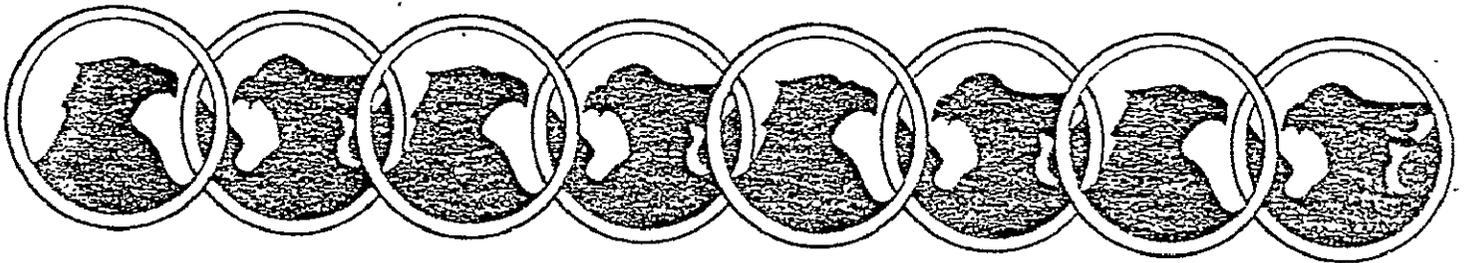


REDIRECTING AID'S PROGRAM IN THE SUDAN

Prepared by the U.S. Section
of the Sudan-U.S. Business Council

September 1981



REDIRECTING AID'S PROGRAM IN THE SUDAN
Prepared by the U.S. Section
of the Sudan-U.S. Business Council
September 1981

Background

The following set of recommendations has been prepared by the U.S. Section of the Sudan-U.S. Business Council in response to requests from the USAID mission and embassy in Khartoum and State Department officials in Washington. A key element of the Reagan Administration's "new directions" in foreign aid policy and programs is a stated intention to make the private sector, both in the United States and in developing countries, a more integral part of U.S. economic development efforts.

A special eight member Development Assistance Committee of the U.S. Section of the Sudan-U.S. Business Council, chaired by Tracy Park, vice president, Tenneco Inc., was responsible for reviewing and organizing thoughts of all Council members on ways in which U.S. economic assistance funds might be redirected to serve better the needs of both the U.S. and the Sudanese private sectors.

Dual Purpose of U.S. Foreign Economic Assistance

The Council committee concluded that programs and funding should respond to a specific set of needs, both from the perspective of serving broad U.S. foreign policy goals in the region and in meeting specific Sudanese economic development requirements. General needs were identified as follows:

I. U.S. Foreign Policy Goals

- A. In any country U.S. economic, strategic, and political interests should work together to accomplish a given objective or set of objectives. This is particularly true in the Sudan where there is an emerging recognition by the United States of the strategic and political importance of the Sudan in the region as evidenced by the dramatic increase in U.S. security assistance over the past year. There is an opportunity to coordinate U.S. assistance funds in the Sudan to serve a number of our foreign policy objectives.
- B. If the Reagan Administration's stated goal of redirecting U.S. economic assistance to involve the private sector is to succeed, it will take more than just a few projects labeled "private sector." Organizational and personnel changes will be necessary, in particular, on-site in the developing countries.

II. Economic Development Needs of the Sudan

The Sudan is involved in a painful process of economic recovery and is faced with a difficult task of building productive capability. Massive flows of external assistance are needed to assist the country in this process. These funds should be directed toward aiding economic recovery in the following areas:

- A. Measures are needed to assist in improving the Sudan's negative balance of payments situation. Ways must be found to increase the Sudan's exports so that foreign exchange can be earned for development programs. In turn, to avoid the drain of foreign exchange, non-essential imports must be curtailed.
- B. The steady decline in production must be halted. Contributing factors such as labor shortages; transport bottlenecks and scarce supplies of raw materials and spare parts must be addressed.
- C. The Sudan's agricultural potential is well-known, but not yet realized. Agricultural output is declining steadily at a time when a world-wide food crisis is becoming imminent.
- D. The Sudan's financial problems remain acute even as multilateral lending institutions attempt to assist the Sudan in meeting its financial obligations. Without the funds for development, economic recovery cannot take place.

Overview of the History of AID's Program in the Sudan

The level of funding for AID's program in the Sudan has increased significantly over the past several years from \$7.3 million in FY 1977 to an anticipated \$105.3 million in FY 1982. Along with this increase it appears has come a new flexibility in programming these funds.

In the 1977-1979 period AID's relatively small program in the Sudan was structured around the "new directions" mandate which requires that AID funds should be used in projects which will benefit the poorest element of the borrowing country. This mandate, while not actually prohibiting loans to industrial or infrastructure projects, emphasizes the satisfaction of human needs rather than physical capital investment. Soon after its formation in 1977 the Business Council advised AID that the small amount of funds budgeted for the Sudan, and the restrictive conditions applied to determine eligibility of projects for such funds, did not reflect either the Sudan's development needs, current circumstances or economic potential. The Council emphasized that projects to extend and modernize the Sudan's infrastructure would require financial support in the medium term, if only to permit the effective extension of social services to the ultimate beneficiaries. AID's FY 1980, 1981, and 1982 funding plans reflect an expansion of the program to encompass infrastructure and balance of payments support. The Business Council supports this broader AID approach to the Sudan's economic development.

U.S. Foreign Economic Assistance

	FY 78	FY 79	FY 80	FY 81	FY 82 Request
Economic Assistance					
Development Assistance	\$ 7.6	\$ 16.2	\$ 30.1	\$ 21.7	\$ 27.0
Economic Support Funds	--	--	40.0	50.0	50.0
Food Aid	12.2	24.0	25.8	33.8	28.3
	<u>\$ 19.8</u>	<u>\$ 40.2</u>	<u>\$ 95.9</u>	<u>\$105.5</u>	<u>\$105.3</u>
Security Assistance					
Foreign Military Sales Credits	--	--	\$ 25.0	\$ 30.0	\$100.0
Military Education and Training	--	--	--	0.7	1.5
	--	--	--	<u>\$ 30.7</u>	<u>\$101.5</u>
Other	<u>\$ 2.5</u>	<u>\$.05</u>	<u>\$ 1.5</u>	<u>--</u>	<u>--</u>
TOTAL	\$ 22.3	\$ 40.25	\$122.4	\$136.2	\$206.8

A Redirection

The following 23 recommendations have been prepared to respond to U.S. foreign policy and Sudanese economic development needs through redirecting AID monies to support private sector development projects. Further discussion between AID officials and representatives of the U.S. private sector would be valuable in determining the feasibility of each of these ideas.

- 4 -

REDIRECTING AID'S PROGRAM IN THE SUDAN
Recommendations prepared by the U.S. Section
of the Sudan-U.S. Business Council
September 1981

The following recommendations have been prepared to advance current U.S. foreign policy and development assistance goals and to meet the specific economic development needs of the Sudan through a redirection of the AID funds and programs to support U.S. and Sudanese private sector initiatives.

I. Recommendations that Advance U.S. Foreign Policy Goals for the Sudan

A. Coordinate U.S. Government Assistance Programs

Recognizing the political/strategic importance of the Sudan, there is a need to coordinate political, military and economic foreign policy objectives and an opportunity to blend related assistance programs. Examples of possible coordination include:

Recommendation #1 - Integrate military and economic assistance in a single project i.e., if the United States is helping to build a military base, also build connecting roads, and other infrastructure, or use military assistance for general port refurbishing at Suikan which could accommodate our naval ships.

Recommendation #2 - Create a development opportunity using an off-set military agreement, i.e. reserve a part of U.S. procurement for the products of the Sudan. Use AID funds to build an industry that could manufacture new products for export. U.S. firms could take part in that development effort.

B. Increase Effectiveness of U.S. Government Private Section Orientation

Encourage the U.S. Embassy in Khartoum to concentrate its efforts on assisting U.S. companies to win major internationally funded contracts.

Recommendation #3 - Target Suikan port development -- early in 1982 an international tender for this port work will be released, the Germans have completed a prefeasibility study and Saudi money has been committed to the project. The U.S. Embassy could work together with U.S. companies to put a consortium together, perhaps "sweeten the pot" with some U.S. government funds and in general aggressively try to promote U.S. firms to obtain a major piece of the work.

Recommendation #4 - Promote U.S. firms for AAAID (Arab Authority for Agricultural Investment) financed projects. U.S. firms have not been getting these contracts. Perhaps the embassy could promote the capabilities of U.S. companies better, attempt to find out what the barriers have been and try to resolve them.

Recommendation #5 - Designate a person or persons in the AID mission in Khartoum to undertake responsibility for identifying, programming and implementing private sector projects. If need be, recruit a business person or banker for a temporary tour of duty.

Believe this would be limited help at this time.

*Embassy
can investigate*

Bid on own

*Why not?
not competitive*

*This has
been tried
previously*

- - -
what is it - inhibitive U.S.
banks to finance export

IX. Recommendations That Respond to Sudanese Economic Development Needs

A. Expand Exports and/or Provide for Import Substitution

What's relationship between bonded warehouse system

Recommendation #6 - Create a bonded warehouse system which would then enable U.S. banks to finance the export of Sudanese cotton.

Recommendation #7 - Assist export oriented industries by providing foreign exchange to purchase U.S. goods (inputs, spare parts, equipment) and services (technical and managerial). Can & will do as appropriate C.S.O to CIP for management and technical services

Recommendation #8 - Allocate a specific portion of Commodity Import Program (CIP) and Development Assistance (DA) funds (i.e. 20 percent each) for use by the U.S. and Sudanese private sectors. The money would be utilized for commercially viable import/substitution or export oriented projects that contribute to the Sudan's economic development. The programming of such funds would lie with the AID mission and U.S. embassy rather than the Minister of Commerce and Supply, which often employs AID funds inefficiently for public projects. (i.e. tallow). The funds should be for at least 80% content for purchase of U.S. goods and services.

Classified

Recommendation #9 - Construct dual use commodity storage port facilities for imported and exported products.

B. Expand Industrial Capabilities

Recommendation #10 - Provide industry-specific managerial, technical and vocational training, develop incentives to insure that once trained, personnel remain in the Sudan. and more incentives to keep personnel in Sudan.

What's Private Sector providing training

Recommendation #11 - Provide U.S. government funds for direct equity investment in high-risk projects that are of top priority for the Sudan's development (i.e. agriculture, minerals).

Private enterprise incentives Agency policies

Recommendation #12 - Provide Development Assistance project loans to help new local private sector or joint venture projects get started.

Recommendation #13 - Raise the idea with the Sudanese government of considering using a U.S. company to act as their Economic Development Agency for the Southern Region to identify industrial, agricultural or other types of development projects, to work in the international market-place to finance these projects -- in general to develop a regional economic plan and carry through implementation. AID could help finance costs, require a training component to develop local capability. (Litton Industries undertook a similar role in Greece).

Sudan not in this frame

Recommendation #14 - Reevaluate the exclusion of certain key items for the Sudan (i.e. sugar) eligible for the Commodity Import Program.

mission report

Recommendation #15 - Expand the definition of CIP activities to cover services as well as goods provided by U.S. corporations (i.e. management and technical services) which are directed at improving the capabilities of local industries.

C. Realize Agricultural Potential

Recommendation #16 - Use a pilot agricultural project between the Sudan and Egypt as a model to coordinate Egyptian and Sudanese economic assistance funds together with private sector capital. Involve the U.S. private sector throughout the process from planning through implementation. The combining of assistance monies might be as follows:

- project identification - Egyptian, U.S., Sudanese private sectors
- pre-feasibility study - TDP or AID funds
- feasibility study - OPIC funds matched by interested company or companies funds -- the U.S. company(ies) would conduct the study
- project financing and insurance - AID/OPIC/private commercial
- design, construction, management, production, distribution, marketing - U.S. private sector directed, in partnership with Sudanese and Egyptian firms, include training component for locals
- problem-solving "hand holding" removal of barriers - U.S. embassy personnel.

Recommendation #17 - Provide funds to hire U.S. firms to assist in the Government of the Sudan's presently faltering crop protection program.

- Pesticides have no effect on insects -

Recommendation #18 - Provide funds for a turnkey project to revitalize the Sudan's fleet of agriculture airplanes for aerial spraying of crops - project to include ground support and pilot training.

