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The Economic Impact of the Coronavirus [COVID-19] Pandemic on Sudan's Foreign Trade

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Abstract

The paper explored and addressed the preliminary economic effects of the coronavirus [COVID-19] Pandemic on Sudan's foreign trade, focusing on its trade relationship with China as it is the source of the pandemic. Moreover, the paper briefly traces how the pandemic affected the Sub-Saharan Africa Region and the world economy. This evaluation is preliminary therefore, updated data and new research to be published shortly or thereafter will carry better clarity and complement the trends discussed in this paper. The study's main findings revealed that the coronavirus [COVID-19] pandemic has no significant effect on Sudan's foreign trade, especially with China. Since the US government imposed economic sanctions on Sudan's economy in 1993, Sudan become relied heavily on products imported from China.

Keywords: COVID-19, economic effects, foreign trade, Sudan

1. Introduction

As the coronavirus [COVID-19] appeared in China and widely spread internationally. Authorities all over the world have proceeded to restrict its spread where the human capital costs were significant. The bulk of the economic costs is due to individuals' protective behaviour and the virus transmission control policies. As the virus spread globally, many countries have taken procedures to limit the spread through social distance and isolation policies, such as shutting educational institutions (kindergarten, primary, intermediary, high secondary schools, and high education), limiting official work hours, closing of land crossings, seaports, airports, restricting the movement or mobility of people internally and externally and all countries raised the slogan "stay home". The preventive actions have had a significant impact on all economies around the globe through foreign trade (exports or imports), tourism, aviation, and partner economies. This study attempts to explore and discusses the preliminary effects of the COVID-19 pandemic on Sudan's foreign trade especially the transaction with China.

Since 1993, the US government has imposed economic sanctions on Sudan. Sudan's foreign trade with China is becoming growing

significant. According to the annual report of the Central Bank of Sudan for the year (2018/2019, p.184), Sudan exported to China of 21.6% of its total gross exports while it imported about 21.1% of total its gross imports.

Due to the COVID-19 pandemic in its primary stage, there is no clear data available, no clear evidence, and economic statistics are still insufficient to assess the magnitude of these economic shocks. Therefore, the study sheds light on the preliminary short-term economic impact of the COVID-19 pandemic on Sudan's foreign trade especially with China during 2019-2021. Moreover, to achieve the following sub-objectives:

- To contribute to the fresh economic studies and literature on the COVID-19 pandemic.
- To provide a brief description and background of the COVID-19 pandemic.
- To present a brief picture of the COVID-19 pandemic in the Sub-Saharan Africa Region.
- To analyse Sudan's foreign trade and predict of direction with China in light of the pandemic.

2. Literature Review

2.1 The Coronavirus [COVID-19]-An Overview

The COVID-19 pandemic is considered the most crucial global health calamity of the century and the greatest challenge that humankind faced since the 2nd World War. In December 2019, a new infectious respiratory disease emerged in the city of Wuhan, which is in the capital of the Hubei Province of China. The virus was named by the World Health Organization COVID-19 as a term derived from the coronavirus disease 2019 (Indranil, C. & Prase., M. April 20, 2020, p.1). The Chinese government imposed quarantines and other restrictions on movement to prevent the spread of illness in China. Concerns about a new respiratory virus were evident prior to December 31, 2019, when Beijing first notified the World Health Organization (WHO) of the outbreak. Chinese officials did not take decisive action to contain its spread until late January. On January 23, transport linkages from Wuhan were suspended, followed by the lockdown of 12 other cities in Hubei on January 24 (WHO,2020). Beyond Hubei, provinces including Zhejiang, Liaoning, and Jiangxi also placed official lockdowns on residential areas as localities across China implemented formal and informal restrictions on movement (Deutsche, January 24, 2020). These restrictions quickly and dramatically shut off the flow of people returning from their hometowns to their places of work after the Lunar New Year, China's largest annual holiday. Store closures, authorities' restrictions on movement, and public fears of contagion drastically reduced in-person transactions in routine and holiday spending, resulting in retail sales plummeting by 20.5 percent year-on-year according to official statistics (Raymond, Z. & Paul, M, February 15, 2020). The virus is spreading globally at an alarming rate, with 1,341,907 confirmed infections and 74,476 deaths as of April 7, 2020 (UNDP, Apr l, 2020, p.3).

