

Cooperation lays foundations for Sudan's economy

Foreign finance, technology and trade drive country's solid development

Africa's largest country in size, the Republic of the Sudan is blessed with a vast portfolio of natural resources that offer Chinese investors huge potential in the oil, mining, energy and agricultural sectors, along with infrastructure development.

Bordered by nine countries and with a coastline on one of the world's busiest shipping lanes, Sudan is making solid socioeconomic progress funded by massive revenues from the 600,000 barrels of oil pumped from its wells on a daily basis.

The ambitious country of 2.5 million square kilometers is endowed with the magnificent River Nile and emerged unscathed from the global financial crisis as 2009 GDP rose 3.8 percent in real terms. This robust growth was fueled by strong exports of oil and commodities, such as cotton, sugar, groundnuts and sesame.

Nationwide democratic elections were held in April 2010, and a referendum on whether the region of Southern Sudan should retain its semi-autonomous status, will be held in January 2011.

This political stability, generated by the federal government and 26 state governments is supported by an independent judicial system.

The Government of National Unity, which was formed under the 2005 Comprehensive



Vice President of Sudan Ali Osman Mohamed Taha

Peace Agreement, is headed by President Omer Hassan Ahmed Al-Bashir.

His administration focuses on enticing foreign direct investment (FDI) from major countries such as China.

Over the past two years, President Al-Bashir has held several meetings with Chinese President Hu Jintao and the Vice President Xi Jinping.

Sudan is a signatory of many regional and international trade agreements aimed at promoting FDI and trade with countries in Africa, the Middle East, and beyond.

The country is eyeing membership of the World Trade Organization and is already part of the Common Market for Eastern and Southern Africa (COMESA) trade bloc and the Greater Arab Free Trade Association (GAFTA).

With a liberalized economy that is slowly embracing privatization as it proceeds along

the path to modernization, Sudan's investment laws offer a range of benefits and advantages, such as tax breaks, freedom of capital transfer, customs exemptions and simplified registry procedures.

As in previous decades, China is playing a leading role in Sudan's socioeconomic development. Last year marked the 50th anniversary of diplomatic relations between the two countries.

China recently offered support to the construction of new roads, bridges, power networks, health and education facilities and programs, plus a broad range of irrigation and agricultural projects in Sudan.

Ali Osman Mohamed Taha, vice president of Sudan, noted: "Our deeply rooted bilateral relations and mutual respect provide solid foundations for future economic success as we develop further positive partnerships with China across our sectors and industries."

To illustrate just how important Chinese involvement is in his country's economy and

development, the vice president said: "Sudan is now China's third largest trade partner in Africa (behind South Africa and Angola) and we are continuing to build on 51 years of exemplary bilateral relations. China has made a great contribution to our country's development in many different fields and walks of life."

Golden opportunities

The vice president emphasized the importance of Sudan's national strategic plan which details how Sudan will reap the rewards of its natural resources and grow and develop with the help of international partners like China.

"Sudan is the land of golden investment opportunities and attractive investment laws have resulted in significant amounts of FDI knocking on our door."

According to the Chinese Ambassador to Sudan, Li Chengwen, these flourishing Sino-Sudanese relations are built on the three core ingredients of "mutual respect, common work and interest and a stable and long-term friendship".

In recent years, Chinese companies have been awarded contracts for many key infrastructure projects. They include several new roads, giant hydro-electric plants and energy and power transmission facilities.

"Together, these projects have formed a very important base for big economic growth in Sudan," said Li. "China is providing strong support in the irrigation, industrial and agricultural sectors that changes lives."

"We constantly push the principle — over

all others — that whatever the system for government or the commercial or investment relationship, it must be mutual and benefit both parties and people."

Effective education co-op

Ambassador Li illustrated this point by highlighting increased Sino-Sudanese cooperation in the area of education with China expanding the number of scholarships offered to Sudanese students.

He revealed China's plans to open a cultural center in the capital, Khartoum, and that a Chinese firm wants to open Sudan's first fertilizer factory in a move that would boost the agricultural industry.

Looking ahead, Li added: "Sudan is a huge country but there are many things that need to be done. We would like to stress our cooperation in various fields and we will continue to support Sudan's sovereignty, economic growth, peaceful development and stability."

