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Research Paper

Economic cooperation between Sudan and Qatar

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Contents

Introduction:

In recent years, the world has seen brisk changes and shifts in all economic fields, leading to radical changes in the economic policies of many states. Most states in the world abandoned governmental hegemony over various economic activities, leaning toward liberalizing their economies, and allowing the local and foreign private sector to conduct all –or most- economic activities. Thus, the world has witnessed an increasing internationalization of economic life with production surpassing national boundaries. The question of foreign investments emerged forcibly as one of the paramount economic topics in the questions of contemporary economy and as an important tool of economic cooperation between countries.

Among the states that opted for economic liberalization was Sudan. The country has recently witnessed positive economic changes specifically in allowing foreign investments to enter the country –in tandem with the formulation of laws encouraging that purpose. As a result, foreign investments began flowing into the country, which include the investments of the state of Qatar –both in the public and private sectors- in many investment projects in various economic fields.

The significance of the study:

Economic cooperation between states is an important condition for countries to develop and grow through mutual cooperation with the objective of exploiting the available economic resources and achieving mutual benefits. In this regard, this paper's significance emanates from its highlighting the importance of economic cooperation between Sudan and Qatar, given the compatibility between the two countries, which is represented in the availability of various economic resources in Sudan, while Qatar is endowed with a large monetary surplus. Additionally, Qatar can provide the benefit of its advanced technical expertise in various fields, acquired through extensive dealings with major industrial states and international corporations. Furthermore, the political will exists in both countries to advance economic cooperation, achieve shared goals, and exchange benefits. This significance is accentuated given that Sudan is one of the developing countries in possession of the resources needed to revive, evolve, and engender sustainable economic development – on the condition that these resources be used optimally. This requires large amounts of capital that Sudan alone –in its current condition- cannot provide; thus the need for foreign investment remains urgent.

On the other hand, Qatar is endowed with large monetary surpluses while lacking many of the economic resources that are available in Sudan. This signifies the existence of an urgent need for economic cooperation between the two states in a manner allowing each one to benefit from the economic advantages of the other.

Objectives of the study:

This paper aims at achieving several goals, the most important of which is to examine the economic capacities of the state of Qatar and the plans laid for their exploitation; and to assess the economic capacities of Sudan and the investment opportunities available within it. In addition, the paper will look at the size and nature of Qatari investments in Sudan and the value of commercial exchange between the two countries, as well as the potential for its increase.

This study also aims at enriching scholarly knowledge in this economic field, especially as the author was unable to find a single study on economic cooperation between Sudan and Qatar, despite the importance of such studies.

Research question:

In some economic fields, economic cooperation between Sudan and Qatar has been noted following Sudan's attempt to attract foreign investment and to seek aid in creating sustainable development on the one hand, and Qatar's urgent need to invest its capital and provide its economic needs, on the other hand. Thus, the main research question of this paper –after determining the size and nature of economic cooperation between Sudan and Qatar- is: **Is the level of economic cooperation commensurate with the vast economic potential of both countries?**

Research hypotheses:

This paper will attempt to test the following hypotheses:

1. That economic cooperation between Sudan and Qatar is weak and disproportionate to the economic capacities of the two countries.
2. That trade between the two countries is extremely weak, despite the political rapprochement between them.
3. That there are multiple obstacles and problems limiting the flow of Qatari investments into Sudan.

Research methodology:

In order to treat and analyze the research question, the author shall adopt the descriptive analytic method, as well as conduct interviews with figures who are closely involved in issues of economic cooperation between Sudan and Qatar and the nature of investment in Sudan. In addition, to consult the various literature sources related to this subject, from books, journals, conferences, reports, and the Internet.

1- The economic resources in Qatar and Sudan:

1-1 The general features of the Qatari economy:

Qatar is a peninsula situated at the center of the Western coast of the Arabian Gulf in Southwest Asia. It has land borders with the Kingdom of Saudi Arabia and sea borders with the United Arab Emirates, Bahrain, and Iran. Several islands are affiliated with the state of Qatar, most importantly Haloul Island, Shrao's Island, and Ishat Island. The total area of the country is 11,521 sq km, with a population of 1.72 million[1] according to the October 2011 census.

1-1-1 Industry in Qatar:

Qatar's GDP mainly relies on the oil and natural gas industries, which contribute to more than 75 percent of government receipts, and around 85 percent of exports. The first consignment of Qatari oil was exported in 1949, and the first oil refinery was inaugurated in 1974 with a productive capacity of 62,000 barrels per day (bpd). In 1984, a further refinery was built with the capacity of 50,000 bpd; and the Qatari petroleum refinery was further expanded in 2002 to reach a daily productive capacity of 137,000 bpd. Qatari oil production has continued to rise until it reached around 813,000 bpd[2] in November 2011.

In the domain of natural gas, Qatar in endowed with massive resources that have permitted it to become "the largest exporter of liquefied natural gas in the world, and has the third largest gas reserves after Russia and Iran. Qatari gas reserves are estimated at around 910 trillion cubic feet, constituting about 15 percent of global natural gas reserves"[3]. The North Dome field in Qatar is estimated to contain the largest reserve of natural gas in the world, which represents an important factor in attracting investments related to the extraction and exploitation of gas. This is due to the availability of natural gas in massive quantities and in a single location and in climatic and geographic conditions that make it easy to extract the gas at low cost compared to other world regions. Given the massive reserves of this gas field and the advantages inherent to gas –as a clean and safe source of energy that can be relied upon in the long term- the state of Qatar put in place a phased strategic plan to develop the field and to exploit its resources in an optimal manner, in order to generate new monetary revenues through the export of natural gas, liquefied or through pipelines, as well as the establishment of new industrial projects.

It should be noted that Qatar's output of LNG has risen from 31 million tons in 2009 to 77 million tons in 2011, making Qatar the largest global producer and exporter of LNG.

In addition to being a producer and exporter of oil and gas, Qatar has a rapidly growing industrial sector. It includes heavy industries which are concentrated in three industrial zones: the

[1] Qatar Statistics Authority, **The Statistical Bulletin, October 2011,** November 9, 2011. http://www.qsa.gov.qa/Ar/PopulationStructure.htm

[2] OPEC, *Monthly Oil Market Report – November 2011*, 10 November 2011. http://www.opec.org/opec_web/static_files_project/media/downloads/publications/MOMR_November_2011.pdf

[3] Jasem Hussein, **The Qatari Economy between Reality and Ambition,** August 1, 2009. http://www.aleqt.com/2009/08/01/article_258164.html

Mesaieed industrial zone (in the South), the Ras Laffan industrial city (in the North), and Doha's industrial area (in the Center). The industrial sector (both in extraction and manufacture) is considered the most important sector in the state, and is given the utmost attention by the government, which works to support it and encourage it through direct investment in the extractive industry and basic manufacturing industries that are energy and labor-intensive. Among the most important Qatari industries –after the gas and oil industry- are petrochemicals, iron, steel, and cement.

