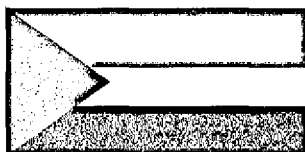


# Country Reports

## Sudan: Complexity, Conflict and Co-operation



SAIIA



Country Report No. 6



The South African  
Institute of  
International Affairs

Established 1934

**Sudan:  
Complexity, Conflict  
and Co-operation**

Greg Mills

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SAIIA Country Report No. 6

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# Sudan: Complexity, Conflict and Co-operation

Greg Mills

*Doing business in Sudan is improving all the time, and will continue to improve at an increasing pace.*

South African businessman, August 2001

*We have reached the stage where the country has to break up. There is no other solution. There is no trust. There is no confidence. Southerners are disgusted by what has happened. Maybe it will not happen in the next year. Maybe not in ten years. But eventually.*

Alfred Thaban

*Khartoum Monitor, August 2001*

## Introduction

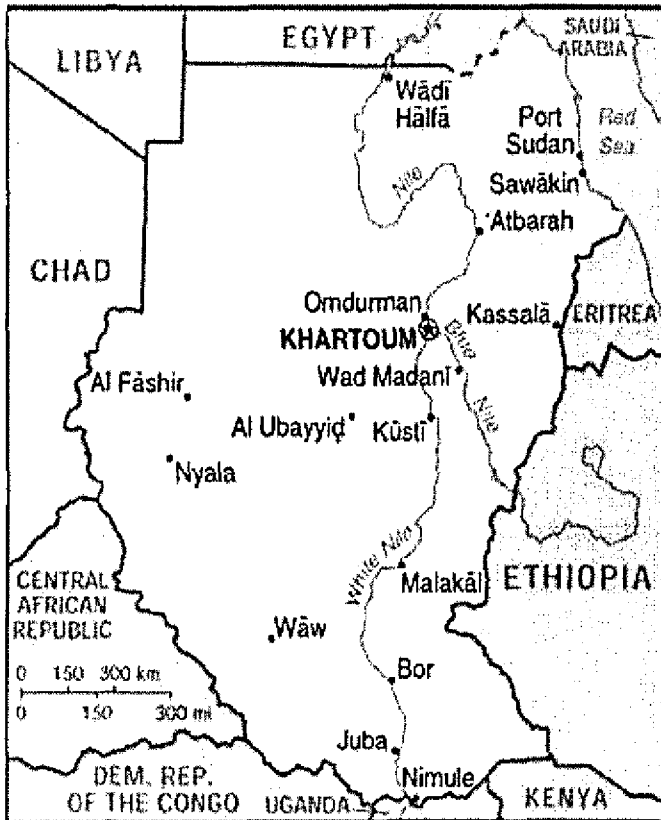
Sudan is at once complex and diverse. Africa's largest geographic state (over 2.5 million square kilometres), bordering nine nations<sup>1</sup> and encompassing at least 50 ethnic groups and 570 distinct peoples, Sudan has been the site of ongoing civil war between the largely Arab, Muslim north and African, Christian/animist south since the mid-1980s.<sup>2</sup> This has cost the lives of an

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<sup>1</sup> Democratic Republic of Congo (DRC), Eritrea, Ethiopia, Kenya, Djibouti, Uganda, Egypt, Libya, Chad and the Central African Republic (CAR). The map on page 2 is sourced from the Central Intelligence Agency (CIA) *World Factbook*. See <http://www.cia.gov>.

<sup>2</sup> Approximately 70% of the population is Sunni Muslim (in the north), with the remainder being animist (25%) and Christian (5%) and located largely in the south.

estimated two million people through war, drought and famine, it has internally displaced at least another four million and led to accusations of 'ethnic cleansing' against Khartoum.



As the United States (US) government has summarised:<sup>3</sup>

Sudan is buffeted by civil war, chronic political instability, adverse weather, weak world commodity prices, a drop in remittances from abroad, and counter-productive economic policies...Sluggish economic performance over the past

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<sup>3</sup> See <http://www.cia.gov>.

decade, attributable largely to declining annual rainfall, has kept per capita income at low levels. A large foreign debt and huge arrears continue to cause difficulties. In 1990 the International Monetary Fund (IMF) took the unusual step of declaring Sudan non-co-operative because of its non-payment of arrears to the Fund. The government's continued prosecution of the civil war and its growing international isolation continued to inhibit growth in the non-agricultural sectors of the economy....

Today, however, Sudan is attempting to break out of its diplomatic isolation imposed by the war, its poor human rights record and alleged terrorist activities.<sup>4</sup> To this end, a high-level delegation including the minister of foreign affairs, Mustapha Osman Ismail, and the minister for information and communication, Mahdi Ibrahim Mohamed, visited South Africa at the end of July 2001.

The purpose of this visit was apparently threefold: First, to win public and governmental support for Khartoum's position on the civil war and peace negotiations over that of the opposition Sudanese People's Liberation Movement (SPLM) led by John Garang. Second, to sign agreements with Pretoria and civil society bodies in South Africa. Third, to attract investment from South African-based companies, particularly in agri-processing, oil exploration and mining. Sudan is believed to have one of the world's largest unexplored oil deposits. Production of oil in 1998 was estimated at approximately 600,000 metric tonnes (12,000 barrels per day).<sup>5</sup> This had risen as high as 225,000 barrels per day by 2001, with domestic consumption of just 70,000 barrels per day. Khartoum estimates that oil production could bring in as much as \$500 million annually.<sup>6</sup>

Was the ministerial visit successful? Certainly it raised the profile of Sudan in

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<sup>4</sup> Sudan has been cited by the US as a 'state sponsor of terrorism'.

<sup>5</sup> The figures for oil and gas reserves have risen continuously. For details of the oil reserves and operations, see 'Sudan: Oil and Gas Industry', <http://www.mbendi.co.za/indy/oilg/af/su/p0005.htm>; and <http://www.worldreport-ind.com/sudan/energy.htm>.

<sup>6</sup> See <http://www.worldreport-ind.com/sudan/energy.htm>.

the South African media, but not all of it was positive.<sup>7</sup> Pretoria also did not appear completely convinced by Khartoum's rhetorical commitment to peace and democracy, and delayed the signing of an intergovernmental agreement that would, inter alia, establish a bilateral commission between the two countries.

<b>Dateline: Sudan</b>	
1 January 1956	Independence from Britain.
November 1958	Military coup, Supreme Council of the Armed Forces is established.
October 1964	Civilian government is formed.
May 1969	Revolutionary Command Council (RCC) takes power with Colonel Ga'afar Muhhamad Nimeri at its head; socialist civilian government is established.
6 April 1985	President Nimeri is overthrown in a bloodless military coup while visiting the US. General Abdel-Rahman Swar al-Dahab is made head of state.
April 1986	Elections are held. Head of state functions are assumed by a six-member Supreme Council. Sadiq al-Mahdi is appointed prime minister.
30 June 1989	Bloodless military coup. Brigadier (later Lieutenant-General) Omar Hassan Ahmad al-Bashir takes over as the head of the RCC for National Salvation.
February 1991	Sudan is divided into nine states, initiating a federal system of government. A <i>Shari'a</i> law-based penal code is instituted, but is not applied to the southern states of Equatoria, Upper Nile and Bahr al-Ghazal.

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<sup>7</sup> See, for example, Isaacson M, 'Oiled defence of war-as-usual in Sudan', *The Sunday Independent*, 29 July 2001; Reeves E, 'Do not let cheap oil from Sudan blind us to its campaign of terror against its people', *The Sunday Independent*, 29 July 2001; and Cornish JJ, 'Sudan's links with SA hinge on Khartoum ending its war', *Business Day*, 1 August 2001.

<b>Dateline: Sudan (continued)</b>	
May 1992	SPLM-Khartoum peace talks are convened in Abuja, Nigeria.
April 1993	Peace talks resume in Abuja.
October 1993	Bashir is appointed as the civilian head of state.
February 1994	Sudan is divided into 26 states by constitutional decree.
March 1994	Intergovernmental Authority on Development (IGAD) peace talks commence in Nairobi.
May 1994	Second round of IGAD talks.
July 1994	Third round of IGAD talks.
January 1996	US announces its withdrawal of all diplomatic personnel from Khartoum.
March 1996	Legislative and presidential elections are held. Bashir wins 75.7% of all the votes cast.
28 April 1996	UN adopts Security Council Resolution 1054 imposing diplomatic sanctions on Khartoum on account of its failure to comply with the earlier Security Council Resolution 1044 of January 1996 accusing Sudan of supporting terrorism and condemning its role in the attempted assassination of President Hosni Mubarak of Egypt.
April 1997	Peace accord, allowing a referendum on southern secession after a four-year period, is signed by six of the rebel groups, but not by the National Democratic Alliance (NDA) and the SPLM.
August 1997	Southern States Co-ordination Council is established, with Riak Mashar Teny-Dhurgon, the leader of the Southern Sudan Defence Force (SSDF) as its first chairman.
August 1997	President Mandela hosts talks between Bashir and Uganda to improve tense relations.
August 1997	US imposes economic sanctions owing to Sudan's alleged support for international terrorism.



