

# **Bank of Sudan**



**44<sup>th</sup> Annual Report  
2004**

# **Bank of Sudan**

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### **2004**

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**His Excellency  
The President of Republic,**

According to article (1/59) of the Bank of Sudan Act for the year 2002, it is my pleasure to present to you the Balance Sheet of the Bank of Sudan for the year ending 31st December 2004 as approved by the Auditor General, along with the Annual Report for the year 2004.

**Dr. Sabir M. Hassan**  
Governor and Chairman of the  
Board of Directors of Bank of Sudan

## **Board of Directors of Bank of Sudan**

Dr. Sabir Mohamed Hassan	Governor and Chairman of the Board of Directors.
Dr. Abdel Muneim Mahmoud Al Gussi	First Dep. Governor and Member of the Board.
Dr. Ahmed Ali Abdalla	Member of the Board.
Mr. El Sheikh Mohamed El Makk	Member of the Board.
Dr. Babikir Mohamed Tom	Member of the Board.
Dr. Siddiq Nasir Osman	Member of the Board.
Dr. Abdel Hamid El Tijani	Member of the Board.
Dr. Akwei Dwal Akwei	Member of the Board.
Mr. Albert Raghib Amin	Member of the Board.
Mr. Mohamed Ali El Sheikh	Secretary of the Board.

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## **Introduction**

The year 2004 witnessed a series of economic financial and monetary developments on the international and domestic levels. On the international level, the world economy continued its recovery and the growth rate increased from 3.9% in 2003 to 5% in 2004, as a result of the improvement in the economies of the industrial countries due to the increase in industrial production, flows of world trade and investments, beside the improvement in the labour market conditions. The increase in the overall demand led to a considerable increase in commodity prices, which increased by 27% from 2003. Oil, in particular, witnessed substantial increase in its prices, which led to considerable growth in the GDP of oil exporting countries, while oil-importing countries faced major problems. This growth has been accompanied by a slight increase inflation rates especially in the major industrial countries, in which the inflation rate increased from 1.3% in 2003 to 1.5% in 2004, where as the inflation rate decreased from 6.1% in 2003 to 6.0% in 2004 in the developing countries.

On the domestic level, the real GDP growth rate increased from 6.0% in 2003 to 7.2% in 2004, due to the increase in the growth rate of most sectors of the economy except agriculture which decreased from 5.2% in 2003 to 4.5% in 2004 as a result of the fall in the growth rate of rain-fed agriculture from 77.5% in 2003 to 34.9% in 2004. Inflation rate rose from 7.4% in 2003 to 8.7% in 2004.

With regard to the domestic monetary developments, the growth rate of the money supply increased by 30.8% in 2004 compared to 30.3% in 2003. This was attributed to the increase in means of current payment by SDD 145.9 billion and in quasi-money by SDD 80.5 billion.

Concerning the external sector, the surplus in the balance of payments increased from US\$ 422.56 million in 2003 to US\$ 730.18 million in 2004, as a result of the increase in the trade balance surplus from US\$ 6.07 million in 2003 to US\$ 191.57 million in 2004, and the decrease in the deficit of the capital and financial account from US\$ 1,389.93 million in 2003 to US\$ 1,353.87 million in 2004.

## **CHAPTER ONE**

### **MAJOR DEVELOPMENTS IN WORLD ECONOMY DURING 2004**

The world economy continued its recovery and registered high growth rates during 2004. The GDP growth rate registered 5% compared to 3.9% in 2003. The substantial increase in growth rate was attributed to the recovery of the economies of the major industrial countries as a result of the increase in industrial production, international trade flows and investments, as well as the improvements in the labour market. The continuous increase in aggregate demand led to a marked rise in the prices of commodities, which rose by 27% over their level in 2003. Oil, in particular, witnessed a noticeable rise in its prices, which led to a high growth in the GDP of the oil producing countries, while importing countries suffered from major problems.

The following parts present major economic indicators in the industrial and developing countries.

#### ***Growth, Inflation, Unemployment Rates and Current Account Position in the Major Industrial Countries***

Table (1-1) and Figure (1-1) show the growth, inflation, unemployment rates and the current account position in the major industrial countries for the years 2003 and 2004.

**Table (1-1)**  
**Growth, Inflation, Unemployment Rates and Current Account Position in the Main Industrial Countries, for the Years 2003 & 2004**

Indicators	Growth Rate %		Inflation Rate %		Unemployment Rate %		Current A/C. (Billions US\$)	
Country	2003*	2004**	2003*	2004**	2003*	2004**	2003*	2004**
Main Industrial Countries	2.2	3.7	1.3	1.5	6.7	6.4	-374.4	-399.3
U.S.A	3.0	4.3	1.8	2.4	6.0	5.5	-530.7	-631.3
Japan	2.5	4.4	-2.5	-2.5	5.3	4.7	136.2	159.4
Germany	-0.1	2.0	1.1	1.1	9.6	9.7	52.9	118.5
France	0.5	2.6	1.4	2.0	9.4	9.4	5.5	-12.8
Italy	0.3	1.4	2.9	2.7	8.7	8.3	-21.9	-18.1
United Kingdom	2.2	3.4	3.0	2.7	5.0	4.8	-33.4	-43.3
Canada	2.0	2.9	3.2	3.0	7.6	7.2	17.0	28.2
Other Industrial Countries Group	3.0	5.5	1.6	1.6	4.3	4.1	86.4	85.0

Source: World Economic Outlook Sept.2004

\* Actual. \*\* Estimates.

**Figure (1-1)**  
**Growth, Inflation and Unemployment Rates**  
**in The Main Industrial Countries**  
**For the year 2004**

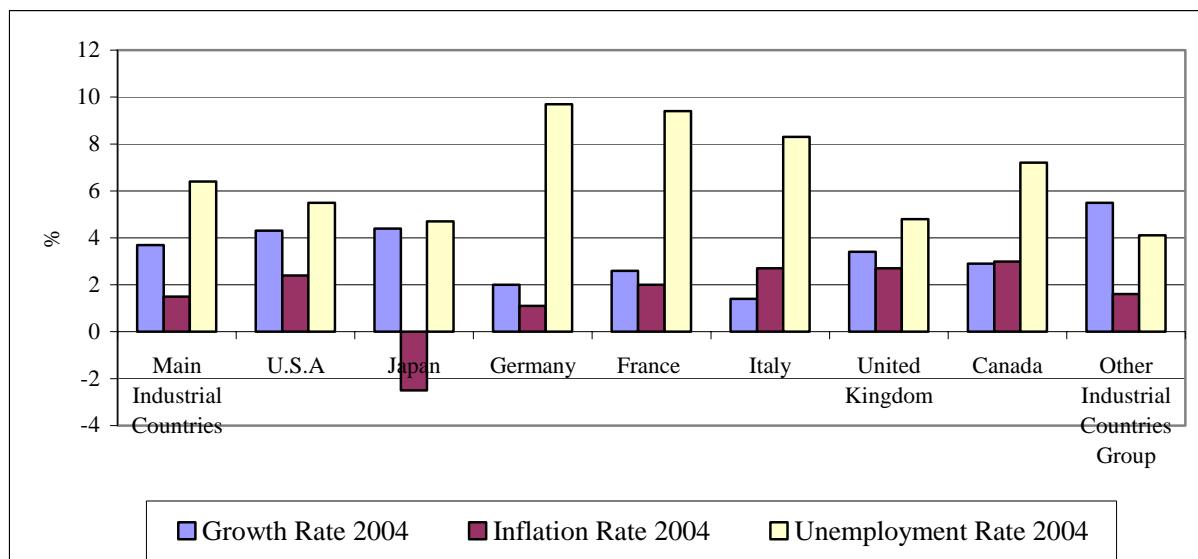


Table (1-1) illustrates that the, growth rate of the major industrial countries as a group increased from 2.2% in 2003 to 3.7% in 2004, average unemployment rate decreased from 6.7% to 6.4%, inflation rate increased slightly from 1.3% to 1.5%, while current account deficit increased from US\$ 374.4 billion to US\$399.3 billion, by 6.6%.

The major industrial countries have registered varying degrees in their growth rates. In this regard, Japan and Germany have kept their inflation rates the same as that prevailed in 2003, while inflation rates increased in U.S.A., France and the other major industrial countries and decreased in Italy, U.K. and Canada.

Unemployment rate declined in all major industrial countries, except Germany in which the rate increased from 9.6% in 2003 to 9.7% in 2004, whereas, France maintained the same rate as in 2003, i.e. 9.4%.

The current account position registered a marked improvement in Japan, Germany, Italy & Canada, while it was deteriorated in U.S.A., France, U.K. and the group of other industrial countries.

## ***Growth, Inflation, Unemployment Rates and Current Account Position in the Developing Countries***

Table (1-2) and Figure (1-2) show the growth, inflation, unemployment rates and the current account position in the developing countries for the years 2003 and 2004.

**Table (1-2)**  
**Growth Rates, Inflation Rates and Current Account Position**  
**In The Developing Countries for the Years 2003 and 2004**

Indicators	Growth Rate %		Inflation Rate %		Current A/C. (Billions \$)	
Country	2003*	2004**	2003*	2004**	2003*	2004**
All Developing Countries	6.1	6.6	6.1	6	148.9	201.3
Africa	4.3	4.5	10.3	8.4	-0.4	2.8
Asia	7.7	7.6	2.6	4.5	85.9	68.8
Middle East	6.0	5.1	8.0	9.2	57.6	103.5
Latin America Countries	1.8	4.6	10.6	6.5	4.4	9.0
Others	4.5	5.5	9.2	6.9	-35.1	-44.2

Source: World Economic Outlook Sept.2004

\* Actual. \*\* Estimates.

**Figure (1-2)**  
**Growth and, Inflation Rates**  
**In The Developing Countries For the Year 2004**

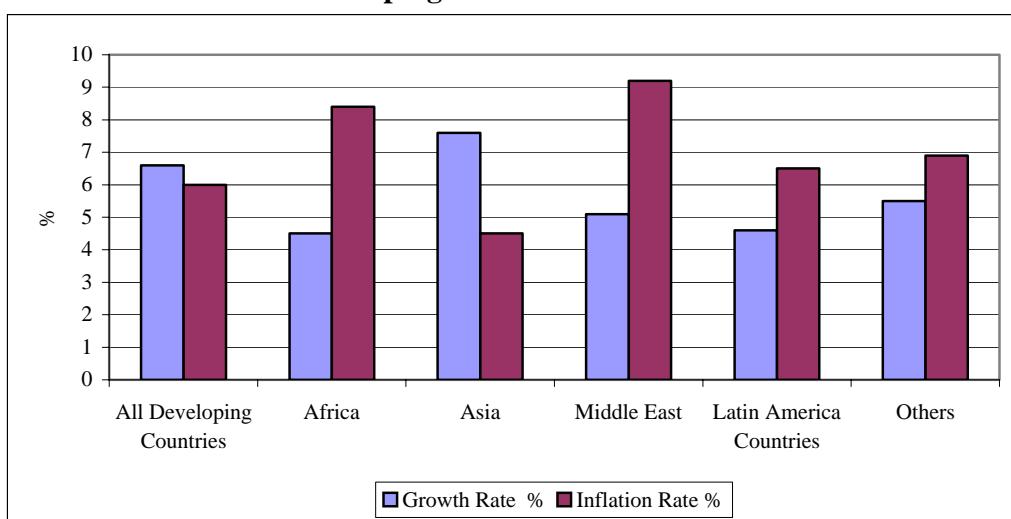


Table (1-2) shows that the growth rates for all the developing countries increased from 6.1% in 2003 to 6.6% in 2004, whereas the inflation rates decreased from 6.1% to 6.0% and the current account surplus increased sharply from US\$148.9 billion to \$201.3 billion.

Growth rate in Africa increased from 4.3% in 2003 to 4.5% in 2004, while inflation rate decreased from 10.3% to 8.4%. However, the current account deficit of \$0.4 billion has changed to a surplus of US\$2.8 billion.

Growth rate in Asia decreased from 7.7% in 2003 to 7.6% in 2004, while inflation rate increased from 2.6% to 4.5%, and the current account surplus decreased from \$85.9 billion to \$68.8 billion.

It is worth-mentioning that, due to the accession of most of the economies-in-transition in the membership of the European Union during the year 2004, they haven't appeared within the new classification of countries.

### **External Debt**

Table (1-3) shows the external debt of the developing countries for the years 2003 and 2004.

**Table (1-3)**  
**External Debt for the Developing Countries**  
**For the years 2003 & 2004**

**(US\$ Billions)**

Country	2003*		2004**	
	External Debts	% of GDP	External Debt	% of GDP
<u>Developing Countries as a Group</u>	2,724.3	38.1	2,763.0	33.8
Africa	278.0	49.9	275.0	43.4
Asia	695.7	25.4	717.3	23.4
Latin America	759.0	43.9	735.7	38.4
Middle East	312.4	43.8	315.9	38.7

Source: World Economic Outlook Sept.2004

\* Actual. \*\* Estimates.

Table (1-3) shows that, the total external debt of the developing countries increased from \$2724.3 billion in 2003 to US\$2763.0 billion in 2004. Due to the considerable increase in the GDP, the ratio of the external debt to GDP decreased from 38.1% to 33.8%.

Africa external debt decreased from US\$278 billion in 2003 to US\$275 billion in 2004, and Latin America external debt decreased from US\$759 billion to US\$735.7 billion. Whereas, Asia external debt increased from US\$695.7 billion to US\$717.3 billion and the Middle East external debt increased from US\$312.4 billion to US\$315.9 billion.

Table (1-4) shows the debt service and it's ratio to exports in the developing countries for the years 2003 and 2004.

**Table (1-4)**  
**Debt Service and it's Percentage to Exports in the Developing Countries**  
**(U.S. \$ Billions)**

Years	2003*		2004**		
	Country	Debt-Service	% To Exports	Debt-Service	% To Exports
Developing Countries as a Group		437.8	17.9	443.8	14.9
Africa		25.2	13.1	26.8	11.7
Asia		105.5	11.1	101.2	8.9
Middle East		26.4	7.9	29.1	7.0
Latin America		174.3	45.8	163.2	36.0

Source: World Economic Outlook Sept.2004

\* Actual. \*\* Estimates.

Table (1-4) shows that the debt service for all the developing countries increased from US\$437.8 billion in 2003 to US\$443.8 billion in 2004, whereas, the ratio of the debt service to total exports decreased from 17.9% to 14.9%, which indicates that there was a substantial increase in the value of exports.

### ***Major Economic Conferences, Regional and International Meetings during 2004:-***

#### ***1. The Annual Meeting of the Arab Financial Institutions:***

The Joint Annual Meetings of the Arab Financial Institutions was held in Kuwait during the period 14 – 15 April, 2004. The meetings discussed the financial positions of the Arab Institutions through reviewing their annual reports, and final accounts for the year 2003, in addition to reviewing their administrative structures. The meetings also considered a number of important issues to the Arab and Islamic countries, and discussed the means and ways to address the challenges confronting the world in general, and the Arab countries in particular, especially the current developments in economic and financial sectors

and other areas. The most important decisions of the meeting were enumerated in the following:-

- Approval of the budget of the Arab Fund for Economic and Social Development for the year 2003, profit and loss account, the reserves and the report of the Board of Directors on these statements. The Governor of the Lebanese Republic was elected as Chairman of the Council of Governors of the Arab Fund for Economic and Social Development for the 33<sup>rd</sup> annual term, and the Governor of the Kingdom of Morocco as vice chair.
- Approval of the budget, the profit and loss account, the auditors report, and the Board of Directors report for the year 2003 for the Inter-Arab Investment Guarantee Corporation. The head of the Palestinian delegation was elected as Chairman of the Council of the corporation's Shareholders for the 31<sup>st</sup> term of the Council.
- Approval of the budget of the Arab Bank for Economic Development in Africa, and the income statement for the year 2003 as well as the auditors report.
- Approval of the budget of the Arab Authority for Investment and Agricultural Development for the year 2003, the final accounts, reserves and the report of the Board of Directors on these statements. The representative of Kuwait was elected as Chairman of the Board of Shareholders during the 28<sup>th</sup> annual term, and the representative of the Kingdom of Morocco as vice chair.
- Approval of the Consolidated final accounts of the Arab Monetary Fund for the year 2003, and the recommended allocations for reserves as well as the approval of the annual report of the Fund. The Governor of Palestine to the Fund was elected as Chairman of the Board of Governors during the 27<sup>th</sup> term and the Governor of Qatar to the Fund as vice chair.

**2. *The 29<sup>th</sup> Annual Meeting of the African Development Bank Group:-***

The 29<sup>th</sup> Annual Meeting of the African Development Bank Group was convened in Kampala- Uganda during (25 – 26 May 2004). The meeting was attended by delegations from 39 African countries, as well as representatives of non-African shareholders and representatives of a number of international , regional organizations and institutions. The Meeting discussed a number of issues and took the following decisions:-

- Helping post-conflict countries in solving the problem of their debt arrears from the resources of the African Development Bank and the African Development Fund.
- Continuation of the Bank's Headquarter in its temporary location in Tunisia for another year.
- Continuation of the Bank's support to the New Partnership for Africa's Development (NEPAD).
- Supporting African Governments in securing water through the Finance Facilitation Fund.
- Postponement of the approval of the proposed Finance Facilitation Fund Initiative to enable the concerned countries solving their debt arrears after peace.

### **3. The Ninth Summit of the COMESA States and Governments:**

The 9<sup>th</sup> Summit of the COMESA Heads of States and Governments was convened in Kampala – Uganda during 30<sup>th</sup> May-8<sup>th</sup> June, 2004. It was attended by delegations from 17 member states, in addition to Libya as an observer. Representatives of a number of regional, international organizations and COMESA institutions were also participated in that meeting. The final communiqué of the Summit included the following:

- Setting up the Bureau for the year 2004/2005 as follows: Uganda as Chairman, Djibouti as Deputy Chairman and Sudan as Rapporteur.
- Urged member states that are not participating in the FTA to do so as soon as possible.
- Commended the rate of growth in intra-Comesa trade.
- Urged member states to expeditiously eliminating non-tariff barriers to enable them to implement the Customs Union.
- Commended the efforts exerted by the COMESA Secretariat, the European Union and the NEPAD Commission concerning the implementation of the programs related to the agricultural sector and the infrastructure sector.
- Urged member states that have not yet signed the Protocol of the COMESA Fund to speed the process of signing it.

### **4. The Twenty-Eighth Annual Meeting of the Association of African Central Banks:**

The 28<sup>th</sup> Annual Meeting of Association of African Central Banks (AACB) was held in Cameroon – Yaoundé during (29<sup>th</sup> –30<sup>th</sup> July 2004). The Governors and representatives of a number of African central banks, beside representatives of some regional and

international organizations, the following decisions have been undertaken: -

- 1- Approved of the report of the 27<sup>th</sup> Annual Meeting of the Association of African Central Banks and the report of the Bureau concerning the Association's activities for the year 2004.
- 2- Exerting more efforts to face the challenges confronting the continent's achievement of economic harmonization through implementing the African monetary co-operation program and the sub-regional groups monetary co-operation programs.
- 3- Appointment of the Governor of BEAC as a Chairman of the (AACB) for the year 2004/2005 and the Governor of Bank of Ghana as a vice Chairman.
- 4- The next annual meeting of the AACB will be held in Ghana on behalf of the group of West Africa, and the date will be determined later.
- 5- The symposium of next meeting will consider the issue of banking supervision with special emphasis on the risks and the implications of Basel Accord II.
- 6- The Secretariat of the Association of African Central Banks should conduct a study on the proposal of BEAC concerning the establishment of a technical committee from the experts of African central banks to undertake a study on the payment systems in Africa.

**5. The 11<sup>th</sup> Annual Meeting of the African Export Import Bank:**

The 11<sup>th</sup> Annual Meeting of the general assembly of the African Export Import Bank was convened in Abidjan – Cote I'Devoir – on 28<sup>th</sup> August, 2004. The agenda of the Meeting was concentrated on electing the president of the Bank from among the list of contestants to the post. Because the Quorum for the meeting is not reached, the process of electing the president was postponed to a meeting Scheduled to be held in January 2005.

**6. The 29<sup>th</sup> Annual Meeting of the Islamic Development Bank:**

The 29<sup>th</sup> Annual Meeting of the Islamic Development Bank was held in Tehran –Iran – during (14 – 15 September, 2004). It was attended by delegations from 52 states out of 55 member states, beside representatives from private sector institutions and some regional and international financial organizations as observers.

A number of other sub-meetings were held during this Meeting. The 14<sup>th</sup> Annual symposium was also held under the theme: "Developmental goals in

the field of health in the Third Millennium, Impede the spread of malaria in the member countries of the Islamic Development Bank”.

The 3<sup>rd</sup> Annual Meeting of the General Assembly of the Islamic Corporation for the Development of the Private Sector and the 11<sup>th</sup> Annual Meeting of the Board of Governors of the Islamic Corporation for the Insurance of Investment and Export Credit were also held. The main decisions of the Meeting were as follows:-

- i- Approval of the audited Bank Accounts and its affiliated Funds, which include: Waqf Fund, Export Finance Program for the year 1424H. (Corresponding to 2003/2004), Investment Fund in the Waqf Properties for the year 1424H. (Corresponding to 2003/2004), and the Islamic Development Bank Fund for the Investment shares for the year 2003.
- ii- Allocation of 5% from the anticipated Bank’s net revenues for the financial year 1425H to the technical assistance donations.
- iii- The 30<sup>th</sup> Annual Meeting of the Board of Governors will be held in Malaysia in June 2005, and the date will be determined in consultation with the host country.
- iv- The 31<sup>st</sup> Annual Meeting of the Board of Governors will be held in Kuwait, and the date will be determined in consultation with the host country.
- v- Electing the Governor of Iran as a Chairman of the Board of Governors for the year 1425H-1426H (2004/2005) and the Governors of the Republic of Djibouti and Kingdom of Saudi Arabia as vice-chairs.
- vi- Delegating the Council of the Executive Directors to follow-up the initiative of Kingdom of Saudi Arabia concerning the encouragement of intra-trade.

## **7. The Meetings of the Governors of Central Banks and Ministers of Finance of COMESA countries: -**

The meetings of the Governors of Central Banks and Ministers of Finance of COMESA countries were convened in Lusaka – Zambia – during 11 – 18 November 2004. The meetings were attended by delegations from 14 member countries including Sudan.

The main decisions of the meetings were as follows: -

- Continuation in the work plan concerning the implementation of the Regional Payment and Settlement System (REPSS). It is worth

mentioning that the new system will enable member countries to use their local currencies in settling their intra-trade and services transactions.

- Member countries should review their macro-economic indicators to cope with the indicators of the African Monetary co-operation Program (AMCP), which allow flexibility in measuring the actual performance of the economies of member countries depending on their special circumstances.
- National payment systems in member countries should be modernized and effective.
- Neighboring member countries with significant intra-trade must seek away to use their local currencies in settling their trade transactions.
- Urging the member countries that have not yet signed the Protocol establishing the COMESA Fund to do so as soon as possible and pay their contributions.

## **8. The 18<sup>th</sup> Annual Meeting of the Ministers of Trade of COMESA countries: -**

The 18<sup>th</sup> Annual Meeting of the Ministers of Trade of COMESA countries was held in Lusaka – Zambia – during (2-9 December 2004). The meeting was preceded by the meeting of the Inter-Governmental Committee. The meeting was attended by Ministers and representatives from 17 member countries, beside experts from COMESA institutions, as well as observers from many regional and international organizations.

**The main decisions of the meetings were as follows: -**

- i- Approval of holding an extra-ordinary meeting for the Ministers of Trade of COMESA countries during April or May 2005, with the objective of adopting a uniform strategy by COMESA countries during their participation in the next ministerial meeting of the World Trade Organization that is scheduled to be held in Hong Kong in December 2005.
- ii- The meeting took note of the approved annual reports of the ministerial committees for finance, agriculture, transportation and communication, gender issues, industry and legal affairs.
- iii- Approval of the road-map and work program concerning the membership of the Free Trade Area and the implementation of the Customs Union of COMESA countries.
- iv- Finalizing the arrangements agreed upon between COMESA countries with regard to intra-transit trade facilitation beside cooperating with

the Economic Commission for Africa, the IGAD and South African Development Community (SADC) with the objective of activating the implementation of these arrangements to all African countries in future.

- v- Approval of the reports of COMESA Institutions for the year 2004, namely, the Clearing House, the Court of the Justice, PTA Bank, African Trade Insurance Agency, Reinsurance Company (Zep-Re) and the Leather & Leather products Institute (LLPI).
- vi- Approval of the work program concerning the implementation of the Regional Payment and Settlement System (REPSS).
- vii- Approval of the report of the 18<sup>th</sup> Meeting of the Committee on finance and Administrative Affairs, including the budget for the year 2003 and the proposed budget for the year 2004 for the COMESA secretariat.

## **CHAPTER TWO**

### **BANK OF SUDAN POLICIES**

Bank of Sudan formulated and implemented the comprehensive banking policy together with the Monetary and credit policy. These policies were prepared according to the macroeconomic policy and taking into consideration the importance of promoting the banking system to adapt the international banking and financial standards.

The Comprehensive Banking Policy targeted a number of issues, among them: managing the monetary policy, developing the banking system, improving liquidity management, regulating the foreign exchange market, introducing banking technology and strengthening the adherence of the banks to Sharia principles. This Policy started formulating annual programs of action continued in 2004. The main objectives of the macro-economic policy in 2004 were: attaining a GDP growth rate of 6.5%, an inflation rate of not more than 6.5% average for the year, a growth rate of not more than 25% in money supply and maintaining the flexibility and stability of the exchange rate, as well as achieving banking safety and soundness.

The performance of Bank of Sudan policies could be presented under two main subjects:

- a- The Comprehensive Banking Policy in 2004.
- b- Monetary and credit policy in 2004.

#### **(A) The Comprehensive Banking Policy**

The following section presents the implementation of the Comprehensive Banking Policy during 2004 under the following headings:

##### ***1- Banking Supervision and Development:***

To strengthen the financial and banks reform program, Bank of Sudan benefited from the technical assistance of the International Monetary Fund and the World Bank by applying the Financial Sector Assessment Program (FSAP), and work towards implementing its recommendations and agree on a program of action.

Furthermore, work continued in enhancing the systems of corporate governance and applying the transparency and disclosure standard in banks. Also, the (Fit and proper Tests) were applied on the members of the board of directors and the top management of banks, which pertain to the minimum requirements of the academic qualifications and work experience.

The regulations governing financial investment institutions which applying Financial Leasing “Ijara” were issued. Also proposals for the regulations governing ATM’s was prepared, in addition to continuing the process of connecting the banks with an electronic network, beside the internal network. And within the preparations for adopting the requirements of Basel Accord II, the Information Unit was formed in banks as the starting point for risk management within the preparations for adopting the requirements of Basal Record II. Within the process of improving the quality of assets in banks, the ratio of non-performing loans fell to 8.9% in December 2004 compared to 11.4% in December 2003.

## **2- *Banks Restructuring Program:***

Work started in implementing the Banks Restructuring Program announced in 2000, with the objective of establishing large and sound banking units to meet the international competition in the banking industry. The program comprises a number of phases, the most important include: bank merger, raising the minimum paid-up capital of commercial, specialized branches of foreign banks and reducing the level of non-performing loans in the banking system.

Work continued in 2004 in implementing the Banks Restructuring Program, where most of the banks succeeded in raising their paid-up capital to the minimum required level (SDD 3 billion), which was raised to SDD 6 billion for the coming years.

## **3- *Liquidity Management Instruments:***

To improve the liquidity management instruments, the Government Musharaka Certificates (GMC’s) were introduced in the last quarter of 1998, with the objectives of reducing inflation rates, achieving the optimum utilization of resources, stabilizing the exchange rate, increasing the rates of growth in the economy and mobilizing real resources instead of borrowing from the banking sector. Government Investment Certificates (GIC’s) were introduced in 2003. (More details in Chapter VI).

Within the continuous efforts to build-up its capacity to manage liquidity in the economy and improve the effectiveness of the monetary policy as well as achieving harmony with the fiscal policy, the Monetary Operations Unit (MOU) was established in Bank of Sudan, the Unit commenced its work in August 2003 to undertake an early warning operations to avoid any

monetary discrepancies that might affect the macro-economic objectives. The decree of establishing the Unit determined its functions as follows: -

- i. Monitoring the daily position of liquidity in the economy according to the directions and objective of monetary policy.
- ii. Monitoring the implementation of open market operations that are intended to correct the monetary path, and issue daily instructions to the concerned departments in Bank of Sudan to implement to required directions.
- iii. Preparing daily, weekly, monthly, quarterly and annual reports on the monetary performance.
- iv. Forecasting monetary position for future periods of time (weekly, monthly and quarterly).

The MOU continued its work throughout the year 2004 and contributed in following up the monetary performance beside the liquidity management in order to achieve the macro-economic objectives.

#### **4- *Financing Banks and Government Institutions:***

One of the main functions of Bank of Sudan is to perform the role of “Lender of last resort”, by assisting banks in overcoming problems of temporary liquidity shortages and reducing the finance gap for the important economic sectors. The government was financed by SDD 8 billion that were repaid in July 2004. Also, a number of banks were financed to bridge liquidity shortages and they fully repaid<sup>1</sup> the extended amount.

The Central Bank Musharaka Certificates (CMC's) were introduced in 1998 as a liquidity management instrument. They were withdrawn (buying and selling) from banks and financial institutions and liquidated. The share of Bank of Sudan and the Ministry of Finance in the capitals of banks (that comprised these Certificates) were fully repaid in November 2004, due to its inefficiency in managing liquidity, in addition to the reduction in the value of their composition.

The total investment finance extended to banks and the public sector corporations from Bank of Sudan amounted to SDD 19.4 billion and SDD 4.7 billion as at 31<sup>st</sup> Dec. 2004 respectively.

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<sup>1</sup> See Circular No. (1/2003) issued by the Issue and Finance Department, Bank of Sudan

### **5- *Foreign Exchange Market:***

Bank of Sudan continued its efforts to achieve a flexible and real exchange rate within the context of a free effective and unified foreign exchange market. To fulfill these targets, the following amendments were undertaken.

- a- Some invisible receipts that bought for Bank of Sudan were channeled to the commercial banks with the objective of increasing the foreign exchange resources of the banks, such as the transfer of domestic contractors credits payable by foreign companies working in the field of oil production, which were collected by Bank of Sudan on behalf of the commercial banks. The banks were permitted to use these amounts in financing imports, foreigners salaries, travel expenses, sale to banks and exchange bureaus and any other uses approved by Bank of Sudan.
- b- Banks and exchange bureaus were allowed to sell to shipping companies to cover their obligations in foreign currency in order to pay the rent of ships after presenting the rent contract, with the objective of expanding the uses of dealing rooms resources and to achieve a more flexible exchange rate and reduce its temporary fluctuations.
- c- Banks were instructed to meet the needs of their clients in foreign exchange for all the uses from the dealing rooms resources, whether from their resources or by buying from Bank of Sudan. On the condition that they will sell to the customers and the public at the same buying rate used by Bank of Sudan.
- d- The band within which the indicative exchange rate was allowed to move was amended to be 2.5% instead of 2%.
- e- The indicative exchange rate should be separated from Bank of Sudan exchange rate, and the Bank will determine its own exchange rate, being one of the participants in the market.
- f- Implementing a number of successful policies to build up a suitable level of national reserves in the Bank of Sudan. Currently, these reserves equivalent to 4.7 months of imports.
- g- The unit of investing and managing the official foreign reserves was established according to Bank of Sudan administrative resolution No (2/2004) dated 9/10/2004 and it commenced work in Nov, 2004.

### **6- *Banking Technology:***

The Comprehensive Banking Policy for 2004 aimed at establishing the National Payment System, continuing building the infrastructure of banking

technology, developing electronic banking services and the central bank information systems. The followings are the accomplishments: -

- a- Start implementing the Electronic Cheque Clearing project through image-based exchange of data. This project is expected to be completed in the second half of 2006 in Khartoum State, and it will be implemented in the other States later on.
- b- Start implementing the National Payment Switch project, which connects Automated Teller Machines (ATM's) and points of sale (POS's) by using plastic cards for cash dispensing from ATM's and payments in shops. The project is expected to commence work during the second half of 2005.
- c- Continue the process of connecting branches of banks with the Electronic Banking Information Network. The number of connected branches reached 281 branches of 18 banks in different cities, with a coverage ratio of 53% of all branches operating in Sudan.
- d- Established the infrastructure of information technology at the headquarters of Bank of Sudan by starting and operating the data center and computer network, beside start applying the new Banking System and expected to be completed by end of 2005.

## **7. *The Higher Shari'a Board for the Banking System and Financial Institutions:***

The Higher Shari'a Board issued a number of resolutions and fatawas during 2004, as follows: -

- i- An Islamic system for Promissory Notes.
- ii- Purchase of the asset and leasing it to the seller.
- iii- Salam Sukouk.
- iv- The agreement of Line of Credit from Saudi Arabia.
- v- Article (5) of the proposed Company Act (2004) related to limited liability.
- vi- Payment of muslam fihi by getting a murabaha from the Muslam.
- vii- Regulations governing the business of Financial Leasing "Ijara" Institutions (2004).

The Higher Shari'a Board has participated in settling a number of disputes between banks and their clients, beside providing Shari'a consultations to the different departments of Bank of Sudan within an arrangement of coordination and cooperation.

In the field of training and capacity building, the Board presented a number of lectures, seminars, symposiums. Furthermore, the Board conducted a number of researches and participated in internal and external meetings.

**(B) The Monetary and Credit Policy for 2004:**

The Monetary and Credit Policy for 2004 included a number of directions, the main ones include: -

- 1- Each bank shall determine its internal liquidity ratio in all its branches to meet the daily withdrawals of its clients, while taking into consideration the minimum ratio that was in place (10% of total deposits) as an indicative rate.
- 2- Each bank must keep a statutory reserve in local and foreign currencies of not less than 12% of the designated deposits for this purpose (this ratio was amended to 14% in June 2004).
- 3- Applying *murabaha* profit margin of 10% per annum (as an indicative rate).
- 4- Extending of not less than 10% of the loan-able funds for productive families, small producers, professionals and handicrafts.

As for the actual performance of the monetary policy during 2004, money supply registered a growth rate of 30.8%, while inflation rate reached 8.5% and GDP grew by 7.2%.

## **CHAPTER THREE**

### **GROSS DOMESTIC PRODUCT**

The Gross Domestic Product (GDP) is the sum of the market value of all the final goods and services produced recently in the country within a specific period of time (usually one year). There are many methods for computing (GDP) and the method used in this report is the value-added method, i.e. adding the values of the final products (goods and services) at the current prices and deducting the values of intermediate goods and services included in the production process.

Table (3 – 1) shows the Gross Domestic Product at constant prices (based on the 1981/1982 prices) and the current prices (2004 prices).

