



SUDAN  
INVESTMENT CLIMATE STATEMENT  
2015

## Table of Contents

---

### Executive Summary

#### **1. Openness To, and Restrictions Upon, Foreign Investment**

- 1.1. Attitude Toward FDI*
- 1.2. Other Investment Policy Reviews*
- 1.3. Laws/Regulations of FDI*
- 1.4. Industrial Strategy*
- 1.5. Limits on Foreign Control*
- 1.6. Privatization Program*
- 1.7. Screening of FDI*
- 1.8. Competition Law*
- 1.9. Investment Trends*
  - 1.9.1. Tables 1 and if applicable, Table 1B*

#### **2. Conversion and Transfer Policies**

- 2.1. Foreign Exchange*
  - 2.1.1. Remittance Policies*

#### **3. Expropriation and Compensation**

#### **4. Dispute Settlement**

- 4.1. Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts*
- 4.2. Bankruptcy*
- 4.3. Investment Disputes*
- 4.4. International Arbitration*
  - 4.4.1. ICSID Convention and New York Convention*
- 4.5. Duration of Dispute Resolution*

#### **5. Performance Requirements and Investment Incentives**

- 5.1. WTO/TRIMS*
- 5.2. Investment Incentives*
  - 5.2.1. Research and Development*
- 5.3. Performance Requirements*
- 5.4. Data Storage*

#### **6. Right to Private Ownership and Establishment**

**7. Protection of Property Rights**

*7.1. Real Property*

*7.2. Intellectual Property Rights*

**8. Transparency of the Regulatory System**

**9. Efficient Capital Markets and Portfolio Investment**

*9.1. Money and Banking System, Hostile Takeovers*

**10. Competition from State-Owned Enterprises**

*10.1. OECD Guidelines on Corporate Governance of SOEs*

*10.2. Sovereign Wealth Funds*

**11. Corporate Social Responsibility**

*11.1. OECD Guidelines for Multinational Enterprises*

**12. Political Violence**

**13. Corruption**

*13.1. UN Anticorruption Convention, OECD Convention on Combatting Bribery*

**14. Bilateral Investment Agreements**

*14.1. Bilateral Taxation Treaties*

**15. OPIC and Other Investment Insurance Programs**

**16. Labor**

**17. Foreign Trade Zones/Free Ports/Trade Facilitation**

**18. Foreign Direct Investment and Foreign Portfolio Investment Statistics**

**19. Contact Point at Post for Public Inquiries**

## **Executive Summary**

Currently, the trade and investment environment in Sudan is not favorable for American firms. Endemic corruption, minimal ground and air transportation links, very limited banking services, high unemployment, multiple exchange rates, government misrule, and internal conflicts undermine trade and investment efforts. There is no American Chamber of Commerce in Sudan, although a U.S.-Sudan Business Council (USSBC) was formed in late 2014 to promote bilateral trade. In addition, the potential American investor must be aware of the comprehensive U.S. and international sanctions regime placed on Sudan. General licenses from the Department of Treasury exempt U.S. exports of agricultural equipment and inputs, food, medicines and medical supplies, certain educational activities and exchanges, and information and communications technology products and services from the sanctions regime. Opportunities thus exist in these areas. Sudan has recently emerged as an attractive market for U.S.-manufactured agricultural machinery such as tractors, combines, and pivot irrigation systems, and Sudan's major dairies began buying thousands of American-breed dairy cattle in the past year. Financial transactions with Sudan are difficult to execute, even for legal and permitted activities. Since mid-2014, correspondent banks have closed accounts of clients in Sudan and have in many cases refused to conduct financial transactions if Sudanese individuals, businesses, or institutions were involved – including ones with licenses issued by the Treasury Department's Office of Foreign Assets Control (OFAC). Banks and financial institutions abroad have declined to do business with clients who have any connection to Sudan.

