ALN

Investment Guide - Sudan

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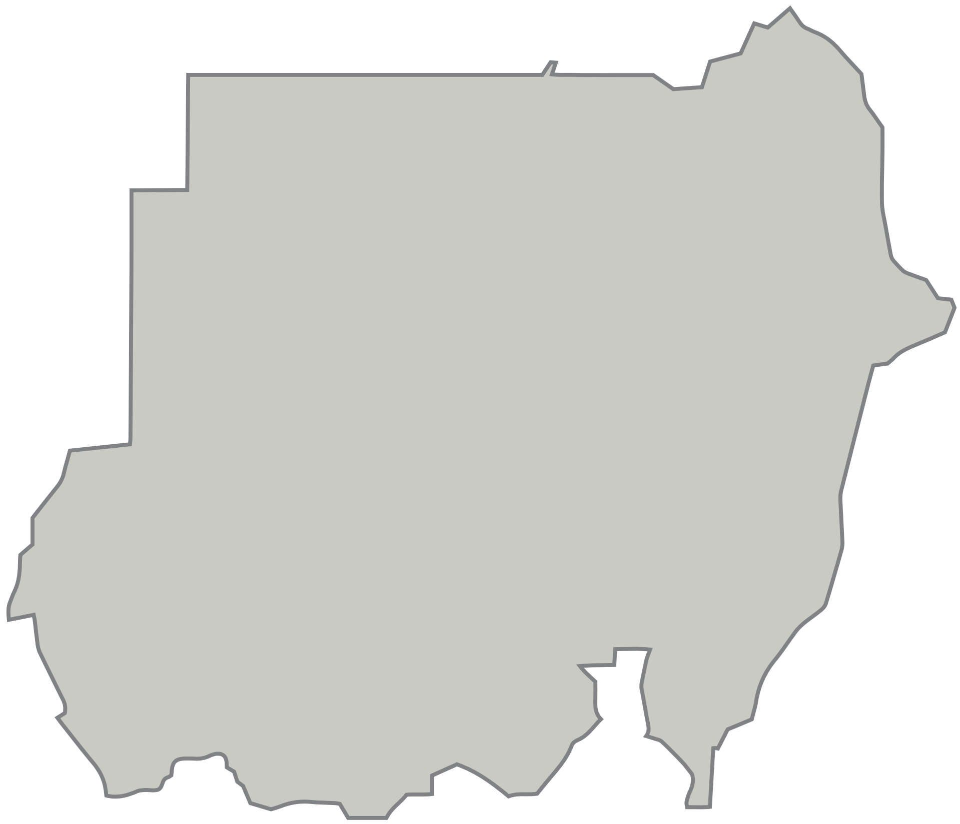
General Overview



Capital City: Khartoum

Currency: Sudan Pound (**SDG**)

Languages: Arabic and English

Government: Presidential democratic republic

President: Omar al-Bashir

Population: 38.76 million (2014 estimate)

GDP: US$ 66.57 billion (2013 estimate)

Timezone: UTC + 3

Political Overview

Sudan is a presidential democratic republic based upon a multi-party state. The current head of state is President Omar al-Bashir. Al-Bashir took office following a 1989 military coup and was subsequently sworn in as president in October 1993. He was most recently re-elected in April 2010 and the next elections are due in April 2015. The legislative branch of Sudan is comprised of a 450-member National Assembly and a 50-member Council of States. Members of both houses serve six-year terms.

The Sudanese Government is currently dominated by the National Congress Party. Until the secession of South Sudan in July 2011, the Government was mandated by the North/South Comprehensive Peace Agreement and a percentage of leadership posts were allocated to South Sudan's Sudan People's Liberation Movement. This coalition has since been dissolved. The Government of Sudan is currently in the process of drafting a new constitution to replace the Interim National Constitution ratified in July 2005.