1-1-2 Agriculture in Qatar:

Most of the terrain in Qatar is composed of rocky soil covered in sand and pebbles, making it unsuitable for agriculture. In addition to the lack of fresh water sources, rain is generally scarce. As for groundwater, it is limited and insufficient for the country's needs. Therefore, the state opted for the desalination of sea water for drinking.

Due to these factors, agricultural resources in Qatar are extremely limited, making agriculture simple and basic, and limited to the growing of some legumes and fruits, in addition to palm trees, which are afforded special attention by the state, "representing 71 percent of the total land area used for fruit trees, due to the tree's adaptation to the conditions of the local climate. The area planted with date palms is around 1366 hectares"[4].

As a result, the contribution of the agriculture to the GDP is extremely slim, not exceeding one percent; therefore, Qatar mainly relies on imports to fulfill its food needs.

1-1-3 Indices of the Qatari economy

1-1-3-1 Gross Domestic Product:

In 2002, the Growth Domestic Product reached QR 71.7 billion USD 19.7 billion), with a growth rate of 11 percent. This figure continued to rise until it reached QR 153.3 billion (USD 42.1 billion) in 2005, almost equaling double the 2000 figure, and 22.4 percent more than the 2004 figure. That was due to the commitment of the state in pursuing its plans to modernize the infrastructure and diversify the sources of income relying on the large income surplus due to the rise of oil and gas prices during that period. In 2006, the GDP grew by around 25 percent[5]. The Qatari economy is considered to be among the fastest growing economies in the world, maintaining elevated growth rates in 2006 and 2007. The GDP achieved record growth in 2007, reaching "QR 258.6 billion (around USD 71 billion), with an annual growth rate of 33.7 percent. This rise is due to the increase in oil prices, leading to higher receipts. That, in addition to the

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[4] Dr. Helmi Ali Mohammad, **Date Palms in the Countries of the Gulf Cooperation Council,** March 30, 2010. http://www.icarda.org/aprp/datepalm/country

[5] Qatar National Bank, **The 2006 Annual Report,** (Doha: Qatar National Bank, 2007), p. 7.

large increase in the production and export of gas and the accomplishment of giant gas projects in the country"[6].

In 2008, the Qatari economy was capable of achieving a growth rate of 16 percent, the highest among Gulf Cooperation Council states in that year, despite the acute shifts experienced in the international money markets, adversely affecting the growth of the global economy and leading a number of major industrial countries into a phase of recession. These conditions led to a large decrease in the oil prices, with the average oil price reaching less than USD 40 per barrel at the end of 2008 compared to USD 130 in July 2008[7]. As is known, oil is the main source of exports and incomes for most oil-exporting countries, but Qatar was capable of confronting these difficulties and achieving this growth due to the great expansion in the production and export of liquefied natural gas.

In 2009, many international institutions predicted that Gulf economies would be negatively affected by the repercussions of the global financial crisis and the resulting collapse of oil prices. However, the picture appears markedly different for Qatar whose economy achieved an 11 percent growth rate. This level of growth, despite the global circumstances, is due to several major factors and to the capacities enclosed in the Qatari economy, which limited the effect of this crisis. These factors are[8]:

1. A state policy of allocating an appropriate proportion of the monetary surpluses during the last years to create a reserve that guarantees the stability of the financing of development projects, and compensating the lack of income for when oil and natural gas prices decline.

2. The exceptional performance of the natural gas sector.

3. The Qatari Banks' commitment to the enforcement of standards of performance in terms of capital reserves, the quality of assets, and the measures of liquidity.

Due to the rapid rise in the production of LNG and the expansion of the industries linked to that sector, in addition to the improvement of the manufacturing and construction sectors, the Gross Domestic Product rose in 2010 to QR 468 billion[9] (USD 128.6 billion), with an increase of QR 110.2 billion (USD 30.3 billion) compared to 2009, with a growth rate of 30.8 percent.

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[6] The Qatari Foreign Ministry, **The State of the Economy,** Mat 1, 2010.
http://www.mofa.gov.qa/details.cfm?id=127

[7] The Qatar National Bank, **The 2008 Annual Report,** (Doha: The Central Bank of Qatar, 2009), p. 19.

[8] Saud Al-Jafiri, **Massive Successes and Achievements for the State of Qatar in Economic Domains,** May 5, 2010.
http://www.raya.com/site/topics/article

[9] Qatar Central Bank, **The Quarterly Statistical Bulletin – March 2011,** April 15, 2011.

1-1-2-3 The rate of inflation:

Inflation in Qatar remained stable before 2005, not exceeding 0.2 percent in 2002. However, inflation began to rise steadily, reaching nine percent in 2005, 13.8 percent in 2007, until it reached its peak in the first quarter of 2009 with a rate of 15 percent. This is due to the great increase in real estate prices, to the point where Qatar became one of the most expensive countries in the world in that regard. Since the real estate sector is one of the leading sectors of the economy, this has led in turn to the rise in the prices of goods and other services. However, this rate began to decline gradually in the second quarter of 2009, decreasing by "2.9 percent, and then by 7.4 percent in the third quarter of the same year, and decreasing by a further 2.5 percent in 2010"[10]. This decline is due to the great increase in the supply of housing units, in addition to the monetary and financial policies adopted by Qatar's Central Bank, which avoided over- lending in order to limit the amount of liquidity in the market.

1-1-3-3 The balance of payments:

In 2005 the balance of trade achieved a surplus of QR 60.8 billion (USD 16.7 billion), compared with a QR 48.3 billion (USD 13.3 billion) in 2004 – an increase of 26 percent. The current account also achieved a surplus in 2005 to the tune of QR 39 billion (USD 10.7 billion), compared to QR 27.5 billion (USD 7.5 billion) in 2004, an increase of 42 percent.

As for the general situation of the balance of trade, the surplus rose –in 2004- from QR 14.3 billion (USD 3.9 billion) to QR 16.1 billion (USD 4.4 billion) in 2005; an increase of 12.6 percent.

The surplus in the balance of trade registered an increase of 41.7 percent in 2008, reaching QR 114.5 billion (USD 31.5 billion) compared to QR 80.8 billion (USD 22.2 billion) in 2007; which was due to the increase in the oil prices and the expansion of the production of natural gas. In 2008, the current account registered a QR 57.8 billion (USD 15.9 billion) surplus compared to QR 38 billion (USD 10.4 billion) in 2007, an increase of 52 percent.

The total balance has registered a surplus of QR 1.6 billion (USD 0.4 billion) in 2008 compared to QR 14.1 billion (USD 3.9 billion) in 2007. This surplus rose in 2009 and 2010 to reach, respectively, QR 31.2 and 25 billion (USD 8.3 and USD 6.9 billion); which was due to the increase in the volume of LNG exports.

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http://www.qcb.gov.qa/English/Publications/Statistics/Documents/032011.xls
[10] Ibid.

