Global Witness spent seven month investigating the deal between the South Sudanese government and the Spanish-owned oil company Star Petroleum for two of the country’s last remaining oil blocks. We uncovered that:

* No information about who owns Star Petroleum is available to the public. Instead the company’s shareholders are all other companies registered in tax havens or unknown jurisdictions;
* The company isn’t producing oil anywhere else in the world;
* The deal is being negotiated behind closed doors, and through a loophole in the law, which means that Star has faced no competition from other companies in its negotiations for the concession.
* Star Petroleum is closely connected to a businessman convicted of a million euro fraud;

The deal is being done at a time of crisis in South Sudan. The ongoing conflict has sparked a humanitarian calamity and left more than 1.7 million people displaced. South Sudan’s oil dependent economy is in trouble: oil production has been halved by the instability and international oil prices have fallen in recent months, depleting government income.

The government has repeatedly stated that it will use oil money to bring development to its people and to broaden the economy away from oil but, this year, a third will be spent on army salaries. Not only is the company an unknown, and the country is in turmoil, but the benefits of developing South Sudan’s oil industry both to the economy and to ordinary people, have yet to be proven.

South Sudanese law makers have already gone a long way to making sure this type of information is available to the public by putting strong transparency provisions in their oil laws. Global Witness’ research uncovered that the Ministry of Petroleum activated these provisions and asked Star for documentation. Star Petroleum reports that it has provided a list of who the company’s owners are, evidence of its technical expertise, and an assessment of the possible environment impact of oil exploration. This is a positive step. The government must now allow parliamentarians to review the deal and the documentation before it is signed. Star should also make this information publically available and easily accessible. When the contract is agreed, this must be made public too.

Global Witness put its concerns about the company and the deal to Star Petroleum. In its response, the company stated that it is “doing its business in compliance with local and European laws and all business ethical standards with full[y] transparency.”

You can find the full report here:
<http://ecos.testsites2.b-lex.com/reports/2014/will-star-shine-for-south-sudan-e-0.pdf>