Economic Overview

Sudan's economy has suffered from decades of prolonged civil war and was fundamentally altered after the secession of South Sudan in July 2011. South Sudan accounted for over 75% of the former Sudan's total oil production, which in turn represented over 35% of the Government of Sudan's revenues. Following South Sudan's secession and the dramatic fall in oil earnings, Sudan has struggled to maintain economic stability. The Government has announced plans to generate new revenue streams by expanding existing oil and gas production, mining operations, such as gold mining, and agricultural production. Austerity measures have also been introduced to counter the effect of the loss of revenue. Agriculture currently employs 80% of the Sudanese workforce and accounts for 32% of GDP. Industry accounts for 25% of GDP, and the remaining 43% is attributed to the service sector. Sudan's real GDP is expected to grow by 2.8% in 2013, with the rate expected to improve to 5.3% in 2017.

Regulatory Environment

In order to achieve economic diversification, the Government of Sudan has stressed the need for foreign direct investment. However, Sudan's business environment continues to present significant challenges to those seeking to invest in the country. The World Bank Doing Business Report 2015 ranks Sudan at position 160 out of 189 countries. Transparency International ranks Sudan in the bottom five countries in the world in its 2014 Corruption Perception Index. The situation is further complicated by comprehensive sanctions placed on Sudan by the US Government. However, foreign direct investment is evident in the country, particularly in the natural resources and agricultural sectors. China, Malaysia and India have invested in the oil sector, and countries including the Gulf States, Turkey, Indonesia and South Africa have made steps to expand their commercial engagement with Sudan. Efforts are being made to foster a more favourable investment climate. The High

Council in Investment has been entrusted with the task of establishing mechanisms for coordination among investment related governmental agencies for the sake of simplifying investment procedures and removal of barriers.

Bilateral and Multilateral Treaties

Sudan is a member of the Common Market for Eastern and Southern Africa, the Arab League and the Intergovernmental Authority on Development. Sudan is also an observer of the World Trade Organisation. Further, Sudan has bilateral investment agreements with Germany, Netherlands, Switzerland, Egypt, France, Romania, China, Indonesia, Malaysia, Qatar, Iran, Morocco, Oman, Turkey, Yemen, Bahrain, Ethiopia, Jordan, Syrian Arab Republic, United Arab Emirates, Switzerland, Egypt, Libya, Tunisia, Algeria, Kuwait, United Arab Emirates, Lebanon, Chad, Djibouti, India, Vietnam, Bulgaria and Italy. It also has bilateral taxation treaties with Egypt, United Kingdom, Malaysia, South Africa, Turkey and Syria.

Investment Promotion

Institutions Governing Investment Promotion

There is a new law that came into force in 2013; the National Investment Encouragement Act, 2013 **(the Act)**, which aims to encourage investment in projects that achieve the national strategy development plans and investment initiatives of Sudanese and non-Sudanese private sector, as well as co-operative, mixed and public sector, as well as rehabilitation and expansion in investment projects. The Act provides that there shall be no discrimination between the investors as being Sudanese or non-Sudanese, or as being public, private, co-operative or mixed sector, and that no discrimination shall be between similar projects in similar locations in respect of granting incentives and guarantees.

Under the Act, a Council called 'The Higher Council for Investment **(the Council)** was established by a decision of the President, and headed by him. Beside the Council, the Act provides for the establishment of an authority; The National Authority for Investment, **(the Authority)**; the Chairman of the Authority is a member and secretary of the Council.

The Council is the highest authority in charge of investment and has the power to:

i. approve the general policies, strategies, plans and programs required to achieve investment targets and follow up of execution;
ii. create an attractive investment environment, eliminate obstacles and facilitate business process;
iii. determine the scopes and priorities of investment and set up the general guidelines in accordance with the general policies and investment plan;
iv. set up technical committees;
v. review laws related directly or indirectly to investment;
vi. determine under-developed areas;

vii. co-ordinate among the authorities concerned with investment at national and state level;
viii. supervise over good practices, review reports submitted by the Authority and issue appropriate directions;
ix. approve the Authority's budget and its organisational structure; and
x. consider complaints and appeals from investors.