### **1. Openness To, and Restrictions Upon, Foreign Investment**

#### **Attitude toward Foreign Direct Investment**

There are limited possibilities for American investors and export-import firms to conduct business in Sudan. U.S. and other economic sanctions, high taxes and frequent changes to the investment code are all factors discouraging foreign direct investment. To date, gum Arabic is the only Sudan-originated product that is permitted to enter the American market, and U.S. purchasers of Sudanese gum Arabic must obtain an import license from the Treasury Department's Office of Foreign Assets Control (OFAC). Additionally, U.S. sanctions prohibit Americans from engaging in any business transaction involving the Government of Sudan, including state-owned companies. At present the Bank of Khartoum is the only Sudanese bank not designated under OFAC sanctions.

#### **Other Investment Policy Reviews**

Potential investors should bear in mind that U.S. sanctions generally prohibit U.S. persons from importing or exporting goods, services, or technology from or to Sudan, and generally prohibit U.S. persons from engaging in financial transactions with the Sudanese government, among other prohibitions. Certain types of transactions, specified by economic sector or geographic regions within Sudan, are generally licensed, such as the export of certain agricultural commodities, medicines, and medical devices to certain areas of Sudan. In mid-February 2015, the Treasury Department issued a General License D on information and communications technology (ICT), including handheld mobile devices and U.S.-manufactured computers, laptops, and notebooks. This license exempts ICT from U.S. sanctions.

In addition, otherwise-prohibited transactions may qualify for OFAC licenses. American investors interested in business opportunities in Sudan are strongly encouraged to review the Code of Federal Regulations chapter on “Sudanese Sanctions Regulations,” Chapter 31 C.F.R. Section 538. Information on how to apply for an OFAC license is found at <http://www.treasury.gov/resource-enter/sanctions/Pages/licensing.aspx>.

OFAC’s page on Sudan is found at <http://www.treasury.gov/resource-center/sanctions/Programs/pages/sudan.aspx>.

Investors should be aware that even when operating pursuant to an OFAC license, many U.S. businesses face difficulties in transferring money to Sudan, as international financial institutions exercise extreme caution in processing transactions related to Sudan. Since mid-2014, correspondent banks have been closing the accounts of clients in Sudan and refusing to conduct financial transactions if Sudanese individuals, businesses, or institutions were involved – including ones with OFAC licenses.

For companies operating with appropriate licenses, Sudan offers a huge potential market for agricultural equipment and irrigation systems. Sudanese farmers represent a significant source of demand for seed, including GMO cotton seed, sourced from the United States. Exports of commercial agricultural equipment require a specific license, though seeds are covered by a general license for agricultural exports to specified areas in Sudan, such as Darfur and the Two Areas (South Kordofan and Blue Nile States). Currently, about 16.8 million hectares are under cultivation in Sudan; however, 84 million hectares are suitable for agriculture. Rain-fed traditional practices continue to dominate, but large-scale mechanized farming is growing, especially along the Nile and its tributaries. There is a robust market for American-manufactured pivot irrigation systems, water pumps, and well drilling equipment. Sudan’s major dairies began buying thousands of American-breed dairy cattle in the past year.

Sudan has a formal private sector, led by the Sudanese Businessmen and Employers Association and the Gum Arabic Board of Sudan. The private sector is dominated by numerous large, often family-owned industrial, agricultural and consumer products conglomerates. Many Sudanese corporate leaders have studied in the West and are fluent in English. While there is no U.S. Chamber of Commerce in Sudan, in late 2014 a number of Sudanese business leaders formed the U.S.-Sudan Business Council to promote bilateral trade.

Sudan presents one of the most challenging business environments in the world to the would-be investor. Sudan ranks 160 out of 189 countries on the June 2014 World Bank-International Financial Corporation’s “Doing Business Report – Ease of Doing Business,” down from position 149 in 2013. It is ranked 173 of 175 countries on Transparency International’s 2014 Corruptions Perception Index, ahead of only North Korea and Somalia. On the 2014 UN Human Development Index, Sudan is ranked 166 out of 187 countries. An estimated 47 percent of Sudan’s population lives on less than USD 2 per day. According to the PRS (Political Risk Service) Group, Sudan is listed 137 out of 140 countries with respect to political risk. The central government is involved in two internal conflicts: in Darfur and in the “Two Areas” of South Kordofan and Blue Nile States. Sudan and South Sudan have yet to demarcate their

common border and continue to dispute the sovereignty of the territory of Abyei. Armed UN peacekeeping missions (UNAMID and UNISFA) are located in Darfur and Abyei.