Recommendation #19 - Make counterpart PL 480 funds available for purchase of wheat seeds, chemicals and other inputs for Sudanese farmers in order to create an incentive for them to grow enough wheat to reach self-sufficiency in wheat (policy contributing to economic problems.)

Recommendation #20 - Rehabilitate existing viable agricultural cooperative societies with equipment and spare parts.

D. Enhance Local Financing Capability

Recommendation #21 - Provide a relatively small dollar loan to the Development Bank of the Sudan for on-lending on somewhat less liberal terms to the private sector for its use in funding foreign technicians. The loan from the Development Bank to the private companies concerned should be repaid in local currency over, say, 5-10 years with the interest rate not substantially higher than the interest rate on the AID loan to the Development Bank. Since the AID loan would presumably include tied procurement provisions, the result would be the utilization of U.S. technicians with their corresponding inclination to recommend U.S. equipment. Thus the long term balance of payment benefit to the U.S. would be significant.

Recommendation #22 - Earmark a portion of locally generated funds from the CIP program to the Sudanese private sector to increase the availability of medium- and long-term loans and relieve the current strain on local bank overdraft facilities.

Recommendation #23 - Make counterpart PL 480 funds available to the Sudan Development Corporation for loans to the Sudanese private sector.

SUDAN-U.S. BUSINESS COUNCIL

FOURTH ANNUAL MEETING

February 16-18, 1981

Khartoum, Sudan

Schedule and Agenda

Monday, February 16

11:00 a.m. - 12:00 noon	<u>U.S. Section Executive Committee Meeting</u> (Hilton Hotel)
3:00 p.m. - 4:30 p.m.	<u>U.S. Section Meeting</u> (Hilton Hotel)
5:00 p.m. - 6:00 p.m.	<u>U.S. Embassy Briefing - U.S. Delegation</u> (Ambassador's Residence)
6:00 p.m. - 7:30 p.m.	<u>Reception</u> - hosted by The Honorable C. William Kontos, U.S. Ambassador to the Sudan, U.S. and Sudanese Delegations (Ambassador's Residence)
8:00 p.m.	<u>Dinner</u> - hosted by Fath El Rahman El Bashir, Chairman, Sudanese Section (Hilton Hotel)

Tuesday, February 17

9:00 a.m. - 12:00 noon	<u>First Plenary Session</u> (Friendship Hall) <ul style="list-style-type: none">-- Opening Remarks by the Cochairmen Fath El Rahman El Bashir, Chairman, Sudanese Section Homer Knost, Chairman, U.S. Section-- Official Welcome and Review of the Sudanese Economy H.E. Badr El Din Suliman, Minister of Finance and National Economy<ul style="list-style-type: none">1. Recent Economic Developments2. Debt Rescheduling3. Implementation of the New Investment Act4. Future Economic Priorities-- Welcoming Remarks by C. William Kontos, U.S. Ambassador to the Sudan-- U.S. Economic Support Arthur Mudge, Director, U.S. Agency for International Development, Khartoum
12:00 noon - 12:15 p.m.	<u>Refreshment Break</u>

12:15 p.m. - 2:00 p.m.

Second Plenary Session (Friendship Hall)

-- Presentation by Panel of Sudanese Government Officials

1. Minister of Cooperation, Commerce and Supply, H.E. Farouq Al-Magboul
2. Minister of Agriculture, Food and Natural Resources, H.E. Omer Al-Amin
3. Minister of Energy and Mining, H.E. Sharaf Al-Tuhami

2:15 p.m. - 4:00 p.m.

Luncheon - hosted by Sudanese Section (Sudan Hotel)

6:30 p.m. - 7:30 p.m.

Meeting of U.S. and Sudanese Section Task Force Cochairmen (Hilton Hotel)

8:30 p.m.

Dinner - hosted by Homer Knost, Chairman, U.S. Section (Hilton Hotel)

Wednesday, February 18

8:45 a.m. - 11:45 a.m.

Concurrent Joint Task Force Meetings (Friendship Hall)

- Investment Policy
- Trade Facilitation
- Project Financing and Promotion

11:45 a.m. - 12:00 noon

Refreshment Break

12:00 noon - 2:15 p.m.

Third Plenary Session (Friendship Hall)

- Presentation on Chevron's activities in the Sudan, A.V. Martini, President, Chevron Overseas Petroleum Inc.
- Presentation on Kenana Sugar Project, F. G. Schaffer, President, Arkel International Inc.
- Presentation/Discussion of Task Force Findings/Recommendations
- Joint Communique/Action Summary
- Concluding Remarks

2:15 p.m.

Luncheon - hosted by Fath El Rahman El Bashir (Mr. El Bashir's Farm)

9:00 p.m.

Folklore and Acrobat Show (Friendship Hall Theater)

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. DOCUMENTS OF THE SESSION	
Schedule and Agenda	3
U.S. Delegation	5
Sudanese Delegation	7
Joint Communique	9
Message from Alexander M. Haig, Jr., U.S. Secretary of State	13
Message from Gerald West, Acting Director, Overseas Private Investment Corporation	15
Summary Minutes	17
III. TEXTS OF SPEECHES DELIVERED AT THE SESSIONS	
Remarks by H.E. Badr El Din Suliman, Minister of Finance and National Economy	25
Remarks by H.E. Farouq Al-Magboul, Minister of Cooperation, Commerce and Supply	27
Remarks by H.E. Omer Al-Amin, Minister of Agriculture, Food and Natural Resources	29
IV. TASK FORCE REPORTS	
Investment Policy	33
Trade Facilitation	39
Project Financing and Promotion	43
V. COUNCIL MEMBERSHIP	
U.S. Section Members	51
Sudanese Section Members	55

INTRODUCTION

This report presents a summary of the Fourth Annual Meeting of the Sudan-U.S. Business Council held in Khartoum, February 16-18, 1981.

The Sudan-U.S. Business Council was established in 1977 at the request of President Gaafar Nimeiri to enable Sudanese and American business leaders to conduct effective and continuing discussions on bilateral economic relations, to provide a mechanism for identifying policies which would strengthen commercial ties, and to stimulate trade and investment.

The Council has two national sections composed of key business leaders from both countries. They meet periodically to discuss Sudanese-American commercial and investment issues and to develop policy positions designed to increase economic relations between the two countries.

The U.S. Section of the Council is chaired by Homer Knost, chairman of the board, Arkel International, Inc. A. V. Martini, president, Chevron Overseas Petroleum Inc., serves as vice chairman. The membership of the U.S. Section includes some thirty companies of varying size located throughout the United States. They share a common interest in developing stronger commercial relations with the Sudan and visualize this vast country, strategically located in both the Middle East and Africa, as a promising market for U.S. trade and investment.

Fath El Rahman El Bashir, chairman of Sharaf Group, is chairman of the Sudanese Section of the Council. Mohamed Khogali, executive director, Sudanese Investments & Consultations Co., Ltd., serves as vice chairman. The Sudanese Section includes prominent business leaders from the private and public sectors.

The Fourth Annual Meeting provided a forum in which Council members were brought up-to-date on recent developments in the Sudanese economy including: implementation of the new investment act, progress on debt rescheduling and the government's new economic policies. U.S. government officials provided a review of U.S. economic support. Several U.S. Section members briefed the delegates on the progress of their major projects in the Sudan. The Council's three task forces on Investment Policy, Trade Facilitation and Project Financing and Promotion met in separate sessions to discuss specific impediments to increasing economic and commercial ties between the two countries.

Kathryn Young
Executive Secretary, U.S. Section
Sudan-U.S. Business Council

SUDAN-U.S. BUSINESS COUNCIL

FOURTH ANNUAL MEETING

February 16-18, 1981

Khartoum, Sudan

U.S. Delegation

Homer Knost, CHAIRMAN
Chairman of the Board
Arkel International, Inc.

A. V. Martini, VICE CHAIRMAN
President
Chevron Overseas Petroleum Inc.

Carl J. Bazarian
Managing Director
East-West Group, Ltd.

Frank E. Briber, Jr.
Vice President
Allis-Chalmers Corporation
(representing David C. Scott)

William Harrison
Managing Director
International Business Associates

Richard Hobbs
Vice President - International
Teledyne Inc.

Tracy S. Park
Vice President
Tenneco Inc.
(representing Wilton E. Scott)

Robert L. Parker
President and Chief Operating Officer
Parker Drilling Company

John J. Roberts
Chairman and Chief Executive Officer
American International Underwriters

Norman Vander Clute
Partner
Surrey & Morse

Richard W. Wheeler
Senior Vice President
International Banking Group
Citibank

John D. Wilson
Senior Vice President
The Chase Manhattan Bank
(representing David Rockefeller)

Observers

S. M. Akeyson, Jr.
Vice President and Senior Regional
Representative for Saudi Arabia
and the Middle East
Bechtel Incorporated

Mike Antar
Administrative Manager
Tenneco Inc.

Henry Beidas
Vice President
American International Underwriters
Overseas, Ltd.

W. M. Chapman
Land and Government Relations
Chevron Overseas Petroleum Inc.

W. J. Chodin
Commerical Manager
Pullman-Kellogg

Martin Cody
Manager, Sudan
Union Texas Sudan Inc.

David J. Creahan
General Manager
Sudan-Ren

Edward C. Dobbs
President
Africa-Middle East Division
American International Underwriters

Douglas H. Elliott
Resident Manager
Texas Eastern Sudan, Inc.

Michel H. Flandrin
Regional Vice President
Allis-Chalmers Corporation

Myron Isherwood
Agriculture Field
Operations Consultant
ABA International

John B. Lewis, Jr.
Vice President
Citibank

Adrian Marshall
Resident Area Manager - Sudan
Massey-Ferguson International

John R. Roberson
Vice President
Parker Drilling Company

F. C. Schaffer
President
Arkel International, Inc.

J. R. Smith
Chairman
Mobil Oil, Egypt

R. S. Stevenson
Director, Middle East and
Africa Operations
Ingersoll-Rand

Carl V. Stride
Manager - East
USS Engineers and Consultants, Inc.

Anthony Vanderburg
Assistant Regional Representative
The Chase Manhattan Bank

Willard Wagner
Managing Director
Allis-Chalmers, Sudan

Special Guests

Colin Carlin
Regional Manager
Chicago Pneumatic Tool Company

Delmer J. Dooley
Executive Director
Near East Foundation

Marvin Evans
Executive Vice President
Africair, Inc.

Anthony Perna
Vice President - Sales
Africair, Inc.

John Sutton
President
Near East Foundation

Chairman's Staff

Edwin G. Jewett, Jr.
Vice President - Finance
Arkel International, Inc.

U.S. Chamber of Commerce Staff

Kathryn Young, EXECUTIVE SECRETARY
Associate Director
Middle East Affairs
International Division

Carolyn Jamail
International Affairs Assistant
International Division

Judy Merkel
U.S. Delegation Staff
International Division

SUDAN-U.S. BUSINESS COUNCIL

FOURTH ANNUAL MEETING

February 16-18, 1981

Khartoum, Sudan

Sudanese Delegation

Fath El Rahman El Bashir, CHAIRMAN Sharaf Group	Nagm El Din Zuhair El Magboul Magboul Brothers Corporation
Mohamed Khogali, VICE CHAIRMAN Sudanese Investment and Consultations Co., Ltd.	Fouad Ahmed Makki Makki Manufacturing Group of Companies
Mohamed Abdel Kareem Abbas Sudan Mercantile	Ali Ibrahim Malik Malik Manufacturing Company, Ltd.
Yousif Zaki Sid Ahmed Sharaf International	Hassan Ibrahim Malik Arak-Hotels Co., Ltd.
Ahmed El Tigani Ali Tigani Worldwide Organization	Hassan Mohamed Salih El Mek Pacific Trading Company
Idris Abdalla El Banna Sudanese-Saudi Agriculture and Meat Production Company (SSAMPCO)	Ismail El Misbah Mekki S. K. Construction and Contracting Company, Ltd.
Mustafa Bedawi Bashir Animal Public Production Corporation	El Bagir Yousif Mudawi Faisal Islamic Bank
Mohamed Ahmed El Dabi Sudanese Textile Machinery Agency	Mohamed El Makawi Mustafa Star Knitwear Company
Khalid Farah The Sudanese Investment Bank	Nabil Labib Al Nour Molasses Products
Mohamed Ahmed Giha Giha Group of Companies	Ahmed H. El Nur S. K. Construction and Contracting Company, Ltd.
Abdel Muttalab Ibrahim Hassan Saudi-Sudanese Engineering and Contracting Co., Ltd.	Awad El Karim Osman Bank of Sudan
Avo Sarkis Izmirlan Izmirlan Corporation	Taha El Sayed El Roubi Taha El Roubi and Company
El Tigani Omer El Karib El Karib and Medani Company	Saghairoun El Zain Saghairoun Public Corporation for Irrigation Works and Earth Moving
Abdullah Idris A. Karim Commercial Development Enterprises	
Zaki Sir El Khatim Ministry of Commerce and Supply	

Abdel Rahman Shams El Din
Gezira Trade and Services Company

Hassab El Rasoul Mohamed
Ahmed El Tayeb
Hassabo and Company

Ali El Tom
Tanmiah Consultants

Abu Agla Yousif
Sky Lab International

Ahmed Izz El Arab Yousif
Industries Association

Abdel Hag Mohamed Zaki
El Medina Garage

Salah El Zubair
Public Flour Mills

Staff

Suliman Freigoun
Executive Manager
Sudan-U.S. Business Council

Fatahalla M. H. Daoud
Deputy Executive Manager
Sudan-U.S. Business Council

SUDAN-U.S. BUSINESS COUNCIL

FOURTH ANNUAL MEETING

February 16-18, 1981

Khartoum, Sudan

Joint Communique

The Sudan-U.S. Business Council held its fourth annual joint meeting in Khartoum on February 16-18, 1981. Mr. Homer Knost, chairman of the board of Arkel International, Inc., headed a U.S. delegation which consisted of approximately 40 representatives of leading U.S. companies. Mr. Fath El Rahman El Bashir, chairman, Sharaf Group, led the Sudanese delegation which numbered close to 60 firms representing both private and public sector interests.

