THE UNITED STATES, GHANA AND OIL: GLOBAL AND LOCAL PERSPECTIVES

TOM C. MCCASKIE

ABSTRACT
The context of this article is United States military and energy security policies as regards the offshore oil potential of what Washington terms Africa’s ‘New Gulf’, the Atlantic littoral from Morocco to Angola. The focus is the operation of deepwater oil exploration companies offshore of western Ghana, and their discovery in 2007 of potentially valuable oil deposits. This article considers local Ghanaian and wider global reactions. Ghana’s government and opposition both claim credit for discovering oil, while each asserts it can best invest oil revenues to benefit Ghanaians. At the same time Ghanaians are aware of the equivocal status of oil wealth as national ‘blessing’ or ‘curse’, and they debate this in a framework of ideas of providence, prosperity and the occult derived from Pentecostalist Christianity. The oil find has also raised the stakes in Ghana–United States relations, and current developments in this area are outlined in the conclusion.

THE UNITED STATES ARMED SERVICES COMMITTEE (ASC) IS A POWERFUL BODY. This is reflected in its membership. In 2007 its twenty-five members included nationally and internationally prominent Senators. Republicans included the 2008 presidential aspirant John McCain, as well as John Warner, Saxby Chambliss, and Robert Dole; Democrats included Hillary Clinton, another 2008 presidential candidate, together with Carl Levin, Joseph Lieberman, and Edward Kennedy. The ASC conducts hearings into military initiatives and appointments proposed by the White House and is empowered to approve or reject them.\(^1\)

On 27 September 2007 the ASC convened to consider President Bush’s plan to create a new and separate military command for Africa

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1. I thank all the Ghanaian politicians, officials, and friends who talked with me off the record about the subject matter of this article. Not least, their conversation was invaluable in pointing me towards materials in the public domain that I profited from reading.
(AFRICOM), and to appoint as its head Lt General William E. ‘Kip’ Ward, then serving as Deputy Commander United States European Command (EUROCOM). The Senators had before them a detailed briefing paper prepared by the Congressional Research Service. They were also well acquainted with heated debate in Washington about the President’s motives; the Council on Foreign Relations stated that AFRICOM was a military response to concerns about terrorism, China, and oil in Africa. The ASC questioned Lt General Ward. In the course of their meeting the following exchange took place.

Q. Some have asserted AFRICOM is simply an American effort to protect US access to gas and oil; to fight terrorists and Islamic radicals; and to counter China’s interest and activism. How do you respond to these assertions?

A. AFRICOM will be primarily focused on conducting security cooperation to build partnership capacities in areas such as peacekeeping, maritime security, border security, counter-terrorism skills, and as appropriate supporting U(nited) S(tates) G(overnment) agencies and complementing other programs that promote regional stability.

Ward’s clarification satisfied the Senators. He was promoted to full General, granted a transition budget of US$50 million, and instructed to have AFRICOM operational by 30 September 2008. This begged questions, and not only in Washington. When first announced by President Bush on 6 February 2007 AFRICOM was greeted with polite scepticism by African governments. Many objected that an aggrandised US military presence in the continent would serve to intensify terrorist activity, and that AFRICOM itself looked like a neo-imperialist venture. These reservations crystallized around the issue of AFRICOM’s headquarters, with African states resisting intense diplomatic pressure from Washington to host a US military command. At the time of writing this matter is still unresolved. General Ward’s AFRICOM command team remains in Stuttgart. Its forward operational elements are deployed to the US base at Camp Lemonier in Djibouti.

Africa’s press and other media echoed the views expressed in the ASC’s question to General Ward. Commentators thought that AFRICOM was created to prosecute anti-terrorist military operations in Africa. It was thought, too, that AFRICOM was a blunt military counterweight to alarm about China’s growing presence in Africa. It was also thought that AFRICOM was tasked with overseeing and protecting US oil and gas extraction in


Africa, a rapidly expanding field of operations that threatened to bring Washington into competition with Beijing. As African commentators understood, the problem for US policy was Nigeria. In 2004–5 Nigeria produced 2.45 million barrels of oil a day, and 21.8 billion cubic metres of gas in that same fiscal year. By any estimate it was a vital supplier of hydrocarbons to the United States. Like much West African oil, Nigerian product was ‘light’ (efficiently convertible to gasoline) and ‘sweet’ (low in sulphur and other impurities), and prized for those reasons.

However, Nigerian oil extraction was problematic. In recent years problems arising from the country’s aged oil and transport infrastructures have been compounded by waves of political (and criminal) violence in the underdeveloped, oil-rich south-east. As a result of such disruptions Royal Dutch Shell, for example, had to cut its oil production by 50 percent at some points in 2006. Nigeria, then, is not wholly reliable as a supplier. Moreover, the US is nervous about Nigeria’s political future and its business environment. In 2002 it was thought in Washington that then President Obasanjo had been persuaded by the US to privatize parts of the oil industry. Thus far, however, little has changed. Nor is it likely that it will, for Nigeria’s political elites are infamously dependent on looting state-controlled oil revenues to sustain their power and position. In response, the US has sought to diversify its supply by vigorously exploring for oil elsewhere in the Atlantic offshore of West Africa.

This article is about oil resources in the ‘New Gulf’, a term applied by Washington’s policy makers to the Atlantic waters off the Gulf of Guinea and beyond to Morocco in the north and Angola in the south. Specifically, the article is about the global and local politics of the discovery of oil off Ghana in 2007. First, however, let us look more closely at oil resources in the context that led to the creation of AFRICOM. Early in 2001 newly elected President G. W. Bush took over in Washington. In the aftermath of 9/11, the ‘war on terrorism’, and military imbroglios in Afghanistan and Iraq, it is now commonly forgotten that the new President’s initial focus was on US energy policy. He was elected at a time when the US was experiencing severe oil and gas shortages, when there was an unprecedented electrical blackout in California, and when for the first time in US history oil imports rose to 50 percent of total consumption.