International air service to Khartoum is limited. Egypt Air, Ethiopia Airlines, Kenyan Airways, Turkish Airways, Bahrain's Gulf Airways, and several Emirati-based carriers (Etihad, Emirates, Fly Dubai, and Air Arabia) are among the carriers that serve Khartoum; no American carrier is permitted to fly to Sudan. Two private domestic airlines service Port Sudan, other regional Sudanese cities, and Juba, South Sudan.

### **Laws/Regulations of Foreign Direct Investment**

In January 2013, the Economic Development Sector of the Council of Ministers passed the National Investment Encouragement Act of 2013 that was subsequently adopted by the National Assembly. This act ensures that foreign investors enjoy the same protections as Sudanese nationals. Foreign investors, however, do complain that they are often asked for bribes to establish businesses or undertake economic projects in Sudan. There is often a difference between treatment provided by law and treatment received in practice.

### **Industrial Promotion**

In response to the loss of oil production and revenue following the secession of South Sudan in 2011, Sudanese officials are attempting to recover revenue by expanding existing oil and gas production, increasing mining operations (particularly gold mining), and reviving the agricultural and livestock sectors that had been the mainstay of the Sudanese economy prior to the advent of crude oil exports in 2000. These efforts are made more difficult by the international sanctions regime.

Sudan emphasizes its desire for more foreign direct investment. Sudan has introduced two significant investment reforms in the last three years: lowering the corporate tax rate and capital gains tax and improving the timeliness of customs clearances.

Trade missions, mainly from Saudi Arabia, Qatar, Kuwait, and the United Arab Emirates, visit Khartoum on a regular basis, often accompanied by public announcements of signed agreements and purported deals. Most foreign investment to date has been related to natural resources, particularly in petroleum and gas exploration and extraction, and agriculture. China, Malaysia, Brazil, and India have made major investments in the oil sector, and Arab Gulf states and Brazil have made major investments in Sudan's agricultural sector. Other countries, including Indonesia, Turkey, Iran, Italy, Spain, and South Africa have also shown interest in expanding existing commercial relations with Sudan.

### **Limits on Foreign Control**

Despite the legal protections guaranteed under the National Investment Encouragement Act of 2013, there are foreign investment restrictions in the transportation sector, specifically in railway freight transportation, inland waterways barge service, and airport operations. Most telecommunications and media, including television broadcasting and newspaper publishing, are closed to foreign capital participation. Foreign ownership is also restricted in the electrical

power generation and financial services sectors. In addition to those overt statutory ownership restrictions, a comparatively large number of sectors are dominated by government monopolies, including, but not limited to, those mentioned above. Such monopolies, together with a high perceived difficulty of obtaining required operating licenses, make it more difficult for foreign companies to invest.

### **Privatization Program**

In the last two decades, the government of Sudan has privatized many state-owned firms in the aviation, telecommunications, transportation, textiles, and agriculture sectors. However, there is very poor transparency on privatization deals. Formerly government owned businesses are frequently sold to businessmen loyal to the regime or security services. There is no public bidding process. Some foreign firms have purchased formerly government owned assets, but they typically must do so as part of a joint venture with a Sudanese firm.

### **Screening of FDI**

Sudan does screen FDI, and all potential foreign investments must receive approval from the Ministry of Investment. Due to onerous bureaucratic processes, obtaining approval can sometimes be a lengthy process. Foreign investments are prohibited or restricted in some areas, mostly due to security concerns.

### **Competition Law**

The Ministry of Justice regulates competition, both domestic and foreign, through the Public Corporations Act, which was amended in 2015.

### **Investment Trends**

Due to US and international sanctions, the poor investment and regulatory climate, corruption, and ongoing conflicts, foreign investment in Sudan remains weak. Nevertheless, investments have grown in some areas of the economy, particularly in gold mining, agricultural cash crops, and beef production.