**Table (3 -1)**  
**Gross Domestic Product**  
**At Constant Prices of 1981/82**  
**(Value in SDD Millions)**

Sector	2003*			2004**		
	Value	Growth Rate %	Share	Value	Growth Rate %	Share
<b>A. Agriculture</b>	<b>738.0</b>	<b>5.2</b>	<b>45.6</b>	<b>771.0</b>	<b>4.5</b>	<b>44.5</b>
<b>(i)Agrarian Component:</b>	<b>402.3</b>	<b>5.1</b>	<b>24.8</b>	<b>428.3</b>	<b>6.5</b>	<b>24.7</b>
Irrigated Agriculture	201.2	4.3	12.4	205.6	2.2	11.9
Mechanized Rainfed Agriculture	35.5	77.5	2.2	47.9	34.9	2.8
Traditional Rainfed Agriculture	117.3	-4.9	7.3	123.4	5.2	7.1
Forestry and Others	48.3	4.0	3.0	51.4	6.4	3.0
<b>(ii) Livestock Component:</b>	<b>335.7</b>	<b>5.3</b>	<b>20.8</b>	<b>342.7</b>	<b>2.1</b>	<b>19.8</b>
Animal Resources	335.7	5.3	20.8	342.7	2.1	19.8
<b>B. Industry:</b>	<b>390.4</b>	<b>10.5</b>	<b>24.1</b>	<b>440.8</b>	<b>12.9</b>	<b>25.4</b>
<b>(i) Industry and Mining</b>	<b>156.7</b>	<b>12.0</b>	<b>9.7</b>	<b>187.5</b>	<b>19.7</b>	<b>10.8</b>
Petroleum	143.5	12.7	8.9	173.8	21.1	10.0
Other	13.2	5.0	0.8	13.7	3.8	0.8
<b>(ii) Manufacturing</b>	<b>132.7</b>	<b>10.2</b>	<b>8.2</b>	<b>142.0</b>	<b>7.0</b>	<b>8.2</b>
<b>(iii) Electricity and Water</b>	<b>26.6</b>	<b>5.1</b>	<b>1.6</b>	<b>28.4</b>	<b>6.8</b>	<b>1.6</b>
<b>(iv) Building and Construction</b>	<b>74.4</b>	<b>10.2</b>	<b>4.6</b>	<b>82.9</b>	<b>11.4</b>	<b>4.8</b>
<b>C. Services:</b>	<b>489.2</b>	<b>3.8</b>	<b>30.2</b>	<b>521.7</b>	<b>6.6</b>	<b>30.1</b>
Governmental Services	92.9	4.0	5.7	104.0	11.9	6.0
Other Services	396.3	3.8	24.5	417.7	5.4	24.1
GDP at constant Prices	1,617.6	6.0	100.0	1,733.5	7.2	100.0
GDP Deflator	259,880.0			283,269.0		
GDP at Current Prices	4,203,818.9			4,910,468.1		

Source: Ministry of Finance and National Economy.

\*Amended figures

\*\* Preliminary Figures

Table (3 – 1) shows that the growth rate of the GDP (at constant prices) increased from 6.0% in 2003 to 7.2% in 2004, as a result of the increase in the growth rate of most of the sectors except agriculture and manufacturing.

### **The Agricultural Sector**

The agricultural sector, with its two sub sectors the agrarian and animal, registered a decrease in its growth rate from 5.2% in 2003 to 4.5% in 2004. This was attributed to the decrease in the growth rate of the rain-fed mechanized agriculture from 77.5% in 2003 to 34.9% in 2004, despite the increase in its percentage share from 2.2% to 2.8% and the improvement in the growth rate of the traditional rain-fed agriculture.

The agrarian subsector contributed with %55.6 of the total share in agricultural sector. The growth rate of this sector increased from 5.1% in 2003 to 6.5% in 2004. This could be attributed to the noticeable increase in the growth rate of the traditional rain-fed agriculture from – 4.9% in 2003 to 5.2% in 2004, despite the decrease of the growth rate of irrigated agriculture from 4.3% in 2003 to 2.2% in 2004, in addition to the decrease in the growth rate of mechanized rain-fed agriculture while the growth rate of forestry and others increased from 4.0% in 2003 to 6.4% in 2004.

As for the animal subsector, it contributed with 44.5% of the total share of the agricultural sector in GDP. Its growth rate decreased from 5.3% in 2003 to 2.1% in 2004.

### **a- The Industrial Sector**

The industrial sector contributed with 25.4% in total GDP, and its growth rate has increased from 10.5% in 2003 to 12.9% in 2004 as a result of the remarkable increase in the growth rate of mining and quarrying from 12.0% in 2003 to 19.7% in 2004. The growth rate of the electricity and water sectors, increased from 5.1% in 2003 to 6.8% to 2004, while their contribution to total GDP remained constant at 1.6% for the two years 2003 & 2004, as shown in table (3-2).

The growth rate of the building and construction sector slightly increased from 10.2% in 2003 to 11.7% in 2004, and its contribution to GDP increased from 4.6% to 4.8%.

## b- The Services Sector

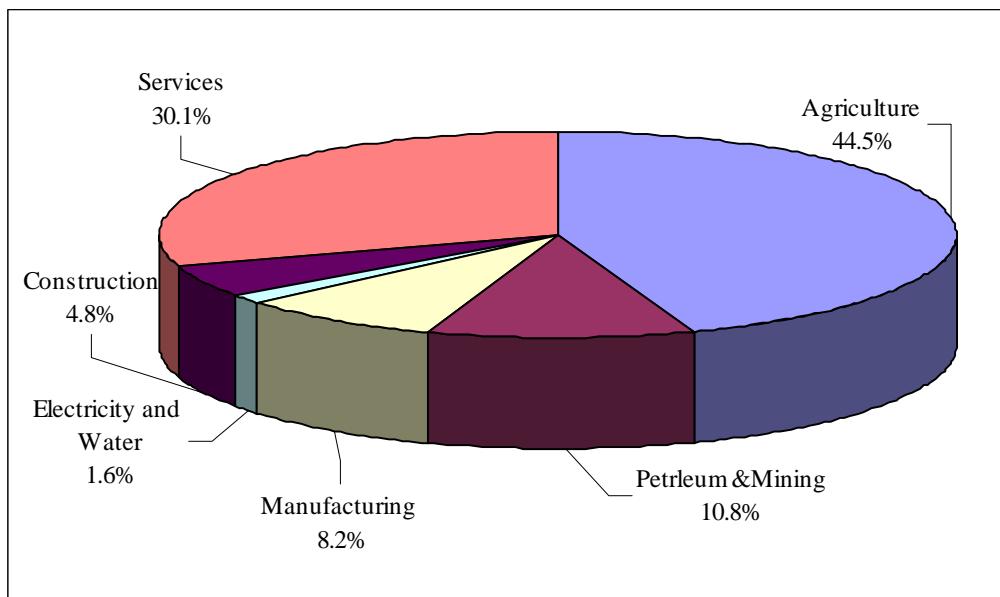
The growth rate of the services sector increased from 3.8% in 2003 to 6.6% in 2004 as a result of the considerable increase in the growth rate of the government services from 4.0% in 2003 to 11.9% in 2004 and of other services from 3.8% to 5.4% in 2004.

**Table (3-2)**  
**Percentage Share of the Economic Sectors**  
**Into the Gross Domestic Product (GDP)**

Sector	2003 (%)	2004 (%)
Agriculture	45.6	44.5
Mining and Quarrying	9.7	10.8
Manufacturing	8.2	8.2
Electricity and Water	1.6	1.6
Construction	4.6	4.8
Services	30.2	30.1
<b>GDP at Constant Prices</b>	<b>100.0</b>	<b>100.0</b>

Source: Ministry of Finance and National Economy

**Figure (3-1)**  
**Percentage Share of the Economic Sectors**  
**in the Gross Domestic Product**  
**in 2004**



## Inflation

Table (3-3) and Appendix X show that the annual average of inflation rate during 2004 – computed by the Consumer Price Index (CPI) increased from 7.4% in 2003 to 8.7% in 2004.

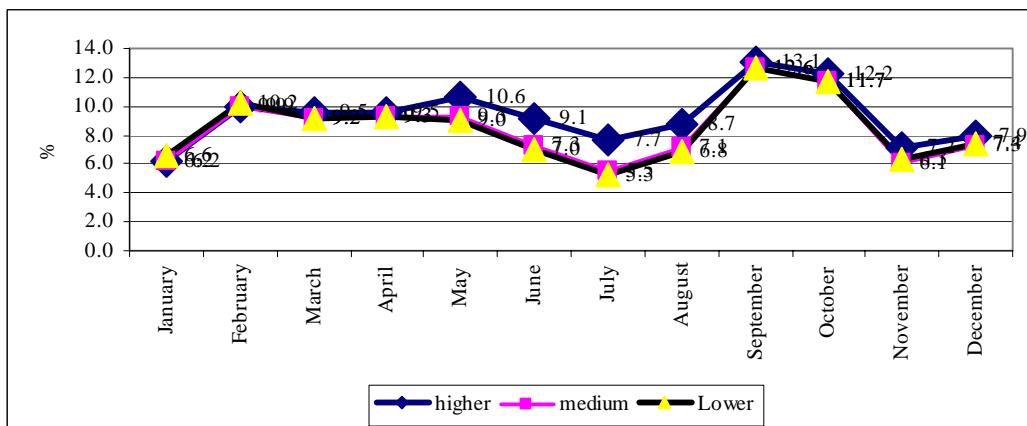
**Table (3 -3)**  
**Inflation Rates for the years 2003 & 2004**  
**Base Year 1990 = 100**

Income groups	2003		2004	
	End of December	Annual	End of December	Annual
Higher Income	7.5	6.6	7.9	9.3
Middle Income	8.3	7.7	7.3	8.5
Lower Income	8.6	7.9	7.4	8.5
Geometric Mean	8.1	7.4	7.5	8.7

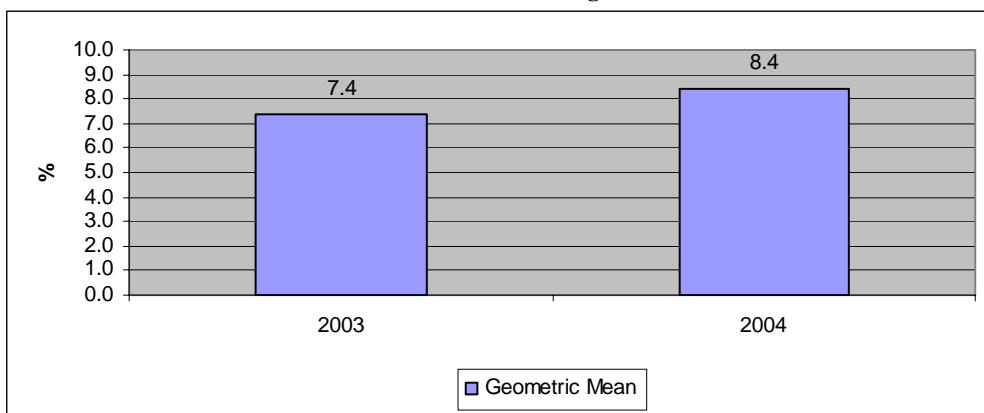
Source: Central Bureau of Statistics.

Fig. (3-2) shows the trend of inflation during 2004, while Fig. (3-3) shows the geometric mean of inflation rate during 2003 & 2004, and appendix (X) shows inflation rates during the period (1994 – 2003).

**Figure (3-2)**  
**Inflation Rate during 2004**  
**Base year 1990=100**



**Figure (3-3)**  
**Geometric Mean of the Average**  
**Annual Inflation rate during 2003-2004**



### **Gross National Product**

Table (3-4) shows that the growth rate of the National Product (GNB) (at constant prices for 1981/1982) decreased from 8.3% in 2003 to 7.2% in 2004. This could be attributed to the increase in the deficit of net invisible receipts and payments from \$944.65 million in 2003 to \$994.54 in 2004, as a result of the decrease in the private sector transfers despite the improvement in the exchange rate of the Sudanese Dinar vis-à-vis the US dollar from SDD 260.98 to SDD 257.90.

**Table (3 -4)**  
**Gross National Product**  
**at Constant Prices 1981/82**  
(b) (SDD Millions)

Sector	2003 Adjusted	2004
GDP at 1981/1982 Prices*	1,617.3	1,733.5
Annual Growth Rate (%)	6.0	7.2
Net Invisible Receipts and Payments at Constant Prices 1981/82**	-36.2	-35.1
Gross National Product	1,581.0	1,698.4
Annual Growth Rate (%)	8.3	7.2

Source: \* Ministry of Finance and National Economy.

\*\*Bank of Sudan

## **CHAPTER FOUR**

### **PRODUCTION**

This chapter covers the performance of the sector of agriculture (with its two parts: the agrarian and the animal), industry, electricity and services.

The agricultural sector was at the front position of the productive sectors in Sudan for a long period of time, where it contributes to nearly 50% of the GDP despite a backward trend in its growth rate in the last few years. On the other hand, the industrial sector – including oil – starting 1999 has shown a constant increase in its growth rate to a matter that ranked it as one of the main sectors, with regard to its contribution in export proceeds.

#### **First: The Agricultural Sector**

The agricultural sector is considered the main sector in the Sudanese economy, as 75% of the population rely on it on providing them with food and jobs. Beside that it provides the raw materials for the local industries and also significantly contributes in the export proceeds.

In 2004 the agricultural sector contributed by 44.5% in 2004 to the Gross Domestic Product. Despite the decrease in its growth rate from 5.2% in 2003 to 4.5% in 2004, and the decrease in its contribution to GDP from 45.6% to 44.5% as a result of the deterioration in the production of mechanized rain-fed agriculture and irrigated agriculture, it remained the first sector in terms of the magnitude of contribution to the GDP.

#### **(A) Agrarian Production**

The agrarian sector includes the mechanized rain-fed agriculture (with an area of 13.7 million feddans), traditional rain-fed agriculture (with an area of 2.1 million feddans) and the forestry and pastoral sector (in an area of 74.1 million feddans). The agrarian sector contributes 55.6% of the total agricultural sector in the GDP in 2004.

Below are the details of the production of the main crops during 2003/2004 season, including: cotton, gum Arabic, sorghum, dukhun, wheat, groundnuts, sesame and sunflower.

#### **1- Main Cash Crops**

The production of the main cash crops decreased in 2004 season.

*i. Cotton:*

Cotton was one of the main contributing items to the national economy until 1980. Beside that, other economic sectors rely on it. The relative importance of this cash crop has moved gradually backwards due to difficulties of late preparations for the seasons, insufficiency of finance at the appropriate timing and difficulties in irrigation.

Cotton production decreased from 449 thousand bales in the 2002/2003 seasons to 346 thousand bales in the 2003/2004 seasons, i.e. by 22.9%, despite an increase in the cultivated area from 370 thousand feddans to 408 thousand feddans, i.e. by 10.3%. This was due to the drop in the average productivity from 4.4 kantars/feddan to 2.3 kantars/feddan.

**Table (4-1)**  
**Cotton Production for the years (2002/2003 - 2003/2004)**

2002/2003			2003/2004		
Cultivated Area 000's Feddans	Average Prod. Per Feddan (Quintals)	Production 000's Bales	Cultivated Area 000's Feddans	Average Prod. Per Feddan (Quintals)	Production 000's Bales
370	4.4	449	408	2.3	346

Source: Sudan Cotton Company

*ii. Gum Arabic*

The production of gum Arabic has declined generally in the last few years. After recording the highest volume of production in 1994/1995 season, amounting to 84.1 thousand tons, it started to drop in the following years to reach 16.7 thousand tons in 2003/2004 season. This deterioration in productivity was a result of adverse natural conditions inflicted the forests.

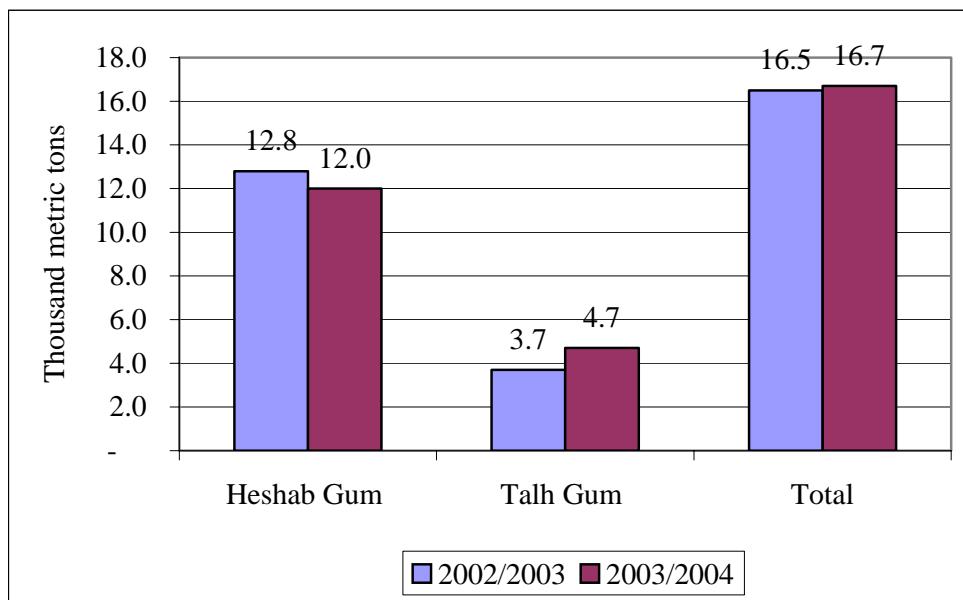
Table (4-2) and Fig. (4-1) show the volume of production of gum Arabic in 2003/2004 seasons.

**Table (4-2)**  
**Gum Arabic Production for the years (2002/2003 - 2003/2004)**  
(Thousand Metric Tons)

Crops	2002/2003	2003/2004
Heshab Gum	12.8	12.0
Talh Gum	3.7	4.7
Total	16.5	16.7

Source: Arabic Gum Company

**Figure (4-1)**  
**Gum Arabic Production**  
**For the years (2002/2003 – 2003/2004)**



## 2- Main Food Crops

The production of all the main food crops has increased in 2003/2004 season.

### i. *Sorghum*

The production of sorghum increased noticeably from 2,825 thousand tons in 2002/2003 season to 4,690 thousand tons in 2003/2004 season, i.e. by 66%. This was a result of the increase in the cultivated areas in the irrigated areas as well as the increase in productivity from 223 kg / feddan to 269 kg / feddan.

### ii. *Millet*

The production of millet increased markedly from 581 thousand tons in 2002/2003 seasons to 767 thousand tons in 2003/2004 season, i.e. by 32%, as a result of the increase in the cultivated and harvested areas and in productivity.

### iii. *Wheat*

The production of wheat increased from 330 thousand tons in 2002/2003 seasons to 398 thousand tons in 2003/2004 season, i.e. by 20.6%, as a result of the increase in the cultivated areas. Despite the drop in productivity from 1,068 kg./feddan to 971 kg./feddan.

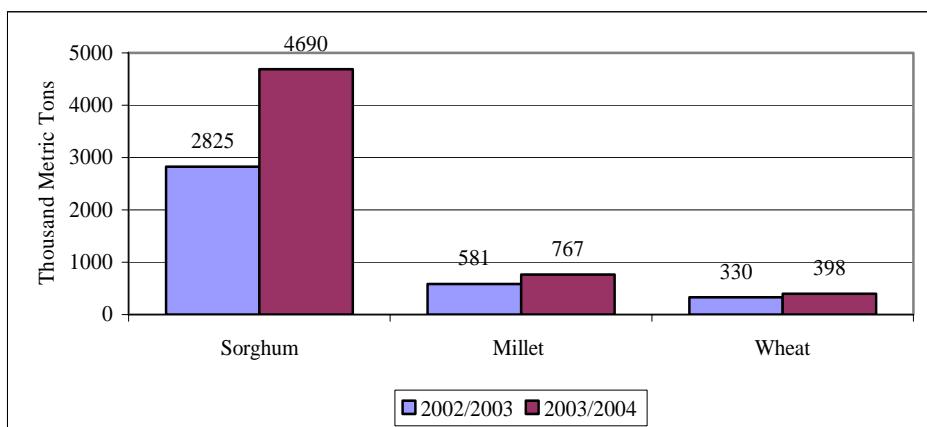
Table (4-3) and figure (4-2) show the volume of production of the main food crops for 2002/2003 and 2003/2004 seasons.

**Table (4-3)**  
**Production of Main Food Crops for the years (2002/2003 - 2003/2004)**

Season	Sorghum(Dura)			Millet (Dukhun)			Wheat		
	Cultivated Area in 000's Feddans	Production in 000's Metric Tons	Productivity KGs/Feddan	Cultivated Area in 000's Feddans	Production in 000's Metric Tons	Productivity KGs/Feddan	Cultivated Area in 000's Feddans	Production in 000's Metric Tons	Productivity KGs/Feddan
2002/2003	18,336	2,825	223	9,323	581	100	321	330	1,068
2003/2004	19,949	4,690	269	10,324	767	122	432	398	971

Source: Ministry of Agriculture (Agricultural statistics)

**Figure (4-2)**  
**Production of Main Food Crops**  
**For the years (2002/2003 – 2003/2004)**



### 3- Main Oil Seeds

During the 2003/2004 seasons the production of groundnuts and sesame increased while that of sunflower decreased.

#### i. *Groundnuts*

The production of groundnuts increased from 550 thousand tons in 2002/2003 season to 790 thousand tons in 2003/2004 season, i.e. by 43.6%, as a result of the increase in the cultivated area from 3,215 thousand feddans to 3,757 thousand feddans, i.e. by 16.9%, and the increase in the harvested area from 2,439 thousand feddans to 2,542 thousand feddans, i.e. by 4.2%, and the increase in productivity from 226 kg/feddan to 311 kg/feddan, i.e. by 37.6%.

### *ii. Sesame*

The production of sesame increased sharply from 122 thousand tons in 2002/2003 season to 399 thousand tons in 2003/2004 season, i.e. by 227.1%. This is attributed mainly to the horizontal and vertical expansion through an increase in the cultivated area from 2,796 thousand feddans to 4,419 thousand feddans, i.e. by 58.1%, an increase the harvested area from 1,836 thousand feddans to 3,783 thousand feddans, i.e. by 106.1%, and an increase in productivity from 66 kg/feddan to 105 kg / feddan i.e. by 59.1%.

### *iii. Sunflower*

The production of sunflower decreased from 18 thousand tons in 2002/2003 season to 7 thousand tons in 2003/2004 season, i.e. by 61.1%, as a result of a decrease in the cultivated areas from 32 thousand feddans to 15 thousand feddans, i.e. by 53.1%, and a decrease in the harvested areas from 29 thousand feddans to 13 thousand feddans, i.e. by 55.1%, and also to the decrease in productivity from 633 kg / feddan to 538 kg / feddan i.e. by 15.0%.

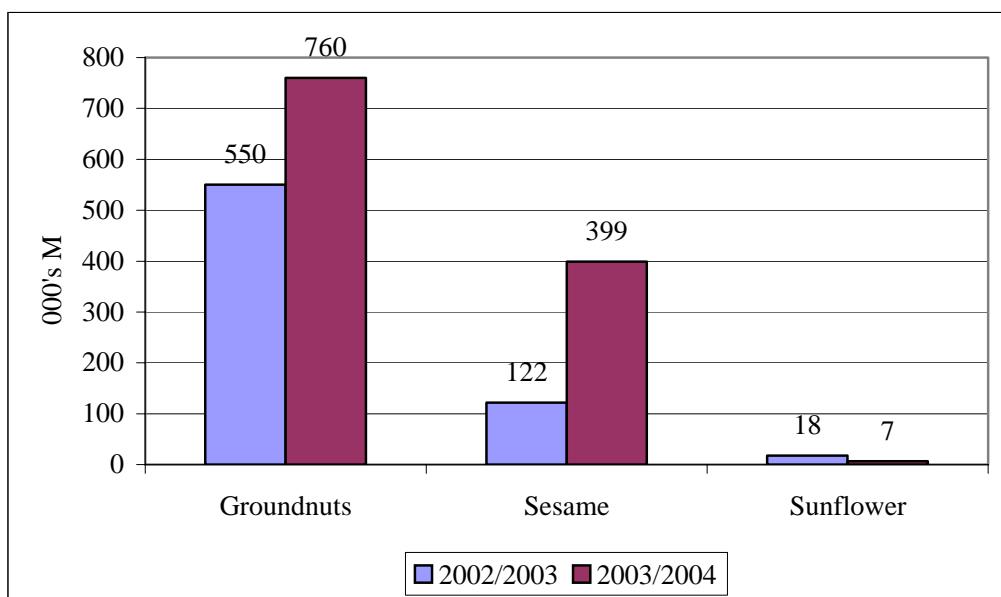
Table (4-4) and figure (4-3) show the production of main oil seeds for 2002/2003 and 2003/2004 seasons.

**Table (4-4)**  
**Production of Main Oil Seeds in**  
**2002/2003 and 2003/2004 seasons**

Season	Groundnuts			Sesame			Sunflower		
	Cultivated Area in 000's Feddans	Production in 000's Metric Tons	Productivity KGs/Feddan	Cultivated Area in 000's Feddans	Production in 000's Metric Tons	Productivity KGs/Feddan	Cultivated Area in 000's Feddans	Production in 000's Metric Tons	Productivity KGs/Feddan
2003/2002	3,215	550	226	2,796	122	66	32	18	633
2004/2003	3,757	790	311	4,419	399	105	15	7	538

Source: Ministry of Agriculture (Agricultural statistics)

**Figure (4-3)**  
**Production of Main Oil Seeds in the**  
**2002/2003 and 2003/2004 seasons**



## (B) Animal Production

Sudan is considered one of the main African and Arab countries in terms of animal wealth and its by-products. The existence of animal wealth aims at improving the standard of living, securing food by providing abundant quantities of different types of meat and meat products, as well as milk, eggs and fish for domestic consumption and for export.

The estimated total national livestock - which includes cows, sheep, goats and camels – increased from 133 million heads in 2003 to 134 million heads in 2004, i.e. by 0.55%.

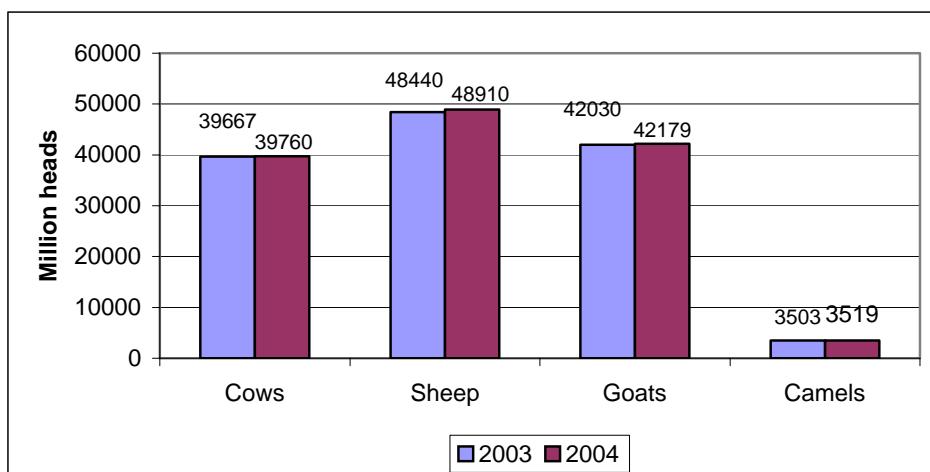
Table (4-5) and 4-6 and figure (4-4) show the details of these estimates.

**Table (4-5)**  
**Animal Resources Estimates during 2003 - 2004**  
(In Millions of Heads)

Type	2003	2004	Change %
Cows	39,667	39,760	0.23
Sheep	48,440	48,910	0.97
Goats	42,030	42,179	0.36
Camels	3,503	3,519	0.46
<b>Total</b>	<b>133,640</b>	<b>134,368</b>	<b>0.54</b>

Source: Ministry of Animal Resources

**Figure (4-4)**  
**Estimates of Livestock during 2003 - 2004**



**Table (4-6)**  
**Estimates of Livestock Products during 2003 - 2004**  
 (Thousand Metric Tons)

Year	2003	2004	Change %
Meat	1,663	1672	0.54
Milk	7,387	7406	0.26
Fish	68	70	2.86
Poultry Meat	20	22	9.09
Eggs	25	28	10.71

Source: Ministry of Animal Resources

## Second: The Industrial Sector

The rate of growth of the industrial sector was low in the past, but it started increasing since 1999.

This sector comes in the second place after the agricultural sector in importance. It includes mining and manufacturing. Its growth rate increased from 10.5% in 2003 to 12.9% in 2004, and its contribution to the GDP increased from 24.1% in 2003 to 25.4% in 2004. Following is a presentation of the main industrial products.

### 1. Oil

Since 1999 oil became one of the country's exports. The total production of oil products increased from 2,789.1 thousand metric tons in 2003 to 3,160.8 thousand metric tons in 2004, i.e. by 13.3%, but production of crude oil decreased from 95.8 thousand barrels in 2003 to 77 thousand barrels in 2004, i.e. by 19.6%.

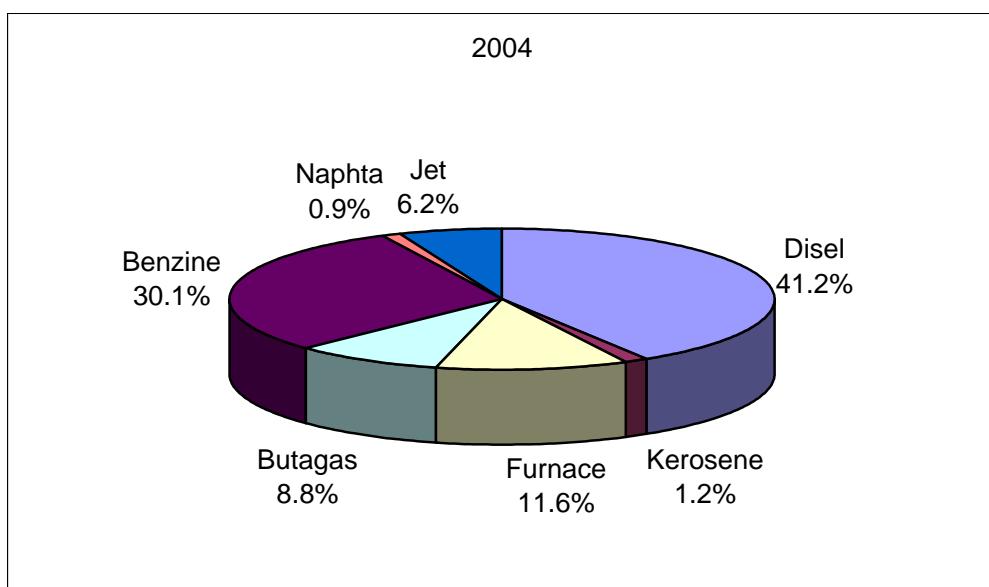
Table (4-7) shows production of crude oil and petroleum by-products and Fig. (4-5) shows shares of petroleum by-products.

**Table (4-7)**  
**Production of Crude Oil and Petroleum Products**  
(Thousands metric tons)

Particulars	2003		2004		Change %
Crude oil (Thousand Of Barrels)	95,770.80		77,014.40		-19.6
Petroleum Products	Production 000's MT	Share %	Production 000's MT	Share %	
Disel	1104.7	39.6	1301.3	41.2	17.8
Kerosene	36.5	1.3	38	1.2	4.1
Furnace	375.8	13.5	367	11.6	-2.3
Butagas	229.1	8.2	278.9	8.8	21.7
Benzine	857.9	30.8	950.7	30.1	10.8
Naphta	29.2	1.0	27.9	0.9	-4.5
Jet	155.9	5.6	197	6.2	26.4
Total	2789.1	100	3160.8	100	13.3

Source: Ministry of Energy and Mining.

**Figure (4-5)**  
**Shares of Petroleum Products**



## 2. Heavy Industries

### a- GIAD Industrial Complex

The units of GIAD Industrial Complex were restructured in 2004, with an objective of increasing their efficiency and attaining maximum productive capacity, to become six specialized companies as follows:-

- 1) GIAD Automobiles Company.
- 2) GIAD Heavy Trucks Company.
- 3) GIAD Furniture and Medical Equipments Company.
- 4) GIAD Pressing and Metal Forming Company.
- 5) GIAD Vehicles Service Company.
- 6) GIAD Tractors and Agricultural Equipments Company.

Tables (4-8) and (4-9) show the actual production of GIAD companies from vehicles and metallurgical industries for the years 2003 and 2004.

**Table (4-8)**  
**Vehicles Production in 2003 and 2004**  
 (Production in Units)

Particulars	Actual Production “Per Units”	
	2003	2004
1- Tractors	240	48
2- Agricultural Equipment	322	473
3- Buses	74	51
4- Minibuses	-	18
5-Pickups	532	216
6- Salon Cars	610	1485
7- Station Wagons (Mehirra)	20	-
8- Trucks	190	436
9 –Motor Cycles	-	390
10- Assortments of Products	629	304
11- Special Products	516	70

Source: Giad Industrial City.

**Table (4-9)**  
**Production of Metallurgical Industries in 2003 and 2004**

Particulars	Actual Production “Tons”	
	2003	2004
1- Iron bars	63,936	35,740
2- Electric Aluminum Wires and Copper Cables	1,268	2,600
3- Aluminum Profiles	610	1,084
4- Pipes and Tubes	1,403	2,285

Source: GIAD Industrial City.

In general, production in GIAD Industrial Complex witnessed a fall during 2004, with the exception of some industries, such as: agricultural equipments, heavy trucks, aluminum cables and wires, and pipes and tubes.

### **b- Saria Industrial Complex**

Work started in Saria Complex as a public sector investment in 1997. In November 1998 the ownership of the Complex was transferred to the private sector when it started producing some goods, such as: electrical and electronic equipments, plastic and packing products.

The production of Saria Complex decreased generally in all its products in 2004, compared to 2003. Table (4-10) shows the most important products of Saria Industrial Complex in 2003 and 2004.

**Table (4-10)**  
**Production of Saria Industrial Complex in 2003 and 2004**

Factory	Unit	Production per Unit		Change %
		2003	2004	
Dry Cells	Cells	3,657	4,000	9.4
Packing	Square Meter	1,168,077	1,052,829	-9.9
Televisions	Television	2,921	368	-87.4

### **3. Sugar Industry**

Total production of sugar (from both Sudanese Sugar Company and Kenana Sugar Company) increased from 728.1 thousand tons in 2003 to 755 thousand tons in 2004, i.e. by 3.7%, as a result of the increase in production of Kenana Sugar Factory.

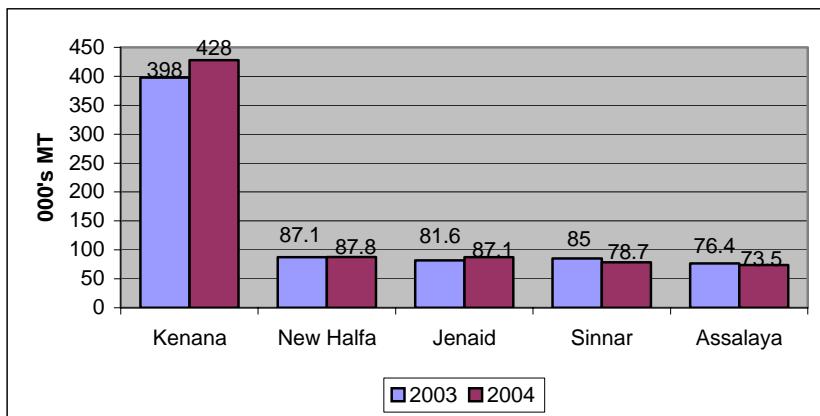
Table (4-11) and figure (4-6) show the actual production of the sugar factories in 2003 and 2004.

**Table (4-11)**  
**Production of the Sugar Factories in 2003 and 2004**  
**(In Thousands of Tons)**

Factory	Actual Production		% Change
	2003	2004	
Kenana	398.0	428.0	7.5
New Halfa	87.1	87.8	0.8
Jenaid	81.6	87.1	6.7
Sinnar	85.0	78.7	-7.4
Assalaya	76.4	73.5	-3.8
<b>Total</b>	<b>728.1</b>	<b>755.1</b>	<b>3.7</b>

Source: The Sudanese Sugar Company and Kenana Sugar Co.

