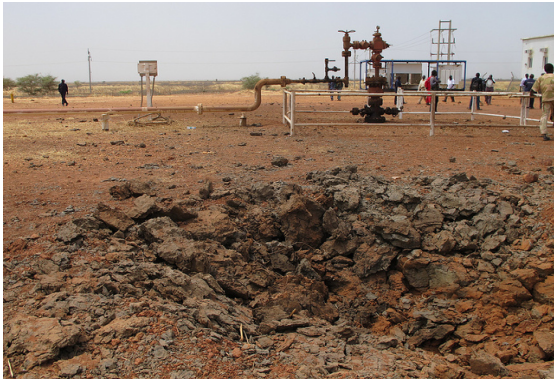


South Sudan oil revenue drops amid renewed conflict

Tuesday, 12 July 2016 10:22



South Sudanese oil projects have been damaged by ongoing conflict. (Image Source: Flickr/ENOUGH Project)

South Sudan oil revenues have dropped by 75 per cent in June to US\$60 million a month and the International Monetary Fund has warned of economic ruin for Africa's newest country

Since Friday 8 July, renewed fighting broke out in Juba, the South Sudanese capital, with the death toll on Friday alone reported at more than 270 by Radio Tamazuj, a local news service. A ceasefire was declared on Monday 11 July. At the time of writing, the ceasefire was holding but fears of civil war between troops loyal to President Salva Kiir and troops loyal to Vice President Riek Machar still remain.

The country, which seceded from Sudan in 2011, is currently producing oil at 160,000 bpd, despite a decline in production

largely due to ongoing conflict. Oil revenue accounts for 97 per cent of the country's revenue. The drop in the global oil price has also affected the economic situation for South Sudan.

For South Sudanese oil to continue to generate revenue, it is essential that it flows through Sudanese territory as landlocked South Sudan relies on Sudan to transport crude oil for export. In 2013, there was a dispute between the two countries over transit fees charged to South Sudan by the Sudanese government. This led to a suspension on oil production with former deputy governor of the Central Bank of Sudan, Badr al-Din Mahmoud, claiming his country lost approximately US\$5bn as a result.

At the start of July, President Kiir directed companies and the oil minister, Dak Duop Bichiok to resume production and to escalate work on oil refineries that were damaged or faced delays to completion because of conflict that took place between December 2013 and August 2015. In a press conference, President Kiir told journalists that he had instructed the companies involved to start work "immediately" with Mr Bichiok saying the work would take five months to complete.

Safinat, a Russian company has been building a refinery for diesel production in the Gogrial area in a joint venture with state-owned Nile Petroleum Corporation, and has built another refinery near the Sudanese border but conflict has

prevented operations from commencing.

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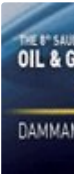
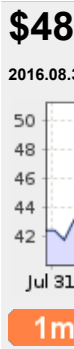
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