The President of the Republic of South Sudan (RSS) Salva Kiir on Wednesday threatened to stop using the pipelines running through Sudan if the latter insists on sharing oil revenue as opposed to receiving transit fees.

The oil-rich South Sudan became an independent state on July 9th after a whopping 99% of registered Southerners voted in favor of seceding from the North. The referendum was part of the 2005 peace accord that ended more than two decades of civil war between the North and South. "I am saying that we will rent the North's oil pipelines and we will give them money for our oil to be transported, and we will of course pay and there is no problem," Kiir told contingents of South Sudan armed forces at Bilpam military base.

"However, this offer is unaccepted by the North. We have agreed on one thing that the oil issue should not be disrupted. They [Sudan] need oil. But we fought for 21 years without oil and we can still go for 3 years until we build our own oil infrastructure" Kiir added.

Kiir's unusually strong remarks sharply contrast those he made last June in which he suggested that the new state in the South could continue the oil sharing arrangement that was in place since the Comprehensive Peace Agreement (CPA) was signed.

"We do not want to take all the oil revenues, we must leave something for the North to help them in facing the economic challenges," Kiir told reporters following his meeting with German foreign minister Guido Westerwelle in late June.

Prior to secession the two sides evenly split the proceeds from exports of oil produced in the South.

In June Sudanese president Omer Hassan al-Bashir warned that he is prepared to shutdown oil pipelines if the landlocked south doesn't pay usage fees or share revenue from crude proceeds following its independence.

"I give the south three alternatives for the oil....either the north continues getting its share, or we gets fees for every barrel that the south sends to Port Sudan," Bashir told supporters at a rally in Port Sudan.

"If they [Southerners] don't accept that, we're going to shut down the pipeline," he said.

On Tuesday it was announced that RSS shipped its first independently sold oil cargo from Port Sudan despite lack of agreement on the transit fees.

"We are still negotiating...nothing is yet clear," Arkangelo Okwang, director general for energy in South Sudan, told the Financial Times (FT) but said he expects the north to bill the south for the use of its facilities, and added that South Sudan would ship a further 600,000 barrels on July 23.

Lead negotiator for South Sudan on oil, Pagan Amum, told the FT that the north had asked for "unfair and unreasonable" conditions of passage. "They came with crazy ideas saying they are going to impose several transit fees - a usage fee, something called a normal transit fee, then something called a special fee - maybe $15 per barrel, even more - then maybe other charges, and they wanted revenue-sharing to continue," Amum revealed.

Amum said the south was instead prepared to offer $3bn in "assistance" to the north and offered transit fees in line with international norms, citing 41 cents per barrel charged by the Chad-Cameroon pipeline, which is a similar-length. Despite receiving offers to build a pipeline to neighbors Ethiopia, Kenya or Uganda, Amum said he hoped that negotiations with the north would be successful.

"Our preferred choice is to use the pipeline that is already there, provided the north will not impose prohibitive, punitive tariffs and surcharges that are discriminatory and are imposed simply because South Sudan has become an independent landlocked country," he stressed, adding it is illegal under international law to block exports.

Today the Sudanese finance minister Ali Mahmood Hassanein said they have received an official letter from RSS informing them officially that they are willing to pay transit fees and that a delegation would travel to Khartoum soon for discussion on how much it should be. He added that Khartoum was in the process of crafting laws that sets the fees which contains three levels based on the fact that oil passes through Sudan which requires the imposition of sovereign fees.

Hassanein noted that the oil needs central treatment and purification from water as well as the use of the Bashayer port for exporting it.

Sudan has sounded the warning bell on the impact of losing control over the South's oil fields. The government announced set of austerity measures that focuses on reducing public spending.

'ABYEI BELONGS TO SOUTH SUDAN'

RSS president also addressed the issue of the disputed border region of Abyei stressing that it belongs to South Sudan.

"On 20th and 21st May, the Sudan Armed Forces [SAF] occupied Abyei by force, it was invasion. Their intention by occupying Abyei was to make us retaliate and counter attack by fighting them in Abyei, so that we could not celebrate the 9th of July as the independence of Southern Sudan. I ignored all these and ordered the SPLA not to go because we knew what they were up to," Kiir said.

"The truth is here with us, Abyei belongs to us. Whether Omar al-Bashir likes it or not, one day Abyei will rejoin the South" he added.

Khartoum's forces seized Abyei with tanks and troops, causing tens of thousands of people to flee and drawing an international outcry. Sudan claimed this was in response to an attack on SAF convoy by Southern forces in the area.

But both sides later agreed to withdraw their forces from the oil-rich region and allow Ethiopian peacekeepers to be deployed there.

Khartoum's chief Abyei negotiator Al-Dirdiri Mohammed Ahmed told Agence France Presse (AFP) last month the government was satisfied with the arrangement because it had taken care of its main concerns about the bitterly contested region, primarily that it remain in the north.

"We think it is a sustainable solution, and that peace will prevail according to this formula," Ahmed said.