**Figure (4-6)**  
**Production of the Sugar Factories In 2003 and 2004**



#### 4. Pharmaceuticals Industry

The pharmaceuticals industry started in Sudan in 1961 by the Sudanese Chemical Industries Company. Currently, there are 6 companies working in the field of pharmaceuticals (being: Sigma-tau Company, Abdel Moneim Pharmaceuticals Company, City-pharm Company, General Medical Company, Elie Pharmaceuticals Company and Ami-pharma Company).

Table (4-12) shows the different pharmaceutical products in 2003 and 2004.

**Table (4-12)**  
**Production of Pharmaceuticals in 2003 and 2004**

Products	Units	Actual production		Utilized Capacity
		2003	2004	
Tablets	Millions Tablets	1000.0	413.3	27.6%
Capsules	Millions Capsules	900.0	143	35.8%
Spoon Syrup	Millions of Bottles	7.0	2.86	2.9%
Liquid Syrup	Millions of Bottles	2.4	5.11	56.8%
Vein Analyses	Millions of Packages	3.4	0	-
Syringes	Tons	12.0	0	-

Source: Ministry of Industry.

#### 5. Refrigerators Industry

The refrigerators industry was monopolized by Coldair Industrial Company until 2002 when the Modern Factory for Refrigerators (Liebherr) and Star International Company started production. This resulted in a sort of competition which was reflected in improving the quality of production and quantity of refrigerators.

Table (4-13) shows the actual production of refrigerators in 2003 and 2004.

**Table (4-13)**  
**Production of Refrigerators in 2003 and 2004**  
 (Thousands Units)

Particulars	Actual Production		% Change
	2003	2004	
Total Production	46.0	46.6	1.3

Source: Ministry of Industry

Production of refrigerators in 2004 increased by 1.3% over that of 2003.

## 6. Soft Drinks Industry

The total production of soft drinks increased from 312 million liters in 2003 to 370 million liters in 2004, i.e. by 18.6%, as a result of the increase in the production of some factories.

Table (4-14) shows total production of soft drinks in 2003 and 2004.

**Table (4-14)**  
**Production of Soft Drinks Factories in 2003 - 2004**  
 (Thousands of Liters)

Particulars	Actual Production		% Change
	2003	2004	
Total Production	312,000	370,000	18.6

Source: Ministry of Industry

## 7. Vegetable Oils and Soap Industry

Production of vegetable oils increased from 90 thousand tons in 2003 to 130 thousand tons in 2004, i.e. by 44.4%. Also, production of soap increased from 80 thousand tons in 2003 to 95 thousand tons in 2004, i.e. by 18.8%.

Table (4-15) shows total production of vegetable oils and soap factories in 2003 and 2004.

**Table (4-15)**  
**Production of Vegetable Oils and Soap Factories**  
**In 2003 and 2004**

Particulars	Actual Production (Thousands of Tons)		% Change
	2003	2004	
Oil	90	130	44.4
Soap	80	95	18.8

Source: Ministry of Industry

## 8. Leather Industry

Leather production increased from 7.2 million pieces in 2003 to 9.0 million pieces in 2004, i.e. by 25%. Also, production of shoes increased from 37.6 million pairs in 2003 to 38.0 million pairs in 2004, i.e. by 1.1%.

Table (4-16) shows total production of leather and shoes in 2003 and 2004.

Table (4-16)  
Production of Leather and Shoes in 2003 and 2004

Particulars	Unit	Actual Production		Change (%)
		2003	2004	
Leather	Millions of Pieces	7.2	9.0	25.0
Shoes	Millions of Dozens	37.6	38.0	1.1

Source: Ministry of Industry.

## 9. Cement Industry

Cement is produced in Atbara Cement Factory, which was established in 1947, and Rabak Cement Factory, which were established in 1965. The ownership of these two factories was transferred to the private sector as a result of the privatization policy adopted by the government.

Table (4-17) shows the actual production figures of Atbara and Rabak Cement Factories in 2003 and 2004.

Table (4-17)  
Production of Cement in 2003 and 2004  
(Thousands Metric Tons)

Factories	Actual Production		% Rate of Change
	2003	2004	
Rabak	199.9	240	20.1
Atbara	72	67.1	-6.8
Total	271.9	307.1	12.9

Source: Atbara and Rabak Cement Factories.

Cement production increased from 271.9 thousand tons in 2003 to 307.1 thousand tons in 2004, i.e. by 12.9%, as a result of the increase in the productive efficiency of Atbara Cement Factory, but at the same time production in Rabak Cement Factory fell by 6.8%.

## 10. Wheat Flour

Wheat flour production is concentrated in two big companies namely Sega Company and Wheata Company. Despite the existence of a number of small- and medium-size flour mills, most of them stopped because of the difficulties that face

industry generally, such as: power supply, insufficiency of raw materials and low quality of production.

Wheat flour production decreased from 890 thousand tons in 2003 to 870 thousand tons in 2004, i.e. by 2.3%.

Table (4-18) shows total production of flourmills in 2003 and 2004.

**Table (4-18)**  
**Flourmills Production in 2003 and 2004**

Particulars	(Thousands Tons)			% Rate of Change	
	Actual Production		2002		
	2003				
Total production	890	870		-2.3	

Source: Ministry of Industry

## 11. Textiles and Yarn Industry

There are 6 operating yarn factories, and 4 textiles factories. Table (4-19) shows total production of spinning and textiles in 2003 and 2004.

**Table (4-19)**  
**Yarn and Textile Production in 2003 and 2004**

Type	Units	Actual Production		% Rate of Change
		2003	2004	
Yarn	Thousands of Tons	3.3	7.2	118.2
Textile	Millions of Yards	15.0	15	0.0
Ready Made Clothes	Millions of Pieces	1.0	1.7	70.0

Source: Ministry of Industry.

Textiles production remained constant at 15 million yards in 2003 and 2004, while yarn production increased from 3.3 million tons in 2003 to 7.2 million tons in 2004, i.e. by 118.2%. Also, ready-made clothes production increased from 1 million pieces in 2003 to 1.7 million pieces in 2004, i.e. by 70.0%.

## 12. Paints Industry

There are 11 operating paints factories operating. Total production of paints increased from 17.5 thousand tons in 2003 to 20.0 thousand tons in 2004, by i.e. 14.3%. The paints factories operated at only 20% of its productive capacity during 2004.

Table (4-20) shows actual production of paints factories in 2003 and 2004.

**Table (4-20)**  
**Paints Factories Production in 2003 and 2004**

Particulars	Actual Production		% Rate of Change
	2003	2004	
Total Production	17.5	20	14.3

Source: Ministry of Industry

### 13. Other Industries

Table (4-21) shows some other industries, and it can be seen that there is a decrease in production in general. This is attributed to a number of factors, the main of which are power supply. This was reflected in the drop in production of cigarettes and dry cells.

**Table (4-21)**  
**Production of Other Industries in 2003 and 2004**

Type	Units	Actual Production		% Rate of Change
		2003	2004	
Cigarettes	thousands of Tons	2.3	1.0	-56.5
Dry cells	Millions of Units	44.0	19.0	-56.8
Matches	Thousands of Cartons	419.2	425.0	1.4

Source: Ministry of Industry.

### Third: Electricity and Water Sectors

#### 1/ National Electricity Corporation (NEC)

##### *a- Generated Power*

The total power generated by all stations of the NEC in 2004 amounted to 3,748.6 gega watt/hr, with an increase of 11.8% over the power generated in 2003 which was 3,354.0 gega watt/hr.

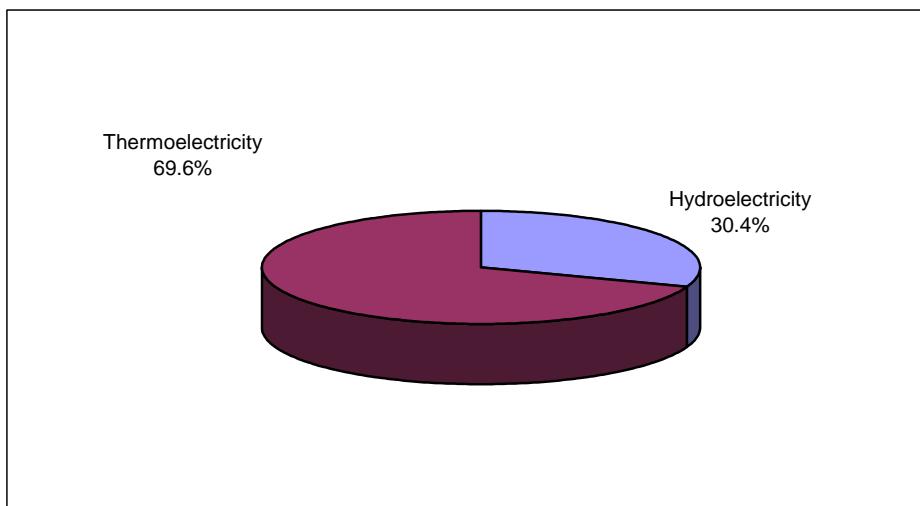
Table (4-22) and Fig. (4-7) show the electric power generated in Sudan in 2003 and 2004.

**Table (4-24)**  
**Electric Power Generated in the Sudan in 2003 and 2004**  
(Gegawatts/Hour)

Power Generated	2003	2004	% Rate of Increase
Water Generated	1,163.20	1,140.30	-2.0
Steam Generated	2,190.80	2,608.30	19.1
<b>Total Power Generated</b>	<b>3,354.00</b>	<b>3,748.60</b>	11.8

Source: National Electricity Corporation.

**Figure (4-7)**  
**Sources of Electric Power Generation During the Year 2003**



**b- Consumed Power**

The total consumed power in 2004 amounted to 2,494.9 giga watt/hr, with an increase of 7.5% over the consumed power in 2003 which amounted to 2,320.0 giga watt/ hr.

Table (4-23) shows the consumed power by sector in 2003 and 2004.

**Table (4-23)**  
**Electric Power Consumption by Sectors in 2003 and 2004**  
(Gigawatts/hour)

Sector	2003	2004	% Rate of Change
Residential	1,134.00	1,261.90	50.6
Industrial	513.5	419.1	16.8
Agricultural	17.9	106.5	4.3
Other Sectors *	654.6	707.4	28.4
Total	2,320.00	2,494.90	100.0

\* Includes Commercial and governmental Sector

Source: National Electricity Corporation

**2/ National Water Corporation (NWC)**

The main objective in the Comprehensive National Strategy (1999-2003) as concerns the water sector was to have a big leap in coverage by 100% for the rural areas first and the urban areas next, in order to be in line with the requirements of the World Health Organization (WHO). In the year 2004, the increase in water was by 14.9% in rural areas and 10.0% in urban areas over their levels of 2003.

Table (4-24) shows total water produced in 2003 and 2004.

**Table (4-24)**  
**Water Production in 2003 and 2004**  
**(Thousands Cubic Meters Per Day)**

Sector	2003	2004	% Rate of Change
Urban	1,133	1,246	10.0
* Rural	1085	1135	4.6
<b>Total</b>	<b>2,218</b>	<b>2,381</b>	<b>7.3</b>

Source: National Electricity Corporation.

\* Revised figures for 2003.

Total production of the NWC increased from 2,218 thousand cubic meter/day in 2003 to 2,381 thousand cubic meter / day in 2004, i.e. by 11.5%.

#### **Fourth: Services Sector**

##### **1/ Transport**

Table (4-25) shows volume of goods and number of passengers transported using different means of transport, which include: shipping lines, air lines, railways, river and land transport, in 2003 and 2004.

**Table (4-25)**  
**Goods and Passengers Transported in 2002 and 2003.**

Mode of Transport	2003		2004		% Rate of Change	
	Goods in Thousand Tons	Passengers in thousands	Goods in Thousand Tons	Passengers in thousands	Goods %	Passengers %
Land Transport *	14,991.20	25,791.20	18,930.50	27,952.20	26.3	8.4
Sudan Railways	1,266.00	109	1,265.40	63.8	-0.05	-41.5
Sudan Shipping Line**	192.9	20.2	138.2		-23.7	
Sudan Air ways ***	12.5	495.6	9.4	562.8	-25.6	13.6
River Transport	43.6	4.5	35	11.7	-19.7	160.0

Source: The Abovementioned Authorities.

\* Includes Lorries, Trucks, Minibuses and Buses.

\*\* Passengers and Cattle transport suspended during 2004 for the company rearrangement

\*\*\* Passengers and Goods Transported Internally to and from outside Sudan.

The number of passengers increased in 2004 by all means of transport, except those moved by railways and shipping lines. It can also be seen that the volume of goods transported by all means of transport fell, except those moved by land transport.

## 2/ Roads and Bridges

The State continued its efforts to construct and rehabilitate national and internal roads and bridges. It completed most of the construction stages of the roads and bridges propose to be built in 2004, which were estimated at 1,475 km. and 13 bridges, with an average of 30.7% execution of the plan for the year 2004 of all the construction stages.

Table (4-26) A and (4-26B) show the execution of the plan of the National Roads and Bridges Corporation in 2004.

**Table (4-26A)**  
**Plan Position Execution of National Corporation**  
**For roads and Bridges in 2004**

<b>Stages of Execution of Roads</b>	<b>Completion km</b>	<b>Change %</b>
<b>Cleaning and Opening Lanes</b>	<b>739.4</b>	<b>50.1</b>
<b>Compaction of Land</b>	<b>608.9</b>	<b>41.3</b>
<b>Back filling</b>	<b>489.8</b>	<b>33.2</b>
<b>Foundation Layers</b>	<b>305.1</b>	<b>20.7</b>
<b>Asphalt Layer</b>	<b>117.4</b>	<b>8.0</b>

Source: National Corporation for Roads and Bridges

**Table (4-26B)**  
**Plan Position Execution of National Corporation for roads and Bridges in 2004**

<b>Stages of Execution of Bridge</b>	<b>Numbers</b>	<b>Change %</b>
<b>Gadarif - Doka - Galabat Bridges</b>	<b>3</b>	<b>100.0</b>
<b>Peace Road Bridges</b>	<b>4</b>	<b>100.0</b>
<b>Delang - Azom Bridges</b>	<b>4</b>	<b>On going work</b>
<b>Um Rwaba - Abu Gebayha</b>	<b>2</b>	<b>25.0</b>

Source: National Corporation for Roads and Bridges.

Table (4-27) shows the total length of roads and bridges fully constructed by the end of 2004 compared to those of 2003.

**Table (4-27)**  
**Total Implemented Road Bridges in 2004**

Particulars	Implemented by the end of the year		Change (%)
	2003	2004	
Length of implemented Roads K/M*	*4,120	4237	2.8
Number of bridges	26	33	26.9

Source: - National Corporation for Roads and bridges.

\* 100% pave.

### **3/ Communications:**

Sudan recently witnesses noticeable qualitative progress in the field of communication services a matter that put it within the few countries in the forefront of that domain in the region. That progress – in fact- is attributed to the activities of Sudan telecommunications company (Sudtel) which was established in 1994, Sudanese Mobile Telephone Company (Mobitel) established in 1996 and Sudanese Company for Internet Services (Sudanet) established in 1997.

#### **a- Sudan Telecommunications Company (Sudatel)**

The Sudan Telecommunications Company was established in 1994 as a public company, in which the public sector owns 34% and the private sector owns 66%, pending the announcement of the results of the new subscription, which will take place soon. The Company carries the activities of installation, maintenance and operation functions related to the telecommunications. This is done through networks and different national and international linkages systems.

Table (4-28) shows the services provided by Sudatel in 2003 and 2004.

**Table (4-28)**  
**Sudan Telecommunications Company (Sudatel) Services in 2003 and 2004**

Particulars	2003	2004	% Rate of Growth
Network Capacity (Line)	1,738,600	1,965,400	13.0
Sector Capacity (Line)	1,306,436	1,270,666	-2.7
Number of Customers	936,756	1,028,899	9.8

**Source: Sudan Telecommunications Company (Sudatel)**

The number of subscribers increased from 936,756 at the end of 2003 to 1,028,899 by the end of 2004, i.e. by 9.8%, as a result of expansion in the network coverage and dissemination across the states.

### **b- Sudanese Mobile Telephone Company (Mobitel)**

This Company was established in 1996, with a public sector shares account of 21%, private Sudanese shareholders of Sudatel (40%) and MFI Company (a Dutch company) 39%. In the same year the Company became a member of the European Organization for Mobile Phones and the International Association for Telecommunications. In February 1997 it started its business.

Table (4-29) shows the performance of the service of Mobitel in 2003 and 2004.

**Table (4-29)**  
**Sudanese Mobile Phones Company (MobiTel) Services**  
**In 2003 and 2004**

Particulars	2003	2004	% Rate of Growth
Number of Subscribers	554,072	1,048,558	89.2
Number of Towns Covered	40	70	75.0

**Source: Sudanese Mobile Phones Company (MobiTel)**

The number of subscribers increased from 554,072 by the end of 2003 to 1,048,558 by the end of 2004, i.e. by 89.3%, and the coverage of cities increased by 75.0%.

### **c- Sudanese Company for Internet Services (Sudanet)**

The Sudanese Company for Internet Services was established in December 1996, and the public sector contributes with 34% and the private sector, represented by Sudatel, accounts for 66%, and the internet service was installed in Sudan in March 1997, with 10% private capital. The services of Sudanet cover Khartoum State, as well as a number of cities, such as: Port Sudan, Gedaref, Kassala, Dongola, Sennar, Medani, El-Obeid, Nyala, El-Fasher and El-Hasaheesa.

Table (4-30) shows the performance of the service of Sudanet in 2003 and 2004.

**Table (4-30)**  
**Sudanese Company for Internet Services (Sudanet) in 2003 and 2004**

Particulars	2003	2004	% Rate of Increase
Number of subscribers	23,019	23,019	Subscription system is cancelled
Entrance Windows	2,880	3,360	16.7
Capacity in Kilobytes *	Outgoing	5,000	10.0
	Incoming	12,000	-4.2

\* Capacity development means development in the capabilities of outgoing and incoming information.

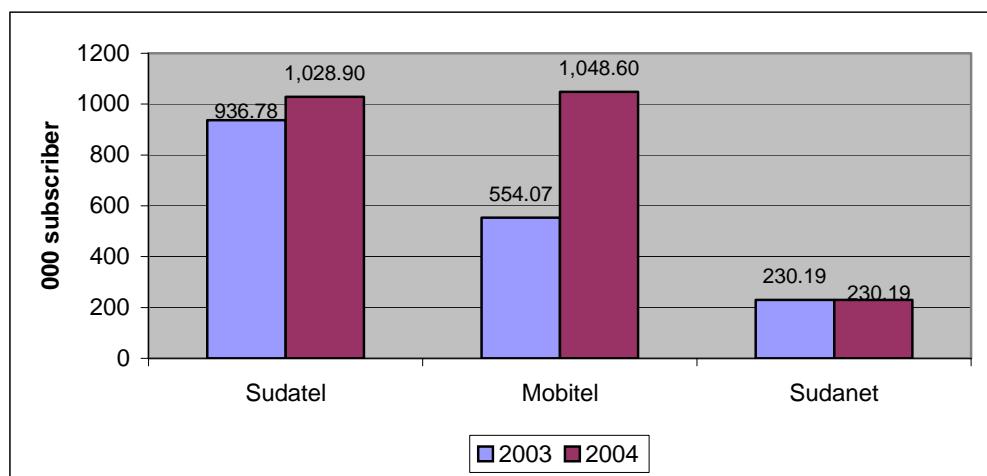
**Source: Sudanese Company for Internet Services (Sudanet)**

During 2004 the system of subscriptions to the Internet service was stopped, and access to the Internet service was made possible through the fixed telephone lines.

Access points to the Internet service increased from 2,880 in 2003 to 3,360 points in 2004, i.e. by 16.7%. Also, the capacities for outgoing data increased from 5,000 kilobytes in 2003 to 5,500 kilobytes in 2004, i.e. by 10%. As to incoming data, the capacities decreased from 12,000 kilobytes in 2003 to 11,500 kilobytes in 2004, i.e. by 4.2%.

Fig. (4-8) shows numbers of subscribers to the different means of telecommunications in 2003 and 2004.

**Figure (4-8)**  
**Subscribers to Means of Telecommunications in 2003 and 2004**



## **CHAPTER FIVE**

### **MONEY SUPPLY**

Money supply is considered one of the factors affecting the macro-economic performance. In its broad meaning ( $M_2$ ), it consists of: currency with the public, demand deposits, margins on letters of credit, margins on letters of guarantee and time deposits. The importance of money supply stems from its use as an intermediate target to achieve macro-economic objectives.

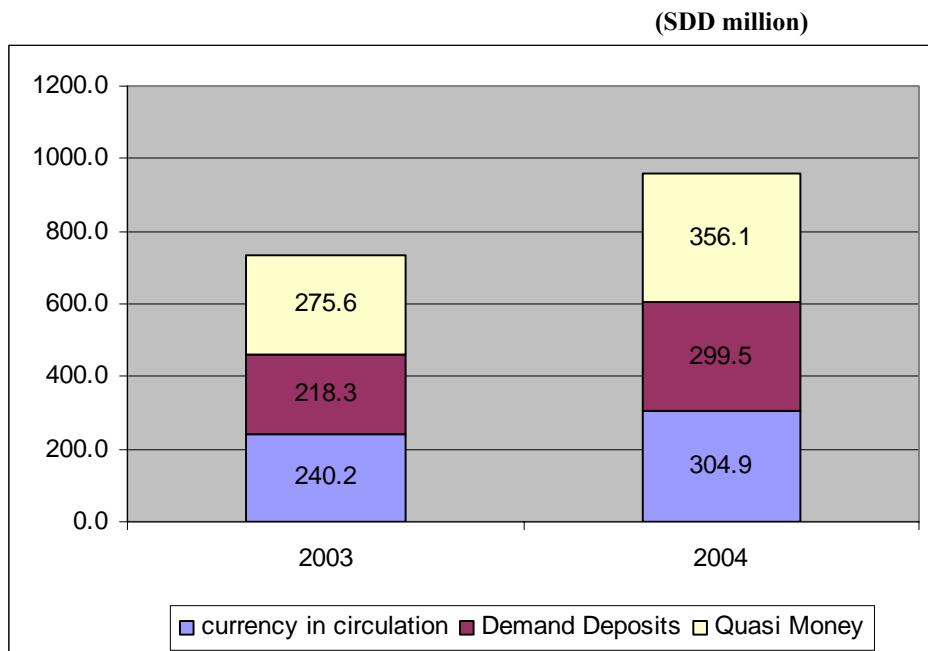
The increase in money supply at the end of 2004 amounted to SDD 226.4 billion, i.e by 30.8% compared to 30.3% for the last year. This was attributed to the rise in: current payment instruments by SDD 145.9 billion and quasi-money by SDD 80.5 billion. The increase in current payment instruments was due to the increase in currency with the public and demand deposits by SDD 64.7 billion and SDD 81.2 billion respectively.

Table (5-1) shows money supply and the factors affecting it, using the monetary survey data.

**Table (5-1)**  
**Money Supply and the Factors Affecting it**

	2003	2004	(SDD Million)	
			Changes During 2004	%
Change	%			
<b>A/ Money Supply (<math>M_2</math>)</b>	<b>734,086</b>	<b>960,446</b>	226,360	30.84
Means of Current Payments ( $M_1$ )	<b>458,481</b>	<b>604,369</b>	145,888	31.82
-     Currency with the Public	240,207	304,897	64,690	26.93
-     Demand Deposits	218,274	299,472	81,198	37.20
Quasi-Money	275,605	356,077	80,472	29.20
<b>B/ Factors Affecting Money Supply</b>				
Foreign Assets (Net)	-569,905	-349,854	220,051	-38.61
Revaluation	816,977	799,762	-17,215	-2.11
Net Domestic Assets	<b>487,014</b>	<b>510,538</b>	23,524	4.83
1-Claims on Public Sector	<b>140,305</b>	<b>61,364</b>	-78,941	-56.26
1-1-Central, State & Local Governments	111,666	32,514	-79,152	-70.88
1-2-Public Enterprises	28,639	28,850	211	0.74
2-Claims on Private Sector	279,721	421,162	141,441	50.57
3-Claims on Non-Banking Financial Institutions	3,742	1,861	-1,881	-50.27
4-Other Net Items	63,246	26,151	-37,095	-58.65
<b>Total (B= A)</b>	<b>734,086</b>	<b>960,446</b>	226,360	30.84

**Figure (5-1)**  
**Components of the Money Supply in 2003 and 2004**



### **First: Factors Affecting Money Supply**

The followings are the factors affecting the money supply during 2004.

#### **1) Net Domestic Assets**

The effect of net domestic assets on the money supply was expansionary by SDD 23.5 billion, as it increased from SDD 487 billion in 2003 to SDD 510.5 billion in 2004, by 4.8%. This was mainly due to the increase in the “Claims of the Banking Sector on the private sector” by SDD 141.4 billion, which surpassed the decrease in the “Claims of the Banking Sector on the Public Sector” and “Claims on Financial Institutions” by SDD 78.9 billion and SDD 1.9 billion respectively, in addition to the decrease in “Net Other Items” by SDD 37.1 billion.

#### **2) Net Foreign Assets**

Net foreign assets increased from SDD -569.9 billion in 2003 to SDD -349.9 billion in 2004, by 38.6%. This resulted in continuing the contractionary effect of net foreign assets on the money supply.

### 3) Revaluation

The revaluation of foreign reserves, resulting from the changes in the exchange rate led to increase money supply by 2.11% in 2004.

#### Second: Reserve Money (Monetary Base)

The reserve money, which includes: currency in circulation, commercial banks reserves, demand deposits in Bank of Sudan, increased from SDD 354.8 billion in 2003 to SDD 453.3 billion in 2004.

Table (5-2) shows reserve money and the corresponding assets, as presented in the balance sheet of the monetary authority.

**Table (5-2)**  
**Reserve Money and Corresponding Assets in 2003 and 2004**  
**(SDD Millions)**

	2003	2004	Change During 2004	
			Change	%
<b>A/ Liabilities: -</b>				
<b>Reserve Money</b>	<b>354,814</b>	<b>453,316</b>	<b>98,502</b>	<b>27.76</b>
1- Currency in Circulation	252,053	319,688	67,635	26.83
1-1 With the Public	240,208	304,897	64,689	26.93
1-2 Cash in Commercial Banks	11,845	14,791	2,946	24.87
2- Banks' Reserves with Bank of Sudan	75,390	113,441	38,051	50.47
3- Other Current Deposits at Bank of Sudan	27,371	20,187	-7,184	-26.25
<b>B/ Corresponding Assets</b>				
1- Net Foreign Assets	<b>-685,386</b>	<b>-472,917</b>	<b>212,469</b>	<b>-31.00</b>
2- Revaluation	816,575	796,747	-19,828	-2.43
3- Net Domestic Assets	223,624	129,486	-94,138	-42.10
3-1- Net Claims on Government	83,066	-2,836	-85,902	-103.41
3-1-1-Claims on Government	147,850	148,713	863	0.58
3-1-2-Government Deposits	-64,784	-151,549	-86,765	133.93
3-2-Claims on Commercial Banks	33,491	29,985	-3,506	-10.47
3-3-Claims on Public Enterprises and Specialized Banks	17,343	15,481	-1,862	-10.74
3-4- Central Bank Musharaka Certificates (CMCs)	-2,751	0	2,751	-100.00
3-5- Other Items Net	92,475	86,856	-5,619	-6.08
<b>Total (B = 1 + 2 + 3)</b>	<b>354,813</b>	<b>453,316</b>	<b>98,503</b>	<b>27.76</b>

**Figure (5-2)**  
**Components of the Reserve Money by end of December 2004**

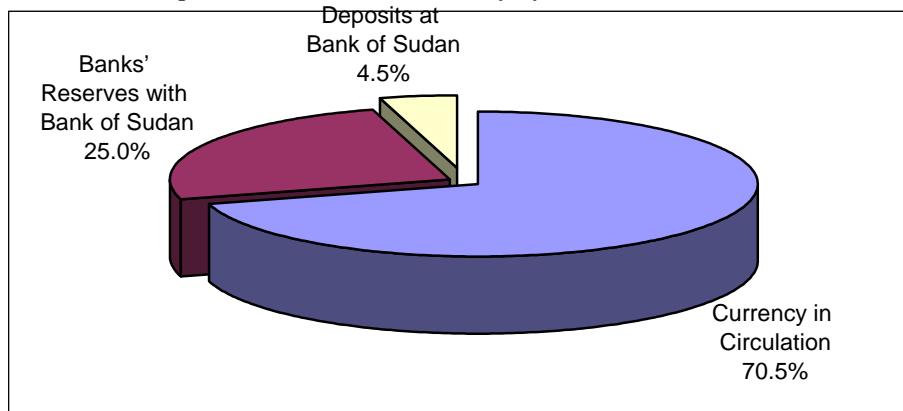


Table (5-2) shows the changes in reserve money and the corresponding assets during 2004, & figure. (5-2) shows the components of the reserve money by end December 2004.

### **Liabilities**

Currency in circulation was considered one of the main reasons for the increase in reserve money. It increased from SDD 252.1 billion in 2003 to SDD 329.7 billion in 2004, by 26.8%. This was attributed to the increase in currency with the public from SDD 240.2 billion in 2003 to SDD 304.9 billion in 2004, by 26.9%, and also to the increase in currency with banks from SDD 11.8 billion in 2003 to SDD 14.8 billion in 2004, by 24.9%. In addition, banks reserves with Bank of Sudan increased from SDD 75.4 billion in 2003 to SDD 113.4 billion in 2004, by 50.5%.

### **Assets**

The main reason for the rise in assets corresponding to reserve money was the increase in net foreign assets from SDD -685.4 billion in 2003 to SDD -472.9 billion in 2004, by 31.0%, despite the fall in the revaluation" from SDD 816.6 billion in 2003 to SDD 796.7 billion in 2004, by 2.4%, and the decrease in net domestic assets from SDD 223.6 billion in 2003 to SDD 129.5 billion in 2004, by 42.1%. This drop in net domestic assets was resulted from the large increase in government deposits from SDD 64.8 billion in 2003 to SDD 151.5 billion in 2004, by 133.9%. Also, claims on the government increased from SDD 147.8 billion in 2003 to SDD 148.7 billion in 2004, by 0.6%. Claims on commercial banks and claims on public enterprises and specialized banks decreased by 10.5%, and 10.7%, in 2004

respectively. Other items net decreased by 6.1%. In addition, the Central Bank Musharaka Certificates (CMC's) were phased out by 100% in 2004.

### Third: Money Multiplier and the Velocity of Circulation

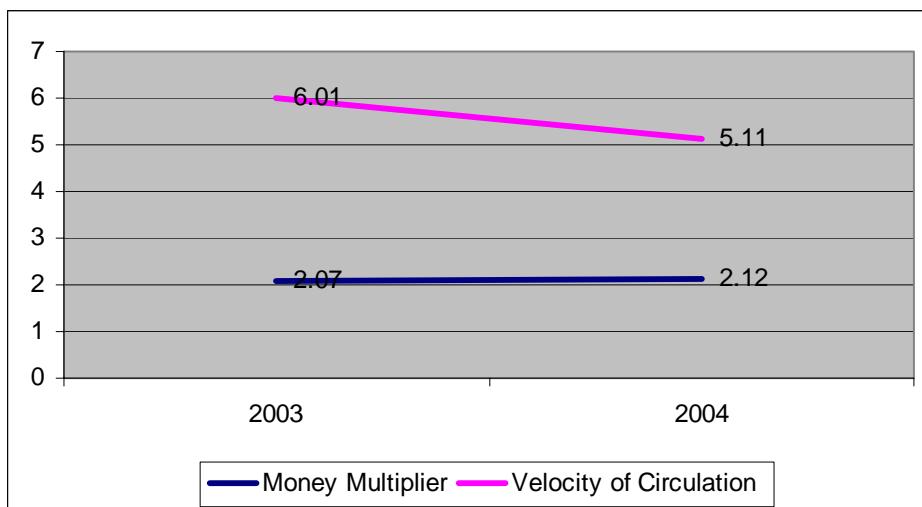
The increase in money supply led to an increase in the money multiplier (the quotient of dividing broad money supply ( $M_2$ ) by reserve money) from 2.07 in 2003 to 2.12 in 2004, while the velocity of circulation (the quotient of dividing GDP at current prices by broad money supply ( $M_2$ )) increased from 5.73 in 2003 to 5.11 in 2004.

**Table (5-3)**  
Money Multiplier and Velocity of Circulation in 2003 and 2004

Particulars	2003	2004
Money Multiplier	2.07	2.12
Velocity of Circulation	6.01	5.11

Table (5-3) shows the money multiplier and the velocity of circulation in 2003 and 2004, based on GDP amounted to SDD 4,203,817.9 million in 2003 and SDD 4,910,661.7 million in 2004.

**Figure (5-3)**  
Money Multiplier and Velocity of Circulation  
In 2003 and 2004



\* \* \* \* \*

## **CHAPTER SIX**

### **BANKS AND FINANCIAL INSTITUTIONS**

This chapter presents the performance of banks (which include Bank of Sudan, commercial and specialized banks) and financial institutions (which include Exchange Bureaus, Sudan Financial Services Co., Deposits Guarantee Fund, Khartoum Stock Exchange and Insurance Sector).

#### **First: BANKS**

##### **1/ Bank of Sudan**

The first Bank of Sudan Act was passed in 1959, and it was amended several times to be in line with the economic and financial developments in the country. The current Bank of Sudan Act was passed in 2002. The functions of Bank of Sudan, as stipulated in its Act, are: issuance of the currency in its different forms; formulating the monetary and credit policies; regulating, supervising, and developing the banking sector in such a manner as to increase its efficiency; helping to attain sustainable economic and social development; working to achieve the stability of the economy and the exchange rate of the Sudanese Dinar, in addition to acting as the government's bank and financial advisor.

##### **1.1 Bank of Sudan Balance Sheet**

The central bank continued in 2004 applying indirect management of the monetary and credit policies, by using Government Musharaka Certificates (GMC's) and Central Bank Musharaka Certificates (CMC's) to gauge liquidity. The Bank worked throughout the year to achieve monetary stability, which resulted in a stable price level, setting general indicators for cost of finance, and attaining stability of the national currency.

**Table (6-1)**  
**Bank of Sudan Balance Sheet for 2003 and 2004**  
**(SDD Millions)**

	<b>12/31/2003</b>	<b>12/31/2004</b>	<b>Change</b>	<b>%</b>
<b>Liabilities:</b>				
Notes and Coins in Circulation	252,053	319,687	67,634	26.8
Sight Liabilities	<b>171,835</b>	<b>292,602</b>	120,767	70.3
Federal Governments	64,784	151,549	86,765	133.9
State &Local Government	6,746	8,571	1,825	27.1
Public Enterprises	19,735	10,759	-8,976	-45.5
Local Banks	80,570	121,723	41,153	51.1
Foreign Correspondents	29,791	21,536	-8,255	-27.7
Time Liabilities	218,035	221,147	3,112	1.4
Payments Agreements	15,312	14,098	-1,214	-7.9
Capital and Reserves	4,392	5,837	1,445	32.9
Other Accounts	*261392	259,798	-1,594	-0.6
<b>Total Liabilities</b>	<b>952,810</b>	<b>1,134,705</b>	<b>181,895</b>	<b>19.1</b>
<b>Assets:</b>				
Bank Notes and Balances	225,211	413,297	188,086	83.5
Foreign Securities	3,897	6,470	2,573	66.0
Other foreign Assets	410	395	-15	-3.7
Loans and Advances to Banks	26,665	21,364	-5,301	-19.9
Temporary Advance to Government	37,494	37,494	0	0.0
Long Term Loans to Government	107,303	107,303	0	0.0
Advances Under Article 48(A)*	7,897	4,745	-3,152	-39.9
Contributions in Banks Capital	6,826	8,621	1,795	26.3
Other Contributions	3,776	4120	344	9.1
Non-Transferable Treasury Bills	0	0	0	0.0
Other Accounts	533,331	530,896	-2,435	-0.5
<b>Total Assets</b>	<b>952,810</b>	<b>1,134,705</b>	<b>181,895</b>	<b>19.1</b>

**\*Amended Figures**

Table (6-1) show that assets of Bank of Sudan increased from SDD 952.8 billion in 2003 to SDD 1,134.7 billion in 2004, by 19.1%. Banknotes and banks balances increased from SDD 225.2 billion in 2003 to SDD 413.3 billion in 2004, by 83.5%. Loans to banks decreased from SDD 26.7 billion in 2003 to SDD 21.4 billion in 2004, by 19.9%.

