

H.R. 180, the Darfur Accountability and Divestment Act of 2007

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Monetary Policy, Trade, and Technology**

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Thank you, Mr. Chairman, Chairman Frank of the Financial Services Committee, Ranking Member Congressman Paul and Members of the Subcommittee, for this opportunity to discuss the strategy of the United States to resolve the ongoing crisis in Darfur.

Though Darfur has garnered the concern and condemnation of governments worldwide and triggered unprecedented grassroots activism in the U.S., the crisis continues to intensify. Until now, the Bush administration has employed more threats than actions in response to what both the legislative and executive branches of our government have repeatedly called genocide. U.S. policy and that of the international community is centered on a strategy of constructive engagement with the Khartoum regime, but four years into the Darfur crisis, it is time to take another look – at what has led to successful outcomes in past efforts to affect the Khartoum regime, and what is needed today.

A policy of gentle persuasion – punctuated occasionally with misleadingly strong public statements and resolutions that suggest but do not lead to increased pressure on Khartoum – has allowed the Sudanese regime to intensify its divide and destroy policy against rebel groups and civilians in Darfur, particularly in the aftermath of the May 2006 signing of the deeply flawed Darfur Peace Agreement. President Omar Hassan al-Bashir has felt so emboldened that earlier this month he wrote a letter to Secretary General Ban Ki Moon clearly rejecting an internationally negotiated plan – and an agreement he made with former Secretary-General Kofi Annan – to deploy a United Nations/African Union hybrid force with UN command and control structures.

President Bush has finally decided that the present course of U.S. policy is inadequate, and must be buttressed by more robust measures. The heads of U.S. agencies mandated to deal with foreign policy reportedly have met roughly six times in the past three months, but no decisions have been announced, although we have been told that targeted sanctions are planned against a few more Sudanese officials (government, rebel and Janjaweed militia leaders) and companies linked to the Khartoum regime. Consideration is also reportedly being given to how to restrict Sudanese oil transactions using U.S. dollars – which could add some economic pressure on the regime. However, without significant will and resources to expand and enforce such measures, and without rapid follow up with European and other allies to prevent the Sudanese regime from switching to Euro or Yen transactions, these measures may prove to be fruitless.

Hope and unrealized intent are insufficient to influence the Khartoum regime, and “Plan B,” as currently configured, is too little, too unilateral, and very, very late. In order to break the logjam on more meaningful action, President Bush must act decisively and instruct his Cabinet to finalize a much more robust plan that rapidly ratchets up the pressure in response to continuing obstruction and destruction by Khartoum. Such a plan – which must be implemented multilaterally – would mark an important reversal from an approach that Khartoum now views as all bark and little bite. It would also reflect the fact that no single punitive measure in and of itself is likely to have much economic or legal impact. However, the political impact of a set of steadily augmenting measures that pressure Khartoum and gradually isolate regime officials would force a change in behavior in due course. Such pressures would aim to support a peace and protection initiative that would seek a new or significantly amended peace deal and an international force focused on protecting civilian populations.

The stakes could not be higher. Time is running out for huge swathes of Darfur. Humanitarian access is shrinking rapidly, and insecurity remains the norm. The State Department recently reported that a staggering 1,500 villages have been damaged or destroyed in Darfur. Mortality rates are set to skyrocket as the crisis metastasizes into Chad and the Central African Republic. Furthermore, the Comprehensive Peace Agreement (CPA) between the government and the southern-based Sudan People’s Liberation Movement (SPLM) is increasingly put at risk because of profound disagreements over what to do about Darfur between the ruling party and the SPLM. Perhaps most ominously, recent withdrawals of aid personnel – in response to targeted violence – threaten to result in widespread famine and increased epidemics, as well as much more violence as the last external witnesses are removed from the scene.

Economic Sanctions as Part of a Comprehensive Plan

A global divestment campaign such as that which my colleagues will address today is an essential part of any U.S. strategy in Darfur, particularly because it vests local communities throughout the U.S. in the larger struggle. However, as requested, I will use my time to focus on other tools in the financial arsenal beyond divestment. So far, none of the tools I will describe have been utilized in any significant way, despite four years having passed since the advent of the catastrophe in Darfur. For the millions of Darfurians facing a bleak future in the absence of U.S.-led multilateral action, however, it is still not too late to begin implementing effective measures now.