<b>Dateline: Sudan (continued)</b>	
October 1997	Further IGAD peace talks open in Nairobi.
March 1998	Supreme Council of Peace, created in 1994, is dissolved.
May 1998	A further round of IGAD talks is held in Nairobi.
30 June 1998	A new constitution, based on Islamic law, is implemented after a referendum.
August 1998	US launches a missile attack on a suspected chemical weapons factory in Khartoum in which Osama bin-Laden was believed to hold an interest.
November 1998	New legislation establishes an independent electoral commission, a Constitutional Court and the legalisation of political associations.
May 1999	Former president Nimeri returns from exile in Egypt.
August 1999	Libyan peace initiative is proposed, envisioning a ceasefire, an end to propaganda, and direct talks through a conference for national dialogue, to be co-ordinated directly by Egypt and Libya. Government accepts the proposals.
November 1999	Djibouti hosts an IGAD summit.
January 2000	Talks are held in Khartoum with Egypt and Libya.
January 2000	IGAD talks held in Nairobi.
February 2000	IGAD talks in Nairobi end acrimoniously.
April 2000	Meeting held in Cairo to discuss the joint Egyptian-Libyan initiative.
April 2000	Further IGAD-sponsored talks are held.
December 2000	Presidential and parliamentary elections are held.
June 2001	IGAD talks are held in Nairobi.

This *SAIIA Country Report* examines the prospects for South African involvement in Sudan in light of ongoing economic reform efforts and various peace attempts.

## Two decades of conflict: End in sight?

In a personal interview with the author in July 2001, the Sudanese minister of foreign affairs, Mustapha Osman Ismail, when asked what he understood by the term 'good governance', replied that he viewed it in terms of the need to instil eight practices in his government, notably:<sup>8</sup>

- 'Democracy.
- Human rights.
- Peace, stability and national unity.
- Economic stability.
- [Fighting] corruption.
- Openness.
- Good neighbourliness.
- Integration with international values.'

The use of the terms 'democracy', 'human rights', 'international values' and 'national unity' by a Sudanese minister should come as a surprise, given the regime's *alleged callous use of the supply of international humanitarian relief as a weapon of war against the people of the south.*<sup>9</sup> While there has been some liberalisation of the overall political environment in the north, and new efforts are being made to end the war, the arrest and detention of opposition figures continues and the two main protagonists remain some way from agreement. Progress is made difficult by the complex dynamics of the political environment in both the north and the south.

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<sup>8</sup> Interview, State Guest House, Pretoria, 25 July 2001.

<sup>9</sup> See, for example, the US government country report on human rights practices, <http://www.state.gov/g/drl/rls/hrrpt/2000/af/index.cfm?docid=8222>. See also the Christian Aid report entitled 'The scorched earth: Oil and war in Sudan', <http://www.christian-aid.org.uk/indepth/0103suda/sudanoil.htm>, a summary of which can be found on <http://www.socialfunds.com/news/article.cgi/article538.html>.

The differences between north and south have their origins in history. Until the Turko–Egyptian invasion of 1821, the two regions lived in virtual isolation. This changed with the advent of military garrisons, telegraph and other linkages, and tax collection, although the British conquest of Khartoum in 1898 offered a measure of protection for (and the isolation of) the south from northern influence.

Rebellion in the south against the rule of Khartoum broke out in 1955 in response to attempts by Khartoum to centralise authority in Muslim Arab hands.<sup>10</sup> Fighting continued until March 1972 when an agreement was concluded in Addis Ababa between members of the South Sudan Liberation Movement and the government in terms of which the three southern provinces of Bahr al-Ghazal, Equatoria and Upper Nile would be granted a degree of autonomy. Following this agreement, elections for a Regional People’s Assembly for Southern Sudan took place in November 1973. President Nimeri cancelled the 1972 agreement soon after his election for a third six-year term of office in April 1983 and fighting in the north and south escalated once more. In June 1983, Nimeri decided to re-divide the south into three smaller regions in an effort to stop the unrest. In September of that year, he announced the imposition of Islamic *Shari’a* law. Furthermore, his regime decreed that the central government would receive the revenue generated by the newly-discovered oil reserves in the south.

The south saw this as a betrayal of the 1972 agreement, and the military situation continued to worsen for the government with the emergence of the SPLM under the leadership of Colonel John Garang, a US-educated agri-economist and former member of the Sudanese Army. The SPLM’s military wing, the Sudanese People’s Liberation Army (SPLA), rapidly gained control of large areas of Bahr al-Ghazal and Upper Nile. Public discontent against Nimeri’s increasingly Islamist rule<sup>11</sup> escalated, leading to his removal from

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<sup>10</sup> For a good historical background, see Lesch AM, ‘Sudan: The torn country’, *Current History*, May 1999, pp.218–22; and the United Kingdom (UK) Foreign and Commonwealth Office report on Sudan, <http://www.fco.gov.uk/news/dynpage.asp?Page=10304&Theme=16>.

<sup>11</sup> This included the imposition of Islamic law on the entire country and the introduction of *hudud*—Islamic punishments such as the amputation of the right hand for theft.

office in April 1985. A return to civilian rule a year later did not bring stability, however, and in June 1989 Brigadier (later Lieutenant-General) Omar Hassan Ahmad al-Bashir took over at the head of a group of Islamist officers in a bloodless military coup in conjunction with the militant National Islamic Front (NIF) under the leadership of radical legal scholar Hassan al-Turabi. Bashir undid the peace plans which had been under way in the form of an accord between the government coalition partner, the Democratic Unionist Party (DUP), and the SPLM, closed parliament, banned political parties and unions, imposed martial law, defined the war with the SPLM as a *jihad* (holy war) against infidels, and entrenched Islamic law. In 1996, Bashir was elected as civilian president, and Turabi assumed office as the speaker of parliament.

Since that time, the war between the north and south has been characterised by military offensives and countless ceasefires and peace initiatives, none of which have yet had a decisive influence.

For example, the efforts hosted by the Nigerian government in 1992 and 1993 foundered on the issue of the relationship between religion and the Sudanese states. Elsewhere, IGAD<sup>12</sup>—comprising Eritrea, Ethiopia, Sudan, Djibouti, Uganda and Kenya—which had been attempting to negotiate an end to the war since 1994, was undermined in various ways. First, by Ugandan support for the SPLM, and conversely, Khartoum's support for the Lord's Resistance Army and the West Nile Bank Front. Second, by a severing of diplomatic relations between Eritrea and Sudan in December 1994 and subsequent border clashes. Diplomatic relations were later re-established. Third, by a breakdown in relations with Ethiopia in 1997 when President Bashir called for a *jihad* against alleged Ethiopian aggression. Fourth, and more recently, by the war between Eritrea and Ethiopia; and, finally, by the Kenyan threat during 2001 of a ban on Sudanese oil imports. In response Khartoum warned, in July 2001, that it may stop importing Kenyan tea and coffee. Despite these problems, the IGAD initiative for a nationwide referendum on the future of the south has received some support, with Bashir apparently accepting the concept whatever the outcome.<sup>13</sup> A new initiative led by Egypt and Libya commenced

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<sup>12</sup> Until 1996, the Intergovernmental Agency on Drought and Development (IGADD).

<sup>13</sup> Though Bashir signed the IGAD declaration of principles on self-determination in July 1997, he subsequently stated that the agreement was not legally binding.

in 1999,<sup>14</sup> though this has not received the endorsement of the SPLM or Washington which is apparently suspicious of Libyan motives.<sup>15</sup> Moreover, the initiative is beset by two other problems: First, it appears unacceptable to most southerners given that self-determination is not on the agenda; and second, a failure to co-ordinate between the Egyptians and the Libyans themselves led to the postponement of the planned September 2001 summit.<sup>16</sup> The core problems in seeking a peace agreement are fourfold:

- The government has a strong commitment to Islam and to the concept of the unity of the state with central control, despite its rhetorical commitment to the notion of southern secession.
- Southerners would generally seem to prefer a secular, and at least federated, state. As Garang wrote in proposing a confederal model in 1996:<sup>17</sup>

In essence it means we will have two states: one in the north and one in the south, linked by a central authority responsible for all matters in which we have an agreement. These are what we call the commonalities. It is a model to end the war...accepting the realities of the country, and the reality is that the country is indeed divided.

- While the north sees a peace process in terms of gradual political liberalisation in Khartoum and a reduction of the imbalances in development between north and south leading to political accommodation across this divide, most southerners apparently prefer outright secession.
- It is unclear whether it is Garang or Bashir who has more to gain—at this stage at least—from being part of a peace agreement, or if their power and source of support, particularly in the case of Garang, derives from a

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<sup>14</sup> For details, see <http://www.reliefweb.int/IRIN/cea/countrystories/sudan/20000830b.phtml>.

<sup>15</sup> In 1990, after Bashir visited Colonel Ghaddafi in Tripoli, Libya and Sudan signed a 'declaration of integration' that envisaged the complete union of the two countries within four years. This was a far cry from the tense relations under President Nimeri, when Libyan forces occupied parts of north-western Sudan despite repeated Sudanese demands for their withdrawal.

<sup>16</sup> For an explanation of these difficulties, see 'Steam out of Libyan Egyptian initiative', *Khartoum Monitor*, 9 August 2001.

<sup>17</sup> See Garang de Maboir J, 'The shaping of a new Sudan', *Mediterranean Quarterly*, Fall 1998, pp.6-16.

continuation of the conflict. As one foreign diplomat based in Khartoum has observed, 'Garang's power-base is the war'. As is described below, it is clear that Sudan is not a simple morality play between the bad north and the good south, no matter how preferable that framework of analysis is to external observers.