*Table 1*

Measure	Year	Index or Rank	Website Address
<b>TI Corruption Perceptions index</b>	2014	173 of 175	<a href="http://transparency.org/cpi2014/results">transparency.org/cpi2014/results</a>
<b>World Bank's Doing Business Report "Ease of Doing Business"</b>	2015	149 of 189	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
<b>Global Innovation Index</b>	2014	143 of 143	<a href="http://globalinnovationindex.org/content.aspx?page=data-analysis">globalinnovationindex.org/content.aspx?page=data-analysis</a>
<b>World Bank GNI per capita</b>	2013	3230.00	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

*Millennium Challenge Corporation Country Scorecard*

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) or USD 4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: <http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015>.

**2. Conversion and Transfer Policies****Foreign Exchange**

The presence of four official exchange rates and the large gap between them and the black market rate add to the difficulty and complexity of repatriating profits and foreign exchange. While Sudanese and foreigners are permitted to hold foreign currency accounts in private commercial banks, access to the currency can be delayed and/or limited without prior notification. Individuals and businesses often resort to obtaining hard currency on the black market. Local businesses may avoid holding significant cash in domestic deposit accounts all together. Sudanese authorities periodically crack down on dealers involved in unlicensed foreign exchange transactions.

*Remittance Policies*

The government can introduce changes to policies governing currency access, conversion, and capital repatriation without warning, and such changes generally become effective immediately upon announcement. High inflation, which reached 36.9 percent in 2014, and exchange rate instability are major disincentives to foreign direct investment in Sudan. Additionally, the Central Bank is expected to further devalue the Sudanese pound (SDG) against the U.S. dollar in 2015, in line with an IMF recommendation under the March 2014 Staff Monitored Program that



Sudan takes steps to move toward a managed float. (Note: The official exchange rate is 5.9 Sudanese pounds to the U.S. dollar, while the parallel black market rate has hovered around 9 SDGs to the dollar for the past year.) Numerous international companies, notably foreign airlines operating in Khartoum, have been unable to repatriate their capital from Sudan for several years, mostly due to Central Bank of Sudan hard currency shortages.

The Sudanese Financial Information Unit (part of the Central Bank) has cooperated extensively with the Middle East and North Africa Financial Action Task Force (MENAFATF), in particular by fine-tuning its legislation to be in accordance with international standards. After several amendments, MENAFATF officially approved of Sudan's recent anti-money laundering legislation.

### **3. Expropriation and Compensation**

Sudanese investment law states that "just compensation" must be offered in the case of nationalization or confiscation of all or part of any investment for "the public interest." No mechanism exists for determining compensation or defining what are specific public interests. The U.S. government is unaware of any outstanding cases involving the expropriation of property belonging to a U.S. citizen or corporation.

### **4. Dispute Settlement**

#### **Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts**

The legal system in Sudan is a mix between a British common law system and Islamic sharia codes. While laws are often robust, the judicial system is widely regarded as controlled by the executive branch. Courts cannot be relied upon to deliver objective rulings, especially in sensitive or high-level cases. Judgements of foreign courts are not regularly respected.

#### **Bankruptcy**

Bankruptcy in Sudan is criminalized. Frequently creditors and debtors settle commercial disputes through special courts for commercial claims. If a settlement cannot be reached, debtors are imprisoned until they are able to pay back claims.

#### **Investment Disputes**

US persons are legally prohibited from investing in Sudan. However, foreigners investing in Sudan have frequently found themselves in disputes with both government entities and private firms. Dispute resolution is lengthy, complex, and often informal, given the poor rule of law and lack of impartiality in the judicial system.

#### **International Arbitration**

Despite mandates in the 2013 Investment Encouragement Act promising compliance with international norms and regulations, Sudan does not regularly cooperate with foreign arbitration efforts.

### *ICSID Convention and New York Convention*

Sudan's investment law does provide for international arbitration. Sudan is a party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention). However, Sudan has not signed the 1958 New York Convention. Sudan's Arbitration Act of 2005 governs all arbitration matters, to include foreign investments.