Contribution in capitals of local banks and other participations increased from SDD 6.8 billion and SDD 3.8 billion in 2003 to SDD 8.6 billion and SDD 4.2 billion in 2004, by 26.3% and 9.1% respectively. Credits and loans of public enterprises decreased from SDD 7.9 billion in 2003 to SDD 4.7 billion in 2004, by 39.9%. Government borrowing under Article (48 – 1) remained at the same level of 2003, at SDD 37.5 billion.

On the liabilities side, coins and banknotes increased from SDD 252.1 billion in 2003 to SDD 319.7 billion in 2004, by 26.8%. Deposits of the federal government increased sharply from SDD 64.8 billion in 2003 to SDD 151.5 billion in 2004, by 133.95%, as a result of the increase in government revenues. Deposits of public enterprises registered a drop from SDD 19.7 billion in 2003 to SDD 10.8 billion in 2004, by 45.5%, while deposits of local banks increased from SDD 80.6 billion in 2003 to SDD 121.7 billion in 2004, by 51.1%, and this was in line of the continuous rise during the last few years. Payments agreements debt decreased from SDD 15.3 billion in 2003 to SDD 14.1 billion in 2004, by 7.9%.

**Table (6-2)**  
**Bank of Sudan Balance Sheet Indicators in 2003 and 2004**  
(%)

	<b>2003</b>	<b>2004</b>
1. Capital and Reserves to Total Liabilities	0.46	0.51
2. Total government debt to Total Assets	15.2	12.76
3. Temporary Advances to Total Government Debt	25.89	25.89
4. Currency in Circulation to Total Liabilities	26.45	28.17
5. Government deposits to Total Liabilities	6.8	13.35
6. Contributions in Local Banks Capital to Total Contributions	47.08	44.87

Appendix (VI) shows the balance sheet of Bank of Sudan, on a monthly basis, for the years 2003 and 2004, and at the end of December for the last ten years.

## 2/ Commercial Banks

The number of banks operating in Sudan by end of 2004 was amounted to 26 banks, of which were 23 commercial banks and 3 were specialized banks, and their branches distributed in the different states of Sudan. Table (6-3) shows the consolidated balance sheet of the commercial banks at the end of 2004 compared to that at end of 2003, and Appendix (VII) shows the assets and liabilities of commercial banks, monthly for 2003 and 2004, and at end of December for the last ten years.

## 2.1 Commercial Banks Balance Sheet

**Table (6-3)**  
**Commercial Banks Consolidated Balance Sheet In 2003 and 2004**  
**(SDD Millions)**

	12/31/2003	12/31/2004	Change	%
<b>Liabilities:</b>				
<b>Deposits:</b>	<b>472,952</b>	<b>646,649</b>	<b>173,697</b>	<b>36.7</b>
Public	422,059	569,107	147,048	34.8
Government	9,610	17,551	7,941	82.6
Public Enterprises	41,283	59,991	18,708	45.3
<b>Banks:</b>	<b>31,858</b>	<b>33,580</b>	<b>1,722</b>	<b>5.4</b>
Bank of Sudan	14,910	10,646	-4,264	-28.6
Other Banks	2,156	4,807	2,651	123.0
Foreign Correspondents	14,792	18,127	3,335	22.5
Capital and Reserves	110,308	143,711	33,403	30.3
Other Accounts	174,479	219,566	45,087	25.8
<b>Total liabilities</b>	<b>789,597</b>	<b>1,043,506</b>	<b>253,909</b>	<b>32.2</b>
<b>Assets:</b>				
Local Currency	11,845	14,791	2,946	24.9
Balances with Bank of Sudan	79,165	103,642	24,477	30.9
Other Banks	9,225	12,867	3,642	39.5
Foreign Correspondents	130,273	141,189	10,916	8.4
Total Advances	294,759	436,391	141,632	48.1
Other Assets	264,330	334,626	70,296	26.6
<b>Total Assets</b>	<b>789,597</b>	<b>1,043,506</b>	<b>253,909</b>	<b>32.2</b>

Total assets / liabilities of commercial banks increased from SDD 789.6 billion by end of 2003 to SDD 1,043.5 billion at end of 2004, by 32.2%.

On the liabilities side, total deposits increased from SDD 473 billion in 2003 to SDD 646.6 billion in 2004, by 36.7%, and deposits of the public increased from SDD 422.1 billion in 2003 to SDD 569.1 billion in 2004, by 34.8%. In addition, public enterprises deposits increased from SDD 41.3 billion in 2003 to SDD 60 billion in 2004, by 45.3%. Also, capital and reserves increased from SDD 110.3 billion in 2003 to SDD 143.7 billion in 2004, by 30.3%, while amounts due to Bank of Sudan decreased from SDD 14.9 billion in 2003 to SDD 10.6 billion in 2004, by 28.6%.

On the assets side, local currency increased from SDD 11.8 billion in 2003 to SDD 14.8 billion in 2004, by 24.9%, and balances with Bank of Sudan increased from SDD 79.2 billion in 2003 to SDD 103.6 billion in 2004, by 30.9%. In addition, balances with other banks increased from SDD 9.2 billion in 2003 to SDD 12.9 billion in 2004, by 30.9%. On the other hand, total credit extended by commercial banks increased from SDD 294.8 billion

in 2003 to SDD 436.4 billion in 2004, by 48.1%. Other accounts registered an increase from SDD 264.3 billion in 2003 to SDD 334.6 billion in 2004, by 26.6%.

**Table (6-4)**  
**Summary of Commercial Banks Balance Sheet Indicators In 2003 & 2004**  
 ( % )

	2003	2004
1- Total Deposits to Total Liabilities	59.9	61.9
2- Capital and Reserves to Total Liabilities	14	13.8
3- Finance to Total Assets	37.3	41.8
4- Finance to Total Deposits	62.3	67.5
5- Liquid Assets to Total Deposits	19.2	18.3

**Table (6-5)(A)**  
**Details of Deposits in Local Currency in 2003 and 2004**

(SDD Millions)

Depositors	Dec. 2003		Dec. 2004		Current Accounts		Savings, Investments and Other	
	Current Accounts	Savings, Investment & Other	Current Accounts	Savings, Investment & Other	Change	(%)	Change	(%)
Federal & State Governments.	5,616	1	8,677	124	3,061	54.5	123	12,300.0
Public Corporations	2821	1,213	5,935	1,938	3,114	110.4	725	59.8
Private Sector*	189,478	88,011	269,967	105,417	80,489	42.5	17,406	19.8
<b>Total</b>	<b>197,915</b>	<b>89,225</b>	<b>284,579</b>	<b>107,479</b>	<b>86,664</b>	<b>43.8</b>	<b>18,254</b>	<b>20.5</b>
<b>Grand Total</b>	<b>287,140</b>		<b>392,058</b>					

\* Including Financial Institutions

**Table (6-5)(B)**  
**Details of Deposits in Foreign Currency in 2003 & 2004**

(SDD Millions)

Depositors	Dec. 2003		Dec. 2004		Current Accounts		Savings, Investments and Other	
	Current Accounts	Savings, Investment & Other	Current Accounts	Savings, Investment & Other	Change	(%)	Change	(%)
Federal & State Governments	3,854	140	7,929	821	4,075	105.7	681	486.4
Public Corporations.	1319	10,104	3,100	7,786	1,781	135.0	-2,318	-22.9
Private Sector*	53,589	116,806	80,637	154,318	27,048	50.5	37,512	32.1
<b>Total</b>	<b>58,762</b>	<b>127,050</b>	<b>91,666</b>	<b>162,925</b>	<b>32,904</b>	<b>56.0</b>	<b>35,875</b>	<b>28.2</b>
<b>Grand Total</b>	<b>185,812</b>		<b>254,591</b>					

\* Including Financial Institutions

Tables (6-5) (a) and (6-5) (b) show deposits in local and foreign currencies. Deposits in local and foreign currencies increased from SDD 287.1 billion

and SDD 185.8 billion in 2003 to SDD 392.1 billion and SDD 254.6 billion in 2004, by 36.5% and 37% respectively.

## **2.2 Commercial Banks Finance:-**

Banks extends finance to the private sector and public enterprises in local and foreign currencies.

Tables (6-6) (a) and (6-6) (b) show an increase in the total finance from SDD 294.8 billion in 2003 to SDD 436.4 billion in 2004, by 48.1%. The position of advances in local and foreign currencies increased from SDD 216.0 billion and SDD 78.7 billion in 2003 to SDD 286 billion and SDD 150.4 billion in 2004, by 32.4% and 91.1% respectively.

**Table (6-6) (A)**  
**Position of Commercial Bank's Advances By Sector in Local Currency\***  
**In 2003 and 2004**

(SDD Millions)

Period	Agriculture	Industry	Exports	Imports	Local trade	Other	Total	Annual % Change
31/03/2003	22,088	23,739	20,873	926	40,610	51,548	159,784	-
	13.80%	14.80%	13.10%	% 0.60	% 25.40	% 32.30	100.00%	
30/06/2003	23,140	24,035	20,762	368	47,693	51,601	167,599	-
	13.80%	14.30%	12.40%	0.20%	28.50%	30.80%	100.00%	
30/09/2003	21,494	19,705	22,293	339	54,927	59,798	178,556	-
	12.00%	11.00%	12.50%	0.20%	30.80%	33.50%	100.00%	
31/12/2003	26,851	24,637	27,516	1,107	69,735	66,177	216,023	35.0
	12.50%	11.40%	12.70%	0.50%	32.30%	30.60%	100.00%	
31/03/2004	26,273	30,551	33,555	323	82,198	71,583	244,483	-
	10.70%	12.50%	13.70%	% 0.10	% 33.60	% 29.30	100%	
30/06/2004	26,040	33,850	31,315	428	87,797	75,979	255,409	-
	10.20%	13.30%	12.30%	0.20%	34.40%	29.70%	100%	
30/09/2004	26,015	32,670	28,094	501	89,026	78,270	254,576	-
	10.20%	12.80%	11.00%	0.20%	35.00%	30.70%	100%	
31/12/2004	27,339	32,803	29,192	3,328	103,832	89,470	285,964	32.4
	9.50%	11.50%	10.20%	1.20%	36.30%	31.30%	100%	

\* Including Private Sector and Public Corporations

**Table (6-6)(B)**  
**Position of Commercial Banks Advances By Sector in Foreign Currency\***  
**In 2003 and 2004**

(SDD Millions)

Period	Agriculture	Industry	Exports	Imports	Local trade	Other	Total	Annual % Change
31/03/2003	825	3,802	642	28,977	2,659	5,197	42,102	-
	2.00%	9.00%	1.50%	% 68.80	6.30%	12.40%	100%	
30/06/2003	820	4,785	898	43,481	9,913	4,667	64,564	-
	1.30%	7.40%	1.40%	67.40%	15.30%	7.20%	100%	
30/09/2003	470	4,974	453	54,251	3,002	6,594	69,744	-
	0.70%	7.10%	0.60%	77.80%	4.30%	9.50%	100%	
31/12/2003	471	4,881	83	64,302	2,181	6,818	78,736	137.3
	0.60%	6.20%	0.10%	81.70%	2.80%	8.60%	100%	
31/03/2004	456	5,335	1070	68,065	4,487	7,925	87,338	-
	0.50%	6.10%	1.20%	% 77.90	5.10%	9.10%	100%	
30/06/2004	1309	6,177	205	82,418	4,518	8,902	103,529	-
	1.30%	6.00%	0.20%	79.60%	4.40%	8.60%	100%	
30/09/2004	2089	4,754	0	95,309	3,848	9,160	115,160	-
	1.80%	4.10%	0.00%	82.80%	3.30%	8.00%	100%	
31/12/2004	1302	7,282	0	128,027	4,216	9,600	150,427	91.1
	0.90%	4.80%	0.00%	85.10%	2.80%	6.40%	100%	

\* Including Private Sector and Public Corporations

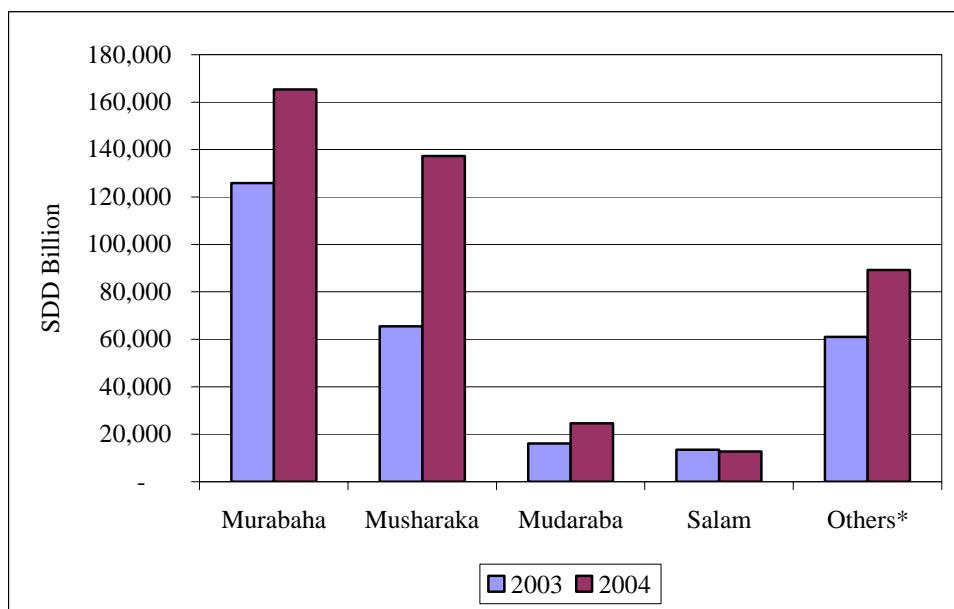
**Table (6 -7)**  
**Flow of Credit by Mode of Finance In 2003 and 2004**  
**(SDD Millions)**

Mode of Finance	2003	% Share	2004	% Share	% Change
Murabaha	125,859	44.7	165,298	38.5	31.3
Musharaka	65,459	23.2	137,239	32.0	109.7
Mudaraba	16,093	5.7	24,625	5.7	53.0
Salam	13,521	4.8	12,653	3.0	-6.4
Others*	60,994	21.6	89,256	20.8	46.3
<b>Total</b>	<b>281,926</b>	<b>100.0</b>	<b>429071</b>	<b>100.0</b>	<b>52.2</b>

\*Including Ijara and Mugawla Modes.

Table (6-7) shows the flow of finance extended by the commercial banks by mode of finance in 2003 and 2004. The percentage share of all modes increased except *salam*. Also, the flow of finance by *murabaha* increased from SDD 125.9 billion in 2003 to SDD 165.3 billion in 2004, by 31.3%, and the flow of finance by *musharaka* increased also from SDD 65.5 billion in 2003 to SDD 137.2 billion in 2004, by 109.7%. At the same time, the flow of finance by *mudaraba* increased from SDD 16.1 billion in 2003 to SDD 24.6 billion in 2004, by 53.0%. But finance by *salam* fell from SDD 13.5 billion in 2003 to SDD 12.7 billion in 2004, by 6.4%.

**Figure (6-1)**  
**Banks Advances by Mode of Finance**  
**in 2003 and 2004**



**Table (6 -8)**  
**Flow of Credit by Sectors in Local Currency in 2003 and 2004**  
**(SDD Millions)**

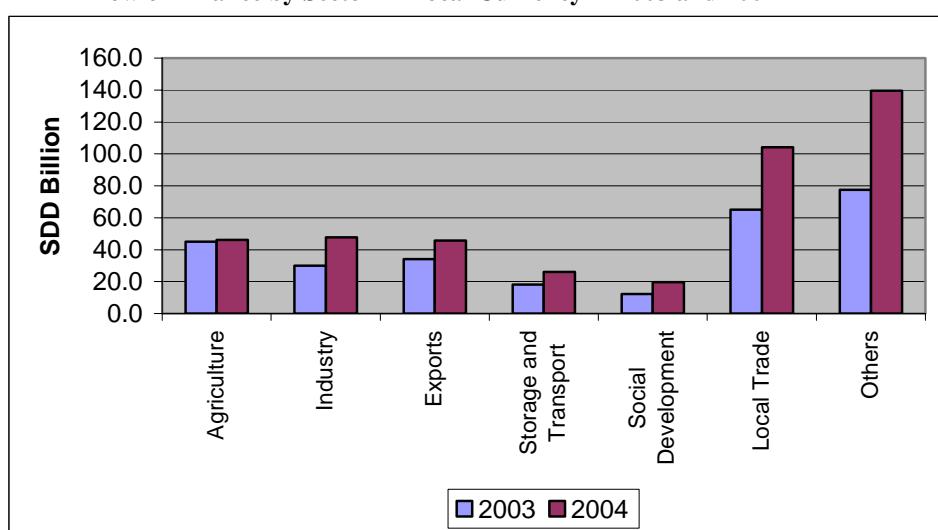
Mode of Finance	2003		2004		% Change
	Flow of Finance	% Share	Flow of Finance	% Share	
Agriculture	45,021	15.9	46,092	10.7	2.4
Industry	29,914	10.6	47,727	11.1	59.5
Exports	34,033	12.1	45,734	10.7	34.4
Storage and Transport	18,036	6.4	26,170	6.1	45.1
Social Development*	12,293	4.4	19,643	4.6	59.8
Local Trade	65,100	23.1	104,087	24.3	59.9
Others**	77,529	27.5	139,618	32.5	80.1
<b>Total</b>	<b>281,926</b>	<b>100.0</b>	<b>429071</b>	<b>100.0</b>	<b>52.2</b>

\* Including Small Producers and Handicraft Producers

\*\* Including Energy and Mining, Real Estate, Imports and other sectors

Table (6-8) shows the flow of finance extended by commercial banks by economic sectors in 2003 and 2004. Finance extended to local trade increased from SDD 65.1 billion in 2003 to SDD 104.1 billion in 2004, by 59.9%, and this sector registered the highest share in the total finance in 2004. In the second place comes the industrial sector, to which finance increased from SDD 29.9 billion in 2003 to SDD 47.7 billion in 2004. This is followed by agriculture, to which finance increased from SDD 45.0 billion in 2003 to SDD 46.1 billion in 2004. The other sectors follow: export got SDD 45.7 billion; transport and warehousing SDD 26.2 billion, social development SDD 19.6 billion and others.

**Figure (6-2)**  
**Flow of Finance by Sector in Local Currency in 2003 and 2004**



### 3/ Specialized Banks

These include: the Agricultural Bank of Sudan, Savings and Social Development Bank - which are public sector banks - and Financial Investment Bank which is owned by the private sector.

**Table (6-9)**  
**Summary of Specialized Banks Balance Sheets**  
**in 2003 and 2004**

(SDD Millions)

	2003	2004	Change	(%)
<b>The Agricultural Bank</b>				
<b>Assets:</b>	<b>**32362.8</b>	<b>44,540.3</b>	<b>12,177.5</b>	<b>37.6</b>
Cash in Tills	2,403.6	2,669.4	265.8	11.1
Investments	5,525.7	6,409.8	884.1	16.0
Foreign Assets	69.0	333.5	264.5	***383.3
Fixed Assets	701.0	846.0	145.0	20.7
Other	23,663.5	34,281.6	10,618.1	44.9
<b>Liabilities:</b>	<b>**32362.8</b>	<b>44,540.3</b>	<b>12,177.5</b>	<b>37.6</b>
Deposits	10,424.6	12,236.8	1,812.2	17.4
Other liabilities & Accounts payable	20,249.8	25,353.1	5,103.3	25.2
Paid up capital *	1,594.6	6,728.4	5,133.8	***321.9
Profits	<b>93.8</b>	<b>222.0</b>	<b>128.2</b>	<b>136.7</b>
<b>Savings &amp; Social Development Bank</b>				
<b>Assets:</b>	<b>**15486.0</b>	<b>23,641.2</b>	<b>8,155.2</b>	<b>52.7</b>
Cash in tills	4,633.1	7,634.1	3,001.0	64.8
Investments	6,172.4	9,617.9	3,445.5	55.8
Foreign Assets	1,945.6	3,473.3	1,527.7	78.5
Fixed Assets	1,591.8	1,601.0	9.2	0.6
Other	1,143.1	1,314.9	171.8	15.0
<b>Liabilities</b>	<b>**15486.0</b>	<b>23,641.2</b>	<b>8,155.2</b>	<b>52.7</b>
Deposits	8,515.0	11,789.0	3,274.0	38.4
Other liabilities & Account payable	3,306.0	6,806.2	3,500.2	105.9
Paid up capital *	3,656.0	4,572.0	916.0	25.1
Profits	9.0	474.0	465.0	***5166.7
<b>Financial Investment Bank</b>				
<b>Assets</b>	<b>8,311.6</b>	<b>11,079.5</b>	<b>2,767.9</b>	<b>33.3</b>
Cash in tills	1,438.8	2,692.1	1,253.3	87.1
Investments	5,119.7	6,419.8	1,300.1	25.4
Foreign Assets	357.3	316.3	-41.0	-11.5
Fixed Assets	346.3	334.8	-11.5	-3.3
Other	1,049.5	1,316.5	267.0	25.4
<b>Liabilities</b>	<b>8,311.6</b>	<b>11,079.5</b>	<b>2,767.9</b>	<b>33.3</b>
Deposits	1,139.9	2,748.7	1,608.8	141.1
Other liabilities & Accounts payable	4,074.7	3,698.0	-376.7	-9.2
Paid up capital *	3,000.0	4,536.4	1,536.4	51.2
Profits	97.0	96.4	-0.6	-0.6

\* Capital account figures include losses transferred from the previous years.

\*\* Amended Figures

\*\*\* Increasing these percentages due to the big promotion of these items in 2004 comparing with 2003

Source: Agricultural Bank, Savings & Social Development Bank (Public Sector) and Financial Investment Bank.

**a- Agricultural Bank**

Total assets / liabilities of the Agricultural Bank increased from SDD 32.4 billion in 2003 to SDD 44.5 billion in 2004, by 37.6%.

On the assets, side cash, increased from SDD 2.4 billion in 2003 to SDD 2.7 billion in 2004, by 11.1%. Also, investments increased from SDD 5.5 billion in 2003 to SDD 6.4 billion in 2004, by 16%. In addition, foreign assets increased sharply from SDD 69 million to SDD 333.5 million, by 383.3%.

On the liabilities side, deposits increased from SDD 10.2 billion in 2003 to SDD 12.2 billion in 2004, by 17.4%. In addition capital, and other liabilities increased from SDD 1.6 billion and SDD 20.2 billion in 2003 to SDD 6.7 billion and SDD 25.4 billion in 2004, by 321.9% and 25.2% respectively.

**Table (6-10)**  
**Agricultural Bank Advances to the Different Sectors**  
**In 2003 and 2004**

(SDD million)

Sector	2003	Percentage to Total Finance %	2004	Percentage to Total Finance %
Agriculture	13,553	81.6	11,799	73.0
Animals Products	1,377	8.3	2,327	14.4
Local Trade	1,194	7.2	1,474	9.1
Households & Small Producers	312	1.9	314	1.9
Transport	0	0.0	12	0.1
Other	160	1.0	235	1.5
<b>Total</b>	<b>16,596</b>	<b>100.0</b>	<b>16,161.0</b>	<b>100.0</b>

Source: Agricultural Bank

Table (6-10) shows the finance in the Agricultural Bank by sector, where in sector, with its agrarian and animal subs sectors, registered the highest share of 89.9% and 87.4% of the total finance extended in 2003 and 2004 respectively, followed by local trade, social sector, transport sector and other activities.

**b- Savings and Social Development Bank**

Total assets / liabilities of the Savings and Social Development Bank increased from SDD 15.5 billion in 2003 to SDD 23.6 billion in 2004, by 52.7%.

On the assets side, cash increased from SDD 4.6 billion in 2003 to SDD 7.6 billion in 2004, by 64.8%, whereas investments increased from SDD 6.2 billion in 2003 to SDD 9.6 billion in 2004, by 55.8%.

On the liabilities side, deposits and capital increased from SDD 8.5 billion and SDD 3.7 billion in 2003 to SDD 11.8 billion and SDD 4.6 billion in 2004, by 38.4% and 25.1% respectively.

**Table (6-11)**  
**Savings & Social Development Bank**  
**Finance to the Different Sectors**

Sector	2003	% to Total Finance	2004	% to Total Finance
Agriculture & Industry	1,315	19.7	3,024	29.8
Transport & Storage	827	12.4	658	6.5
Handicraft	53	0.8	974	9.6
Households and Small Producers	1,122	16.8	777	7.6
Services	269	4.0	927	9.1
Exports	161	2.4	143	1.4
Local Trade	71	1.0	333	3.3
Housing	14	0.2	40	0.4
Direct investment	1,099	16.4	1,350	13.3
Others	1,754	26.3	1,920	19.0
<b>Total</b>	<b>6,685</b>	<b>100.0</b>	<b>10,146</b>	<b>100.0</b>

Source: Saving & Social Development Bank

Table (6-11) shows the advances by the Savings and Social Development Bank to the different sectors in 2003 and 2004. Total advances increased from SDD 6.7 billion in 2003 to SDD 10.1 billion in 2004, by 51.8%.

**c- Financial Investment Bank**

Total assets / liabilities of the Financial Investment Bank increased from SDD 8.3 billion in 2003 to SDD 11.1 billion in 2004, by 33.3%. This was attributed to the marked increase in cash and investments from SDD 1.4 billion and 5.1 billion in 2003 to SDD 2.7 billion and SDD 6.4 billion in 2004, by 87.1% and 25.4% respectively. In addition, foreign assets and fixed assets decreased from SDD 357.3 million and SDD 346.3 million in 2003 to SDD 316.3 million and SDD 334.8 million in 2004, by 11.5% and 3.3% respectively.

On the liabilities side, deposits and capital increased from SDD 1.1 billion and SDD 3.0 billion in 2003 to SDD 2.8 billion and SDD 4.5 billion in 2004, by 141.1% and 51.2% respectively, whereas credit balances and

other liabilities, and profits decreased slightly by 9.2% and 0.6% respectively.

**Table (6-12)**  
**Financial Investment Bank Advances to the Different Sectors in 2003 and 2004**

(SDD Millions)

Sector	2003	% to Total Finance	2004	% to Total Finance
Exports	51.60	10.6	115.10	16.4
Local Trade	435.6	89.4	586.2	83.6
Total	487.20	100.0	701.30	100.0

Source: Financial Investment Bank

Table (6-12) shows the advances extended by the Financial Investment Bank to the different sectors in 2003 and 2004. Total finance increased from SDD 487.2 million in 2003 to SDD 701.3 million in 2004, by 43.9%.

**Table (6-13)**  
**Indictors of the Specialized Banks Balance Sheets In 2003 and 2004**

(%)

	2003	2004
<b>Agricultural Bank: -</b>		
Capital to Liabilities	4.9	15.1
Capital to Deposits	15.3	55.0
Investments to Total Deposits	53.0	52.4
Cash in Tills to Deposits	23.1	21.8
Total Deposits to Liabilities	32.2	27.5
Fixed Assets to Capital*	44.0	12.6
<b>Savings &amp; Development Bank: -</b>		
Capital to Liabilities	23.6	19.3
Capital to Deposits	42.9	38.8
Investments to Total Deposits	72.5	81.6
Cash in Tills to Deposits	54.0	64.8
Total Deposits to Liabilities	55.0	49.9
Fixed Assets to Capital	43.5	35.0
<b>Financial Investment Bank: -</b>		
Capital to Liabilities	36.1	40.9
Capital to Deposits	263.2	165.0
Investments to Total Deposits	449.1	233.6
Cash in Tills to Deposits	126.2	97.9
Total Deposits to Liabilities	13.7	24.8
Fixed Assets to Capital	11.5	7.4

\* Decrease in percentage due to Capital increase

## Geographical Distribution of Banks Branches

The total number of the branches of Bank of Sudan and the other banks remained the same as that of 2003: 12 branch for Bank of Sudan and 526 branch for the other banks, as a result of opening and closing of a number of branches in the different parts of Sudan.

**Table (6-14)**  
**Geographical Distribution of Banks Branches.**

State	2003		2004		Change
	No.	%	No.	%	
Khartoum State	185	35	181	34	-4
Central States (Gezira , Sennar, Blue Nile and White Nile)	107	20	111	21	4
Eastern States (Gadarif, Kassala and Red Sea)	73	15	71	14	-2
Northern States (Nahr Elneel & Northern)	54	10	57	11	3
Kordofan States (North, South and West)	53	10	51	10	-2
Darfur States (North, South and West)	39	7	39	7	0
Southern States (Bahr Elgazal, Upper Nile, and Equatoria)	15	3	16	3	1
<b>Total</b>	<b>526</b>	<b>100</b>	<b>526</b>	<b>100</b>	<b>0</b>

## Second: FINANCIAL INSTITUTIONS

### 1) Exchange Bureaus

These are specialized private companies and are considered part of the non-banking financial institutions, because they perform part of the banking services. The number of these bureaus increased from 10 companies in 2003 to 14 companies in 2004.

Table (6-15) shows total purchases and sales of exchange bureaus monthly in 2004. The bureaus, resources (purchases) decreased from \$ 330.3 million in 2003 to \$ 312.9 million in 2004, by 5.3%. Also, total uses (sales) decreased from \$ 327.6 million in 2003 to \$ 311.7 million in 2004, by 4.9%, as a result of increase in dealings with the exchange bureaus of banks.

**Table (6-15)**  
**Total Purchases and Sales of Exchange Bureaus**  
**During January – December 2004**  
**(US\$ million)**

Month	Purchases	Sales
January	15.5	14.4
February	16.2	16.4
March	18.8	18.5
April	23.2	23.5
May	25.2	23.7
June	22.6	22.8
July	24.3	23.7
August	31.6	32.9
September	24.4	24.4
October	31.4	31.3
November	30.5	31.0
December	49.2	49.1
<b>Total</b>	<b>312.9</b>	<b>311.7</b>

## 2) Sudan Financial Services Company (SFS)

The Sudan Financial Services Company was established in 1998 by Bank of Sudan and the Ministry of Finance, with its capital consisting of the following: -

- a- The accounting value of the banks owned by Bank of Sudan and the Ministry of Finance (whether wholly or partially).
- b- The paid-up capital of SDD 2 million.

The SFS Company works in managing the shares owned by Bank of Sudan and the Ministry of Finance in the banking and financial institutions, in addition to assisting the central bank in managing liquidity and setting up of specialized funds dealing in financial services.

During 2004, the (SFS) Company continued organizing auctions for the selling and buying of Central Bank Musharaka Certificates (CMC's), which were liquidated in November 2004 because of their dwindling efficiency in managing liquidity, and the decrease in the value of their components after privatizing some of the public sector banks, as well as dealing in Government Musharaka Certificates (GMC's) and Government Investment Certificates (GIC's), as shown in Tables (6-16) to (6-19).

**Table (6-16)**  
**Position of Central Bank Musharaka Certificates (CMC's)**  
**By end 2004**

Particulars	No. Of sold Certificates	Value in SDD Millions
Sold Certificates	7,455	4,046.5
Purchased Certificates	7,455	7,639
Certificates with Banks and Institutions	0	0

Source: Sudan Financial Services Company Ltd.

**Table (6-17)**  
**Prices of Sales and Purchases of (CMCs)**  
**(During the Year 2004)**

	Lower Price (SDD)	Higher Price (SDD)
Selling Price	1,000.0	1,019.0
Auction Buying Price	1,010.0	1,170.0
Out of Auction Buying Price	1,010.0	1,170.0

Source: Sudan Financial Services Company Ltd.

**Table (6-18)**  
**Position of Government Musharaka Certificates (GMCs)**  
**(By the end of the year 2004)**

Date of Issue	Period	Date of Liquidation	No. Of Sold Certificates	Price of Certificates (SDD)	Value in SDD Millions
01/01/2004	Year	15/02/2005	41,980	500,000	20990.0
01/01/2004	Six Months	15/08/2004	33,243	500,000	16621.5
01/04/2004	Year	15/05/2005	16,736	500,000	8368.0
01/04/2004	Six Months	15/11/2004	44,995	500,000	22497.5
01/07/2004	Year	15/05/2005	61,244	500,000	30622.0
01/07/2004	Six Month	15/02/2005	33,687	500,000	16843.5
01/10/2004	Year	15/11/2005	52,860	500,000	26430.0
01/10/2004	Six Month	15/05/2005	51,476	500,000	25738.0
<b>Total</b>			<b>336,221</b>		<b>168,110.50</b>

Source: Sudan Financial Services Company

**Table (6-19)**  
**Position of Government Investment Certificates (GIC's)**  
**( By the end of 2004)**

	Number of Certificates	Value in SDD millions	%
<b>Bank of Sudan</b>	1,023,130	10,231.3	79.93
<b>Banks</b>	31,160	311.6	2.43
<b>Companies &amp; Funds</b>	9,330	93.3	0.73
<b>Public</b>	216,380	2,163.8	16.90
<b>Total</b>	<b>1,280,000</b>	<b>12,800.0</b>	<b>100</b>

Source: Sudan Financial Services Company

### **3) Banks Deposits Security Fund**

The Fund was established according to the Banks Deposits Security Fund Act (1996), and Article (5) of the Act defined its objectives as follows: -

- a- Securing deposits in banks in accordance with Article (19) of the Fund Act, and all banks operating in Sudan are members of the Fund.
- b- Protecting depositors, securing the stability and soundness of banks and build up confidence in them.

Annual banks subscriptions to the Fund increased from SDD 557 million in 2003 to SDD 657 million in 2004, by 18%.

In addition, total revenues of the Fund increased from SDD 2.3 billion in 2003 to SDD 3 billion in 2004, by 30%. As a result, the total revenues invested in different investment channels increased from SDD 1.7 billion in 2003 to SDD 2.3 billion in 2004, by 39%. As a result, total revenues increased from SDD 428 million in 2003 to SDD 435 million in 2004, by 4%.

### **4) Khartoum Stock Exchange**

Khartoum stock Exchange was established within the economic liberalization policy and the three -year salivation pogrom (1990-1993). Dealings in the primary market started in October 1994, and in January 1995 the secondary market was opened. The main objectives of the stock exchange include: giving the private sector opportunities to attract savings and invest them in financing economically feasible productive projects, regulating and supervising the issue of financial papers and dealings in them by purchasing and selling, working to widen and strengthen private ownership of productive assets in the national economy, encourage transfer of public sector ownership of the capital assets of the state to the public at large, improving and enhancing investment in financial papers, and work to set up a suitable investment climate.

The Stock Exchange contributes to providing long-term finance and regulates the issue of financial papers, dealings in them and raise investment awareness among the public.