It is very difficult to engender trust between the two main protagonists in the current environment, given the number of fatalities and the tactics adopted in the war, including forced abductions and indiscriminate bombings.<sup>18</sup> The devastation is reflected in the number of internally-displaced people and refugees.<sup>19</sup> The war—and the related peace efforts—are also complicated by the continuous emergence of rebel splinter movements and the realignment of opposition groupings.

The SPLM—or its military wing, the SPLA—has been weakened by a loss of support from Eritrea, Ethiopia and Uganda. (The latter recently opened diplomatic representation in Khartoum, headed by the former deputy of the Ugandan High Commission in Pretoria.) It has also been damaged by splits within the southern Sudanese resistance, allowing Bashir to play one group off against another. Southern rivals to Garang have included groups led by Kerubino Kuanyin Bol, Paulino Mathiep and the SSDF of Colonel Riak Mashar Teny-Dhurgon. In April 1993, an alliance, known as the SPLA-United, was formed between Bol, the 'Forces of Unity' and the Nasir faction, which has subsequently played a role in various peace initiatives. In March 1996, the SPLA-United alliance and the South Sudan Independence Movement signed a 'Political Charter for Peace' with the government, stating their aim to preserve national unity and providing for the holding of a referendum as 'a means of realising the aspirations of southern citizens', yet affirming that Islamic law would be the basis of future legislation. There are also a variety of northern rebel movements, including the New Sudan Brigade, which have

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<sup>18</sup> This reportedly includes rolling bombs out from the rear of (sometimes Iraqi-piloted) Antonov An-26s from a high altitude.

<sup>19</sup> According to the UN High Commissioner for Refugees (UNHCR), in December 1998 there were 372,400 Sudanese abroad, of whom 189,800 were in Uganda; 58,600 in Ethiopia; 48,200 in Kenya; 34,000 in the CAR; 31,200 in the DRC; 8,700 in Chad; and 1,900 in Egypt.

occasionally operated in alliance with the SPLA and the Beja Congress.<sup>20</sup> In October 1989, the NDA was formed by the political parties and unions banned by Bashir in that year. The NDA currently co-ordinates its activities with the SPLM. Marshan, who had been with the SPLA–United alliance, re-defected to the rebels in 2000.

As one foreign diplomat has noted:<sup>21</sup>

The war has never just been north-south. One of the problems with the peace process is not just to get the SPLA and the government to stop fighting each other, but to get the various tribal groups to stop fighting each other too.

The pattern of operations of many of the rebel groups appears, at times, virtually indistinguishable from those of regional warlords. This situation is exacerbated by the government's use of militias against the rebels drawing on ancient divisions such as those between the Dinka and Nuer and Arabs and Africans. These militias survive by foraging. Khartoum's tactics also include turning a blind eye to slave trading that generally follows the centuries'-old pattern of the Arab *Murahaleen* who took the African Dinka pastoralists of the south as slaves. Indeed, the bi-annual government re-supply of the southern garrison towns of Awiel and Wau utilises 5,000 Massiyr tribesmen who survive by foraging and slave trading. The power and level of subsidies received by the militias is taken as a barometer of reform in Bashir's government—reformists versus hardliners.

By continuing with the war in the face of the opening up of northern (Arab) politics, Garang today risks marginalisation, particularly as Khartoum moves quickly to reform its international image, and given international oil interests in Sudan. In this way, there is a striking parallel between the Sudanese war and that in Angola. Just as Luanda (with the backing of the international community) offered a peace deal to UNITA's Jonas Savimbi which he preferred not to accept, whatever the sentiments about the (im)morality of the MPLA government, Savimbi's petulance coupled with increasing strategic interests in the Angolan oil-fields saw a shift in Western and, especially, US policy. Potentially, for Savimbi read Garang; for Luanda, Khartoum. The

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<sup>20</sup> See Garang de Maboir J, *op. cit.*

<sup>21</sup> Interview, Khartoum, August 2001.

SPLM has been very successful, however, at building a special moral 'status' in the US and cultivating strong links with influential American constituencies, including Congress and the media. Even so, if Garang does not read the tea-leaves of *realpolitik*, he could find himself in the international political wilderness (see below concerning changes in US policy).

In spite of the absence of an effective peace process and peace agreement, the intensity of the war is showing signs of winding down. Although regular skirmishes still occur in the south (Eastern Equatoria) and in the eastern Blue Nile province, both the estimated 30,000 members of the NDA and the 104,500-strong government army appear to be fatigued by the ongoing conflict.<sup>22</sup> Indeed, the war is costing a great deal of money, and accounts for 70% of government expenditure. But this has not strengthened the hand of the military. As one senior member of Bashir's government has argued, 'The military is the best judge of the fact that the war has weakened them, because they are not winning the war.'<sup>23</sup> Both sides are caught in this 'can't lose, can't win' situation—with the north maintaining its presence largely through oil revenue, the south through more than \$100 million in annual humanitarian transfers.

While Bashir has opened up the (northern) domestic political environment including tolerance of a free press, the permitting of political parties and associations, and, critically, the split between the ruling National Congress and the NIF, progress towards participatory democracy remains slow and subject to possible reversal.

Four candidates opposed Bashir in the 2000 presidential election, including former President Nimeri who returned in May 1999 after 14 years of exile in

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<sup>22</sup> The NDA comprises the SPLM (20,000–30,000), the Sudan Alliance Forces (500, based mainly in Eritrea), the Beja Congress Forces (500, based in the Eritrean border area), and the New Sudan Brigade (2,000). The figure for the government forces does not include an estimated 15,000 members of the paramilitary Popular Defence Force of the National Islamic Front (NIF). See *The Military Balance, 2000/2001*. London: International Institute for Strategic Studies (IISS)/Oxford University Press (OUP), 2000, pp.283–84. Some foreign military training is given, mostly from Iran. Military supplies are also sourced from China, Iraq and Iran.

<sup>23</sup> Interview, Khartoum, August 2001.



Egypt. Bashir won with 86% of the vote in an election widely considered (in the West) to have not been free and fair. At the same time, a number of opposition parties contested the parliamentary election, although the result was virtually pre-ordained given the government's allocation, via community organisations, of 90 of the 360 available seats to the ruling National Congress.<sup>24</sup> As a result, several parties, including the DUP, the NDA and the SPLM boycotted these elections. Turabi, who had since left Bashir's government, formed the opposition People's National Congress (PNC); and the former prime minister, Saddiq al-Mahdi, remains the leader of the Umma Party. Both have been outspoken in their criticism of Bashir's government and its totalitarian nature. Turabi was detained by Khartoum authorities in February 2001, when he and three colleagues were arrested and charged with attempting to undermine the government by force and for colluding with an armed organisation after the PNC signed a memorandum of understanding with the SPLM. Turabi's fallout and subsequent showdown with Bashir has helped, however, to improve the president's international image, given Turabi's Islamic extremism and his close association with *tewalli* politics (in line with the objective of the 1989 revolution).<sup>25</sup>

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<sup>24</sup> See the excellent summary of current developments in *Strategic Survey, 2000/01*. London: IISS/OUP, 2001, pp.254–57. For a detailed background on Sudan and the conflict see also 'Sudan', *Europa World Yearbook*. London: Europa Publications, 2001, pp.3398–3413. The results of the election were: 329 seats for the National Congress; seven for the South Salvation Front; two for the Muslim Brotherhood; and 22 independent MPs. Ten percent of the seats are automatically allocated to women, although other seats are open to women. There are currently 35 women MPs. Due to the war in the south, 30 southern constituencies were appointed by the president, all bar three from the National Congress.

<sup>25</sup> For details on Sudan's internal political machinations, see Prunier G, 'Sudan: An exhausted country', *News from the Nordic Africa Institute*, 2/99, pp.2–4; Viorst M, 'Sudan's Islamic experiment', *Foreign Affairs*, May/June 1995, pp.45–58; and Okeny K, 'Historical basis of Southern Sudan's demand for self-determination', *Ufahamu*, Winter/Spring 1994, pp.89–107. The 31-member cabinet announced by Bashir in February 2001 comprised: Lieutenant-General Omar al-Bashir: president; Ali Osman Mohammed Taha: first vice-president; Moses Machar: vice-president; Major-General Salah Ahmad Mohammed Salih: minister of presidential affairs; General Al-Hadi Abdalla Mohammed al-Awad; minister of cabinet affairs; Mustapha Osman Ismail: minister of external relations; Major-General Bakri Hassan Salih: minister of defence; Major-General Abdel-Rahim Hussein: minister of interior; Abdel Rahim

This improvement in external perceptions was reflected in Sudan's improving international image. In August 2000, the International Monetary Fund (IMF) lifted its suspension of Sudan's voting and other rights, 'suggesting that the United States perceived or anticipated a shift in Sudanese policies worth encouraging'. Poor relations with the IMF stemmed back to the 1980s when Sudan unilaterally suspended payments to the Fund.<sup>26</sup> Bashir's distancing from Iran, the indication that the US air strike against a suspected chemical weapons factory in August 1998 was predicated on false information, and Sudan's joining of the Chemical Weapons Convention in May 1999 bolstered its international image. Nonetheless, it seems that international public opinion still viewed Sudan as a pariah state, as evidenced by Sudan's failed bid to gain a UN Security Council seat in October 2000, when it lost out to Mauritius. International perceptions of the human rights situation in Sudan remain poor. For example, as the US State Department has argued:<sup>27</sup>

