

Overseas Market Information



Market Survey on Electricity Sector in Sudan

Sources of information

This survey is based on primary, secondary and tertiary sources, including, but not limited to, interviews with Government officials, industry players, market regulators, importers, tax officials, exporters and the Embassy's own cumulative experience over several years. Market intelligence has also been gathered by paid surveyors.

Fact Sheet

Official Name	: Republic of the Sudan
Head of State	: Field Marshal Omer Hassan Ahmed al-Bashir
First Vice President	: Lt. Gen. Salva Kiir Mayardit (also President of Government of Southern Sudan)
Vice President	: Mr. Ali Osman Mohammed Taha
Minister of Foreign Affairs	: Mr. Lam Akol Ajawi
Minister of Defence	: Mr. Abdel Rahim Mohd. Hussein
Minister of Foreign Trade	: Prof. George Boreng Niyami
Minister of Industry	: Dr. Jalal Yusuf Al Dugair
Minister of Energy and Mining	: Dr. Awad Ahmed Al Jaz
Area	: 2,505,812 sq. km.
Population	: 40 million (estimated 2006)
Administrative Structure	: Divided into 25 states each headed by an appointed Wali or Governor with its own appointed legislative assembly.
National legislature	: Bicameral parliament, to be made up of a wholly-elected 450-member National Assembly (presently all members are appointed under power-sharing quotas agreed under the Comprehensive Peace Agreement of January 2005) and a Council of States, composed of two representatives from each state.
Main Cities	: Khartoum (comprising Khartoum, Khartoum North & Omdurman), Port Sudan, Wad Medani, El Obeid, Atbara and Juba (capital of South Sudan).
Religion	: Islam (70%), Christianity (10%) mainly in Southern Sudan and traditional religions (majority of population in Southern Sudan).
Language	: Arabic (spoken by 60% of population), English is widely spoken, and estimated 115 tribal languages.



Currency	: Sudanese Pound : US\$1 = SP 2 (June 2007)
GDP 2006	: US\$ 39.7 bn
GDP Growth 2006	: 10%
Inflation 2006	: 7.5% (official), but actual closer to 25%
GDP per capita 2006	: US\$1,000
Life Expectancy	: 56 years
Adult Literacy	: 60%
Global Trade 2006	: Imports (FOB) US\$8.07 bn; Exports (FOB) US\$5.97 bn
Major Imports from 2006	: China, India, Saudi Arabia, UAE, Egypt, Japan, France, UK
Main Imports	: Machinery & equipment, manufactured goods, petroleum & petroleum products, transport equipment, chemicals, wheat.
Major exports to 2006	: China, Japan, Saudi Arabia, UAE
Main exports	: Crude oil, livestock, sesame, cotton, gold, gum-arabic, hides & skins.
Imports from India 2006	: US\$599.04
Main imports from India	: Engineering goods including machinery & equipments, transport equipment, drugs & pharmaceuticals, readymade garments, textile yarn, plastic and linoleum products, rice, paper & wood products, tea, pulses, cosmetics & toiletries.
Exports to India 2006	: US\$22.5 million
Main Exports to India	: Crude oil, cotton, hides & skins, leather, metal scrap and gum-arabic.

### Sudanese Economy

Sudan is the largest country in Africa, sharing borders with nine countries, with a 700 km coastline on the Red Sea with Port Sudan providing an entry point for overland trade to a number of countries. Poor economic management, coupled with the severe economic disruption and imbalances caused by the civil war have constrained development. Oil income rose in 2006 (to almost US\$7-8 bn) owing to higher output and prices, but is declining in 2007. Bolstered by further gains in non-oil output and an expansion of the tax base, revenues will climb.

### The Peace Dividend

The Comprehensive Peace Agreement signed in January 2005 offered an unprecedented opportunity for millions of Sudanese for peace, prosperity and development. Improved domestic and overseas confidence did initially boost consumption and investment. In 2005, FDI hit US\$3.8 bn, the highest ever in a single year, making Sudan among the top five African recipients of FDI. It was US\$3.2 bn in 2006. Reserves in end-2006 (US\$1.4 bn) provided less than two months import cover. During the two decades before the development of the oil sector, Sudan had reserves that averaged only US\$75 mn. While the oil industry continues to attract substantial inflows, foreign money is also coming into other sectors of the post-conflict economy. In 2006, for example, work began on a new US\$100 mn B-O-O (25-year concession) wastewater project in Khartoum by a Lebanese group.

The funds pledged at the April 2005 Oslo Donor's Conference were expected to exceed US\$2.5 bn once all pledges came in. This was to cover reconstruction in the South, the border areas that suffered the gravest damage during the civil war, and Sudan as a whole. However, most donors have linked their Oslo pledges to progress in Darfur.



Under the peace deal, the autonomous Government of Southern Sudan has autonomy in its spending decisions as well as access to 50% of all revenue (oil and non-oil) generated in the South. However, the Southern Government (that assumed charge in October 2005) has little physical, social or financial infrastructure for policy execution. Its members have little experience of Government and even less of economic strategy.

Thanks to oil exports and the return of peace and reconciliation, Sudan holds out bright prospects for Indian exporters and investors. The Embassy recommends that Indian companies explore commercial possibilities in Sudan immediately.

### India-Sudan Commercial Relations

Relations between India and Sudan received a new impetus with the visit of President Dr. A. P. J. Abdul Kalam to Sudan in October 2003. India and Sudan signed a Bilateral Investment Promotion & Protection Agreement (BIPPA), a Double Taxation Avoidance Agreement (DTAA) and an MOU on cooperation in the field of Information Technology. India announced a US\$50 million line of credit, the first ever for Sudan.

At the April 2005 Oslo Donor's Conference, India pledged a grant of US\$10 million and a further concessional US\$100 mn line of credit. The utilization has been finalized. Exim Bank gave US\$41.9 mn loan for the 200 km Singa-Gedaref 220 kV double circuit transmission line and substations in January 2006.

Some of the major India-Sudan commercials where Indian firms tied-up with Sudanese firms are as follows :

- (i) IRCON for Khartoum-Wad Medani Railway Link;
- (ii) BHEL for Kosti Power Project (500 MW);
- (iii) ONGC Videsh Limited (OVL) for pipeline project for Khartoum refinery to Port Sudan export terminal.

India is Sudan's second largest source of goods and services. Several agreements on trade, economic, cultural and technological fields as well as the establishment of an Indo-Sudan Joint Business Council are clear evidence of the mutual desire to enhance bilateral cooperation.

### The Way Ahead

Sudan understands India, once its largest economic partner, and actively seeks to enhance all-round relations. Sudanese leaders at every level have talked about their "preference" for India as a development partner. To give a sustained focus to India-Sudan trade relations and achieve 50% annual growth, the Embassy's commercial policy since October 2005 is a non-exclusive "five-plus-one". The five priority sectors in which India can respond to Sudan's developmental requirements are infrastructure, agriculture, human resource development, information & communications technologies, and small & medium industries. The "plus-one" is commercially viable investment in the energy sector (oil, electricity, gas, construction). To achieve this, the Embassy has formulated a Target and Introduce Programme (TIP) under which one new Indian product is introduced every semester.

Of Sudan's 2006 global imports of US\$8.07 billion, India's share at US\$600 mn was up 88%. At the Embassy's initiative, **Enterprise India – Advantage Sudan**, an exclusive Indian product/technology showcase, was held in Khartoum in August 2006. Over 75 Indian companies participated. Business worth US\$150 million was reported.

*(Source : Embassy of India, Khartoum)*

**(To be continued at next issue)**