**Table (6-20)**  
**Volume of Trading in Khartoum Stock Exchange**  
**In 2003 and 2004**

Sector	2003			2004		
	No. Of Shares (in Thousands)	Volume of Trading (SDD Millions)	%	No. Of Shares (in Thousands)	Volume of Trading (SDD Millions)	%
Banks	8,950,989.50	3,970.00	16.26	1,506,397.30	780.50	1.74
Insurance	0.4	0.1	0.00	7.4	0.4	0.00
Commerce	790,228.00	194.6	0.80	650,938.70	3,929	8.78
Industry	54.4	1.6	0.01	21672.2	3,895.8	8.70
Agriculture	0	0	0.00	0	0	0.00
Funds	0	741.4	3.04	30.8	276.7	0.62
Certificates	0	6,266.30	25.67	102.1	11,370.20	25.40
Others	4,184.40	13,236.40	54.22	6,978.90	24,519.70	54.76
<b>Total</b>	<b>9,745,456.70</b>	<b>24,410.40</b>	<b>100.00</b>	<b>2,186,127.40</b>	<b>44,772.30</b>	<b>100.00</b>

Source: Khartoum Stock Exchange

Table (6-20) shows that the volume of trading in the Stock Exchange increased from SDD 24.4 billion in 2003 to SDD 44.8 billion in 2004, by 83.4%.

The number of listed companies in the Stock Exchange in 2004 amounted to 48 companies, of which: 16 from the banking sector, 9 from the insurance sector, 7 from the commercial sector, 2 from the agricultural sector and 11 from other sectors, and the number of brokerage companies was amounted 19.

The number of shares traded decreased from 9,746 million shares in 2003 to 2,186 million shares in 2004, by 77.6%. The banks and the commercial sectors had the biggest portion in terms of shares traded, which accounted for 68.9% and 29.8% respectively.

## 5) Insurance Market

The number of insurance companies in 2004 remained at 15, as it was in 2003. The insurance industry includes investment of resources in certificates, investment deposits, as well as investing in the estates sector. Total premiums increased from SDD 21.2 billion in 2003 to SDD 29.1 billion in 2004, by 36.9%. Net premiums increased from SDD 13.1 billion in 2003 to SDD 13.5 billion in 2004, by 3.1%, as shown in table (6-21).

**Table (6-21)**  
**Gross and Net Insurance Premiums\***

	2003	2004	%Change
Gross Premiums	21,223	29,061	36.9
Net Premiums	13,075	13,479	3.1

Source: Insurance Supervision Authority.

\* Preliminary Data.

Total claims increased from SDD 18 billion in 2003 to SDD 19.3 billion in 2004, by 7.6%, as shown in table (6-22).

**Table (6-22)**  
**Gross and Net Insurance Claims**

	2003	2004	Rate of Change %
Gross Refunds	17,965	19,335	7.6
Net Refunds	6,431	NA	-

Source: Insurance Supervision Authority.

## **CHAPTER SEVEN**

### **GOVERNMENT FINANCE**

The year budget was formulated within the context of the second presidency economic program beside the comprehensive national strategy last. Program (2001 - 2004) and the poverty eradication program. The budget aimed at maintaining sustainable economic, political and social stability. The main directives of this budget was to continue the growth rate of the GDP, directing macro- and micro-economic policies to increase the productive capacity of the main sectors, rehabilitate the infrastructure, improving the country's absorption capacity of investment, giving more attention to scientific research, and developing the human resources with the objective of social development and poverty eradication.

The budget aimed at achieving a growth rate in GDP of 7%, an average inflation rate of 7.5%, while maintaining the stability and flexibility of the exchange rate of the national currency.

#### **Fiscal Performance in 2004**

The actual figures for 2004 show that the total public revenues amounted to SDD 1,023.9 billion, which exceeded budget estimates by SDD 202.9 billion, by 24.7% and accounting for 21.5% of GDP. Total current expenditures registered SDD 793.6 billion, compared to estimates of SDD 689.4 billion, a performance level of 115.1%. As a result, the current budget recorded a surplus of SDD 230.3 billion, compared to surplus estimates of SDD 131.6 billion, showing an increase of SDD 98.7 billion, i.e. by 75%, over that of 2003, as shown in table (7-1).

**Table (7-1)**  
**The Public Sector fiscal Performance (2003-2004)**

(SDD Billions)

Year	2003			2004		
	Estimated	Actual	% Of Perform.	Estimated	Actual	% Of Perform.
Items						
Total Ordinary Revenues	586.6	703.6	119.9	821.0	1023.9	124.7
Total Current Expenditure	510.4	563.3	110.4	689.4	793.6	115.1
Surplus (+) Deficit (-)	76.2	140.3	184.1	131.6	230.3	175.0
Development & Investment Expenditure	186	172.9	92.9	290.7	310.3	106.7
Total Public Expenditure	-109.8	-32.6	29.7	-159.1	-79.9	50.2
Deficit Finance	109.8	32.6		159.1	79.9	
a) External Financing	40	22.4	56	108.7	49.9	45.9
b) Domestic Financing	69.8	10.2	14.6	50.4	30	59.5

Source: Ministry of Finance & National Economy.

On the other hand, development and investment expenditures amounted to SDD 310.3 billion, representing 106.7% of the estimated amount for 2004 of SDD 290.7

billion. The public deficit increased from SDD 32.6 billion in 2003 to SDD 79.9 billion in 2004, by 145.1%. This was a result of increased spending on Darfur States, and this deficit was financed from external sources by SDD 49.9 billion and from domestic sources by SDD 30 billion in 2004.

## Public Revenues

Table (7-2) shows the actual figures of public revenues during 2004, compared to 2003, when - for the first time in the history of Sudan – additional revenues of about SDD 165 billion were realized without burdening the general public. This was done by increasing petroleum revenues and tax revenues that were directed to increasing development spending.

**Table (7-2)**  
**Actual Performance of the Public Revenues**  
**(2003-2004)**

(SDD Billions)

Particulars	2003				2004			
	Estimated	Actual	% Of Perform.	% Of Total	Estimated	Actual	% Of Perform.	% Of Total
<b>I- Tax revenue (a+b)</b>	<b>268.5</b>	<b>266.8</b>	<b>99.4</b>	<b>37.9</b>	<b>372.6</b>	<b>420.3</b>	<b>112.8</b>	<b>41.0</b>
<b>a) Direct Taxes</b>	<b>53.5</b>	<b>52.3</b>	97.8	7.4	<b>68.5</b>	<b>74.6</b>	108.9	<b>7.3</b>
- Income Tax	6.0	7.6	126.7		8.0	10.9	136.3	
- Business Profit Tax	33.0	31.3	94.8		45.9	47.2	102.8	
-Development Tax	0.0	0.0	0.0		0.0	0.0	0.0	
-SNWA	7.0	5.0	71.4		6.0	5.0	83.3	
- Stamps	7.5	8.4	112.0		8.6	11.5	133.7	
- Others	0.0	0.0	0.0		0.0	0.0	0.0	
<b>b) Indirect Taxes(1+2+3)</b>	<b>215.0</b>	<b>214.5</b>	<b>99.8</b>	<b>30.5</b>	<b>304.1</b>	<b>345.7</b>	<b>113.7</b>	<b>33.7</b>
1- Customs Duties	114.7	117.7	102.6		129.0	158.7	123.0	
- Imports Duties	77.2	84.7	109.7		95.5	118.8	124.4	
- Exports Duties	0.3	0.3	100.0		0.4	0.1	25.0	
- Others	37.2	32.7	87.9		33.1	39.8	120.2	
2) Excise Duties	40.0	41.1	102.8		102.5	113.9	111.1	
3) VAT	60.3	55.7	92.4		72.6	73.1	100.7	
<b>II- Non Tax Revenue</b>	<b>318.0</b>	<b>436.8</b>	<b>137.4</b>	<b>62.1</b>	<b>448.4</b>	<b>603.6</b>	<b>134.6</b>	<b>59.0</b>
<b>Total Ordinary Revenues (I+II)</b>	<b>586.5</b>	<b>703.6</b>	<b>120.0</b>	<b>100.0</b>	<b>821.0</b>	<b>1023.9</b>	<b>124.7</b>	<b>100.0</b>

Source: Ministry of Finance and National Economy.

Total public revenues increased from SDD 703.6 billion to SDD 1,023.9 billion, by 44.4%. Non-tax revenues represented 59% of total revenues and amounted to SDD 603.6 billion, an increase of 38.2% over its level in 2003, and corresponding to 134.6% of the estimated figures for 2004.

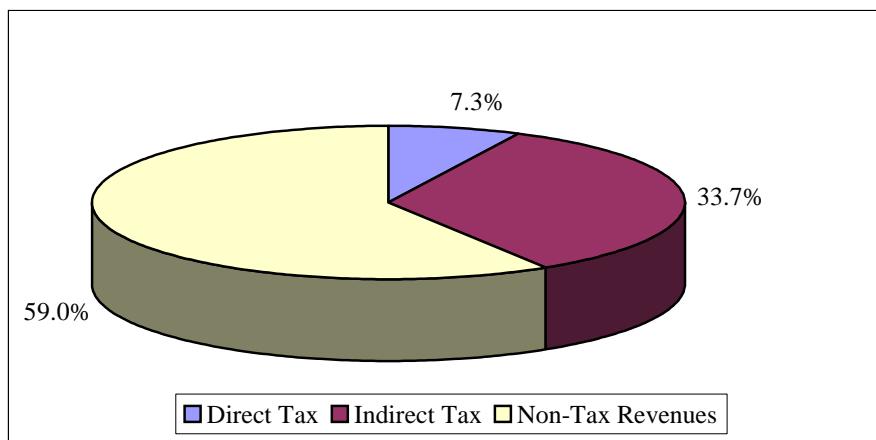
Tax revenues increased from SDD 266.8 billion in 2003 to SDD 420.3 billion in 2004, by 57.5%, and contributing by 41.0% to total public revenues compared to 37.9% in the previous year. These took place in spite of the reduction in the profit

tax of industrial companies from 30% to 10%, and continuation of the exemption of export tax, except that levied on raw leather. This was attributed to the administrative efforts in collecting taxes and the policies adopted to streamline and follow-up of custom concessions.

Tax revenues included direct and indirect taxes, where direct taxes increased from SDD 52.3 billion in 2003 to SDD 74.6 billion in 2004, an increase of 42.6% and contribution of 7.3% to total revenues, compared to 7.4% in the previous year.

On the other hand, indirect taxes increased noticeably from SDD 214.5 billion in 2003 to SDD 345.7 billion in 2004, by 61.2%, representing 33.7% of total public revenues as compared to 30.5% in the previous year.

**Figure (7-1)**  
**Actual Performance of Public Revenues**  
**for the year 2004**



### **Public Corporations, Enterprises and Government Investments**

Table (7-3) shows the actual revenues from public corporations, enterprises and government investments in 2004 compared to 2003.

**Table (7-3)**  
**Public Corporations, Enterprises,**  
**And Government Investments Revenues in 2003 and 2004**  
(SDD Billions)

Year	2003			2004		
	Items	Estimates	Actual	% Of Perform.	Estimates	Actual
a) Profits of Public Enterprises and Corporations.	22	22.8	103.6	30	29.8	99.3
b) Proceeds of Government Investments	11.3	10.9	96.5	13	16.4	126.2
<b>Total</b>	<b>33.3</b>	<b>33.7</b>	<b>101.2</b>	<b>43</b>	<b>46.2</b>	<b>107.44</b>

Source: Ministry of Finance and National Economy

Actual revenues from corporations and enterprises owned by the government or that it participated in, increased from SDD 33.7 billion in 2003 to SDD 46.2 billion in 2004, by 37.1%, an execution of 107.4% of the 2004 estimates.

### Public Expenditure

Table (7-4) shows the actual spending of public expenditures in 2004 compared to 2003.

**Table (7-4)**  
**Public Expenditure in 2003 and 2004**

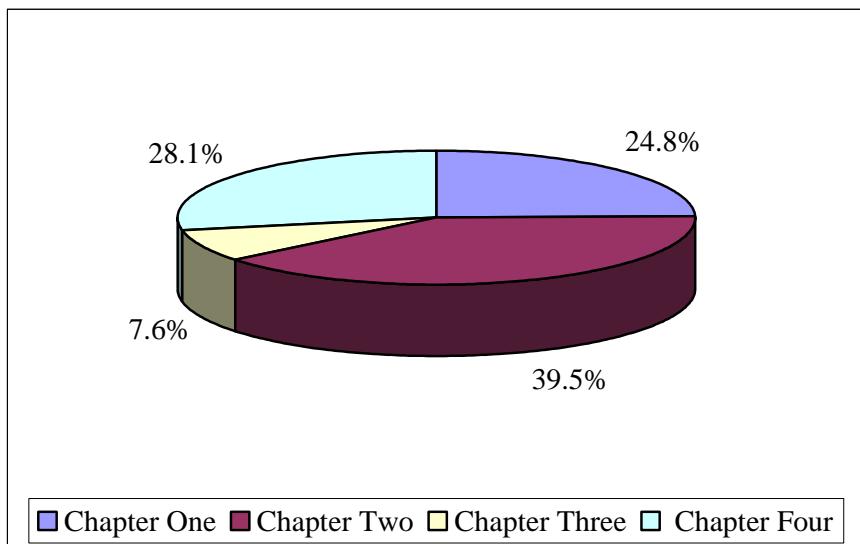
(SDD Billions)

Years	2003			2004		
	Items	Estimates	Actual	% Of Total	Estimates	Actual
<b>Chapter One:</b> Wages, Salaries, and Social Subsidies	198.9	191.2	26.0	286.2	273.3	24.8
<b>Chapter Two:</b> Centralized Items & Steering Expenditure	253.4	320.7	43.6	304.2	436.0	39.5
<b>Chapter Three:</b> Contribution to States' Support Fund	58.0	51.4	7.0	99.0	84.2	7.6
<b>Chapter Four:</b> Development Expenditure, Contribution in Capital, State Development	186.0	172.9	23.4	290.7	310.3	28.1
<b>Total</b>	<b>696.3</b>	<b>736.2</b>	<b>100.0</b>	<b>980.1</b>	<b>1103.8</b>	<b>100.0</b>

Source: - Ministry of Finance and National Economy.

Total actual public spending amounted to SDD 1,103.8 billion, an increase of 49.9% over last year's. This included SDD 793.5 billion with an increase of 81.0% of estimated total expenditure for 2004 and with an increase of 40.9% over 2003. This increase was a result of the rise in: chapter one by 42.9%, on chapter two by 35.9%, chapter three by 63.8%, and development expenditures which registered a rise by 79.5%, an execution of 106.7% of the estimated figures for 2004.

**Figure (7-2)**  
**Actual Public Expenditures in 2004**



## Expenditures on Development

Table (7-5) shows the actual spending on development in 2004 compared to 2003.

**Table (7-5)**  
**Development Expenditure In 2003 and 2004**

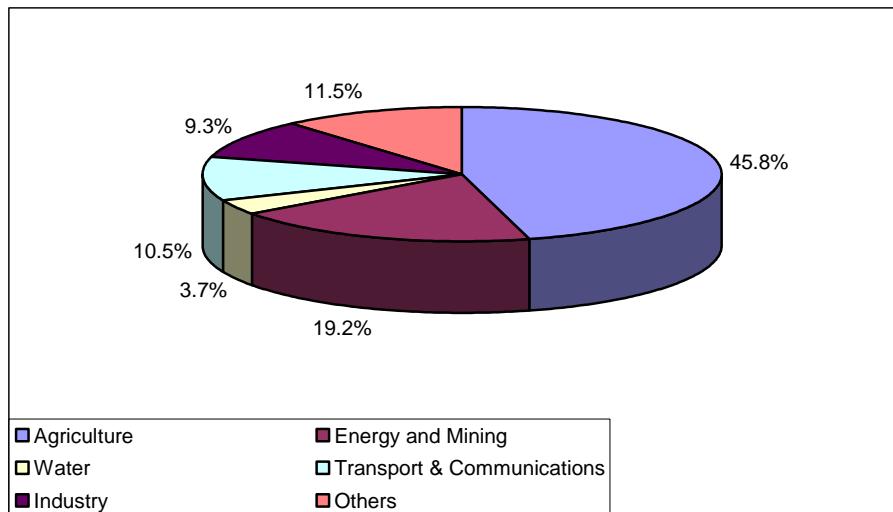
(SDD Billions)

Year	2003				2004				
	Sector	Estimates	% Of Estimates	Actual Performance	% Of Total Performance	Estimates	% Of Estimates	Actual Performance	% Of Total Performance
1-Agriculture	35.7	36.2	38.8	44.0	44.0	85.3	44.8	89.6	45.8
2- Energy & Mining	15.1	15.3	17.1	19.4	19.4	37.1	19.5	37.6	19.2
3-Water	5.9	6.0	1.3	1.5	1.5	8.7	4.6	7.2	3.7
4-Transport & Communications	11.2	11.4	8.8	9.9	9.9	23.1	12.1	20.5	10.5
5- Social Development	17.4	17.7	5.5	6.2	6.2	20.8	10.9	12.8	6.5
6- Industry	4.4	4.5	11.2	12.7	12.7	6.8	3.6	18.1	9.3
7-Peace & Resettle. Program	8.3	8.4	4.9	5.6	5.6	8	4.2	9.1	4.7
8-Development Reserve	0.5	0.5	0.6	0.7	0.7	0.5	0.3	0.6	0.3
<b>Total</b>	<b>98.5</b>	<b>100.0</b>	<b>88.2</b>	<b>100</b>	<b>100</b>	<b>190.3</b>	<b>100.0</b>	<b>195.5</b>	<b>100.0</b>
<b>Sources of Finance</b>									
Local	<b>58.5</b>	<b>59.4</b>	<b>66.5</b>	<b>75.4</b>	<b>75.4</b>	<b>83.5</b>	<b>43.5</b>	<b>146.9</b>	<b>75.1</b>
External	<b>40</b>	<b>40.6</b>	<b>21.7</b>	<b>24.6</b>	<b>24.6</b>	<b>106.7</b>	<b>56</b>	<b>48.6</b>	<b>24.9</b>

Source: Ministry of Finance and National Economy.

Spending on actual development increased substantially from SDD 88.2 billion in 2003 to SDD 195.5 billion, by 121.7%. Spending on agriculture amounted to 45.8% of the total, followed by energy and mining with 19.2%, transport and communications with 10.5%, industry with 9.3%, water with 3.7%, social development by 6.5%, and resettlement programs by 4.7%. The deficit was financed by SDD 146.9 billion from domestic resources and SDD 48.6 billion from external sources.

**Fig. (7-3)**  
**Actual Spending on Development**



### **Bank of Sudan lending to the Government**

Article (48 – 1) of the Bank of Sudan Act (2002) allows temporary financing to the government up to 15% of total projected public revenues of the fiscal year following the year in which the finance is granted, provided that this finance would be repaid within the six months following the end of the fiscal year in which the finance was extended.

Net advances to the government decreased from SDD 83.1 billion in 2003 to SDD -2.8 billion in 2004, and this was attributed to the big increase in the government deposits with the central bank from SDD 64.8 billion in 2003 to SDD 151.5 billion, by 133.8%, in spite of the rise in Bank of Sudan's balance of government securities (Government Musharaka Certificates (GMC's) and Government Investment certificates (GICs))<sup>\*</sup> from SDD 2.9 billion in 2003 to SDD 3.8 billion in 2004, by 31.0%. On the other hand, the balance of government temporary advances remained at SDD 37.5 billion, the same as level in 2004.

### **Foreign Exchange Budget**

Table (7-6) shows the foreign exchange budget in 2004 as compared to 2003.

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<sup>\*</sup> More details in Chapter (6)

**Table (7-6)**  
**Foreign Exchange Budget**  
**(2003-2004)**

(US\$ Millions)

<b>Years</b>	<b>2003</b>			<b>2004</b>		
<b>Items</b>	<b>Estimates</b>	<b>Actual* Perform.</b>	<b>% Of Perform.</b>	<b>Estimates</b>	<b>Actual Perform.</b>	<b>% Of Perform.</b>
Exports	2,063.0	2,542.2	123.2	2,655.0	3,777.7	142.3
Invisible Receipts	1,094.7	1,281.7	117.1	1,163.0	1,698.8	146.1
Drawings of Loans**	500.8	84.9	17.0	207.0	195.0	94.2
Short-term Capital Movements	45.0	112.2	249.3	100.0	53.3	53.3
Direct Investment	825.6	1,349.2	163.4	1,089.0	1,380.0	126.7
<b>a) Total Receipts</b>	<b>4,529.1</b>	<b>5,370.2</b>	118.6	<b>5,214.0</b>	<b>7,104.8</b>	136.3
Imports	2,055.0	2,536.1	123.4	2,635.0	3,586.2	136.1
Invisible payments	1,787.3	2,226.3	124.6	2,275.0	2,708.6	119.1
Loans Repayment	292.1	185.2	63.4	280.0	343.3	122.6
<b>b) Total Payments</b>	<b>4,134.4</b>	<b>4,947.6</b>	119.7	<b>5,190.0</b>	<b>6,638.1</b>	127.9
<b>Foreign Exchange Budget Deficit (a-b)</b>	<b>394.7</b>	<b>422.6</b>	-	<b>24.0</b>	<b>466.7</b>	-

Source: Bank of Sudan and Ministry of Finance

\*Amended Figures from Annual Report of 2003

\*\* Drawing is not including the UN and its specialized organizations, the commodity grants and Humanitarian aids from the bilateral cooperation

The surplus in the foreign exchange budget amounted to US\$ 466.7 million, where the 2004 budget witnessed a rise in total receipts from US\$ 5,370.2 million in 2003 to US\$ 7,104.8 million in 2004, an increase of 32.3%. In spite of the drop in capital movements by 52.5%, exports increased by 48.6% as a result of the rise in petroleum exports. In addition, total payments increased from US\$ 4,947.6 million to US\$ 6,638.1 million, by 34.2%.

## **CHAPTER EIGHT**

### **FOREIGN TRADE**

The Government foreign trade policy for the year 2004 aimed at widening the exports base, strengthening competitiveness of exports of non-oil commodities, beside, opening new markets and developing the Sudanese traditional markets.

With regard to the liberalization of foreign trade, a number of amendments on import regulations have been undertaken. These amendments include foreign currency finance and maturity of finance. Previously, import finance was extended for a period not exceeding one year, depending on the nature of the operation. The amendments did not include the financing of imported capital goods, raw materials and intermediate goods according to certain regulations, and reduce the number of goods that were not allow to be imported through the payment facilities.

To encourage intra-COMESA trade, Sudan continued to implement zero-tariffs with some COMESA member states.

#### **Trade Balance**

Trade balance deficit improved from US\$ 339.7 million in 2003 to US\$ 279.5 million in 2004 by 14.2%. This was attributed to the substantial increase in the exports proceeds by US\$ 1235.6 million i.e 48%, whereas, imports value increased by US\$ 1193.3 million, i.e. of 41%.

Table (8-1) and figure. (8-1) show the total volume of exports, imports and the trade balance as well as the percentage changes in 2004 compared to 2004.

**Table (8-1)**  
**Trade Balance for the years 2003 and 2004**

(US\$ Millions)

Item	2003	2004
<b>Exports:</b>	<b>2,542.2</b>	<b>3,777.80</b>
Oil Exports	2,047.7	3,100.50
Non-Oil Exports	494.5	677.3
Annual % Change of Exports	30.4	48.6%
<b>Imports (CIF)</b>	<b>2,881.90</b>	<b>4,075.20</b>
Annual % Change of Imports	17.80%	41.40%
Trade Balance	-339.7	-297.5

Source: Sudan Customs Authority

**Figure (8-1)**



## Structure of Foreign Trade

### First: Exports:-

Since 1999, oil and its by-products were considered the most important exports items, which constituted 82.1% of the total exports in 2004. While agricultural products and livestock exports ranked as the second items, followed by manufactured items such as sugar and minerals for instance gold.

Table (8-2) and figure (8-2) show oil and non-oil export proceeds for the years 2003 and 2004.

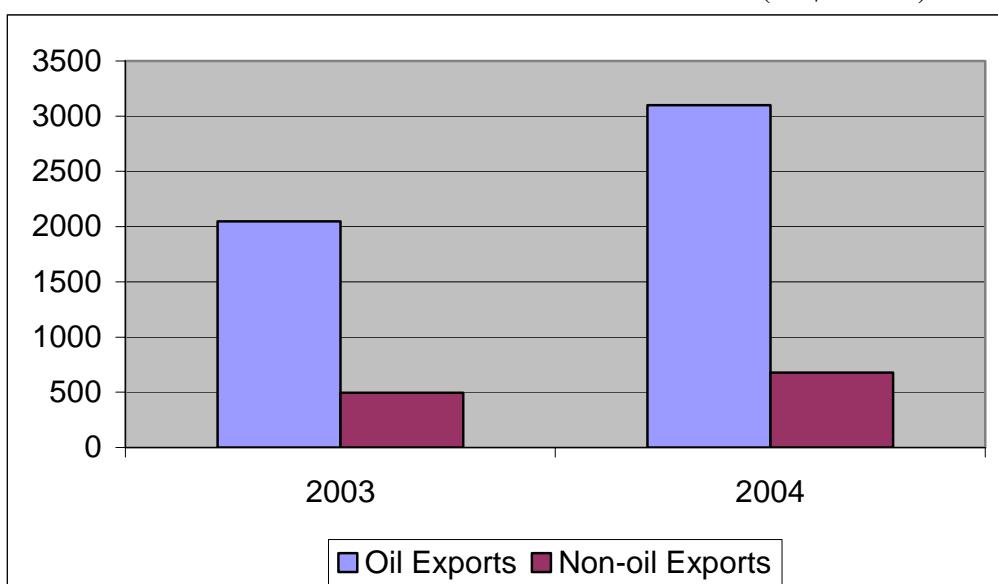
**Table (8-2)**  
**Commodity Exports for the Years 2003 and 2004**

(US\$ Millions)

Commodity	Unit	2003		2004	
		Quantity	Value	Quantity	Value
Crude Oil	Barrels	72,430,017	1,934.02	81,159,260.0	2,957.24
Benzene	M.T.	319,536	75.86	338,552.0	129.02
Kerosene	M.T.	-	-	-	-
Natural Gas	M.T.	68,830	15.6	38,280.0	10.28
Naphtha	M.T.	25,645	2.43	33,913.0	3.05
Furnace	M.T.	28,184	19.79	-	-
Mixed Gas	M.T.	-	-	3,444.0	0.89
Cotton	Bale	507,109	107.76	354,617.0	93.75
Livestock	Head	1,016,312	97.68	1,767,105.0	137.97
Sesame	M.T	108,692	74.37	218,336.0	178.64
Gold	K.G.	7,784	58.59	6,673.1	50.42
Gum Arabic	M.T.	36,164	35.42	27,273.0	60.6
Meat	M.T.	8,046	21.58	5,661.0	17.93
Hides and Skins	Value	-	18.65	-	26.03
Molasses	M.T.	193,977	8.65	131,094.0	7.54
Sugar	M.T.	16,170	7.00	24,325.0	12.85
Dura	M.T.	11,631	2.08	16,722.0	3.07
Groundnuts	M.T.	376	0.22	3,182.0	2.38
Others	Value	-	62.73	-	86.1
<b>Total</b>			<b>2,542.17</b>		<b>3,777.76</b>

Source: Sudan Customs Authority.

**Fig. (8-2)**  
**Commodity Exports for the years 2003 and 2004**  
( US\$ millions)



## **Oil Exports**

Exports of crude oil and its by - products (except gas) increased from 72.4 million barrels in 2003 to 81.2 million barrels in 2004. Also, Benzene exports increased from 319.5 thousand metric tons to 338.5 thousand metric tons; naphtha increased from 25.6 thousand metric tons to 33.9 thousand metric tons, while the exports of gas decreased from 68.8 thousand metric tons to 38.3 thousand metric tons.

The exports proceeds from crude oil increased from US\$1,934 million in 2003 to US\$2,957.2 million in 2004, by 52%, as a result of the increase in the average price per barrel from US\$ 26.7 in 2003 to US\$ 36.4 in 2004, beside the increase in the exported quantities by 12%.

The exports proceeds from the oil by- products increased from US\$ 113.7 million exported in 2003 to US\$ 143.2 million in 2004, by 25%, due to the increase in benzene exports from US\$ 75.9 million in 2003 to US\$ 129.02 million in 2004.

The exports proceeds of naphtha, natural gas and furnace decreased from US\$ 37.8 million in 2003 to US\$ 14.2 million in 2004, due to the decrease in the exports proceeds of natural gas and furnace from US\$ 35.39 million in 2003 to US\$ 10.28 million in 2004.

## **Non-Oil Exports: -**

Total proceeds of non-oil exports (agricultural, livestock, industrial and others) increased from US\$ 494.5 million in 2003 to US\$ 677.3 million in 2004, by 36%.

### **Below are the details of the main exports:-**

#### **a- *Sesame*:-**

Sesame ranked as the first item in the non-oil exports. Its exports proceeds increased from US\$ 74.37 million in 2003 to US\$ 178.64 million in 2004, by 140%. This was attributed to the increase in its exports from 108.69 thousand metric tons to 218.34 thousand metric tons, beside the increase in the average international prices.

#### **b- *Livestock and Meat*:-**

The exports proceeds of livestock ranked as the second item in the non-oil exports. Its exports proceeds increased from US\$ 97.68 million in 2003 to US\$ 137.97 million in 2004, by 41%, due to the increase in its exports from 1,016,312 heads in 2003 to 1,767,105 heads in 2004. Exports of meat decreased from 8,046 metric tons in 2003 to 5,661 metric tons in 2004, which reflected in the decrease of their exports proceeds from US\$ 21.58 million to US\$ 17.93 million during the same period.

**c- *Cotton*:-**

The exports of cotton decreased from 507,109 bales in 2003 to 354,617 bales in 2004. Hence, the export proceeds decreased from US\$ 107.76 million in 2003 to US\$ 93.75 million in 2004. It is worthmentioning that cotton ranked as the third item in the non-oil exports in 2004.

**d- *Gum Arabic*:-**

The exports proceeds from Gum Arabic increased from US\$ 35.42 million in 2003 to US\$ 60.60 million in 2004, by 71%, due to the increase in the average international prices despite the decrease in its exports from 36,164 metric tons in 2003 to 27,273 metric tons in 2004.

**e- *Sugar*:-**

Sugar exports proceeds registered a marked increase from US\$ 7 million in 2003 to US\$ 12.85 million in 2004, by 83%, due to the increase in its exports from 16,170 metric tons in 2003 to 24,325 metric tons in 2004, by 50.4%, beside the improvement in international prices.

**f- *Molasses*:-**

Exports proceeds from Molasses decreased from US\$ 8.65 million in 2003 to US\$ 7.54 million in 2004, due to the decrease in its exports despite the improvement in the average international prices.

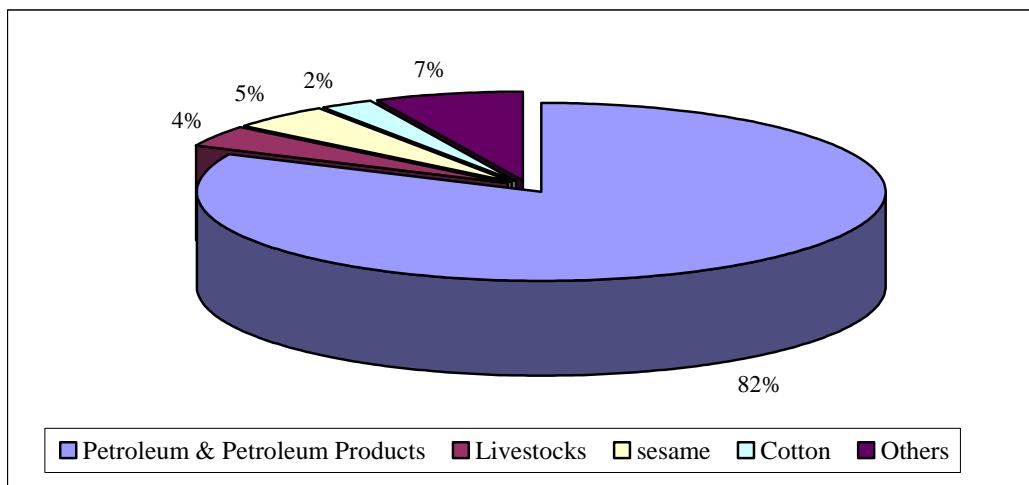
**g- *Dura*:-**

The exports proceeds from Dura increased from US\$2.08 million in 2003 to US\$ 3.07 million in 2004, by 47%, due to the increase in its exports and the improvement in international prices.

**h- *Gold*:-**

The exports proceeds from gold decreased from US\$ 58.59 million in 2003 to US\$ 50.42 million in 2004, by 16%, due to the decrease in its exports despite the improvement in the average international prices.

**Figure (8-3)**  
**Commodity Exports Classification**  
**(Relative Importance) for the year 2004**



## Second: Imports:-

Major imports include machineries and capital equipments, manufactured goods, means of transports, chemicals, foodstuffs, textiles and other materials.

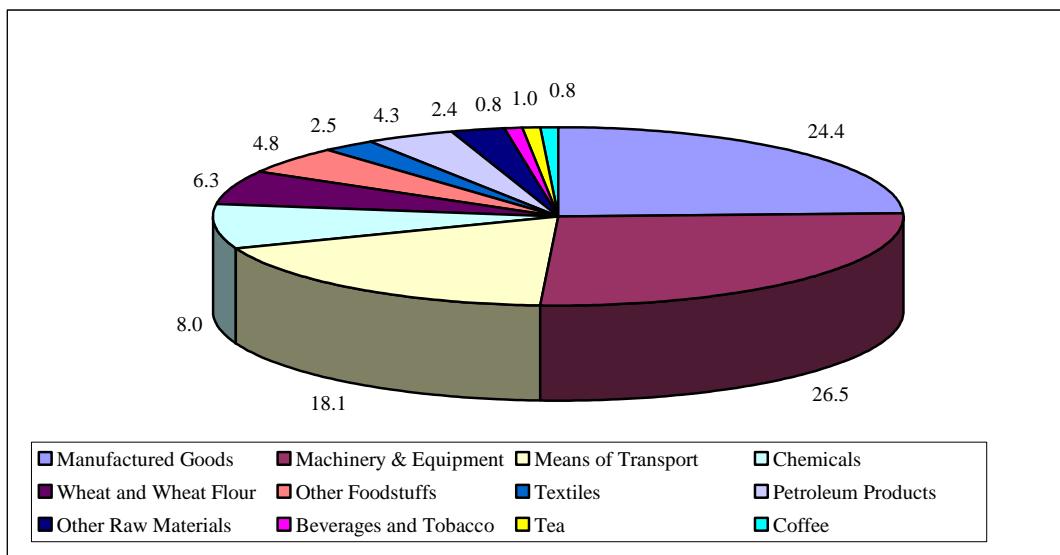
Table (8-3) and figure (8-4) illustrate the imports by commodity for the years 2003 and 2004, whereas figure (8-5) shows the imports structure for the same period.

**Table (8-3)**  
**Imports by Commodity for the years 2003 and 2004**  
**(US\$ Millions)**

Commodity	2003		2004	
	Value	%	Value	%
Manufactured Goods	728.7	25.3	996.3	24.5
Machinery & Equipment	717.9	24.9	1080.7	26.5
Means of Transport	409.1	14.2	739.3	18.1
Chemicals	231.3	8.0	327.5	8.0
Wheat and Wheat Flour	200.7	7.0	257.2	6.3
Other Foodstuffs	170.1	5.9	195.5	4.8
Textiles	148.7	4.3	101.4	2.5
Petroleum Products	124.7	5.2	175.0	4.3
Other Raw Materials	79.3	2.8	96.4	2.4
Beverages and Tobacco	22	0.8	34.0	0.8
Tea	32.4	1.0	39.9	1.0
Coffee	17	0.6	31.8	0.8
<b>Total</b>	<b>2,881.9</b>	<b>100.0</b>	<b>4075.2</b>	<b>100.0</b>

Source: Sudan Customs Authority.