### **Duration of Dispute Resolution**

According to the World Bank's publication "Doing Business 2014," enforcement of a commercial contract in Sudan takes an average of 53 procedures and 810 days at a cost of almost 20 percent of the claim. These figures are unchanged for the last seven years. The World Bank reports that it takes 25 weeks to enforce an arbitration award rendered in Sudan (assuming no appeal) and 19 weeks for a foreign award.

## **5. Performance Requirements and Investment Incentives**

### **WTO/TRIMS**

Sudan is an observer of the WTO. However, according to a Sudanese official who worked on WTO ascension efforts, Sudanese customs, IPR, and taxation laws may be inconsistent with TRIMS requirements.

### **Investment Incentives**

The government of Sudan frequently grants investment incentives, including land grants and tax credits, to foreign investors. However, these incentives are offered on a case-by-case basis, and the terms of most investment incentives are opaque.

### *Research and Development*

Due to US sanctions, American firms do not participate in government financed research and development partners. However, some foreign firms do engage in joint ventures with government of Sudan entities, typically as part of broader investment efforts.

### **Performance Requirements**

The government of Sudan does mandate local employment, though rules and regulations are not standardized or enforced evenly. Especially for foreign firms, obtaining visas, work permits, or similar requests are extremely onerous, lengthy, and costly procedures. Standards are not applied evenly. Many domestic firms with connections to political leadership receive preferential treatment from the government.

### **Data Storage**

The National Telecommunication Corporation (NTC) sets regulations for and coordinates with foreign IT providers, but claims that the only censoring or surveillance that it mandates is to block pornographic and other "indecent" websites. However, many Sudanese suspect that IT

departments of the National Intelligence and Security Service (NISS) surveil the internet regularly, though it is unknown whether foreign IT providers comply directly with NISS. The NTC does not mandate data storage within Sudan, nor does it require foreign investors to use domestic technology content.

## **6. Right to Private Ownership and Establishment**

Foreign and domestic private businesses may register as a sole trader, partnership, limited liability company (private or public), special concession, or branch of a foreign registered company.

However, restrictions on foreign equity ownership apply in many sectors, particularly in service industries. Businesses involved in railway and inland waterway freight transportation, airport operations, television and radio broadcasting and newspaper publishing are closed to foreign participation. The government used this restriction to shut down newspapers owned wholly or in part by South Sudanese investors after the secession of South Sudan in July 2011. In addition, foreign participation is limited in the telecommunications and financial services sectors. The Investment Act of 2013 allows non-Sudanese participation in the communications and financial services sectors provided that they have received prior approval from the National Telecommunications Service and the Central Bank of Sudan.

Sudanese law does allow for the foreign purchase of privately or publically held land in Sudan, but instances of such sales are rare. The government has provided land without transferring ownership to foreign companies as an investment inducement. Land may be leased in Sudan without restrictions on the amount or the duration. The lease may not be transferred without permission.

## **7. Protection of Property Rights**

### **Real Property**

According to the World Bank, securing rights to property takes an average of six procedures over nine days and costs, on average, three percent of the property value. This has not changed in three years. However, protecting property rights can be problematic. Security and civil authorities do not follow due process at times. The judiciary is influenced by other branches of government, exercises little independence, and is widely perceived as corrupt.

### **Intellectual Property Rights**

The legislative framework on intellectual property rights (IPR) is adequate, but enforcement is uneven. There have been instances of the authorities conducting raids on shops selling counterfeit pharmaceuticals and animal dips, but no nationwide campaign to enforce IPR. Most, if not all, grocery and hardware stores display American and British name brands shipped from Dubai, Cairo, and Abu Dhabi, and many consumer goods from Egypt, South Africa, and South Korea are also on store shelves. The Sudanese Consumers Protection Society, the only consumer protection society in Sudan, has held seminars and issued warnings about counterfeit

goods/pharmaceuticals that threaten public health and safety. The Sudanese Businessmen and Employers Association has also complained about IPR violations.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

#### *Resources for Rights Holders*

Embassy point of contact on IPR concerns is Aysa Miller, [MillerAM@state.gov](mailto:MillerAM@state.gov).

