

15-21 Jan. 2016

The digest provides highlights of economic issues in the print and electronic media on South Sudan. UNDP's interest is on how the economic issues affects human development and vice-versa.

Media Outlets:

1. Radio Tamazuj
2. Eye Radio South Sudan
3. Gurtong
4. Bloomberg Business
5. Juba Monitor
6. The Juba Telegraph
7. Geeska Afrika Online
8. The National Today
9. Africa News
10. Business Day
11. Reuters Africa
12. The Nation Mirror
13. Sudan Tribune
14. The Daily Star

**Disclaimer:**

These are extracts from the news media outlets, they are NOT UNDP News.

## WEEKLY MEDIA ECONOMIC DIGEST SOUTH SUDAN



Empowered lives.  
Resilient nations.

### PRICES AND MARKETS

#### **Khartoum says they will not lower oil transit fees**

[Radio Tamazuj- 20 Jan. 2016](#)

Sudan's finance minister Badr al-Din Mahmoud said they will not lower fees paid to them by Juba for transport of South Sudanese oil through northern pipelines. Juba has asked Khartoum to reduce the fixed fee of 24.50 US dollars per barrel, which was agreed under the September 2012 Cooperation Agreement signed in Addis Ababa. South Sudan's ministry of petroleum reportedly sent a letter to Khartoum requesting the fee be decreased due to collapse of international oil prices to under thirty dollars per barrel. "The transit fee for South Sudan oil is governed by an agreement signed in September 2013, so it will not be amended or renegotiated," Badr al-Din said in a press statement. Juba has warned Khartoum that it will shut down its only active oilfield in Paloch unless the cost of transporting crude through Khartoum is revised to reflect the globally low oil prices.

#### **Hyperinflation Stalks War-Torn South Sudan as Prices Spike**

[Okech Francis: Bloomberg Business- 15 Jan. 2016](#)

Prices are spiraling out of control in South Sudan after two years of civil war and plunging oil prices forced the government to abandon its currency peg. An 84 percent devaluation of the South Sudanese pound against the dollar last month is set to fuel hyperinflation in a country where surging food costs and a foreign-exchange shortage boosted consumer prices by 109.9 percent in December. The collapse in oil prices since 2014 has deepened the economic crisis by slashing government revenue and forcing SABMiller Plc, the nation's main non-oil foreign investor, to shut its brewery. "This cannot take me anywhere," Suzie Gobi, a Ministry of Labor official, said of her monthly salary of 1,400 South Sudan pounds (\$75.68). "I spend 100 pounds a day. It is really bad, very difficult and we are really suffering." Also reported by Okech Francis (Bloomberg) in [Juba Monitor- 16 Jan. 2016: Hyperinflation stalks war-torn South Sudan as prices spike.](#)

## **South Sudan vows to shut down oil fields, pipeline over high transportation fees**

[Sudan Tribune- 17 Jan. 2016](#)

South Sudan's Petroleum and Mining ministry says it may be forced to shut down its oil fields in Upper Nile state and turn off pipeline, should the Sudanese government a request to lower its oil transit fees. "We are left with no option at the moment rather than to shut it down because it's not feasible. We cannot sell the oil at loss", the ministry said in a memo sent to Sudan's Ministry of Petroleum and Mining. South Sudan, according to a negotiated agreement, pays Khartoum up to \$25 per barrel for its crude oil transported through the Sudanese territory. Juba's

letter requesting the Sudanese Petroleum and Mining Ministry to reconsider its transit fees comes in the wake of changes in global oil prices. The price of crude oil is currently at \$29 dollars per barrel in the international markets. Presently, South Sudan is producing oil at 160,000 barrels per day, despite a decline in its oil production due to the violent conflict that engulfed the young nation, killing thousand and displacing nearly two million people. [Also reported in This Day- 19 Jan. 2016: South Sudan vows to shut down oil fields, pipeline over high transportation fees](#)

## **Crude oil price drops, South Sudan gets 'nothing'**

[Mabior Philip: Eye Radio South Sudan- 18 Jan. 2016](#)

South Sudan is getting 'nothing' from the oil proceeds, an economist has said. This statement comes amid the drop of crude oil price. On Sunday, the price of crude oil fell below \$30 per barrel in the world market, the lowest since 2003. Brent crude, used as an international benchmark, dropped to about \$28 per barrel, before recovering slightly to trade at \$29. South Sudan relies on oil to meet up to 80% of its budgetary obligations. But it pays about \$24 from the sale of each barrel of crude to Sudan to cover for financial arrangements after the independence of South Sudan.

