The Republic of South Sudan on Wednesday protested against demands by North Sudan to impose a transit fee of $22.80 per barrel of oil describing it as nothing but a “clear declaration of economic war”.

South Sudan became independent on July 9 taking with it 75 percent of Sudan’s known oil wealth. However as all the pipelines and refineries lie in North Sudan a deal will have to be struck if the newly independent state wants to continue exporting oil, which makes up over 98 of the nascent country’s income.

"What the government in Khartoum has done is unacceptable. This is not just an economic discrimination, it is a clear sign indicating declaration of economic war against the south”, Salvatore Garang Mabiordit, undersecretary in South Sudan’s ministry of finance and economic planning told Sudan Tribune.

"As of today we still have a copy of an order from the government of Sudan to government of South Sudan and oil companies demanding charges of $22.08 as transit fee for the use of a pipeline for exporting the oil produced from the South".

Under a 2005 peace deal oil from South Sudan was shared 50-50. Negotiations on post-independence issues have failed to find agreed on how much South Sudan will pay to export oil through North Sudan’s infrastructure.

South Sudan produces around 500,000 barrels a day.

Pagan Amum, the Secretary General of the Sudan People’s Liberation Movement which is the ruling party in the South told reporters on Monday 25 that talks between the two countries are scheduled to resume next week in the Ethiopian capital of Addis Ababa.

Amum told journalists at a press conference that the two parties had struggled to reach an understanding on how to share oil revenues because the North is demanding too much.

"We could not reach any understanding each time we resume discussion since we began post-referendum negotiation in January, because the National Congress Party is ever raising unacceptable and illogical demands".

"They are demanding special charges, transport charges and other fees which are not justifiably”, said Amum adding that Khartoum had sent a written document instructing oil companies to impose $22.08 on every barrel of oil produced from the South passing through the North.

"Khartoum has all of a sudden sent written instruction to oil companies and the Republic of South Sudan that they are imposing $22.8 in every barrel we export," said the senior government official

The undersecretary in the ministry of finance and economic planning in the government of South Sudan said on Wednesday that behaviour shown by Khartoum would force the South to create a second transport corridor — linking the port at Lamu on the north coast of Kenya and the newly-independent state of South Sudan.

"We are still waiting [to see] what Khartoum would say in the upcoming negotiation scheduled to resume next week in Ethiopia. Our team will leave Juba for talks with the team from Khartoum next week. I think it is the outcome from these talks that the government of South Sudan would decide what to do in the next three years," says Mabiordit.