With a tropical climate and diverse terrain that includes savannah and forest, Sudan faces many environmental issues and is at the forefront of Africa's efforts to fight climate change and the devastating consequences of desertification.

As well as contributing to poverty and migration through damage to the agricultural belt where many of Sudan's cash crops and export-bound commodities are grown and harvested, changing weather patterns are stifling the country's economic growth.

Due to global warming and deforestation, the Sahara Desert is creeping further south, harming wildlife and causing water shortages.

This vital battle against climate change is being led by the Ministry of Environment and Physical Development in conjunction with forward-thinking government bodies like the National Survey Authority, the Higher Council for Environment and Natural Resources and the National Council for Physical Development.

The ministry designs and funds many of the environmental projects and programs taking place across the country and is one of the organizers of the Nile Basin Initiative that aims to preserve the future of Africa's most famous river in the face of climate change and global warming.

"Located 350 km north of Khartoum, the \$2 billion Merowe Dam Project is a massive hydroelectric power generation facility on the Nile. Chinese construction firms were heavily involved in the project as well as many other infrastructure programs located close to the river," said Bakri Mullah, secretary general of the External Information Secretariat.

We will continue to open up our excellent natural resources to Chinese investors. Sudan is the land of golden investment opportunities."

ALI OSMAN MOHAMED TAHA
VICE PRESIDENT OF SUDAN



Situated on the banks of the River Nile, the Sudanese capital of Khartoum is a bustling, modern metropolis.

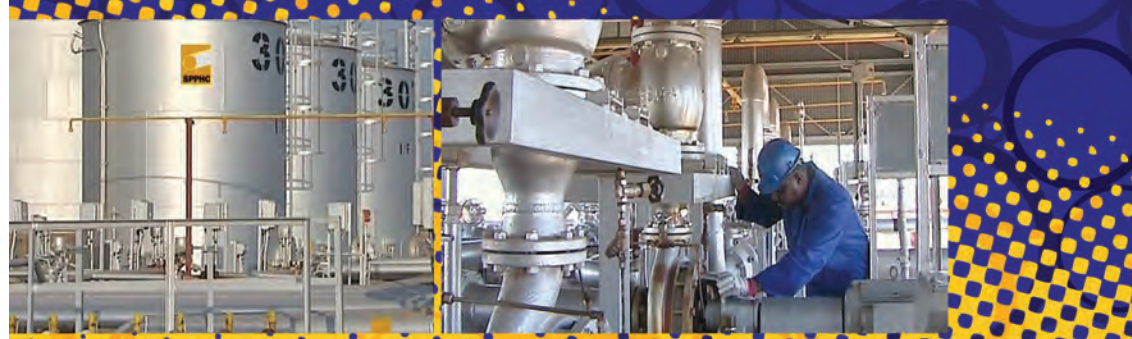
PROVIDED TO CHINA DAILY

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LI CHENGWEN
CHINESE AMBASSADOR TO SUDAN


SPPHC

KEEPING THE NATION'S ECONOMY FLOWING




SPPHC, a major Sudanese operator and constructor of oil pipelines serving the entire nation's petroleum industry


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FIGHTING ENVIRONMENTAL CHANGE




One of Africa's most naturally diverse countries, Sudan is playing a vital role in the continent's fight against global climate change. Spearheading these efforts is the Ministry of Environment & Physical Development, which is achieving its many goals through the hard work of the National Survey Authority, the Higher Council for Environment & Natural Resources and the National Council for Physical Development.



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National Survey Authority



HCENR
Higher Council for Environment & Natural Resources
National Council for Physical Development

Agriculture and transport drive Sudan forward

Nation's infrastructure and natural assets projects are encouraging development

Blessed with 84 million hectares of arable land and the River Nile, Sudan's agricultural industry generates about 40 percent of GDP, forms 90 percent of non-oil exports and employs 80 percent of the workforce.

Key agricultural products include sugar, gum Arabic, cotton, oil seeds, maize and livestock.

As with other economic sectors, Sudan and China enjoy strong bilateral cooperation across the agricultural industry and Chinese-made machinery is used extensively on farms, fields and in processing operations.

This common interest has boosted Sudan's agricultural potential and development, created higher production levels, raised capacity and improved efficiency.

In June 2009, Khartoum hosted the first Forum on Agricultural Cooperation between China and Sudan. The four-day event, which was attended by senior officials from the agricultural ministries of both governments plus hundreds of delegates from the private sector, was described by analysts as the launch-pad for closer bilateral integration.

