Omar al-Bashir, Sudan’s president, has threatened to shut off a pipeline that exports oil from the south of the country, as prospects for peaceful partition on July 9 are eroded.

In a speech delivered at Port Sudan, the main oil export terminal, Mr Bashir said that unless the south, which currently splits oil revenues 50-50 with the north despite producing 80 per cent of output, continues to share revenues or pays a transit fee on every barrel exported, he will bring southern trade to a standstill.

”If they don’t accept either of these, we’re going to block the pipeline,” he said.

Analysts have long hoped oil might be the glue that could keep both sides amicable in advance of the south’s independence but the latest threats come against a backdrop of more than two weeks of fighting and aerial bombardment along the tense borders between the north and south of the country.

US president Barack Obama on Wednesday described the situation in Southern Kordorfan, a state north of the future border from which tens of thousands have fled, as “dire.” He said any failure to end violence there, and resist the deployment of peacekeepers to the contested border territory of Abyei would “deepen Sudan’s isolation in the international community”.

US officials told the Financial Times that China is also “deeply concerned” and could support a possible move by Washington to press for UN sanctions against both sides.

China is Khartoum’s main trading partner and extracts much of the country’s oil. So it would be a surprise move for Beijing to support such a proposal. Mr Bashir, who is indicted on war crimes for his alleged role in the separate conflict in Darfur, is due to visit China next week in a visit Chinese officials said would reaffirm Beijing’s “traditional friendship”.

The Khartoum government in the north and semi-autonomous government in the south have been involved in years of inconclusive negotiations on how to divide up everything from border territory to oil spoils. But this is the first time Khartoum has raised the prospect of isolating the landlocked south, which relies on oil for 99 percent of its revenues but is dependent on a pipeline in the north for export.

Negotiations over oil are continuing in Ethiopia under the auspices of the African Union and some analysts suggested Mr Bashir’s words are probably an “idle threat”, especially since the south has already agreed in principle to a transit fee.

Khartoum has said it will lose more than a third of overall revenues following the split, and wants a phased reduction in oil revenue sharing over six years to ease its way. The south relies on oil for revenues estimated at $8.5-11 bn since a 2005 peace deal brought an end to decades of intermittent civil war.