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Hamdi: minister of finance and national economy; Awad Ahmed Al-Jaz: minister of energy and mining; Ali Mohammed Osman Yassin: minister of justice; Ghazi Salah Eddin Atabani: minister of information and communications; Nafie Ali Nafie: minister of federal government; Joseph Malwal: minister of aviation; Majzoub al-Khalifa Ahmad: minister of agriculture and forests; Samia Ahmed Mohammed: minister of welfare and social development; Jalal Yusuf Mohammed Digair: minister of national industry and investment; Riek Gaye: minister of animal resources; Abdel-Hameed Mousa Kasha: minister of external trade; Zubair Bashir Taha: minister of science and technological research; Ali Tamim Fartak: minister of general education and instruction; Mohammed Tahir Ailla: minister of roads and telecommunications; Kamal Ali Mohammed: minister of irrigation and water resources; General (retired) Alison Manani Magaya: minister of labour and administrative reform; Ahmad Bilal Osman: minister of health; Abdel Basit Abdel Magid: minister of culture and tourism; Lam Akol: minister of transport; Sideek Al-Sharif Ibrahim Yusuf Al-Hindi: minister of international co-operation; General (retired) Tigani Adam Tahir: minister of environment and urban planning; Mubarak Mohammed Al Majzoub: minister of higher education; Issam Ahmed Al-Bashir: minister of religious guidance and endowments; Abdel-Basit Sabdarat: minister of parliamentary relations; Hassan Osman Rizzig: minister of youth and sports; and Colonel Martin Malwal Arop: minister at the council of ministers without portfolio. See IRIN, <http://www.reliefweb.int/IRIN/cea/countrystories/sudan/20010226.phtml>.

<sup>26</sup> See IISS, *op cit*, p.257.

<sup>27</sup> See <http://www.state.gov/g/drl/rls/hrrpt/2000/af/index.cfm?docid=822>.

The government's human rights record remained extremely poor, and although there were some improvements in a few areas, it continued to commit numerous, serious abuses. Citizens do not have the ability to change their government peacefully. Government security forces were responsible for extrajudicial killings, and there were reports of government responsibility for disappearances. Government security forces regularly beat, harassed, arbitrarily arrested and detained, and detained incommunicado opponents or suspected opponents of the government with impunity, and there were a few reports of torture. Security forces beat refugees, reportedly raped women abducted during raids, and reportedly on occasion harassed and detained persons on the basis of their religion. Prison conditions remained harsh and life-threatening, prolonged detention is a problem, and the judiciary continued to be subservient to the government. The authorities do not ensure due process, and the military forces summarily tried and punished citizens. The government continues to infringe on citizens' privacy rights. The government still does not fully apply the laws of war to the southern insurgency, has taken few prisoners of war (POWs), and does not co-operate with the International Committee of the Red Cross (ICRC) regarding POWs. Co-operation with UN-sponsored relief operations was poor...Restrictions on press freedom continued as the government repeatedly suspended publications that criticised or disagreed with the government line, and detained journalists.

However, international support is perceived as crucial to strengthening the hand of the moderate wing of Bashir's government so as to increase the pace of political reform. Bashir reputedly faces a strong challenge from those within his government with stronger Islamic tendencies led by first vice-president Ali Osman Mohammed Taha, a close associate of Turabi, and also including the minister of agriculture and forests, Mazjoub el-Khalifa Ahmad, the minister of energy and mining, Awad Ahmed Al-Jaz, and the minister of federal government, Nafie Ali Nafie. Those allied to Bashir on the moderate wing of government apparently include: the minister of foreign affairs, Mustapha Osman Ismail, the speaker of parliament, Ahmed Ibrahim al-Tahir, and the presidential adviser for peace, Ghazi Salah El-Din. Many feel that the dispute between Taha and Bashir is likely to surface, possibly over the Egyptian-Libyan initiative, and as a result force Bashir to bring the Umma party leader Saddiq al-Mahdi and the head of the DUP Mohammad Osman el-Mirghani into government. The role of the military remains unclear, though it appears that potential dissenters within the poorly paid army<sup>28</sup> have

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<sup>28</sup> Where a Brigadier-General is reputed to earn as little as \$200 per month.

reportedly been 'bought off' by government largesse, including the construction of luxury military homes at Medina el-Nil (Nile City).

## Economic reform

Until the production of oil in the mid-1990s, Sudan's economy was largely rurally-based. The rich, fertile central basin and the flow of the two Niles through the country reflects in the agriculture base of the economy. Agriculture contributed an estimated 40% of GDP in 1997, with over 80% of the labour force employed in this sector. The main cash crop is cotton, accounting for 45% of total export earnings. The cultivation of sugar and sesame and other arable crops, according to specialists, has 'vast potential'. The Kenana Sugar Company, set up by Lonrho's Tiny Rowland in 1972, is reputedly the world's largest producer of white sugar with 387,000 tonnes produced in 1999, of which 195,000 tonnes were exported. Employing up to 16,000 workers during the cropping season, production is forecast to rise to 450,000 tonnes by 2003. Livestock farming is another important source of (mainly) local income, with over 28 million head of cattle, and 35 million each of sheep and goats, although export opportunities do exist, notably to the Gulf region. This sector already brings in an estimated \$130 million per annum.

Industry contributed 14% of GDP in 1998, including mining, manufacturing, construction and power, and employed 7.9% of the labour force. Sudan's mining reserves, excluding oil, include gypsum, gold, iron ore, chromite and wollastonite. Gold output rose sharply in 1995/96, reaching five tonnes in 1998, and accounting for 2.4% of total government revenue. Ariab Mining Company, a Sudanese-French joint venture has operations in the eastern part of Sudan, and is currently the only firm to produce gold in the country. The concession granted to the company, covering 12,000 km<sup>2</sup> in the Red Sea states 450km north-east of Khartoum, is estimated to contain some 25 tonnes of gold reserves.<sup>29</sup> Services contributed 38% of GDP in 1998, employing 18.8% of the labour force.

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<sup>29</sup> See 'Sudan's gold output rises to five tonnes in 1998', *Reuters*, 26 December 1998, [http://www.vitrade.com/banking\\_finance/981226\\_gold\\_output\\_5\\_tonnes.htm](http://www.vitrade.com/banking_finance/981226_gold_output_5_tonnes.htm). For additional details on the gold deposits, see <http://www.sudani.co.za/gold1.htm>.

The principal sources of imports in 1999 were Libya (14.7%), China (14.7%), Saudi Arabia (8.9%), the United Kingdom (UK) (8.7%) and France (6.7%); and exports, Saudi Arabia (16.3%), Italy (10.1%), Germany (4.5%), Thailand (3.1%) and France (2.8%).<sup>31</sup>

Sudan's membership of the Common Market for Eastern and Southern Africa (COMESA) links it with 19 other African countries. In October 2000, COMESA created a customs union that would, within 12 months, involve 13 of its members (Mauritius, Zambia, Zimbabwe, Malawi, Madagascar, Egypt, Sudan, Djibouti, Kenya, Seychelles, Burundi, Rwanda and Uganda) and which hopes to achieve a common external tariff in 2004.

Sudan is also a member of the African Development Bank, the Arab Bank for Economic Development in Africa, the Council of Arab Economic Unity, and the Islamic Development Bank. Its membership of the Arab Fund for Economic and Social Development which was suspended in 1997, was restored in April 2000. The summit for the Community of Sahel-Saharan States (known as COMESSA or Sen-Sad) was staged in Khartoum in February 2001. This group was created in 1998. Its original 11 members—Burkina Faso, the Central African Republic, Chad, Djibouti, Eritrea, Gambia, Libya, Mali, Niger, Senegal and Sudan—were joined by five new members—Egypt, Morocco, Nigeria, Tunisia and Somalia—in 2001. In September 2000, Egypt and Sudan signed a new trade agreement that will give preferential customs treatment to ease commercial exchanges between the two neighbouring countries.<sup>31</sup>

Despite its agricultural and, latterly, oil wealth, Sudan is extremely poor, ranking 138<sup>th</sup> out of 174 countries<sup>32</sup> (immediately below Madagascar, Nigeria and neighbouring Djibouti but above Mauritania, Tanzania and Uganda), in the United Nations' *Human Development Index* measuring quality of life on the basis of life expectancy, access to basic amenities including healthcare and education, and economic growth.

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<sup>31</sup> See Economist Intelligence Unit (EIU) Country Report 'Sudan', June 2001, p.5.

<sup>31</sup> See <http://www.reliefweb.int/IRIN/cea/countrystories/sudan/20000906b.phtml>.

<sup>32</sup> South Africa is in 94<sup>th</sup> position. See the United Nations Development Programme (UNDP), *Human Development Report, 2001*. New York: UNDP/OUP, 2001, pp.149-50.

Sudan's economic difficulties can be traced back to the 1970s when the government was forced to borrow heavily to make up a shortfall in earnings from the agricultural sector. Inflation peaked at 166% in the early 1990s. This was exacerbated by Sudan's international isolation and its exclusion from lines of credit and investment.

