



Casa África – Business Opportunities

Republic of Sudan

GDP growth is projected to contract by 7.2% by 2020 at best, which could be as high as 8.9% if the pandemic drags on. The country is expected to benefit from rising gold prices, while low oil prices will reduce import revenues. However, these gains will be offset by import demand for consumer goods and intermediate goods, which will increase the trade deficit. A sustained trade deficit and a reduction in service sector exports due to weak tourism would widen the current account deficit by 14.9% to 16.3% of GDP. Declining public revenues and increased spending in response to the pandemic are expected to worsen the fiscal deficit in 2020 to 15.8% at best. The expected reduction in domestic demand will be offset by disruptions in regional and global supply chains, raising inflation in 2020 to approximately 78.5%. In recent years, foreign direct investment has been increasing, mainly directed to infrastructure, oil and gas exploration and agro-industry. However, investors are now likely to delay investment decisions in the mining, oil and manufacturing sectors, exacerbating foreign exchange shortages and increasing unemployment and inequality.

With a new government coalition, before the arrival of the pandemic Sudan presented untapped opportunities that could revitalize economic growth. For example, more than half of the country's land is agricultural, and only 15-20 per cent is being cultivated, offering enormous opportunities for private investment. Large-scale irrigated agriculture has the potential to create employment and increase national income and foreign exchange earnings. Non-food agribusiness can also accelerate growth by developing value chains that diversify the economy to compensate for the loss of oil revenues. To improve in this sector, the government could undertake structural reforms to facilitate the movement of labour from subsistence agriculture to industry and services to accelerate labour-absorbing growth and reduce unemployment.

In relation to the external sector, the country has a significant trade deficit attributable to the lack of manufacturing industry and commercial agriculture, thus depending on imports of food, manufactured products and machinery. Gold is Sudan's main export and accounts for 70 per cent of merchandise exports. The United Arab Emirates, China and Saudi Arabia top the list of the country's customers. As for suppliers, China, India and the United Arab Emirates stand out.

The country has institutional weaknesses; unemployment, external debt, climate change and low labour and capital productivity are among the main domestic challenges. Political instability has also affected growth, with hardening economic conditions such as the rising cost of bread and fuel and cash shortages. In addition, there is low productivity growth in manufacturing and agriculture due to inadequate infrastructure, energy shortages and an unfavourable macroeconomic environment. The private sector is constrained by access to finance, a low-skilled workforce and an inadequate legal and regulatory framework. In 2017, the lifting of U.S. economic and trade sanctions signaled progress in the dialogue on political sanctions and debt relief.

AEO: <https://www.afdb.org/en/documents/african-economic-outlook-2020>

AEO (Suplemento COVID-19): <https://www.afdb.org/en/documents/african-economic-outlook-2020-supplement>

MAEC: http://www.exteriores.gob.es/Documents/FichasPais/SUDAN_FICHA%20PAIS.pdf

ANNEX: Economic tables**Table 1: Macroeconomic indicators**

	2017	2018	2019	2020 (p)
Real GDP growth	1,7	-2,2	-2,4	-1,6
Real per capita GDP growth	-0,7	-4,5	-4,9	-3,8
Inflation	-	-	-	61,5
Budget balance (% GDP)	-6,5	-7,7	-5,7	-9,9
Current account (% GDP)	-10,0	-13,6	-7,8	-10,1

Source: African Development Bank, (p) predictions before the COVID-19