

## **Article 22 on South Sudan**

### **Developments in South Sudan Conflict: Oil, old wounds of debt relief and Abyei-again?**

Our Articles 1 to 3 and 5 to 21 were situation analysis of the conflict in South Sudan. Our articles 4 (A), 4 (B) and 4 (C) were the first of our series on “Who is Who”. This article (22) is dedicated to oil issues, worrying signal from the Sudan minister of finance on return of war between North and South and Abyei.

## **Oil**

Oil is going to come to the Addis talks sooner or later. When IGAD gets its act together and stops fiddling about with governance to more important and fundamental issues, oil and/or sharing of its proceeds (within South Sudan) is going to be a main agenda other than security issues and the restructuring of the SPLA.

### **Facts<sup>1</sup>**

1. According to the CPA, the Oil Commission was supposed to be set up in 2 weeks after ratification of the Interim Constitution that was agreed and in effect as of July 6<sup>th</sup> 2005.
2. The Government of National Unity was agreed in September 2005 and the Oil Commission was set up in November 2005
3. The Commission was supposed to hold 2 meetings per year during the Interim Period; instead it held only 4 meetings between 2005 and 2011.
4. In spite of its strong representation: President Beshir, Awad El Jazz, Zubier Ahmed Hassan, Tigani Fidail and Galal Digair on the side of Sudan then VP Kiir, Nhial Deng, John Luk, Angelina Teny and Mary Kiedan on the side of South Sudan, no one really cared about it. Everyone was after the REAL \$\$.
5. In a report by the American Embassy in Khartoum in Septemeber 2009 assessing the oil industry in Sudan, they painted a gloomy picture of the state of the industry. They referred to the lack of institutional capacity and lack of vision for the future. They described the Government of South Sudan as “paralyzed” against the challenges and settling for collecting the much needed revenue as it comes.
6. At its peak, oil production in old Sudan after 2005 was 501,103 BPD. It came down to under 500K when Dr. Lual Deng (a southerner) became Minister of Petroleum in 2010.
7. In July 2011, there were total 1369 wells with 1156 wells active and delivering the 501K BPD.

---

<sup>1</sup> Most of the facts and information in this section of oil come from the valuable book of Alsir Sidahemd “Years of Oil in Sudan and the journey searching for legitimacy and economic stability” in Arabic. Dar Madarik as publishers. The English version will soon appear in e-form.

8. In July 2011 also there were 15 companies working in oil industry with total labour force of 4489 of which 9.2% were foreign labour, 86.35% North Sudanese and 4.45 % Southern Sudanese.
9. Out of the 15 concessions, 2 were in South Sudan and 8 in North Sudan and 5 concessions were shared.
10. In April 2011, General Taban Deng, then governor of Unity State ejected ALL the Northern Sudanese workers from Unity State. But Salva Keer later on reversed the decision.
11. In June 2011, the first international bank account for oil proceeds in the name of the government of South Sudan was opened in Citibank in New York USA.
12. On the eve of separation, the confirmed reserves of the united Sudan were 2.216 Billion BPD. Today they are estimated to have 5 Billion BPD. 1.5 Billion BPD in the North and 3.5 Billion PBD in the South.
13. The story of using Sudan's oil pipeline is known. The dreamed up pipeline through East Africa to Lamu was no more than ignorance at its best. The line is 3600 KM long passing through elevations of 2000 M above sea level. It would take 10 years to build and use at \$10 billion cost. The rest is day-dreaming.
14. One of the main worries of Sudan (North) of separation of South Sudan was the magnitude and conditions of the Chinese debt to Sudan and its repayment conditions in oil.
15. In 1991, the loans that Sudan got from China were 17% of their total annual borrowing. In 2007 that jumped to 73% of total annual borrowing. Other than solid guarantees by the Bank of Sudan, Sudan committed itself to ship *1.5 million barrels monthly* to China for *15 years*.
16. Upon separation of South Sudan, the debt load of Sudan from China was \$5 Billion.
17. The new grim reality of Sudan's finances after separation prompted President Beshir to travel to China in July 2011 to come back empty handed and was told that China was even freezing current projects.
18. One day before separation, the share in BPD of Sudan was 150,000 BPD. One day after separation that dropped to 63,500 BPD (Net).
19. For South Sudan it was 103,590 PBD before separation and 207,180 BPD after separation or 100% increase overnight!
20. The forecast was that Sudan (United) would have consumed all its produced oil for local consumption by 2018 if it remained united. By 2025, Sudan would have had to import oil to supplement its growing consumption.
21. After South Sudan's separation, Khartoum's production was at 115,000 BPD (Gross), just enough for its local consumption and the Chinese have to eat coal!!
22. The dream of Sudan reaching 180,000 BPD was never realised. Its maximum production remained at 150,000 BPD and less.
23. Canada is involved in oil industry in Sudan through the Conventional Off-Shore Company Statesman Resources Africa with operations in the US and Sudan in Block 14 which is 100,000 SQ KM in the very north west of Sudan. The name of another company called "Express" appeared in some evaluations but we could not trace the origins.
24. 40% of the total area of Sudan is now concessions!
25. The gap in Sudan (North) revenue for 2012-2014 after separation was \$5.27 Billion according to the IMF.