Economic fact sheet	
Population (growth rate %)	28 million (2.2%)
GNP per capita (\$)	290
GDP (\$m)	10,336
GDP growth, 1998 (annual %)	5.0 (-0.4% in 1990)
Infant mortality (per 1,000 live births)	69 (85 in 1990)
Life expectancy (1998)	50.9
Literacy male—% above 15 (female)	32 (57)
Telephone mainlines, 1998 (per 1,000 people)	6 (3 in 1990)
Trade as share of GDP %, 1998	5.9 (4.5 in 1990)
Aid per capita, 1998 (\$)	7 (34 in 1990)
Debt, 1998 (\$m)	15,863
Foreign direct investment, 1998 (\$m)	371 (98 in 1997)

The overall environment could stand to benefit considerably from rapid and far-reaching economic reforms. In 1997, an economic strategy for 1998–2003 was announced. The strategy aimed at reducing the rate of inflation to five percent by 2000, increasing annual GDP growth to 5.5%, and reducing the current account deficit to two percent of GDP. In line with IMF precepts, liberalisation measures have included the abolition of exchange controls and the floating of the Sudanese pound; an end to import licensing; a relaxation of restrictions on foreign exchange holdings; and the removal of price controls and subsidies on basic commodities.<sup>33</sup> In addition, an improvement in

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<sup>33</sup> See the Australian Department of Foreign Affairs and Trade (DFAT) country profile on Sudan, [http://www.dfat.gov.au/geo/sudan/sudan\\_brief.html](http://www.dfat.gov.au/geo/sudan/sudan_brief.html). This report notes, however, that 'the 2000 budget appears to be consistent with the goals of the economic reform program but the lack of investment in non-military sectors, the neglect of social and physical infrastructure and the impact of the war on general economic activity may make it difficult for the government to meet its objectives'.

relations with the IMF in 1999 is expected to lead to the release of development funding. Sudan's debt to the IMF stood at \$580 million in 2001, half of which is accrued interest repayments. For the past three years, Sudan has been making (minimum) token annual repayments of \$5.5 million.

In November 1999, Sudan resumed relations with the World Bank after a ten-year hiatus. In April 2001, Sudan reportedly regained membership of the Arab Monetary Fund, also ten years after its exclusion for its poor debt-servicing record. However, further assistance and debt relief is conditional on political reform. Khartoum requires US blessing to get into the Paris Club and gain access to additional IMF and World Bank facilities.

A key element of the government's *Comprehensive National Strategy for Development* aims to increase land transport capacity by 20 times, tarmac the roads, and connect the huge and diverse country to the road network. A 25-year development plan has been drawn up and divided into five-year stages, with foreign investment playing a vital role.<sup>34</sup> Net inward foreign direct investment has totalled an estimated \$1.1 billion over the past three years. These flows have been improved through:

- A more vigorous privatisation campaign, especially in the telecommunications sector with the planned sale of the government's 45% stake in Sudatel, created originally in 1994 with the partial privatisation of the state telecom corporation. Sudatel is listed on the Bahrain Stock Exchange. The number of subscribers has grown from 50,000 to 400,000 since 1994, with Sudatel's profits rising from \$24 million in 1997 to \$60 million in 1999. There are 30,000 mobile phone subscribers in Sudan, and this is expected to overtake fixed-line numbers. The privatisation process started in 1992 with the earmarking of 107 companies for sale, liquidation or leasing. By August 2001, 58 had been partially privatised or disposed of. There has been an estimated 14% increase in total employment in the companies affected.
- Other enterprises set for privatisation include Sudan Airways, Khartoum Airport, the eight-ship Sudan Shipping Line, the \$50 million Abara Cement Factory, the Sudan Free Zones and Market Company (including the Port

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<sup>34</sup> For full details of the Sudanese economy, see <http://www.worldreport-ind.com/sudan/introduction.htm>.

Sudan Duty Free Zone and Khartoum's Green Village Hotel), and several power projects and large agricultural ventures. Although considered one of the jewels in the state crown, Sudan Airways has, in the opinion of foreign observers, continuously 'been traded down' with old, unserviceable aircraft on the inventory. However, according to the government, a team from Andersen Consulting has recently been charged with 'putting the company in shape for its sale'.

- The Sudan Free Zones and Market Company was established in the early 1990s to operate free trade zones in two major areas: the Red Sea coast and the Al-Gaili area north of Khartoum. A plan for a Red Sea Free Zone (RSFZ), extending from Port Sudan to the port of Sawakin, has been drawn up with assistance from Beijing. By the end of 2000, 90 licences for commercial activity had been granted to investors from Sudan, Syria, Saudi Arabia, Qatar, the United Arab Emirates, Jordan, Yemen, Japan and Chile. The RSFZ is being promoted as a gateway to the 300 million-strong tariff-free COMESA market. A scheme for the Al-Gaili Free Zone is being drawn up with Irish assistance. The free zones offer a range of investor incentives, including: full repatriation of capital and profits, zero personal income tax, no corporate tax for 15 years (renewable) and no restrictions on entry or length of stay. Plans are afoot to develop export processing zones with a range of investor incentives, notably free land access for factories, warehouses and offices, and 100% ownership for operators.
- The Investment (Encouragement) Act was amended in 2000 to promote investment in livestock and agriculture in particular. In April 2001, the minister of finance announced reforms to the tax laws to encourage investment, including lifting most taxes imposed on agricultural output.
- The privatisation of banks, especially in the commercial sector, is designed to create opportunities for foreign banks. There are currently 28 locally-owned banks including the state-owned Bank of Khartoum. These are mainly depositing rather than investment institutions, as Sudan's Islamic investment code restricts considerably the range of operations and instruments available.

As the then minister for national industry and investment, Abdel Halim Ismail al-Mutaafi, noted in 2000,<sup>35</sup>

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<sup>35</sup> *Ibid.*



Since Sudan became an oil producer, the initial thrust of growth and reform has been in the petrochemical industry. Our other main objective is to maximise gains in industries linked to raw materials. We are also finding opportunities for export-oriented industries such as sugar, oil seeds, meat, gum arabic and sweets.

Economic developments and plans include:

- The further development of Giad Industrial City, 30 km north of Khartoum, for mineral (steel, copper and aluminium) processing and vehicle manufacturing. This includes the planned opening of a Hyundai car-assembly plant in Khartoum under the supervision of Sudan Master Technology, which already possesses an assembly line in Giad for medium and heavy trucks. Less encouragingly, Giad apparently also houses a small arms works, and plans are mooted for a T-72 tank factory to be built with Russian assistance.
- The drawing up of a 20-year plan in conjunction with Chinese consultants to rehabilitate Port Sudan, inter alia increasing its current crane/container capacity.
- The development of several new power-generation schemes, which are crucial given acute power shortages and frequent blackouts. The state-run National Electricity Corporation (NEC) oversees a total generating capacity of 600 MW (including several oil-fired power-stations in Khartoum producing 150 MW), and reaching just 30% of the population. The minimum power-generation capacity required in Sudan today is estimated at 1,000 MW. The NEC has set a target of boosting capacity fivefold by 2010. A 50 MW thermal scheme in Khartoum has just been completed using a German contractor. Construction is also under way on a Malaysian-financed 250 MW scheme at Kilo Asharah south of Khartoum; and a 210 MW oil-fired plant at Garri, 30 km north of Khartoum for which a Chinese delegation signed a \$150 million loan agreement in 1999. Planned schemes include: the construction of a \$1.2 billion, 1,200 MW hydro-electric facility on the Nile at Hyudu in the North State using Gulf funding. Sudan currently has only 280 MW installed hydro-electric capacity at the Rosairis facility, of which only 150 MW is often available due to maintenance (silt and debris) problems. The country is estimated to have a hydro-electric potential of 9,000 MW. Several large dam projects are also currently under consideration. The government has changed the laws governing the electricity sector, and is attempting to create openings for foreign investors by altering the NEC's role as the state monopoly

producer of power.

- The development of tourism areas, notably the Meroe Pyramids (180 km north of Khartoum), the great souk of Omdurman and the resort of Suakin on the Red Sea. The hotel industry in Khartoum, one of three cities built at the convergence of the Blue and White Nile rivers, is booming mainly due to the oil industry. The Grand Holiday Villa Hotel, once host to Winston Churchill, has been leased for 20 years to the Malaysian-based Advance Synergy Group (see box entitled 'Getting there and around'). There are several four-wheel-drive tour operators, and tourism co-operation agreements have been signed with a number of countries, including Yemen, China, Egypt, Syria and Turkey. The Gulf States are viewed as an area of great potential for visitors to Sudan. Sudan was host to an estimated 40,000–50,000 visitors in 2000, bringing in \$30–35 million. It is planned to increase tourist numbers to 300,000 by 2003, although given the state of the infrastructure and tourist facilities, this is a vain hope. Opportunities do exist, however, for developing tourism in Khartoum, though this is difficult given the need for government permits and the poor state of the road infrastructure.
- Plans aimed at boosting cotton production and processing, which fell from 400,000 bales exported in 1997 to 191,035 in 1999.
- An increase in the land under cultivation. Only 17% of suitable land is currently cultivated.
- The development of livestock and meat exports, including fresh and sea water fish. With regard to the latter, a fish factory has been built by the Arab–German Fisheries Company with an anticipated production of about 40,000 tonnes of tuna and 30,000 tonnes of shrimp annually.