1-1-3-4 The exchange rate:

The Qatar Central Bank adopts a policy of fixing the exchange rate of the Qatari Riyal in relation to the US Dollar at the level of QR 3.64 /USD[11]. This pegging took place in July 2011 and is still in effect to this day. As for commercial banks and money changers, they deal with the public based on the exchange rate set by the Qatar Central Bank for the Qatari Riyal in relation to the US Dollar, with the addition of a small margin, usually around 0.24 percent. Other currencies, on the other hand, are modified in accordance with the exchange rate of the Qatari Riyal compared to the US Dollar on the one hand, and the prices of these currencies in relation to the dollar in international markets on the other.

1-1-3-5 The general budget:

The great increase in global oil prices in 2005, in addition to the government's conservative estimate of oil prices when calculating revenues of the general state budget (which begins from April through to March of the following year) have led to the year 2005 being a continuation of the previous four years when the general budget achieved large surpluses which helped to reduce the size of public debt and to create monetary surpluses. The surplus in the 2004/2005 general budget was QR 19 billion (USD 5.2 billion), and QR 15 billion (USD 4.1 billion) in the 2005/2006 budget, rising again to QR 19 billion (USD 5.2 billion) in 2006/2007. In 2007/2008, the surplus reached QR 32 billion (USD 8.8 billion) increasing to QR 42 billion (USD 11.5 billion) in 2008/2009. In 2009/2010, the surplus was QR 46 billion (USD 12.9 billion), and QR 13.5 billion[12] (USD 3.7 billion) in 2010/2011.

1-1-3-6 Income per capita:

The annual income per capita in Qatar is among the highest in the world, reaching USD 63,000 in 2007. In 2008, Qatar headed the Arab states in terms of the GDP per capita, which reached around USD 72,000, according to the report published by the Council for Arab Economic Unity. In 2009, the figure reached USD 75,000, according to the Human Development Report of the same year, ranking Qatar third globally, after the Principality of Lichtenstein and Luxemburg[13]. In 2010, Qatar became the richest country in the world, with an average income per capita exceeding USD 90,000[14].

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[11] Qatar Central Bank, **The Exchange Rate Policy,** August 24, 2010.
http://www.qcb.gov.qa/Arabic/PolicyFrameWork/ExchangeRatePolicy

[12] Qatar Central Bank, **Quarterly Statistical Bulletin – June 2011,** 31, no. 2, (Doha: Qatar Central Bank, 2011), p. 60.

[13] Al-Sharq Newspaper, **Pondering the Qatari Budget 2010-2011**, April 4, 2010.
http://www.al-sharq.com/articles/more.php?id=188486

[14] Al-Sharq Newspaper, **Qatar is the Richest Country in the World,** June 13, 2011.
http://www.al-sharq.com/articles/more.php?id=246438

1-2 Sudan's economic potential:

Sudan is situated in the Northeastern part of the African continent. Its land area –before the South seceded from the North in July 2011- was around 2.5 million sq km; losing around 25 percent of its land area with the emergence of the "Republic of South Sudan", meaning that its current area is estimated at 1.881 million sq km. Sudan was the largest country in the African Continent and the Arab homeland in terms of area before the secession; however it receded to second place in Africa and the third among Arab states following the secession. Its population before the secession was around 39.154 million according to the last population census in 2009; but this number decreased after the secession to 33.420 million.

2-1 Agricultural resources:

Arable land is estimated at 84 million hectares (around 200 million acres), most of which feature high fertility and productivity, especially lands on the banks and tributaries of the Nile. Following the secession (North) Sudan maintained its agricultural land (around 200 million acres), only 15 percent of which is exploited, amounting to a mere 30 million acres. The diversity of climate and soil offers good opportunities in many fields of agricultural and animal production during all seasons.

2-2 Forest resources:

Until the middle of the last century, forests covered 37 percent of the area of the country, around 212 million acres. This has helped preserve the agricultural environment and the fertility of the soil, water sources, wild life, and biological balance. However, due to the excessive harnessing of forests and the weak forestation program, the total forest area has decreased to 162 million acres, around 28 percent of the area of the country. However, (110 million acres of forests went to the new South Sudan state, compared to 25 million acres that went to the North)[15].

2-3 Animal resources:

The Sudan (North and South) is endowed with an abundance of animal resources, allowing it to occupy the first rank among Arab countries and is the sixth globally in terms of numbers; which has reached around (140 million head of cattle, with 37.8 million belonging to the state of South Sudan, 27 percent of the total)[16]. Sudan's poultry resources are estimated at over 40 million chickens. Since Sudan has plentiful resources serving the cattle and poultry sector (such as feed),

[15] Dr. Abd Al-'Azim Merghani, **After the Secession: 110 Million acres of forests to the South and 25 Million to the North,** September 6, 2011.
http://www.alwatansudan.com/index.php?type=3&id=24253

[16] Dr. Bashir Taha Mohammad Taha, **Animal Resources … the Effects of Secession,** June 13, 2011.
http://www.sudabids.com/reports1.php?id=1165

it is capable of embarking upon successful projects in this field and to increase its animal resources.

At the same time, Sudan has a large and varied wealth of fish and marine biology. In 2005, Sudan was estimated to have a potential of 111 thousand tons of fish per year; but despite this abundance, a very small percentage of this wealth is exploited, not exceeding 29 thousand tons – i.e. 27 percent.

2-4 Hydraulic resources:

Water resources are considered to be among the pillars of economic, social, and human development in any country; since water is the source of life. The Lord said in the Koran: "(we) made from water every living thing" [Al-'Anbya': 30]. Sudan was endowed with large and diverse hydraulic resources, consisting of surface water, groundwater, and rainfall; annual water from internal sources is estimated at 30 billion cubic meters, while water received from other countries is estimated at 119 billion cubic meters per year.

2-4-1 Surface water:

The Nile River and the tributaries is considered the most important source of surface water in Sudan, with an annual flow of 84 billion cubic meters, out of which Sudan's share (North and South) is estimated at "18.5 billion cubic meters per year according to the Nile Water Treaty of 1959; with 12.2 billion cubic meters exploited yearly from this share"[17].

In addition to the Nile and its tributaries, Sudan has the Al-Qash and Baraka rivers, whose yearly flow is estimated at "7.6 and 5 billion cubic meters, respectively, in addition to the valleys in the central plains, whose yearly flow is estimated at 6.7 billion cubic meters"[18].

2-4-2 Groundwater:

Groundwater is an important and vital resource in Sudan's economy, spreading throughout the regions of Sudan, and in over 50 percent of its territory. These resources exist at varying depths (ranging from less than 10 meters under the surface to over a hundred meters), of high quality water, suitable for use in any field –with the exception of few regions whose waters can only be exploited after treatment. The annual withdrawal of groundwater is estimated at "1.2 billion

[17] Al-Tayyib Ahmad Al- Mustafa, **Environmental Resources and Development in Sudan,** 1st edition, (Khartoum: The International African University Publishing House, 1998), p. 14.
[18] Dr. Al-Rashid Abdel Wahhab, **Sudan's Distinguished Place in Africa in terms of the Resources and Economic Importance,** (Khartoum: The Center for Middle Eastern and African Studies, 2006), p. 4.

cubic meters, with an annual inflow of around eight billion cubic meters, and reserves of nine trillion cubic meters, out of which 1.3 billion cubic meters are used”[19].