**Figure (8-4)**  
**Imports by Commodity for the year 2004**



**Figure (8-5)**  
**Imports structure for the years 2003 and 2004**

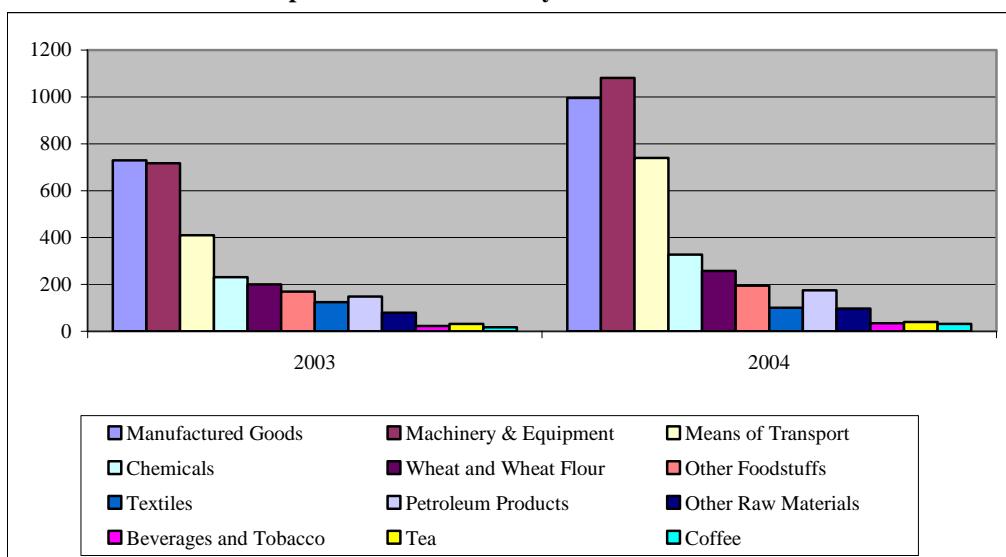


Table (8-3) shows that the imports, value increased from US\$ 2,881.9 million in 2003 to US\$ 4,075.2 million in 2004, by 41.4%. All major imports items values showed a marked increase, except textiles which decreased from US\$ 148.7 million in 2003 to US\$ 101.4 million in 2004, by 31.8%. Machineries and capital

equipments increased by 50.5%, manufactured goods increased by 36.8%, means of transports increased by 80.7%, chemicals increased by 41.6%, foodstuffs increased by 23.4%, petroleum products increased by 40.3%, other raw materials increased by 21.6% and beverages and tobacco increased by 81.4%.

### **Direction of Sudan's Foreign Trade**

Asian countries constituted the major market for the Sudanese exports during the last six years, and also considered as the major importer during 2004.

#### **1) Exports :-**

Table (8-4) shows the direction of Sudanese exports and their percentage share for the year 2004 compared to the year 2003.

**Table No. (8-4)**  
**Direction of Exports by value for the years 2003 and 2004**  
**(Value in million US\$)**

Importers	2003		2004	
	Value	% Total Exports	Value	% Total Imports
<b>Asian Countries (excepted Arabic)</b>	<b>2,057.0</b>	<b>80.9</b>	<b>3,115.6</b>	<b>82.4</b>
China	1,761.9	69.3	2,527.0	<b>66.8</b>
Japan	167.7	6.6	402.2	<b>10.6</b>
Singapore	16.7	0.7	49.7	<b>1.3</b>
India	33.2	1.3	27.9	<b>0.7</b>
South Korea	18.3	0.7	23.5	<b>0.6</b>
Other Asian Countries	59.2	2.3	85.3	<b>2.2</b>
<b>Arab Countries:</b>	<b>299.2</b>	<b>11.8</b>	<b>429.9</b>	<b>11.4</b>
Saudi Arabia	114.8	4.5	164.2	<b>4.3</b>
Egypt	48.2	1.9	108.5	<b>2.9</b>
United Arab Emirates	83.0	3.3	90.1	<b>2.4</b>
Lebanon	23.6	0.1	25.0	<b>0.7</b>
Syria	12.1	0.5	15.8	<b>0.4</b>
Yemen	3.7	0.1	3.4	<b>0.1</b>
Other Arab Countries	13.8	0.5	22.9	<b>0.6</b>
<b>European Countries:</b>	<b>150.1</b>	<b>5.9</b>	<b>174.3</b>	<b>4.6</b>
European Union Countries	72.0	2.8	103.5	<b>2.7</b>
United Kingdom	66.4	2.6	59.1	<b>1.6</b>
Other European Countries	11.7	0.5	14.7	<b>0.4</b>
<b>The United States of America</b>	<b>2.7</b>	<b>0.1</b>	<b>2.8</b>	<b>0.1</b>
<b>Other Countries</b>	<b>33.2</b>	<b>1.3</b>	<b>55.2</b>	<b>1.5</b>
<b>Total</b>	<b>2,542.2</b>	<b>100.0</b>	<b>3,777.8</b>	<b>100.0</b>

The group of Asian Non-Arab Countries constituted the largest market for the Sudanese exports (specially oil) in 2004, which amounted to US\$ 3,115.6 million, being 82.4% of total exports, compared to 80.9% in the previous year.

China ranked as the first importer of the Sudanese exports, which amounted to US\$ 2,527 million equivalent to (66.9% of total exports), followed by Japan with total imports value US\$ 402.2 million, (equivalent to 10.6% of total exports).

During the year 2004 the value of the Sudanese of exports to Arab Countries increased considerably to US\$ 429.9 million in 2004, compared to US\$ 299.2 million in 2003, by 43.7%. Saudi Arabia ranked as the first importer among Arab Countries with total imports of US\$ 164.2 million, equivalent to 4.3%, followed by Egypt with total imports of US\$ 108.5 million, being 2.9% of the total imports from Sudan.

Exports to European countries increased from US\$ 150.1 million in 2003 to US\$ 174.3 million in 2004, by 16.1%. Countries of the European Union ranked as the third importer with total value of imports amounting to US\$ 103.5 million, being 2.7%, followed by U. K. with a total value of imports amounted to US\$ 59.1 million, being 1.5%, and the other European countries with a total value of imports amounted to US\$ 14.7 million, equivalent to (0.4% of total Sudanese exports).

## **2) Imports:-**

Table (8-5) shows the sources of Sudan's imports and their percentage shares for the years 2003 and 2004.

**Table No. (8-5)**  
**Sources of Imports for the years 2003 and 2004**  
(Value in US\$ Millions)

Exporters	2003		2004	
	Value	% Total Imports	Value	% Total Imports
<b>1-Asian Countries (Except Arab Countries :</b>	<b><u>639.6</u></b>	<b><u>22.2</u></b>	<b><u>1177.3</u></b>	<b><u>28.9</u></b>
China	229.1	7.9	529.6	<u>13.0</u>
India	116.0	4.0	197.1	<u>4.8</u>
Japan	85.0	2.9	165.1	<u>4.1</u>
South Korea	51.1	1.8	89.3	<u>2.2</u>
Indonesia	39.9	1.4	50.2	<u>1.2</u>
Other Asian Countries	118.5	4.2	146.0	<u>3.6</u>
<b>2-Arab Countries:</b>	<b><u>1146.4</u></b>	<b><u>39.8</u></b>	<b><u>1051.1</u></b>	<b><u>25.8</u></b>
Saudi Arabia	723.9	25.2	471.5	<u>11.6</u>
United Arab Emirates	180.0	6.2	239.2	<u>5.9</u>
Egypt	116.4	4.0	208.8	<u>5.1</u>
Other Arab Countries	126.1	4.4	131.6	<u>3.2</u>
<b>3-European Countries:</b>	<b><u>640.5</u></b>	<b><u>22.2</u></b>	<b><u>992.0</u></b>	<b><u>24.3</u></b>
European Union Countries	408.5	14.1	593.6	<u>14.6</u>
United Kingdom	125.6	4.4	151.3	<u>3.7</u>
Other European Countries	106.4	3.7	247.1	<u>6.1</u>
<b>4-Australia</b>	<b><u>59.2</u></b>	<b><u>2.0</u></b>	<b><u>168.9</u></b>	<b><u>4.1</u></b>
<b>5-United States of America</b>	<b><u>11.1</u></b>	<b><u>0.4</u></b>	<b><u>34.0</u></b>	<b><u>0.8</u></b>
<b>6-Other Countries</b>	<b><u>385.1</u></b>	<b><u>13.4</u></b>	<b><u>651.9</u></b>	<b><u>16.0</u></b>
<b>Total</b>	<b><u>2881.9</u></b>	<b><u>100.0</u></b>	<b><u>4075.2</u></b>	<b><u>100.0</u></b>

Source: - Customs Authority.

The group of Asian Non-Arab Countries constituted major exporters to Sudan in 2004, which amounted to US\$ 1,177.3 million, equivalent to 28.9% of total imports of Sudan. China ranked as the first exporter to Sudan with total exports of US\$ 529.6 million, equivalent to 13.0% of total exports to Sudan. It was followed by India with total exports of US\$ 197.1 million, being 4.8%, and Japan with total exports of US\$ 165.1 million being 4.1%.

On the other hand, total imports from Arab countries amounted to US\$ 1,051.1 million, equivalent to 25.8% of total imports. Saudi Arabia considered as the first exporter to Sudan with total exports of US\$ 471.5 million, equivalent to 11.6% of total imports, followed by United Arab Emirates with total imports of US\$ 239.2 million, being 5.9%, and Egypt with total imports of US\$ 208.8 million, being 5.1% of total imports.

Sudanese imports from the European Countries in 2004 amounted to US\$ 992.0 million, being 24.3% of total imports. Imports from the European Union amounted at US\$ 593.6 million, being 14.6% of total imports.

Imports from Australia and USA amounted to US\$ 168.9 million and US\$ 34.0 million, being 4.1% and 0.8% respectively. Other Imports equivalent to 16% of total imports.

## **CHAPTER NINE** **BALANCE OF PAYMENTS**

The overall position of the balance of payments improved during the last few years, when it registered a surplus of US\$ 300.03 million in 2002, US\$ 422.56 in 2003 and US\$ 730.18 in 2004. This was due mainly to the decrease in the current account to US\$ 973.70 million, US\$ 938.58 million and US\$ 818.23 million in 2002, 2003 and 2004 respectively.

Table (9-1) and fig. (9-1) show a summary of the balance of payments in 2003 and 2004.

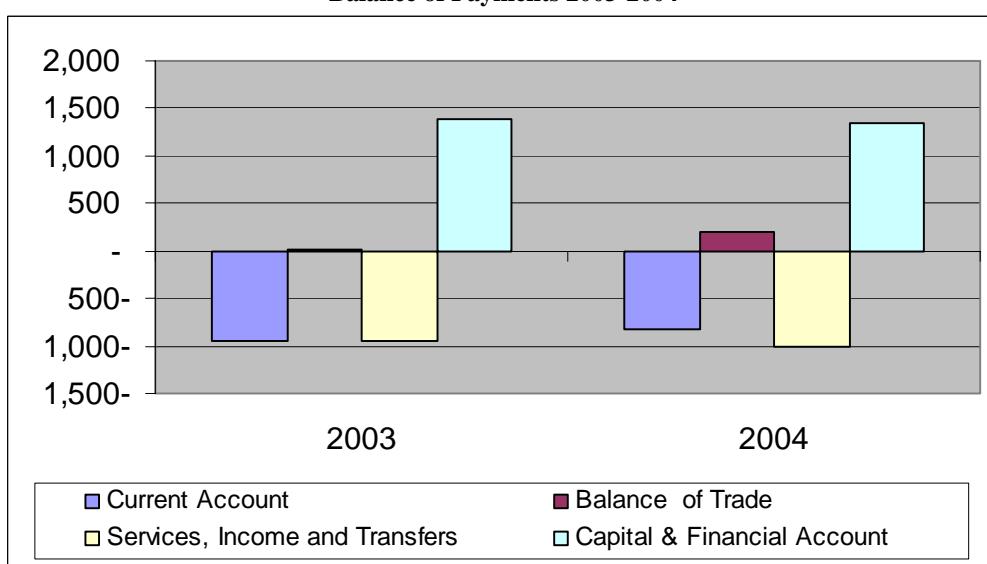
**Table (9-1)**  
**Balance of Payments 2003-2004**  
(US\$ Millions)

	2003 Adjusted	2004
<b>A- Current Account (1+2)</b>	<b>-938.58</b>	<b>-818.23</b>
1- Trade Balance	6.07	191.57
2- Services, Income and Transfers	-944.65	-1009.8
<b>B- Capital &amp; Financial Account</b>	<b>1389.93</b>	<b>1,353.88</b>
Deficit or surplus in Current Account and Capital & Financial Account (a+b)	451.35	535.65
<b>C- Errors and Omissions</b>	<b>-28.79</b>	<b>194.53</b>
<b>D- Convertible Currencies Reserves **</b>	<b>-422.56</b>	<b>-730.18</b>

\* Capital Account has been revised to include Capital Account and previous monetary movements except official balances of the convertible currencies and are now termed Capital & Financial Account.

\*\* Sign (-) means an increase in Reserves.

**Figure (9-1)**  
**Balance of Payments 2003-2004**



The balance of payments consists of the current account, (represented by the trade balance, the services, income and transfers account), and the capital and financial account.

Table (9-2) shows the details of the balance of payments in 2003 and 2004, while Appendix XVII shows the balance of payments for the last five years.

**Table (9-2)**  
**Balance of Payments**  
(Millions US\$)

	2003	2004
<b>A/ Current Account</b>		
<b>Exports (FOB)</b>	<b>2,542.17</b>	<b>3,777.75</b>
Petroleum	2,047.70	3,100.46
Others	494.47	677.29
<b>Imports (FOB)</b>	<b>-2,536.10</b>	<b>-3,586.18</b>
Government Purchases	-292.46	-343.07
Private Sector Purchases	-2,243.64	-3,243.11
<b>Balance of Trade</b>	<b>6.07</b>	<b>191.57</b>
<b>Services, Income and Transfers Account</b>	<b>-944.65</b>	<b>-1009.8</b>
Receipts	1281.68	1698.8
Payments	-2,226.33	-2,708.60
<b>Deficit (-) or surplus (+) in Current Account</b>	<b>-938.58</b>	<b>-818.23</b>
<b>B/ Movements in Capital and Financial Account</b>	<b>1,389.93</b>	<b>1,353.88</b>
Direct Investment (Net)	1,349.19	1,511.07
Investment Fund (Net)	35.25	19.94
Other Investments (Net)	5.49	-177.13
(1) Official Loans	<b>-100.3</b>	<b>-6.01</b>
Drawings	84.93	213.2
Repayments	-185.23	-219.21
(2) Trade Facilities (Net)	5.27	-58.06
(3) Commercial Banks Net Foreign Assets	-4.89	-28.99
(4) Bank of Sudan Short-Term Loan	119.62	-79.36
(5) Bilateral Agreements	-14.21	-4.71
<b>Deficit or Surplus in Current, Capital and Financial Accounts</b>	<b>451.35</b>	<b>535.65</b>
<b>Errors and Omissions</b>	<b>-28.79</b>	<b>194.53</b>
<b>C/ Official Reserve Assets of Convertible Currencies</b>	<b>-422.56</b>	<b>-730.18</b>

## Components of the Balance of Payments

### *First: Current Account*

#### **a- Visible Transactions:**

The trade balance surplus increased from US\$ 6.07 million in 2003 to US\$ 191.57 million in 2004, as a result in the increase in export proceeds from US\$ 2,542.17 million in 2003 to US\$ 3,777.75 million in 2004, in spite of the increase in imports from US\$ 2,536.10 million in 2003 to US\$ 3,586.18 million in 2004 (including commodity aid that increased from US\$ 14.64 million in 2003 to US\$ 46.22 million in 2004). Government imports

increased from US\$ 292.46 million in 2003 to US\$ 343.07 million in 2004. Also, the private sector imports increased from US\$ 2,243.64 in 2003 to US\$ 3,243.11 million in 2004, by 17.3% and 44.5%, respectively.

Table (9-3) shows the quarterly details of the visible trade in 2004 compared to 2003.

**Table (9-3)**  
**Visible Transactions in 2003 and 2004**  
**(US\$ Millions)**

	Gross 2003 Adjusted	2004				
		First Quarter	Second Quarter	Third Quarter	Forth Quarter	Total
<b>Exports</b>	<b>2,542.17</b>	<b>758.47</b>	<b>914.11</b>	<b>1,046.54</b>	<b>1,058.63</b>	<b>3,777.75</b>
Petroleum	2,047.70	566.56	728.64	900.58	904.68	3,100.46
Others	494.47	191.91	185.47	145.96	153.95	677.29
<b>Imports</b>	<b>-2,536.10</b>	<b>-764.94</b>	<b>-844.85</b>	<b>-943.69</b>	<b>-1,032.70</b>	<b>-3,586.18</b>
<b>Government Purchases</b>	<b>-292.46</b>	<b>-66.03</b>	<b>-85.85</b>	<b>-86.78</b>	<b>-104.41</b>	<b>-343.07</b>
In convertible currencies	-277.82	-59.81	-79.19	-66.92	-90.93	-296.85
Others	-14.64	-6.22	-6.66	-19.86	-13.48	-46.22
<b>Private Sector Imports</b>	<b>-2,243.64</b>	<b>-698.91</b>	<b>-759</b>	<b>-856.91</b>	<b>-928.29</b>	<b>-3,243.11</b>
<b>Deficit (-) or Excess (+) in Visible Trade</b>	<b>6.07</b>	<b>-6.47</b>	<b>69.26</b>	<b>102.85</b>	<b>25.93</b>	<b>191.57</b>

### **b- Invisible Transactions**

The deficit in the services, income and transfers account rose in 2004 by 7% from US\$ 944.65 million in 2003 to US\$ 1,009.80 million, as shown in Table (9-4). This was attributed to the increase in invisible payments at a rate exceeding the increase in invisible receipts.

Invisible receipts increased from US\$ 1,281.68 in 2003 to US\$ 1,698.80 in 2004, where invisible receipts increased under the item “services” from US\$ 36.48 million in 2003 to US\$ 44.13 million in 2004, which includes travel, transport and other government services, being the highest percentages, and the revenue registered an increase from US\$ 10.01 million in 2003 to US\$ 44.13 million in 2004, including (investment revenues). Also, current transfers increased from US\$ 1,235.19 million to US\$ 1,632.84 million in 2003 and 2004 respectively, including commodity aid, and private sector transfers which increased from US\$ 1,218.36 million to US\$ 1,580.18 million.

Invisible payments increased from US\$ 2,226.33 million in 2003 to US\$ 2,708.60 million in 2004. Most of the invisible payments were under the

item of “services”, which increased from US\$ 830.29 million in 2003 to US\$1,064.53 million in 2004, included transportation which increased from US\$ 682.39 million to US\$ 841.03 million, (transport of goods and petroleum products). Also, payments increased from US\$ 879.23 million in 2003 to US\$ 1,134.53 million, which included payments for returns of direct investment (oil companies) that rose from US\$ 818.40 million to US\$ 1,037.92 million, and debt interest increased from US\$ 516.81 million to US\$ 84.24 million. Current transfers decreased from US\$ 516.81 million to US\$ 509.55 million due to a drop in private sector payments from US\$ 510.15 million to US\$ 485.38 million for the same period.

**Table (9-4)**  
**Invisible Transactions in 2003 and 2004**  
**(US\$ Millions)**

	<b>2003</b>	<b>2004</b>		<b>2003</b>	<b>2004</b>
<b>Invisible Receipts</b>	<b>1,281.68</b>	<b>1,698.80</b>	<b>Invisible Payments</b>	<b>2,226.33</b>	<b>2,708.60</b>
<b>Services</b>	<b>36.48</b>	<b>44.13</b>	<b>Services</b>	<b>830.29</b>	<b>1064.53</b>
Travel	17.46	21.18	Travel	119.13	175.62
Transport	9.07	9.54	Transport	682.39	841.03
			Petroleum Transport	394.2	433.5
			Other Commodity Transport	288.19	407.53
Communication Services	2.5	2.4	Communication Services	1.52	0.09
Construction Services	0.51	0.9	Construction Services	0.65	1.63
Insurance	0	0	Insurance	0	0.2
Financial Services	0.83	0.86	Financial Services	0.16	1.45
Computer Services and Information	0	0	Computer Services and Information	0.84	2.77
License and Privilege Fees	0	0	License and Privilege Fees	0	0
Other Business Services	0.36	0	Other Business Services	0.14	0.7
Personal, Cultural and Recreational Services	0.31	0	Personal, Cultural and Recreational Services	0.01	0
Unclassified Government Services	5.44	9.25	Unclassified Government Services	25.45	41.04
<b>Income</b>	<b>10.01</b>	<b>21.83</b>	<b>Income</b>	<b>879.23</b>	<b>1134.52</b>
Employees Compensations	5.24	1.72	Employees Compensations	0.65	2.14
<b>Investment Returns</b>	<b>4.77</b>	<b>20.11</b>	<b>Investment Returns</b>	<b>878.58</b>	<b>1132.38</b>
Government	0	0	Direct Investment Returns	818.4	1037.92
Private Sector	0	0	Income from Debt (Interests)	60.18	84.23
Others	4.77	20.11	Others	0	10.23
<b>Current Transfers</b>	<b>1,235.19</b>	<b>1,632.84</b>	<b>Current Transfers</b>	<b>516.81</b>	<b>509.55</b>
<b>Government</b>	<b>16.83</b>	<b>52.66</b>	<b>Government</b>	<b>6.66</b>	<b>24.17</b>
Grants	14.64	46.22	Grants	0	0
Other Transfers	2.19	6.44	Other Transfers	6.66	24.17
<b>Private Sector</b>	<b>1218.36</b>	<b>1,580.18</b>	<b>Private Sector</b>	<b>510.15</b>	<b>485.38</b>
			<b>Deficit (-) or Surplus (+)</b>	<b>-944.65</b>	<b>-1,009.80</b>

### ***Second: Capital and Financial Account***

The capital and financial account consists of the following items, as shown in table (9-5): -

- 2.1 Capital Account:** consists of capital movements and transfers that lead to a change in ownership of fixed assets or that a creditor decides to forgo his foreign debt for free. It also includes acquisition of non-financial assets or dispensing of them, such as: intellectual property rights, trademark, goodwill, patent rights and copyrights.
- 2.2 Financial Account:** which the economy's dealings in assets and foreign financial obligations is recorded. It include: foreign direct investments, portfolio investments, and other is recorded investments consisting of net commercial advances and loans, as well as movements in non-reserve assets and the central bank and commercial banks liabilities.

Movements in net capital and financial account decreased slightly from US\$ 1,389.93 million in 2003 to US\$ 1,353.87 million in 2004, as shown in table (9-5).

Net direct investments increased from 1,349.19 million in 2003 to US\$ 1,511.07 million in 2004, by 11.99%. Movements in portfolio investments decreased from US\$ 35.25 million in 2003 to US\$ 19.94 million in 2004. Also, movements in other investments (net) decreased from US\$ 5.49 million to US\$ -177.13 million in 2004 (outflows) – in spite of the decrease in official loans (net) from US\$ -100.30 million to US\$ -6.01 million – as a result of the decrease in Bank of Sudan short-term foreign obligations (net) from US\$ 119.62 million in 2003 to US\$ 79.36 million in 2004, and a decrease in the movements of commercial advances (net) from US\$ 5.27 million in 2003 to US\$ -58.06 million in 2004.

### ***Third: Official Reserves***

The official reserves of foreign convertible currencies shows the overall position of the balance of payments, while noticing that a (-) sign indicates an increase in the balance of official reserves.

Movements in official reserves of foreign convertible currencies increased from US\$ 422.6 million in 2003 to US\$ 730.2 million in 2004.

**Table (9-5)**  
**Capital and Financial Account in 2003 and 2004**  
**(US\$ Millions)**

	<b>2003</b>	<b>2004</b>
<b>Capital and Financial Account</b>	<b>841.45</b>	<b>1,389.93</b>
<b>A/Capital Account</b>	0.00	0.00
Exemption from Debt	0.00	0.00
Acquisition of Non-Financial Assets	0.00	0.00
Others	0.00	0.00
<b>B/Financial Account</b>	<b>1389.93</b>	<b>1,389.93</b>
<b>Direct Investment</b>	<b>1349.19</b>	<b>1,511.07</b>
In Sudan	1349.19	1,511.07
Abroad	0.00	0.00
<b>Portfolio Investments</b>	<b>35.25</b>	<b>19.94</b>
Assets	35.25	27.97
Liabilities	0.00	-8.03
<b>Other Investments</b>	<b>5.49</b>	<b>177.13</b>
<b>1/Net Government Loans Inward (+) Outward (-)</b>	<b>-100.3</b>	<b>-6.01</b>
<b>Government Loan Flows</b>	<b>84.93</b>	<b>213.2</b>
Arab Monetary Fund	0.00	22.83
OPEC Fund	8.09	1.31
IFAD	4.59	6.34
Islamic Bank For Development	7.54	20.59
Arab Fund For Economic And Social Development	16.31	46.16
Saudi Fund	8.14	20.67
Abu Dhabi Fund	4.90	17.48
Kuwaiti Fund	4.90	13.78
Oman	29.26	53.92
Qatar	0.00	3.52
China	1.2	6.60
<b>Government Loans Repayments</b>	<b>-185.23</b>	<b>-219.21</b>
IMF	-26.30	-32.48
World Bank & IDA	-4.50	-5.00
African Development Bank	-2.50	-6.00
OPEC Fund	-8.93	-7.20
IFAD	-2.79	-3.41
Islamic Bank For Development	-3.68	-9.87
Arab Fund For Economic and Social Development	-11.50	-3.15
Arab Monetary Fund	-3.00	-9.39
Saudi Fund	-5.53	-3.52
Abu Dhabi Fund	-1.37	-1.17
Kuwaiti Fund	-11.77	-8.43
Egypt	-0.50	0.00
Turkey	-2.84	-2.84

China	-79.82	-86.4
Malaysia	-20.20	-39.21
India	0.00	-1.14
<b>2/Trade Credits and Facilities (Short-Term Movements)</b>	<b>5.27</b>	<b>-58.06</b>
Assets	305.65	437.75
Liabilities	-300.38	-495.81
<b>3/Monetary Authorities Net Foreign Assets</b>	<b>119.62</b>	<b>-79.36</b>
Assets (Non-Reserve)	-0.17	-10.17
Liabilities (Bank of Sudan External Obligations)	119.79	-69.19
<b>4/Trade and payments Agreements</b>	<b>-14.21</b>	<b>-4.71</b>
Assets	0.00	0.00
Liabilities	-14.21	-4.71
<b>5/Commercial Banks Net Foreign Assets</b>	<b>-4.89</b>	<b>*-28.99</b>
Assets	-8.97	-42.01
Liabilities	4.08	13.02

Source: Bank of Sudan, Ministry of Finance and External Debt Unit

\* Sign (-) refers to an increase in External Assets, while a positive sign refers to a decrease in External Assets.

## **CHAPTER TEN**

### **FOREIGN LOANS AND GRANTS**

The Government adopted a policy of cooperation with countries international and regional organization in order to the finance projects and infrastructure. This led to an increase in the volume of foreign loans and grants from US\$ 101.76 million in 2003 to US\$ 241.80 million in 2004, an increase of 138.6%

This chapter presents the position of drawings and repayments of foreign loans and grants during 2004.

#### **First: Foreign Loans**

Drawings from loans increased from US\$ 84.93 million in 2003 to US\$ 213.20 million in 2004. They were directed to finance Merawi Dam, construction of roads and electricity, as well as education and health projects. The drawings from Government of Oman amounted to US\$ 53.92 million, Saudi Fund US\$ 20.67 million, Abu Dhabi Fund US\$ 17.48 million, and Kuwaiti Fund US\$ 13.78 million.

Drawings from loans extended by the Arab Fund for Economic and Social Development, amounting to US\$ 46.16 million, were used in Atbara – Port Sudan – Haya Highway Project, and part of these drawings went to the construction of Merawi Dam. Drawings from the Arab Monetary Fund, which amounted to US\$ 22.83 million, were used in different development projects.

Drawings on the projects financed by the Islamic Development Bank amounted to US\$ 20.59 were utilized in the circular road (Um Rowaba – Abu Jibaiha) and other projects. Total drawings from the International Fund for Agricultural Development (IFAD) of US\$ 6.34 million were used in the rural developments schemes of Northern Kordofan and other projects.

Drawings from the OPEC Fund Loan decreased to US\$ 1.31 million and were used to build the lower gates of Roseires Dam and the circular electricity line. The loan from China, amounting to US\$ 6.60 million, was utilized in the rehabilitation project of the electric power of the national capital.

Drawings from the Indian Finance Facility amounted to US\$ 3.52 million were used to finance the project for rehabilitation of locomotives and the solar cells projects.

**Table (10 - 1)**  
**Drawings of Loans and Grants**  
**For the years 2003 & 2004**  
**(US\$ Millions)**

Particulars	2003	2004
<b><u>Loans</u></b>	<b><u>84.93</u></b>	<b><u>213.20</u></b>
Arab Monetary Fund	0.00	22.83
OPEC Fund	8.09	1.31
IFAD	4.59	6.34
Islamic Development Bank	7.54	20.59
Kuwaiti fund	4.90	13.78
Abu Dhabi Fund	4.90	17.48
Arab Fund for Economic & Social Development	16.31	46.16
Saudi Fund	8.14	20.67
Oman	29.26	53.92
China	1.20	6.60
India	0.00	3.52
<b><u>Grants</u></b>	<b><u>16.83</u></b>	<b><u>51.81</u></b>
Commodity Grants	14.64	46.22
IFAD	0.05	0.14
Islamic Development Bank	1.42	0.74
Arab Fund for Economic & Social Development	0.43	4.17
Saudi Fund	0.29	0.04
African Development Bank	0.00	0.50
<b>Total</b>	<b>101.76</b>	<b>265.01</b>

*Source:* Ministry of Finance

### Foreign Grants

Total drawings from grants in 2004 registered a marked increase from US\$ 16.83 million in 2003 to US\$ 51.81 million in 2004, an increase of 207.8%, as a result of a remarkable increase in commodity grants from US\$ 14.64 million in 2003 to US\$ 46.22 million in 2004.

Drawings from the grants of the Arab Fund for Economic and Social Development amounted to US\$ 4.17 million, and were used to finance drinking water schemes in the South and the rehabilitation of utilities that were affected by the River Gash flooding in 2003. Drawings from the grants of the Islamic Development Bank amounted to US\$ 0.74 million, the African Development Bank US\$ 0.50 million.

River Gash flood in 2003 and some rural development schemes in Northern Kordofan.

### **Repayment of Loans**

Table (10-2) shows the position of public sector loans until 31 December 2004, when the outstanding obligations (except rescheduled loans and interest payments) amounted to US\$ 7.64 billion, while the balance remaining for drawing amounted to US\$ 997.81 million.

Total repayments of outstanding loans increased from US\$ 185.23 million in 2003 to US\$ 219.20 million in 204, by 18.3%.

Repayments to loans from China amounted to US\$ 86.40 million, from the International Monetary Fund (IMF) US\$ 32.48 million, Malaysia US\$ 39.21 million, Kuwaiti Fund US\$ 8.43 million, Arab Monetary Fund US\$ 9.39 million, Islamic Development Bank US\$ 9.87 million, OPEC US\$ 7.20 million, African Development Bank US\$ 6.0 million, World Bank US\$ 5.0 million, in addition to repayment of other loans. Repayment of external debt constitutes 5.8% of total exports in 2004.