The Authority has executive powers for implementation of the Act, including:

i. preparation of proposals of investment priorities and submission to the Council;
ii. preparation of investment plans according to government's policies and sector-wise plans made by the competent ministries, and submission to the Council;
iii. granting preferential privileges for the projects satisfying the conditions as set by the regulations;
iv. make available basic data and demonstrations of policies to the investors;
v. preparation of primary indicators for the investment projects and promotion thereof;
vi. licensing investment applications and process review all transactions of the projects, granting licenses and incentives, issuing decisions in co-ordination with concerned authorities according to the general policies;
vii. dispossession of national lands allotted to investors which has not been invested within the period prescribed by the regulations;
viii. co-ordination with the authorities having relation with investment at national and state level.

The Authority has a General Secretary appointed by the President upon the recommendation of the Chairman of the Authority. The Secretary is accountable to the Chairman of the Authority. All the proceedings related to services for the investor are handled through a one-stop window system established at the Authority, with membership of the Commissioners representing the ministries that have a relationship with investment. The Commissioners shall have full authority of the ministries and departments each represent. Each state shall set up a one-stop window regarding investment projects within the state.

Investment Incentives

Tax Exemption

Projects capital imports approved by the Authority shall be exempted from Value Added Tax **(VAT)**.

Exemption from Customs Duty

The Authority may grant the project exemption from:

a. Customs duty on capital imports which are not enrolled in custom tariff;
b. Customs duty of transport conveyances, excluding administrative vehicles.

Production inputs of investment projects, not enrolled in customs duty tariff shall be subject to the same rate imposed on production inputs provided for in customs duty tariff as determined by the regulations.

Land Allocation

The Authority may allot the land required for establishing national or strategic investment in coordination with the states' authorities. It may also renew the term of the leasehold of the land where the project is established.

The concerned authorities at states shall register lands for industrial and services projects as well as agricultural lands, and shall carryout the detailed technical planning and surveys as well as preparation of the required maps and deposit them with the Authority for allotment.

Time Scales

The Authority issues its tentative approval of an application satisfying the required conditions within one week, and issue a licence within one week from receiving the business name for the project. Complaints against the decisions of the Authority are resolved within one month by the Council.

The investor may, with the approval of the Authority upon the recommendation of the concerned ministry:

i. change or amend the size of the project, the object for which the licence is granted or the location of the project;
ii. use or sell any of the machinery, equipment or specialised transport means, regarding which incentives are granted to an object other than the licensed one provided any legal requirement is satisfied;
iii. change the use of land allocated for the project, sell, mortgage or lease it wholly or partially;
iv. charge the project, machinery, equipment or transport means for which incentives are granted. However, land allocated for the project may not be sold or mortgaged unless wholly or partially utilised.

Obligations of the Investor

i. to execute the project within one year or as extended by the Authority;
ii. to fully utilise the allocated land in accordance with approved object and plans;
iii. to submit to the Authority and the concerned ministry a quarterly report during lifetime of the incentives regarding progress of the project;
iv. to keep proper records of the assets and imported materials exempted from customs duty;
v. to submit to the Authority and the concerned ministry annual audited accounts during the lifetime of the incentives;
vi. to inform the Authority and concerned ministry within three months of final cease of operations.

Guarantees and Facilities of the Investment

i. The assets and properties of the project shall not be subject to nationalisation, seizure, confiscation or appropriation either wholly or partially, except for public interest against fair and immediate compensation.
ii. The Funds of the project shall not be subject to seizure, confiscation, appropriation, freezing, attachment or receivership, except with judicial decree or order from the competent prosecution.
iii. Re-transmission of invested capital in case of non-execution, liquidation or disposition of the project by any manner of disposition with the approval of the Authority, provided that all legally due obligations are met.
iv. Re-export, sale or assigning machineries, equipment, goods, apparatus, transport conveyances or other ancillaries imported on the account of the project in case of non-execution of the project wholly or partially whenever all legally due obligations are met.
v. Transfer of profits and financing cost of foreign capital or loans in the currency by which Central Bank of Sudan deals or the loan on maturity date, after payment of all legally due obligations of the project.
vi. Import raw materials which the project and its products need.