In their opening remarks the two cochairmen reviewed the history and progress of the Council. Both Mr. El Bashir and Mr. Knost underlined the importance of the foundation of friendship that the Council has built between the two countries. Commenting on the presence and involvement of a solid number of U.S. firms in the Sudan, the two cochairmen stressed that challenges lay ahead to involve even more U.S. firms in the Sudan's economic development.

Those in attendance were pleased to hear remarks by C. William Kontos, the United States Ambassador to the Sudan. Ambassador Kontos presented a message from the United States Secretary of State, Alexander M. Haig, Jr., to the Council in which he pledged the full support of the Reagan administration to the strengthening of relations between the United States and the Sudan and specifically to the Council's efforts to expand trade and investment ties between the two countries. In his own remarks the Ambassador described the range of support the United States has lent to the Sudan during its current economic difficulties. He praised the Sudanese government for its perseverance and dedication in its concerted attempts to resolve difficult economic problems. The Ambassador stressed that the Council had an important contribution to make in this process of economic recovery.

Once again the Council was honored to have H.E. Badr El Din Suliman, Minister of Finance and National Economy, share his views with those in attendance. On behalf of H.E. President Gaafar Nimeiri, the Minister extended an official welcome to the Council and conveyed the continued appreciation of the Sudanese government for the constructive work undertaken by the Council. The Minister also provided an overview of recent economic developments in the Sudan including current economic strategies, emerging investment policies, and the status of debt rescheduling. He requested the assistance of the Council particularly in helping to implement the new investment act.

Key ministers of the Sudanese government briefed the Council on recent initiatives undertaken by their respective Ministries to improve economic conditions and the investment climate in the Sudan. H.E. Omer Al-Amin, Minister of Agriculture, Food and Natural Resources, outlined the government's strategies to

increase productivity in the Sudan's all important agricultural sector including: emphasizing the independence of the farmer and attaining food self-sufficiency for reasons of both import substitution and export promotion. H.E. Farouq Al-Magboul, Minister of Cooperation, Commerce and Supply, discussed the Sudan's trade policies and the need to increase domestic productivity in order to expand exports. H.E. Sharaf Al-Tuhami, Minister of Energy and Mining, reviewed current government activities and policies concerning power, oil, mineral and water development.

Mr. Arthur Mudge, director of the U.S. Agency for International Development program in the Sudan briefed the Council on the level and scope of the United States AID program. In Mr. Mudge's view the political and security importance of the Sudan to the United States could be a favorable factor in influencing the economic policies of the new Reagan administration toward the Sudan. Looking ahead to the coming five-year AID program, Mr. Mudge noted that the private sector would have a continually increasing role to play in Sudan's economic development. He welcomed the thoughts of Council members on how AID might assist the private sector in this undertaking.

Council members were briefed on two major projects undertaken by U.S. firms in the Sudan. Mr. A. V. Martini, president, Chevron Overseas Petroleum Inc., provided a brief history of the involvement of Chevron in the Sudan, described current exploration activities and future plans, including construction of a pipeline and a mini-refinery. Mr. F. C. Schaffer, president, Arkel International, Inc., reviewed the history of the Kenana Sugar Project which is the largest factory in Africa and the largest factory in the world built at a single time.

The Council's three task forces, Trade Facilitation, Project Financing and Promotion, and Investment Policy, met in separate sessions to discuss specific impediments to increasing economic and commercial ties between the two countries. Their recommendations, which were accepted by the full Council, are as follows:

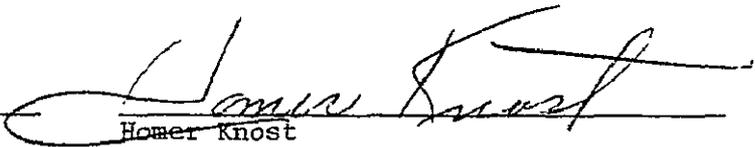
- To continue to communicate with the Sudanese government regarding the points and recommendations submitted by the Council at the October 1980 joint executive committee meeting;
- To clarify the eligibility for tax exemption status of branch operations and the eligibility of branch operations under the Encouragement of Investment Act;
- To reiterate the Council's offer of assistance to the Sudanese government to disseminate the Investment Act in the United States, to assist in the training of government personnel, and, if requested, to provide counsel and assistance in the preparation of supporting documentation and pamphlets;
- To continue to offer to serve as a clearinghouse of comments arising from the experience of investors dealing with the new Investment Act;
- To encourage the involvement of the private sector in discussions regarding the decisions concerning the allocation of the private sector share of the USAID Commodity Import Program;

- To support the Minister of Finance and National Economy's proposal to obtain technical assistance in the implementation of the Encouragement of Investment Act;
- To endeavor to clarify the remaining points raised by the Minister of Finance and National Economy in his address to the Council on February 17;
- To approach appropriate U.S. regulatory agencies and/or importer associations to obtain specifications for the importation of certain Sudanese commodities;
- To continue Council involvement in attempting to achieve the resumption of Eximbank services to the Sudan;
- To support the efforts of the Near East Foundation to provide technical assistance for agribusiness projects, both private and public;
- To recognize the importance of adding U.S. agribusiness firms to the Council's U.S. Section membership;
- To establish on the Sudanese side a full-time staff to assume direct responsibility for promoting potential joint venture projects identified by any Sudanese company or individual;
- To continue to maintain close ties with U.S. financing facilities, such as AID, OPIC and Eximbank;
- To identify appropriate U.S. companies for the eight project profiles presented at the meeting, by utilizing U.S. embassy and Council resources.

The cochairmen closed the meeting with expressions of thanks to the staffs and the U.S. and Sudanese Sections for their contributions to the meeting.



Fath El Rahman El Bashir



Homer Knost

February 18, 1981

NN NN VV ESAI44BRA149
OO RUQMKH
DERUEHC 9720 0471920
ZNR UUU UU ZZH
FM SECSTATE WASHDC
TO WMBASSY KHARTOUM IMMEDIATE 3601
BT
UNCLAS STATE 039720

E.O. 12065: N/A
TAGS: RGEN, SU, US

SUBJECT: SUDAN-U.S. BUSINESS COUNCIL MEETING

QUOTE: TO THE MEMBERS OF THE SUDAN-U.S. BUSINESS COUNCIL:
I HAVE ASKED AMBASSADOR KONTOS TO CONVEY MY GREETINGS TO
YOU AS YOU BEGIN YOUR FOURTH ANNUAL MEETING. THE BUSINESS
COUNCIL IS A MANIFESTATION OF THE WARM AND CLOSE RELATIONS
OUR TWO COUNTRIES NOW ENJOY. THE GOVERNMENT OF SUDAN UNDER
THE LEADERSHIP OF PRESIDENT NIMEIRI IS WELL KNOWN FOR ITS
DEDICATION TO PEACE, JUSTICE AND ECONOMIC PROGRESS.
THE UNITED STATES SHARES THAT DEDICATION, AND THE REAGAN
ADMINISTRATION EXPECTS TO FURTHER STRENGTHEN THE RELATIONS
BETWEEN OUR TWO COUNTRIES BY WORKING CLOSELY WITH SUDAN IN
THE PURSUIT OF THESE COMMON GOALS. THE BUSINESS COUNCIL'S
EFFORTS TO EXPAND TRADE AND INVESTMENT TIES BETWEEN SUDAN AND
THE UNITED STATES ARE A NATURAL AND HEALTHY EXTENSION
OF THE COOPERATION BETWEEN OUR TWO GOVERNMENTS INTO THE PRIVATE
SECTOR, WHICH YOU CAN BE SURE HAS THE FULL SUPPORT OF THE REAGAN
ADMINISTRATION. PLEASE ACCEPT MY BEST WISHES FOR A PRODUCTIVE
AND SUCCESSFUL MEETING.
SINCERELY, ALEXANDER M. HAIG, JR. END
QUOTE HAIG
BT
9720

J00 RUQNKD
DE RUERCI7641 044807
ZWR 00 000 ZZH
013182 12 FEB 81
FM SECSTATE WASHDC
TO AMEMBASSY KHARTOUM IMMEDIATE 3548

UNCLAS STAT

FROM OPIC

TAGS: EOMV

SUBJECT: SUDAN U.S. BUSINESS COUNCIL
FOR: LARRY NELSON, COMMERCIAL ATTACHE

TO: MESSRS FATH EL RAHMAN EL BASHIR AND HOMER KNOST
COCHAIRMEN

ON BEHALF OF OPIC I WISH TO EXTEND MY BEST WISHES TO THE COUNCIL ON THE OCCASION OF ITS ANNUAL MEETING, AND TO CONVEY OPIC'S ASSURANCE OF CONTINUED SUPPORT FOR THE COUNCIL'S ENDEAVORS AND U.S.-SUDANESE COMMERCIAL COOPERATION. I REGRET THAT PRIOR COMMITMENTS PRECLUDE OPIC'S ATTENDANCE AT YOUR MEETING.

AS COUNCIL MEMBERS ARE AWARE, OPIC PROGRAMS HAVE BEEN AVAILABLE IN THE SUDAN FOR MANY YEARS, AND BOTH OUR POLITICAL RISK INSURANCE AND FINANCING PROGRAMS HAVE BEEN ACTIVELY UTILIZED BY U.S. INVESTORS FOR PROJECTS IN THE SUDAN. WE LOOK FORWARD TO THE CONTINUED OPERATION OF THESE PROGRAMS, TO THE CONTINUED ECONOMIC PROGRESS OF THE SUDAN, AND TO THE CONTINUED COOPERATION BETWEEN BUSINESSMEN OF OUR TWO COUNTRIES.

VERY TRULY YOURS,

GERALD T. WEST
ACTING PRESIDENT
OVERSEAS PRIVATE INVESTMENT CORPORATION

SUMMARY MINUTES
FOURTH ANNUAL MEETING
February 16-18, 1981
Khartoum, Sudan

The Sudan-U.S. Business Council held its fourth annual joint meeting in Khartoum on February 16-18, 1981. Mr. Homer Knost, chairman of the board, Arkel International, Inc., headed a U.S. delegation which consisted of approximately 40 representatives of leading U.S. companies. Mr. Fath El Rahman El Bashir, chairman, Sharaf Group, led the Sudanese delegation which numbered close to 60 firms representing both private and public sector interests.

The first plenary session was opened by remarks from the two cochairmen. Mr. Fath El Rahman El Bashir, chairman of the Sudanese Section, welcomed the American Section and special guests. Reminding the delegates of the mandate that President Nimeiri had given the Council at its inception three years ago -- to strengthen and promote commercial and economic relations between the two countries and to create an appropriate climate to attract U.S. technology and investment -- Mr. El Bashir noted that over the course of the past three years, the Council had energetically and successfully pursued that mandate.

