiny while we track the company's progress in communicating its concerns to Dongfeng Automotive Company Limited (DFAC), its partner in the DCEC venture. The Task Force advocates that institutions investors likewise begin a dialogue with Cummins Inc. to ensure that it continues to exert appropriate pressure on Dongfeng.

Finmeccanica:
Built civilian radar systems for Sudan. It was initially unclear whether these radar systems could be co-opted for military purposes (something the government of Sudan has done in the past). Upon inquiry, the company states that the "secondary radar systems" it installed are not helpful for "dual-use." Taking the company at its word, the Task Force might recommend follow-up assurances that the company closely monitors how its equipment is used in Sudan. Italian law forbids Italian companies such as Finmeccanica from selling defense equipment to Sudan, and Finmeccanca states that it fully complies with this law. Finmeccanica, through its subsidiary AgustaWestland, has also been reportedly involved a collaboration with China to help build a new attack helicopter, the Z-10. This attack helicopter will not be ready for use for several more years, but there is some concern that Finmeccanica is involved in such a project because China is known, in the past, to have exported attack helicopters to the government of Sudan (which, in turn, have been used by the government in its attacks on civilians). Details of Finmeccanica's involvement with China and China's involvement with Sudan are available in a new Amnesty International report produced in June 2006:

http://web.amnesty.org/library/index/ENGASA170302006

Telephone Companies

Overview:

There is a strong bias against taking action on telephone companies because they can contribute to infrastructure and social development. While some telecommunications companies in Sudan weren't even considered, others had concerning practices, especially Sudatel. Those are documented below.

Alcatel:

Alcatel's business in Sudan consists of telecommunications. However, it was noted that a major portion of Alcatel's business in Sudan is to provide communications for the oil consortium Petrodar (one of the larger oil consortiums in the country). It should also be noted that Amherst divested from Alcatel and that the California Public Employee Retirement System (CalPERS), after corresponding and meeting with top executives at Alcatel, sent a letter to Alcatel asking them to halt all their business in Sudan (in contrast, they did not take the same action for Royal Dutch Shell). CalPERS noted that in their conversation with Alcatel, the company had not engaged in any specific policy regarding Darfur or Sudan.

Sudatel and Mobitel:

Sudatel (which is 25% owned by the government and has a market capitalization of some $2 billion dollars) provides substantial revenue to the Sudanese government. The company has also been actively complicit in genocide (see below); importantly, the government has an 80% voting share in what Sudatel does, allowing the company to carry out government policies. The negative aspect of Sudatel may outweigh the positive benefit of telecommunications infrastructure, at least in the short-term.

Before Feburary 2006, Mobitel was 60% owned by Sudatel. However, in February of 2006, the Kuwaiti parent company of Mobitel purchased full ownership of the company from the Sudanese government. Therefore, Mobitel action before February of 2006 (see below) was presumably motivated by Mobitel's direct connection to the Sudanese government.

Company information on Sudatel and Mobitel is available from the Yale report (including social programs by Sudatel). Additional information is provided below:

Testimony

The Sudan Divestment Task Force consulted with Brian Steidle, former Marine captain who served as the U.S. representative to the African Union's peacekeeping mission in Darfur from September 2004 to February 2005, on Sudatel and Mobitel. Mr. Steidle reported that while in Darfur he utilized Mobitel phones on the Sudatel cell network. According to Mr. Steidle, before village raids, the cell phone network would be disabled in order to prevent villagers from warning one another (directly witnessed multiple times by Steidle). Mr. Steidle also reported that he investigated the owner of the major Mobitel store in Nyala, Darfur (capital city of South Darfur), who was also the commander of the Janjaweed militias in the Netega area of Darfur. Steidle attested to the fact that Janjaweed militiamen utilize these cellphones and networks to coordinate before engaging in an attack. Finally, when asked if the cell phone networks were vital to humanitarian and security operations, Mr. Steidle reported that these groups are currently utilizing satellite phones as a result of the instability of the cell networks.

Additional Information
According to a Reuters report, in April 2005, Mobitel text messaged subscribers to organize a protest in Khartoum in response to a UN resolution that referred war criminals of the Darfur conflict to the International Criminal Court. (http://www.sudantribune.com/article.php3?id_article=8886)

The above information suggests that Sudatel is complicit in this genocide while Mobitel's actions were questionable. With the recent transfer of Mobitel ownership entirely to the parent Kuwaiti company, it's now debatable whether Mobitel warrants the same treatment as Sudatel.