Invested capital in foreign currency shall be determined and elements of capital in kind shall be evaluated by the Authority in co-ordination with the concerned authorities.

Other matters enjoyed by the investor are:

i. recruitment of licensed labour according to the terms and conditions stipulated by the relevant laws and regulations;
ii. the foreign investor shall obtain work and residence permits for himself and his family throughout the term of execution and operation of the project according to the relevant laws;
iii. wages and allowances of non-Sudanese labourers of the project shall not be subject to social insurance.

Investment Dispute Resolution

The Chief Justices and the Minister of Justice shall constitute specialised courts and prosecution offices to consider suits or violations related to investment. In case of a dispute regarding an investment, such dispute shall be referred to the specialised court unless the parties agree to refer it to arbitration or reconciliation, except disputes governed by one of the following treaties to which Sudan is signatory. These are:

i. the Unified Agreement for the Investment of Arab Capital in Arab States 1980;
ii. the Agreement for Settlements of Investment Disputes among Arab States 1974;
iii. the Agreement for Settlement of Investment Disputes between States and Nationals of other States 1965; or
iv. the General Agreement for Economic, Technical and Commercial Co-operation among Member Sates of Islamic Conference 1977, and any other agreement to which Sudan is party.

Tax

Income Tax

A company is deemed to be tax resident in Sudan if it is incorporated in Sudan under the Companies Act, 1925 or if the management and control of its affairs are exercised in Sudan in the relevant tax year. Resident companies are liable to tax on their worldwide income, whilst non-resident companies pay tax on profits derived from a Sudanese source only.

Corporate tax rates in Sudan are dependent on the specific activity of each entity. Corporate tax is charged at the following rates:

Item	Tax
Agriculture	0%
Manufacturing and real estate	10%
Commercial and services activities	15%
Oil & gas services	35%
Oil & gas distribution	15%
Telecommunications	30%
Banks	15%
Mining	15%

Item	Tax
Cigarettes and tobacco companies	2%
Capital gains from sale of shares and bonds and capital assets	15%
Withholding tax royalties	15%
Management fee	15%
Interest rate on the loans and other transfers outside Sudan	15%
Final tax for the non resident companies doing services in Sudan	7%

Personal Income Tax

Individual income tax rates are based on amount of gross salary and are subject to 15% taxation after deducting the exempted salary.

Withholding Tax

Sudan does not levy withholding tax on dividends. Dividends are subject to stamp duty at the rate of 1%. Loan interest paid to non-residents is subject to 15% withholding tax. Royalties paid to a non-resident company are subject to a 15% withholding tax. Management consultant fees paid to a non-resident subcontractor are subject to a 15% withholding tax. Payments from resident companies to non-resident subcontractors for interest and other services are subject to a 7% withholding tax. Imports of goods paid for by a resident company are subject to a 2% creditable withholding tax. Payments from resident companies to entities registered in Sudan as a branch of a foreign company are subject to a 5% creditable withholding tax.

Capital Gains Tax

Capital gains tax is charged at 2% on gains from the sale of land and buildings, sale of vehicles, and sale of securities, shares and bonds.

Value Added Tax

VAT is levied at a standard rate of 17%. A special rate of 30% applies to telecommunications services. VAT applies to the supply of most goods and the provision of services, including importation of goods and services into Sudan.

The following activities are exempted from VAT:

- All types of local agricultural products which are sold in their natural form;
- Livestock, poultry and animal products, fish, milk and its products;
- Fertilisers;
- Agricultural seeds;

- Medicines for human and animal uses;
- Locally produced wheat flour;
- Bread;
- Imported goods which are exempted from the tax and customs according to provisions of the Immunities and Privileges of 1956, Act;
- Goods imported under the treaty exemption agreement with Sudan Government.

