



global witness

For immediate release: 5 July 2010

## Negotiations between north and south Sudan must include a fair and transparent oil deal, says Global Witness

A fair and transparent arrangement for sharing and monitoring the revenues from Sudan's oil fields should be a top priority for negotiators from north and south Sudan who begin talks today [1] on what will happen if the south votes for independence in January's referendum, said campaign group Global Witness.[2] The January vote could see the birth of a new country: if so, it will be impoverished and heavily dependent on oil revenues, yet also dependent on former foes in north in order to export its oil. Transparency over oil revenues will be critical to preventing a return to war.

The 2005 peace agreement that brought an end to the war between north and south Sudan contained an innovative oil wealth sharing agreement in which the south gets half of the revenues from the oil wells in the south. The \$8 billion that have flowed from north to south as a result have played a large part in stopping that peace agreement from falling apart. However, that deal comes to an end in January, at the same time that the referendum on southern independence is likely to see a landslide vote in favour of secession.

While there are numerous important issues to be discussed at the negotiations which are scheduled to start in Khartoum today, facilitated by the African Union, the key issue is what happens to the country's oil. The US Special Envoy to Sudan, General Scott Gration, has stated that without a new oil deal and an agreement on the north-south boundary, the odds of a return to violence are very high.

"The precariousness of the situation cannot be overstated. Half of the Sudanese government's domestic revenue comes from oil, yet most of the oil fields are in the south which could be an independent country next year. Both sides appear to be preparing for the worst, with armies stationed on the border. There is a clear and present need for the negotiators to address what will happen to the oil, whatever the result of the referendum," said Global Witness campaigner Rosie Sharpe.

In October 2007, suspicions over whether oil revenues were being shared fairly caused the Comprehensive Peace Agreement to come close to falling apart, when the south temporarily pulled out of the power sharing government.

Global Witness is calling for any new oil deal to make compliance easily verifiable, be backed up by an independent monitor, and incorporate a dispute resolution mechanism. A financial audit should be conducted of the current oil revenue sharing in order to build trust between the two parties. Both parties should commit to setting up a system of double disclosure whereby the oil companies publish what they pay to the governments, and the governments publish what they receive from the companies. An independent auditor should check that the two sets of figures match and civil society should watchdog the whole process. [3]

"There is such a lot of money at stake and such a lot of mistrust between the two parties, any new oil deal has to have checks and balances in it in order to ensure that it is strong and transparent enough to encourage peace and cooperation. If the deal goes wrong it is difficult to see it ending in anything but a fight for control of the oil fields," said Sharpe.

The civil war between north and south Sudan lasted for 22 years and resulted in nearly two million people losing their lives and almost four in five southerners having to flee their homes at some point.

**/ Ends**

**Contacts:** Rosie Sharpe on +44 20 7492 5893, +44 7872 502 587 or [rsharpe@globalwitness.org](mailto:rsharpe@globalwitness.org); Amy Barry on +44 7980 664397 or [abarry@globalwitness.org](mailto:abarry@globalwitness.org).

### Notes to editors:

[1] The National Congress Party and the Sudan People's Liberation Movement signed a Memorandum of Understanding on 23 June 2010 on the structure and framework of the post-referendum negotiations. The MoU is an agreement on how the talks shall be structured, that includes division of the negotiations between

four working groups: on citizenship, on security, on financial, economic and natural resources issues, and on international treaties and legal issues. The post-referendum negotiations are scheduled to start on 5 July 2010 and are due to be facilitated by the African Union with support from the UN and the Inter-Governmental Authority on Development (IGAD). The issues will be further discussed at the 15<sup>th</sup> African Union summit, to be held in Uganda, 19-27 July 2010.

[2] Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses. Our recommendations on Sudan's new oil deal derive from our investigations into the country's current oil wealth sharing agreement; our experience in working on oil and transparency issues in other countries including Angola, Equatorial Guinea, the Republic of Congo, Cambodia and East Timor; our experience in setting up the Publish What You Pay coalition of NGOs; and our pivotal role in shaping the Extractive Industries Transparency Initiative.

[3] These recommendations are laid out in more detail in the briefing document launched by Global Witness today, available from [www.globalwitness.org](http://www.globalwitness.org)

**Global Witness investigates and campaigns to prevent natural resource-related conflict and corruption and associated environmental and human rights abuses**