President Bush’s first initiative was to prioritize and appoint a National Energy Policy Development Group (NEPDG). This was chaired

4. Oil industry data estimated that Nigeria exported 38.3 million barrels of oil to the United States in the first nine months of 2007, not far behind Saudi Arabia’s 43.4 million barrels.
by Vice-President Cheney, a former Secretary of Defense and a sometime CEO of Halliburton Co., a conglomerate whose core business was – and is – oilfield services. Cheney consulted widely with people in the oil industry. The NEPDG’s findings were submitted as a report to the President. On 17 May 2001 Bush endorsed this report and released it as his new National Energy Policy (NEP). The key chapter was the eighth and last. Entitled ‘Strengthening global alliances’, it affirmed US dependence on imported oil and called for new initiatives in finding and exploiting reserves in areas other than the traditional bases of supply in the Middle East. Environmentalists claimed Cheney had sidelined them, and critics of the NEP saw it as a charter and a strategy for ‘procuring the rest of the world’s oil’.6

In 2002, the Institute for Advanced Strategic and Political Studies, a ‘think tank’ with its headquarters in Jerusalem, sponsored a Washington symposium on ‘African Oil and US Security Priorities’. This was held under the auspices of the NEP and had the blessing of Vice-President Cheney. Its conclusions were summed up by Ed Royce, Chairman of the House of Representatives Subcommittee on Africa. He said that post-9/11 African oil needed to be classified as an American national security ‘priority’, as traditional sources in the Persian Gulf were becoming increasingly ‘unreliable’. If this signalled a desire to distance the US from Saudi Arabia, then to some observers it also provided not only an opening to Africa but also a reason to invade Iraq in 2003 in an attempt, misguided or not, to impose military ‘reliability’ on one Middle Eastern oil supplier.7

Be that as it may, the 2002 gathering in Washington founded the African Oil Policy Initiative Group (AOPIG) which went on to produce a report recommending that the ‘New Gulf’ – the Gulf of Guinea – be declared ‘a zone of vital interest’. It proposed that the United States should establish an autonomous military command for Africa and that the 2nd (Atlantic) and 6th (Mediterranean) fleets should seek port facilities in western Africa capable of hosting and servicing aircraft carrier centred battle groups. A naval base in the then emerging but subsequently, after initial exploration, less promising offshore oil supplier of São Tomé was mooted. To advance these causes in Washington, AOPIG organized a lobby association entitled the US-Africa Energy Association. This included a number of serving and former officials of the Bush administration, together with several oil companies already active in the ‘New Gulf’. These included BP, (the then) Chevron

7. See J. Holt, ‘It’s the oil’, London Review of Books 29, 20 (18 October 2007), pp. 3–4, which argues that the 2003 invasion of Iraq was designed to plant a long-term US military presence in that country in order to exploit its oil reserves and to end US dependence on Saudi Arabia.
Texaco, Kerr-McGee, Marathon, COP, Shell and Anadarko. The last, as will be seen, was a major player in Ghana.

Lobbying was greatly aided by the National Intelligence Council, associated with the CIA, which reported that in 2005 some 15 percent of US oil imports came from Africa. This was marginally more than originated in Saudi Arabia, a very welcome trend, and with the right policy support West African oil was expected to increase to around 25 percent of US imports by 2015. Washington companies with African interests and expertise were recruited to lobby government hard for an enlarged US military profile in the ‘New Gulf’ and across Africa. These firms included Valis and Associates, Ryberg and Smith, Patton Boggs, and, most importantly, Cohen and Woods. This last-named firm was founded in 1994 by two well-connected Washington insiders. H. J. Cohen served as Assistant Secretary of State for African Affairs under President G. H. W. Bush, held ambassadorships in five African countries, and retired from the State Department in 1993. J. L. Woods served in the office of the Secretary of Defense for 34 years, with half of that time devoted to African affairs.

Cohen and Woods offered ‘strategic planning services’ to African governments and to corporations doing business with the continent. During 1994–8 Cohen was also a senior adviser to the World Bank’s Global Coalition for Africa. In 2003, as a contribution to the lobbying effort, Cohen authored and circulated a paper entitled ‘The United States and Africa: non-vital interests also require attention’. In this, he argued that ‘the bottom line’ of US policy in Africa was to deploy an expanded military presence so as to impose an ordered stability in a region of ‘growing crude oil production in West Africa, important ports and airfields available to US military units along the East African littoral, and a mutual interest in cooperating against international terrorist networks’. Exempting China’s presence in Africa, Cohen’s reasoning looks very like that suggested by the ASC to Major-General Ward in 2007. As noted, Ward downplayed this line of argument. However, AFRICOM’s creation went ahead anyway. Five years of lobbying pressure had clearly paid dividends.

