

Services snapshot

Sudan



KEY SERVICES DATA¹, 2013

Services² share of industry value added 2010: **48%**
 Services share of employment 2009: **60%**
 Trade in services³ contribution to GDP: **5%**
 Services share of exports: **14%**
 Services export composition: **travel (75%), transportation (14%), other commercial services (11%)**
 Services import composition: **transportation (58%), travel (27%), other commercial services (15%)**
 Services exports: **US\$ 1 billion**
 Services imports: **US\$ 1.7 billion**
 Services trade deficit: **US\$ 674 million**

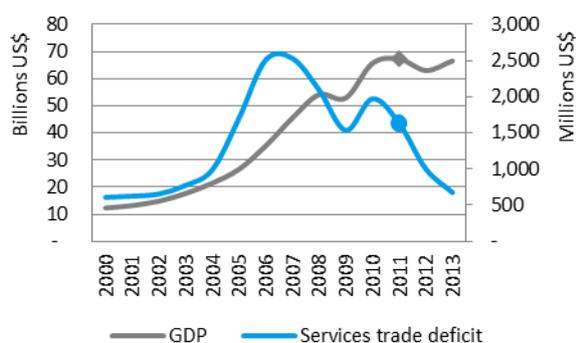
SERVICES AT A GLANCE

Secession of South Sudan in 2011 left Sudan in a challenging economic situation, given the associated loss of the majority of oil fields as the oil production had been the driving force of the economy. Since 2011, Sudan GDP growth has been negative and in 2012 reached the lowest level ever recorded at -10%.⁴ GDP growth is expected to recover in the short term and increase to 3% p.a. by 2016.⁵ The contribution to real growth from services sector has decreased, in particular of transport, storage and communications as well as finance, insurance, real estate and business services. While improvements in oil extraction are projected to boost oil production, the growth of the tertiary sector is predicted to continue to decline due to private investment slowdown and limited credit growth.⁶

In 2010, services accounted for 48% of GDP in value-added terms.⁷ Overall, since 2000, services have replaced agriculture as the main contributor to gross value added and as the main employer.⁸ Data on sectorial contribution to gross value added is not available after 2011.

The evolution of the trade data since 2011 is difficult to determine accurately as fully disaggregated official

Figure 1. Services trade deficit and GDP



data on Sudan and South Sudan is not yet available. Before 2011, the services share of exports averaged 3%. After 2011, the share of services jumped temporarily to 18% in 2012 but subsequently returned to a downward path. The reason for this jump between 2011 and 2012 might reflect statistical phenomena as the share of oil exports was reallocated post secession, given that around 75% of pre-secession Sudanese oilfields⁶ were located in what is now South Sudan.

Since 2009, trade in services contribution to GDP has averaged 4%. **Sudan is a net importer of services with transportation traditionally accounting for more than 50% of services imports.** Over the 10 years to 2013, the export composition has shifted dramatically with transport services becoming less important and travel services more important. Since 2010 the services trade deficit has been decreasing, thanks to an increase in both transport services and travel services exports. In 2013 the services trade deficit dropped back to the 2002 level (see Figure 1).⁹

SERVICES SUBSECTORS

Financial services

The financial services market is dominated by commercial banks, which make up as much as 97% of total assets. The microfinance sub-sector remains small. Sudan is making an effort to encourage private investment and facilitate financial intermediation with the aim of achieving better access to financial services in the country.⁶ Second only to Kenya in Sub-Saharan Africa, Sudan reports 52% of adults using a mobile phone for money transactions.¹⁰

Sudan has become a net importer of financial services. Financial services export and import paths are diverging. Between 2009 and 2013, financial services share in services exports has decreased from 15% to 3% whereas financial services share in services imports has increased from 1% up to 12% (see Figure 2).⁹