2.2 Transmission Channels of Economic Effect of the COVID-19 Pandemic

(Asian Development Bank [ADB], March 6, 2020, pp.2-3) explored the potential economic impact of COVID-19 on the economies of the People's Republic of China (PRC), the rest of developing Asia, and the world. ADB determined several channels through which the COVID-19 outbreak will affect economic activity which include: a sharp but temporary decline in domestic consumption in the PRC and other outbreak-affected economies, and possibly investment if the outbreak affects views on future business activity; declines in tourism and business travel; spill-overs of weaker demand to other sectors and economies through trade and production linkages; supply-side disruptions to production and trade (which are distinct from demand-side shocks spilling over through trade and production linkages); and effects on health such as increased disease and mortality as well as shifts in health care spending. Each of these is taken in turn.

2.3 Brief Previous Empirical Studies on the COVID-19 Pandemic

(Centre for Economic Policy Research [CEPR], February 27, 2020) discussed the economics in the time of COVID-19. The results reveal that before a near time weeks ago, the world economy seemed well on the way to a nice recovery; trade and political tensions were seen as "not so bad", growth projections were rosy and financial markets were cheery. Now all bets are off. As COVID-19 spreads around the globe, it has become clear that it has the potential to derail the world economy. The size and persistence of the economic impact are unknowable. Like a healthy person who catches

the seasonal flu, suffers a nasty but short-lived discomfort, and is quickly back to full power, the crisis could be short and sharp. Such a 'V-shaped' hit seemed likely when COVID-19 was essentially a Chinese problem and China was dealing with it forcefully. Times have changed. While a short-and-sharp crisis is still possible, it's looking less like the most likely outcome. The disease is spreading rapidly in dozens of countries. Three chapters in the eBook put numbers to this, and we'll summarize those below, but the bottom line is that while there is too much uncertainty to be certain about outcomes, it is clear that this economic shock could cause lingering pain and perhaps leave deep scars – far larger than the other post-war pandemics.

(United Nations Conference on Trade and Development [UNCTAD], March 4, 2020) reported that "It is unavoidable that the novel coronavirus epidemic will have a considerable impact on the economy and society" - China's president Xi Jinping, televised address, February 23, 2020. "The spread of the new coronavirus is a public health crisis that could pose a serious risk to the macroeconomic through the halt in production activities, interruptions of people's movement and cut-off of supply chains" - Japanese Finance Minister Taro Aso. G20 gathering in Riyadh, Saudi Arabia, February 24, 2020. "Honda Motor Co. will reduce vehicle output at two of its domestic plants in Saitama Prefecture for a week or so in March 2020 due to concerns about parts supply from China where a new coronavirus outbreak continues to disrupt economic activities", the novel strain of coronavirus (COVID-19) has the potential to significantly slow down not only the Chinese economy but also the global economy. China has become the central manufacturing hub of many global business operations. Any disruption of China's output is expected to have repercussions elsewhere through regional and global value chains.

(International Labour Organization [ILO], March 18, 2020) discussed the predictable impact of COVID-19 on the world of work and policy responses. The study found that COVID-19 will have far-reaching impacts on labor market outcomes. Beyond the urgent concerns about the health of workers and their families, the virus and the subsequent economic shocks will impact the world of work across three key dimensions: 1. The number of jobs (both unemployment and underemployment); 2. The quality of work (e.g., wages and access to social protection, and 3. Effects on specific groups who are more vulnerable to adverse labor market outcomes.

Beine, M. et al. (April 6, 2020) tried to predict the effects of Covid-19 on Luxembourg's economy. The study forecasted based on that assuming a baseline-as-usual trend, back-of-the-envelope calculations suggest that the current lockdown could reduce Luxembourg's monthly output by 28 to 42% depending on the deterioration of the international economy and budget support policy. Each month of lockdown mechanically reduces Luxembourg's annual GDP by 2.0 to 3.5%. Greater or smaller effects can be obtained if we account for cascading business and individual bankruptcies, or if we assume greater resilience. Assuming the economy will ultimately get back to normalcy, the recession due to COVID-19 is likely to be deeper than the recession induced by the 2008 financial crisis.