Local lawyers list: [http://sudan.usembassy.gov/legal\\_information.html](http://sudan.usembassy.gov/legal_information.html)

### **8. Transparency of the Regulatory System**

The World Bank June 2014 "Doing Business" annual report ranked Sudan 160 out of 189 countries in terms of the process of starting a business. The report states that there are 10 procedures required to start a business, procedures which can take upwards of one month to complete, higher than the average for Sub-Saharan Africa. Additionally, the report measured the ease with which information about the regulatory process can be obtained. While information about fee schedules for starting a business is available upon request, it is generally difficult to obtain and not published in laws or decrees. There are no informational brochures, boards or public notices on the topic in government offices, and this information is not available online, but it can be obtained from High Investment Council on request.

### **9. Efficient Capital Markets and Portfolio Investment**

Sudan's financial system is relatively small by regional standards. The banking sector is comprised of 32 banks, including five foreign and four state-owned banks. The government has an ownership stake in many of the remaining domestic banks. Sudan remains under-banked, with banking and other financial institutions concentrated around Khartoum. The rate of non-performing loans is high.

#### **Money and Banking System, Hostile Takeovers**

Sudan's banking industry is largely cut off from the international financial system due to US and international sanctions. American, European, and Gulf Arab banks have in the last year severed relationships with Sudanese banks for compliance purposes. Still, several of the largest banks in the country control several hundred million USD in assets.

Sudan has a central banking system dominated by the Central Bank of Sudan (CBOS), which controls monetary policy and maintains a degree of independence from the rest of the government. The CBOS also maintains the fixed exchange rate of the Sudanese Pound (SDG) and sets interest rates for commercial bank lending.

## **10. Competition from State-Owned Enterprises**

According to a 2009 World Bank report, “the state indirectly owns enterprises through government officials and political parties in addition to direct ownership of enterprises by all levels of government. The broad range of activities in which the State participates as direct or indirect owner of enterprises distorts competition in those markets, as the presence of state firms provides a strong disincentive to private entry. This undermines policies...to allow greater entry of the private sector.” Despite the government announcing a mass privatization campaign to begin in 2011, it actually has privatized few enterprises or corporations. On January 19, 2013, President Omer El-Bashir issued a presidential decree privatizing 13 government agencies and liquidating five companies owned by the government. A Kuwaiti fund company sold back its share of the national airway, Sudan Air, to the government.

### **OECD Guidelines on Corporate Governance of SOEs**

Many state-owned enterprises, such as the national cellular carrier Sudatel, are owned in whole or part by ruling National Congress Party (NCP), military, police, and National Intelligence and Security Services (NISS) officials. In addition, many of these same government and party officials own and operate private businesses that receive favorable treatment by the government, including favorable exchange rates and awarding of contracts. Major government contracts are often awarded first to a firm controlled by one of these officials and then subcontracted to a firm or firms that will actually perform the work.

### **Sovereign Wealth Funds**

There is minimal transparency or accountability in state business decisions or operations. Post is not aware of any sovereign wealth funds (SWF) in Sudan.

## **11. Corporate Social Responsibility**

Both American and international activist organizations and advocacy groups for corporate social responsibility (CSR) and peace and justice in Darfur target multinational corporations with economic interests in Sudan for protest and economic boycott. As a result, many institutional investors have divested their share holdings of companies that do business in Sudan. The Chinese government and the state-owned China National Petroleum Corporation have come under international criticism for their involvement in the Sudanese petroleum sector.

A number of large Sudanese-owned corporations have active and full CSR programs that compare favorably with what one would see in the U.S. The results have been positive, and foreign investors should consider an active CSR program to build goodwill among local communities, their employees and the national, state and local governments.

### **OECD Guidelines for Multinational Enterprises**

Many state-owned enterprises, such as the national cellular carrier Sudatel, are owned in whole or part by ruling National Congress Party (NCP), military, police, and National Intelligence and Security Services (NISS) officials. In addition, many of these same government and party

officials own and operate private businesses that receive favorable treatment by the government, including favorable exchange rates and awarding of contracts. Major government contracts are often awarded first to a firm controlled by one of these officials and then subcontracted to a firm or firms that will actually perform the work.

