

Understanding Sudan

A Teaching and Learning Resource



Fact Sheet Thirteen: The Government of Sudan Position Paper

Assume you are the Oil Minister for the Government of Sudan. The government finds itself in a difficult financial position as prices of oil, its primary source of revenue, have dropped considerably in the global market. Moreover, the Government is offering Dar Crude, the more acidic type of crude oil produced in Sudan, at heavily discounted prices in response to low global demand for oil. Worse yet, Petronas have frozen development of a new refinery, and the government has had to increase taxes to cope with diminished oil revenues.

Against this backdrop, you are the Minister responsible for negotiating a new oil contract that would help improve the financial situation of your country. The following are examples of factors to consider as you negotiate for terms of oil contracts favorable to your country.

- You will need to address whether the referendum and elections really constitute as dangerous a climate for work as alleged by the oil companies. Using the information in these fact sheets plus further information other sources try arguing a favorable case for Sudan. You could claim, for example, that Sudan is currently much safer than it has been for many years, hence demands for extra investments in by oil companies are misinformed and unwarranted.
- The contract with GNOPC had an initial payment to the Government of Sudan – MOEP has offered no such payment. You should think about whether such a payment should be asked for – it would help your current financial situation – and whether it should go to the government, or to both the Government of South Sudan and your own government.

- The question of the location of the oil should be analyzed. Look at the map of Block 5B, can you argue that it is not actually in the South, and thus you can claim all the oil revenues?
- You can use this opportunity to insist that Ascom has not rights to the oil in this area.
- You can counter claims by Lundin that oil available in Block B is limited. On the contrary, use the information in other fact sheets to demonstrate that the conditions in Block 5B suggest highly promising reserves.
- You will need to decide if you are happy that the team to build the infrastructure is French, and what you might propose instead.
- You need to make a statement about security. As important, think about *who* in particular should provide the security: the army in the south or a special division run by the government of Sudan?
- You should also think about where the oil should go, and who should monitor the oil production, if any is found.
- Finally, explore the pros and cons of raising the issues related to protecting the fresh water and other environmental concerns, e.g. land degradation.

Good luck!