South Sudan produces 160,000 barrels per day. According to officials, South Sudan oil sells at below \$30 due to its quality. "If....Khartoum gets \$24.1, that means we remain with nothing," said Dr Lual A Deng, Former Minister of Petroleum and Managing Director for the Ebony Centre. At the time of the agreement in 2012, a barrel of crude oil was selling at about \$100. [Also reported by Robert Nyawanda and Adol Majur in The National Today- 19 Jan. 2016: Record low in Global oil price could sink South Sudan Economy deeper.](#)

## **Citizens question high cost of fuel amid global crude price drop**

[Robert Nyawanda: The National Today- 20 Jan. 2016](#)

South Sudanese citizens are at a loss to explain how oil price has dropped in neighboring states, while in the country, it remains high. Following the decline in price at the world market for crude oil, the effects have trickled down to the consumers in neighboring countries of Kenya and Uganda enjoying between 22 percent and 30 percent decline at the pumps. The decline in the neighboring countries are however not

proportional to the percentage reduction in the world market prices. This is majorly as a result of the fixed costs that go to government, the cost of purchasing the product, handling fees at the port and transporting the fuel to retail stations, leaving little room for a meaningful price cut. The situation is however different in South Sudan with fuel prices shooting up instead of going down.

## **S. Sudan: Juba Takes on Sudan over Oil Transit Fees**

[Geeska Afrika Online- 16 Jan. 2016](#)

South Sudan has warned Sudan that it will shut down its only active oilfield unless the cost of transporting crude through Khartoum is revised to reflect the low oil

prices prevailing globally. The closure would be the first step in Juba's quest to bring back issues pending from the 2005 peace deal to the negotiating table, especially

if a transitional government is set up as expected this week. South Sudan ambassador to Kenya James Morgan said the Paloch oilfields in Upper Nile will be shut down because the country cannot pay Sudan \$25 per barrel in transit fees when oil prices are below \$30

per barrel. "It does not make sense to pay Khartoum \$25 and the Chinese pipeline owners \$15 per barrel when the global oil prices have plummeted. It is better to stop and preserve the natural resource while waiting for oil prices to improve," said Mr. Morgan.

### **South Sudan 'selling every oil barrel at a loss**

[Africa News- 20 Jan. 2016](#)

The falling world oil prices combined with a fixed fee for the use of export pipelines means South Sudan is now losing money on every barrel it sells, analysts said Wednesday. The country which derives most of its revenue from oil currently earns around \$20 a barrel for its low quality oil that sells at a discount to the Brent crude benchmark. On Wednesday the country's oil was trading at \$28, according to Emma Vickers of Global Witness, a London-based campaign group. But the country pays a fixed fee of \$24 to Khartoum for each barrel transiting through Sudanese pipelines to Port

Sudan on the shore of the Red Sea. As a result, oil production in South Sudan is now believed to be costing the government at least \$4 a barrel, further battering the economy of Africa's youngest nation, and raising fears of another oil shutdown. After its independence in July 9, 2011 after decades of conflict with Khartoum, South Sudan inherited 75% of the oil reserves of Sudan pre-secession but since it is landlocked, it continues to depend on Sudanese infrastructure for export.

### **Nimule traders shun goods from Uganda's Bibia over high prices**

[Paska Alfred Akwoch: The National Today- 19 Jan. 2016](#)

Traders at the border town of Nimule in Eastern Equatoria has shunned buying goods from Uganda's town of Bibia, across the border and turned to Panchalla over high prices. According to Anzoa Mindraa, who lives in Kololo in the town, goods including vegetables and fruits are cheaper to buy from Panchalla, rather than from the Uganda side. "I

resorted to getting commodities from Panchalla because natives there get them straight from the gardens and are not very expensive compared to getting goods from Bibia". Anzoa told the National Today over the weekend at the border town. Business has become difficult after the country's currency devaluation in December last year, Anzoa said.

