

**Statement by H.E. Salva Kiir Mayardit, President of the Republic of South Sudan  
to the National Legislature on the current oil crisis**

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**Right Honorable Speaker and  
Honorable Members of the National Legislature**

I am here today to brief this august house about the current crisis in our oil industry. The crisis has reached a stage that is unacceptable. On the 6<sup>th</sup> of December 2011, the Minister of Finance of the Republic of Sudan informed our Minister of Petroleum that based on their Petroleum Transit and Service Fees Act of 2011, as from 25 December 2011, all shipments will be allowed to leave Port Sudan only after paying fees amounting to 32.2 dollars per barrel.

Immediately following this warning, they proceeded to block four ships with 3.5 million barrels of Dar blend from sailing out of Port Sudan. They have further prevented four other ships from docking at Port Sudan. These ships have purchased 2.8 million barrels of Nile and Dar blends but are unable to collect their purchases. To date, these eight vessels remain under the control of the Government of Sudan with oil worth 630 million dollars.

In addition to that, they have forcibly taken another 185 million dollars worth of oil. In total, the revenue that the Government of Sudan has looted since December amounts to approximately 815 million dollars. Furthermore, they have completed constructing a tie-in pipeline designed to permanently divert 120,000 barrels per day, which is almost 75 percent of our daily entitlements, to their refineries in Khartoum.

**Right Honorable Speaker and Honorable Members,**

The diversion of South Sudan crude has disrupted revenues that are vital to the security and welfare of the people of South Sudan. At this time, we have no guarantee that oil flowing through the Republic of Sudan will reach its intended destination. We cannot allow assets which clearly belong to the Republic of South Sudan to be subject to further diversion.

Therefore, during the second Council of Ministers of 2012 meeting on January 20, we unanimously decided that all oil operations in South Sudan should be halted with immediate effect and no crude oil belonging to South Sudan shall flow through the pipelines on the territory of the Republic of Sudan.

The government stands ready to handle this situation; however, we are mindful that it cannot be done without the collective support of this august house. We have reached this point only after exhausting all avenues including my sending envoys to Kenya, Uganda, and Ethiopia last week. The presidents of those countries reached out to Bashir to ask him to stop taking unilateral decisions regarding our oil.

The response from Bashir is that he will not stop taking oil until we pay the exorbitant amount of 32 dollars per barrel, something that is completely out of international norms and a precedence that we are unwilling to set.

Insomuch as the duration of revenue disruption is unknown and to ensure the continued operation of our national government and to provide for our people, we will need to find other sources of funding.

In doing so, I have instructed the Ministry of Finance to initiate contingency plans for revenue collection and allocation. This will accelerate the increase in collections of non-oil revenues. It also will prioritize the allocation of existing revenue, allowing us to make the most of what we have. The Ministry of Finance will also look into other options for replacing the lost revenue. On existing cash reserves, rest assured that the government can operate for the immediate future, depending on which cuts are made.

**Right Honorable Speaker and Honorable Members,**

The safety, security and health of our citizens remain our priorities. Whatever austerity measures are required, we are confident that we can continue to meet critical obligations for national security and public welfare.

Meanwhile, we will continue to do everything possible to resolve the impasse with Sudan and to restore the flow of South Sudan crude oil. We remain in intensive discussions, in coordination with the African Union and our allies, to arrive at an agreement that is fair to both parties.

To date, however, the Sudanese government has refused to negotiate in good faith. Given our history with the administration of President Bashir, we realize that, unfortunately, we must prepare for a disruption of revenue that could last many months. However, I want to assure the people of South Sudan that all measures will be taken to ensure that any disruption is minimal.

**Right Honorable Speaker and Honorable Members,**

This crisis comes at a period that we have internal challenges, particular the recent tribal conflict in Jonglei State. This latest challenge will add to our already volatile environment. It is our collective responsibility to manage this situation with patience and perseverance. This is a time when we as South Sudanese need to speak with one collective voice and avoid inciting statements which will further fuel the situation.

For this reason, I call upon this august house to support the decision of the Council of Ministers to stop the flow of oil and search for alternative sources of funding to manage government projects. I have no doubt that this august house will seriously and critically consider all available options and make the appropriate resolutions in the best interest of the Republic of South Sudan immediately.

Together, as South Sudanese, we will endure this hardship. We are a nation built on resilience, vigilance and pride. Through discipline and focus, I am confident that our young nation will emerge stronger and more united.

Thank you and God bless you all.