

Oil's not well in South Sudan



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► *The birth of the new nation may give rise to numerous thorny issues, including sharing of resources.*

Sudan, the largest country in Africa and the Middle East, is set to undergo a difficult partition. The January referendum in the Southern part resulted in an overwhelming 99 per cent vote for independence, with a turnout well above the 60 per cent required to avoid a second round. The separation of South Sudan into an independent entity will require the resolution of numerous problems, including the sharing of Sudan's large oil assets, an estimated 6.7 billion barrels of oil reserves (the third largest in Africa), in which ONGC Videsh (OVL) of India has a significant stake.

Sudan has 75 per cent of India's area, but only 4 per cent of India's population. Its 54 years of independence have seen two long and bloody civil wars – from 1956-1972 and 1983-2005— fuelled by the divisions between the Arab Muslim North and the non-Arab Christian-Animist South. The country has been ruled by unstable governments punctuated by military takeovers, with pressures to make it an Islamic state.

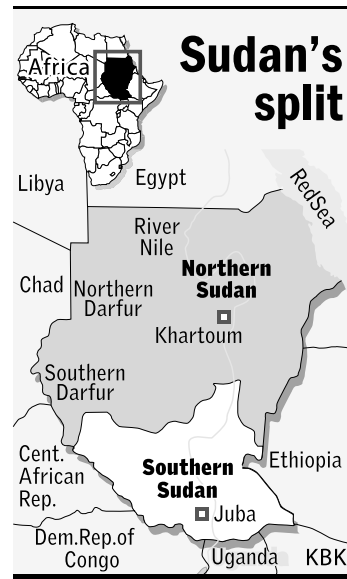
The 2005 peace agreement which ended the last civil war had provided for six years of autonomy for the South, followed by a referendum on secession to be held in 2011. Oil assets were to be shared equally between the two regions, while ratios were fixed for shares of government jobs. Sudan's natural resources, which include oil, gold, and possibly uranium, make it an important economic partner for countries such as China, India, and the Arab countries. Sudan's large arable land area gives it the potential for huge agricultural production.

Following a 99 per cent vote for separation in the referendum, the people of South Sudan look forward to the birth of a new nation in July, comprising 19 per cent of India's area but only 1 per cent of India's population, including some five million displaced persons.

SHARING THE OIL

The partition of Sudan will give rise to numerous issues that may prove hard to resolve. The status of Abyei, an oil-rich region falling between the North and the South, is to be decided by a separate referendum. This area has been the scene of fighting between tribes from the north and the south. The future of areas such as Blue Nile and South Kordofan is also to be decided by "popular consultations".

South Sudan produces 85 per cent of Sudanese oil output, and there are many unexplored areas that might have substantial reserves. In recent years, foreign companies have been drilling for oil in Southern Sudan. The active players include CNPC and Sinopec (China), Petronas (Malaysia), OVL, and Total (France). The wealth-sharing section of the



peace agreement states that all prior agreements signed would hold, but there are unsettled issues. In the future, Southern Sudan would attract more interest in oil and gas sector especially from the US companies.

Division of oil assets is a challenge. Oil production and exports have driven recent economic growth, with GDP rising threefold since 1989. The North has grown dependent on the oil from the South and stands to lose billions of dollars yearly. The South is landlocked and needs the pipeline to the Red Sea for oil export, till an alternative pipeline can be built to the Kenyan coast.

POSSIBILITY OF UNREST

Demarcation is a thorny issue which could cause conflicts. The 1,900 km border region includes resource-rich and ethnically diverse areas of Sudan. Arab pastoralists traverse the

area seasonally to graze their livestock. Near the oil fields around Abyei, tensions between resident southern farmers and northern pastoralists are particularly high. With these problems in mind, South Sudan's President Salva Kiir Mayardit has called for patience and warned against premature celebrations.

The referendum has had repercussions in the North. The popular uprising in Tunisia and Egypt has set off similar youth protests and calls for a change in regime and removal of President Omar Hassan El Bashir, who has led the country since 1989. The National Consensus Forces, an umbrella coalition of various opposition groups, has called for release of political detainees and major political reforms.

Reaction has been cautious in the Arab world over concerns that the new state may develop linkages with Israel. The South would need to cooperate with the North but is likely to develop transport and other links with East Africa. Egypt is concerned the 1929 agreement on sharing of the Nile waters could be affected.

Complicating matters is the raging civil war in Darfur in Western Sudan, adjacent to Chad, another unstable country. The people in Darfur are predominantly Black African Muslims. The Janjaweed militia, drawn mostly from Arab tribes in the region, has been accused of committing genocide against non-Arab Sudanese in the region. The savage war in Darfur has claimed some 300,000 lives and displaced 2.5 million people.

The International Criminal Court is considering a request for arrest of President Bashir on charges of sponsoring war crimes and crimes

against humanity and planning the destruction of three tribal groups in Darfur because of their ethnicity. The Arab League, African Union, and France support Sudan's efforts to suspend the ICC investigation. However, in the wake of protests against Bashir, this issue could gain momentum.

The referendum has encouraged separatist movements elsewhere, especially in Africa. Somaliland, which declared independence from Somalia in 1991, expects that its campaign for statehood will gain momentum. Till now, African Union policy has been not to encourage re-drawing of African boundaries; the break-up of Sudan would be a rare exception to that rule.

PEACEFUL TRANSITION

A peaceful transition in Sudan requires settlement of many issues -- arrangements on citizenship and nationality, natural resource management (oil and water), currency, partition of assets and liabilities, security and international treaties. The existing dialogue mechanisms between the North and South which have worked so far could be used to help both parts of Sudan to cooperate constructively and avoid conflict.

The role of the UN and African Union would be important in this respect. We in India having experienced the painful trauma and consequences of Partition should appreciate the difficult road ahead for Sudan. India would need to be engaged with this issue which is likely to come up in the UN Security Council.

(The author is a former Ambassador of India. He has served in Sudan. The views are personal.)