

## PRESS RELEASE

### **Government of Sudan Poisons Negotiation Atmosphere in Addis by Stealing 1.4 million barrels of South Sudan Oil Just Days Before**

*Addis Ababa, January 17, 2012:* Today the delegation for the Government of the Republic of South Sudan (RSS or South Sudan) is here in Addis to begin a very important round of negotiations with the Government of Sudan (GoS), facilitated by the African Union High Implementation Panel (AUHIP), to resolve many of the outstanding issues between our two nations. The delegation for the Government of South Sudan comes in good faith and hoping for agreement. We have profound concerns, however, that President Bashir's recent unilateral actions will cause the collapse of this week's negotiations and with it the permanent loss of billions of dollars that South Sudan has offered to address the economic crisis that is threatening the political stability of Sudan and the livelihoods of its people.

As has been made public and reported by the media, last week on the 13<sup>th</sup> and 14<sup>th</sup> Sudan stole approximately 605,000 barrels of South Sudan oil at Port Sudan. We have been notified yesterday by the operator of the Petrodar pipeline that Sudan decided to steal another 750,000 barrels of our oil. The Government of Sudan as we speak is loading this stolen oil onto its vessel. This represents some US\$140 million of property belonging to the people of South Sudan. This is an act of state piracy on transit goods and is a grave violation of international law committed during what is supposed to be peacetime between our two countries. *(See supporting documents attached)*. The Government of South Sudan is investigating these events and the role various actors have taken part in the same.

In a letter addressed to the RSS Ministry of Petroleum and Mining, the Petrodar Operating Company (PDOC) explained that it was ordered to load South Sudan's oil on two vessels chartered by the government of Sudan. In reference to the first illegitimate loading of the 13<sup>th</sup> and 14<sup>th</sup>, the company described the "duress/threatening nature of this security operation" and stated that the "lifting was enforced by GoS Security against [the company's] instruction" and that "PDOC staff at the Marine Terminal had been threatened to be physically removed" if they did not comply with the GoS instruction. *(See PDOC letter attached)*.

This is the theft of oil by Sudan – apparently by use of force and those ships and their operators and owners and any individual who would attempt to purchase or otherwise deal with this oil will be investigated by South Sudan and treated as if they are trafficking in stolen

goods. This robbery is indeed just an escalation of the theft that Sudan began even immediately prior to secession. To date the GoS is still holding South Sudan's oil revenues from May, June and early July of last year (totally just under \$800 million). Since the 25<sup>th</sup> of December – Sudan also has prohibited all of South Sudan's oil from leaving Port Sudan for purchase. Even the oil companies have reported that Sudan has ordered them to send their oil to the Khartoum refinery rather than sell to their scheduled and contracted purchasers. Without the consent of the pipeline operating company, Sudan has also just finished constructing a pipeline tying the Petrodar pipeline (which *only* transports oil from South Sudan) to the Khartoum Refinery. There is currently no legitimate use for this pipeline other than to steal oil from South Sudan (see attached as confirmed by operating company). President Bashir has become a danger to regional peace and he is taking all he wants from whoever he wants. This is not the way a responsible State within the international community operates – especially one trying to normalize its relations with so many.

Further, Sudan has made clumsy pretexts in a thinly veiled attempt to justify its thievery. Sudan says that South Sudan has not paid the amounts it owes for use of the pipeline and other facilities located in Sudan and utilized for the export of our crude to international waters. But these are blatant lies. Of course South Sudan has paid what it owes to use these pipelines and facilities. In fact, the international oil companies who operate these facilities and collect these fees have sent a letter, which Sudan has in hand, stating that we have paid for use of the processing and transportation facilities located in Sudan (*see attached*). What more does Sudan want? With its claimed \$32 per barrel above what South Sudan is already legitimately paying to the companies, Sudan wants to extort from the *people of South Sudan fees that would be the equivalent of purchasing two new pipelines a year, every year. We will not be subjected to this kind of monopolistic pressure. No nation would do so.*

The only fee that the Government of Sudan may now collect from South Sudan is a transit fee. South Sudan has said repeatedly that it will pay a reasonable transit fee based on international practice and it has put money aside precisely to pay Sudan for these fees. The GoS knows this. In fact in an extraordinary act of generosity, in support of an AUHIP proposal, RSS has offered Sudan \$2.6 billion in the form of direct cash transfers to the GoS over a period of four years. This is ten (10) times more than what any reasonable transit fee would earn for Sudan. South Sudan even went further and enhanced the AUHIP proposal with an additional \$2.8 billion in debt and arrears forgiveness.

South Sudan, however, will not pay the unreasonable transit fee that Sudan has claimed is in arrears and is the pretext for the robbery that is taking place now at Port Sudan. Sudan is trying to levy a per barrel fee of \$22.80. This is an unheard of transit fee. This is not an industry/commercial fee, it is extortion.

At the same time, Sudan now is attempting to claim over 7 billion in arrears and debts from the people of South Sudan. These claims are beyond baseless. The GoS submission to the RSS is a battery of unsubstantiated claims where Sudan embarrassingly could not even offer a single document or detailed explanation of how its claims were calculated. In fact, the largest line item claimed by the GoS, totaling US \$3 billion, rests on one single phrase: *“Northern people of Sudan entitlements in the South.”* These claims are only fabrications to achieve more theft. Worst, they demonstrate a complete lack of seriousness with which the Government of Sudan regards these negotiations. The Government of South Sudan, on the other hand, delivered a comprehensive claim submission for US \$5.8 billion, which included a 17 page annex detailing the origins and sources of each claim.

South Sudan has repeatedly come to each of these rounds of negotiations with draft language, written submissions and power points, delegations with decision-making power, and most important – a demonstrable willingness to be flexible and alter its positions to achieve peace. Further, the Government of the South Sudan has exercised incredible restraint with the recent robbery, blockade and diversion of its oil at Port Sudan. This has been done with the hope of avoiding an escalation and with the aim of promoting a conducive environment to conduct negotiations.

The Government of Sudan, the AUHIP, and the international community, however, should take note that the South’s generosity and patience is close to reaching their expiration period. When this time arrives, President Bashir will not only be responsible for collapsing these talks, but more importantly, for losing the opportunity to solve the economic challenges Sudan faces and to have a prosperous relationship with South Sudan that would benefit his people for years to come. For the benefit of our brothers and sisters in Sudan, as well as South Sudan, the RSS Government hopes President Bashir chooses a new course of action.

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