Maryla, M., Aaditya, M., and Dominique, V (April 2020) discussed that the virus that triggered a localized shock in China is now delivering a significant global shock. This study simulates the potential impact of COVID-19 on gross domestic product and trade, using a standard global computable general equilibrium model. It models the shock as underutilization of labor and capital, an increase in international trade costs, a drop in travel services, and a redirection of demand away from activities that require proximity between people. A baseline global pandemic scenario sees gross domestic product fall by 2 percent below the benchmark for the world, 2.5 percent for developing countries, and 1.8 percent for industrial countries. The declines are nearly 4 percent below the benchmark for the world, in an amplified pandemic scenario in which containment is assumed to take longer and which now seems more likely. The biggest negative shock is recorded in the output of domestic services affected by the pandemic, as well as in traded tourist services. Since the model does not capture fully the social isolation induced independent contraction in demand and the decline in investor confidence, the eventual economic impact may be different. This exercise is illustrative because it is still too early to make an informed assessment of the full impact of the pandemic. But it does convey the likely extent of impending global economic pain,

especially for developing countries and their potential need for assistance.

Fernandes, N (April 13, 2020) discussed the channels of the economic impact of the COVID-19 crisis on industries and countries. The report concludes that there will be a very asymmetric impact across sectors. Depending on the economic structure of each country, some will be more affected than others. For instance, countries with more service-oriented economies will be more affected and have more jobs at risk. This report then outlines some possible scenarios and their impact on economic prospects. Finally, it concludes with a summary of the findings and some policy implications.

Nicola, M. et al. (April 17, 2020) reviewed the socio-economic implications of the coronavirus pandemic or COVID-19. The results found that the COVID-19 pandemic has resulted in over 4.3 million confirmed cases and over 290,000 deaths globally. It has also sparked fears of an impending economic crisis and recession. Social distancing, self-isolation, and travel restrictions have led to a reduced workforce across all economic sectors and caused many jobs to be lost. Schools have closed down, and the need for commodities and manufactured products has decreased. In contrast, the need for medical supplies has significantly increased. The food sector is also facing increased demand due to panic buying and stockpiling of food products. In response to this global outbreak, we summarize the socioeconomic effects of COVID-19 on individual aspects of the world economy.

Frederic, B., and Phurichai, R. (April 17, 2020) discussed the macroeconomic effects of Covid-19: An early review and concluded that the cost-benefit analysis in health policies certainly goes beyond accounting for economic gains and losses. But even from a narrow economic perspective, the adequate course of action is far from settled. On the one hand, the high output losses from global efforts to contain the Covid-19 pandemic are unprecedented. On the other hand, it is unclear if the counterfactual scenario would be less costly – an uncontrolled pandemic such as the 1918 Great Influenza resulted in substantial and persistent damages. A better understanding of the transmission channels of the Covid-19 shock to the economy, the interaction between economic decisions and the epidemic, and the policy trade-offs is therefore needed.

Chakraborty, I., and M aity, P (April 20, 2020) Assessed and tracked the migration of COVID-19 and its effects on society, the global environment, and prevention. The COVID-19 pandemic is considered the most crucial global health calamity of the century and the greatest challenge that humankind faced since the 2nd World War. In December 2019, a new infectious respiratory disease emerged in Wuhan, Hubei province, China, and was named by the World Health Organization as COVID-19 (coronavirus disease 2019). A new class of coronavirus, known as SARS-CoV-2 (severe acute respiratory syndrome coronavirus 2) has been found to be responsible for the occurrence of this disease. As far as the history of human civilization is concerned there are instances of severe outbreaks of diseases caused by a number of viruses. According to the report of the World Health Organization (WHO as of April 18, 2020), the current outbreak of COVID-19, has affected over 2164111 people and killed more than 146,198 people in more than 200 countries throughout the world. Till now there is no report of any clinically approved antiviral drugs or vaccines that are effective against COVID-19. It has rapidly spread around the world, posing enormous health, economic, environmental, and social challenges to the entire human population. The coronavirus outbreak is severely disrupting the global economy. Almost all nations are struggling to slow down the transmission of the disease by testing & treating patients, quarantining suspected persons through contact tracing, restricting large gatherings, maintaining complete or partial lockdowns, etc. This paper describes the impact of COVID-19 on society and the global environment, and the possible ways in which the disease can be controlled have also been discussed there.

Malden, K., and Stephensaj, S (April 21, 2020) investigated the preliminary cascading economic impacts of the COVID-19 Outbreak in China. The key findings include a halt in economic activity, demand arrested, workers' return to cities blocked, production and export flow stalled, energy demand plummeting, U.S. supply chains disrupted, China's policymakers froze economic activity in implementing stringent control measures to curtail COVID-19's spread, the shutdown in China's economic activity has now been followed by halting economic activity internationally as other countries respond to the pandemic, on April 14,

the International Monetary Fund (IMF) forecasted a global GDP contraction of 3 percent in 2020, assuming the pandemic subsides in most countries in the second quarter of 2020 and finally, IMF Chief Economist *Gita Gopinath* emphasized the forecast assumed the resumption of economic activity in the second half of 2020.