It is my strongly held view that robust targeted financial and economic sanctions – once applied and combined with support to the International Criminal Court’s (ICC) efforts to build cases against senior regime officials and planning for multilateral military options – are going to be a central element of the strategy to end the killing in Darfur. The ICC has acted against Ahmed Muhammed Harun, who was the junior Minister of Interior in charge of the Darfur file when the atrocities began, and Ali Mohammed Ali Abd-al-Rahman, a Janjaweed paramilitary commander. But we have not seen any strategy for helping the ICC expand its targets to other more senior officials, or to move forward to

require those men to stand trial before the court, while the Khartoum government predictably announced it would not cooperate.

There is plenty of empirical evidence to support the effectiveness of economic tools. Multilateral punitive measures combined with robust diplomacy have effectively persuaded the Khartoum regime to change its behavior on three particular occasions in the past decade: its transformation from a state sponsor of terrorism in the early 1990s to a partner in the global war on terrorism; its acceptance of a peace agreement with rebels in Southern Sudan in 2005; and its almost total cessation of the slave-raiding it was encouraging through support for the *murahaliin* militias in the 1990s, in starkly similar terms to the support the regime is giving to the Janjaweed militias today.

Punitive measures are essential to building the leverage necessary to gain Khartoum's compliance with our twin goals in Darfur: a durable peace deal for Darfur and the deployment of an effective international force to protect civilians. Similar measures should be imposed against leading rebel commanders and political leaders if they are deemed to have committed atrocities or are obstructing real peace efforts.

As stated, the Bush administration has begun to move towards its threatened "Plan B" policy of sticks instead of carrots, with targeted sanctions on a few officials and a few companies combined with still-vague proposals to restrict Sudanese oil transactions using U.S. dollars. Agencies tasked with implementing these sanctions, however, have yet to commit the resources or staff to do the job. These efforts to move towards a more aggressive policy are a step in the right direction, but further decisions concerning more robust actions must be reached quickly and additional staff must be tasked to work full time to ensure swift implementation. The cumulative aim of these actions should be to achieve a political impact in the form of policy change in Khartoum to respect the supposed ceasefire, agree to the hybrid UN force and reach a political agreement with the rebels. Without a clear strategy of rapidly escalating pressure through a variety of economic and legal measures, then the deadly status quo will no doubt prevail.

The Bush administration must overcome these inter-agency divisions and pursue four simultaneous tracks of economic/financial sanctions against the Khartoum regime. Like divestment, none of these is likely on its own to actually have a major economic impact on the regime or its senior officials in the short term. But the objective of these sanctions is not only economic: it is primarily political. These measures would place a scarlet letter on the shirts of senior officials responsible for atrocities and/or undermining peace efforts. The bet – based on empirical evidence from past efforts – is that the calculations of regime officials will change with the introduction of real economic costs combined with increased isolation globally. This is not the Taliban; the Khartoum regime wants to play ball internationally, and does not want to be multilaterally named and shamed while being called out as an international pariah. So while the regime's economic base won't collapse due to these measures, their political will to continue the killing will.

The Four Economic Tracks

Beyond divestment, the U.S. should lead international efforts to ramp up economic pressure on Khartoum on the following four tracks:

First, the U.S. should lead the international community in imposing targeted sanctions through the United Nations Security Council against a wide array of senior regime officials, as authorized in previous Security Council resolutions, and called for in multiple reports from the Council's Sanctions Committee Panel of Experts. Currently the U.S. and UK have different lists of officials that should be sanctioned, but the U.S. list is very small and will not achieve the requisite impact. A larger list should be produced and broadened so that the Security Council can rapidly expand targeted sanctions against a number of senior officials to demonstrate international seriousness.