**Table (10-2)**  
**Position of the Public Sector Loans as at 31.12.2004**

(US\$ 000's)

	<b>Commitments</b>	<b>Drawings during 2004</b>	<b>Repayments during 2004</b>	<b>Cumulative Repayments as at 2004</b>	<b>Debt- Outstanding as at 31.12.2004</b>	<b>Balance as at 31.12.2004</b>
<b>International Organizations:-</b>						
World Bank and IDA loans	1,255,554.00	0.00	5,000.00	65,825.00	1,187,079.00	2,650.00
IFAD	141,686.00	6,340.00	3,424.00	26,049.00	101,657.00	13,980.00
IMF	1,322,769.00	0.00	32,480.00	808,385.00	514,384.00	0.00
Islamic Bank for Development	164,639.68	20,588.00	9,873.00	23,496.00	81,219.00	59,924.68
OPEC	147,398.98	1,310.00	7,200.00	101,918.00	23,146.00	22,334.98
Arab Monetary Fund	301,135.49	22,830.00	9,390.00	12,738.00	265,568.00	22,829.94
Arab Fund for Social and Economic Development	711,194.28	46,160.00	3,145.00	233,801.51	283,182.00	194,210.77
African Development Fund	289,162.00	0.00	0.00	12,436.00	253,179.00	23,547.00
African Development Bank	112,554.00	0.00	6,000.00	34,817.00	77,737.00	0.00
European Investment Bank	55,736.00	0.00	0.00	915.00	54,549.00	272.00
<b>Sub Total</b>	<b>4,501,829.43</b>	<b>97,228.00</b>	<b>76,512.00</b>	<b>1,320,380.51</b>	<b>2,841,700.00</b>	<b>339,749.37</b>
<b>Paris Club (non-rescheduled):-</b>						
Austria	32,417.00	0.00	0.00	0.00	32,417.00	0.00
Belgium	3,057.00	0.00	0.00	0.00	3,057.00	0.00
Canada	4,136.00	0.00	0.00	0.00	4,136.00	0.00
Denmark	24,344.00	0.00	0.00	0.00	24,344.00	0.00
France	123,429.00	0.00	0.00	0.00	123,429.00	0.00
Germany	11,025.00	0.00	0.00	0.00	11,025.00	0.00
Italy	81,613.00	0.00	0.00	0.00	81,613.00	0.00
Japan	104,320.00	0.00	0.00	0.00	104,320.00	0.00
Norway	23,085.00	0.00	0.00	0.00	23,085.00	0.00
Spain	14,983.00	0.00	0.00	0.00	14,983.00	0.00
Switzerland	16,103.00	0.00	0.00	0.00	16,103.00	0.00
United Kingdom	1,698.00	0.00	0.00	0.00	1,698.00	0.00
United States	524,845.00	0.00	0.00	0.00	524,845.00	0.00
<b>Sub total</b>	<b>965,055.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>965,055.00</b>	<b>0.00</b>

	<b>Commitments</b>	<b>Drawings during 2004</b>	<b>Repayments during 2004</b>	<b>Cumulative Repayments as at 2004</b>	<b>Debt- Outstanding as at 31.12.2004</b>	<b>Balance as at 31.12.2004</b>
<b>Arab Countries</b>						
Abu Dhabi Fund	302,210.63	17,480.00	1,170.00	3,856.00	167,783.00	130,571.63
Kuwait	925,149.00	13,780.00	8,425.00	216,081.00	610,091.00	98,977.00
Saudi Fund for Development	1,482,756.00	20,670.00	3,520.00	74,671.00	1,210,628.00	197,457.00
Egypt	37,942.00	0.00	0.00	6,498.00	31,444.00	0.00
Algiers	122.00	0.00	0.00	86.00	36.00	0.00
Iraq	104,907.00	0.00	0.00	33,347.00	71,560.00	0.00
Libya	585,672.00	0.00	0.00	205,753.00	305,302.00	74,617.00
Oman	106,000.00	53,920.00	0.00	0.00	83,180.00	22,820.00
Qatar	29,000.00	0.00	0.00	0.00	29,000.00	0.00
<b>Total</b>	<b>3,573,758.63</b>	<b>105,850.00</b>	<b>13,115.00</b>	<b>540,292.00</b>	<b>2,509,024.00</b>	<b>524,442.63</b>
<b>Other Countries:</b>						
Czechoslovakia	58,041.00	0.00	0.00	20,000.00	38,041.00	0.00
Hungary	9,928.00	0.00	0.00	3,991.00	5,937.00	0.00
Poland	20,130.00	0.00	0.00	0.00	20,130.00	0.00
Romania	125,568.00	0.00	0.00	0.00	125,568.00	0.00
USSR (former) Scheduled Loans	14,345.00	0.00	0.00	0.00	14,345.00	0.00
China	1,179,206.00	6,600.00	86,400.00	393,220.00	702,484.00	83,502.00
India	50,000.00	3,520.00	1,140.00	1,140.00	8,721.00	40,139.00
Malaysia	200,000.00	0.00	39,210.00	66,910.00	133,090.00	0.00
Pakistan	9,979.00	0.00	0.00	0.00	0.00	9,979.00
Turkey	42,484.00	0.00	2,840.00	14,177.00	28,307.00	0.00
Yugoslavia (Croatia)	39,906.00	0.00	0.00	0.00	39,906.00	0.00
Yugoslavia (Serbia)	42,634.00	0.00	0.00	14,694.00	27,940.00	0.00
Iran	179,576.00	0.00	0.00	0.00	179,576.00	0.00
<b>Sub Total</b>	<b>1,971,797.00</b>	<b>10,120.00</b>	<b>129,590.00</b>	<b>514,132.00</b>	<b>1,324,045.00</b>	<b>133,620.00</b>
<b>Grand Total</b>	<b>11,012,440.06</b>	<b>213,198.00</b>	<b>219,217.00</b>	<b>2,374,804.51</b>	<b>7,639,824.00</b>	<b>997,812.00</b>

Source: Ministry of Finance

**Table (10-3)**  
**Loans and Grants Contracted**  
**During the Year 2004**  
**(US\$ Millions)**

	Total Loans & Grants	Loan Fees	Signing date	First Repayment Date	Repayment Period (Year)	Grace Period (Year)	Amounts Drawn Down
<b>Loans</b>	<b>243.20</b>						
<b>Arab Fund for Economic and Social Development</b>	<b><u>131.50</u></b>						<b>15.78</b>
Merawi Dam Additional Loan	100.00	3%	21/1/2004	1/1/2011	18	7	5.70
Gadarif - Doaka Elgalabat Road	31.50	3%	21/1/2004	2/1/2010	19	7	2.98
<b>IFAD</b>	<b><u>24.90</u></b>						
Gash Renewal Sustainable Way of Living	24.90	0.75%	27/1/2004	15/6/2014	30	10	2.10
<b>Islamic Development Bank</b>	<b><u>22.00</u></b>						
Imports Financing (Agricultural Equipment)	12.00	0.3 +LIBOR			3	One year & 6 months	5.00
Imports Financing (Jute)	10.00	LIBOR+0.35			1	One year & 6 months	-
<b>China</b>	<b><u>14.80</u></b>						
Concessional Loan	3.60	-	4/1/2004	4/1/2014	-	10	-
Water Equipments	11.20	3%	4/3/2004	13/4/2006	-	One year & 6 months	-
<b>India</b>	<b><u>50.00</u></b>						
Credit Line Loan	50.00	11%	19/1/2004	19/1/2008	3	3	-
<b>Grants</b>	<b><u>6.72</u></b>						<b>1.99</b>
<b>Cash Grants</b>	<b><u>5.10</u></b>						0.1
<b>IFAD</b>	<b><u>0.10</u></b>	-		-	-	-	0.1
Gash Project Grant	0.10	-		-	-	-	0.1
<b>France</b>	<b>0.40</b>	-		-	-	-	0
Technical Aid	0.40	-		-	-	-	0
<b>Islamic Development Bank</b>	<b><u>1.00</u></b>	-		-	-	-	
General Sudanese Woman Union	0.20	-		-	-	-	0
Institutional Aid for Ministry of Finance	0.30	-		-	-	-	0
Kassala State Grant	0.50	-		-	-	-	0
<b>China</b>	<b><u>3.60</u></b>	-		-	-	-	
China Government grant	3.60	-		-	-	-	0
<b>Commodity Grants</b>	<b><u>1.62</u></b>	-		-	-	-	1.89
<b>(WFP) Commodity Grants</b>	<b><u>1.62</u></b>	-		-	-	-	1.89
School Feeding Project	1.62	-		-	-	-	1.89
Food Against Work Project	NA	-		-	-	-	NA
Refugees Project	NA	-		-	-	-	NA
<b>Other Commodity Grants</b>	<b>NA</b>	-		-	-	-	NA
<b>Total</b>	<b><u>249.92</u></b>	-		-	-	-	<b>17.77</b>

Source: Ministry of Finance & Ministry of International Cooperation

Total loans and grants contracted in 2004 amounted to US\$ 249.92 million, consisted of loans, financial and commodity grants of US\$ 243.2 million, US\$ 5.1 million and US\$ 1.62 million respectively. The loans from the Arab Fund for Economic and Social Development represented 54.1%, International Fund for Agricultural Development 10.2%, Islamic Development Bank 9.9%, China 6.1%, and India 20.6% of contracted during the year under review.

### **Sudan External Obligations**

**Table (10-4)**  
**Position of Sudan External Obligations**  
**(US\$ Millions)**

Items	2003	2004			
	Total Obligations	Principal Amount	Contractual Interest	Delay Interest	Total Obligations
International and Regional Institutions	4.40	3.10	1.04	0.36	4.50
Non-Paris Club	8.60	4.01	1.18	3.73	8.92
Paris Club	8.52	2.56	1.57	4.44	8.57
Foreign Commercial Banks	3.44	1.78	1.75	0.00	3.53
Foreign Suppliers	0.75	0.75	0.00	0.00	0.75
<b>Total</b>	<b>25.71</b>	<b>12.20</b>	<b>5.54</b>	<b>8.53</b>	<b>26.27</b>

Source: Bank of Sudan

Sudan's total external obligations by the end of 2004 amounted to US\$ 26.27 billion, compared to US\$ 25.71 by the end of 2003, as shown in the table above.

The debts to international and regional organizations include the debts due to international organizations (such as: IMF, World Bank and OPEC Fund), regional organizations (such as: African Development Bank), Arab Monetary Fund, Arab Fund for Economic and Social Development and Saudi Development Fund) beside others.

The Paris Club countries include: the members of the Economic Community U.S.A., Japan and Canada. Non-Paris Club countries include Arab countries, countries in economic transition, Asian countries such as: India, China, Pakistan, Iran and Malaysia.

Debt due to foreign commercial banks includes facilities extended to the government of the Sudan and to the private sector (guaranteed by the government). Facilities of foreign suppliers refer to the debt to given by foreign suppliers to the Sudanese private sector.

Total external obligations to international, regional and Arab organizations amounted to US\$ 4.50 billion at end 2004. Settlement of these obligations requires bridge financing to Sudan from the support group to wipe out the problem of the debt to the IMF, the World Bank, African Development Bank and European Investment Bank.

Sudan's external debt to members of the Paris Club by end 2004 amounted to US\$ 8.57 billion. Four rescheduling agreements were concluded in the past with the member countries (in 1979, 1981, 1983, and 1984) that covered the amounts due until 1984 for the debts signed before the cut-off date<sup>1</sup> (1<sup>st</sup> January 1979), but Sudan was unable to make use of these rescheduling agreements. The rest of the debts were not rescheduled. These debts are to be treated within the international initiative to deal with the external debts within the heavily Indebted Poor Countries (HIPC's) Initiative. Sudan has the right to apply to make use of this initiative, as all its prerequisites apply, which entitles the country to a debt relief of 90% of its debts, according to the conditions of Colon Agreement.

The obligations of Sudan towards the non-Paris Club countries at the end of 2004 amounted to US\$ 8.92 million, and there are international initiatives to transfer these debts into contributions in local currency in economic and development projects.

Obligations to foreign commercial banks and foreign suppliers amounted to US\$ 3.53 million and US\$ 752.0 million respectively. This debt is to be refinanced.

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<sup>1</sup> The cut-off date means the date of calculating the position of the debts overdue, so that all the overdue amounts be treated using conditions that are different from those signed after that cut-off date.

## **CHAPTER ELEVEN** **BANK OF SUDAN ACCOUNTS** **FOR THE YEAR 2004**

This chapter presents the balance sheet (financial position) of Bank of Sudan and the Profit and Loss Account (The income statement) for the year ending 31 December 2004, which approved by the Auditor General.

### **1- The Balance Sheet**

Table (11-1) shows the balance sheet of Bank of Sudan as at 31 December 2004, which was previously analyzed in Chapter Six of this report.

**Table (11-1)**  
**Bank of Sudan**  
**Financial Position as at 31/12/2004**  
**(SDD 000s)**

Particulars	2003	2004	Particulars	2003	2004
<b><u>Assets</u></b>			<b><u>Liabilities</u></b>		
<b><u>Foreign Assets</u></b>					
Foreign Correspondents	222,943,518	404,652,023	Currency in Circulation	-	-
Securities and Participations in Foreign Banks	3,896,505	6,469,204	Bank Notes	250,314,579	317,099,046
	<b><u>226,840,023</u></b>	<b><u>411,121,227</u></b>	Coins	1,737,933	2,588,504
				<b><u>252,052,512</u></b>	<b><u>319,687,550</u></b>
Other External Assets (Foreign Notes)*	<u>2,678,138</u>	<u>9,039,981</u>	<b><u>Sight Liabilities</u></b>		
			Government A/Cs	15,683,050	17,835,469
<b><u>Loans and Advances</u></b>			Banks Accounts	64,547,894	94,959,880
			Current Accounts**	86,663,883	179,964,442
Commercial Banks Advances	37,364,939	29,858,117	Payment Agreements	15,311,676	14,098,047
Temporary Loans to Government	37,493,663	37,493,663	Other Sight Liabilities	209,257,024	195,844,746
Long-term Scheduled Loans	107,303,021	107,303,021	Foreign Correspondents	29,790,994	21,536,298
	<b><u>182,161,623</u></b>	<b><u>174,654,801</u></b>		<b><u>421,254,521</u></b>	<b><u>524,238,882</u></b>
			Time Liabilities	245,367,007	248,194,855
Participations in Commercial Banks	6,826,421	8,621,066	Other Accounts	18,841,908	19,144,668
Other Investments	6,671,141	7,882,735	Central Bank CMCs	3,314,415	-
Other Accounts	527,335,414	522,362,581	Provisions	3,096,550	6,473,100
Fixed Assets	33	56	Net Profit Due to Govt	<u>3,312,150</u>	<u>7,268,537</u>
Affiliate Company Investments (Financial Services).	563,580			<b><u>*273,932,030</u></b>	<b><u>281,081,160</u></b>
	<b><u>953,076,373</u></b>	<b><u>1,133,682,447</u></b>	<b><u>Capital and Reserves</u></b>		
			Capital	600,000	1,200,000
			General Reserve	600,000	1,200,000
			Other Reserves	<u>*4,637,310</u>	<u>6,274,855</u>
<b><u>Contra Accounts</u></b>				<b><u>953,076,373</u></b>	<b><u>1,133,682,447</u></b>
Customers Liabilities on Letters of Credit Opened	4,265,394	21,426,761			
Bills Held for Collection	4,557	4,557	<b><u>Contra Accounts</u></b>		
Government Liabilities for Guarantees Issued by Bank	972,270,257	790,694,883	Liabilities on Letters of Credit Opened	4,265,394	21,426,761
Liabilities on Travelers Checks	6,332	6,332	Liab. on Bills Collected	4,557	4,557
African Development Bank Loan	1,189,972	1,189,972	Guarantees offered on Behalf of Government	972,270,257	790,694,883
			Travelers Checks	6,332	6,332
			African Development Bank Loan	1,189,972	1,189,972
	<b><u>977,736,512</u></b>	<b><u>813,322,505</u></b>		<b><u>977,736,512</u></b>	<b><u>813,322,505</u></b>

\*Revised Figures

\*\* Public corporations accounts

Ibrahim Adam Habib

General Manager

Gen. Adm. For Financial Services and Affairs

Dr. Sabir Mohamed Hassan,

Governor & Chairman

Board of Directors

## 2- The Income Statement

Table (11-20) shows the income statement for the year 2004.

**Table (11-2)**  
**Bank of Sudan**  
**The profit and loss account for the year**  
**Ending 31/12/2004**

(SDD 000s)

Particulars	2003	2004
<b>Revenues</b>		
Foreign Exchange Operations Income	12,978,935	20,312,151
Investments Income	4,152,853	3,730,829
Other Income	1,765,957	2,338,493
<b>Total Revenues</b>	<b>18,897,745</b>	<b>26,381,473</b>
<b>Expenditure</b>		
Currency Issuance Expenses	3,384,955	1,652,452
Administrative costs	6,458,667	7,855,193
Capital Expenses (Depreciations)	281,378	368,725
<b>Total Expenditure</b>	<b>10,125,000</b>	<b>9,876,370</b>
<b>Total Income</b>	<b>8,772,745</b>	<b>16,505,103</b>
Provision for Annual Incentives	1,000,000	2,000,000
Provision for Fixed Assets Customs	-	80,384
Provision for Doubtful Debt	1,780,000	3,595,682
<b>Total of Provisions</b>	<b>2,780,000</b>	<b>5,676,066</b>
<b>Net profit</b>	<b>5,992,745</b>	<b>10,829,037</b>
<b>Appropriations</b>		
Transfers to Reserves	1,880,895	1,960,500
Transfer to Reserve for depreciation of Fixed assets	200,000	400,000
General Reserve Transfer	599,700	1,200,000
Transferable Net Profits to Government in Accordance with Article 18 of the Bank of Sudan Act. 2002.	3,312,150	7,268,537
	<b>5,992,745</b>	<b>10,829,037</b>

Below are the details of changes in the Figures of the items of the income statement:

### ***First: Revenues***

Revenues increased from SDD 18.9 billion in 2003 to SDD 26.4 billion in 2004 i.e, by 39.7%, as a result of the increase in: revenues from

foreign exchange dealings of SDD 7.3 billion, and other revenues by SDD 0.6 billion. The investment revenues decreased by SDD 0.4 billion.

***Second: Expenditures***

The bank's expenditures decreased from SDD 10.1 billion in 2003 to SDD 9.9 billion in 2004 i.e, by 2%, despite the rise in administrative and capital expenses. This was attributed to the drop in the costs of issuing of currency.

***Third: Profits***

Net profits increased to SDD 10.8 billion in 2004, compared to SDD 6 billion in 2003 i.e, by 80%. Profits were distributed by crediting the Reserves Account with the amount of SDD 3.6 billion and transferring SDD 7.3 billion to the Government Account in accordance with Article (18) of the Bank of Sudan Act (2002).

**3- Auditor's Opinion**

In our opinion, the financial statements give a true and fair view of the financial position the Bank as at 31/12/2004, and its profits for the year ending on that same date, and have been properly prepared in accordance with the rules and regulations.

**Abu Bakr Abdalla Marin**  
**Auditor General**  
**Republic of Sudan**

**Appendix (1)**  
**Khartoum Banks Clearing House**  
**1995 - 2004**  
**( SDD Millions)**

	Settlements		Clearings	
	Daily Rate	Total	Daily Rate	Total
<b>1995</b>				
January - March	211	15,882	819	61,392
April - June	243	17,607	974	70,224
July - September	249	18,914	1,084	81,682
October - December	285	21,870	1,656	126,731
<b>1996</b>				
January - March	350	25,811	1,870	138,908
April - July	406	28,054	1,820	126,002
July - September	562	43,820	2,078	162,121
October - December	549	42,215	2,406	181,159
<b>1997</b>				
January - March	664	43,560	2,747	179,940
April - June	639	43,479	2,804	191,013
July - September	646	47,814	2,907	215,073
October - December	638	47,826	3,294	247,350
<b>1998</b>				
January - March	807	56,235	3,685	258,834
April - June	831	54,213	9,508	624,441
July - September	774	58,674	3,497	265,395
October - December	927	70,671	3,899	297,927
<b>1999</b>				
January - March	1,014	68,916	4,522	308,037
April - June	1,075	78,339	4,866	355,355
July - September	911	64,609	4,271	302,325
October - December	849	62,870	4,874	363,128
<b>2000</b>				
January - March	1,036	72,456	5,131	341,937
April - July	1,113	82,362	5,094	377,073
July - September	1,270	95,130	5,305	397,920
October - December	1,315	98,031	5,752	428,967
<b>2001</b>				
January - March	1,426	97,965	6,073	417,867
April - July	1,582	116,835	6,542	483,775
July - September	3,347	138,210	11,200	493,874
October - December	1,481	107,910	6,793	493,794
<b>2002</b>				
January - March	1,885	135,531	7,175	516,444
April - June	1,993	151,305	7,793	591,538
July - September	1,256	153,848	5,357	610,617
October - December	1,256	161,735	5,357	632,264
<b>2003</b>				
January - March	1,256	169,197	5,357	654,176
April - June	2,297	172,262	9,566	717,450
July - September	2,387	186,312	9,463	738,262
October - December	2,825	191,186	11,017	745,538
<b>2004</b>				
January	2,992	71,814	11,182	268,362
February	3,508	66,655	13,040	247,759
March	3,022	81,588	11,528	311,252
April	2,921	67,187	11,102	263,616
May	3,024	78,692	12,491	324,777
June	3,606	90,460	14,392	359,804
July	3,560	88,994	14,939	373,469
August	3,395	91,652	13,373	361,068
September	3,656	91,388	13,238	330,955
October	3,526	91,682	12,833	333,651
November	4,811	91,405	14,670	322,742
December	4,136	103,394	15,042	376,040

**Appendix No. ( II )**  
**Currency in Circulation**  
**2004-1995**  
**( SDD Millions )**

<b>End of Month</b>	<b>With Banks</b>	<b>With Public</b>	<b>Total</b>
Dec.1995	2,254	24,863	27,117
Dec.1996	4,284	44,439	48,723
Dec.1997	5,123	58,494	63,617
Dec.1998	4,332	82,140	86,472
Dec.1999	5,800	108,108	113,908
Dec.2000	13,403	142,082	155,485
Dec.2001	12,801	153,836	166,637
Dec.2002	11,992	193,582	205,574
<b><u>2003</u></b>			
March	13,397	198,185	211,582
June	14,626	193,844	208,470
September	16,287	207,345	223,632
December	11,845	240,207	252,052
<b><u>2004</u></b>			
March	14,010	156,135	270,145
June	13,918	254,180	268,107
September	16,789	265,105	281,894
December	14,691	304,997	319,688

**Appendix No.( III )**  
**Coins in Circulation**  
**(2004-1995)**  
**(SDD.000's)**

End of Month	With Banks	With Public	Total
Dec.1995	-	14,052	14,052
Dec.1996	-	24,575	24,575
Dec.1997	-	81,311	81,311
Dec.1998	-	299,710	299,710
Dec.1999	-	484,590	484,590
Dec.2000	-	764,195	764,195
Dec.2001	-	952,268	952,268
<b>2002</b>			
March	-	1,148,153	1,148,153
June	-	1,030,557	1,030,557
September	-	1,079,861	1,079,861
December	-	1,114,218	1,114,218
<b>2003</b>	-		
March	-	1,174,638	1,174,638
June	-	1,300,585	1,300,585
September	-	1,518,949	1,518,949
December	-	1,737,933	1,737,933
<b>2004</b>			
March	-	1,971,232	1,971,232
June	-	2,155,269	2,155,269
September	-	2,433,126	2,433,126
December	-	2,588,504	2,588,504

**Appendix No. ( IV )**  
**Analysis of Currency in Circulation by Denomination**  
**As at 31 Dec. 2003 & 31 Dec. 2004**

**(SDD 000s)**

Denomination	2003	2004
<b><u>Notes</u></b>		
2000 Dinar	15,9043,92.0	47,4503,48
1000 Dinar	113,419,552.5	150,306,962.5
500 Dinnar	83,865,272.9	91,499,529.4
200 Dinar	22,553,925.7	16,107,974.3
100 Dinar	10,144,139.1	7,582,550.7
50 Dinar	3,434,029.9	3,150,428.1
25 Dinar	177,225.8	185,708.4
10 Dinar	425,778.1	425,732.9
5 Dinar	155,772.1	155,771.9
Others	234,490.6	234,040.4
<b>Total</b>	<b>234,410,186.7</b>	<b>269,648,698.6</b>
<b><u>Coins</u></b>		
50 Dinar	393,747.0	923,923.4
20 Dinar	627,005.9	825,344.7
10 Dinar	520,569.5	625,879.4
5 Dinar	171,683.0	188,404.8
2 Dinar	16,451.2	18,070.2
1 Dinar	2,674.0	678.8
Others	5,802.9	6,203.0
<b>Total</b>	<b>1,737,933.5</b>	<b>2,588,504.3</b>
<b>Grand Total</b>	<b>236,148,120.2</b>	<b>272,237,202.9</b>

**Appendix No. (V )**  
**Money Supply**  
**1995-2004**

(SDD million)

	31/12/ 1995	31/12/ 1996	31/12/ 1997	31/12/ 1998	31/12/ 1999	31/12/ 2000*	31/12/ 2001	31/12/ 2002	31/12/ 2003	30/6/ 2004	31/12/ 2004
<b>Money Supply :</b>											
<b>Currency With Public</b>	24,863	44,440	58,494	82,140	108,108	142,082	153,836	193,582	240,207	254,189	304,897
<b>Demand Deposits</b>	16,787	32,810	43,155	48,722	61,505	92,505	117,551	158,682	218,274	257,538	299,472
<b>Quasi -Money</b>	28,937	39,350	58,065	76,090	88,305	112,084	160,826	211,003	275,605	327,613	356,077
<b>Total</b>	<b>70,587</b>	<b>116,600</b>	<b>159,714</b>	<b>206,952</b>	<b>257,918</b>	<b>346,671</b>	<b>432,213</b>	<b>563,267</b>	<b>734,086</b>	<b>839,340</b>	<b>960,446</b>
<b>Net Foreign Assets:</b>											
<b>BOS External Assets</b>	8,597	15,474	14,046	21,547	48,634	73,103	41,249	119,797	229,717	302,166	420,360
<b>Fund Accounts</b>	-148,195	-251,070	-269,489	-366,725	-398,756	-373,834	-358,365	-384,331	-415,376	-407,056	-411,848
<b>Short Term Loans</b>	-9,818	-18,818	-19,781	-27,939	-25,681	-27,848	-26,078	-26,479	-26,734	-26,661	-26,472
<b>Payment Agreements</b>	-8,366	-14,476	-17,004	-23,299	-24,913	-24,616	-19,637	-19,119	-15,312	-14,964	-14,098
<b>Rescheduling Accounts</b>	-40,874	-71,212	-83,991	-115,988	-125,426	-124,365	-126,337	-126,458	-125,723	-125,390	-121,118
<b>Time Liabilities</b>	-42,314	-79,753	-97,620	-134,379	-170,115	-181,256	-195,146	-207,328	-218,633	-217,975	-221,723
<b>Other Liabilities</b>	-30,834	-52,039	-59,784	-82,460	-91,572	-89,049	-92,937	-94,726	-113,325	-100,860	-98,017
<b>Net Foreign Assets ( Commercial Banks)</b>	14,055	25,676	40,086	59,200	65,123	69,843	80,624	114,198	115,481	122,104	123,062
<b>Total</b>	<b>-257,749</b>	<b>-446,218</b>	<b>-493,537</b>	<b>-670,043</b>	<b>-722,706</b>	<b>-678,022</b>	<b>-696,627</b>	<b>-624,446</b>	<b>-569,905</b>	<b>-468,636</b>	<b>-349,854</b>
<b>Evaluation Adjustment</b>	267,534	465,729	529,308	731,140	796,126	777,555	766,300	794,318	816,977	810,016	799,762
<b>Domestic Credit</b>											
<b>Net Claims on Government</b>	25,117	47,525	57,458	71,809	100,971	106,102	137,364	130,760	111,666	57,678	32,514
<b>Claim on State&amp;local Governments</b>	-	-	-	-	71	5	526	1,328	1,283	1,283	1,283
<b>Claim on Puplic Enterprises</b>	1,539	2,041	1,894	2,783	8,176	22,789	23,868	17,305	28,639	32,688	28,850
<b>Total</b>	<b>26,656</b>	<b>49,566</b>	<b>59,352</b>	<b>74,592</b>	<b>109,218</b>	<b>128,896</b>	<b>161,758</b>	<b>149,393</b>	<b>141,588</b>	<b>91,649</b>	<b>62,647</b>
<b>Claims on Private Sector</b>											
<b>Commercial Banks</b>	13,193	32,124	39,711	44,764	43,937	87,062	130,487	180,313	282,180	3,246,058	421,740
<b>Specialized Banks</b>	17	17	164	523	260	0	0	0	0	0	0
<b>Total</b>	<b>13,210</b>	<b>32,141</b>	<b>39,875</b>	<b>45,287</b>	<b>44,197</b>	<b>87,062</b>	<b>130,487</b>	<b>180,313</b>	<b>282,180</b>	<b>3,246,058</b>	<b>421,740</b>
<b>Other Items Net</b>	20,936	18,718	23,997	25,923	31,083	31,180	70,295	63,689	63,246	60,255	26,152

**Appendix No.(VI)**  
**ASSETS AND LIABILITIES OF THE BANK OF SUDAN**  
**(1995 - 2004)**

(SDD Millions)

**Assets**

End of Period	Foreign Notes, Cheques & Banks Balances	Foreign Securities	Other External Assets	Government Main A/C	Government Musharaka Certificates	Loans and Advances	Temp. Advances	Long-Term Loan to Govt.	Central Bank Musharaka Certificates	Advances to Public Enterprises	Participation in Banks	Other Participations	Non-Transferable Treasury Bills	Other Accounts	Total
<b>Dec. 1995</b>	8,587	10.5	1,208	6,125	-	310	19,247	932		217	45.5	1.5	593	137,155	174,432
<b>Dec. 1996</b>	18,537	10.5	565	6,125	-	220	51,677	932		217	132	2	593	245,436	324,447
<b>Dec. 1997</b>	14,036	10.5	575	6,125	-	2,198	59,577	932		217	191	42	593	299,222	383,718
<b>Dec. 1998</b>	21,446	100	794	6,125		5,621	68,577	932		217	523	4,261	593	410,590	519,779
<b>Dec. 1999</b>	48,534	100	406	0	-	6,660	12,000	95,080		3,453	548	6,303	0	459,437	632,521
<b>Dec. 2000</b>	71,721	702	406	0	-	6,070	8,000	107,303		12,929	641	7,121	0	476,249	691,142
<b>Dec. 2001</b>	36,784	2,500	412	0	21,257	10,590	18,000	107,303	4,701	13,571	1,993	1,240	0	496,629	714,981
<b>Dec. 2002</b>	115,331	3,796	413	0	3,905	15,071	30,875	107,303	4,882	5,549	2,077	1,590	0	513,184	803,976
<b>Dec. 2003</b>	225,211	3,897	410	0	2,896	26,665	37,494	107,303	-739	13,567	6,826	3,776	0	525,504	952,810
<b>2004</b>															
<b>January</b>	222,027	3,897	410	0	3,939	28,806	37,494	107,303	-154	13,525	6,826	3,776	0	537,139	964,987
<b>February</b>	241,650	3,897	409	0	3,939	31,075	37,494	107,303	437	13,543	6,826	4,425	0	527,725	978,723
<b>March</b>	252,096	3,897	409	0	3,939	27,596	37,494	107,303	3,196	13,552	6,826	4,425	0	522,896	983,629
<b>April</b>	281,711	3,949	409	0	15,867	28,371	37,494	107,303	4,483	13,569	6,826	4,425	0	525,957	1,030,364
<b>May</b>	285,457	3,950	409	0	10,318	26,941	40,494	107,303	4,600	13,575	6,826	4,425	0	521,601	1,025,899
<b>June</b>	297,608	3,950	409	0	10,505	27,994	40,494	107,303	4,600	16,714	6,826	4,375	0	526,122	1,046,900
<b>July</b>	308,067	3,950	409	0	12,375	27,211	37,494	107,303	4,600	16,597	7,181	4,118	0	530,053	1,059,358
<b>August</b>	314,073	3,950	408	0	10,856	30,465	37,494	107,303	4,600	15,323	7,181	4,118	0	527,141	1,062,912
<b>September</b>	355,933	3,950	406	0	10,856	25,062	37,494	107,303	4,600	14,395	7,229	4,118	0	525,815	1,097,161
<b>October</b>	377,647	3,950	402	0	7,356	25,485	37,494	107,303	4,600	14,073	7,229	4,118	0	523,361	1,113,018
<b>November</b>	411,578	3,950	398	0	8,819	23,497	37,494	107,303	0	14,315	7,621	4,120	0	515,501	1,134,597
<b>December</b>	413,297	6,470	395	0	3,763	21,364	37,494	107,303	0	11,361	8,621	4,120	0	520,517	1,134,705

**Appendix No.(VI)**  
**ASSETS AND LIABILITIES OF THE BANK OF SUDAN**  
**(1994-2004)**

(SDD Millions)

**Liabilities**

End of Period	Currency in Circulation	Government A/Cs	Central Bank Musharaka Certificates	Bank's Accounts	Other Accounts	Payment Agreements	Other Sight Liabilities	Time Liab.	Capital & Reserves	Others	Total
<b>Dec. 1995</b>	27,117	260	-	6,833	73,382	8,366	1,433	42,901	162	13,978	174,432
<b>Dec. 1996</b>	17,548	497	-	2,145	37,089	4,380	871	21,224	243	24,010	108,007
<b>Dec. 1997</b>	19,852	642	-	5,764	44,781	5,297	1,136	25,408	678	24,693	383,718
<b>Dec. 1998</b>	86,472	3,012	-	23,419	203,558	23,299	2,343	135,508	1,044	41,124	519,779
<b>Dec. 1999</b>	113,908	4,019	-	33,308	230,381	24,913	2,516	170,706	1,251	51,519	632,521
<b>Dec. 2000</b>	155,485	6,807	-	42,055	248,640	24,616	4,260	181,256	1,667	26,356	691,142
<b>Dec. 2001</b>	166,637	9,615	5,340	55,084	239,557	19,637	3,687	195,147	2,726	17,551	714,981
<b>Dec. 2002</b>	205,575	27,274	5,638	65,429	226,111	19,119	5,201	207,328	2,782	39,519	803,976
<b>Dec. 2003</b>	252,053	64,784	2,012	80,570	244,130	15,312	20,664	218,633	4,392	50,260	952,810
<b>2004</b>											
<b>January</b>	284,384	67,337	2,068	81,130	242,683	15,281	4,953	218,366	4,392	44,393	964,987
<b>February</b>	269,136	88,203	2,108	79,605	249,128	15,293	6,992	218,133	4,392	45,733	978,723
<b>March</b>	270,145	85,000	3,592	84,777	250,592	15,227	8,057	217,932	5,837	42,470	983,629
<b>April</b>	268,809	113,238	3,745	83,636	262,570	15,143	16,929	217,849	5,837	42,608	1,030,364
<b>May</b>	271,847	115,441	3,759	91,773	253,652	14,997	7,661	218,018	5,837	42,914	1,025,899
<b>June</b>	268,107	126,582	3,759	97,089	256,049	14,963	8,025	217,975	5,837	48,514	1,046,900
<b>July</b>	279,241	142,005	3,759	89,405	251,431	14,926	8,902	217,711	5,837	46,141	1,059,358
<b>August</b>	279,591	143,298	3,759	103,135	240,661	14,836	8,113	217,431	5,837	46,251	1,062,912
<b>September</b>	281,894	155,807	3,759	109,829	239,487	14,752	5,552	216,359	5,837	63,885	1,097,161
<b>October</b>	295,023	156,973	2,759	111,020	235,696	14,395	7,501	213,917	5,837	68,897	1,112,018
<b>November</b>	302,929	165,271	0	115,218	236,393	14,285	13,079	212,225	5,837	69,360	1,134,597
<b>December</b>	319,688	151,549	0	121,723	222,590	14,098	15,166	221,723	5,837	62,331	1,134,705

**Appendix No. VII**  
**Consolidated Balance Sheet of The Commercial Banks**  
**(1995-2004)**

**ASSETS**

**(SDD Millions)**

<b>End of Period</b>	<b>Cash</b>	<b>Due From Bank of Sudan</b>	<b>Due from Local Banks</b>	<b>Foreign Corespondents</b>	<b>Claim on Central Government</b>	<b>Advances</b>	<b>Other Accounts</b>	<b>Total</b>
<b>Dec. 1995</b>	2,254	5,760	277	16,869	164	14,515	63,681	103,520
<b>Dec.1996</b>	4,284	9,988	210	29,981	121	33,948	82,912	161,444
<b>Dec.1997</b>	5,123	22,949	104	44,499	32	41,556	123,245	237,508
<b>Dec.1998</b>	4,332	26,292	738	63,922	132	47,383	185,376	328,176
<b>Dec.1999</b>	5,800	32,109	2,688	68,566	159	48,732	266,794	424,848
<b>Dec.2000</b>	13,402	43,747	5,941	73,657	4,216	79,223	136,882	357,068
<b>Dec.2001</b>	12,801	44,609	4,151	89,730	7,332	111,339	185,386	455,348
<b>Dec.2002</b>	11,992	55,690	6,496	127,916	20,877	160,020	228,247	611,238
<b>Dec. 2003</b>	11,845	79,165	9,225	130,273	35,044	216,023	308,022	789,597
<b>2004</b>								
<b>January</b>	7,259	63,927	13,645	137,770	35,377	225,319	323,667	806,964
<b>February</b>	16,505	67,289	5,899	152,122	32,896	231,480	312,604	818,795
<b>March</b>	14,010	70,500	6,879	143,368	34,269	244,483	321,604	835,113
<b>April</b>	13,228	69,132	7,265	144,491	34,618	253,929	320,788	843,451
<b>May</b>	14,917	78,650	5380	136,863	33,955	257,847	331,596	859,208
<b>June</b>	13,918	85,135	7,930	139,022	34,031	255,409	368,896	904,341
<b>July</b>	16,609	83,691	7,959	137,766	34,454	256,571	365,558	902,608
<b>August</b>	19,225	91,851	7,921	155,894	38,331	254,068	379,723	947,013
<b>September</b>	16,789	97,262	8,697	143,308	39,899	254,576	389,858	950,389
<b>October</b>	18795	101408	4,889	143523	40400	264678	412989	986,682
<b>November</b>	22122	96410	8350	129734	43806	274602	426861	1,001,885
<b>December</b>	14791	103642	12867	141189	46637	285964	438416	1,043,506

**Appendix No. ( VII )**  
**Consolidated Balance Sheet of The Commercial Banks**  
**(1995-2004)**

(SDD Millions)

**LIABILITIES**

<b>End of Period</b>	<b>Government Deposits</b>	<b>State, Local &amp; Private Deposits</b>	<b>Bank of Sudan</b>	<b>Other Banks</b>	<b>Foreign Banks</b>	<b>Capital Reserves</b>	<b>Other Accounts</b>	<b>Total</b>
<b>Dec.1995</b>	315	41,327	752	368	2,814	5,470	52,474	103,520
<b>Dec.1996</b>	767	67,026	82	784	4,305	11,145	77,335	161,444
<b>Dec.1997</b>	400	96,354	109	169	4,414	14,768	121,295	237,508
<b>Dec.1998</b>	424	119,689	319	678	4,722	20,338	182,006	328,176
<b>Dec.1999</b>	371	120,374	298	2,834	2,498	24,324	197,055	347,754
<b>Dec.2000</b>	977	121,816	548	1,053	3,119	22,963	202,491	352,966
<b>Dec.2001</b>	7,076	267,112	2,506	1,276	9,106	47,640	120,632	455,348
<b>Dec.2002</b>	5,088	357,987	7,263	3,205	13,718	73,692	150,285	611,238
<b>Dec. 2003</b>	6,444	466,508	14,910	2,156	14,792	110,308	174,479	789,597
<b>2004</b>								
<b>January</b>	7,073	485,409	15,662	4,241	17,556	99,568	177,455	806,964
<b>February</b>	7,588	494,276	15,134	3,941	18,592	102,520	176,173	818,224
<b>March</b>	8,077	514,629	16,930	1,707	17,191	107,555	169024	835,113
<b>April</b>	6,859	525,815	16,430	1,422	16,001	106,797	170127	843,451
<b>May</b>	7,620	541,239	15,007	1,248	15,753	105,422	172919	859,208
<b>June</b>	8,229	545,707	20,612	1,225	16,918	102,831	208819	904,341
<b>July</b>	8,495	549,086	17,246	2,541	17,905	103,658	203677	902,608
<b>August</b>	7,408	571,273	13,752	2,130	31,599	103,563	217288	947,013
<b>September</b>	7,795	584,480	12,311	1,812	15,446	104,129	224416	950,389
<b>October</b>	6250	602275	12948	1759	16818	103755	242877	986682
<b>November</b>	9401	606798	11513	1821	17302	104188	250862	1001885
<b>December</b>	11287	635361	10646	4807	18127	143711	219567	1043506