2-4-3 Rainfall:

Rainfall over Sudan (North and South) is estimated at “1.2 billion cubic meters yearly”[20], equaling “around 48 percent of total rainfall in the Arab homeland”. Due to the abundance of yearly rainwater, Sudan’s consumption of these resources is less than one percent.

2-5 Mineral resources:

A close look at Sudan’s geological map reveals that most of its lands are covered with rocks, with are considered the main source of mineral wealth. Geological studies conducted thus far have shown a broad variety in the geology of Sudan in terms of the rock structures, their patterns and their formation, which explains the abundance of its mineral wealth and its diversity. Sudan has oil, gold, chrome, iron, manganese, copper, zinc, nickel, lead, silver, tungsten, tin, asbestos, magnesium, mica, kyanite, phosphate, quartz, salt, uranium, marble, limestone, and other minerals…

2- Economic cooperation between Sudan and Qatar:

2-1 Qatari investments in Sudan:

Qatari capital began being invested in Sudan, mainly in the last five years, targeting many investment fields including: agriculture, livestock, real estate, financial investment, and tourism. The total value of these investments –including those executed, under construction, and approved has reached over USD 1.5 billion. It is important to note that all Qatari investments are situated inside the borders of the Republic of Sudan (North Sudan).

2-1-1 The Qatar Investment Authority:

The Qatar Investment Authority is a sovereign wealth fund, founded in 2005 in order to invest and manage the state’s financial surpluses, as well as other assets placed under its supervision by the Higher Council for Economic Affairs and Investment. Through the creation of this organ –which is Qatar’s foreign investment arm- Qatar seeks to become a major international center for financing and investment.

The Authority is in possession of several companies, such as: Qatar Holding, the Qatari Al-Diyar real estate company, the Hassad Agricultural Company; in addition holding major

[19] Mohammad Nuri Hamed, **Investment in Sudan: the Various Hurdles and the 2003 Investment Law,** (Khartoum: Investment Ministry, 2004), p. 7.

[20] The Central Statistical Agency, **The 2000 Statistical Yearbook,** (Khartoum: **the Central Statistical Agency**, 2002), p. 111.

shares in many companies and corporations such as: the Barwa real estate company, the Qatar National Bank, and others…

The Authority has various companies spread over 35 countries in all continents. In the Arab region, these investments are distributed between Sudan, Egypt, Morocco, Palestine, and Syria. The investments of the Authority involve all economic activities, such as real estate, agriculture, manufacturing, tourism, energy, and others.

Through these diverse foreign investments, Qatar aims at lessening its dependency on oil and gas revenues; since the energy sector still represents the largest share of the Gross Domestic Product.

The Qatar Investment Authority has an important place among investment corporations; the United Nations Conference on Trade and Development UNICTAD estimated its assets, at the end of 2008- at USD 228 billion (around QR 830 billion). This value has allowed it, at the time, to occupy the third place on the Arab level, behind the Saudi fund (with a value USD 501 billion) and the Abu Dhabi fund whose assets are estimated at USD 328 billion[21].

As for Qatari investments in Sudan –those executed and those under execution- consist of the following:

2-1-2 The Qatar National Bank investments in Sudan:

The Qatar National Bank was founded in 1964 as the first commercial bank in Qatar; its ownership is shared between the Qatar Investment Authority and the private sector with a 50 percent share for each.

The bank has grown and expanded to become one of the largest in the region, and is the leading local financial institution, being in charge of 40 percent of total bank assets in Qatar. The bank has the largest network of branches, consisting of 44 branches and offices throughout the world (including three mobile branches), in addition to 11 branches and offices for Islamic banking services, and over 160 automated teller machines. It is considered to be the first traditional bank in Qatar to take the initiative of providing Islamic banking services and products through the National Islamic Bank of Qatar which was founded in 2005.

The branches of this bank are spread over 22 countries, including Great Britain, France, Yemen, Oman, Kuwait, Singapore, and other countries around the world. It has representative offices in Iran and Libya, and has opened an Islamic banking branch in Sudan, through which it offers a comprehensive package of Islamic banking products and services. Furthermore, the bank has enforced its regional position by acquiring; 32.5 percent of the

[21] Ali Al-Qaisiyya, "Qatar Investments assets at 830 Billion Riyals", **Al-'Arab Newspaper,** September 23, 2009.

shares in the Jordanian Housing Bank for Trade and Finance, 23.8 percent of the capital of the Emirati Commercial Bank International, 50 percent of the Tunisian-Qatari Bank, and 20 percent of the Islamic Al Jazeera Finance Company in Doha. The bank also has a 49 percent share in QNB-Syria (a private Syrian-Qatari bank).

Recently, the bank founded a new investment corporation under the name QNB capital, which is the investment arm of the bank, offering a host of investment services to companies, government agencies, and institutions in Qatar and abroad.

The Islamic Qatar National Bank was opened in Sudan "in November 2008 with a capital of USD 100 million. It has since engaged in various Islamic banking activities, opening bank accounts, providing credit, bank guarantees, financing corporations, financing commercial projects, and other banking services…"[22]. During its short presence in Sudan, the bank has opened five branches, in addition to receiving approval to open an additional ten. Among the most prominent projects financed by the bank in Sudan is the project to upgrade Nile Street in Khartoum and the building of a bridge over Khor Samaha in Halfaya, at the entrance of the Halfaya-Hattana Bridge, with the two projects costing around USD 30 million.

2-1-3 the investments of the Qatar Diar company in Sudan:

The Qatari Diar company is a real estate investment firm affiliated with the Qatari government and wholly owned by the Qatar Investment Authority. It was founded in 2004 to help develop the infrastructure and support economic and social development that benefits Qatari society –in addition to its contribution to the diversification of Qatari investments abroad. The company is currently executing over 35 prominent projects in more than 20 countries around the world; its assets are estimated at USD 60 billion.

The Qatari Diar company began investing in Sudan through its USD 400 million project that was initially known as "Al-Difaf", but the name was later changed to the "Mushayrib" project. The project is located in the city of Khartoum Bahri overlooking the Blue Nile with a total area of 148,000 square meters. In November 2009, the project area was expanded with the purchase of additional land, giving the project a total area of 206,000 square meters.

This project is expected to be one of the most prestigious development projects in the capital Khartoum, due to its distinguished, luxurious, and comprehensive facilities. It has been endowed with a distinctive architecture mixing arts of traditional construction with modern architecture. It includes a five star hotel, eight residential and commercial towers, offices, and modern retail stores. As part of the project, Diar will also rehabilitate and develop the water front along the Nile, transforming it into an entertainment zone. The project is expected to be one of the prominent endeavors that could revitalize commerce in downtown

[22] The Qatar National Bank, **QNB Al-Islami opens its first branch outside Qatar,** November 16, 2008.