“We are looking to form partnerships with anyone interested in a fair deal and expect our partner to bring new technology and finance.”

ABDELHALIM ISMAIL ALMUTAFIE
MINISTER OF AGRICULTURE

Joint ventures between agricultural enterprises and government departments will not only improve food security but also increase sustainable development.

According to Sudan's Minister of Agriculture Abdelhalim Ismail Almutafie, Sudan offers investors a wealth of rewarding FDI opportunities in the development of various

agricultural and livestock products and services.

The concept of Public Private Partnerships (PPPs) centered around the management of land and resources is being embraced as officials seek fresh funding, new technology, quality materials such as fertilizers, plus better training, skills and knowledge.

“We need to increase both productivity and expansion of project schemes,” the minister said. “Sudan has 1.6 million hectares of irrigated land but we want to increase that figure and also boost productivity in 60 million hectares of rain-fed agricultural land.

“We are engaged in very constructive discussions with the Chinese to attract their companies to the sector.”

The minister said the sector needs to grow at 20 percent a year to cover rising domestic demand and highlighted four profitable sectors identified as being ideal for fresh FDI: cereals, sugar, milk and animal production.

“Some of these crops can be produced out of season and exported to Europe,” he stated.

“We are looking to form partner-

ships with anyone interested in a fair deal and expect our partner to bring new technology and finance, with a strategy focused on the local and foreign market. With PPPs, management companies will deal with the farmers without owning their land but sharing in profitability after achieving quality standards of production.”



Sudan's diverse topography includes rivers, forests and the Sahara Desert.

PROVIDED TO CHINA DAILY

Rich in natural resources

Sudan's main source of fresh water, the River Nile flows south to north and is the subject of intense regional discussions about the future usage rights of its precious resources.

With responsibility for the management of water reserves and helping ensure thousands of farmers and millions of citizens continue to receive reliable supplies of water for irrigation projects or drinking purposes is the Ministry of Irrigation and Water Resources.

The ministry oversees all irrigation, hydropower and water projects and operations, with many of its activities centered on the banks of the Nile, including the Merowe Dam Project.

Greater access to clean drinking water and water for sanitation and irrigation is a key government goal and international partners like China play a very important role in this vision, through support from the public and private sector, plus donor agencies.

“I think the Sino-Sudanese relationship is excellent,” said Minister of Irrigation and Water Resources, Kamal Ali Mohammed.

“China has given us loans that we have used to establish important drinking water projects in rural and urban areas. We really appreciate

the role China is playing in Sudan, as well as other parts of Africa, and are very keen to continue and grow our relations.”

Sudan's 10,000 kilometers of roads are the backbone of the transport network and at the heart of many of the infrastructure projects being carried out by Chinese companies.

Up to 90 percent of goods are carried by road but many are in need of repair and flood during the rainy season rendering them impassable.

As a result, the Ministry of Transportation is modernizing and expanding the network and plans to develop railway lines and river transport routes to lift efficiency levels and lower costs. Railway stock is often imported from China.

New roads steer growth

Officials have set aside an additional \$787 million for a further 1,255 km of roads as Sudan looks to become a regional transportation hub, bridging the Middle East and Africa.

By providing access to markets and resources and routes to trade, the ambitious nation aims to lay the foundations for economic development and link towns and cities in the nine neighboring countries that are members of Common Market for Eastern and Southern Africa (COMESA).

Driving development in this sector is the National Highway Authority (NHA).

A parastatal organization, the authority is working to connect cities, ports, production facilities and industrial sites throughout the country's 26 states.

From its modern headquarters in the capital, the NHA identifies and plans all road building projects and organizes investment and financing programs.

Construction is normally undertaken by Chinese firms that are encouraged to award to Sudanese subcontractors a third of the work so that investment benefits local

“With every year that goes by, the transport situation here improves and we believe more and more opportunities for investment in transport networks and services will arise.”

HAMID MOHAMOUD
WAKEEL
NHA DIRECTOR GENERAL

enterprises and workers.

“Our priority is to connect the capitals of our states and also connect our ports and ship building centers with our many neighbours,” explained NHA Director General, Hamid Mohamoud Wakeel.