9. Duncan Clarke, Empires of Oil: Corporate oil in barbarian worlds (Profile Books, London, 2007), pp. 253–6, is an insider’s account of these manoeuvres.
Ghana, the oil industry and the ‘New Gulf’

The oil industry is given to extravagant myth making, nowhere more so than in Texas. There, M. T. Halbouty (1909–2004) is a legend. The son of an immigrant Lebanese, he was born at Beaumont seven years after the Spindletop strike there ushered in Texas’s first oil boom. A charismatic swashbuckler with geology degrees, he discovered new oilfields in Texas, Louisiana and Alaska. Over a long lifetime he went bankrupt twice but recovered to make a fortune from oil, banking, and Houston real estate. He was a friend and adviser to presidents Reagan and G. H. W. Bush on energy policy. He was a Republican patriot concerned about US access to overseas oil supplies. He sponsored an annual lecture given under the auspices of the American Association of Petroleum Geologists (AAPG). This lecture series, which has featured topics like ‘Wildcating the moon’, is given in the hands-on, can-do style of Halbouty himself.11

In 2004 the Halbouty Lecture was delivered to the AAPG’s annual meeting in Dallas by Brian Maxted of the Texas-based independent oil company Kosmos Energy. His message, like Halbouty’s, was confident and upbeat. He conceded that the oil industry had reached ‘maturity’, but denied that it had peaked and estimated that 25 percent of ‘the worldwide oil endowment’ still awaited discovery by men like Halbouty and himself. Ever-rising demand was set to keep prices high and so the industry’s primary task was to find and exploit new oil resources. This ordained ‘a new geography’ of exploration in which attention needed to be paid to relatively neglected parts of the globe. In the 1990s, declared Maxted, 40 percent of new oilfields with a potential yield of more than 500 million barrels were found in ‘deep water’, and 30 percent of these were located off the Atlantic coast of western Africa. This was the ‘New Gulf’, an area of supply for US industries and consumers where extraction problems paled by comparison with those confronting the oil business in the Middle East since 9/11 and the invasion of Iraq.12

Kosmos Energy practised what Maxted preached. It has interests in Asia and Central America and a portfolio of offshore assets in the ‘New Gulf’ around the Atlantic coast of western Africa. It has a reconnaissance licence negotiated with Morocco to explore the Boujdour Block, a vast 110,400 sq. km area in the Aaiun Basin offshore of Rabat. It has a petroleum exploration licence granted by Benin to drill 7,700 sq. km of the Dahomey Basin offshore of Cotonou. It has two production-sharing licences agreed with Cameroon to prospect in the offshore coastal strip of the Douala and

Rio del Rey basins along the border with Nigeria. Central to and most developed of its operations are two petroleum agreement licences with the Ghana government in Accra to drill in the offshore Tano Basin to the west of Takoradi. These licences cover the 1,761 sq. km West Cape Three Points Block and the adjacent 1,106 sq. km Deepwater Tano Block. Significantly, Kosmos Energy has no interests in historically oil-rich Nigeria, a country dominated by the ‘oil giants’ (descendants of the famed ‘seven sisters’) and now hazardously difficult to work in. Kosmos Energy sees Nigeria as an ancestor of the ‘New Gulf’ rather than as a part of it.13

Like all smaller independent oil exploration companies Kosmos Energy tries to spread its risk. Founded in Dallas in 2003, its first contract to explore and drill was signed with Ghana in 2004. Under the terms of this seven-year lease it created a local affiliate called Kosmos Energy (Ghana) to operate its 86.5 percent working interest in the offshore West Cape Three Points Block. Its Ghanaian partners were Ghana National Petroleum Company (GNPC), a parastatal with a 10 percent participation share, and the EO Group of Ghana with a 3.5 percent interest. The EO Group has useful connections with government in Accra. K. Bawuah-Edusei, one of its directors, was Ghanaian ambassador to Austria and Switzerland and Permanent Representative to the UN bodies in Geneva, and is now Ghana’s ambassador to the United States. Neither of the Ghanaian partners, however, had capital to invest. In 2006 Kosmos Energy used its international politico-financial connections to bring in operating associates with money and skills. It retained a 30.875 percent share of its original working interest, but divested 30.875 percent to Anadarko Petroleum Company, 22.896 percent to Tullow Oil and 1.854 percent to Sabre Oil and Gas.

Anadarko, a member of the US-Africa Energy Association lobby group, is a Texas-based energy consortium like Kosmos. It has wide exploration and offshore drilling experience in the US, Canada, and Algeria, and is also active in Venezuela, Qatar, and other countries. Anadarko’s proclaimed business focus is on ‘adding high-margin oil and natural gas reserves at competitive costs’.14 Tullow Oil, based in London and Dublin, was set up in 1985 by an accountant with an airline and engineering business background when he was tipped off that Senegal was searching for oil development investors. It is phenomenally successful, and is presently a US$2 billion business with 120 licences in 22 countries. Its core operations are located in Africa and it trumpets ‘a creative and flexible approach to acquisitions and development’ that has enabled it to prosper and its share price to increase

in leaps and bounds. Sabre, with a less than 2 percent share, is a small oil
company based in Canada.

At the end of 2006 Kosmos Energy signed a second licence agreement
with Accra that gave it long-term lease rights in the offshore Deepwater
Tano Block, adjacent to and west of the West Cape Three Points Block. It
kept only 18 percent of its allotted operating interest, and once again traded
the remainder for investment and expertise from its new business partners.
This time Tullow took the lead with a 49.95 percent working interest while
Anadarko had 18 percent and Sabre 4.05 percent. Once again GNPC was
awarded a 10 percent participatory stake.

Offshore deepwater oil exploration and drilling are famously capital-
intensive as well as highly technical businesses. Risks and rewards are both
very high. This is reflected in the careers of pioneers like Halbouty, and
in the gambling metaphors of boom and bust that litter the discourse of
oilmen. In recent years, however, developments in 3-D seismic exploration
technology have enabled more accurate assessments of deepwater oil poten-
tial than ever before, and especially offshore of river outlets like the Tano.
In 2005 geologists from the US and Ghana oil industries presented a pa-
per at the annual AAPG conference in Dallas. This presentation was about
offshore oil potential in the Tano Basin. The basin was defined as being
300 km long by 100 km wide, oriented in an east-west direction. Most of it
was located off Ghana but its western end lay off Côte d’Ivoire. Transects
using both 3-D and deepwater 2-D technology, carried out by Kosmos,
revealed ‘a wide range of reservoir, source and trap style possibilities’ of oil
reserves in the Tano Basin off Ghana. The authors described the Tano Basin
itself as a ‘hydrocarbon system’, as evidenced by ‘numerous onshore seeps’
as well as transects, and concluded that ‘continued exploration’ was ‘clearly
warranted’. Following up on this, Kosmos and its new partners brought
in the Belford Dolphin, a state-of-the-art deepwater drillship with a crew of
126, to enlarge on these findings by sinking exploratory wells. Two of the
sites selected were the Mahogany-1 exploration well in the West Cape Three
Points Block and the Hyedua-1 (Akan Twi: hyedua, ‘a boundary marking
tree’) exploration well on the northern inshore edge of the Deepwater Tano
Block.