Khartoum, offering new opportunities for work, residence, tourism, business, and shopping in one location. It should be noted that the company inaugurated the first of its eight towers in October 2011.

2-1-4 The investments of the Qatari company for the trade of meat and livestock (Mawashi) in Sudan:

The Qatari company for the trade of meat and livestock (Mawashi) is a Qatari joint stock company founded in 2004 with a capital of QR 300 million. It features important economic resources, administrative capacities, and a prominent place in the field of the importation of live and slaughtered livestock –making it the leader in the field above all its competitors in the local market.

The company is mainly engaged in the trade of meats, livestock, feed, meat derivatives, the treatment of leather, the management of central markets and the automatic slaughterhouse in the state of Qatar –in addition to the private slaughterhouses. It also has foreign investment activities.

In 2007, the company invested in Sudan in the field of raising cattle and growing feed, through a project for the production of feed, "the Doha Project for Animal and Agricultural Production" (the Sudan branch is situated in the state of South Kurdu Fan). The project has grown, along with its terrain, from 6500 to 15,000 acres[23]. As a result, the company began exporting its production of Sudanese meat to the state of Qatar. The company has also opened another branch in the state of Sennar with an area of 20,000 acres, which will be planted with various crops; it is also looking forward to entering new investment fields in Sudan and opening new markets.

2-1-5 The investments of the Hassad food company in Sudan:

The Qatar Investment Authority founded the Hassad food company in 2008 with a USD one billion capital with the purpose of providing food security for Qatar and the region, by entering into strategic partnerships and adopting successful projects to support the company's position and assets.

The Hassad food company operates in Qatar in the various food-related fields; it also has a major foreign presence, heading to Australia to invest in livestock and grains, especially wheat, resulting in the founding of the company Hassad Australia, in addition to Hassad Sudan. Hassad has also signed memorandums of understanding with Turkish companies producing meat, grains, and dairy products; Argentinean companies for the production of wheat and grain; and Brazilian companies producing maize and soya beans. The company is

[23] Dr. Omar Mohammad Said, **Qatari Mawashi accomplishes a large project in South Kurdu Fan,** May 4, 2009. http://www.indexsignal.com/forum/showthread.php?t=61603&page=36

planning to invest in India and Pakistan for the production of rice, in addition to its readiness to invest in any country providing promising investment opportunities in the field of the food security.

In 2009, the company invested in the livestock sector in Sudan through a large project for the production of grain (such as wheat and maize) and raising cattle with an initial capital of USD 100 million; successive stages will be added to this project with a total capital value of a billion dollars. The company has also partnered with official organs in Sudan in the investment of a large tract of land whose area exceeds "270,000 acres in the Abu Hamad region in the Nile River State. The share of Hassad in the venture is 75 percent, while that of the Sudanese government is 25 percent"[24]. Measures are still ongoing to accomplish this project whose commercial activity will be both inside and outside Sudan.

2-1-6 The investments of the Barwa real estate company in Sudan:

The Barwa real estate company was founded in 2005, its main mission consisted of "contributing to the development of Qatari infrastructure through the practice of all forms of real estate activities including ownership, sale, purchase, mortgage, buying mortgages and borrowing for the purposes of real estate investment; in addition to the construction of buildings and real estate projects of all forms and uses: residential, commercial, industrial, touristic, health care, education, and others. The company's mission also includes the management of real estate assets of third parties, and executing all these tasks directly or through others, whether on behalf of the company or on behalf of others inside and outside Qatar"[25]. The company's ownership of a bank (Barwa bank) facilitates the smooth administration of its massive projects around the globe. Barwa was capable of achieving brisk growth during the last four years, and it now has over 40 companies affiliated to it, working in five major fields which are (directly or indirectly) related to the real estate sector: local real estate projects, international real estate projects, infrastructural investments, business services, and financial investments. The company's assets were estimated at "QR 40 billion (USD 11 billion), and the Qatari Diar company owns 45 percent of the company's capital"[26]. In addition to Qatar, the company operates in 13 countries around the world, which are: Great Britain, Saudi Arabia, Turkey, Egypt, Libya, Bahrain, Kuwait, Sudan, the United Arab Emirates, Luxemburg, France, Germany, and Russia.

As for the company's investments in Sudan, they consist in the purchase of a three-million square meter plot in the Jazeera state, which is distinguished by its strategic location in

[24] Ahmad Jarda (acting minister in the embassy of the Republic of Sudan in Qatar), personal interview, Doha, April 9, 2010.
[25] Barwa company, **General information on Barwa,** March 26, 2010. http://www.barwa.com.qa/arabic/brochuresar.html
[26] Khaled Al-Nasr, **Barwa's assets at 100 billion riyals at the beginning of the next decade,** January 28, 2010. http://www.alarab.com.qa/details.php?docId=116178&issueNo=773&secId=17

proximity to the capital and to the Khartoum International Airport, in addition to being along the main road leading into downtown Khartoum. The project consists of: “a five-star hotel, hotel apartments, commercial and residential buildings, a commercial center, an international school, and a university for graduate studies. The cost of the project is estimated at around USD 500 million”[27]. However, work on this project has not yet begun, which is probably due to the repercussions of the global financial crisis which hit international markets in recent years and led the company to slow down the execution of some of its foreign investments.

2-1-7 The investments of the Makeen company for real estate investment and development in Sudan:

The Makeen company for real estate investment and development is a private joint-stock company composed of a number of government portfolios –representing 40 percent- and the Tadawul holding company, with a 60 percent share. The company was established in 2007, and it invests in various real estate fields, offering a broad range of real estate services to government agencies, large companies, investors, and individuals. Its activities are concentrated inside the state of Qatar, but it also manages real estate projects abroad. “the value of assets managed and invested by the company are estimated at over five billion QR (around USD 1.4 billion)”[28].

As for the company’s investments in Sudan, they consist of a real estate project on a plot estimated at “260,000 square meters in the Berry suburb in Khartoum; it is composed of a number of towers, a commercial center, administrative buildings, entertainment areas, and a five-star hotel. The cost of the project is around one billion QR (USD 275 million)”[29].

2-1-8 Qatar’s contribution to the Merowe Dam:

The Merowe Dam is situated in the Northern State along the main Nile River at the fourth Cataract, 350 kilometers from Sudan’s Northern borders. It is the first of its kind as a project of comprehensive development in Sudan, providing around 1250 mega watts of electricity, in addition to contributing to industrial and agricultural development.

The state of Qatar contributed to the preparatory works for this dam, in addition to providing roads and the residential town with a cost estimated at USD 15 million[30]. It should be mentioned that the total cost for the project has reached USD 2 billion.