Exempted Services:

- Financial services, which include financial services for banks and money operating companies, financial funds and sale of share and securities and bonds;
- Insurance services;
- Education services;
- Medical services;
- Rentals and sale of real estate for residential purpose;
- All goods and services which are exempted by the Minister of Finance and Economics according to the recommendations of the taxation secretary.

Stamp and Transfer Duty

Stamp duty rates vary in Sudan and are dependent on the type of instrument. Its overall rate is very nominal.

Transfer Pricing and Thin Capitalisation

Transfer pricing is not applicable in Sudan.

Double Tax Treaty with Mauritius

Sudan currently does not have a double tax treaty with Mauritius.

Exchange Control

Since the secession of South Sudan and the loss of crucial oil revenue streams, Sudan has faced a severe shortage of foreign exchange reserves and there are stricter exchange controls have been enforced. While Sudanese (and expatriates) are permitted to hold foreign currency accounts in commercial banks, access to the currencies can be delayed or limited without prior warning. Foreign companies operating in Sudan must have the permission of the Central Bank of Sudan to repatriate profits and foreign currency.

Imports and Exports

Sudan's main exports include gold, oil and petroleum products, cotton, sesame, livestock, groundnuts, gum arabic and sugar. Principal imports include foodstuffs, manufactured goods, refinery and transport equipment, medicines and chemicals, textiles and wheat. Under the Exporters and Importers Registration Act, 2008 no person may engage in export or import business unless registered in the Exporters and Importers Register and obtains a certificate of such registration.

Accounting Principles

Sudan has adopted International Accounting Standards and International Financial Reporting Standards as well.

Industrial Relations

The main legislation regulating labour matters in Sudan is the Labour Act, 1997 (**the Act**). Under the Act the Federal Minister of Labour may issue regulations, orders and rules necessary for the implementation of the Act. In addition to the Act, the Organisation of Employment of Non-Sudanese Act, 2001 provides for the rules regarding employment of foreigners in Sudan, the Minimum Wages Act, 1974 provides for the rules regarding minimum wages and the Social Insurance Act, 1990 provides for the rules regarding social security.

The Act comprises 127 sections, divided into 14 chapters, including Manpower, Organisation of Employment, Employment of Women and Minors, Contracts of Employment, Wages, Advances and Other Payments, Hours of Work and Leave, Termination of Contract of Employment, Severance Pay, General Provisions, Industrial Safety and Labour Disputes and Stages of Settlement.

According the Act, a probationary period shall not exceed three months, excluding any training period. In case a contract of employment is not for a definite term and where the probationary period expires without termination of the contract by one of the parties, the contract shall be deemed to be for an indefinite term.

Any employment contract exceeding three months shall be made in writing by the employer, however, in case there is no written contract, the employee may prove his rights by any means of evidence. An employment contract may be for a limited or unlimited term. A contract for a limited term shall not exceed two years and shall not be renewed more than once with the same employer. The period of renewal shall be considered as continuation of the preceding service. Where the employee continues in service beyond the renewed term, the contract shall be deemed for indefinite term. Any written contract which does not indicate that it is for a definite term or for the performance of a specific job or for the replacement of another employee shall be deemed to be for an indefinite term.

Rules regarding termination of contract of employment are as follows:

1. An employment contract may be terminated with notice for:

i. inability of the employee to perform or becoming sick after prescribed periods has expired and upon medical certificate;
ii. cessation of the job or the expiry of a definite term contract;
iii. total destruction of the establishment;
iv. attainment of the age of sixty unless the two parties agree otherwise;
v. the dismissal of the employee during the probationary period or his leaving the workplace during that period;
vi. agreement between the two parties in writing to terminate;
vii. dissolution or liquidation of the establishment provided that such dissolution or liquidation is certified by the competent authority;
viii. resignation of the employee;
ix. death of the employee.

In case of failure to give notice as appropriate, the non-defaulting party shall be entitled to compensation equivalent to the wage payable for the period of notice.