On 18 June 2007 Kosmos announced the discovery of ‘a significant oil
accumulation’ at a drill depth of 3,826 metres in its Mahogany-1 well.
Pressure and sampling data from Mahogany-1 suggested that in production

15. See Tullow Oil’s corporate website at <http://www.tullowoil.com>; and see ‘Ireland’s
Tullow Oil feasts on leftovers: the Indie operator is cleaning up in places the majors passed
16. Consult here N. Smith, G. Tari, T. Manu, N. Adzei-Akpor, and D. Valasek, ‘Regional-
scale tectonostratigraphic evolution and petroleum system of the Tano Basin, Ghana’ (paper
presented at the panel on ‘New insights into the East Atlantic margin and sub-Saharan Africa’,
it would be capable of flowing in excess of 15,000 barrels of oil a day. Much more importantly, drilling encountered no definitive oil-water contact at the drill site. Petrogeologists concluded that the oil accumulation was extensive and continued westwards into the Deepwater Tano Block. New seismic data were evaluated and drilling halted until results were known. Meanwhile, the Belford Dolphin left the area to carry out work on the Sota-1 site off Benin. When it returned it was sent to drill at Hyedua-1 in the Deepwater Tano Block in an attempt to discover if, as suspected, there was an oil reservoir there that was continuous with the Mahogany-1 strike. On 22 August 2007 Kosmos announced the finding of yet another ‘significant oil accumulation’ at Hyedua-1. Very significantly, this was confirmed as a ‘sizeable extension’ of the Mahogany-1 ‘field’, demonstrating that a significant, and potentially very large, oil reservoir lay under the Atlantic within the West Cape Three Points and Deepwater Tano Blocks.

How much oil lay under the Atlantic off Ghana? The earliest estimate at Mahogany-1 was 250 million barrels, with some commentators raising that figure to 3–400 million barrels. After the drilling of Hyedua-1, and the confirmation of a continuous reservoir across both Blocks, estimates rose to 6–800 million barrels. However, Kosmos and its partners cautioned against any and all figures because development of the field was in its infancy and it would take five to seven years to arrive at an accurate estimate of the true volume of the reservoir. In a global perspective this was an encouraging find, but it was not one on the scale of Nigeria, or even Angola. It was modest but valuable. In the view of Washington and the oil industry, however, its implications were as vital as the strike itself. Technology had found extractable oil of high quality offshore of West Africa in a new area. Considering the Ghanaian strike was in the light of intensive explorations all along the western African coast, and opportunities in previously uncommercial fields now made exploitable by advanced search and drill technologies, Washington’s policy makers and oil lobbyists were greatly encouraged. In 2007, for example, Tullow released upbeat reports of explorations in the resurrected Acajou and other fields in central-western Côte d’Ivoire. Perhaps much or even all of West Africa was fringed with offshore oil awaiting discovery and exploitation. Certainly, and in spite of the political difficulties, the creation of AFRICOM now looked more than ever like an idea whose time had come.

Ghana’s oil

Kwame Nkrumah, first President of independent Ghana (1957–66), thought the key to his country’s development lay in rapid industrialization mediated by the state. He built costly tools and symbols of this aspiration, most famously Lake Volta with its dam at Akosombo to supply Ghana with hydroelectric power. Many things led to Nkrumah’s failure and his country’s later economic difficulties. One of them, little discussed, is Ghana’s lack of oil and its consequent dependence on foreign suppliers. Nkrumah recognised this, and in 1963 he contracted the Italian oil company AGIP to build an oil refinery at the new deepwater port of Tema to process imported crude oil to meet Ghana’s needs.19 The Tema Oil Refinery (TOR) now has a processing capacity of 43,000 barrels a day. It was nationalized in 1975 and after the first oil price shock of that decade government added crude oil storage facilities to the complex. TOR has a contract to import crude from the Forcados, Bonny and Brass River fields in Nigeria. TOR always struggled to meet Ghanaian demand and has now lost the fight. It is beset with problems. It needs serious upgrade investment, and in 2005 there was a hue and cry when key technical staff defected to Oman and Qatar for higher rewards and better conditions.20

Ghana has long felt lack of oil hindered its development, a view that has become more salient in very recent years as oil has climbed towards US$100 a barrel. However, lack of indigenous oil resources has also had an impact on the national psyche. In 1983 Ghana was at its lowest economic point. The country was bankrupt, and raging bush fires burned crops to create shortages and hunger. In the midst of all this Nigeria decided to expel all Ghanaian economic immigrants. In excess of one million people returned to Ghana as refugees with tales to tell about arrogant Nigerian xenophobia. The relief operation for the returnees was run out of Accra’s Kotoka International Airport. There, I talked with the late John Hagan, who had been put in charge of the relief supplies by the Rawlings government. In private he vented his anger at the Nigerians, saying that they behaved in a high-handed manner only because they possessed oil wealth. In a wide-ranging monologue Hagan bemoaned Ghana’s fate. Ghana in the 1960s was a beacon for Pan-African aspirations to independence and unity, but was now reduced to the status of a beggar nation because it had no oil resources. Nigeria, by contrast, and in spite of all its corrupt high-handedness, was courted by the great powers and international companies. It had the confidence, pride, and even arrogance that oil wealth conferred on a nation. The world, he stated,

19. At the same time AGIP and its partner ENU built three more refineries on the Tema model in Congo-Zaïre, Tanzania and Zambia.
ran on oil and Ghana had none. God, he concluded, had abandoned his country.  