### **Bor: Marol market shops close over customers' demands to lower prices**

[Adol Majur: The National Today- 19 Jan. 2016](#)

Marol market traders in Bor town have closed their shops after customers demand they lower prices of goods. One of the traders who closed his shop, Mohammed Ali told the National Today in an interview yesterday that complaints from customers were too much. "We import goods from Kenya and Uganda with all our energy and people in South Sudan don't appreciate that we sell foodstuffs in South Sudanese

pounds instead of dollars", Ali said. "I decided to shut down my own shop simply because we were demanded by the state government to reduce prices based on the level of the community", he added. Meanwhile Bor town commissioner Mamer Ruk, in an interview with the National Today, insisted traders reduce prices till further notice.

### **Bureau of Standard Sets Up Testing Lab in Nimule**

[Paska Alfred Akwoch: The National Today- 19 Jan. 2016](#)

The National Bureau of Standards has set up a new, equipped laboratory on South Sudan's border town of Nimule to ease the work load in Juba, and ensure no substandard goods enter the country. The bureau's Executive Director, Mary Gordon Muartat was flacked at the opening ceremony at Nimule on Saturday by the Executive General for Finance and Administration, Majak Deng Kuol and several officials from the Ministry

of Commerce, Trade and Industry. The inauguration of the "micro-bio and chemistry laboratory" was suggested by the authorities at the border to ease the heavy duty of the SSNBS at the main Headquarter in Juba. The existence of the laboratory will enable the checking of more than 100 vehicles per day compared to the previous situation when less than 50 vehicles undergo testing, officials said.

### **Women Brewing Local Beer to Support Families**

[Jacob Achiek: Gurtong- 19 Jan. 2016](#)

In order to support their families, a group of women in Jonglei State began brewing local beer to be able to afford to pay for basic needs for their families. The traditional beer known as Miao or Kuete in the local language is made from maize or sorghum as it is the staple crop in the area. Anek Alier, who lives in Nimule, Eastern Equatoria State, has been brewing Mian-chol a local brew for the past 20 years. She told Gurtong that the money she earns from the brew is for her family's

home consumption. Alier lost her husband in 2009 and was left with three daughters who she raised until they got married. A resident of Bor town, Ayen Garang Aken while speaking to our correspondent in Bor said that many women are being forced to brew alcohol as it is the only job they are capable of doing. Majority of the women have no education as they grew up in a society where only men were then allowed to attend school

### **South Sudan Beverages Ltd. to shut down in March**

[Radio Tamazuj- 16 Jan. 2016](#)

South Sudan Beverages Limited, one of South Sudan's largest private for-profit employers, is expected to shut down operations in March this year due to lack of dollars to run the business, the company's parent organization said. SSBL, owned by South African drinks company SABMiller, has existed since before independence producing White Bull and Nile Special beers as well as Coca-Cola and other soft drinks. SABMiller spokesperson Richard Farnsworth said in an email to Radio Tamazuj from London that due to shortages of access to hard currency in South Sudan, they are unable to purchase imported raw materials from Uganda necessary to continue production. "There is currently an acute shortage of access to foreign exchange in South Sudan which means our business

there, South Sudan Beverages Limited (SSBL), has been unable to buy raw materials," Farnsworth said. "As a result, SSBL has had to take the difficult decision to start preparing to wind down production operations once its existing inventory of ingredients runs out." [Also reported by Hellen Achayo in Eye Radio South Sudan: 15 Jan. 2016: SSBL at the verge of collapse, in Business day- 16 Jan. 2016: SABMiller to close South Sudan unit due to low forex supply, in Reuters Africa- 15 Jan. 2016: SABMiller to close South Sudan unit due to low forex supply, by Joe Brock and Denis Dumo in Business Day Live- 15 Jan. 2016: SABMiller to close brewery in South Sudan, by Okech Francis in The National Today- 15 Jan. 2016: SSBL to close, 176 workers to be laid off by March.](#)

### **Youths Turn To Brick Laying For Income**

**Robert Nyawanda:** [The National Today- 19 Jan. 2016](#)

After the rains that hit Juba a few months ago, Juba residents especially the youths have taken advantage of the swampy areas to make a living. A section of youths are now using the waters from the swamps to make clay bricks that they then sell to those planning to build at between 1SSP and 2SSP depending on the size and quality of the bricks. "We wake up early before the sun comes up, we dig up soil and make the bricks

using water from the swamps, the sun helps them to dry up fast, we then sell at 2SSP per brick and we have several clients who come on a daily basis." William Deng a resident of Nyakuron told the National Today. They said it keeps them busy and away from drugs as they work very hard and are exhausted at the end of the day's work. The youths also take turns guarding the bricks and waiting for clients.