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[27] Interview with Ahmad Jarda, Op. Cit.
[28] Nael Salah, **Makeen begins the preliminary steps for a public offering,** January 31, 2010. http://www.al-sharq.com/pdfs/files/economics_20100131.pdf
[29] Interview with Ahmad Jarda, Op. Cit.
[30] The Merowe Dam Project, **the contribution of Arab funds to the Merowe Dam,** April 23, 2010. www.merowedam.gov.sd

2-1-9 The Qatari project for the excavation and rehabilitation of Sudanese archeological sites:

The teams involved in this project began working in both Khartoum and Doha beginning in April 2009. The project aims at excavating archeological ruins in Sudan, financing the ongoing restoration projects, in addition to centralizing all Sudanese archeological sites – which are strewn across various regions- into a single administration. The project also seeks to organize the work of foreign delegations in Sudan and creating a common administration between them. The first phase of the project is expected to be achieved within five years, with the other stages to be implemented later. The state of Qatar –represented in the Qatar Museum Agency- will conduct all the phases of this project, manage it, build a touristic area around the archeological sites, and provide them with all services including: roads, hotels, entertainment areas, and others… "30 thousand acres have been reserved in the Bajrawiyya area, which is rich in archeological sites, for this project, whose initial cost is estimated at USD 100 million"[31].

2-2 Obstacles to foreign investments in Sudan:

In recent years, Sudan was able to attract a lot of foreign investments, including Qatari investments. However, these investments remain below the hoped-for level, despite the abundance of Sudan's economic potential and its granting of privileges for investments and the sovereign funds of countries with financial surpluses, including the state of Qatar. This situation is due to several problems and obstacles, the most important of which are:

2-2-1 The lack of a comprehensive investment roadmap:

Among the greatest obstacle to foreign investment in Sudan is the lack of a comprehensive roadmap showing the various activities that Sudan's wishes foreign investors to engage in, according to the state's priorities in exploiting its resources, the investments it needs, and its requirements for balanced development. It appears that investors are the decision-makers in investment matters, and not the state; and that takes place according to their own conception of investment, their particular knowledge of Sudan and sectors in which they may invest, and their own short-term priorities.

2-2-2 Administrative obstacles:

Despite the state's increasing interest in investment and the improvement of its climate, investors are faced with various hurdles in administrative procedures on the federal and state levels; these could be summarized as follows:

[31] Interview with Ahmad Jarda, Op. Cit.

a- While the state established a single window – represented in the Investment Ministry- and its appointment of representatives for the other organs related to the investment process (so they can deal with investors), these representatives lack the authority to perform the investment procedures that they oversee, which forces the investors to go to these agencies to pursue their licenses, which contradicts with the notion of the single window and the simplifications of administrative procedures.

b- The complexity of the licensing process: an investment project begins with the presentation of an investment application that must comply with government standards and be accompanied with a preliminary feasibility study. Following the approval of the appropriate ministry, procedures begin with the registration of a business title for the project, followed by the provision of licenses for the project including the privileges guaranteed by the Investment Law. Since the law has determined a time limit of one-month to complete these procedures, this may prevent foreign investors from waiting, due to the length of this period and to their foreign engagements. The situation is made worse because in many cases, these procedures exceed that time limit[32].

c- The complexity of the procedures to obtain the necessary land for the project and receiving federal land grants: The investment law has given the investment minister the authority to grant land in consultation with the relevant authorities; however, this authority is not practiced as an inherent law-given power by the ministry in question. Designating the land necessary for a project and placing it under the authority of states still requires higher approval, which leads to the hampering of many investment projects, especially foreign ones.

d- The complexity of obtaining a business title: Those seeking business titles are required to obtain two certificates from the tax and Zakat authorities proving that the investor has no outstanding balance. A procedure that appears illogical in the case of new investment projects, and conflicts with the concept of simplifying administrative procedures.

e- The insufficient application of the investment law, resulting in each investment-related authority interpreting the law in its own way, in accordance with its own interests.

f- Obstacles relating to the performance of those executing investment projects: Most foreign investors are from countries operating under modern administrative systems, which are characterized by discipline in their performance. In their countries, these investors are accustomed to implementing their procedures with ease and simplicity; but in Sudan, they are faced with frustrating bureaucratic practices: they may not find the employee in his office, or they may find him, but he may not commit to finishing their

[32] Sami Mohammad Ahmad (the manager of the Khalila factory for cement products), personal interview, Khartoum, March 5, 2009.

procedures at an adequate speed, and he may not heed the time limit set by the law for these investors, or he may even treat them inappropriately. Such practices cause investors great frustration and hardship, causing hesitation toward investment.

2-2-3 The inadequacy of the infrastructure:

Infrastructure in Sudan –such as electricity, water, roads, modern transportation, airports, ports, etc- remains weak and fails to cover the entire country. Despite recent improvements, the country's infrastructure remains far from ideal. This inadequacy is a major hurdle to foreign investments resulting in many new investments to be concentrated in regions with a more advanced infrastructure. This reduces the opportunity for developing less-privileged regions.

2-2-4 Obstacles relating to the application of customs privileges:

The investment law has simplified the procedures to enact customs privileges in investment projects by making them automatic. However, in practical application, several practices emerged to hamper this process. This includes the customs agencies' failure to enact several of the privileges included in investment licenses, which force some investors to resort to the Justice Ministry that "issued rulings affirming the illegality of the practices of customs agencies, and forcing them to enact the privileges provided by the law"[33].

2-2-5 The weakness of promotion and the lack of data on Sudan's investment potential:

One of the major obstacles for investment in Sudan is the weakness of promotion and the lack of information regarding investment projects. For instance, the first thing an investor needs to ascertain are which procedures that he must undertake in order to obtain his investment project, as well as the privileges allotted, the number of projects in his chosen field, the size of the capital invested in that sector, the size and needs of the market, and other necessary information that will help the investor make a sound investment decision. One of the main reasons leading to the weakness of promotion is "the lack of interest of investment agencies in the center and the states in collecting and publishing this data domestically and abroad"[34], and the failure to benefit from the advanced information and communication technologies in the promotion of investments, through the dissemination of information and its regular update through the Internet, to interested investors.

[33] The Investment Ministry, **Problems and Hurdles Hampering the Investment Process and the Perspective of Possible Solutions,** (Khartoum: the Investment Ministry, undated), p. 3.

[34] Adbel Halim Hamed Mohammad, **Good Investment Promotion and its Management,** (Khartoum: the Ministry of Agriculture and Forestry, 2008), p. 11.

2-2-6 the lack of interest in education and technical and vocational training:

There is a noted lack in qualified technical crews in some important fields, such as oil, petrochemical industries, and others… When a foreign investor decides to invest in a certain country, he prefers to recruit the needed technical skills from the country in which he invests because their cost would be lower than having to import such skills from abroad.

2-2-7 The weakness in coordination between investment agencies in the center and the states:

One of the major roadblocks for investors wishing to invest in the various states of Sudan is due to "the weakness of coordination and the unavailability of the adequate mechanism for the exchange of information and data between the investment ministry and the relevant authorities in the center, and the agencies charged with investment in the states"[35]. That is despite the information revolution and the advanced technology now available in the field of communications and information.