Figure 2. Financial services share in services trade

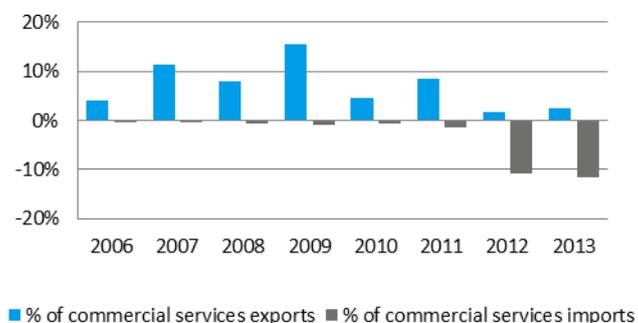


Figure 3. Communication services share in services trade

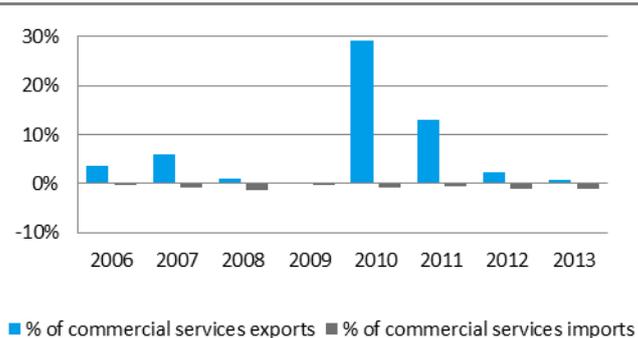
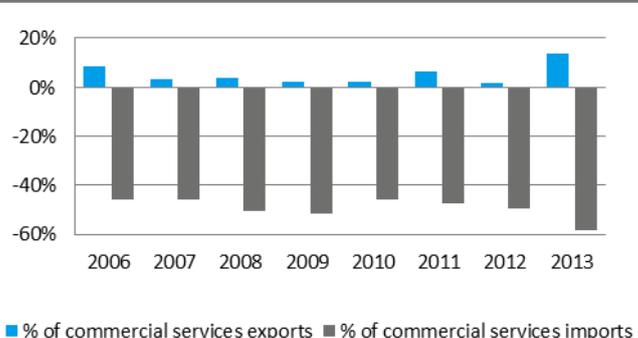


Figure 4. Transport services share in services trade



Communication services

Port Sudan is a landing point of the Eastern Africa Submarine Cable System (EASSy). The number of internet users has increased considerably. Whereas in 2010 there were 8 internet users per 100 inhabitants, by 2013 the number had reached 23. The number of mobile telephone subscriptions has similarly increased. In 2010, only 8 per 100 inhabitants had subscribed while, by 2013, 73 inhabitants out of 100 were subscribers. In 2013, 15% of households were recorded as owning a computer and 29% had Internet access at home.¹¹

Trade in communication services is traditionally in deficit with the exception of 2010 and 2011 when an average trade surplus of US\$ 39 million was recorded.⁹

Transport services

Lack of transportation is a major infrastructural shortcoming. Of the 72 existing airports only 15 have paved runways.¹² Continuous efforts to improve the rail network have been made, but due to delays in financial injections as well as security issues around Darfur, the progress has been slow. The government-owned Sudan Railway Corporation (SRC) operates in most of the country and population centres. Rail transport services dominated commercial transport, but road transport is increasing in importance. Road density is estimated to rank among the lowest in Africa and in the world; the road network mainly serves the cities, whereas rural areas lack connectivity.¹³ More than a half of the roads are unpaved.¹⁴ Port Sudan is considered the most inefficient port in Africa on the basis of the very low productivity level (3 times lower than other African countries), slow container dwell time (4 times slower than international benchmarks), high truck cycle receipt and delivery (24 times higher than the benchmark), management problems, congestion tendency and high prices.¹³

Trade in transport services is in deficit with imports traditionally accounting for more than 50% of services imports while the average share of transportation in services exports between 2006 and 2013 was 5% (see Figure 4).⁹