In spite of the continuation of the war, the results of current reforms have been dramatic. Growth accelerated to 6% in 1997 and 1998, while inflation declined from 133% in 1996 to 17% in 1998. Although statistics are unreliable, the current account deficit narrowed to 4.1% of GDP in 1998 from 7.6% in 1996. IMF directors cited,<sup>36</sup>

the significant progress made by Sudan, under very difficult circumstances, to

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<sup>36</sup> See 'IMF hails Sudan for reversing two decades of economic decline', [http://www.vitrade.com/banking\\_finance/990604\\_afp\\_inf\\_gos.html](http://www.vitrade.com/banking_finance/990604_afp_inf_gos.html).

begin reversing two decades of economic decline and to lay the foundation for improved macro-economic management through price and exchange market liberalisation and the elimination of subsidies.

The Fund also pointed to 'formidable obstacles' confronting Sudan, where infrastructure has suffered from years of under-investment and weak tax administration.

Continued reforms, if properly implemented and coupled with peace, could lead to a significant change in Sudan's economic fortunes. In particular, an expansion in oil exports—although contentious—could lead to a radical improvement in the country's export volumes, in spite of foreign investor reluctance as a result of widespread political instability and Sudan's poor human rights record. The appointment of the reformist minister of finance, Abdel Rahim Hamdi, is expected to keep the liberalisation and privatisation programme on track, although this will remain sensitive to populist, and particularly unionist demands, in an environment where, excluding the armed forces, an estimated 750,000 people (or half of university graduates) are employed in the public sector.

*The Economist Intelligence Unit anticipates real growth of 5.9% in 2001, from 7.2% in 2000, falling to 5.5% in 2002 with an expected easing of international oil prices.*

Without peace, however, the situation for sustained, long-term economic growth is difficult. As the International Labour Organisation noted in its 1997 *World Employment Report*,<sup>37</sup> in sub-Saharan Africa seven countries—Angola, Burundi, Liberia, Rwanda, Somalia, Sierra Leone and Sudan—which are currently engaged in or emerging from civil war, 'clearly do not have the minimum level of social order necessary for economic growth'.

## **Oil and the growth of business ties**

Oil is the big story in Sudan. Oil exploration was carried out largely by Chevron in the early 1980s. The rights were sold to the Sudanese government

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<sup>37</sup> See International Labour Organisation, *World Employment 1996/97—National Policies in a Global Context*. Geneva: International Labour Office. For commentary, see <http://www.ilo.org/public/english/bureau/inf/pkits/emp4.htm#n>.

in 1984. Since that time, developments, bringing in a total of \$5 billion in foreign investment to date (August 2001), include:

- Production at the Higlieg oil-field to the south-west began in 1996. Today most of Sudan's crude oil is produced in the 225,000 barrels per day Unity (*wahdah*)/Western Upper Nile oilfield which has been operated by the Greater Nile Petroleum Operating Company (GNPOC) since 1998, and which comprises the China National Petroleum Corporation (CNPC—which owns 40%), Malaysia's Petronas (30%), the Canadian Talisman Energy Inc (25%) and Sudan's own Sudapet (5%). Talisman, which has faced considerable domestic and (Canadian) governmental opposition to its involvement in Sudan, announced in July 2001 that it had increased its profits by 11% in the second quarter of that year.<sup>38</sup> By mid-2001, GNPOC was producing from 100 wells, with an additional 30 new wells to be opened within 12 months.
- A 450,000–500,000-capacity barrels per day, 1,510 km pipeline was constructed in 11 months to service the El Wahda and Higlieg fields, running from southern Sudan to a terminal at Port Bashair, the oil terminus at Port Sudan. The \$1.2 billion pipeline is a joint venture of the GNPOC. Construction was undertaken by Italian, Argentine, Chinese and UK-based firms. At the opening in August 1999, the pipeline carried 150,000 barrels per day, which had risen by August 2001 to 225,000 barrels per day.
- Gulf Petroleum of Qatar, CNPC and Sudapet have a joint exploration agreement in the Melut Basin in southern Sudan.
- Sudapet and CNPC have a joint concession at Abu Gabra in central Sudan.
- In late 2000, the French Total firm signed an exploration agreement with Khartoum.
- In July 2001, the Russian–Belorussian company, Slavnet, announced that it had signed a joint venture agreement to develop the ninth oilfield and gas block in central Sudan. It is reportedly also considering other concessions, including the Melut Basin.
- The Swedish firm, Lundin Oil AB, is involved in a consortium with

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<sup>38</sup> See 'Talisman booming, but keeping an eye on US', United Nations Integrated Regional Information Network (IRIN), 31 July 2001, <http://reliefweb.int/IRIN/cea/countrystories/sudan/20010731c.phmtl>.

Petronas, OMV (Sudan), Exploration GmbH of Austria and Sudapet in Unity State in southern Sudan.

- Sudan, which used to import 1.5 million tonnes of petrol annually at a cost of \$430 million, stopped all imports in 2000 when the new al-Jeili refinery built near Khartoum by the CNPC-subsubsidiary, China International (Sudan) Refinery Company, came on stream—the product of a joint government/CNPC venture. Three other, older refineries, are still in operation at Port Sudan (25,000 barrels per day capacity); the 2,000 barrels per day Abu Gabra facility opened in 1992; and the refinery built in 1996 at El Obeid in Kordofan (10,000–15,000 barrels per day) to service the Higlieg field. Today, according to the minister for energy and mining, 70,000 barrels per day are retained domestically for refining, and around 150,000 barrels per day are exported. Local gasoline consumption rose 33% over the past three years, and although the levels of subsidies have been reduced, the cost (US30c per litre) is still below market cost.

Sudan is estimated to have reserves of 2–3 billion barrels of oil, although only an estimated 15% of the country's possible oil-bearing areas have so far been explored. Natural gas reserves are estimated at three trillion cubic feet. The Ministry of Energy and Mining plans to double oil production to 450,000 barrels per day by the end of 2005.

International oil companies have, however, come under fire from human rights groups and church organisations because they have forcibly depopulated drilling areas to facilitate investment. The SPLM, for its part, has strongly protested the distribution of income from the production of oil in their region, a key stumbling block to the resumption of negotiations to end the war. The government, however, maintains that this is disingenuous given that the oil only came on to international stream in 1999.

In July 2001, the South African parastatal oil exploration company, Soekor, came under fire from the Southern African Catholic Bishops' Conference (SACBC) for considering exploration activities in Sudan. In the same month, a delegation from the African National Congress including South Africa's deputy minister for minerals and energy, Susan Shubangu, visited Khartoum.

The SACBC noted:<sup>39</sup>

Oil is key to the war in Sudan. During our visits to Sudan, we saw for ourselves the results of the forced removal and displacement of tens of thousands of southern Sudanese to make the oilfields and pipeline safe from attack. We are convinced that oil is at once a major cause of the war and a means used by Khartoum to increase its military capacity.

The Soekor deal was put on hold after the visit of Sudan's minister of foreign affairs, Mustapha Osman Ismail, in 2001, and 'after the Department of Foreign Affairs had briefed them about the human rights situation, they decided against it'.<sup>40</sup>

A number of South African companies are involved in Sudan. For example, Meateng, a Johannesburg-based company, has recently completed the construction of an abattoir in Omdurman near Khartoum. A number of South African engineering concerns have also developed business, including in the railways sector. In 1994, the Transnet subsidiary Transwerk sold 200 new tanker-waggon to the Sudanese Railway Corporation (SNR). In 1999, following a visit to Khartoum by South Africa's deputy minister of foreign affairs, Aziz Pahad, an agreement was concluded between the SNR and Transnet to lease, over a four-year period, ten diesel locomotives including a maintenance package.<sup>41</sup>

Smaller South African businesses are doing increasingly lucrative trade in consumer goods. The trade relationship remains small, however, with a total trade volume of R27.4 million (R24.1 million exports to Sudan) in 1997, R61.9 million (R60.8 million exports) in 1998, and R33.7 million (R32 million exports)

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<sup>39</sup> See IRIN, 23 July 2001.

<sup>40</sup> See Fabricius P, 'SA backs off from oil deal with Sudan', *The Sunday Independent*, 29 July 2001.

<sup>41</sup> Sudan's rail gauge is similar to that in South Africa, being one metre as opposed to the South African standard 1,06m. Telephonic interview, Albert Links, Transnet, 6 August 2001. The Chinese CMC company have also been engaged in talks during 2001 for the purchase of new locomotives and the upgrading of the rail network.

in 1999.<sup>42</sup> Less encouragingly, there have been unconfirmed reports of ex-South African Defence Force special forces' members training elements of both the Sudanese Army and the SPLA.

The experience of firms doing business (outside of the oil sector) is generally positive. There is little (or no) crime (which many attributed to the severity of sentences<sup>43</sup>), little corruption despite the low salary levels, the unskilled labour market is plentiful, and the political environment does not impinge on operations near or around Khartoum. The agri-industry is identified as one with much potential for South African investors particularly given the proximity to the Gulf states and Saudi Arabia. It benefits, too, from relatively high standards with a large local body of veterinarians.

However, there are a number of drawbacks to doing business in Sudan. Most critically, it is imperative to ensure external financing. According to one business source, the Sudanese are said to have 'a totally different culture with no respect for contracts'. There is also the need for Sudan to import skilled or semi-skilled labour. Moreover, the Sudanese bureaucracy is slow and inefficient and there are difficulties in allowing containers with specialist materials to travel inland from Port Sudan. There is an absence of good local 'managerial and organisational skills'. As one source said, 'these skills are not the greatest'. This is coupled with the need to 'locate a good local who knows the ropes and can be trusted'. Also, the potential for the export of meat products is limited by a lack of control (the absence of a 'red line' of control) over foot and mouth disease which has prevented the export of meat products from both Sudan and Ethiopia to Saudi Arabia.