Many others in the parlous 1980s believed that God had withdrawn his blessings from Ghana. It was then that Ghanaians first turned to Christian Pentecostalist, charismatic and other sectarian churches. This is a well-studied phenomenon. Of relevance here are two interlinked features of the ‘new Christianity’. These might be described as the interface between beliefs about prosperity and providence. The new churches held out the promise of prosperity to believers, in extreme cases preaching a Prosperity Gospel in which riches were represented as the birthright or heritage of congregants. The idea of prosperity was mixed together with that of providence (which had a long history in Ghana’s nineteenth-century missionary churches and their local successors). The ‘new Christianity’ argued that prosperity would descend on God’s people through the work of divine providence. That is, faith would encourage the Lord’s providence to bestow the blessings of prosperity on Ghana. Sometimes this message was discreet, as when preachers in the established churches asked people ‘to walk in the way of the Lord’ so that He might see fit to bless and to enrich their country and their lives. At other times this message was blunter, as when I heard Pentecostalist pastors exhort Asante crowds to embrace God without doubt or reservation so that they might be fit recipients of the prosperity that divine providence was waiting to shower upon them.

Ghana’s blighted promise, its reduced international status, its tangled history of social, political, and economic underachievement, and its faith in a prosperity granted through the workings of divine providence shaped immediate response to the announcement of the first oil find in June 2007. In the Castle at Osu, Accra, President Kufuor gave an impromptu speech to the media with a glass of champagne in one hand and a glass of crude oil from the Mahogany-1 well in the other. He expressed ‘joy’ that he would ‘go down in history’ as the President during whose tenure oil was found. Oil, he said, was ‘a shot in the arm’, and Ghana was now ‘going to fly’. He said Ghana was going ‘to really zoom, accelerate’, and ‘if everything works, which I pray will happen’ then in only five years his country would ‘truly’ emerge as an ‘African Tiger’. ‘Ghana will succeed’, he stated, ‘because this is our destiny.’ By October 2007, with a national election just over a year away, destiny had become more narrowly defined. Speaking at Asamankese,

President Kufuor told his audience that God had given oil to the NPP ‘to be presented to Ghanaians’.24

Ghanaians echoed and enlarged on these opinions. The tabloid Accra Daily Mail produced the stark headline, ‘Thank God. Oil at last. Thank God.’25 Churches held services of thanksgiving for the discovery of oil. On the Internet, now an important element in Ghanaian life, people thanked God for blessing Ghana with oil. In many cases, commentators wove partisan politics into the workings of divine providence. God, so it was said, hid the oil from ‘Devil’ Rawlings and his NDC and only chose to reveal it when the godly Kufuor and his NPP came to power.26 Finally, on 3 July 2007, GNPC Managing Director M. Boateng declared that studies showed Ghana had a ‘huge oil potential’ of 1.23 billion tons of oil, currently worth US$560 billion, and that the Mahogany-1 strike was only the ‘tip of the iceberg’.27 However, this public euphoria could not and did not last.

A national debate began almost immediately about what it might mean for Ghana to possess oil. One strand of this, again using providential language, took up the theme of oil as ‘curse’ rather than ‘blessing’. African oil states and Middle Eastern producers were brought into play to argue the point. Some Ghanaians said oil was a ‘curse’, and even termed it Satan’s ‘black gold’, for it promised improvement and well-being but instead brought mismanagement, greed, and corruption. It was all at once a seductive temptation and a finite resource, and those that came to depend on it were mortgaging themselves to ‘a false God’. Others, notably including President Kufuor and his NPP government, argued that oil was a divine ‘blessing’ and that the key to its use lay in successful and transparent management. Kufuor declared: ‘Oil is money, and we need money to do the schools, the roads, the hospitals. If you find oil, you manage it well, can you complain about that?’28 NPP Information Minister K. Bartels stated that government was fully aware of oil mismanagement in other countries, and so he was assembling inspection teams to visit and learn from such states so that, and again note the language, ‘we don’t fall into the same pit’.29

The NPP has governed Ghana since 2001. The opposition NDC has lost two elections in that time. No love is lost between the two, and both parties

28. BBC, ‘Ghana “will be an African Tiger”’.
are quick to claim the moral high ground.\textsuperscript{30} Oil has become a battleground between them. When news of the oil discovery was made public NPP Energy Minister J. K. Adda displayed a vial of oil and a bag of salt to MPs in Parliament House. He explained that when the NDC was in power it had ordered GNPC to diversify its activities into salt production as well as oil exploration. In an act of political and moral triumphalism Adda held up both of the containers and informed the House that ‘if the NDC found salt’, then ‘the NPP has discovered oil’. The NDC opposition responded by demanding proof that the oil find was indeed significant, and argued that false dawns had appeared many times before. The NDC Member for Jomoro read into the record an article that had appeared in the \textit{Daily Graphic} newspaper on 18 June 1970. The writer – R. R. Amponsah, Minister of Lands and Resources in Busia’s PP government (1969–72), which the NPP claimed as one of its ancestors – declared that oil had been found offshore of Ghana in large quantities.\textsuperscript{31} In the weeks that followed the NDC constantly demanded proof that a big oil strike had been made, knowing full well that the NPP could not provide conclusive facts and figures. Once the initial strike had been made at Mahogany-1, Kosmos Energy, like oil companies everywhere, capped the well pending an extensive technical assessment of the discovery and the best way to exploit it.

