



The Republic of South Sudan

SOUTH SUDAN REACHES OIL DEAL WITH SUDAN: SECURES LOW PIPELINE FEES

Press Statement

Juba, 4 August 2012: The Government of the Republic of South Sudan has protected the interest of its people. Throughout the negotiations South Sudan insisted that its oil would not flow through the Republic of Sudan unless and until it was subject to fair commercial pipeline tariffs, processing and transit fees.

Throughout the negotiations the Government of Sudan tried to extort South Sudan by attempting to charge exorbitant fees for the export of its oil. Sudan went as far as stealing South Sudan's oil in December, January and February. Your government responded with strength and resolve, and those responses have now paid off.

At their most extreme, Sudan demanded South Sudan to pay \$36 per barrel in combined fees. Your negotiation team, however, has secured a deal where South Sudan will pay on average \$9.48 a barrel.

To arrive at this deal South Sudan only had to make minor concessions. The Government of Sudan was demanding pipeline tariffs and terminal fees of \$25, but under the deal RSS will be paying \$8.4 and \$6.5 for GNPOC and Petrodar respectively. This is only \$1 more per barrel, than RSS had previously offered. Sudan demanded \$6 in transit fees, but under the agreed upon deal RSS will only pay \$1 per barrel in transit fees for both pipelines. The positions of Sudan and South Sudan, and the agreed deal are summarized in the following tables:

PETRODAR	Sudan position	RSS position	Agreed position
Transportation tariffs	\$25.00	\$5.50	\$6.50
Transit fees	\$6.00	\$0.63	\$1.00
Processing	\$5.00	\$1.07	\$1.60
Total	\$36.00	\$7.20	\$9.10



The Republic of South Sudan

Petrodar transports the oil from blocks 3 and 7, which produce around 80% of South Sudan's oil. The RSS negotiation team strategically ensured that it obtained the lowest fees for this important pipeline of \$9.10.

GNPOC	Sudan position	RSS position	Agreed deal
Transportation tariffs	\$25.00	\$7.40	\$8.40
Transit fees	\$6.00	\$0.69	\$1.00
Processing	\$5.00	\$1.07	\$1.60
Total	\$36.00	\$9.16	\$11.00

What is more, these fees will only last for 3 1/2 years. At that time, if South Sudan still wishes to transport its oil through Sudan the parties may negotiate lower rates, but the fees cannot go up. However, South Sudan has already decided to construct an alternative pipeline, which will be up and running by then.

In the interest of peace, South Sudan has offered \$3.028 billion in direct transitional financial assistance (TFA) to Sudan over a period of 3 1/2 years. This is equivalent to 1/3 of Sudan's financial gap resulting from the loss of South Sudan's oil. This TFA is separate and apart from the Pipeline Transportation Fees. The agreement between the Parties makes this clear. This is a one off payment. South Sudan will pay this over 3 1/2 years, earlier if it chooses, and then the assistance ends. The burden of Sudan's financial difficulties will then rest solely on the Government of Sudan. This short-term assistance is part of a comprehensive package designed to ensure peace and security, respect for territorial integrity, and cooperation.

This is a good deal for South Sudan.

South Sudan's negotiating team will return soon to Ethiopia to finalize the details of this oil deal and conclude additional agreements addressing the outstanding security issues, disputed and claimed border areas, the final status of Abyei, and



The Republic of South Sudan

further matters related to nationality. The result will be a single comprehensive peace agreement that will ensure the mutual viability of both States.

In doing so, South Sudan will finally be able to focus its attention and dedicate its full resources to establish our State institutions and build South Sudan into a free, peaceful, and prosperous nation for all.

Pagan Amum
RSS Chief Negotiator

For all the latest news on the negotiations please visit the RSS negotiation team website: www.rssnegotiationteam.org