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View Point

Indian Special Envoy's Tryst with Two Sudans

*Dr. Sandipani Dash**

Newly appointed Indian Special Envoy to South Sudan and Sudan Amb. Amarendra Khatua undertook his first official visits to two countries towards the end of March 2012. He met concerned ministers and officials in Khartoum and Juba. Both Sudan and South Sudan assured him that India's US$ 2.5 billion investments in the oil industry, spanning across the border, are safe and will not be affected by the simmering dispute over oil revenues between the two countries.

ONGC Videsh Limited (OVL), the overseas arm of India's state-owned oil major, has investments worth US$ 2.5 billion in petroleum exploration and production in undivided Sudan as part of the Greater Nile Petroleum Operating Company. In this consortium the OVL owns a 25 percent stake. The conflict between the two Sudans has affected OVL's commitment to supply 12,000 barrels of oil per day to Sudan, causing a loss of over US$ 8 million over the last one month.

As India enjoys strong relations with both Sudans, New Delhi responded to the requests emanating from Khartoum and Juba to use its good offices to defuse the standoff between the two countries, which have been locked in skirmishes over oil and territory (Blue Nile, South Kordofan, Abyei, exact border demarcation), since South Sudan seceded from Sudan in July 2011 after a relatively peaceful referendum was organized in January 2011.

Nearly 85 percent of oil wells are in South Sudan, but the port and transhipment facilities are in Sudan. Nevertheless, Khartoum and Juba are yet to reach a mutually agreed oil revenue sharing formula. While Sudan demands US$ 36 per barrel for the transit and refinery usage services, South Sudan offers less than a dollar. The consequent conflict has impacted the economies of both countries severely. While revenue from oil provides 98 percent of Juba's exchequer, Khartoum faces a 36 percent gap in its budget because of South Sudan's secession.

The conflict between the two countries escalated in January 2012 when South Sudan decided to halt its oil production in retaliation to Sudan's confiscation of the crude pumped into pipelines that run through the north's territory to Port Sudan. Khartoum alleged that the reason for confiscation was Juba did not pay US$ 1 billion on shipments of oil released and transferred through the oil installations in the north since July 2011.

Earlier, in November 2011, Juba ordered the expulsion from its oil fields of Sudapet, the national oil company of Sudan. Khartoum countered with an announcement that oil exports from South Sudan would be suspended. After Chinese mediation, Sudan agreed to revoke its decision of blocking the passage of South Sudanese oil, but it insisted of seizing about a quarter of the profits as compensation. Being the dominant external stake holder in the disputed oil industry, China has already appointed a special envoy for Sudan and South Sudan Liu Guijin in December 2011 who has so far visited the two countries four times.

Apart from China, countries in the East African neighbourhood and the African Union (AU) have also engaged Sudan and South Sudan to resolve their disputes. Though the two sides signed a nonaggression pact and a deal on the repatriation of around 300,000 Southerners from Sudan, they have failed to reach a consensus over oil transit fees. Still worse, there is constant acceleration of conflict between Khartoum and Juba raging over the Unity State's Heglig oil field where Indian OVL has a sizable stake.

Responding to the impasse, India engaged in the process of negotiations between Sudan and South Sudan by sending the Special Envoy. New Delhi explained this timely diplomatic initiative, by stating that (a) there is escalation of violence between the two countries, (b) to respond positively to the help solicited earlier from India by both the countries, (c) to communicate India's support for the peace initiative between the two countries, (d) to strengthen India's technical support to them, (e) to ensure protection of Indian oil interests, (f) Indian interest in South Sudan's mineral resources (g) investments by Indian companies into Sudan and South Sudan, running into billions of US$ or more, are in the pipeline.

According to the Indian Special Envoy, India is committed to strengthen and diversify bilateral ties with South Sudan. He said India sought cooperation in the areas of human resource development, social and economic fields, technical assistance and development of agriculture. The Special Envoy announced that India would be establishing, *inter alia*, a Vocational Training Centre, an agricultural seed production unit, a rural technology park, soon in South Sudan.

On the crucial oil industry, New Delhi wants Khartoum and Juba to forge their mutual interdependence. The Chinese have offered to South Sudan a pipeline, in 14-16 months, through Kenya. India believes that building a new pipeline altogether will take many more years, with security too being an issue.

Meanwhile, AU mediator Thabo Mbeki brought both Khartoum and Juba to the negotiation table. Nevertheless, these mediation efforts have not deterred the two parties from their ongoing belligerent indulgence over the Heglig oil field.

Given the post-secession conflict raging over competitive territorial claims and strategic resource ownerships, Sudan and South Sudan currently find themselves in a very complex and critical phase of their interface. The regional and international community are constantly engaging, in their own ways, with the two countries to reach an agreement on the issues of bilateral conflict. It becomes all the more urgent for New Delhi, which nurtures parallel politico-diplomatic and crucial economic linkages with both Khartoum and Juba, to sustain and strengthen its recently started negotiation efforts for converting their 'confrontational postures' into 'reciprocal gestures'.

**Dr. Sandipani Dash, Research Fellow at Indian Council of World Affairs, New Delhi 110001*

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