### **Equity Bank seeks amicable end to strike**

**Okech Francis:** [The National Today- 20 Jan. 2016](#)

Equity bank in South Sudan is seeking to end a strike by its national staff, which started on Monday but would seek guidance from Ministry of labor to reach an amicable solution to the "dispute", the country's Managing Director, Paul Gitahi said. The strike comes in the wake of triples community prices in the capital of Juba, following a devaluation of the South Sudanese Pounds in December last year by 84 percent. Equity Bank has twelve branches, with six of them in Juba. A

two year crisis in the country weakened the economy, denying "enough" hard currency reserves, after output of its sole export commodity, crude oil was reduced by a third, to about 160, 000 barrels per day. Unity State's oilfields ceased production in April 2014, and only Paloch oil wells in Upper Nile continued pumping. [Also reported by Candiga Jacky in The Nation Mirror- 21 Jan. 2016: Labor Minister condemns strike by Equity bank employees.](#)

### **Equity Bank national staff demand pay rise**

**Hellen Achayo:** [Eye Radio South Sudan- 18 Jan. 2016](#)

The national staffs at the Equity Bank have gone on strike all over the country, demanding for a pay rise. They want the increase to be in line with the current rate of the pounds against dollars. Last month, the Central Bank abandoned the fixed rate and left it floating. The rate rose from 3.17 to 18.55 pounds per dollar in the commercial banks. Equity Bank staff, who are more than 200, say they notified the management last week and gave them three days to respond. But they received no feedback. "Without a response, we are laying down our tools," said an employee who

requested anonymity. "The least person being paid in equity bank is 2,000 pounds which cannot even buy a pair of shoes, leave alone our families abroad," said John (not real name). A secretary at the bank revealed to Eye Radio that the management was currently in a meeting, but it was not clear whether they were discussing the demand of the workers. [Also reported by Robert Nyawanda in The National Today- 19 Jan. 2016: Equity bank staff demands six times salary increment, by Richard Jale in Juba Monitor- 19 Jan. 2016: Staff strike paralyzes Equity bank.](#)

### **Chamber of Commerce says traders stranded**

**Candiga Jacky:** [The Nation Mirror- 16 Jan. 2016](#)

South Sudan Chamber of Commerce, Industry and Agriculture said the business community is experiencing huge challenges due to currency fluctuations. Simon Akuei Deng the Secretary General for Chamber of Commerce told the journalists that

after the devaluation of the national currency recently by the Central Bank, several commodities have remained at the border and entry points due to high cost of clearance. He said non stabilization of the currency is set to affect the investment climate in the

country and scare away the prospective investors. He pointed out that investors are interested in a country where the currency is stable but not the country faced with currency fluctuations like South Sudan. "Conflict in

the rating of currency is now facing traders in clearing their goods from the border side because the traders calculated at the older rate.

## ECONOMY AND PUBLIC FINANCE

### National MPs demand pay rise

Junior Ali: [Eye Radio South Sudan- 15 Jan. 2016](#)

Members of Parliament are seeking a pay rise to cover the gap created by the new exchange rate. Last month, the Central Bank and the Ministry of Finance abandoned the fixed rate of 3.16 pounds against the dollar in the commercial banks. They allowed the rate to be determined by demand and supply, resulting in a rate of 18.55 at the commercial banks. The chairman of the committee of Finance and Economy, Goch Makuach, says the salaries for the MPs should be raised

along with those of the other civil servants. "One of the prerogatives was to increase the wages for the employees in the country. But before that one could take place, the minister came out with the decision and that decision was blessed by the leadership of the country," Hon Makuach said. [Also reported by Jacob Achiek in Gurtong- 16 Jan. 2016: Civil servants appeal to Government to consider salary increment.](#)

### South Sudan seeks cancelling original oil deal with Sudan

#### Negotiation ongoing whether to continue paying Sudan \$25 per barrel- Makuei

Parach mach: [The National Today- 19 Jan. 2016](#)