(Food and Agriculture Organization [FAO], April 24, 2020) in its study entitled "COVID-19 Global Economic Recession." The study presented evidence that most countries (65 out of 77) that experienced a rise in undernourishment between 2011 and 2017 simultaneously suffered an economic slowdown or downturn. This observation was timely, given the episodes of financial stress, elevated trade tensions, and tightening financial conditions that were contributing to uncertain global economic prospects in 2019. Now, the unprecedented COVID-19 pandemic is obscuring those global economic prospects in ways no one could have anticipated. The economic performance undernourishment nexus has become even more relevant in 2020.

(United Nations Development Program [UNDP]-Uganda, April 2020) in its report stated that the COVID-19 outbreak is likely to impact Uganda through several transmission channels. These include the immediate short-term effects, in addition to medium and long-term effects, caused not only by the virus directly but also the indirect effects resulting from the response measures. In this section, the immediate short-term effects are outlined by direct and indirect effects, and the next section analyzes potential medium- and long-term effects on Sustainable Development Goals (SDGs). Several of the impacts identified in this brief reflect the Government assessment recently presented by the Minister of Finance, Planning and Economic Development.

(World Food Program [WFP], April 2020) analyzed the economic and food security implications of COVID-19 on the world's poorest people. The study's analysis suggests that, for many poor countries, the economic consequences will be more devastating than the disease itself. Thus, to identify those at risk, the study used the economic pillar of the Proteus food security index combined with export dependency for primary commodities (fuels, ores, and metals). There are almost 212 million chronically food-insecure and 95 million acutely food-insecure people in African countries. The large majority of these countries are in Africa, including highly export-dependent Angola, Nigeria, Chad, and highly import-dependent Somalia and South Sudan. Another region of concern is the Middle East, with countries such as Yemen, Iran, Iraq, Lebanon, and Syria all facing severe economic problems.

World Bank Group (April 2020) in its report assessed the economic impact of COVID-19 and policy responses in sub-Saharan Africa. The main findings include: (1) The COVID-19 pandemic has taken a toll on human life and brought major disruption to economic activity across the world; (2) Despite a late arrival, the virus has spread rapidly across Sub-Saharan Africa in recent weeks, we project that economic growth in Sub-Saharan Africa will decline from 2.4 percent in 2019 to -2.1 to -5.1 percent in 2020; (3) the first recession in the region in 25 years, the COVID-19 shock is hitting the region's three largest economies-Nigeria, South Africa, and Angola-in a context of persistently weak growth and investment, and declining commodity prices; (4) More generally, countries that depend on oil exports and mining would be hit the hardest; (5) In non-resource-intensive countries, growth is expected to slow but remain positive; (6) In the baseline and downside scenarios, growth will fall well below the regional average population growth rate of 2.7 percent; (7) The negative impact of the pandemic on household welfare would be equally dramatic, so, in the optimistic scenario, welfare losses amount to 7 percent relative to the no-COVID scenario in 2020; (8) Policy responses that result in sub-regional trade blockages will increase transaction costs and lead to even larger welfare losses amounted to 14 percent relative to the no-COVID scenario if countries were to close their borders to trade; (9) The COVID-19 crisis is also contributing to increased food insecurity as currencies are weakening and prices of staple foods are rising in many parts of Africa and local agri-food supply chains are already experiencing disruptions, including reduced access to inputs and services, labor movements, transport and roadblocks, and credit or liquidity; (10) Also the virus crisis has the potential to create a severe food security crisis in Africa; (11) These findings reflect the multiple channels of transmission of COVID-19 on economic activity in Sub-Saharan Africa involve: (a) Current account deficits in the region are set to widen as

trade balances deteriorate due to falling exports; (b) Fiscal deficits are projected to widen amid falling government revenues; (12) At the global level, incoming data suggest that the economic disruption from the COVID-19 outbreak is extensive, the global economy is falling into recession, the prices of most commodities have been declining with prices of crude oil and industrial metals falling sharply.