## **12. Political Violence**

While Sudanese authorities have taken some steps to limit the activities of terrorist groups, Sudan remains on the U.S. State Sponsors of Terrorism list. The terrorist threat level throughout Sudan and particularly in the Darfur region remains critical, and the U.S. Embassy has implemented enhanced security measures to protect U.S. government personnel assigned to Sudan. The embassy itself was attacked on September 14, 2012.

The threat of violent crime, including kidnappings, armed robberies, home invasions, and carjackings, is particularly high in the Darfur region of Sudan, as the Government of Sudan (GoS) has limited capacity to deter crime in that region. Some observers assert that the GoS encourages instability and criminal activity through its support of militias. In addition, militia and armed rebel groups are known to have carried out criminal attacks against foreigners, and a number of other foreign nationals have been abducted and held for ransom by criminal groups in Darfur. There have been attacks on foreign business operations in the conflict-torn southern and western states, such as on road building operations.

Violent flare-ups occur between various armed militia groups and Sudanese military forces with little notice, particularly in the Darfur region, along the border between Chad and Sudan, and in areas on the border with South Sudan. Clashes between Sudanese forces and armed opposition groups in Blue Nile and South Kordofan States, including the disputed area of Abyei, are real and immediate dangers to travelers and business operators. In addition, U.S. citizens found in these areas without permission from the Government of Sudan face the possibility of detention by government security forces. Violent anti-government demonstrations occur periodically, mostly in Khartoum.

Travelers can get updates by checking the U.S. Embassy website at <http://sudan.usembassy.gov/>.

## **13. Corruption**

Sudan's public sector is perceived as one of the most corrupt in the world, ranking 173 out of 175 nations in the 2014 Transparency International (TI) Corruption Perceptions Index. According to TI, Sudan is ahead of only North Korea and Somalia in terms of government transparency.

Over the past two years, the government has taken limited steps to combat official corruption.

Sudan signed the UN Anticorruption Convention in 2005 and ratified it in September 2014. Sudan also signed the African Union Convention on Preventing and Combating Corruption, but has yet to ratify it.

In April 2014, a Sudan chapter of Transparency International was formed. It has already begun presenting evidence of official corruption to the semi-independent “Financial Information Unit” (FIU – formerly the Central Bank of Sudan’s Financial Intelligence Unit) for investigation. The FIU is empowered to present its findings to the Ministry of Justice for adjudication.

*UN Anticorruption Convention, OECD Convention on Combatting Bribery*

On September 5, 2014, Sudan ratified the United Nations Convention against Corruption (UNCAC).

*Resources to Report Corruption*

George Aldridge  
Senior Economics/Commercial Specialist  
Department of State  
AldridgeGW@state.gov

Sudanese Transparency Organization  
El-Tayeb Mukhtar, President  
www.transparencysudan.org.sd  
tayibm@hotmail.com  
+249912300021

## **14. Bilateral Investment Agreements**

### **Bilateral Taxation Treaties**

Sudan does not have a bilateral investment agreement with the United States. Sudan has bilateral investment agreements with Germany, Netherlands, Switzerland, Egypt, France, Romania, China, Indonesia, Malaysia, Qatar, Islamic Republic of Iran, Morocco, Oman, Turkey, Yemen, Bahrain, Ethiopia, Jordan, Syrian Arab Republic, United Arab Emirates, Libya, Tunisia, Algeria, Kuwait, Lebanon, Chad, Republic of Djibouti, India, Vietnam, Bulgaria, and Italy. Sudan has bilateral taxation treaties with Egypt, United Kingdom, Malaysia, South Africa, Turkey, and Syria.

### **Bilateral Taxation Treaties**

Sudan does not have a bilateral taxation treaty with the United States.

## **15. OPIC and Other Investment Insurance Programs**

Sudan is not eligible for Overseas Private Investment Corporation (OPIC) programs because of comprehensive U.S. economic sanctions. Sudan has been a member of the Multilateral Investment Guarantee Agency (MIGA) since November 7, 1991. MIGA is not currently active in Sudan.