2-2-8 The weakness of Sudanese banks and their traditional character:

Most Sudanese banks are characterized by a traditional work ethic coupled with the ineptitude to respond to the needs of investors in terms of, issuing rapid money transfers, the provision of needed financing within an adequate timeframe, communication through modern means, and the offering of adequate services. This is due to several inadequacies pertaining to Sudanese banks, the most important of which could be summed up as follows:

a- Their small size compared to international banks.

b- The weakness of their capital and assets, and their limited ability to attract financial resources.

c- Their increasing portfolio of bad debt.

d- The low return on investment deposits and stocks compared to other investment opportunities.

2-2-9 The weakness of the Sudanese private sector:

The private sector in Sudan is characterized by frailty and the lack of capacity to explore the large and varied resources of the country, and the inability to achieve society's welfare by providing it with its needs of high-quality goods and services at competitive prices. Furthermore, it has a weak ability to participate with foreign investors in large investment

[35] "Awad Al-Karim Balla al-Tayyib, **The Application of the Investment Law in the States,** (Khartoum: the Investment Ministry, 2001), p. 8.

projects, despite the fact that foreigners, in many cases, prefer to partner with local investors in order to mitigate risks. Some of the many reasons that have prevented this sector from performing its tasks are the following[36]:

a- The omnipresence of the public sector since independence; however, the state has recently began a gradual retreat from that policy, opening the space to the local and foreign private sectors –by privatizing many government establishments.

b- The heavy burdens placed on the sector, consisting in direct and indirect taxation.

c- The state's entry as a competitor to this sector, through the founding of many governmental companies that receive preferential treatment and easier credit, in addition to tax and customs privileges.

d- The absence of a ministry that supports and plans for this sector, designs its plans and strategies, and resolves its problems.

2-2-10 The limited size of the local market:

The small scale of the local market, resulting from the low income level, is another obstacle facing foreign investment in Sudan. The Sudanese market has a low consumption capacity, leading to problems with marketing products and services, in addition to the "unavailability of precise and current statistics on the market and its needs"[37].

2-2-11 Legislative impediments:

The Investment Law, being one of the main determinants of the investment climate, is the framework organizing the relationship between all the parties involved in the investment process. However, some contradictions exist between this law and the other laws of the state, especially in matters relating to land and customs. This is clearly manifested in the failure of some administrative organs to apply some of the regulations issued according to the investment law, which openly states that: "regardless of the provisions any other legislation, no administrative organ is permitted to abstain from enforcing the privileges and guarantees provided by the provisions of this law"[38]. Nevertheless, some administrative authorities do not submit to the law, insisting to enforce their proper regulations. Furthermore, the investment law dictates that no state or local taxes can be imposed on any federally-licensed investment project during the period of tax exemption –unless they were in exchange for services of a public nature performed

[36] Ali A. Ali, **Sudan's private sector development: present status, problems, process, policies and future prospects**, (Khartoum, Unido, 2005), pp. 63 – 65.
[37] Osama Hamed Burhan (marketing manager at the Siqa complex for food industries), personal interview, Khartoum, March 9, 2009.
[38] The Investment Ministry, **The law for the encouragement of investment issued in 1999 amended in 2003,** (Khartoum: the Investment Ministry, 2004), p. 10.

by the state or the locality. This exception has opened a wide door for states and localities to interpret this law as they pleased, by imposing all desired taxes and fees under various appellations. This indicates the vagueness of some portions of the investment law, which adds financial burdens to investors and undermines their confidence in the state apparatus – the state that gave them tax exceptions with one hand only to impose multiple duties and fees with the other.

2-2-12 Security impediments:

The stability of the security situation in any country is a prime criteria for the flow of foreign investments; the investor does not risk his capital in an unsafe environment. It should be noted that ongoing conflicts and wars in parts of the Sudan impedes investments, and prevent the creation of a positive climate that would encourage the continuous flow of foreign investments.

2-2-13 External barriers:

The economic boycott imposed by some Western countries on Sudan, especially the United States of America, represents the most important external barrier to investments in Sudan. One of the facets of these sanctions is these countries' banning the sale of their products –such as train sets and their spare parts- and the import of most Sudanese goods, as well as the harassment of foreign investors wishing to invest in Sudan. In fact, some companies investing in Sudan were forced to withdraw, such as the Canadian Talisman oil company, and the incitement of many banks and international financial institutions not to deal with Sudanese banks. All these measures have led to the hampering of production by paralyzing ongoing projects, postponing new projects, and the negative impact on Sudanese exports and the flow of foreign investment.

Furthermore, some foreign investmentors are exposed to further obstacles when entering the Sudanese investment market, including the elevated price of fuel and the multiplicity and slow pace of procedures in airports and seaports. Some investors face difficulties in providing water for their projects, especially those based in agriculture, because the water often flows through lands and projects owned by locals; and a foreign investor cannot negotiate with local citizens in matters which must be resolved by the state. Additionally, "it is difficult to obtain investment lands in industrial zones containing services, where there are immense plots that were reserved years ago by investors without them being seriously exploited, and at the same time the state has taken no measures to make room for serious investors who are in need of land"[39].

[39] Personal interview with Sami Mohammad Ahmad, Op. Cit.

2-3 Foreign trade between Sudan and Qatar:

2-3-1 Sudan's exports to Qatar:

Sudanese exports to Qatar consist of: livestock (live and frozen), skins, gold, vegetables, fruit, maize, and feed. Their total reached USD 0.7 million in 2001, increasing to USD 2.1 million in 2002. But then they decreased to USD 1.5 million in each of 2003 and 2004, before registering a slight increase in 2005, to USD 2.2 million, followed by a large decrease in the following years. This is shown in table (1).

Table (1)

The value of Sudan's exports to Qatar during the period 2001-2010 (in USD million)

Sudan's Exports to Qatar	Year
٠,٧	٢٠٠١
٢,١	٢٠٠٢
١,٥	٢٠٠٣
١,٥	٢٠٠٤
٢,٢	٢٠٠٥
٠,٥	٢٠٠٦
٠,٢	٢٠٠٧
٠,٤	٢٠٠٨
٠,٧	٢٠٠٩
٠,٤	٢٠١٠
١٠,٢	Total

Source: Sudanese Central Bank

Table (1) shows that, despite Sudan's endowment with a large economic resource, especially in the agricultural and animal sectors, the tally of Sudanese exports to Qatar has known a decline and a fluctuation, not exceeding USD 2.2 million in the best of years (2005). It is also noticeable that the total exports for the ten-year period (2001-2010) were no more than USD 10.2 million.

2-3-2 Qatar's exports to Sudan:

Qatari exports to Sudan consist of: textiles, means of transportation, machinery and equipment, food stuff, and petrochemicals[40]; Urea fertilizers are the most important petrochemical exported to Sudan.