2. In case an employee commits repeated violations and receives a notice of dismissal after all or the maximum fines were exhausted, the employer may, in case of any further violation, terminate an indefinite term contract by giving a notice. In case of unfair dismissal (i.e. not falling within one of the above cases) a compensation equivalent to the employee's wage for six months would be payable by the employer.

3. The employer may terminate employment without any notice in the following cases:
   i. Use of fraudulent identity or presentation of forged certificates or documents;
   ii. Employee's fault causing serious material loss for the employer;
   iii. Failure to observe safety instructions posted in the workplace;
   iv. Failure to fulfill contractual obligations;
   v. Disclosure of industrial or commercial secrets;
   vi. Conviction by an offence negatively affecting honour, honesty or public morals or commitment of an offence against morals in the work place;
   vii. Assault on the employer, his representative, the supervisor or another fellow employee at the workplace or for a reason related to work; or
   viii. If the employee is found in a state of inebriation or under the effect of a drug during working hours, provided that such a state is certified by a doctor.

4. An employee may terminate his contract of employment without prior notice to the employer in the following cases:
   i. If the employee is misled as to the contract of employment;
   ii. Failure by the employer regarding his legal or contractual obligations;
   iii. Assault by employer or his representative on the employee;
   iv. Serious threat to the safety or health of the employee provided the employer is aware of the said threat and has not taken the necessary measures to remove the threat.

5. The employer may apply to the competent authority for reduction of the number of its employees or to close the workplace for economic or technical reasons. The competent authority shall establish tripartite committees which shall be formed of equal representatives of the Government, employees and employers; the committee shall examine the applications for closure of workplaces and reduction of employees and give their advice.

Official hours of work are 48 hours per week or 8 hours per day. Working hours shall be reduced by one hour during the month of Ramadan for fasting employees and for breastfeeding women for two years as from the date of birth of the child. Under the Organisation of Employment of Non-Sudanese Act, 2001 an employer, with no special or normal residence permit, who employs non-Sudanese shall train Sudanese and submit a training and Sudanisation plan for the Minister's approval.

Insurance with the National Social Insurance Fund is compulsory; each employer must be registered, and register its employees, with the Fund. Basically, the law requires every employer to deduct 8% of each employee's wage, add to it 17% of such wage and pay the total of 25% as social insurance contribution to the National Social Insurance Fund. In case the employer fails to deduct the 8% from the employee's wage for the relevant month, the law prohibits it from making the deduction; however, its liability to pay the 25% of the wage to the Social Insurance Fund remains. The legal minimum wage in Sudan is SDG 200 per month. Moreover, Sudan has signed and ratified all major International Labour Organisation's conventions' protecting workers' rights. However, labour regulations are not consistently enforced and fall short in practice of international standards. Furthermore, expatriate workers must have valid residency and work permits or face deportation and imprisonment.

Real Property

The law allows for the purchase of privately or publicly held land in Sudan. The Government has provided land without transferring ownership to foreign companies as an investment inducement. Land may be leased in Sudan without restrictions on the amount or the duration. The lease may not be transferred without permission.

Registering property requires six steps and takes an average nine days. The cost of registering property totals approximately 2.5% of the value of the property, plus SDG 672. The World Bank's Doing Business Report 2015 ranks Sudan 46th out of 189 countries in terms of the ease of registering property. Land registration is regulated by the Land Settlement and Registration Act, 1925 under which the land registry is set up.

Corruption

As previously mentioned, Transparency International ranks Sudan in the bottom five countries in the world in its 2015 Corruption Perception Index. Sudan signed the UN Anticorruption Convention in 2005 and the African Union Convention on Preventing and Combating Corruption, but has yet to ratify either agreement. The Illegal and Suspicious Enrichment Act, 1989 provides for a department within the Ministry of Justice to receive reports and investigation regarding corrupt practices especially regarding public money.

Competition

In regard to Competition, the following pieces of legislations have been passed recently:

Organisation of Competition and Prevention of Monopoly Act, 2009.