Another NDC tactic was to claim that oil would never have been discovered in 2007 without preliminary work done by the Rawlings government in the 1990s. There was some justice in this claim. In 1978–80 Phillips Petroleum found oil in the Tano Basin, but relinquished its licence because offshore drilling in Ghana was unviable at a time when oil was relatively plentiful and there were still major technological problems to be overcome in deepwater extraction. In the late 1990s, the NDC government licensed Hunt Oil to reassess the Tano Basin. It discovered a promising oil column in what was to become the Deepwater Tano Block, but like Phillips it refused to drill for technical and commercial reasons. The NDC argued that the NPP find in 2007 was the result of deepwater technological advances, but that Mahogany-1 was pioneered by Hunt when Rawlings was Ghana’s President. Certainly, earlier accumulation of information about the Tano Basin as well as prior exploratory drilling there gave Kosmos Energy and its partners valuable leads as to where wells might be sunk.\textsuperscript{32} The truth is that major oil discoveries commonly depend on earlier explorations and technological advances. It is perhaps just to say that Ghana’s oil find in 2007


\textsuperscript{31} See ‘Minister storms Parliament with “dirty oil”’, \url{http://www.ghanaweb.com}, General News (20 June 2007); \textit{ibid.}, ‘Minority commends oil find, but says it’s 37 years old’ (19 June 2007).

\textsuperscript{32} See \textit{ibid.}, ‘Oil war: minority debunks government claims’ (21 June 2007).
was the result of decades of effort. However, the NPP and NDC disputed the proprietary ownership of the Tano Basin oil find in a familiar game of seeking political and moral advantage. Shadowing this, of course, was the implicit appeal to being in receipt of God’s providential blessing.

This was how things stood in Ghana when, on 22 August 2007, Kosmos announced a second major oil strike at the Hyedua-1 well in the Deepwater Tano Block. Tullow Oil, which had done the actual drilling, confirmed this and said that it had discovered an ‘elephant’. This was industry slang for a continuous major oilfield, in this case one that linked the wells at Mahogany-1 and Hyedua-1. That is, the oil found at both wells was part of the same large reservoir.33 This time the NPP government was much more restrained in its response, although this second find was even more promising than the first. Clearly, Kufuor decided on caution so as to defuse NDC demands for immediate proof as well as unrealistic public expectations. Officials and ministers were notably slower and more low-key in their pronouncements. GNPC Managing Director M. Boateng, so upbeat about the first oil find, now adopted a different tone. He said that extravagant rumours were circulating about the billions of dollars Ghana might expect to earn from exploiting a continuous major oilfield. He declared that GNPC and its international partners were not yet able to confirm ‘with any degree of certainty the quantity of crude oil at the Tano Block’. He cautioned that while ‘it is true that a world class oilfield has been found’, it would take at the very least until December 2007 to ‘determine the quantity available and the value’ of the reservoir.34

This more cautious approach worked, or at least up to a point. The NDC continued its criticism of government in the same vein as before, but its harping on its own historic role in the discovery of oil began to look like sour grapes. On the other hand, Ghana’s media and public grew impatient over the lack of further and firmer news about the nation’s oil find. In Pentecostalist communities especially, stories circulated about the ‘disappearance’ of Ghana’s oil. In a variant of a general phenomenon widely reported from contemporary Africa, pastors and their flocks speculated about the concealment, selling, or spiriting away of the oil by devilishly occult means.35 Epistemologically, the notions of oil wealth as ‘blessing’ or ‘curse’ are two sides of the same coin. Now, numbers of Ghanaians embraced the belief that ‘black gold’ was not merely Satanic in origin, but also liable to be revealed to Satan’s servants specifically to enrich them by

occult means. In practice this meant that the political class was infected with devilry. Comments to this effect were posted on Internet sites, until in October 2007 they were crystallized in a statement by a Pentecostalist pastor that received national coverage.

Bishop Enoch Boateng, founder and head of the Arise Ghana church, declared that God intended to purge Parliament. All sitting members would be replaced by new incumbents, ‘who will utilize state resources to benefit Ghanaians’. Warming to his theme of ‘national revival and restoration’, he informed the Accra press that ‘corruption had eaten into the fabric of society’, and that politicians ‘had devised means’ of amassing wealth at the expense of the nation. God, he said, wanted reform before ‘the discovery of other resources’ in addition to oil. He ‘stressed that until the nationwide purging of corrupt politicians takes place, getting oil in commercial quantities would remain an illusion’. Only when Satan was rejected and the fear of God restored would the ‘hidden’ oil and other resources be revealed. He said that ‘the oil deposit was more than that of Iraq’, but that if politicians and the public did not abandon Satan and his ‘idols’ and return to God then ‘the discovery would only be scanty’. Painted on an external wall of the main Arise Ghana church was an image of a winged Satan. A speech bubble came from his mouth saying, ‘I am Satan. Listen to me. Worship me and I will make you richer than before.’ Below this a drawing of Bishop Boateng bowed his head in prayer and asked God to help him to resist temptation.36

Ghana’s energy policy and security

In May 2007 London’s influential Economist Intelligence Unit produced a report on Ghana’s energy policy. It noted that in 2006 the failure of the rains created a serious and still-continuing drought. This had severe implications. By March 2007 the water levels in Lake Volta were nearing an all-time low. Hydroelectric output from the Akosombo Dam was reduced to a point where supply was in shortfall and could no longer meet demand. The energy-intensive Volta Aluminium Company (VALCO) was forced to shut down its operations. The Electricity Company of Ghana was forced into extensive load shedding. Both power and water were in short supply. In addition, the infrastructure of both industries was ageing and beset by maintenance problems.37 The report said that the NPP government was

37. For some discussion see T. C. McCaskie, ‘Water wars in Kumasi, Ghana’ in Paul Nugent and Francesca Locatelli (eds), African Cities: Competing claims on urban space (Brill, Leiden, in press); the EIU’s Ghana Report (May 2007) is available by subscription from <http://www.EIU.com>.
looking at nuclear energy and reverse-osmosis water desalination plants, but concluded these were not realistic solutions. It urged investment in more orthodox solutions like additional dams and larger thermal plants to use gas provided by the West African Gas Pipeline when this finally came on stream.