## 16. Labor

Sudan has ratified seven of ILO eight core conventions protecting workers rights but has not yet ratified Convention 87 on Freedom of Association and the Right to Organize, and falls short in law and practice of international standards.

Complete statistics reflecting the demographic situation in Sudan after the July 2011 secession of the South are not yet available. Sudan's labor force was estimated at 12.2 million in 2010, with a participation rate of 51.4 percent for those aged 15-64. The government of Sudan claimed that the unemployment rate was 17 percent after the secession of South Sudan. Most observers believe it to be closer to 20 percent. Underemployment is also a significant social problem, as the economy is not creating sufficient jobs for graduating university students. Accordingly, Sudan is witnessing a severe loss of educated professionals that includes medical doctors, engineers, and IT professionals, who routinely emigrate to the Arab Gulf states, Europe, and the United States seeking better job prospects.

Sudan's minimum wage is 420 Sudanese pounds per month (approximately 70 U.S. dollars at the official exchange rate). The work week extends from Sunday to Thursday and is 8 hours per day and 40 hours per week. Per capita income is estimated at USD 1,450 per annum.

Foreign workers must have valid residency and work permits or face imprisonment and deportation. In practice, the majority of unskilled labor positions are filled by day workers, who are not reported or taxed.

There are no clear procedures for obtaining residency permits for South Sudanese who wish to remain in Sudan, unlike other foreigners. As part of the September 2012 cooperation agreements between Sudan and South Sudan, Sudan agreed to grant liberal labor, residency and education rights to Southern Sudanese. While there was finally some movement towards establishing committees to implement the agreements in April 2013, there has been little progress since. A "Four Freedoms" preferential labor agreement exists with Egypt, and Sudan enforces the freedoms in general for Egyptians.

Among Sudan's 37.2 million people, the adult literacy rate is 69 percent. Gross school enrollment rate in Sudan in 2009 was 71 percent. However, only one in five children completed primary school in 2010.

## 17. Foreign Trade Zones/Free Ports/Trade Facilitation

Sudan has established two free trade zones: Suakin on the Red Sea near Port Sudan and Aljaily near Khartoum. According to the Free Zones and Free Markets Law of 1994, industrial, commercial or service investments which are licensed in the free zones enjoy the following advantages:

- Exemption of the projects from tax on profits for 15 years, renewable for an extra period depending on the decision made by the concerned minister;
- Salaries of expatriates working in projects within the free zones are exempted from personal income tax;



- Products imported into the free zone or exported abroad are exempted from all customs fees and taxes except service fees and any other fee imposed by the board of the Sudan Free Zones Company;
- Real estate inside the free zones area is exempted from all taxes and fees;
- Invested capital and profits are transferable from Sudan to abroad through any bank licensed to operate in the free zone;
- Money invested in the free zones may not be frozen or confiscated.

Sudan has been in the process of creating a free trade zone in Kosti, near South Sudan, but the mid-December 2013 outbreak of internal strife in South Sudan has dramatically slowed trade between the two countries.

## 18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

*Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy*

Economic Data	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
	Year	Amount	Year	Amount	
<b>Host Country Gross Domestic Product (GDP) (\$B USD)</b>	2013	75.6	2013	66.57	<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
<b>Foreign Direct Investment</b>	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
<b>U.S. FDI in partner country (\$M USD, stock positions)</b>	N/A		N/A	0	
<b>Host country's FDI in the United States (\$M USD, stock positions)</b>	N/A		N/A	0	<a href="http://bea.gov/international/factsheet/factsheet.cfm?Area=441">http://bea.gov/international/factsheet/factsheet.cfm?Area=441</a>
<b>Total inbound stock of FDI as % host GDP</b>	N/A		2013	3.3%	<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>

\*Central Bank of Sudan statistics

*Table 3: Sources and Destination of FDI*

Foreign direct investment position data for Sudan are not available.

*Table 4: Sources of Portfolio Investment*

Portfolio investment data are not available for Sudan.

**19. Contact for More Information**

Ateetala Hamid  
Senior Economic/Commercial Specialist  
U.S. Embassy Khartoum, Sudan  
HamidAM@state.gov