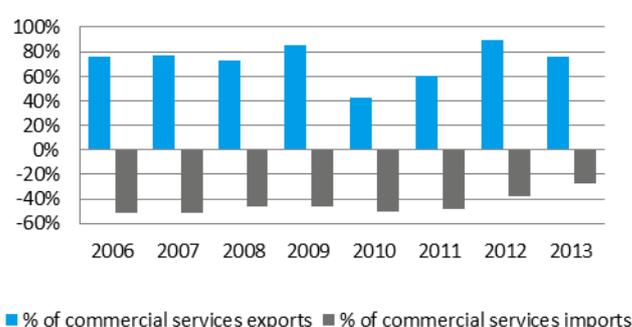
Tourism

Travel services account for the largest part of services exports averaging 72% between 2006 and 2013. Travel services are the second largest contributor to services imports after transportation but their importance has decreased from 52% in 2006 to 27% in 2013 (see Figure 5). **Traditionally in deficit, travel services started recording trade surpluses in 2012.** In 2013, the trade surplus was US\$ 313 million.⁹

International tourist arrivals gradually increased since the 90s at an average annual growth rate of 30% with an exceptional increase between 2004 and 2005 when the figure tripled from 61,000 arrivals to 246,000. In 2011 536,000 tourist arrivals were registered.⁴

However, according to the World Travel and Tourism Council¹⁵, the majority of spending comes from domestic travel (59%). Tourism supported 3% of total employment in 2013 but is expected to fall in the short-term. Regarding the motive of travelling, it is reported that leisure spending generated 3 quarters of direct travel and tourism GDP in 2013.¹⁶

Figure 5. Travel services share in services trade



■ % of commercial services exports ■ % of commercial services imports

FOREIGN DIRECT INVESTMENT (FDI)

FDI net inflows had been on an upward trend peaking in 2011 at US\$ 2.3 billion before decreasing to US\$ 2.2 billion in 2013. Whereas FDI net inflows have increased, their share of GDP has been stable around 3% since 2007.⁴ World Bank ranks Sudan 160th out of 189 economies in the Ease of Doing Business Index 2014.¹⁸

The major sources of investment originate from the Arabian Gulf, in particular Saudi Arabia, Kuwait, Qatar and UAE,⁶ as with sanctions against Sudan still active, western country FDI remains hindered.¹² FDI targets agriculture, oil production and infrastructure projects.¹⁷

FOOTNOTES / SOURCES

1. Key data derived from: UN statistics division – National Accounts Official Country Data, ILOSTAT Database – Labour Force Survey, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities. Data available only up to 2011.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset). Data from Trade Map are for Sudan (North + South).
4. World Bank - World Development Indicators.
5. World Bank – Global Economic Prospects.
6. African Development Bank - African Economic Outlook, Sudan (2014).
7. UN statistics division – National Accounts Official Country Data.
8. ILOSTAT - LFS - Labour Force Survey.
9. ITC Trade Map.
10. Demirguc-Kunt, Asli and Leora Klapper, 2012. "Measuring Financial Inclusion: The Global Findex Database." World Bank Policy Research Working Paper 6025.
11. ITU, Country Profile, Sudan, 2013.
12. KPMG Africa Region 2012/2013, Country profile, Sudan (2014)
13. The World Bank Africa Region Sustainable Development Unit, Policy Research Working Paper 5815, Sudan's Infrastructure 2011.
14. CIA Factbook Sudan (2014).
15. The World Travel and Tourism Council 2014 report on Sudan considers Sudan and South Sudan together.
16. World Travel and Tourism Council - Travel and Tourism, Economic Impact, Sudan (2014).
17. Republic of Sudan, Ministry of Investment.
18. World Bank Group – Doing Business Index, June 2014.



For additional information

Contact person: Jane Drake-Brockman, Trade in Services Senior Officer
E-mail: drake-brockman@intracen.org
Telephone: +41-22 730 0446

Street address: ITC, 54-56 Rue de Montbrillant, 1202 Geneva, Switzerland
Postal address: ITC, Palais des Nations, 1211 Geneva 10, Switzerland
Internet: www.intracen.org