Mr. El Bashir provided a summary overview of Council achievements including: establishing a bond of friendship between major U.S. corporations and their Sudanese counterparts, facilitating the extension of Overseas Private Investment Corporation (OPIC) programs to develop project feasibility studies, organizing an OPIC-sponsored investment mission to the Sudan, establishing a dialogue between the Council and senior U.S. and Sudanese government officials and contributing to the design of the Sudanese Encouragement of Investment Act, 1980.

Mr. Homer Knost, chairman of the U.S. Section, thanked his Sudanese hosts for their gracious hospitality and deep friendship. He added that the American delegation was pleased particularly to be in the Sudan on the anniversary of its 25 years of independence. He stated that the Sudanese people were to be congratulated on this remarkable achievement. Mr. Knost spoke of the growth, maturity and development of the Council as being parallel with that of the Sudan's own development over the past several years. He underlined the sense of realism evident today in Council activities and noted that U.S. Section members have gained a deep understanding of the shared needs of both countries to strengthen the bilateral relationship. Mr. Knost reviewed current activities of U.S. firms in a variety of sectors of the Sudanese economy including: petroleum and mineral development, agricultural production, manufacturing, and banking. Emphasizing the importance of the U.S. economic assistance program, both in direct project development and through the Commodity Import Program, Mr. Knost characterized this assistance as being essential in attracting additional U.S. firms to the Sudan.

Those in attendance were pleased to hear remarks by The Honorable C. William Kontos, the United States Ambassador to the Sudan. Ambassador Kontos presented a message to the Council from the United States Secretary of State, Alexander Haig, Jr. In his message, Mr. Haig pledged the full support of the

Reagan administration in strengthening the relations between the United States and the Sudan and, in supporting the Council's efforts to expand trade and investment ties between the two countries.

In his own remarks the Ambassador described the wide range of support the United States has provided to the Sudan during its current economic difficulties. The Ambassador praised the Sudanese government for its perseverance and dedication in its concerted attempts to resolve these economic problems. In closing, he stressed that the Council had an important contribution to make in this process of economic recovery.

Sudanese Economic Developments

The Council was honored to have His Excellency Badr El Din Suliman, Minister of Finance and National Economy, address the delegation. On behalf of His Excellency President Gaafar Nimeiri, the Minister extended an official welcome to the Council and conveyed the continued appreciation of the Sudanese government for the constructive work undertaken by the Council.

The Minister provided an overview of recent economic developments in the Sudan including current economic strategies, emerging investment policies, and the status of debt rescheduling. The Minister reviewed the disappointing economic performance of the past year as evidenced by a persistently high rate of inflation, price increases of critical imported commodities, and an unprecedented adverse balance of trade. He predicted, however, a projected improvement this year in the Sudan's export sector, particularly of non-cotton agricultural commodities which should rise from \$255 million in FY 1979-80 to an estimated \$547 million in FY 1980-81. Minister Suliman reported that the agricultural sector has responded particularly well to policy measures undertaken within the last 18 months, including abolition of trading monopolies, exchange rate adjustments, and liberalization of foreign trade. Admitting that the pains of economic restructuring and adjustment are immense, the Minister stressed that the Sudanese government understood the necessity for bitter corrective and remedial measures.

Turning to recent developments in the area of investment, the Minister admitted that the "investment machinery is not yet well oiled." Two areas in particular need of attention are the design of promotional material and the provision of technical assistance to help develop the investment structure and operating procedures. The Minister proposed several new concepts for the encouragement of investment and requested their consideration by the Council. These initiatives included:

1. Extending concessions, in certain areas, on customs duties to importers of industrial plants and machinery instead of restricting these concessions to approved investment projects;
2. Extending access of foreign assistance programs to the private sector, for example, the AID Commodity Import Program;

3. Demarcating certain industrial and agricultural zones to be held for investors by the Investment Authority;
4. Encouraging investment in food industries, inner-city transport, and export-oriented industries;
5. Seeking technical assistance, perhaps by employing an outside agency, to advise and implement these policies.

The Minister's final topic of review was the subject of foreign debt rescheduling. Minister Suliman reported that repayments under the Paris Club Agreement are being made according to schedule. Bilateral agreements have been concluded with all members of the OECD countries, except two. Negotiations are continuing with foreign commercial banks concerning the rescheduling of their outstanding debts. The Minister pointed out that in the area of supplier credits, a distinction is being made between credits that have maturities of more than one year, in which case they will be rescheduled, and those that have maturities of one year or less, in which case they will be liquidated gradually.

In response to questions, the Minister assured Council members that the IMF negotiations were proceeding satisfactorily. It is anticipated that the February 1981 tranche will consist of 100 million in Special Drawing Rights (SDR), or approximately \$141 million. In the coming year the Sudan expects to draw an additional 171 million SDRs or, \$218 million, which would be an unprecedented amount for the IMF of close to \$360 million for one country in a single year.

Key ministers of the Sudanese government briefed the Council on recent initiatives undertaken by their respective organizations to improve economic conditions and the investment climate in the Sudan. Ministers who addressed the Council included: His Excellency Farouq Al-Magboul, Minister of Cooperation, Commerce and Supply; His Excellency Omer Al-Amin, Minister of Agriculture, Food and Natural Resources; and His Excellency Sharaf Al-Tuhami, Minister of Energy and Mining.

Minister Al-Magboul outlined major aspects of the Sudanese government's trade policies. He pointed out that the goal of expanding exports was a cornerstone of the government's current economic program. Stressing that export development was the key to meeting domestic consumption demands and fulfilling development needs, the Minister stated that trade was the major, if not only, current engine of growth for the Sudan. The Minister reviewed a number of recent trade policy reforms including: dismantling monopolies, abolishing import quotas, increasing the competitiveness of public sector companies, reducing bureaucratic red-tape and unnecessary controls and adjusting the exchange rate.

Turning to specifics of the trading relationship between the United States and the Sudan, the Minister commented that the volume of trade between the two countries does not reflect the close ties that have developed over the years. Trade with the United States accounts for only about eight to nine percent of the Sudan's total trade. Major items of export from the Sudan to the United States are gum arabic and hides and skins. The Minister challenged

the Council to explore ways and means of increasing the movement of Sudanese commodities to the United States market. Trade flows from the United States to the Sudan have increased at a greater rate, as a direct effect of increased financing, particularly under the Commodity Import Program. The composition of the Sudan's major imports from the United States has remained basically the same over the past several years, consisting of wheat and wheat flour, machinery and transport equipment, chemicals and manufactured goods.

The Minister concluded his remarks by making two main points -- the Sudanese market has not been fully tapped by U.S. corporations and additional financing is needed to support increased trade. He assured the Council that the Sudan has the potential, will and energy to overcome its present economic problems.

His Excellency Dr. Omer Al-Amin, Minister of Agriculture, Food and Natural Resources, reminding the Council of the Sudan's great potential for agricultural development, outlined the government's strategy, policies and programs for development of that sector. Noting that in the 1970's the government concentrated its development efforts on increasing production of cotton and grain sorghum in a few large-scale irrigation schemes, he informed the Council that this strategy was being adjusted to meet the needs of the 1980's. In the near future the government will concentrate its resources on rehabilitating existing irrigation schemes, rather than starting new ones and on developing supporting infrastructure and distribution systems. Policy reforms, in the areas of production, pricing, marketing and credit, have been critical to the rehabilitation program. The major objectives of these reforms have been to provide adequate incentives to the farmers and to restore profitability to agricultural production. The Minister also pointed out that the rehabilitation program, along with reforms in mechanized and rainfed area programs and in the livestock subsector, were designed to increase the Sudan's exports as well.

Because of financial restraints on the government, the Minister announced that the private sector, both national and foreign, would be expected to take the lead in developing new agricultural projects. The Minister stated that many recent economic policies, including the investment act, pricing and marketing policies, exchange rate adjustments and infrastructure development were aimed at encouraging increased private sector investment in the country. The Minister requested Council members to apply their efforts towards identifying large-scale agricultural projects that could be undertaken by the private sector. He offered the full support and cooperation of his Ministry in this task.

In reply to questions, the Minister admitted that this past year had seen major setbacks to the cotton crop, with problems in production, marketing and pest control. He enumerated further on recent government incentives to farmers which are designed to ensure that a farmer's income will increase with production increases.

His Excellency Sharaf Al-Tuhami, Minister of Energy and Mining, described the government's attitudes and activities towards economic development in this sector. Characterizing energy as an international problem, particularly for third world countries, the Minister cited statistics illustrating the

heavy burden imposed by energy imports. From \$12 million in 1970, the Sudan's energy bill skyrocketed to \$430 million in 1980, representing approximately 90 percent of the Sudan's foreign exchange earnings for this year.

The Minister reviewed the current priorities of the government in the energy field. In power, the aim is to strengthen the National and Blue Nile grids and to add new stations to increase the country's power capacity by 12-15 percent. In petroleum, the major challenge is to develop a distribution system for the petroleum products. In minerals, the government's current strategy is to involve specialized, multinational firms in exploration and processing. In water, the government is looking toward a balance between national and regional responsibility.

U.S. Government Assistance

Mr. Arthur Mudge, director of the AID program in the Sudan, reviewed the Agency's assistance program and compared it to other donor efforts. The AID program, which will reach \$100 million this year, is now the largest U.S. program in sub-Saharan Africa. Other major donors to the Sudan include the IMF, which is the Sudan's largest contributor, providing over \$300 million and the World Bank which will provide from \$120-150 million to the Sudan's economic development this year. Saudi Arabia and other Arab countries also extend sizeable economic assistance to the Sudan.

Mr. Mudge emphasized that because the Sudan is a friendly nation to the United States and because the government is attempting to deal with its economic problems in a constructive manner, the United States is pleased to be able to offer economic support. The portions of AID's program that are responding to balance of payments and budgetary support needs include commodity assistance of \$25 million for the import of wheat and flour (PL 480) and the Commodity Import Program (CIP) of \$50 million for import of spare parts, machinery and equipment. Mr. Mudge announced that 75 percent of the CIP this year has been earmarked for the Sudanese private sector. Additional AID funds are directed toward general development projects in the areas of agriculture, health and road development.

Looking ahead to the next five years, Mr. Mudge indicated that the focus of AID's efforts would be on four major areas: the Commodity Import Program, with increased reliance on the private sector; agricultural production, concentrating on traditional rainfed areas; energy development, with emphasis on assessing future domestic needs and capacity to fulfill those needs; and institutional development, particularly in helping with the government's decentralization program. Mr. Mudge concluded his presentation by noting that the private sector would have a continually increasing role to play in the Sudan's economic development. He welcomed the thoughts of Council members on how AID might assist the Sudanese private sector in this undertaking.

Responding to suggestions by Council members, Mr. Mudge stated that his office would consider looking at AID funding to support private sector feasibility studies; to earmark local currencies for private sector needs; to construct

dual use facilities at Port Sudan (i.e. to import tallow and export edible oils); to assist local small Sudanese businesses, particularly crafts; and to finance management, technical and vocational training and education. He suggested that the Council could be of assistance to AID by identifying constraints to the development of the private sector in the Sudan. He asked the Sudanese and American members of the Council to convey to AID their specific import needs that might be met through the Commodity Import Program.

Turning to the future of AID funding for the Sudan in light of the new administration's financial and budgetary concerns, Mr. Mudge was of the opinion that the political and security importance of the Sudan were likely to be favorable factors in influencing the economic policies of the new Reagan administration toward the Sudan.

Mr. Knost then delivered a message to the Council from Gerald West, acting director, Overseas Private Investment Corporation. In his statement, Mr. West conveyed OPIC's assurance of continued support for the Council and U.S.-Sudanese commercial cooperation. Noting that OPIC support is critical to the continued involvement of U.S. firms in the Sudan, Mr. Knost expressed the concern that changes not be made in OPIC's extension of inconvertibility insurance to the Sudan. Several U.S. Section members reiterated the importance of that program to their own activities in the country.

Presentations by U.S. Corporations

Representatives of two U.S. Section member companies briefed the Council on their companies' activities in the Sudan.