Miscellaneous Companies

Siemens: Some information regarding Siemens is available in the Yale report. The company is involved in the building of power plants (recently completed), telecommunications, and medical equipment in the country. A detailed accounting of Siemens' involvement in Sudan can be viewed through the California Public Employee Retirement System (CalPERS) site, which after engaging Siemens, recently asked it to stop its operations in the country. Siemens told CalPERS that it will not cease its operations and noted that while it is very cognizant of the situation in Darfur, it has a general policy of not leaning on governments in the countries where it operates. Details of CalPERS/Siemens interactions can be viewed on pp.9-10 of the following document:

http://www.calpers.ca.gov/eip-docs/about/board-cal-agenda/agendas/invest/200602/item06d-01.pdf

The Sudan Divestment Task Force view is that Siemens probably warrants an ongoing dialogue in the form of public letters of concern rather than divestment.

Companies Requiring Further Research

Sumatec, Ranhill, VideoCon, Bharat Electronics Limited, Weir, and Malaysia Mining Corporation
See Yale report. The Sudan Divestment Task Force is willing to help research these companies with interested institutions since their current connections in Sudan are unclear. VideoCon is described in some detail in a footnote under the section on Indian oil firms above. Companies requiring further research that aren't in the Yale report are available below.

Sulzer- Sulzer is a Swiss based group that, similar to Weir, has provided Sudan with oil pumping equipment in the past and has not expressed any policy about engaging with a genocidal regime. It is unclear what its current actions in Sudan are; a letter sent to CalPERS in May 2006 stated both that it DID NOT have operations in Sudan and that it

DOES have two infrastructure projects in Sudan- CalPERS is following up on this issue. The company has therefore been lumped together with the 5 companies above.

Bharat Electronics Limited- Indian-based firm which produces defense equipment (not to be confused with Bharat Heavy Electricals). In February of 2005, the company's chairman announced that the company had signed a contract with Sudan to supply 10 battlefield radars.

http://finance.indiainfo.com/news/2005/02/08/0802aerobel.html

Then, in April of 2005, the company announced that it had secured a contract with Sudan to supply $16.82 million in communication and night vision equipment to Sudan.

http://www.southasianews.com/4448/BEL-targets-Rs.36-bn-revenue-in-2005-06.htm

It is, however, unclear whether these contracts had been executed and whether any transactions are currently ongoing. Follow-up contact with Bharat Electronics Limited (BEL) is needed.

Private Firms

Upon request, the Sudan Divestment Task Force is willing and able to provide further information about the private firms listed at the top of this document. Some information on them is available in the Yale report. Other information is only available in internal documents from the Task Force. We provide these companies for institutions or states considering how to sever obvious private equity connections to Sudan or in case one of these companies has issued public debt that is obtainable through fixed-income investments. This private firm list is by no means complete, but it is a good start.

Private company information for those not contained in the Yale report:

> APS Engineering Company (Italy) - Recently won a contract to help with oil refinery services in Port Sudan, a strongly pro-government city in northeast Sudan. http://www.sudantribune.com/article.php3?id_article=15329
>
> Ascom Group SA (Moldovia) – Involved in drilling for oil in the block disputed by Total SA. Ascom Group, like White Nile, has decided to contract directly with the Southern Sudanese government in drilling for oil. It is unclear whether this arrangement will work out, but contracts with the Southern Sudanese government do not fall within the Task Force's criteria for divestment since the contract is likely to lead to substantial benefit for the war-decimated South of Sudan.
> http://www.ascom.md/
> http://www.sudantribune.com/article.php3?id_article=12029
>
> PetroSA (South Africa) – The national oil and gas exploration firm of South Africa. Won a contract with Sudan's national oil firm, Sudapet, to explore for oil

in the Northern part of Sudan. Operations are currently in the exploratory phase. Unknown whether PetroSA has any outstanding debt instruments. The exploration is taking place in a largely unpopulated area that is covered mainly by arid Saharan desert conditions.
http://www.petrosa.co.za/Content/490.html