Secondly, the U.S. should take the lead in passing a UN Security Council resolution establishing a Panel of Experts to quickly ascertain where the assets of the largest Sudanese companies owned by ruling party officials are located, and quickly move to freeze those assets. In addition, the U.S. should work build a coalition of states willing to impose measures affecting Sudanese companies that the U.S. is contemplating as part of its "Plan B", and implement these measures multilaterally with as wide an international support base as possible. Ideally, these measures too would be implemented through the UN Security Council.

Thirdly, the U.S. should work with its international partners to freeze the assets of the Government of Sudan and government-related commercial entities— such as the main oil consortium – that pass through their banking systems. The administration should work assiduously to ensure that these assets are frozen domestically and by our allies, which would require significant additional staff and resources at the Treasury Department and within the intelligence community.

Finally, the U.S. should work with other countries to develop a coalition that would notify certain international banking institutions that if they choose to continue conducting business with the Government of Sudan or companies affiliated with the ruling party, they will be cut off from the financial systems of participating countries by a predetermined date. The U.S. has recently imposed similar unilateral measures on banks doing business with the regimes in North Korea and Iran, and they have had a direct impact.

These punitive measures could be implemented immediately without major cost beyond the buttressing of staff to properly implement them. Multilateral measures are far more effective than unilateral ones since the government of Khartoum cannot simply ignore a unified international community willing to impose a cost for Khartoum's intransigence, and multilateral measures make it more difficult for Khartoum to score propaganda points against the U.S. Thus the U.S. should work through the UN Security Council to the maximum extent possible. The U.S. also should pursue a coalition of the willing among our European, African and Asian allies to parallel U.S. action in seeking to cut off Khartoum's oil companies from being able to sell their oil for dollars or Euros. All efforts should be expended to engage members of the European Union, the Arab League and the

African Union in planned initiatives, if not to secure their total support then at least to neutralize or soften opposition.

Just as rebel unity is a prerequisite for ending the crisis, so is the use of punitive measures to demonstrate to those committing atrocities and those undermining peace efforts – whether they are part of the government or members of a rebel group – that there will be a cost, and that cost will increase as major human rights or diplomatic violations continue. Until the international community rebuilds its leverage over the Sudanese government by enacting punitive measures, both the government and the rebels will continue to fight it out in the sands of Darfur, while the Janjaweed and other armed groups continue to kill, rape, maim, and loot with impunity.

Balancing Our Strategic Interests

For the U.S., though officials routinely deny it, the cooperative counter-terrorism relationship the U.S. has forged with the Khartoum regime has undermined efforts to pursue a more robust policy regarding Darfur. At this point, maintaining the CIA's close relationship with members of the regime's security apparatus is more important than punishing those individuals for their role in orchestrating mass atrocities in Darfur. Until these dual policy objectives are reconciled and equal priority is given to ending the atrocities in Darfur, it is unlikely the U.S. will do enough to change the equation there.

Ultimately, President Bush will have to decide that the U.S. must pursue multiple objectives in Sudan with singular intensity. It is clearly desirable that the Sudanese government remains a source of information for the war on terrorism, but this objective cannot be allowed to prevent the U.S. and others from taking the steps necessary to end the crisis in Darfur and ensure the full implementation of the peace deal for southern Sudan.

A Comprehensive Approach

While divestment initiatives and economic sanctions are very important pieces of any robust U.S. response to the crisis in Darfur, we must be clear that no single policy or initiative will work in isolation. The U.S. must adopt a holistic approach whereby high-level diplomacy coupled with credible threats and multilateral punitive measures can change the calculations and actions of the Sudanese government.

The central paradigm shift in U.S. policy must be to move away from the current policy of constructive engagement without any real leverage (with gentle persuasion being the preferred tool) to a more muscular policy focused on walking softly and using a bigger stick. Unfulfilled threats and appeals should be replaced quickly with punitive measures in support of a robust peace and protection initiative. Ultimately, with the right policies and increased levels of engagement regarding Darfur, there is potential for the region to be stabilized within a year. If not, it is almost a foregone conclusion that, if present trends continue, hundreds of thousands more Darfurians will perish in 2007, on our watch.