Mr. A. V. Martini, president, Chevron Overseas Petroleum Inc., provided a brief history of the involvement of Chevron in the Sudan, described current exploration activities and future plans. Chevron first began work in the Sudan in 1974. It was not, however, until 1980 that sufficient reserves were found to justify a major petroleum project. Current plans are to build a 10 to 12 inch 550 kilometer pipeline from the Unity fields to Kost, where a mini-refinery is to be built. With an initial capacity of 10,000 b/d and a limited slate of products (diesel and jet fuel and naptha) the plant can be expanded to accommodate 25,000 b/d and a full slate of products at a later date. This project is a joint venture between Chevron and the Sudanese government. Costs are currently estimated at \$115 million for the pipeline, \$90 million for the refinery and an additional \$30-50 million for the required distribution system. Mr. Martini expressed the hope that the refinery would be operational by the middle of 1983, but cautioned that this timetable will depend on the availability of financing. Mr. Martini also indicated that Chevron was continuing its exploration activities in other regions of the country and is planning to bring in a third drilling rig later this year.

Mr. F. C. Schaffer, president, Arkel International, Inc., reviewed the history of the Kenana Sugar Project which is the largest factory in Africa and the largest integrated sugar project in the world. The factory, at full

production, has a cane grinding capacity of 17,000 metric tons per day. Currently 50,000 feddans of Nile-irrigated land are under cultivation and there are plans to expand this area to 80,000 feddans. The factory has a power generating capacity of 40 MW and excess power is being sold to the National grid. Expectations are that, this year, Kenana will produce 150,000 tons of sugar. This production will have a significant impact on the Sudan's balance of payments, resulting in a savings of an estimated \$100 million worth of imported sugar. Industry estimates are that by 1983, the Sudan should be a net exporter of sugar.

Presentation of Task Force Reports

Each of the Council's three task forces: Investment Policy, Trade Facilitation and Project Financing and Promotion met in separate sessions. Summations of these discussions and accompanying recommendations are included elsewhere in this report.

Conclusion

Following the reports of the task forces, the full Council acted to accept their recommendations, as submitted. Responsibility was assigned to each of the sections for follow-up. In closing, the cochairmen expressed their appreciation to the delegates, observers, guests and staff for a successful meeting.

REMARKS

by

H.E. Badr El Din Suliman
Minister of Finance and National Economy

Mr. Chairman, distinguished members of the Sudan-U.S. Business Council, distinguished observers and guests:

On behalf of the Sudan Government I welcome our friends from the United States and wish them a happy stay in our midst. May I also express again our support and appreciation for the serious and constructive role undertaken by your Council.

In this short talk I propose to make a brief comment on certain aspects of our economic strategy, on certain policy measures regarding investment and on our foreign account position. During the first and second quarter of the current fiscal year, external pressures, inflation on both the balance of payments and the budget continued to attack with renewed venom. Until prices were raised twice with retroactive effort, sugar rocketed to an average of one thousand dollars a ton and the wheat flour trading account registered an unprecedented adverse balance of 18 million Sudanese pounds in six months.

On the other hand, it is particularly refreshing to note the achievement projected in our export performance. We hope to achieve this year in non-cotton exports \$547 million as compared to \$255 million last year. This substantial increase is attributed both to volume and price increases alike.

Indeed, the traditional agricultural subsector responded remarkably to the policy measures in the course of the last 18 months particularly the abolition of trading monopolies, adjustment of the exchange rate and the liberalization of foreign trade. These policy measures unfolded and released the great potential and dynamism of this fast production base. We are determined to pursue this strategy with vigor in the traditional subsector and the irrigated subsector as well.

We are now fully aware of the adverse consequences of subsidizing agricultural production of food at the expense of the farmer. The obvious victims of such a measure would be production of exports and ultimately the urban consumer as well.

The pains of the restructuring and adjustment process are immense; bitter corrective and remedial measures are to be administered every now and then in pursuit of adjustment and readjustment to external perils. Safer options do not simply exist, and boldness is the ultimate refuge in this struggle. We have to stick to our guns and carry our fearless program through.

Mr. Chairman, now I propose to turn to the questions of investment policy. I feel obliged to admit that the investment machine is not yet well-oiled, the promotional literature is either unavailable or inadequate.

Strong and imaginative initiative is badly needed in this area. However, new concepts for the encouragement of investment are slowly emerging. I am glad to introduce them for your consideration before final adoption.

Firstly - In certain areas of investment, we propose to extend the concession on customs duties to the importers of plants and machinery instead of restricting the concession to the original investor. In this way, registered and qualified agents can import, for example, poultry farm equipment, meat processing equipment, complete bakeries, artisan workshops, etc., on the same concessions as under the Consolidated Investment Act, and thus capital goods for the small investors will be readily available from the local market.

Secondly - We propose to give private business access to foreign aid programs for their recurrent needs of raw material and spare parts, thus sparing them the difficulties of queueing for foreign exchange. For example, American and Sudanese businesses will have access to the U.S. Commodity Import Program for imports from the United States. The point is to employ assistance programs for the revitalization of the economy and to encourage investment, rather than confining them to government procurement.

Thirdly - We propose to demarcate specific zones of industrial and agricultural plots of land to be held by the Investment Authority, thus sparing the potential investors the difficulties and time delays in obtaining the land.

Fourthly - We propose to encourage with a strong emphasis, food industries, inner-city transport systems, specialized road haulage systems, and export-oriented industry. We plan to work out a special encouragement package in these areas.

Fifthly - We feel the need to employ a specialized agency, probably through the technical assistance program, to advise and implement these proposals.

I now return to the subject of the foreign debt rescheduling. Since November 13, 1979, the date we signed the Paris Club Agreement, bilateral agreements have been concluded with all members of the OECD countries except two with which negotiations are well under way. Repayments under these agreements are being made according to schedule.

Obligations to foreign commercial banks are being ascertained and classified with the help of Morgan Grenfell & Co. of London as advisor to the Bank of Sudan.

In the area of supplier credit, a distinction is being made between credits that have maturities of more than one year and those that have maturities of one year or less. The first category will be rescheduled. The second category will be liquidated gradually.

REMARKS

by

H.E. Farouq Al-Magboul
Minister of Cooperation, Commerce and Supply

Mr. Chairman,

After the clear expose on the state of the Sudanese economy presented by my colleague, the Minister of Finance and National Economy, allow me to thank the organizers of this meeting for providing this opportunity to say a few words on the major aspects of our trade policy.

To start with, the whole effort being launched in this country for economic reform is based on the need to increase production and to boost the country's ability to export in order to provide the goods we need for the home market as well as for the international market. Export provides a vent for surplus and provides the incentive to increase production. If we cannot succeed in reaching these targets we cannot establish the general equilibrium in the economy both domestically and externally nor can we generate the foreign exchange we need to meet our domestic consumption and development requirements. Whatever the arguments extended, foreign trade still remains an engine of growth.

The economic package explained with its fiscal and monetary aspects also includes a dynamic approach to trade matters. We have gone a long way towards liberalizing our trade activities -- monopolies have been dismantled, import quotas have been abolished, and state owned companies have been forced to compete freely without favor or privilege with their counterparts in the private sector. A vigorous export policy has been pursued and individual exports have been given every assistance and support to boost exports in foreign markets by reducing bureaucratic hindrances and unnecessary controls. Price distortions have been corrected both in the form of a realistic exchange rate and in abandoning administrative prices. All these measures have shown, so far, satisfactory results and the producers, who are our main concern, have benefited greatly from the atmosphere of free competition and the advent of market forces. We intend to continue these policies and to implement the cornerstone of the program which is increased production through proper incentives. Needless to say these liberal policies have resulted in a remarkable improvement in the general supply situation in the country. And it is through this supply approach that we foresee overcoming scarcity and reducing the high rate of inflation, which is the worry of all governments at the moment.

Mr. Chairman, the volume of trade between the Sudan and the United States does not reflect the close cordial and friendly relations that have characterized our dealings over the years. The United States' share in our total trade varies from 8 to 9 percent a year. If we look to our exports to the American market, the figures indicate little growth if not stagnation. Moreover, there is a heavy concentration of interest in two items, gum arabic and hides and skins, which represent 70 percent and 20 percent of our total exports to the United States respectively.

Thus, it will be a very important task for this Council to explore ways and means to increase the movement of our commodities to the American market. Alternatively, American businessmen could be involved in investment enterprises which have an export orientation. The resource potential of the Sudan is known to you, what is needed is to tap this potential through identifying investment opportunities and providing the tools and machinery for implementation as well as the appropriate technology to realize this potential. On this point one would venture to advise that probably the best type of joint ventures would be those which carry a comparative advantage, which are competitive in world markets, and which provide forward and backward linkages in the national economy. These are the types of investments which are compatible with our economic program, which would benefit the Sudanese economy, and which, I am sure, would be profitable to the private investor. Regarding our imports from the American market, these have been higher in terms of volume than our exports. For instance, during the last four years the average annual value of our imports from the United States was in the range of about 26 million pounds while the value of our exports averaged about 6 million Sudanese pounds. The pattern of imports has changed through the years depending on the availability of financing from your institutions. In 1976 wheat and flour accounted for about 25 percent of our imports from the United States while machinery and transport equipment accounted for about 50 percent, chemicals, 7.4 percent, and manufactured goods, 6.1 percent. In 1979 the ratios changed in those main items of our imports from the United States. Wheat and flour accounted for 62 percent, machinery and transport equipment for 20 percent, chemicals, 11 percent, and manufactured goods, 3 percent. These ratios have been mentioned to indicate two main points:

-- The ability of the Sudan to absorb more American products has not been fully tapped. In other words, the Sudanese market can absorb much more of what the United States can produce. In particular, food products, manufactured goods, agricultural machinery and transport equipment.

-- To increase our ability to import we need financing to overcome the present temporary imbalances in our external accounts. The trends indicate that when more funds are available under, for instance, PL 480, the value of American agricultural products soars. If additional support were to be provided by the Export-Import Bank and the private commercial banks, flows would increase remarkably.

Thus it is very important when we talk about increasing trade and investment that we take into consideration the means to finance those activities. The Sudan, as any other developing country at this stage of economic development, faces temporary foreign exchange difficulties. We do need the support of our friends as all present developed countries, including the United States, have had full support from abroad at their early stages of economic development. However, we are sure that through your good offices and energetic Council these objectives can be realized. We have the potential, the will and the energy to overcome the present normal problems and be sure that it will not be long when the Sudan will be in a position to also assist other countries in their early stages of development. Thank you.

REMARKS

by

H.E. Omer Al-Amin
Minister of Agriculture, Food and Natural Resources

Mr. Chairman and members of the Council:

May you allow me to express my pleasure in having this first opportunity to address your joint meeting and to have the chance to acquaint and associate myself more closely with the activities and functions of the Council.

My concern, Mr. Chairman, stems from the aspiration we attach to this Council, and the great hopes we hold that it realize its role in achieving closer cooperation between the businessmen in our two countries, and in opening avenues for joint activities for investment and development of our resources.

Mr. Chairman, I understand that, in the course of activities of the Council, and its joint meetings, my predecessor and colleagues have explained the great potential of agricultural development in the Sudan, and have outlined the strategy, policies and programs for the development of the agricultural sector.

I, therefore, take it that members of the Council are aware of the dominance of agriculture in the national economy of the Sudan, which is signified by its contribution to 40 percent of the GDP, 95 percent of exports, and by its support, 80 percent of the population. In effect, this dominance has come as a national development of the vast resources endowment, and potential of 200 million acres of arable pasture land, 60 million acres of tropical forests and 50 million head of livestock. This is supported by the availability of water for irrigation from rainfall and the Nile basin, together with a variety of climatic conditions that allow for a wide range of farming systems.

In spite of these diverse resources, our development efforts up to the 1970s were directed towards increasing cotton production, and the production of grain sorghum. All investments and foreign inputs were concentrated in a few large-scale irrigated schemes, namely,

- The Geizra Scheme, 2.1 million acres;
- The Blue and White Nile Pump Schemes, 0.7 million acres;
- New Halfa Scheme, 0.4 million acres;
- Some rainfed mechanized areas, 3.8 million acres.

In addition, the traditional sector has contributed to the production of 50 percent of the grains and oil seeds, and to the production of all the livestock and gum arabic. These products from the traditional sector contribute over 30 percent of the total export earnings.

In the beginning of the 1970's the country adopted a development strategy, designed to conserve and maximize the utilization of its national resources, with emphasis on the independent role of the farmer. In this respect, the agricultural sector was called upon to work towards achieving self-sufficiency in food crop production, promotion of exports, substitution of agricultural imports, and to achieve integrated rural development through development and modernization of the traditional agricultural sector.