Yet, as one South African businessperson noted in August 2001, in terms of doing business, 'Sudan is improving all the time, and will continue to improve at an increasing pace'.

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<sup>42</sup> These figures are taken from the *South African Yearbook of International Affairs* 2000/01. Johannesburg: SAIIA, 2000, p.495.

<sup>43</sup> In accordance with *Shari'a* law, the Criminal Act provides for physical punishments including flogging, amputation, stonings and crucifixion—the public display of a body after execution.

## The US linkage: Out of the bushes?

Sudan is the one area of African policy where a broad consensus apparently exists in the US between those on the left, who argue for a more proactive interventionist Africa policy, and those on the otherwise isolationist religious right who are critical of the acts perpetrated by the largely Muslim Sudanese north against the largely Christian south. However, although this coalition supports increasing Khartoum's isolation, US policy has ironically been moving in the opposite direction, towards greater engagement, recognising the failure of the Clinton administration to make progress in ending the 30-year civil war. The shift, however, is dependent on a number of factors, not least the ability of the US reformers in the State Department to assert their primacy over the hardliners towards Khartoum. Critically, in the wake of the World Trade Centre and Pentagon bombings on 11 September 2001, any policy change will have to be tempered against perceptions of Sudan's role in international terrorism, particularly given its past links with Osama bin-Laden and his al-Qaida (Islamic Salvation Foundation) movement.<sup>44</sup> Nonetheless, Khartoum was quick to condemn the 11 September bombings, which contributed to the lifting of UN sanctions against Sudan at the end of September and a further thaw in relations with Washington.

US relations with Sudan deteriorated from the early 1990s. Khartoum backed Iraq in the 1990–91 Gulf War. The relationship worsened further with US condemnation of Sudan's human rights record. In 1993, Washington placed Sudan on the list of country's supporting international terrorism.

Even at the conclusion of Clinton's second term, relations were beginning to thaw. In September 1999, the US appointed a special envoy to Sudan, designed partly to strengthen the IGAD process; and in October of the same year, the US secretary of state, Madeline Albright, visited Sudan, during which she held meetings with Garang and reportedly urged him to strengthen the IGAD peace process and discouraged the Egyptian–Libyan initiative.

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<sup>44</sup> Bin-Laden and a number of Afghani veterans were reportedly based in Khartoum in the early 1990s, creating an extensive business and terrorist training network in alliance with Turabi and the NIS. See Cooley JK, *Unholy Wars: Afghanistan, America and International Terrorism*, 2<sup>nd</sup> Edition. London & Sterling, Virginia: Pluto Press, 2000, pp.121–123.



As a 2001 document of the Centre for Strategic and International Studies has noted,<sup>45</sup>

The new administration is well positioned to take a fresh look and move beyond a policy of containment and isolation that has made little headway in ending Sudan's war, reforming Khartoum, or ameliorating Sudan's humanitarian crisis and gross human rights abuses. Realistically, the only viable course to end Sudan's war and see progress in other critical areas is through a hard-nosed strategy based on diplomacy, heightened engagement with all parties, enhanced inducements and punitive measures, and concerted multilateral initiatives.

A review of US policy on Sudan was completed during the first half of 2001. No doubt this is being motivated in part by oil, in spite of the acknowledgement of the failure of Clinton's isolationist policy. Even so, the Sudan Peace Act, which provides for a ban on US firms being involved in Sudan as well as preventing money being raised for investment in Sudan in US capital markets, was in passage through the US Congress in 2001, although it was opposed by the Bush administration. As the US assistant secretary of state (for Africa), Walter Kansteiner, noted after a visit to the region in July 2001, the US <sup>46</sup>

needs to be engaged to pursue peace...Capital market sanctions...where we, the government, would start putting filters on who could and who couldn't use the New York Stock Exchange, that is unacceptable.

In late September 2001, House Republican leaders withdrew the Act from the floor. In August, the Senate had adopted a weaker version of the Act—not including sanctions but incorporating support for the NDA.

Or as the US secretary of state, Colin Powell, noted during his Africa tour in May–June 2001,<sup>47</sup>

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<sup>45</sup> For a detailed summary of US policy options to Sudan, see 'US Policy to End Sudan's War', *Report of the CSIS Task Force*. Washington DC: CSIS, February 2001. For an assessment of the role of pressure groups, see Masland T, 'Soldiers of Christ', *Newsweek*, 9 April 2001.

<sup>46</sup> See the UN's IRIN on <http://www.reliefweb.int/IRIN/cea/countrystories/sudan/20010712.phtml>.

<sup>47</sup> See <http://www.state.gov/secretary/rm/2001/index.cfm?docid=3110>.

We are not against any side. We want to see reconciliation, we want to see these peoples find a way to live in peace together in one nation in a system that they design, and a system that will provide for the needs and aspirations of all the people in Sudan.

This more positive view of Khartoum is cemented by the 2001 US policy review on Sudan and increased contact between the two governments. In 2001, the US re-opened its mission in Khartoum, and Sudan did the same in Washington. In July 2001, the Sudanese government lifted a three-year ban on the entry of US officials. The US was expected, by August 2001, to appoint a special envoy to Sudan, though the Bush administration's first choice, Chester Crocker, reportedly turned down the post saying he was sceptical that the current peace initiatives would be successful given domestic opposition in the US.<sup>48</sup> Indeed, the Christian fundamentalist right-wing in the US, allied to the African-American lobby, is a powerful force in shaping Washington's Sudan policy.

As a result, dialogue with Khartoum has been balanced with a capacity-building grant of \$3 million to the opposition NDA announced during Powell's Africa visit in 2001. This grant is separate from the \$10 million in assistance promised to the SPLA/SPLM by the Clinton administration in 2000.<sup>49</sup> Moreover, according to its 2001 *Patterns of Global Terrorism*, Sudan is still identified as one of seven countries designated a state sponsor of terrorism by the US government (and thus subject to unilateral sanctions).<sup>50</sup> This report notes that Sudan continues to be used as a safe haven by members of various groups, including associates of bin-Laden's al-Qaida, the Egyptian al-Gama'a al-Islamiyya, the Egyptian Islamic Jihad, the Palestine Islamic Jihad, and Hamas. With the lifting of UN sanctions in September 2001, it is now, however, viewed as complying fully with UN Security Council Resolutions 1044, 1054, and 1070, passed in 1996—which demand that Sudan end all support to terrorists and hand over three Egyptian Gama'a fugitives linked to the assassination attempt against Egyptian President Hosni Mubarak in Ethiopia in 1995. The report notes, more positively, however that:

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<sup>48</sup> See <http://www.reliefweb.int/IRIN/cea/countrystories/sudan/20010712.phtml>.

<sup>49</sup> See IRIN, <http://www.reliefweb.int/IRIN/cea/countrystories/sudan/20010528d.phtml>.

<sup>50</sup> See <http://www.state.gov/s/ct/rls/pgtrpt/2000/index.cfm?docid=2441>.

The United States and Sudan in mid-2000 entered into a dialogue to discuss US counter-terrorism concerns. The talks, which were ongoing at the end of the year, were constructive and obtained some positive results. By the end of the year Sudan had signed all 12 international conventions for combatting terrorism and had taken several other positive counter-terrorism steps, including closing down the Popular Arab and Islamic Conference, which served as a forum for terrorists.

It goes on:

In fact, the Department of State is engaged in ongoing discussions with North Korea and Sudan with the object of getting those governments completely out of the terrorism business and off the terrorism list.

Where will this pattern of normalising ties lead?

The US government might well favour a process of political liberalisation even without the participation of Garang. This is likely to be endorsed by US ally Egypt, which hopes that a peace deal would re-open the work on the Jonglei canal and start new water projects in southern Sudan. As one analyst has noted, 'Egypt needs the water and does not trust the SPLA'.<sup>51</sup> In summary, as Powell put it in June 2001:<sup>52</sup>

We will see whether the Khartoum government is interested in a constructive engagement. ... So we will measure their behaviour, we will measure their response to our actions and see whether or not we have a basis for moving forward.

To reiterate, however, the US bombing in September 2001 will likely shape the path of relations. Khartoum's positioning within (or without) an emergent international anti-terrorist coalition will be instructive in this regard. The signs are positive for Khartoum. In the words of one US State Department official, 'The administration and the State Department believe that Sudan is playing ball right now [in addressing US counter-terrorism concerns].'<sup>53</sup>

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<sup>51</sup> Prunier, *op cit*, p.4.

<sup>52</sup> See <http://www.state.gov/secretary/rm/2001/index.cfm?docid=3104>.

<sup>53</sup> IRIN, 27 September 2001.

What are the views of others?

The UK's relations with Sudan have picked up since a statement made in March 1998 in which the secretary of state for international development, Clare Short, accused Sudan of using food aid as a weapon of war. That August, following London's support for the US bombing of a suspected chemical weapons factory, Sudan announced the withdrawal of its ambassador from the UK, and the British ambassador left Khartoum that September. These appointments were reinstated by October 1999.

