The Sudanese government on Sunday denied statements made by a senior official in South Sudan yesterday in which he claimed that Khartoum withdrew the rate of $22.8 per barrel it proposed on oil coming through its pipelines from its Southern neighbor.

The landlocked Republic of South Sudan (RSS) called the fee put forward by Khartoum as "daylight robbery" and threatened to seek other venues for exporting its oil.

Pagan Amum, minister of Peace and chief negotiator of RSS, said that in talks with Sudan in Addis Ababa it was agreed that the fee of $22.5 would be dropped and pricing in accordance with international norms would be used.

"This discussion brought to an end the attempt to impose discriminatory surcharges by the government of Khartoum, who announced they would impose $22.8 per barrel. They have withdrawn officially this position," Amum said.

"We will be paying pipeline fees...and also we will be paying transit fees that are within the international practices and standards," he added.

But the government sponsored Sudanese Media Center (SMC) website quoted state minister of finance and head of Khartoum’s delegation for economic negotiations Al-Fatih Ali al-Sideeg as saying that no such understanding was reached on transit fees and that discussions did not even tackle the issue of renting pipelines saying that the latter is to be determined by the oil ministry and RSS.

The Sudanese deputy governor of the Central bank Badr al-Deen Abbas also described Amum’s remarks as "incorrect". The pro-government al-Rayaam newspaper quoted unnamed sources as saying that the economic talks with RSS in Ethiopia have collapsed.

The sources said that RSS refused proposals tabled by head of African Union (AU) panel Thabo Mbeki and stuck to its position on fees charged for using Sudan’s pipelines.

Sudan already built in the transit fees into the budget and estimated that it will generate $2.6 billion annually at the rate of $22.5 per barrel the South exports.

South Sudan became an independent state earlier this month following its citizens’ overwhelming vote in favor of secession from the North last January. Both sides however, have failed to resolve a wide array of issues that could prove toxic in their future relationship.

In particular the oil-rich nation could not agree with Sudan on how much fees should be assessed for exporting crude through its pipelines.

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