This Act applies to all commercial agreements and transactions regarding goods or services, and it provides for the following:

1. Prevention of monopoly, by outlawing any agreement, contract, transaction, conduct and/or arrangement regarding the following:
    i. reduction, increase or control of sale or purchase prices of goods or services;
    ii. restrictions on production, manufacture, distribution or marketing of goods or limitation of services;
    iii. dissection or division of any existing or potential market on geographical, consumer, importers, time or other basis with the aim of control;
    iv. coordination regarding bids or other offers for supply of goods or services or non-participation therein and share the proceeds;
    v. agreements, whether among competitors or non-competitors, with the aim of pressurising consumers or importers;
    vi. taking any action or conduct restricting freedom of participation in production, development, or distribution of goods or services.
2. Misuse of controlling/dominating position in a specific market, such misuse is prohibited. Examples of such misuse are:
    i. granting exceptional rights regarding distribution of goods or services exclusively whether such rights are with respect to geographical area, consumers, time or other basis;
    ii. binding a competitor not to produce, manufacture, use, develop, distribute or market a specific good or provide specific services;
    iii. determining the price or conditions for the sale of goods or provision of services by a competitor;
    iv. sale of goods or services if such sale is conditional that the buyer shall buy other goods or services from the seller or from another entity or not to buy certain goods or services from another entity;
    v. sale of products for a price lower than the price fixed by the competent authority; and
    vi. discrimination in prices by entering into special or preferring deals.
3. Consumer protection, which includes:
    i. prevention of consumer misleading/fraud, including making misleading information about the sale, prices, basic elements, the origin or source of goods or services;
    ii. concealment of lack of goods of legal or customary requirements;
    iii. provision of incorrect information regarding the sale or distribution of goods which affect consumers' decision making;
    iv. practices which restrict the consumers freedom in selecting the goods or services, including making objective pricing of goods or services or objective comparison with similar goods or services more difficult; and
    v. entering into undisclosed transactions.
4. Injurious merger, which includes anti-competition mergers. Any merger may be made only after obtaining the approval of the Council for Competition and Prevention of Monopolies.

External Trade Organisation Act, 2009 (ETOA)

Under the ETOA, trade means export, import, transit and border trade. The ETOA's objective is to achieve freedom of trade and free competition, open markets to reduce or eliminate non-technical restrictions and create free access to markets, and to encourage movement of goods in a fair manner. This short Act directs the Ministry of External Trade to take actions and policies to facilitate flow of goods and services, provision of data and information regarding commercial laws and regulations, organisation of export and import and border trade and export promotion.

Anti-Dumping Act, 2009 (ADA)

The ADA is applicable to any transaction which causes damage to local industries. An Anti-Dumping Committee set up pursuant to the ADA is in charge of receiving complaints, conducting investigations and taking actions regarding any alleged dumping practice.

Legal Forms of Incorporation in Sudan

The principal forms of business entities commonly used in Sudan are sole traders, partnerships, public or private limited liability companies, and branches of foreign registered companies. The World Bank's Doing Business Report 2015 ranks Sudan 133rd out of 189 countries in ease of starting a business. This is a seven-rank drop from the previous year.

On average, completing the necessary registrations required to start a business in Sudan takes 36 business days. The table below provides a summary of the procedures and the associated completion time and cost for setting up a private limited liability company:

Procedure		Time to complete	Cost to Complete in SDG
1	Submit application for preliminary approval to Registrar and reserve company name	3	200
2	Notarize memorandum and articles of association	2	350
3	Notify tax chambers	1	55
4	Register with commercial registry	4	Stamp duty and other application/administration fees
5	Apply for tax identification number	1 - 2	5
6	Register for VAT	2 (simultaneous with previous procedure)	No charge
7	Register with labour authorities	14	192
8	Enrol employees for social security	3 - 7	25
9	Make a company seal	2	40

The Companies Act, 1925 regulates the incorporation of companies in Sudan by way of registration. Under this Act a foreign investor may either, incorporate a company registered in Sudan as a Sudanese company, or, set up a branch of a foreign company. The Act recognises the following forms of companies:

a. private companies with limited liability;
b. public companies (also with limited liability) but with the right to offer its shares to the public at large; and
c. state owned companies (100% owned by the state).