The European Union (EU) and the government of Sudan have been engaged in a political dialogue since November 1999. Both delegations, consisting of senior Sudanese government officials, including ministers and the EU ambassadors in Khartoum, meet regularly. During the first year of the dialogue they discussed the peace process, democratisation and the rule of law, terrorism, human rights issues and relations with neighbouring countries. Due to the progress made in this regard, both sides agreed to continue the dialogue, which focuses in 2001 on human rights issues, the peace process, democratisation and the rule of law. The final objective of the dialogue is to gradually normalise relations between the EU and Sudan. However, progress during 2001 has, so far, been limited. The arrest and detention of well-known opposition leaders, the lack of progress in the peace process and a number of incidents of human right violations are key factors in this respect.

The Australian government, in a September 2000 report, noted:<sup>54</sup>

Australia supports international and regional efforts to bring the civil war in Sudan to an end and hopes that Sudan will join with other regional parties in

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<sup>54</sup> See [http://www.dfat.gov.au/geo/sudan/sudan\\_brief.html](http://www.dfat.gov.au/geo/sudan/sudan_brief.html). The report goes on to note: 'Trade with Sudan is growing rapidly and a market may exist for further Australian agricultural products, equipment and expertise. Sudan has considerable oil and mineral reserves and, in more favourable circumstances, these might provide opportunities for Australian businesses. In 1999 Australia's exports to Sudan were valued at A\$61 million and Australia's imports from Sudan at A\$45.7 million. The principal Australian exports to Sudan in 1999 were wheat, agricultural machinery, cars, cereal preparations and food products. Crude petroleum accounted for nearly all of Australia's imports'.

finding lasting solutions to the region's social, political and economic problems. The Australian government actively supports efforts by the UN to monitor the situation in Sudan and to apply pressure on the government of Sudan and the Popular Defence Force to abide by their human rights obligations...Thus the Australian government encourages the Sudanese government to comply fully with UNSCR 1044 and consistent with that resolution has imposed entry and transit restrictions on members and officials of the Sudanese government and armed forces until Sudan fulfils its obligations.

By comparison, the South African government is trying to press the two parties to engage in a peace process 'which is most likely to work'. In this regard, Pretoria sees IGAD as being 'stagnant', with the Libyan-Egyptian initiative offering possibly better prospects. Bashir met with President Nelson Mandela in 1997, when the South African leader attempted, unsuccessfully, to mediate in the war and bring about a face-to-face meeting between the Sudanese president and Garang. Pretoria apparently sees this as a necessary step for the peace process today. However, Pretoria appears to hold strong views that Khartoum's violent and reportedly indiscriminate military campaign against the south is racist, a war waged by Arab Islamists intent on establishing *Shari'a* law at the expense of Christian and tribal traditions.<sup>55</sup> More positively, South Africa's own transition, including the nature of military integration and the formation of the Truth and Reconciliation Commission, may prove instructive to the peace process, and, indeed, is sometimes cited by Sudanese government officials and ministers in this regard. South Africa potentially thus has, in the words of one overseas analyst, 'a very significant role politically in pressing for a renewed and credible peace process'. While there has been 'lots of fake African interest...serious African engagement has been missing for a long time'.

## Conclusion: New hope in SA-Sudan relations?

Following the ministerial visit to South Africa in July 2001, agreements were signed with the University of South Africa, the Medical University of Southern Africa, the University of Pretoria and the University of the Witwatersrand, along with the South African Chamber of Business. But these are unlikely to

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<sup>55</sup> The African population is estimated at 52%, mainly in the south, and the Arab population at 39%, mainly in the north.

amount to much in the absence of a government push. Similarly, while a number of South African-linked corporations are involved in Sudan, an additional degree of security will be required for increased investment and contacts, probably in the form of warmer intergovernmental ties.

The future progress of South Africa's ties with Sudan depends on the path of the internal peace process. This is, to some degree, linked to the success of the current IGAD and Egyptian–Libyan initiatives and, especially, to the unfolding relationship between Washington and Khartoum, which has been moving from isolation, under Clinton, to normalisation and engagement with Bush.

In summary, considerable economic opportunities exist in Sudan. Growth could burgeon with peace. However, five fundamental problems exist with concluding an agreement between Khartoum and the SPLM/NDA:

- First, it is unlikely that the south will accept a peace settlement brokered by Arab states such as Libya and Egypt, or one that stops short of a confederal devolution of power through a referendum and guarantees (possibly from the US) that this will be carried through.
- Second, it is unrealistic to expect Khartoum to cede total control of the south when this is, at least at present, the area of the greatest oil activity. Bashir is also constrained by his own domestic political (Islamist) opposition within government.
- Third, it is also impractical to expect Sudan's sub-Saharan neighbours, especially Uganda, to swap sides to support Khartoum and end all military/logistical support to the SPLA, particularly, in Kampala's case, given Sudanese support for the Lord's Resistance Army.
- Fourth, sub-Saharan Africa is also, generally, suspicious of Khartoum's Arabist and Islamist orientation, though, paradoxically, the African Union is unlikely to support the creation of a breakaway southern state whatever the referendum outcome.
- Finally, and most critically, it is unlikely that a regime—which has displayed thus far none of the characteristics of an inclusive democracy—will be accepted without question and suspicion by the south, particularly given the vicious nature of the civil conflict over the past 18 years. This history of violence, fear and hatred will continue to bedevil the peace process.

In the circumstances, this *Country Report* predicts a continuation in the efforts by Bashir's government to improve its international and continental image, with a specific focus on normalising ties with Washington. This has, paradoxically, been made both more difficult but more straightforward by the September 2001 terrorist bombings in New York and Washington DC. Sudan's positioning within the global anti-terrorist coalition is critical in this regard, and to date (September 2001) has put Khartoum firmly within the US-led camp. Yet visible success in this strategy may be critical to Bashir's own political survival in the face of Islamist opposition, and may, indeed, encourage a faster pace of domestic reform. Garang and the SPLM may, like Savimbi's UNITA in Angola, find themselves increasingly isolated through a combination of Bashir's own repositioning, domestic and international fatigue with the war and the stumbling peace process, the lack of a clear (and realistic) political agenda of their own, and, critically, through the politics of oil.

## Getting there and around

**Flights:** Kenya Airlines offers a convenient service from Johannesburg to Khartoum via Nairobi. Other airlines with African connections for South Africans include Egypt Air and Ethiopian Airlines. Lufthansa, Libyan Arab Airlines, Gulf and Qatar fly to Khartoum, while Sudan Airways flies to a number of international destinations. Within Sudan, Sudan Airways offers services, but these are reportedly highly unreliable and often on Soviet-era aircraft. A Turkish company, Alfa Airlines, has reportedly taken over some of the Sudan Airways regional and international routes.

**Hotels:** There are three international standard hotels in Khartoum: Grand Holiday Villas, located on the bank of the Blue Nile (\$200 per night pp, Tel. (+249-11) 77-0352, Fax. (+249-11) 77-3961); Meridien Khartoum (\$150 per night pp, Tel. (+249-11) 77-5970, Fax. (+249-11) 77-9087); Hilton Khartoum (\$195pp per night, Tel. (+249-11) 77-4100, Fax. (+249-11) 77-5793, E-mail. [Rm\\_khartoum@hilton.com](mailto:Rm_khartoum@hilton.com)); and across the river in Khartoum North, the Daewoo/Ministry of Finance-owned Hotel Palace (\$150 per night pp, Tel. (+249-11) 33-0204/5, Fax. (+249-11) 33-6230, [www.hotlpalace.com](http://www.hotlpalace.com)). There is a 15% government tax on all hotel charges. The Kuwaiti-backed Hilton group is shortly (August 2001) to open another hotel in Port Sudan. All have Internet cafes, facilities for changing currency, and accept major credit cards. Visitors have to register within three days of arrival through the hotel with the local authorities at a cost of \$30. Discounts of up to 25% are negotiable with the hotel management depending on the length of the visit.

**Sites:** There is frustratingly little to do in Khartoum during the evenings off. The drinking of alcohol is not permitted under *Shari'a* law.

**Local transport:** Taxis are cheap (around 500 dinar (\$2) per ride), though are mostly of dubious safety and serviceability. It is recommended that the hotel hire a car and driver for you. Expect to pay \$100 per day. Trips outside of Khartoum require special permits.

**Safety:** The city has a low crime rate. Muggings are reportedly very rare.

**Local news:** There are two main, English-language dailies, the independent *Khartoum Monitor* and the government-funded *Nile Courier*, plus the weekly *Standard*.



### Getting there and around (continued)

**Contacts:** Pretoria does not have an embassy in Khartoum, which is covered from Addis Ababa by HE Ambassador JNK Mamabolo. South African Embassy, Alexander Pushkin Street, Higher 23, Kebele 10, House 1885 (Old Airport Area), Addis Ababa. Postal Address: P O Box 1091. Tel: (+251-1) 71 3034/5; (+251-1) 71-1002/17; Fax: (+251-1) 71-1330; E-mail: *sa.embassy.addis@telecom.net.et*. The address of the Sudanese Embassy in Pretoria is: Pretorius Street, Hatfield, Pretoria 0083. Tel: (+27-12) 342-4538; Fax: (+27-12) 342-4539; E-mail: *wadi@sudani.co.za*; Internet: *http://www.sudani.co.za*. The British High Commission in Khartoum does assist South African nationals in an emergency situation, liaising with the South African foreign ministry.

### About the author

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