These findings were reported in Ghana in a flood of criticism of government’s failure to provide an integrated energy policy and security. In truth, the NPP was unlucky. A combination of atypical weather conditions, associated by many with global climate change’s unpredictable effects throughout Africa, and a costly, elderly and creaking public utilities infrastructure, was a challenge that would have taxed any government. In response to his critics the NPP’s Minister of Finance and Economic Planning could only retort that he had authorized the expenditure of unprecedented sums of money to prop up the ailing energy sector. Of course, the opposition NDC made much of the government’s difficulties. F. O. Kena, Energy Minister under Rawlings in the 1990s, argued that the NPP had shifted the enormous cost of the energy crisis onto ordinary Ghanaians, through everything from power outages to petrol prices, because it had not followed the ‘well thought-out’ energy policies bequeathed to it by the NDC in 2001. These plans consisted in adding 600MW of electricity to the national grid by 2007, in order to meet a demand that was growing by 6 percent a year. Mr Kena gave no clue as to how this was to be financed, but he had the inestimable advantage of preaching to a receptive public. People were fed up. On the day that he made his statement an international soccer match between Ghana and Senegal was plunged into darkness when the Accra electricity supply failed.

The problems of drought in 2006–7 had a severe impact on Ghanaians. Then, when the rains finally returned from March 2007, drought was followed by floods. Both Accra and Kumasi experienced flooding as rain began to fall in unprecedented amounts. However, the worst problems were in the far north in the Upper East Region. A week of torrential rain in Mamprusi killed people and destroyed crops and homes. A relief effort was coordinated by the National Disaster Management Organization (NADMO), but it was hindered by distance and communication problems. As deaths mounted, the Ghana Red Cross estimated that 400,000 people had lost their homes and livelihoods. In September 2007, as the flooding began to ease, a UN Disaster Assessment Team visited Ghana. At the time of writing it is still difficult to gain accurate information about the extent

39. Ibid., ‘Govt spent C2 trillion to solve energy crisis’ (14 September 2007).
40. Ibid., ‘Ex-Energy Minister speaks on the energy situation’ (26 August 2007).
41. Ibid., ‘Floods hit Accra’ (27 March 2007); ‘Floods destroy properties in Kumasi’ (27 April 2007); ‘Five dead, property destroyed in Accra floods’ (3 June 2007).
of flood damage and displacement. Perversely, of course, flooding began to refill Lake Volta, allowing the turbines at Akosombo to begin to generate more electricity.

In 2006–7 Kufuor’s government faced first drought and then flood. Public misery was widespread and anger was palpable. Apart from spending money, and claiming it had things under control, the government’s tactic was to ask for patience and to point to a brighter future. One item in that future was the West African Gas Pipeline (WAGP), an ambitious but environmentally controversial project. In 2004, the World Bank gave guarantees for the building of WAGP, a 681 km onshore-offshore gas pipeline to run from Nigeria via Benin and Togo to Ghana. The gas itself was to be sourced from the Escravos area of the Western Niger Delta. This was a very expensive project. Capital costs were US$590 million, with running costs over twenty years of another US$110 million. The consortium contracted to build WAGP was led by Chevron and Royal Dutch Shell, which owned 59 percent of the equity between them. The four African states involved were minority shareholders, with Nigeria’s National Petroleum Corporation holding the largest stake of 25 percent. WAGP was originally scheduled to reach Tema in Ghana by December 2006. However, construction delays at Cotonou in Benin meant that completion was rescheduled for December 2007. The Ghana government talked of WAGP providing ‘energy relief’, but there were contentious issues surrounding the cost of the gas supplied. The NPP campaigned to tell Ghanaians that they had to learn to pay ‘realistic’ prices for energy. However, the public was not reassured, and instead believed that Chevron and its international partners would recover their investment at the expense of West African consumers.

Another controversial future energy source was the Bui Dam, to be constructed on the Black Volta River near Banda in the Ahafo region of west-central Ghana. This project was first mooted in the 1960s when the UK firm of Brown and Root was contracted to draw up site plans. For cost reasons, the Bui Dam remained unbuilt over the next forty years, and in 2001 the new NPP government shelved the project. Then, in 2005, higher international energy tariffs persuaded government that building the Bui Dam was now cost-efficient in terms of energy self-sufficiency. An international

42. Ibid., ‘Flood causes deaths and damage in Upper East Region’ (28 August 2007); ‘Ghana Red Cross – almost 400,00 have lost their homes’ (14 September 2007); ‘Floods: UN sends disaster assessment team’ (15 September 2007); ‘56 deaths reported in flood disaster’ (28 September 2007).


outcry ensued, for it was argued that the dam would have disastrous consequences for the plant and animal ecology of the Bui National Park. The World Bank refused to underwrite the project. In 2006, however, President Kufuor went on a state visit to China. President Hu Jintao agreed to support the building of the Bui Dam by the Chinese companies Sino-Hydro and Exim Bank at an estimated cost of US$600 million. The Bui Dam was designed to generate 400 MW of hydroelectricity. The project has now gone ahead, although fears have been expressed that its output will be expensive and that, just as at Akosombo, it will mean the relocation of numbers of local people.45