“We are connecting countries and now have two roads to Ethiopia, two to Egypt, and a road to Kenya. We also need to build new railways to reduce transport costs that will, in turn, lower the cost of goods.”

He added: “With every year that goes by, the transport situation here improves and we believe more and more opportunities for investment in transport networks and services will arise. We hope China continues to participate and cooperate in mutual projects, not just in transport infrastructure but other sectors like agriculture and education, as they will be rewarded.”

Sudan's infrastructure improvements and increased connectivity extend to modern Information and Communications Technologies (ICT) networks such as fixed line, mobile and Internet services.

Like many other African countries, the liberalization and privatization of the telecoms industry, combined with massive increases in public and private sector investment in digital and fiber-optic technology, has generated substantial double-digit market growth.

Significant FDI opportunities exist in the delivery and expansion of these services to businesses, government departments, individuals, hospitals, schools, and universities.

Minister of Information, Kamal Mohamed Obeid, listed the country's completely liberalized market and an advanced fiber-optic network that covers 17,000 km, as two of the sector's major competitive advantages.

“We have a population of more than 40 million and have approximately 9 million phones,” he said. “We have made connections with the rural areas through which we provide electricity, computers and satellite phone services to people connect directly. In addition, we have launched e-medicine and e-education services in different regions of the country, and connected 26 universities.”

The communication super highway

As one of Africa's largest countries, the challenges facing Sudan's transport sector stretch far and wide as the ambitious nation continues on the journey to socioeconomic development. With responsibility for the roads network, the National Highway Authority is driving Sudan towards prosperity and is seeking Chinese investors for projects like the Peace Road that will link northern and southern Sudan.



National Highway Authority

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Oil fueling Sudan's solid development

A leading petroleum producer, the African nation is investing rich returns in its future

Sudan's oil and gas industry — the country's leading source of export earnings and employment — is now a magnet for foreign investors in upstream and downstream processes.

As Sudan's Vice President Sudan Ali Osman Mohamed Taha notes, "Sudan's oil sector is a key generator of revenue and employment."

Since Sino-Sudanese oil cooperation began in 1995, China National Petroleum Corp has led the way in economic aid and mutually beneficial projects.

China's largest oil and gas producer and supplier is now spearheading innovation through its own operations and the Greater Nile Petroleum Operating Co joint venture.

With responsibility for the sustainable development and expansion of the energy industry, Sudan's Ministry of Minerals plays a leading role in building mutually productive partnerships with foreign enterprises.

The ministry focuses on areas where production has yet to start while introducing more advanced technology and equipment at existing sites in order to boost output.

New roads, bridges and a larger power grid have also encouraged international investors to explore resource-rich areas that were previously hard to access. Offshore drilling operations are also increasing.

"We need serious partners who have money to invest and can complete the projects on time," said Omer Mohamed Kheir, secretary-general of the Ministry of Minerals.

"We believe there are still large reserves of oil yet to be discovered — our energy industry has huge potential and Sudan is now the gateway to Africa for Asian companies involved in oil and gas and mining projects that showcase the whole chain of oil exploration, transportation, marketing and refining available in Sudan," Kheir said.

An industry pioneer, Sudanese Petroleum Pipelines Holding Co Ltd (SPPHC) is an award-winning oil and gas transport firm considered one of the pillars of Sudan's petroleum industry.

Established in 1976, as the Petroleum Products Pipelines Corp, the firm is affiliated to the Ministry of Minerals and supports economic growth by pumping oil to local and foreign markets.

As well as operating and maintaining petroleum pipelines within the country, SPPHC's activities include the transportation, storage and export of petroleum raw materials, products and byproducts such as natural gas and liquid gases.

It also provides laboratory analyses of petroleum and hydrocarbon materials using the latest technology and a highly qualified staff.

SPPHC has experience in staff training and exclusively transports gasoline in the country through a number of pipelines it has built. Such support for oil exports and imports is a major contributor to the national economy.

Earlier this year, SPPHC, which has total assets of \$187 million and more than 600 employees, embarked on a major expansion drive with the launch of three new subsidiaries



Nasr Eldin Ahmed, president of Sudanese Petroleum Pipelines Holding Co Ltd

— Sudanese Company for Construction and Oil Services, Sudanese Company for Petroleum Products, and SPP-Final International Co — that aim to give it a foothold in neighboring Ethiopia and Eritrea.