**Appendix No. (VIII )**  
**Analysis of Commercial Banks Advances**  
**(1995-2004)**

( SDD Millions )

<b>End of Period</b>	<b>Agriculture</b>	<b>Industry</b>	<b>Exports</b>	<b>Imports</b>	<b>Local trade</b>	<b>Others</b>	<b>Total</b>
<b>Dec.1995</b>	3,579	2,618	3,946	1,227	418	2,726	10,935
<b>Dec.1996</b>	8,997	6,385	6,643	1,705	1,216	9,003	24,952
<b>Dec.1997</b>	12,522	7,284	8,387	858	1,738	10,767	29,034
<b>Dec.1998</b>	15,763	8,908	8,114	325	2,038	12,235	31,620
<b>1999</b>							
March	13,074	9,726	10,519	1,141	2,215	12,816	36,417
June	10,387	9,003	11,943	4,648	2,938	13,949	42,481
September	13,171	9,470	10,529	1,849	2,866	13,447	38,161
December	14,833	7,184	8,359	1,519	2,816	14,021	33,899
<b>2000</b>							
March	12,081	7,120	12,004	306	3,730	14,905	38,065
June	10,513	9,041	13,446	154	4,068	15,967	42,676
September	13,575	9,063	12,841	1,560	4,914	20,083	48,461
December	17,807	8,343	16,839	1,125	8,243	26,867	61,417
<b>2001</b>							
March	17,248	14,035	21,204	2,102	11,306	25,885	74,532
June	17,044	20,211	18,521	1,782	12,434	28,295	81,243
September	19,347	18,643	20,278	944	16,684	31,044	87,593
December	19,605	16,445	21,832	4,107	20,900	28,450	91,734
<b>2002</b>							
March	17,370	17,875	23,327	624	21,951	31,271	95,048
June	15,669	20,970	24,496	1,988	25,796	41,933	115,183
September	21,759	21,054	20,945	1,163	30,730	42,807	116,699
December	22,837	20,850	21,970	7,078	36,230	51,055	137,183
<b>2003</b>							
March	22,088	23,739	20,873	926	40,610	52	159,784
June	23,140	24,035	20,762	368	47,693	51,601	167,599
September	21,494	19,705	22,293	339	54,927	59,798	178,556
December	26,851	24,637	27,516	1,107	69,735	66,177	69,735
<b>2004</b>							
<b>January</b>	25,633	26,354	29,908	420	74,665	68,339	225,319
<b>February</b>	27,652	27,667	31,071	434	75,365	69,291	231,480
<b>March</b>	26,273	30,551	33,555	323	82,198	71,583	244,483
<b>April</b>	28,496	31,753	32,491	480	85,804	74,905	253,929
<b>May</b>	27,110	33,990	32,697	408	86,607	77,035	257,847
<b>June</b>	26,040	33,850	31,315	428	87,797	75,979	255,409
<b>July</b>	26,001	33,763	30,348	437	87,591	78,431	256,571
<b>August</b>	29,846	28,878	29,499	253	88,244	77,348	254,068
<b>September</b>	26,015	32,670	28,094	501	89,026	78,270	254,576
<b>October</b>	26,613	32,859	28,574	1,036	94,336	81,260	264,678
<b>November</b>	28,475	33,520	28,452	1,638	99,958	82,559	274,602
<b>December</b>	27,339	32,803	29,192	3,328	103,832	89,470	285,964

**Appendix No ( IX )**  
**Spread of Banks During 2003- 2004**

Banks	Bank of Sudan		Specialized Banks		Commercial Banks						Total	
	Dec 2003*	Dec 2004	Dec 2003*	Dec 2004	Dec 2003*	Dec 2004	Dec 2003*	Dec 2004	Dec 2003*	Dec 2004	Dec 2003*	Dec 2004
States	Dec 2003*	Dec 2004	Dec 2003*	Dec 2004	Dec 2003*	Dec 2004	Dec 2003*	Dec 2004	Dec 2003*	Dec 2004	Dec 2003*	Dec 2004
Khartoum State	1	1	17	16	29	27	134	133	5	5	186	182
Central States (Sinar , Gazira , Blue Nile & White Nile )	2	2	31	32	18	21	57	57	1	1	109	113
Eastern States (Gadarif , Kasala & Red Sea )	2	2	13	13	6	6	53	51	1	1	75	73
Northern States (Northern & River Nile )	2	2	23	25	9	9	22	23	0	0	56	59
Kordfan States (North,Southren, Western )	1	1	15	16	15	14	22	20	1	1	54	52
Darfur States ( Northern,Southren & West)	2	2	13	13	7	7	19	19	0	0	41	41
Southern States (Bahr Elgazal, Upper Nile & Equatoria )	2	2	3	4	5	4	7	8	0	0	17	18
<b>Total</b>	<b>12</b>	<b>12</b>	<b>115</b>	<b>119</b>	<b>89</b>	<b>88</b>	<b>314</b>	<b>311</b>	<b>8</b>	<b>8</b>	<b>538</b>	<b>538</b>

\* Amended data

**Appendix (X)**  
**Inflation Rates During the Period (1995-2004)**  
**(Base Year 1990 =100)**

Year	Higher Income	Middle Income	Lower Income	Geometric Mean	(%)
<b>1995</b>					
End of December	68.0	70.8	71.1	70.0	
Annual Average	70.5	68.4	68.4	69.1	
<b>1996</b>					
End of December	107.9	114.3	115.2	112.4	
Annual Average	123.3	132.7	135.3	130.3	
<b>1997</b>					
End of December	31.8	22.0	31.3	31.7	
Annual Average	46.5	46.7	46.4	46.5	
<b>1998</b>					
End of December	9.2	7.9	8.0	8.3	
Annual Average	16.8	17.1	17.6	17.2	
<b>1999</b>					
End of December	16.0	17.0	16.8	16.6	
Annual Average	16.7	16.0	15.7	16.1	
<b>2000</b>					
End of December	3.9	3.3	4.0	3.7	
Annual Average	7.9	8.0	8.4	8.2	
<b>2001</b>					
End of December	8.3	7.4	6.6	7.4	
Annual Average	5.0	4.9	4.8	4.9	
<b>2002</b>					
End of December	7.9	8.3	7.8	8.0	
Annual Average	9.4	8.3	7.4	8.3	
<b>2003</b>					
End of December	7.5	8.3	8.6	8.1	
Annual Average	6.6	7.7	7.9	7.4	
<b>2004</b>					
End of December	7.9	7.3	7.4	7.5	
Annual Average	9.3	8.5	8.5	8.7	

Source: Central Bureau Of Statistics

**Appendix XI**  
**Cotton Production During 2001/2002 - 2003/2004**

	2001/2002			2002/2003			2003/2004		
	Area (000's) feddans	Yield Per feddan	Output (000's) Bales	Area (000's) feddans	Yield Per feddan	Output (000's) Bales	Area (000's) feddans	Yield Per feddan	Output (000's) Bales
<b>(a) Extra long staple cotton:</b>									
Gezira scheme	105.1	5.1	137.8	203.7	5.1	246.5	248.7	3.5	216.2
White Nile	-	-	-	0.4	3.4	0.4	1.3	1.2	0.4
Upper Nile	7.6	0.6	1.4	6.7	0.7	1.4	4.0	0.8	0.7
Toker	-	-	-	-	-	-	0.0	0.0	0.0
El Rahad	-	-	-	2.4	3.1	2.0	4.1	2.0	2.1
<b>Total</b>	<b>112.7</b>	<b>-</b>	<b>139.2</b>	<b>213.2</b>	<b>-</b>	<b>250.3</b>	<b>258.1</b>	<b>-</b>	<b>219.4</b>
<b>(b) Long staple cotton:</b>									
Gezira scheme	-	-	-	-	-	-	-	-	-
El Rahad	-	-	-	-	-	-	-	-	-
White Nile	-	-	-	-	-	-	-	-	-
New Halfa	-	-	-	-	-	-	-	-	-
El Suki	-	-	-	-	-	-	-	-	-
Blue Nile	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>
<b>(c) Medium staple cotton:</b>									
Gezira scheme	85.0	5.7	138.4	41.2	5.1	64.8	33.2	5.1	40.0
Zeidab	-	-	-	-	-	-	0.0	0.0	0.0
White Nile	13.0	3.0	10.1	9.5	3.5	9.0	12.7	4.0	13.0
New Halfa	38.3	4.2	43.7	33.5	4.0	38.2	42.8	5.5	44.0
El Suki	13.5	4.3	15.9	18.0	4.4	22.5	19.5	3.1	1.7
El Rahad	20.0	4.5	24.3	40.0	4.0	47.5	25.6	2.9	23.5
Blue Nile	11.2	2.0	6.0	8.8	2.1	5.9	8.0	1.6	3.3
Acala Company	-	-	-	-	-	-	0.0	0.0	-
<b>Total</b>	<b>181.0</b>	<b>-</b>	<b>238.4</b>	<b>151.0</b>	<b>-</b>	<b>187.9</b>	<b>141.8</b>	<b>-</b>	<b>125.5</b>
<b>(d) Short staple cotton:</b>									
El Damazin	2.0	-	0.1	-	-	-	0.0	0.0	-
El Gadarif	-	-	-	-	-	-	0.0	0.0	-
Nuba Mountains	4.0	-	0.3	6.6	1.1	11.2	8.0	1.0	0.8
<b>Total</b>	<b>6.0</b>	<b>-</b>	<b>0.4</b>	<b>6.6</b>	<b>-</b>	<b>11.2</b>	<b>8.0</b>	<b>-</b>	<b>0.8</b>
<b>Grand total</b>	<b>299.7</b>	<b>-</b>	<b>378.0</b>	<b>370.8</b>	<b>-</b>	<b>449.4</b>	<b>407.9</b>	<b>-</b>	<b>345.7</b>

Source: Sudan Cotton Company

**Appendix XII**  
**Sugar Production During 1990/1991-2003/2004**

(Metric Tons)

Year	Gunied	New Halfa	Sinar	Hajar Assalaya	Kenana	Total
1990/91	40,125	43,792	58,788	37,644	252,234	432,583
1991/92	53,162	65,218	55,665	43,600	225,813	443,458
1992/93	49,078	53,149	52,540	50,558	265,000	470,325
1993/94	43,720	53,022	41,835	35,685	248,791	423,053
1994/95	44,124	57,227	42,244	31,555	253,000	428,150
1995/96	43,524	55,269	44,650	35,858	280,000	459,328
1996/97	46,000	52,100	36,000	33,400	333,000	500,500
1997/98	58,567	61,615	43,005	38,023	356,000	557,228
1998/99	69,550	75,546	55,001	45,234	365,000	610,331
1999/2000	71,696	86,378	64,522	54,193	387,044	663,833
2000/2001	84,000	84,000	63,000	58,000	402,000	691,000
2001/2002	94,000	85,000	78,000	64,000	376,000	697,000
2002/2003	81,595	87,068	85,021	76,383	398,000	728,067
2003/2004	87082	87759	78692	73488	428000	755021

*Source: Sudan Sugar Company and Kenana Sugar company*

**Appendix XIII A**  
**Electric Generation in and off Network System**

Station	Area	2002	2003	2004	Gegawatts/Hour
<b>In Network System</b>					
Water Generated Power	El Roseris, Sinnar,Jebal Awliaa, El Girba	1,287.20	1,163.20	1,140.30	
Dr.Sherif Gas	Khartoum State	1,097.60	1,167.80	1030	
Dr.Sherrif Gas	Khartoum State	220	301.8	18.5	
New Burii Gas	Khartoum State	211	0	0	
Burii Gas	Khartoum State	16.2	5.5	0	
Kuku Gas	Khartoum State	20.8	21	4.5	
Kilo Gas	Khartoum State	12.6	0	1.9	
Kassala	Eastern State	12	0	14	
Elgerba	Eastern State	19.8	0	23.5	
Gari	Khartoum State	0	485.1	1236	
Alfaa	Gadarif State	0	0	22.8	
<b>Total</b>		<b>2,897.20</b>	<b>3,144.40</b>	<b>3,491.50</b>	
<b>Off Network System</b>					
Eldueim	White Nile State	0.3	0	0	
Wadi Halfa	Northern State	2.2	2.4	2.6	
Atbara	Nahr Elniel State	51	52.4	51.2	
Karema	Northern State	3.8	0	0	
Shendi	Nahr Elniel State	20.9	24.8	16.3	
Dongola	Northern State	9.6	0	6.1	
Elobeid	Northern Kordofan	27.1	29.7	35.2	
Umruaba	Northern Kordofan	5.6	7.3	6	
Elfasher	Northern Darfur	8.1	0	8.8	
Elganeina	Western Darfur	2.2	0.3	1	
Nyala	Sothern Darfur	10.1	18.5	17.7	
Port Sudan	Red Sea State	54.3	72.2	94.2	
Juba	Bhar El Jabel State	0.63	0.6	3.9	
Wau	Bhar El Gazal State	0.6	1.1	0.3	
Malakal	Upper Nile state	0.1	0.4	4.8	
Elnehood	Western Kordofan	0	0	1.1	
Kadogli	Southern Kordofan	0	0	7.9	
<b>Total</b>		<b>196.53</b>	<b>209.7</b>	<b>257.1</b>	
<b>Grand Total</b>		<b>3,093.73</b>	<b>3,354.10</b>	<b>3,748.60</b>	

*Source: National Electricity Corporation*

**Appendix XIII B**  
**Electric Power Generated by Type**

Gegawatt/Hour

Generation Type	2003	2004	change %
Water	1,163.20	1,106.80	-4.8
Steam	1,167.80	1,037.20	-11.2
Diesel	209.7	348.8	66.3
Gas	328.2	1255.8	282.6
Mixed (various power sources)	485.1		-100.0
<b>Total</b>	<b>3,354.00</b>	<b>3,748.60</b>	11.8

Source: National Electricity Corporation

**Appendix XIV A**  
**Modes of Transport and communication**  
**during (2003 - 2004)**

Particulars	2003	2004	change %
<b>Sudan Airways*</b>			
Passengers On International Flights in (thousands)	375.4	307.7	-18.0
Passengers On domestic Flight in (thousands)	120.2	255.1	112.2
Goods on International Passengers Flights (Thousand tons)	11.6	7.2	-37.9
Goods on Domestic Passengers Flights (Thousand tons)	0.9	2.2	144.4
<b>Sudan Shipping Line</b>			
Goods Carried in (Thousands Tons)	192.9	138.2	-28.4
Passengers in (Thousands)	20.2	0.0	-100.0
<b>Sudan Railways:</b>			
Goods Carried in (thousand tons)	1266.0	1265.4	-0.05
Passengers in (thousands)	109.0	63.8	-41.5
<b>River Transport Corporation:</b>			
Goods Carried in (thousand tons)	43.1	35.0	-18.8
Passengers in (thousands)	4.1	11.7	160.0
<b>Land Transport:</b>			
Goods Carried in (thousand tons)	14991.2	18930.5	26.3
Passengers in (thousands)	25791.2	27952.2	8.4

Source: The Above mentioned Sources

\* Revised figures

**Appendix XIV B**  
**Modes of Land Transport**  
**During 2003 - 2004**

<b>Particulars</b>	<b>2003</b>	<b>2004</b>	<b>change %</b>
Length of the Achieved Roads (Kms)	4,120	3,800	8.4
Number of Bridges	26	23	13
<b>Modes of Land Transport</b>			
Lorries	10,271	2,413	325.7
Minibuses	2,797	2,337	19.7
Buses	309	587	-47.4
Trucks	3,058	1,047	192.1

Source: National Corporation for Roads & Bridges and Land Transport Unit

**Appendix (XV)**  
**Sudan Foreign Trade**  
**1- Exports by Commodity During 2002-2004**

(Value In US.000'S)

Commodity	Unit	2002		2003		2004	
		Qty	Value	Qty	Value	Qty	Value
<b>Petroleum &amp; Minerals</b>			<b>1,565,284</b>		<b>2,112,555</b>		<b>3,170,685</b>
Crude Oil	Barrel	62,198,718	1,396,455	72,415,017	1,934,020	81,159,260	2,957,243
Benzine	M.T	450,758	93,143	319,536	75,860	338,552	129,019
Kerosene	" "	-	-	-	-	-	-
Light Petroleum Gas	" "	92,586	17,364	68,830	15,598	38,280	10,282
Naphtha	" "	23,170	2,760	25,645	2,430	33,913	3,052
Furnace	" "	8,031	1,124	28,184	19,788	-	-
Gasolene	" "	95	11	-	-	3,444	890
Mixed butagas	" "	-	-	-	9	-	-
Gold	K.G	8,660	52,507	7,784	58,588	6,673,080	50,420
Lead waste & Scrap	M.T	641	77	1,155	129	4,195	877
Iron waste & Scrap	" "	21,498	1,571	45,113	4,394	97,921	15,569
Copper Waste & Scrap	" "	222	272	25,164	1,739	2,762	3,333
Chromium	" "	-	-	-	-	-	-
<b>Agricultural Products:</b>			<b>214,472</b>		<b>255,561</b>		<b>386,358</b>
Cotton	Bales	397,349	62,154	457,702	107,761	354,617	93,752
Cotton Waste	"	-	-	-	-	-	-
Groundnuts	M.T	13,157	5,696	376	225	3,182	2,381
Sesame	" "	155,393	74,575	108,692	74,371	318,336	178,642
Gum Arabic	" "	36,193	31,851	36,164	35,416	27,273	60,598
Dura	" "	36,019	4,811	11,631	2,083	16,722	3,068
Melon Seeds	" "	38,022	10,456	49,355	13,994	43,646	11,396
Hibiscus Flower	" "	21,704	19,998	17,931	16,652	25,899	30,067
Senna pods	" "	1,095	449	1,823	872	2,509	2328
Henna	" "	1,143	1,184	1,364	1,326	1,704	1,547
Lubban	" "	-	787	-	804	639	594
Sun Flower Seeds	" "	41	10.00	-	-	-	-
Vegetables	" "	1,097	303.00	759	237	442	109
Fruits	" "	6,250	2,198	5,761	1,820	8,359	1,822
<b>Animal Resources:</b>			<b>138,452</b>		<b>138,440</b>		<b>183,794</b>
Sheep & Lambs	Heads	1,269,513	95,251	1,083,568	81,022	1,583,970	119,407
Goats	"	95,948	2,464	94,153	3,853	96,852	2,469
Cattle	"	3,751	563	184	166	-	-
Camels	"	105,408	18,671	61,036	12,394	85,762	15,883
Gazal	"	600	226	425	243	521	190
meat	M.T	7,478	17,301	8,046	21,578	5,661	17,935
Hides & Skins	Value	-	2,990	-	18,649	-	26,026
Fresh Fish or Frozen	M.T	1,593	986	5,935	535	3,237	1,884
<b>Manufactured Goods:</b>			<b>23,915</b>		<b>18,504</b>		<b>23,474</b>
Unrefined Groundnuts Oil	M.T	3,962	3,083	28	27	1,014	1,105
Sesame Oil	" "	74	85	58	97	55	123
Suger	" "	22,934	10,473	16,170	6,995	24,325	12,846
Molasses	" "	154,600	7,908	193,977	8,645	131,094	7,538
Yarn	" "	4	1	-	-	-	-
Shells	" "	349	329	310	316	323	273
Cotton Textiles	Value	-	-	-	-	-	-
Cake & Meal	M.T	19,866	2,036	29,118	2,424	19,166	1,589
other	Value	-	<b>6,992</b>	-	<b>17,116</b>	-	<b>13,453</b>
<b>Grand Total</b>			<b>1,949,115</b>		<b>2,542,176</b>		<b>3,777,764</b>

Source : Sudan Customs Authority

Commodity	UNIT	2001		2002				2004	
		Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
<b>Machinery &amp; Equipments:</b>									
Non-Electrical Appliances	M.T	31,523	162,903	45,764	224,923	46,456	211,334	134,358	369,529
Electrical Appliances	"	17,528	78,593	54,896	111,733	23,196	114,827	28,635	206,751
Refrigerators	NO.	16,912	9,112	27,850	8,759	32,280	11,755	33,040	13,635
Air Conditioners	"	10,966	5,834	23,293	8,642	25,426	8,276	53,411	15,093
Machinery Spare Parts	Value	-	102,653	-	147,886	-	150,466	-	242,096
T.V., Radios & Recorders Etc...	"	-	72,401	-	69,613	-	119,623	-	177,521
Dry Batteries	NO.	3,349	10	80,817	553	27,768	12	66,000	22
Accumulators	"	2,803,897	4,693	2,198,559	5,389	4,607,781	9,082	4,034,707	8,862
Tractors	"	214	5,384	917,258	2,855	405	7,632	3,271	27,523
Ovens	"	10,021	403	7,506	1,600	3,434	177	8,490	510
Others	Value	-	108,544	-	38,854	-	84,738	-	19,111
<b>Total</b>			<b>550,530</b>		<b>620,807</b>		<b>717,922</b>		<b>1,080,653</b>
<b>Transport Equipments:</b>									
Railway Locomotives	NO.	3	1,222	2,014	703	68	2,358	70	2,429
Railway Wagons	"	0	0	2	2	130	7,098	77	4,793
Motor Cars	"	7,417	45,895	7,897	64,120	9,093	76,845	19,915	134,402
Trucks & Lorries	"	4,010	85,437	4,514	91,978	24,843	135,652	20,874	217,390
Buses	"	770	9,132	201	4,949	79	11,569	1,660	17,587
Tyres & Tubes	"	963,702	16,942	1,299,306	25,924	1,405,557	34,620	1,872,254	50,703
Auto-Spare Parts	Value	-	27,018	-	27,558	-	90,192	-	239,209
Motor-Cycles	NO.	900	1,029	2,854	1,945	4,389	2,741	7,075	4,915
Bicycles	"	37,065	4,370	61,209	4,777	84,698	5,121	84,490	6,349
Aircrafts	"	16	983	18	6,502	22	9,722	33	12,052
Aircraft Spare Parts	Value	-	6,673	-	8,259	-	5,258	-	9,183
Locomotive Spare Parts	"	-	3,178	-	9,976	-	8,866	-	10,341
Ferries & Steamers	NO.	29	190	11	761	128	947	290	14,724
Others	Value	-	18,461	-	8,378	-	18,091	-	15,265
<b>Total</b>			<b>220,530</b>		<b>255,832</b>		<b>409,080</b>		<b>739,342</b>
<b>Textiles:</b>									
Yarn	M.T	105	328	157	403	197	482	316	835
Sewing Threads	"	1,004	595	198	606	153	544	234	1,044
Woven Synthetic Fabric	"	7,729	33,341	9,683	35,128	10,422	35,969	13,391	68,971
Woven Cotton Fabrics	"	223	1,372	195	955	N.A	7	30	144
Woven Flax Fabrics	"	207	167	38	31	495	463	351	306
Man-Made Filament & Staple	"	221	919	3	7	862	239	30	141
Wadding Of Textile Materials	"	5,546	8,271	5,366	6,104	5,340	4,661	1,743	3,264
Carpets	Value	-	501	-	584	-	928	-	789
Special Woven Fabrics	M.T	134	2,666	1,233	6,171	939	5,482	928	9,326
Knitted Or Crocheted Fabrics	"	20	25	101	2,437	-	1	-	N.A
Ready Made Clothes	Value	-	37,508	-	45,882	-	35,837	-	82,168
Other	"	-	53,007	-	42,026	-	40,075	-	7,980
<b>Total</b>			<b>138,700</b>		<b>140,334</b>		<b>124,688</b>		<b>174,968</b>
<b>Other</b>			<b>192,306</b>		-		-		-
<b>Grand Total</b>			<b>2,300,960</b>		<b>2,446,384</b>		<b>2,881,915</b>		<b>4,075,230</b>

**Appendix XV1**  
**Sudan Foreign Trade**  
**A- Main Importers**

(US\$ Millions)

<b>Importers</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Arabic Countries</b>	<b>309.6</b>	<b>299.2</b>	<b>429.9</b>
Saudi Arabia	24.2	114.8	164.2
United Arab Emirates	<b>62.6</b>	<b>83</b>	<b>90.1</b>
Egypt	33.7	48.2	108.5
Other Arab Countries	189.1	53.2	67.1
<b>Asian Countries</b>	<b>1,437</b>	<b>2,057</b>	<b>3,116</b>
China	1,281.30	1,761.90	2,527
Japan	64.3	167.7	402.2
Indonesia	0.4	12	50.6
India	5.9	33.2	27.9
South Korea	3.5	18.3	23.5
Other Asian Countries	81.8	63.9	84.4
<b>European Countries</b>	<b>138</b>	<b>150.1</b>	<b>174.3</b>
European Union Countries	75.7	72	103.5
United Kingdom	60.8	66.4	56.1
Other West European Countries	1.5	11.7	14.7
USA	<b>1.5</b>	<b>2.7</b>	<b>2.8</b>
<b>Other Countries</b>	<b>62.8</b>	<b>33.2</b>	<b>55.2</b>
<b>Total</b>	<b>1,949.10</b>	<b>2,542.20</b>	<b>3,777.80</b>

**Appendix XVI**  
**Sudan Foreign Trade**  
**B-Main Exporters**  
**(US\$ Millions)**

<b>Exporters</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
<b>Arab Countries:-</b>	<b>899.5</b>	<b>1147.2</b>	<b>1051.1</b>
Saudi Arabia	581.8	723.9	471.5
United Arab Emirates	173.0	180.0	239.2
Egypt	53.8	116.4	208.8
Other Arab Countries	90.9	126.8	131.6
<b>Asian Countries:-</b>	<b>565.3</b>	<b>639.6</b>	<b>1177.3</b>
China	196.3	229.1	529.6
India	104.6	116.0	197.1
Japan	77.2	85.0	165.1
South Korea	43.7	51.1	89.3
Indonesia	38.0	39.9	50.2
Other Asian Countries	105.5	118.5	146.0
<b>European Countries:</b>	<b>640.4</b>	<b>640.5</b>	<b>992.0</b>
European Union Countries	451.1	322.4	593.6
United Kingdom	113.0	125.6	151.3
Other European Countries	76.3	192.5	247.1
<b>Australia:-</b>	<b>69.0</b>	<b>59.2</b>	<b>168.9</b>
<b>United States of America:-</b>	<b>13.6</b>	<b>11.1</b>	<b>34.0</b>
<b>Other Countries:-</b>	<b>258.6</b>	<b>384.4</b>	<b>651.9</b>
<b>Total</b>	<b>2446.4</b>	<b>2881.9</b>	<b>4075.2</b>

Source : Sudan Customs Authority.

**Appendix (XVII)**  
**Balance of Payments**  
**(1999-2004)**

(US\$ Millions)

	1999	2000	2001	2002	2003	2004
<b>A-Current Account</b>	<b>-499.78</b>	<b>-540.22</b>	<b>-1284.93</b>	<b>-962.70</b>	<b>-938.58</b>	<b>-818.23</b>
<b>Exports (FOB)</b>	<b>780.10</b>	<b>1806.70</b>	<b>1698.70</b>	<b>1949.11</b>	<b>2542.17</b>	<b>3777.75</b>
Petroluom	275.90	1350.76	1376.66	1510.83	2047.70	3100.46
Others	504.20	455.94	322.04	438.28	494.47	677.29
<b>Imports (FOB)</b>	<b>-1256.20</b>	<b>-1366.41</b>	<b>-2024.84</b>	<b>-2152.83</b>	<b>-2536.10</b>	<b>-3586.18</b>
Government Purchases	-233.50	-155.58	-118.79	-142.37	-292.46	-343.07
Private Sector Purchases	-1022.70	-1210.83	-1906.05	-2010.46	-2243.64	-3243.11
<b>Trade Balance</b>	<b>-476.10</b>	<b>440.29</b>	<b>-326.14</b>	<b>-203.72</b>	<b>6.07</b>	<b>191.57</b>
<b>Services, Income &amp; Transfers A/C</b>	<b>-23.68</b>	<b>-980.51</b>	<b>-958.79</b>	<b>-758.98</b>	<b>-944.65</b>	<b>-1009.80</b>
Receipts	836.78	722.27	859.25	1196.82	1281.68	1698.80
Payments	-860.49	-1702.78	-1818.04	-1955.80	-2226.33	-2708.60
<b>B-Capital &amp; Financial A/C*</b>	<b>418.37</b>	<b>299.66</b>	<b>490.45</b>	<b>841.45</b>	<b>1389.93</b>	<b>1353.88</b>
Direct Investment (Net)	370.80	392.21	574.00	713.18	1349.19	1511.07
Portfolio Investment (Net)	0.00	0.00	0.72	14.78	35.25	19.94
<b>Other Investment (Net)</b>	<b>47.57</b>	<b>-92.55</b>	<b>-84.27</b>	<b>113.49</b>	<b>5.49</b>	<b>-177.13</b>
<b>A-Official Loans</b>	<b>-21.32</b>	<b>-119.39</b>	<b>-83.34</b>	<b>-43.02</b>	<b>-100.30</b>	<b>-6.01</b>
Drawings	47.38	16.46	21.84	44.75	84.93	213.20
Repayments	-68.70	-135.85	-105.18	-87.77	-185.23	-219.21
<b>B-Trade Credit &amp; Facilities (Net)</b>	<b>96.83</b>	<b>72.80</b>	<b>21.10</b>	<b>222.40</b>	<b>5.27</b>	<b>-58.06</b>
<b>C-Comercial Banks' Net Foreign Assets</b>	<b>-23.54</b>	<b>-18.36</b>	<b>-41.73</b>	<b>-128.02</b>	<b>-4.89</b>	<b>-28.99</b>
<b>D-Bank of Sudan Foreign Liabilities (S)</b>	<b>-3.70</b>	<b>-26.60</b>	<b>40.54</b>	<b>64.18</b>	<b>119.62</b>	<b>-79.36</b>
<b>E-Payments Agreements</b>	<b>-0.70</b>	<b>-1.00</b>	<b>-20.84</b>	<b>-2.05</b>	<b>-14.21</b>	<b>-4.71</b>
<b>Current and Capital A/C Deficit or Sur</b>	<b>-81.41</b>	<b>-240.56</b>	<b>-794.48</b>	<b>-121.25</b>	<b>451.35</b>	<b>535.65</b>
<b>Errors &amp; Omissions</b>	<b>191.41</b>	<b>348.56</b>	<b>666.88</b>	<b>421.28</b>	<b>-28.79</b>	<b>194.53</b>
<b>Convertible Currency Reserves (Overa</b>	<b>-110.00</b>	<b>-108.00</b>	<b>127.60</b>	<b>-300.03</b>	<b>-422.56</b>	<b>-730.18</b>

\*BOP has been Revised since 2003 according to the 5th edition of the BOP Manual & so the data from (1999- 2002).

**Appendix (XVIII)**  
**Public Sector Operations**

(SDD Billions)

Particulars	1994/95	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>A-Ordinary Public Revenues</b>	<b>28.47</b>	<b>69.7</b>	<b>108.56</b>	<b>159.2</b>	<b>205.2</b>	<b>334</b>	<b>365.2</b>	<b>472.2</b>	<b>703.6</b>	<b>1023.9</b>
Direct Taxes	8.35	20	21.68	31.2	36.1	38.1	40.8	41.2	52.3	74.6
Indirect Taxes	12.52	40.4	60.89	85.0	117.9	122.1	147.2	172.5	214.5	345.7
Others	7.6	9.3	25.99	43.0	51.2	173.8	177.2	258.5	436.8	603.6
<b>B-Current Public Expenditure</b>	<b>27.82</b>	<b>83.00</b>	<b>124.36</b>	<b>157.5</b>	<b>197.5</b>	<b>312.5</b>	<b>342.8</b>	<b>377.0</b>	<b>563.3</b>	<b>793.6</b>
Economic Services	9.10	8.40	2.44	5.80	9.9	9.70	12.7	7.6	12.7	273.3
Social Services	10.40	20.60	3.32	23.2	32.8	32.4	36.4	32.7	20.8	27.1
Loans Repayments	1.20	6.10	93.60	14.70	20.2	40.20	34.5	29.2	57.1	8.7
Defence & Security	5.71	13.30	15.40	52.20	108.5	151.00	100.4	127.6	103.9	320
State Governments	0.71	12.70	4.80	9.90	12.8	24.20	25.0	38.9	38.7	84.2
Others	0.70	21.90	4.80	51.70	13.3	55.00	133.8	141.0	330.1	80.3
<b>Surplus (+) Deficit (-)</b>	<b>0.65</b>	<b>-13.22</b>	<b>-15.8</b>	<b>1.7</b>	<b>7.7</b>	<b>21.50</b>	<b>22.40</b>	<b>95.20</b>	<b>140.30</b>	<b>230.3</b>
<b>C-National Develop. Exp.</b>	<b>3.71</b>	<b>7.79</b>	<b>5.98</b>	<b>18.0</b>	<b>29.5</b>	<b>39.7</b>	<b>47.4</b>	<b>140.8</b>	<b>172.9</b>	<b>310.3</b>
Agricultural Sector	0.3	2.45	1.82	5.50	9.5	13.00	11.5	11.4	38.8	89.6
Energy and Mining	0	0	2.54	5.60	3.1	5.50	10.5	19.3	17.1	37.6
Water	0	0	0	1.80	2.3	1.90	1.5	1.1	1.3	7.2
Transport & Communication	0.3	0.3	0.88	-	1.8	4.70	4.0	3.8	8.8	20.5
Social Development	-	-	-	-	4.3	2.8	7.3	1.3	5.5	12.8
Industrial Development	0.08	1.38	-	0.6	7.1	6.6	9.8	14.1	11.2	18.1
Development Reserve	-	-	-	-	0.2	3.0	0.6	0.3	0.6	0.6
Peace and Settlement Program	-	-	-	-	1.2	2.2	2.2	3.6	4.9	9.1
Services sector	0.3	1.26	-	2.0	-	-	-	-	-	0
Others	2.73	2.4	0.74	2.5	-	-	-	85.9	84.7	114.8
<b>D-Public Sector Overall Pos.</b>	<b>-3.06</b>	<b>-21.01</b>	<b>-21.78</b>	<b>-16.3</b>	<b>-21.8</b>	<b>-18.2</b>	<b>-25.0</b>	<b>-45.6</b>	<b>-32.6</b>	<b>-79.9</b>
Deficit Finance	3.06	21.01	21.78	16.3	21.8	18.2	25.0	45.6	32.6	79.9
Foreign Loans	0.05	2.20	2.39	3.4	10.5	11.6	5.4	8.3	22.4	49.9
Banking Finance (Net)	3.01	18.81	19.39	12.9	11.3	6.6	19.6	37.3	10.2	30
Self-Finance (Net)	0	16.44	7.9	3.9	0	0	0.0	0.0	0	0
Local Resources	3.01	2.37	11.49	9.0	11.3	6.6	19.6	37.3	10.2	30

Source: Ministry of Finance and National Economy.