In the course of our development plans during the past decade, the agricultural sector has grown by adding 3.3 million acres under cropping, of which 2.8 million are under rainfed, and 500,000 acres are under irrigation. Of the latter, we were able to erect the 90,000 acre Suki Scheme, the 300,000 acre Rahad Scheme and the 60,000 acre Sennar & Assalya Sugar Plantation.

The private sector also has been encouraged, and has actually involved itself, in large-scale private schemes, as exemplified by the following:

- The Damazine Animal Production project, 500,000 acres -- a Kuwaiti/Sudanese investment;
- The El Waha project, 40,000 acres -- a Kuwaiti/Sudanese investment;
- The El Seleil project, 30,000 acres, a multinational investment, a mainly Sudanese investment;
- The Kenana Sugar Plantation, 90,000 acres -- a multinational investment.

Important progress has been made also in the livestock subsector, through the creation of two important institutions, the Animal Production Corporation, and the Livestock and Meat Marketing Corporation. A project to improve meat marketing mechanisms, involving transportation of livestock, quarantines and abattoirs, is now under execution.

These and other achievements towards the development of the agricultural sector have not, however, been able to keep pace with our national needs and aspirations. In view of this and the problems and limitations facing the economy of the Sudan, the government recently has reviewed the agricultural development programs and made adjustments in targets and priorities. In the new program, top priority is being given to the rehabilitation of the existing irrigated schemes, and to the development of infrastructure and services.

The rehabilitation program consists of short-term measures to check the deterioration in the physical stock in large-scale irrigated schemes by providing irrigation and agricultural machinery and improving the infrastructure.

Programs for rehabilitation of the Gezira Scheme, New Halfa, Blue and White Nile and Rahad Schemes, have been drawn up at a total cost of \$338 million. The money is being made available through credits from IDA, the African Development Bank and the International Fund for Agricultural Development (IFAD), EEC and the government of the Sudan.

The implementation of the first agriculture rehabilitation program started in June of 1980, the second phase started in February 1981, and two others are planned to follow in July of 1981.

These programs have been accompanied by policy reform measures in the areas of production relationships, pricing and marketing policies, and credit extension. The major objectives of these measures are to provide rewarding incentives to the farmers and to restore profitability and credibility to agricultural production. Other mid-term programs are being designed for complete rehabilitation of the irrigated subsector to ensure full utilization of its capacities.

This program, together with others for the promotion of production in the mechanized and traditional rainfed subsector, and the livestock subsector, are aimed at promoting exports during this decade. The objective is to restore the balance of payments by 1990, and to increase the volume of exports by 7 percent annually during this ten-year period.

In light of the magnitude of the financial commitment to these programs, public investment in new agricultural projects will be rather restricted. It is envisaged that the private sector, national and foreign, would take the main role in investing in new agricultural production projects, in the areas of crop production, animal production and agribusiness.

In this connection, Mr. Chairman, I would like to mention that the measures so far taken by the government in the areas of revision of the Investment Promotion Act, pricing and marketing policies, exchange rate adjustments, and the investment on infrastructure, notably power and transport, are aimed at promoting private investment.

These measures should help in the implementation of projects identified so far and studied by the Council, and should help to broaden the scope for identification and implementation of further projects.

However, we feel that what has been identified in the field of agriculture is rather meagre in light of other potential and expectations. Our expectation is to increase our grain production from 3 million tons to 25 million tons, to increase our oil seed production from 1.5 million to 10 million tons, and to make full utilization of the livestock wealth. This requires investment in large-scale projects commanding hundreds of thousands of acres, and providing for advanced technology and large-scale farming.

However, Mr. Chairman, it is always important to make a start, and I hope that our start will not be delayed any longer, and I would assure the members of the Council that we, in the Ministry of Agriculture, will avail our efforts and services to promote the functions of this Council.

Thank you very much.

REPORT OF THE INVESTMENT POLICY TASK FORCE

Richard W. Wheeler, senior vice president, International Banking Group, Citibank, from the American Section, and Mohamed El Makawi Mustafa, Star Knitwear Company, from the Sudanese side, cochaired the meeting. A full list of task force participants is included in this section.

Mr. Mustafa brought task force members up-to-date on implementation of the new Sudanese Investment Act and the government's efforts to organize the General Secretariat for Investment (GSI). According to Mr. Mustafa, while there are a number of versions of the English translation of the Act in circulation, apparently agreement has not been reached on an official version. Task force members agreed that the Sudanese government should be encouraged to finalize an accurate English translation of the Act as soon as possible.

Task force members were informed that the GSI is in the process of developing implementing regulations to the Act. This process is of particular concern to the Council because there are a number of provisions in the Act that the Council strongly believes need to be clarified. These provisions deal with issues concerning exemption from business profit tax, maintenance of foreign currency accounts, cancellation of licenses and privileges, and arbitration procedures.

The task force members felt that it was important to reextend the Council's offer of assistance in connection with dissemination of the Encouragement of Investment Act to the Sudanese government and in addition to offer to provide assistance and counsel in the preparation of supporting documents and pamphlets.

The role of the Sudanese private sector in the Sudan's economic development was discussed and it was agreed that such public/private sector cooperation, as that in the AID Commodity Import Program (CIP) set aside for private sector use, was a positive step. It was stressed that the private sector should be involved in discussions with the Sudanese government concerning disposition of these funds.

The following recommendations were presented to and accepted by the full Council.

Recommendations of the Investment Policy Task Force

Recommendation 1: Continue to communicate with the Minister of Finance and National Economy, the Deputy Minister and Secretary General Wahab about the five principal points and the subsidiary recommendations contained in the memorandum formalized at the October 5-6, 1980 joint executive committee meeting of the Council. It is expected that those points which are not ones of translation will be covered in the implementing regulations.

Responsibility for Follow-up: Sudanese Section

Recommendation 2: Clarify, under the Encouragement of Investment Act, the eligibility for tax exemption of branch operations performing, for example, as a subcontractor to a project of an original investor approved under the Act. Clarify also the eligibility of branch operations, in general, for benefits granted under the Act.

Responsibility for Follow-up: Sudanese Section

Recommendation 3: Reiterate the Council's offer of assistance to the Sudanese government to disseminate the Investment Act in the United States, to assist in the training of government personnel, and, if requested, to provide counsel and assistance in the preparation of supporting documentation and pamphlets.

Responsibility for Follow-up: U.S. Section

Recommendation 4: Continue to offer to serve as a clearinghouse of comments arising from the experience of investors dealing with the new Investment Act.

Responsibility for Follow-up: Sudanese Section -- Collect information on investment approvals under the law published in the Government Gazette, to contact firms.

U.S. Section -- Contact U.S. firms receiving approval under the law.

Recommendation 5: Encourage the involvement of the Sudanese private sector in discussions with the Sudanese government regarding the decisions concerning the allocation of the private sector share of the AID Commodity Import Program.

Responsibility for Follow-up: Sudanese Section

Recommendation 6: Support the Minister of Finance and National Economy's proposal to obtain technical assistance for the implementation of the Encouragement of Investment Act. Suggest to the Sudanese government that it seek such technical assistance and staffing from an investment or commercial banking firm financed with AID, or similar funds.

Responsibility for Follow-up: Sudanese Section -- Explore idea further with Sudanese government officials, determine exact requirements.

U.S. Section -- Explore possible U.S. sources of financing.

Recommendation 7: Clarify the import of the specific remarks by the Minister of Finance and National Economy regarding customs duties, industrial and agricultural zones, and the means whereby investment could be encouraged in certain specific industry sectors.

Responsibility for Follow-up: Sudanese Section

INVESTMENT POLICY TASK FORCE

Participants

Cochairmen:

Richard W. Wheeler (Citibank)
Mohamed El Makawi Mustafa (Star Knitwear Company)

Members:

Frank Briber (Allis-Chalmers)
A. V. Martini (Chevron Overseas Petroleum Inc.)
Fouad Ahmed Mekki (Mekki Manufacturing Group of Companies)
J. R. Smith (Mobil Oil Egypt)
Hassab El Rasoul Mohamed Ahmed El Tayeb (Hassabo & Co.)
Norman Vander Clute (Surrey & Morse)
John D. Wilson (The Chase Manhattan Bank)

REPORT OF THE TRADE FACILITATION TASK FORCE

Richard Hobbs, vice president, International Marketing, Teledyne Inc., from the American Section and Mohamed Khogali, Sudanese Investment and Consultations Co., Ltd. from the Sudanese Section, cochaired the task force meeting. R. S. Stevenson, director, Middle East and Africa Operations, Ingersoll-Rand, served as rapporteur. A full list of participants is provided following the task force report.

The task force reviewed the trade-related action points from the October joint executive committee meeting. Based on the U.S. Section report, it was agreed that no further action was required concerning changing the present shipping conference and agreement arrangements between the United States and the Sudan. In the ensuing discussion it was emphasized that a major obstacle to increased trade between the two countries is the constant congestion and delays at Port Sudan. The main blockage appears to be when goods are off-loaded into the warehouse system. Sudanese Section members suggested that if importers anticipate vessel arrivals, have all required documentation completed and arrange for transfer of goods directly to trucks, their delays are minimal. U.S. and Sudanese participants agreed that the Sudanese government needs to be continually reminded as to the importance of upgrading and modernizing Port Sudan facilities.

The Sudanese Section presented its report on quality control problems experienced by certain Sudanese exports entering the United States market. Major export items requiring U.S. quality control information were identified as follows: cottonseed, ground nuts, sesame seed, mill sorghum, castor seed, karkadeh, senna pods and leaves, hides and skins, melon seeds and gum arabic. It was felt by the Sudanese Section that these commodities provide the highest potential for increased sales to the United States.

The task force participants discussed other major factors limiting trade between the two countries. It was agreed that since U.S. trade with the Sudan depends in large part upon export credit insurance, such as that provided by the Eximbank, the Council should endeavor to encourage resumption of Eximbank services to the Sudan. The criteria for such resumption, as outlined by Eximbank officials at the Council's October meeting, were reviewed for the benefit of the participants.

The following recommendations were presented to and accepted by the full Council.

Recommendations of the Trade Facilitation Task Force

Recommendation 1: Approach appropriate U.S. regulatory agencies and/or importer associations to obtain specifications for certain commodities for which a potential for increased sales to the United States exists.

Responsibility for Follow-up: Sudanese Section -- Define, with the Sudanese Gum Arabic Company, assistance needed to increase sales to the United States.

U.S. Section -- Contact appropriate government agencies and private sector associations to determine quality control standards for other commodities exported by the Sudan.

Recommendation 2: Continue Council involvement to seek resumption of Eximbank services to the Sudan.

Responsibility for Follow-up: Sudanese Section -- Convey to the Minister of Finance and National Economy the importance of reaching an agreement with Eximbank on outstanding financial obligations of the Sudanese government.

U.S. Section -- Encourage the Eximbank to negotiate rapidly on reaching an agreement with the Sudan and to look favorably on resumption of credit facilities to the Sudan.

TRADE FACILITATION TASK FORCE

Participants

Cochairmen: Richard Hobbs (Teledyne Inc.)
Mohamed Khogali (Sudanese Investment and Consultations
Co., Ltd.)

Rapporteur: R. S. Stevenson (Ingersoll-Rand)

Members: Mohamed Abdel Karim Abbas (Sudan Mercantile)
Mohamed Ahmed El Dabi (Sudanese Textile Machinery Agency)
Myron Isherwood (ABA International)
Abdullah Idris A. Karim (Commercial Development Enterprises)
A. P. Marshall (Massey-Ferguson)
Hassan Mohamed Salih El Mek (Pacific Trading Co.)
Abdel Rahman Shams El Din (Gezira Trade & Services Company,
Ltd.)

Special Guests: M. O. Hanafi (Ministry of Commerce)
O. A. Omar (Ministry of Commerce)

REPORT OF THE PROJECT FINANCING AND PROMOTION TASK FORCE

Carl J. Bazarian, managing director, East-West Group, Ltd., from the American Section and Dr. Mustafa Bedawi Bashir, Animal Public Production Corporation, from the Sudanese side cochaired the meeting. William Chapman, Land and Government Relations, Chevron Overseas Petroleum Inc., served as rapporteur. A full list of attendees follows this task force report.

The U.S. and Sudanese Sections reviewed their respective action items assigned at the October 1980 joint executive committee meeting. Two special guests of the U.S. Section, Dr. Delmer Dooley, executive director, and John Sutton, president of the Near East Foundation, were introduced by Mr. Bazarian. Dr. Dooley described the Foundation's activities in providing technical assistance for agricultural projects in developing countries. He emphasized that, although NEF had not yet undertaken any projects in the Sudan, the board of directors was interested in becoming involved. Task force members arranged to set up interviews in Khartoum for the Near East Foundation representatives with appropriate Sudanese government officials. Task force members also urged NEF to give consideration to sponsoring projects in the private as well as the public sector.