These two projects illustrate the dilemma facing an African country like Ghana in the global power struggles of the early twenty-first century. Essentially, WAGP is funded and operated by a US-based oil multinational and its partners. The Bui Dam is a point of entry for China and its investment institutions into Ghana. On the one hand, Kufuor has to deal with the ongoing consequences of agreements that first bound Ghana to the World Bank and Western companies in the mid-1980s. On the other hand, he has said that Ghana is ‘serious in its desire to deepen its relations with China’.46 This is a tightrope, and one forced on the NPP and any future government in Accra by a lack of national investment capital. This is the context in which Ghana’s oil was discovered. If hopes and expectations of that resource are realized, then Ghanaians may well see an upturn in their economic well-being. If they do, however, it will be within the larger arena of international business competition and, now, US–China relations. Perhaps the rapid deflation of the national euphoria that greeted the first oil find in June 2007 was brought about, in part at least, by the sober recognition of the price that might be paid for becoming an object of international desire within the ‘New Gulf’.

Conclusion: Ghana in the here and now

No conclusion can be offered, for the history recounted above is still unfolding. Let us return first of all to where we began, with US military and energy security initiatives and the formation of AFRICOM. Liberia was the sole African country even to offer to provide a base for AFRICOM headquarters on the continent, but the State Department deemed it to be unsuitable. It was then reported that American diplomats were in talks with

46. Ibid.
six African countries about facilities for AFRICOM. Ghana was one of these.

A close reading of the information available suggests that Ghana is very high on the US list, and is being all at once courted and pressured. In August 2007 Major-General Ward, soon to be confirmed as AFRICOM’s first commander, visited Accra. He held meetings with Major-General J. Boateng Danquah, Chief of Ghana’s Defence Staff. Afterwards, Boateng Danquah went on the record to state that Ward had ‘done enough to resolve’ Ghana’s concerns about AFRICOM. He added, ‘I have had the chance to hear [Ward] explain what is the reasoning behind the command, and it’s all about partnership.’ Boateng Danquah suggested that AFRICOM was the victim of bad public relations, in that both Washington and Accra needed to explain ‘specifics’ more fully to Ghanaians. Ward’s talks with President Kufuor concerned ‘ways of strengthening military cooperation’. The US officer reaffirmed Washington’s commitment to assisting the Ghana Armed Forces ‘to become more robust’.47

Private consultations took place at other levels. General T. Hobbins, chief of US Air Forces Europe, met with a number of his African counterparts at the international Air Force Association (AFA) forum. Ghana was represented at these meetings. Talks took place about what the US military calls ‘lily pads’, landing and rapid airlift facilities in otherwise deserted terrain. Among ‘forward operating sites’ discussed was Tamale airport in northern Ghana, which has a runway capable of taking massive US C-3 cargo planes and troop transports. The Ghanaian official who told me this insisted on anonymity, and added that in his view AFRICOM might well be granted headquarters facilities in Ghana.

At least for now all this must remain speculative, although the underlying principles at work are plain. The discovery of significant oil potential offshore of Ghana has served to reinforce US strategic interest in the country as a pivot of the ‘New Gulf’. Ghana is now a civilian democracy, with two elections and a successful handover of power in its recent past. It is run by an elite that supports President Kufuor’s ‘Golden Age of Business’, and that increasingly educates its children at American universities. The US has become a destination of choice for Ghanaians, and the diaspora there is ever larger. Ghana seems a long way from the marxisant politics of the early 1980s, and it now ticks many of the boxes on transparency and rights so beloved of US legislators. It is or seems to be a ‘natural’ ally of US government and business, with the future of Ghana’s oil reserves cementing that relationship. Washington has no interest in seeing China’s presence in Africa

extended to Ghana. As yet, however, Chinese influence and investment are still straws in the Ghanaian wind, but it is safe to conclude that the US is monitoring the evolving situation closely.

US interest in Ghana is perhaps not moving quickly enough for President Kufuor. In July 2007, the sixth African Growth and Opportunity Act (AGOA) forum met in Accra. AGOA is a measure that opens the US domestic market to 39 African countries to export over 6,400 duty-free and quotation-free products into it. This has been something of a success since its inception in 2001. In Accra, however, Kufuor gave polite warning that AGOA was not enough. He asked that US private investors, individuals as well as companies, be encouraged and enabled to put cash into Ghana’s agriculture, processing, manufacturing and tourism. More needed to be done soon, he said, to dispel the popular impression in Ghana that the US was solely interested in the ‘extractive industries of oil and precious metals’.48

Could existing global arrangements fall foul of local developments? President Kufuor is to quit office in 2008, and already there is intensive squabbling within the NPP over the succession. The promise of oil revenue plays a part in this. Recently, Dr K. Addo-Kufuor, the President’s brother and one of an estimated seventeen NPP aspirants to the succession, was asked how his presidency might differ from that of his sibling. He said: ‘[I]f I become President I would have oil money at my disposal so I would spend more lavishly on national development than my brother did.’49 And there’s the rub. If a future Ghana President does have large oil revenues to disburse, or is even believed to have such funds, then spending them visibly on improving the lot of Ghanaians will be crucial. Like electorates elsewhere, the people of Ghana think that the NPP and the political class generally are corruptly self-seeking. Oil money would raise the stakes very considerably. If there is oil, and money from oil, and it is not spent for the public good, but instead finds its way into the bank accounts of politicians, then all bets will be off. What might happen cannot be predicted, but the misuse of oil has the potential radically to alter existing local conditions in Ghana, and in so doing to upset present global arrangements in the ‘New Gulf’, however carefully these might be crafted.

48. Ibid., ‘Go beyond oil and minerals extraction – JAK’ (17 July 2007).
49. Ibid., ‘Some ministers were non-performers’ (29 August 2007).