The government may cancel the oil deal with Khartoum after global oil prices dropped below \$30 per barrel and renegotiate production sharing agreements with its northern neighbor and companies licensed to explore oil in the country, Information Minister Makuei Lueth said yesterday. The two countries agreed in 2012 on a \$25 fixed payment per barrel to be paid by South Sudan, as it also pays \$15 to Chinese pipeline owners,

which becomes more than the price for a barrel by over \$10. "We are in the process of renegotiating, to consider whether to continue paying Sudan \$25 per barrel of oil or push for reduction", Makuei told the National Today by phone yesterday. The Minister said the global fall in oil prices has made worst the already badly affected South Sudan's largely oil-dependent economy.

### Civil servants hit hardest by devaluation, Former Finance Minister says

Parach Mach: [The National Today- 20 Jan. 2016](#)

The devaluation of the South Sudanese Pounds has had its largest victims among the civil service, Former Finance Minister, Aggrey Tisa Sabuni said. Poor people feel it, but not the way it has affected the salaries of civil servants, Sabuni who is the Presidential Advisor on Economy said in a morning talk-show on Radio Miraya yesterday. "Public servants are worst hit by the devaluation, compared to business people and ordinary citizens", he said. "Business people and

ordinary people are adjusting the prices of the commodities they sell to suit the markets, whereas civil servants have fixed salaries...it is the public servants that need to be rescued very fast", Sabuni said. The economist however said the devaluation would turn out positive, but will not be felt immediately. "The benefits do not happen immediately, but the negative consequences are the first to be felt", Sabuni said.



### **Citizens advised to embark on agriculture as economic situation worsens**

[Candiga Jacky: The Nation Mirror- 20 Jan. 2016](#)

As the economic situation in continues to deteriorate, due to the recent floating of the national currency, the presidential Advisor on Economic Affairs, Aggrey Tisa Sabuni has urged citizens to embark on production and revive the pre-oil production to improve the living conditions in the country. Sabuni stated that the production before oil exploration in the 1970s and 80s was at its highest when the people of Southern region

in the Sudan used to produce agricultural products including pineapples in Yambio, sheep and bulls from Kapoeta, but decried that the sector has been neglected and authorities failed to revive it after the Comprehensive Peace Agreement (CPA). He stressed that neglect of the other sectors has so far impacted negatively on the economic situation and especially after the slump of oil prices below \$30 USD a barrel.

### **Khartoum preparing for South Sudan's possible oil shut down, says official**

[Sudan Tribune- 19 Jan. 2016](#)

The Sudanese government has undertaken technical measures in preparation of a possible oil production shutdown by the South Sudan, the country's finance minister said Tuesday. Speaking to Sudanese law makers, the Minister of Finance, Badr al-Din Mahmoud said that Juba has failed to pay the oil transit fees, and consequently his government was forced to take its share in kind, according to a Cooperation Agreement signed between the two countries. In August 2013, South Sudan agreed to pay to Khartoum \$9.10 for the

oil produced in Upper Nile state and \$11 for that of Unity state which produces some 20% of South Sudan's oil. Also Juba agreed to pay the Transitional Financial Assistance (TFA) to the average of the agreed oil transportation fees. Mahmoud, however, said besides the oil transportation fees (\$9.10 for the oil produced in the Upper Nile or \$11 for the oil of Unity state) the fees (\$ 25) meant to the repayment of a \$3 billion compensatory package that Juba agreed to pay Khartoum.

### **South Sudan losing money from oil exports**

[The Daily Star- 21 Jan. 2016](#)

Falling world oil prices combined with a fixed fee for use of export pipelines mean South Sudan is now losing money on every barrel it sells, analysts said Wednesday. South Sudan currently earns around \$20 a barrel for its low quality oil that sells at a discount to the Brent crude benchmark – Wednesday trading at \$28, said Emma Vickers of Global Witness, a London-based campaign group. But the landlocked country

pays a fixed transit fee of \$24 per barrel for the use of Sudan's northern export pipelines, she said. As a result, oil production in South Sudan is now believed to be costing the government at least \$4 a barrel, further battering the war-damaged economy and raising fears of another oil shutdown. The Foreign Ministry has reportedly written to Khartoum seeking to renegotiate the transit fee deal, according to Juba's Eye Radio.