The Sudanese Section presented its report in which specific projects were identified as having a high potential for some type of involvement by U.S. firms. A summary of these projects is provided following this task force report. The majority of the discussion focused on defining a mechanism to promote these projects in the United States and to identify additional projects in the Sudan. In the ensuing discussion the following points were raised:

- Project and feasibility fund financing remain critical problems in attracting U.S. firms to the Sudan; therefore all available funding sources should be pursued including AID, TDP and the World Bank.
- The U.S. Section of the Council should be expanded to include more agribusiness firms since this is the sector with the most number of identifiable projects.
- There is a need for discretion and objectivity on the Sudanese side in identifying projects and transmitting this information to the United States. Competition is very keen among the Sudanese Section members. It was pointed out that project identification should not be limited to Council members but should include any member of the Sudanese business community with a viable project.

The following specific recommendations were presented to and accepted by the full Council.

Recommendations of the Project Financing and Promotion Task Force

Recommendation 1: Support the efforts of the Near East Foundation to provide technical assistance for agribusiness projects, both private and public.

Responsibility for Follow-up: Sudanese and U.S. Sections

Recommendation 2: Recognize the importance of adding U.S. agribusiness firms to the Council's U.S. Section membership.

Responsibility for Follow-up: U.S. Section -- undertake membership drive.

Recommendation 3: Establish, on the Sudanese side, a full-time staff to assume direct responsibility for promoting potential joint venture projects identified by any Sudanese company or individual.

Responsibility for Follow-up: Sudanese Section

Recommendation 4: Continue to maintain close ties with U.S. financing facilities, such as AID, OPIC and Eximbank.

Responsibility for Follow-up: U.S. Section -- through regular briefings on Council activities and discussion of specific issues affecting U.S.-Sudanese commercial relations.

Recommendation 5: Identify appropriate U.S. companies for the project profiles presented at the meeting.

Responsibility for Follow-up: U.S. Section

PROJECT FINANCING AND PROMOTION TASK FORCE

Participants

Cochairmen: Carl J. Bazarian (East-West Group, Ltd.)
Mustafa Bedawi Bashir (Animal Public Production Corporation)

Rapporteur: William Chapman (Chevron Overseas Petroleum, Inc.)

Members: Nabil Labib AlNour (Molasses Products)
S. M. Akeyson (Bechtel, Inc.)
Idris Abdalla El Banna (Sudanese-Saudi Agriculture and
Meat Production Company (SSAMPCO))
W. J. Chodin (Pullman-Kellogg)
David Creahan (Sudan-Ren Chemicals and Fertilizers, Ltd.)
Edward C. Dobbs (American International Underwriters)
Mahmoud Ahmed Giha (Giha Group)
Tracy Park (Tenneco Inc.)
Taha El Roubi (Taha El Roubi & Co.)
Mahgoub Suliman (Giha Group)
Abu Agla Yousif (Skylab International)
Ahmed Izz El Arab Yousif (Industries Association)

Special Guests: Delmer Dooley (Near East Foundation)
Larry Nelsen (U.S. Embassy)
John Sutton (Near East Foundation)

PROJECT FINANCING AND PROMOTION TASK FORCE

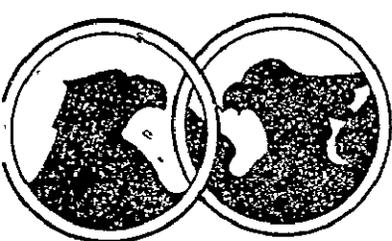
Projects List

The following projects have been identified by the Sudanese Section as offering opportunities for involvement by U.S. companies. For further information please contact the secretariats of either Section

<u>SECTOR</u>	<u>PROJECT TITLE</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>NEEDS</u>
AGRICULTURE	1. Sudanese Agriculture and Animal Production Company	Production of mutton through fattening 140,000 sheep and beef production from fattening 40,000 head of cattle yearly for export to Middle East countries	Project started in 1977 - irrigation in place	Joint venture partner, financing
	2. Gezira Agro-Industrial Project	Production of poultry, beef, dairy production on 13,000 feddans	Prefeasibility study	Financing, technical assistance
	3. Peanut Processing and Pressing	No details	Feasibility study	Financing, technical assistance
	4. African Plantation Company	Production of sorghum, sesame, cotton and maize on 44,000 feddans	Land secured	Joint venture partner, financing
	5. Green Valley	Production of cotton, ground nuts, sesame, animal production on 100,000 feddans	Land secured, some irrigation works tendered for	Joint venture partner, financing
	6. Singa Mechanized Farm Cropping	Production of sesame and sorghum on 40,000 feddans	Conceptual stage	Financing and technical assistance for feasibility study
	7. Kordofan Ranch for Desert Sheep	Production and breeding of desert sheep	Conceptual stage	Financing and technical assistance for feasibility study

SECTOR	PROJECT TITLE	DESCRIPTION	STATUS	NEEDS
	8. Sudanese Poultry and Animal Products	Production of eggs, broilers, pasteurized milk and milk by-products, vegetables, and fruits; high quality meat from fattened calves and lambs; all for local consumption and for export. Pilot scheme -- 100 feddans, project area 1,200 feddans	Industrial approval gained	Financing and technical assistance for feasibility studies
	9. Kordugelli Project	Intensive animal production including milk, beef and vegetables on 1,700 feddans	Land secured, feasibility study completed	Joint venture partner; financing
	10. Rita Food Stuff Factory	Agricultural and animal production, agricultural processing, dairy production	Land secured	Financing, feasibility study
INDUSTRY	11. Blended Cotton Polyester Fabrics	Production of 9.8 H meters of blended fabrics from 12,500 spindles, 420 looms and dyeing unit	Land secured, feasibility study, license from Ministry of Industry	Financing
	12. Particle Board Production	Production of boards from by-products of sugarcane (bagasse)	Land secured, feasibility study, license from Ministry of Industry	Financing (Sudanese & European partners obtained)
	13. Production of Pharmaceutical and Medicinal Herbs	Commercial production for industrial processing and export	Conceptual stage	Financing and technical assistance for feasibility study
	14. Processing of Carbonated Water	All types of carbonated bottled drinks	Conceptual stage	Technical assistance for feasibility study, financing, joint venture partner
	15. Production of Building Materials	Production of cement and related products	Conceptual stage	Technical assistance for feasibility study, financing, joint venture partner

<u>SECTOR</u>	<u>PROJECT TITLE</u>	<u>DESCRIPTION</u>	<u>STATUS</u>	<u>NEEDS</u>
TRANSPORT	16. Truck Transport	Heavy truck transport	Conceptual stage	Financing and technical assistance for feasibility study
	17. River Transport	Supply of ferry boats for transport of trucks between Jeddah and Port Sudan.	Conceptual stage	Financing and feasibility study
POWER GENERATION	18. Power Generation	Utilization of solar energy for the generation of electricity, irrigation and refrigeration purposes	Conceptual stage	Feasibility study, financing



SUDAN-U.S. BUSINESS COUNCIL

INTERNATIONAL DIVISION
CHAMBER OF COMMERCE OF THE UNITED STATES

1615 H Street, N.W.
Washington, D.C. 20062
Telephone: 202-659-3058

Telex: RCA248302 (Int'l)
TWX 710 822 9382 (Domestic)
Cable: COCUSA

February 1981

U.S. Section Members

- * Homer Knost, CHAIRMAN
Chairman of the Board
Arkel International, Inc.
P. O. Box 1415
Baton Rouge, Louisiana 70821
504-387-5233
- * A. V. Martini, VICE CHAIRMAN
President
Chevron Overseas Petroleum Inc.
575 Market Street
San Francisco, California 94105
415-894-0451
- * Carl J. Bazarian
Managing Director
East-West Group, Ltd.
One Palmer Square
Princeton, New Jersey 08540
609-921-8658
- Hans J. Becherer
Vice President, Export Marketing
Deere & Company
John Deere Road
Moline, Illinois 61265
309-752-8000
- * Ralph H. DeSha, Sr.
President
Protein Foods Corporation Limited
P. O. Box 1545
Gainesville, Georgia 30501
404-534-3514
- * Member of the Executive Committee
- Francis G. Foster, Jr.
Vice President
International Banking Department
The First National Bank of Chicago
One First National Plaza
Chicago, Illinois 60670
312-732-6240
- J. Wayne Fredericks
Executive Director - International
Governmental Affairs
Ford Motor Company
1345 Avenue of the Americas
New York, New York 10019
212-265-2790
- Paolo Fresco
Vice President and General Manager
Africa/Middle East Area Business
Division
General Electric Company (USA)
32 Lowndes Street
London SW1X 9HX, England
01 235 8010
Telex: 917423 AMEGED
- Donald Furlong
Vice President and Corporate Marketing
Manager
Bechtel Inc.
Box 3965
San Francisco, California 94119
415-768-7093
- James H. Gill, Jr.
Attorney at Law
Gill Bankston and Morgan
P. O. Box 14236
Baton Rouge, Louisiana 70898
504-927-6800

Joachim Grube
Executive Vice President
Grube-Zimmer Inc.
2040 S.W. Jefferson Street
Portland, Oregon 97201
503-221-0150

H. H. Hamilton
President
N-Ren Corporation
McCullough Street
Cincinnati, Ohio 45226
513-871-8800

William Harrison
Managing Director
International Business Associates
2520 Austin National Bank
Tower Building
Austin, Texas 78701
512-474-1236

* Oliver K. Hobbs
President
Hobbs-Adams Engineering Company
1100 Holland Road
Suffolk, Virginia 23434
804-539-0231

Richard Hobbs
Vice President - International
Marketing
Teledyne Inc.
1501 Wilson Boulevard
Suite 900
Arlington, Virginia 22209
703-522-2550

J. R. M. Hutcheson
Vice President
Asbestos Fiber Division
Johns-Manville Corporation
P. O. Box 1500
Asbestos P.Q. Canada, J1T 3N2
819-875-5434

Phillip S. Hyatt
Manager, Middle East Operations
Xerox Corporation
3 Pickwick Plaza
Greenwich, Connecticut 06830
203-622-4747

Paul E. Johnson
Corporate Vice President - Special Markets
International Harvester Company
401 North Michigan Avenue
Chicago, Illinois 60611
312-836-2000

D. G. Kettering
President
Massey-Ferguson International
1901 Bell Avenue
Des Moines, Iowa 50315
515-247-2011

Leo Kramer
President
Kramer & Associates
1225 Connecticut Avenue, N.W.
Suite 609
Washington, D.C. 20036
202-296-0230

Monro B. Lanier
Vice President - East
USS Engineers and Consultants
600 Grant Street
Pittsburgh, Pennsylvania 15230
412-433-6538

Henry F. LeMieux
Chairman of the Board and President
Raymond International Inc.
P. O. Box 27456
Houston, Texas 77027
713-623-1451

W. H. McCullough
Vice President and Group Executive
Petroleum Group
Texas Eastern Corporation
P. O. Box 2521
Houston, Texas 77001
713-759-3900

Robert L. Parker, Jr.
President and Chief Operating Officer
Parker Drilling Company
Parker Building
Third and Main
Tulsa, Oklahoma 74103
918-585-8221

Carlos Quezada
 Senior International Negotiator
 Union Texas Petroleum Corporation
 P. O. Box 2120
 Houston, Texas 77001
 713-960-7500

Eugene A. Renna
 President
 Mobil South Inc.
 150 East 42nd Street
 New York, New York 10017
 212-883-2911

Wayne Richardson, Jr.
 President and Chief Executive
 Officer
 ABA International
 P. O. Box 3674
 Honolulu, Hawaii 96811
 808-523-5479

John J. Roberts
 Chairman and Chief Executive
 Officer
 American International Underwriters
 70 Pine Street
 New York, New York 10005
 212-770-6488

* David Rockefeller
 Chairman of the Board
 The Chase Manhattan Bank
 One Chase Manhattan Plaza
 New York, New York 10081
 212-522-3255

David C. Scott
 Chairman, Chief Executive Officer
 and President
 Allis-Chalmers Corporation
 Box 512
 Milwaukee, Wisconsin 53201
 414-475-3822