SPPHC has a strong commitment to the communities close to its pipelines. Its valuable support extends to the construction of schools, potable water plants and pumps for local inhabitants.

"We are diversifying our activities from the core business and branching out into the control and management of public station port plants," said SPPHC President, Nasr Eldin Ahmed.

"SPPHC has a long and respectable track record when it comes to safety, quality and the protection of the environment," he said. "The company has also been awarded many certificates of appreciation from a number of international companies and firms due to its outstanding performance."

"We are building pipelines to cover other industrial activities such as the ethanol industry, drinking water projects and other industrial facilities. We anticipate a bright future."

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GNPOC powers Sudan's socioeconomic growth

As the pioneer of oil exploration and production across Africa, Greater Nile Petroleum Operating Company (GNPOC) is the undisputed leader in its field and a key driver of the Sudanese economy.

Founded in 1997, GNPOC has grown into a powerful and profitable corporation that is spearheading innovation in a dynamic, efficient and technology-led industry that is developing at a rapid pace and fuelling Sudan's socioeconomic development.

Currently operating as a joint venture between CNPC of China, Petronas of Malaysia, ONGC of India, and Sudan's Sudapet, GNPOC has achieved many milestones in its short history and is recognized as the benchmark for oil exploration and production in Africa.

In addition, the firm is heavily involved in community development work and social projects that vastly improve the quality of life for people living near its extensive range of modern sites and facilities.

GNPOC currently produces around 155,000 barrels of oil per day from its eight main oil fields at Heglig, Unity, El Toor, El Noor, Toma South, Bambo, Munga, and Diffra. The oil is then transported through more than 1,500 kilometers of pipeline. A large portion of GNPOC's oil is sent daily to the El Obeid and the Khartoum refineries for use in Sudan, with the remaining portion sent for export through the marine terminal in Port Sudan.

A leading role in Sudan's development

As the recognized industry experts, GNPOC is strategically positioned to take advantage of Sudan's vast oil and gas reserves and the ambitious organization will play a lead role in the development of Sudan's industrial, commercial, and social landscapes.

"We have a responsibility towards training Sudanese people and are building a Sudanese workforce. We also give priority to local companies as we seek to maximize use of local resources," said GNPOC President, Chen Shudong. "We are like an engine [of growth] for Sudan. We represent four partners and work under a common understanding to develop and promote the local economy."

Community development is another of the oil giant's key priorities with more than a million people a year benefiting from its \$4 million programs.

"We build schools, hospitals, provide agriculture support, and supply clean water," stated Chen. "We maintain good relationships with local people."



GNPOC is Sudan's premier oil and gas company.

In the dry season, we send trucks of water to difficult locations."

As one of Sudan's largest and most successful companies, GNPOC is setting the standard for other international investors to follow as the country opens up to foreign direct investment from China and beyond.

"We are a major employer in the country and make extensive efforts in terms of building the local capacity," said Bacho Pulong, general manager of E&P Division. "Through Sudapet's sister companies like Hagleig, Al Saweer, Al Sabir, Centroid and African Drilling, the industry is being developed and run by local people. Our relations with them indirectly grow the country and we are promoting the Sudanese energy sector."

Both the government and private enterprise are committed to the sustainable development of this sector, with recent changes to gas extraction legislation making it easier for firms to access natural gas reserves. "The government, which like everyone in Sudan had been focused on the oil sector, is now concentrating on utilizing and developing the gas sector," stated Pradeep Kumar Jain, general manager - Pipeline Division.

Meanwhile, Chen Xinrong, general manager of administration and services, highlighted the importance of GNPOC's works in terms of revenue generation for the government projects. "Our operations have contributed a lot to the government's revenues," he said. "GNPOC is the premier company in Sudan and as a joint venture we share the risks and benefits and have lots of common interests, values and understandings of the markets."

Greater Nile Petroleum Operating Company (GNPOC)

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Guardian of Sudan's water source

www.moiwr.gov.sd

The Nile. One of the few sources of water for millions of Africans. As well as drinking and household use, this water is essential for sanitation, agricultural and industrial production, energy generation and more.

Such a precious resource needs careful management. In Sudan, this important role is carried out by the Ministry of Irrigation and Water Resources. From the irrigation of farmland and the building of dams, to the making of hydroelectricity, and water preservation, we take proper care of our supply to ensure a sustainable future for Sudan and beyond.



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