Industry Sectors

Agriculture

Agriculture is the mainstay of the Sudanese economy. The country's prominent agricultural products include cotton, groundnuts, sorghum, millet, wheat, gum arabic, sugarcane, cassava, mangoes, papaya, bananas, sweet potatoes, sesame and livestock.

Banking and Financial Services

Sudan's financial system is relatively small by regional standards. The banking sector comprises of 32 banks, including five foreign and four state-owned banks. Sudan remains under-banked, with banking and other financial institutions concentrated around Khartoum. The African Economic Outlook 2011 reported that while private sector loans and deposits doubled between 2005 and 2009, their ratios to GDP remain low. The financial and banking sector is regulated by the Bank of Sudan (under the Sudan Central Bank Act, 2002), the Khartoum Stock Exchange (under the Khartoum Stock Exchange Act, 1994) and the Insurance Supervisory Authority (under the Insurance Control Act, 2001).

Energy and Natural Resources

The gold mining industry has become a key focus of the Government of Sudan in an attempt to generate new revenue streams. National and foreign companies are being encouraged to invest in the Sudanese gold sector and this has led to a significant increase in gold production and exploration activity in the country. In an attempt to foster further investment, the Khartoum Stock Exchange is planning to significantly expand its activities by trading in gold and other commodities. Sudan's other mineral resources include iron ore, copper, chromium ore, zinc, tungsten, mica and silver.

Telecommunications

In Sudan the main legislation regarding regulation of telecommunication business is the Telecommunications Act, 2001 **(the Act)** and the General Regulations of Telecommunications 2002 **(the Regulations)** which have been issued pursuant to section 46 (1) of the Act. The Act provides for the establishment of a public corporation named the National Telecommunications Corporation **(NTC)** to be accountable in performing its duties to the federal minister in charge of telecommunications (currently the Minister of Information and Communications).

Under the Act the duties and powers of NTC include, *inter alia*, licensing to operate in the field of telecommunications services and other activities. The Act also provides that no person may possess, establish or operate any telecommunications network, systems or equipment without obtaining a licence issued pursuant to the Act.

The Regulations provide that the applicant for a telecommunications licence must be a company registered in Sudan authorised to operate in the field of telecommunications, or shall undertake to register such a Sudanese company within 30 days from the date of notification that the application has been approved.

The Regulations provide, among other things, that the licence-holder shall inform NTC's general manager of any amendments regarding the licence holder's memorandum of association especially as regards its shareholders. The licence application form (based on which telecommunications licence is issued) contains information about the shareholders of the applicant (including their names, nationalities, shareholders' agreement if any).

As regards expiry of PCT's licence, the Act provides that once the licence has been cancelled or has expired the licence holder or the person who is in possession of the licence must deliver the licence to NTC, and the licence holder may not accept new subscriptions except to the extent necessary for transfer of the subscribers to another party holding licence, after the written approval of the NTC's general manager. According to the strict wording of the law, once a licence has expired, the licence holder may not carry on the business regarding which the licence had been issued.

Intellectual Property

Sudan is a signatory to the World Intellectual Property Organisation. The following legislation has also been promulgated regarding Intellectual Property law:

i. The Trademark Act, 1969;
ii. The Patents Act,1971; and
iii. The Copyright Act, 1996.

Dispute Settlement

Sudan's investment law provides for international arbitration, Sudan is also a party to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States. Sudan has not signed the 1958 New York Convention. Under the Arbitration Act, 2005, subject to the provisions of any international agreement regarding arbitration to which Sudan is party, the provisions of the Act shall apply to every arbitration conducted in Sudan or abroad where the parties thereto have agreed to be subject to the Act, whenever the legal relationship is of a civil nature, whether contractual or non-contractual. If there is an arbitration agreement regarding the subject matter of a claim before a court, the court shall dismiss the claim if the defendant asks for it in the first session.

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