* Wilton E. Scott
 Director
 Tenneco Inc.
 P. O. Box 2511
 Houston, Texas 77001
 713-757-4251

* Frank K. Shipman
 Executive Vice President
 Pullman-Kellogg
 Three Greenway Plaza East
 Houston, Texas 77046
 713-960-2085

Boris Sokoloff, Jr.
 Chairman
 Union Carbide Africa and Middle
 East, Inc.
 270 Park Avenue
 New York, New York 10017
 212-551-6168

* Norman Vander Clute
 Partner
 Surrey & Morse
 1156 15th Street, N.W.
 Washington, D.C. 20005
 202-331-4050

E. P. Walsh
 President
 Waterman Steamship Corporation
 120 Wall Street
 New York, New York 10005
 212-747-8550

Richard D. Wendeborn
 Executive Vice President
 Ingersoll-Rand Company
 200 Chestnut Ridge Road
 Woodcliff Lake, New Jersey 07675
 201-573-3391

* Richard W. Wheeler
 Senior Vice President
 International Banking Group
 Citibank
 399 Park Avenue
 New York, New York 10043
 212-559-8211

Harold A. Willett
 Managing Director
 Cane Machinery and Engineering Co., Inc.
 P. O. Box 968
 Thibodaux, Louisiana 70301
 504-447-7285

Kathryn Young, EXECUTIVE SECRETARY
Associate Director
Middle East Affairs
International Division
Chamber of Commerce of the
United States
1615 H Street, N.W.
Washington, D.C. 20062
202-659-3057

February 1981

Sudanese Section Members

Fath El Rahman El Bashir, CHAIRMAN
Sharaf Group
P. O. Box 1701
Khartoum
Tel: 78668/78911
Tlx: 280 SHARAF KM

Mohamed Khogali, VICE CHAIRMAN
Sudanese Investment and Consultations
Company, Ltd.
P. O. Box 1887
Khartoum
Tel: 81531
Tlx: 371 KM

Mohamed Abdel Kareem Abbas
Sudan Mercantile
P. O. Box 2434
Khartoum
Tel: 81011/81015/81016
Tlx: 564 A/B MAKTRADE KM

Abdel Hafez Mahmoud Ahmed Abdalla
Mahmoud Ahmed Abdalla and Sons
P. O. Box 2425
Khartoum

Mohamed Salih Abdalla
Spinning & Weaving Corporation
P. O. Box 765
Khartoum
Tel: 74603

Rahamtalla Abdalla
Rahamtalla Abdalla Enterprises.
P. O. Box 446
Khartoum

Mohamed Ahmed Abdel Rahim
Mohamed Ahmed Abdel Rahim Enterprises
P. O. Box 356
Khartoum

Taha Mekkawi Abdel Rahman
The Niles Mugran Agencies
P. O. Box 1309
Omdurman

Abdel Salam Osman Abdel Salam
El Badrain Company
P. O. Box 2386
Khartoum
Tel: 70979/80582
Tlx: 391 KM

Mohamed Ibrahim Abdo
The Axis Trading Corporation
P. O. Box 1547
Khartoum

Abdel Aziz Osman Abu Affan
Sudanese Tourist Agency
P. O. Box 769
Khartoum
Tel: 72119/70949
Tlx: 272 KM

Mahgoub Mohamed Ahmed
Mahgoub Mohamed Ahmed and Company
P. O. Box 577
Khartoum
Tel: 77912/76829
Tlx: 602 MAHGOUBCO KM

Yousif Zaki Sid Ahmed
Sharaf International
P. O. Box 1701
Khartoum
Tel: 81773
Tlx: 280 SHARAF KM

Ali Abdel Hameed Ali
Leather Industries Corporation
P. O. Box 1639
Khartoum
Tel: 79260/78183
Tlx: 289 KM

Ahmed El Tigani Ali
Tigani Worldwide Organization
P. O. Box 936
Khartoum

Hassan Yousif El Ashie
Hafez El Sayed Elberbari
P. O. Box 760
Khartoum
Tel: 44894/41691
Tlx: 469 EKHLAS KM

Ismail Mohamed Bakhiet
Sudan Shipping Line Ltd.
P. O. Box 1731
Khartoum
Tel: 76802
Tlx: 562 KM

Mustafa Bedawi Bashir
Animal Public Production
Corporation
P. O. Box 624
Khartoum
Tel: 77093

Osman Ahmed El Bereir
El Bereir Engineering Company
P. O. Box 68
Khartoum

Osman Bileil
El Rahad Agricultural Corporation
P. O. Box 2523
Khartoum

Mohamed Ahmed El Dabi
Sudanese Textile Machinery Agency
P. O. Box 34
Omdurman
Tel: 55348/53392
Tlx: 423 MADABI KM

Ibrahim Elias
Ibrahim Elias Enterprises
P. O. Box 360
Khartoum

Sherif Saeed Fadl
Sherif Trading Organization
Khartoum

Khalid Farah
The Sudanese Investment Bank
P. O. Box 2775
Khartoum
Tel: 71746
Tlx: 674 SIBANK KM

Abdel Kareem Hussein Gafar
Abdel Kareem Hussein Gafar Enterprises
El Sheikh Must-fa Al Amin Building
Khartoum
Tel: 79470/79438

Hassan Ganjary
Transarabia
P. O. Box 1785
Khartoum

Mohamed Ahmed Giha
Giha Group of Companies
P. O. Box 6174
Khartoum
Tel: 33668/33250
Tel: 605 GIHA KM

Khalifa Idris Habbani
Khalifa Habbani Enterprises
P. O. Box 1528
Khartoum

Ali Mohamed El Hassan
Abbersi Transport Company, Ltd.
P. O. Box 1190
Khartoum

Abdel Muttalab Ibrahim Hassan
Saudi-Sudanese Engineering and
Contracting Company, Ltd.
P. O. Box 1405
Khartoum
Tel: 42489

El Tigani Hassan Hilal
Hilal Shoes Manufacturing Company
P. O. Box 612
Omdurman
Tel: 54227/54751

Ali Mohamed Ibrahim
Ali Mohamed Ibrahim Enterprises
P. O. Box 492
Khartoum

Hassan Ahmed Ibn Idris
Kordofan Development and
Trading Company, Ltd.
P. O. Box 1749
Khartoum
Tel: 81257/74760

Fouad Abu El Illa
Abu El Illa Trading Company
P. O. Box 121
Khartoum

Avo Sarkis Izmirlian
Izmirlian Corporation
P. O. Box 112
Khartoum
Tel: 70981/74584
Tlx: 305 KM

Abd El Fatah El Kareem
General Corporation for
Electricity and Water
Khartoum

El Tigani Omer El Karib
El Karib and Medani Company
P. O. Box 470
Khartoum

Zaki Sir El Khatim
Ministry of Commerce and Supply
Khartoum

Nagm El Din Zuhair El Magboul
Magboul Brothers Corporation
P. O. Box 1593
Khartoum
Tel: 76425/72583
Tlx: 377 KM

Adli Abd El Mageed
Sharaf Mining Company, Ltd.
P. O. Box 1701
Khartoum

Mohamed Idris Mahmoud
El Wafa Export and Import Company
P. O. Box 2140
Khartoum

Hussain Ahmed Maki
Samki Trade and Investment Company
P. O. Box 260
Khartoum
Tel: 71190/81233
Tlx: 357 KM

Fouad Ahmed Makki
Makki Manufacturing Group of
Companies
P. O. Box 260
Khartoum
Tel: 34028/34177
Tlx: 357 KM

Ali Ibrahim Malik
Malik Manufacturing Company, Ltd.
P. O. Box 1602
Khartoum

Hassan Ibrahim Malik
Arak-Hotels Company, Ltd.
P. O. Box 732
Khartoum

Abdel Gadir Mansour
Sudan Commercial Bank
P. O. Box 1162
Khartoum

Hassan Mohamed Salih El Mek
Pacific Trading Company
P. O. Box 1401
Khartoum
Tel: 74078/74265
Tlx: 291 KM

Hassan Ahmed Mekki
Sudan Industrial Bank
P. O. Box 1722
Khartoum
Tel: 71984/71223
Tlx: 456 KM

Ismail El Misbah Mekki
S. K. Construction and
Contracting Company, Ltd.
P. O. Box 1873
Khartoum

Mohamed Omar Mirgani
Sharaf Engineering Company, Ltd.
P. O. Box 1701
Khartoum

Abdel Baghi Mohamed
Sahara Engineering Company
P. O. Box 2220
Khartoum

Abdel Hafiz Abdel Moniem
The United Trading and
Manufacturing Company
Khartoum
Tel: 71634

El Bagir Yousif Mudawi
Faisal Islamic Bank
P. O. Box 606
Khartoum

Ali Musa
Sudan Airways
El Gamhouria Avenue
Khartoum

Al Amin El Sheikh Mustafa
El Sheikh Mustafa El Amin and
Sons Company
P. O. Box 2280
Khartoum

Mohamed El Makawi Mustafa
Star Knitwear Company
P. O. Box 341
Khartoum
Tel: 75569/81122
Tlx: 651 BARHOM KM

Nabil Labib Al Nour
Molasses Products
P. O. Box 193
Khartoum

Ahmed H. El Nur
S. K. Construction and Contracting
Company, Ltd.
P. O. Box 1873
Khartoum

Awad El Karim Osman
Bank of Sudan
P. O. Box 313
Khartoum
Tel: 78064

Sid Ahmed Osman
Agricultural Bank of the Sudan
P. O. Box 1363
Khartoum
Tel: 77432
Tlx: 610 KM

Taha El Sayed El Roubi
Taha El Roubi and Company
P. O. Box 467
Khartoum
Tel: 71308/70539
Tlx: 293 KM

Saghairoun El Zain Saghairoun
Public Corporation for Irrigation
Works and Earth Moving
P. O. Box 6190
Khartoum
Tel: 71248/71298

Mohamed El Munawar Salah El Din
Munawar Enterprises
P. O. Box 2123
Khartoum

Joseph Kastaki Sabbert
Sabbert & Sons
P. O. Box 615
Khartoum

Izz El Din El Sayed
Sudan Insurance and Reinsurance Company
P. O. Box 2332
Khartoum
Tel: 76381
Tlx: 292 KM

Abdel Rahman Shams El Din
*Gezira Trade and Services
Company
P. O. Box 211
Khartoum

Yousif Shebeika
Shebeika Brothers Company, Ltd.
P. O. Box 100
Khartoum
Tel: 74452
Tlx: 307 YABASSIT KM

Babiker Mohamed Babiker Shouna
Arab Trading and Shipping Company
P. O. Box 440
Port Sudan

Mohamed El Gali Suliman
Sugar and Distilling Corporation
P. O. Box 511
Khartoum
Tel: 75022

Mohamed Sid Ahmed Swar El Dahab
Gulf International Corporation
Khartoum North
Tel: 34166/34120
Tlx: 276 THOETEXT KM

Ali Amir Taha
River Transport Corporation
P. O. Box 254
Khartoum

Mohamed Tawfik
General Insurance Company
P. O. Box 1555
Khartoum

Hassab El Rasoul Mohamed
Ahmed El Tayeb
Hassabo and Company
P. O. Box 1146
Khartoum

Ali El Tom
Tanmiah Consultants
P. O. 446
Khartoum
Tel: 73583/73581
Tlx: 659 KM

Mohamed Bashir El Wagie
Kenana Sugar Company
P. O. Box 2631
Khartoum
Tel: 45661

Salih Abdel Rahman Yagoub
Tanmiah
P. O. Box 2400
Khartoum

Mohamed El Hassan Abdalla Yassin
Momayasin Group
P. O. Box 2063
Khartoum
Tel: 74559
Tlx: 271 MOMAYASSIN KM

Abu Agla Yousif
Sky Lab International
P. O. Box 1701
Khartoum

Ahmed Izz El Arab Yousif
Industries Association
P. O. Box 2316
Khartoum
Tel: 70421/31909
Tlx: 326 KM

Abdel Hag Mohamed Zaki
El Medina Garage
P. O. Box 832
Khartoum
Tel: 42657

Mohamed Mahmoud El Zayyat
El Zayyat Group of Companies
P. O. Box 1589
Khartoum
Tel: 77282
Tlx: 996 KM

Salah El Zubair
Public Flour Mills
Khartoum

Staff

Suliman Freigoun
Executive Manager
Sudan-U.S. Business Council

Fatahalla M. H. Daoud
Deputy Executive Manager
Sudan-U.S. Business Council