## A new twist or Start of the panic phase?

In a surprise move, the Press Secretary of President Kiir (and from Khartoum ), Ateny Wek Ateny, on March 2<sup>nd</sup>, has come up with new allegations and requests.

1. He is asking the IGAD to deploy 10 battalions to protect Juba and the oilfields against attacks by rebel groups from *Burundi and Rwanda*. Yes! You read me correct!
2. A battalion is between 400 and 1000 strong. If we take 700 as average, that is 7000 Soldiers and not peacekeepers as their duty is to “Protect”. Added to the UN 10,700 (Boots on the ground military, CivPol and civilian) already in or arriving and the 8000 Ugandan mercenaries, that will make 25,700 foreign forces in South Sudan.
3. Just for comparison: Mali’s MINUSMA is 7200. Haiti’s MINUSTAH are 10,000. DRC’s MONUSCO are 26,000. Darfur’s UMAMID are 23,700. Those are total figures of all UN personnel in the ground.
4. Why on earth would IGAD deploy forces to do the job of the SPLA?
5. Why would anyone fund such a large force when the conflict in South Sudan is not in the radar screen of the rich countries which usually fund such missions?
6. But we could never understand the inclusion of Rwanda and Burundi in the mess unless it is a cover up for the participation of M23 of DRC-North Kivu with Kiir’s forces.
7. To add insult to injury in belittling our intelligence, the press secretary goes on to say “Salva Kiir announced the gradual withdrawal of the Ugandan troops from “South Sudan territory” towards Western Equatoria to continue its “mission” in fighting the rebel Lord’s Resistance Army”. Real funny! All of a sudden, Western Equatoria has seceded from South Sudan and became an independent state!! You must be kidding!
8. Then the press secretary lashed on Ethiopia! For what reason, it was not clear. But out of all allegations on earth, he lashes on Ethiopia “for its poor record in human rights”. As if he comes from the Swiss Federation.

## Why is all this important now?

1. The issue of the international debt, with its “buck” passed to Sudan at independence of South Sudan is not resolved yet! Yes! That is what Sudan is saying.
2. Due to the irrational games the Sudan and its Islamist ideologues have been playing, Saudi Arabia has categorised them with the bad boys.
3. Saudi Arabia has frozen all aid to Sudan and froze all private sector investment to Sudan including those that have already started.
4. Since the Iranian Navy vessels docked in Port Sudan in October 2012 and September 2013, the Kingdom was furious and shut all money valves.
5. The Kingdom ejected tens of thousands of Sudanese working in Saudi Arabia in a quick and organized fashion.
6. In an undiplomatic gesture, the Minister of Foreign Affairs of the Kingdom Saud Al Faisal refused to meet with President Beshir on the sidelines of the Third Arab - African Summit in Kuwait in November 2013.
7. Late this month, Saudi Arabia came out open and stopped all banking transactions between Sudan and the Kingdom. The valve is shut even for private business! Saudi produces 9 million BPD of oil!