Looking at the total size of these exports during the period 2001-2010, we find that the value of goods imported by Sudan from Qatar in 2001 was USD 0.2 million, but it climbed markedly in the following years, reaching USD 34 million in 2006, then decreasing to USD 28 million in 2007, then rising to 35,34, and 36 million dollars in 2008, 2009, and 2010, respectively, see table (2).

Table (2) The value of Qatari exports to Sudan during the period 2001-2010 (in USD million)

Qatar's exports to Sudan	Year
٠,٢	٢٠٠١
٧	٢٠٠٢
١٠	٢٠٠٣
٧	٢٠٠٤
١١	٢٠٠٥
٣٤	٢٠٠٦
٢٨	٢٠٠٧
٣٥	٢٠٠٨
٣٤	٢٠٠٩
٣٦	٢٠١٠

[40] The Central Bank of Sudan, **Statistical brief of foreign trade for 2008,** March 12, 2010. http://www.bankofsudan.org/arabic/period/digest/digest.ht

٢٠٢,٢	Total

Sources: -The Arab Monetary Fund

-The Central Bank of Sudan

Looking at tables (1) and (2), we find that 2001 was the sole year when Sudanese exports to Qatar exceeded Qatari imports into Sudan, with a USD 0.5 million difference. As for the period 2002-2010, Qatari exports to Sudan far exceeded Sudanese imports from Qatar, with the difference reaching USD 4.9 million in 2002, then increasing to: USD 8.5, 5.5, 8.8, 33.5, 27.8, 34.6, 33.3, and 35.6 million; in, respectively, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010.

Testing the research hypotheses:

When the preliminary hypotheses of this study were tested, the results came as follows:

The first hypothesis:

This study has indicated the truth of the first statement claiming that **economic cooperation between Sudan and Qatar is weak and disproportional to the economic capacities of the two countries.** It appeared that the value of Qatari investments in Sudan -those executed, under execution, and approved- does not exceed USD 1.5 billion.

The second hypothesis:

This study has indicated the truth of the second statement claiming that **trade between the two countries is extremely weak, despite the political rapprochement between them.** While Sudan is endowed with considerable and varied economic resources, especially in the agricultural and animal sectors, and while Qatar has major needs in this regard –suffering from an acute scarcity in arable land and fresh water sources- there has been a steep decline and fluctuation in Sudanese exports to Qatar. The total value of these exports for the period 2001-2010 did not exceed USD 10.2 million. On the other hand, Qatari exports to Sudan did not surpass, in their best years, USD 36.3 million (2010).

The third hypothesis:

This study has shown the validity of the third hypothesis claiming that **there are multiple obstacles and problems limiting the flow of Qatari investments into Sudan.** It has appeared that many Qatari investors avoid investing in Sudan due to the existence of many barriers limiting the entry of such investments: the weakness of infrastructure in Sudan, the unavailability of a comprehensive investment roadmap showing the various activities that Sudan wishes foreign investors to engage in, the weakness of the promotion of investment opportunities, mismanagement, the existence of civil wars, and others…

3- Research conclusions:

The main conclusions reached in this paper can be summed up as follows:

1- It was shown that the Qatari economy is one of the fastest-growing economies in the world, having maintained extremely high growth rates due to the great expansion in the production and export of liquefied natural gas, and its sale according to long-term contracts. This has permitted Qatar to become the largest global exporter of LNG, while maintaining the third largest reserves after Russia and Iran; natural gas revenues have also been instrumental in allowing Qatar to occupy the first global rank –in 2010- in terms of GDP per capita.

2- Since the state of Qatar lacks arable land and water sources, and since it is in dire need of agricultural products –both animal and vegetable, and imports most of its food needs from abroad, it is compelled to seek suitable investment opportunities abroad that could allow it to achieve its food security.

3- It was shown that economic cooperation between Sudan and Qatar is weak, and does not reflect the close political relations between the two countries; despite the large investment opportunities offered by Sudan and the massive financial surpluses controlled by the state of Qatar.

4- While there is a serious desire by the Qatari public and private sectors to invest in Sudan, many investment obstacles in the country prevent the flow of further investments.

5- Among the main obstacles to investment present in Sudan: the weakness of its infrastructure, the lack of an investment roadmap showing the various activities that foreign investors would be encouraged to join, the weakness and backwardness of the promotion of investment opportunities, the lack of needed data on opportunities and on the size and needs of the market, the deficiencies of the administrative apparatus…

6- The weakness of Sudanese exports to Qatar despite Sudan's important and diverse economic resources, especially in the agricultural and animal sectors, in contrast with large needs for the state of Qatar in this field. It was also shown that Qatari exports to Sudan exceed Sudanese imports; for instance, the value of Qatar's exports to Sudan in 2006 alone (USD 33.5 million) represents the quadruple of the total value of Sudanese exports to Qatar in seven years (2001-2007).

Proposals for the development of investment and commercial exchange between the two countries:

Since Sudan is endowed with abundant resources, as well as a distinguished geographic location making it a gateway for many African countries and a link for these countries with the Arab world, this qualifies Sudan to be an important investment and trade portal for these countries. Since Qatar is endowed with a surplus of capital that could be used to exploit these resources in an optimal manner and to achieve the shared objectives of both countries and encourage investment and commercial exchange between them, the author advances a proposal that may aid in spurring investment and commercial trade between the two countries and achieve several of their developmental goals. The proposal could be summed up as follows:

1- Creating a common entity joining businessmen in both countries, with the presence of official authorities relevant to investment and trade affairs –in order to neutralize the obstacles that such an entity may face from official or nonofficial parties. Additionally, a number of experts in the relevant fields should be recruited; and the entity should be charged with determining the priority projects, executing feasibility studies, promoting these projects, then aiding in executing them in partnership with the private sector in the two countries or independently. This entity must operate according to modern scientific methods, inspiring from global experiences in this field.

2- This common entity works with official organs in both countries to obtain preferential treatment in trade between Qatar and Sudan, by simplifying the entry and exit of goods between the two countries without customs or export duties.

3- Forming common investment and trade companies, whose stocks are to be placed at public offerings in the financial markets of the two countries, in order to create strong institutions that can advance commercial exchange between the two countries and invest in large projects requiring major capital.

4- Placing the focus on agricultural projects whose requirements are abundant in Sudan, and which Qatar strongly needs, such as the projects to produce grains like wheat, the production of vegetables, fruits, oils, sugar, and others. As well as projects for animal production, such as meats and dairy and their byproducts. And then, focusing on infrastructural projects which Sudan sorely needs, and that Qatar has the ability to finance, such as projects for roads and bridges, railways, airports, seaports, electricity, water, hotels, commercial complexes, and others.

5- Paying attention to investment in manufacturing, with Sudan featuring several types of primary material for food industries, construction industries, textile industries, and others.

6- At a later stage after the laying of strong foundations for common work and the acquiring of the needed experience for investment in the country, investment should be directed to large projects in the extractive industry: such as the extraction of oil and associated activities, the extraction of gold and other minerals that are abundant in Sudan; these resources remain virgin, and are hardly exploited given their massive deposits in the soil of Sudan.

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