## **So what? Why is this important for us in articles on South Sudan?**

1. What are the current external debts of Sudan? \$40 billion. The debt service has been between \$300 Million to \$400 million per year up to 2012 and much less now.
2. With his back against the wall, the Minister of Finance of the Government of South Sudan comes out on Saturday March 1<sup>st</sup> (beware the ides of March!!) to say and we free-translate from “Al Gareeda” Daily of Sunday March 2<sup>nd</sup> 2014 Quote” The minister of finance and national economy Mr. Badreldin Mahmoud has warned of going back to the square of war with South Sudan if the latter (South Sudan) refuses the principle of sharing the International Debt Load in case the International Community fails to relieve them” Unquote.
3. Does Sudan want to take out the South while they are weak and fighting a “quasi” civil war?

## **Another observation?**

Yes!

Khartoum says while they will deal with governments regardless of weakness or strength, they do not have an adverse relations with Riek Machar; quoting Yasir Yusuf, Deputy Minister for Information on February 25<sup>th</sup>.

Are they standing at the fence?

## **Abyei Developments**

For the second time in two weeks, a major and fiercer fighting erupted between Missieriya and “Armed groups” from South Sudan. Juba distanced itself from the fighting. UNISFA seems to be drinking Castel and St George Ethiopian beers all the time!

### **Looking at various claims we have the following averages:**

1. 13 Missieriya killed and 30 others injured
2. Missieriya claim to have killed 350 Dinka Ngok. This is a large number of people dead. If we half it, we are talking of 175 killed. How could the Missieriya have done that?
3. An honest account that we got from one of the Missieriya elders is that those who attacked were hungry people!
4. But while that is worrying, more worrying is the claimed cache of weapons that the Missieriya captured from the attackers: DShK, Grinov, Mortars and RBG. These are not small arms. These are light weapons and are lethal!
5. We were wondering how the Missieriya managed to capture such arms until an informed person told us “The Missieriya, compared to their earlier 1980s wars with SS militias

have changed their tactics substantially (retired army soldier sect..) . No horses, no nonsense”. Wow! No one can blame them for protecting themselves when all else fails!

6. We are awaiting further details as the clashes seem to be in remote places, though north of Bahr El Arab of River Kiir.

## Conclusion

1. Addis talks are not only about the quarrel between Machar and Kiir
2. It is not only over the 4 detained or the 7 conditionally released
3. It is not just Nuer-Dinka feud
4. It is not only about the thousands of innocent civilians killed.
5. It is not only about structures of governance as some believe and have written hundreds of pages.

**It is about finishing ALL the unfinished business on January 9<sup>th</sup> 2005 and July 9<sup>th</sup> 2011 and dressing the wounds of December 15<sup>th</sup> 2014, 2004, 1991, and 1987 and the countless agreements, defections and rebels' absorptions in between.**

**There can be no stability in South Sudan without a truly National Army and not the rag-tag stitching of militias and local commanders still in charge until Dec 15<sup>th</sup> 2013. Is that on the table in Addis Talks? For that, taboos will have to be broken.**

**It is about looking with objectivity and self-denial for nation building of South Sudan. There is no “Dinka Land” or “Nuer Land” in South Sudan. There are “Dinkas Lands” and “Nuers Lands”. Just look at the attached map and blow it bigger.**

**It is about the empty kitty and loaded pockets and no money for food or medicine. It is about equitable “equalization” in fiscal federalism as the 10 States and the Federal Constitutions stipulate. Is that on the table? Does anyone remember that there are VALID 10 States' constitutions with all the complimentarity, subsidiarity, compatibility and the rest of jargon?**

**The healing process of the inhumane atrocities on both sides cannot be swiped under the carpet. South Africa is a joke compared to South Sudan in damage of social fabric. And there is no Madiba!! Is the healing process on the negotiations table?**

**Do we need another flight lieutenant Jerry Rawlings? Let us know if you want to hear his story!**

Subsahara Centre  
Ottawa Canada