Ozili, P. (May 29, 2020) studied the socio-economic probable impact of COVID-19 and the policy response in African countries and opportunities. The findings reveal that African countries have been affected by the coronavirus pandemic, and the effect was more severe for African regions compared to other regions. The rising pandemic affected social interaction and economic activities through the imposed social distancing policies that have different levels of strictness in several African countries. The implication of the findings is that social policies can affect citizens' social and economic well-being. Secondly, the coronavirus outbreak has revealed how a biological crisis can be transformed into a sociological subject. The most important sociological consequence of the coronavirus outbreak for African citizens is the creation of social anxiety among families and households in the region. The outbreak has also shown how vulnerable African societies are to facing health hazards. Policymakers should enforce social policies that unite communities in bad times, to reduce social anxiety.

(Congressional Research Service [CRS], June 4, 2020) reviewed that since the COVID-19 outbreak was first diagnosed, it has spread to over 190 countries and all U.S. states. The pandemic is having a noticeable impact on global economic growth. Estimates so far indicate the virus could trim global economic growth by as much as 2.0% per month if current conditions persist and raise the risks of a global economic recession similar in magnitude to that experienced during the Great Depression of the 1930s. Global trade could also fall by 13% to 32%, depending on the depth and extent of the global economic downturn. The full impact will not be known until the effects of the pandemic peak. This report provides an overview of the global economic costs to date and the response by governments and international institutions to address these effects.

Quite a lot of studies and reports have explored, discussed, and investigated the preliminary effects of the COVID-19 pandemic on the world. In the same way, this study is a preliminary exploration of the virus's influence on Sudan's foreign trade with a focus on China's trade.

3. Methodology and Data

Methodologically, when the phenomenon is modern and in its first phase, such as the COVID-19 pandemic, it's relevant to use the historical approach. As for the expected effect, the study will use the descriptive analytical approach and graphics analysis. Sudan foreign trade data were gathered from annual reports of the Central Bank of Sudan while data on the COVID-19 pandemic were collected from the fresh previous official reports, research and studies published.

4. Results and Discussion

4.1 COVID-19 and Sub-Saharan Africa Region

The economic impact of COVID-19 is captured by the health shock (workers and consumers infected by the virus) and the series of disruptions caused by the mitigation measures imposed by the governments, the responses of individuals (particularly, in terms of hygiene and self-isolation), downturns in economic activity from major trading and investment partners, dislocation of global capital markets, and the different economic policy responses. In the case of Sub-Saharan Africa, limited access to safe water and sanitation facilities, urban crowding, weak health systems, a large informal economy, and insufficient policy space may pose challenges to the protection of African lives and livelihoods amid the COVID-19 outbreak. Broadly speaking, the following are the main channels of transmission of COVID-19 on economic activity in Sub- Saharan Africa:

- The first channel of transmission is the disruption in trade and value chains. Growth deceleration in major economies, including China, will affect the demand for Sub-Saharan African exports. It will sharply reduce the international price of commodities exported by the region especially, oil, mineral ores, and metals-and affect countries with strong value chain participation. The latter is relevant for countries with rising participation in agribusiness and apparel (Ethiopia and Kenya), manufacturing goods (Tanzania), the auto industry (South Africa), and mineral exporters that are part of the value chain in electronics (the Democratic Republic of Congo and Zambia). Disruptions to GVCs might in turn exacerbate

the plunge in oil prices as demand from China declines.

- The second broad channel of transmission is foreign financing flows into Sub-Saharan African countries. Lower foreign direct investment (FDI) inflows may affect more sectors (energy and mining sectors) and, to a lesser extent, manufacturing activity. Moreover, access to financing flows from China and capital markets become more restricted, and infrastructure investments will also be severely affected. In the context of these investments, preparation and implementation challenges—along with the reduced financing—may delay the delivery of infrastructure projects (say, energy projects, roads, airports, and ports). Aid flows might also be affected as traditional donors (say, the United States and Europe) are now at the epicenter of the COVID-19 outbreak and may deploy their resources to support the segments of the population that are most affected by the economic implications of the virus. The spread of COVID-19 and plunging oil prices could trigger capital flight from Africa - especially, as portfolio investments flow out of countries where investors purchased local currency securities (for example, Ghana, Nigeria, and South Africa). In addition to financing flows, the sudden stop in travel is likely to hurt the tourism sectors in Sub-Saharan Africa. Countries with greater dependence on tourism revenues will be significantly affected (Botswana, Kenya, Mauritius, and South Africa, among others).
- The third broad channel of transmission is the health channel, the direct impact of COVID-19 on economic activity from a wider spread of the virus in the region (both in the number of infected people and the number of fatalities-figure 1).

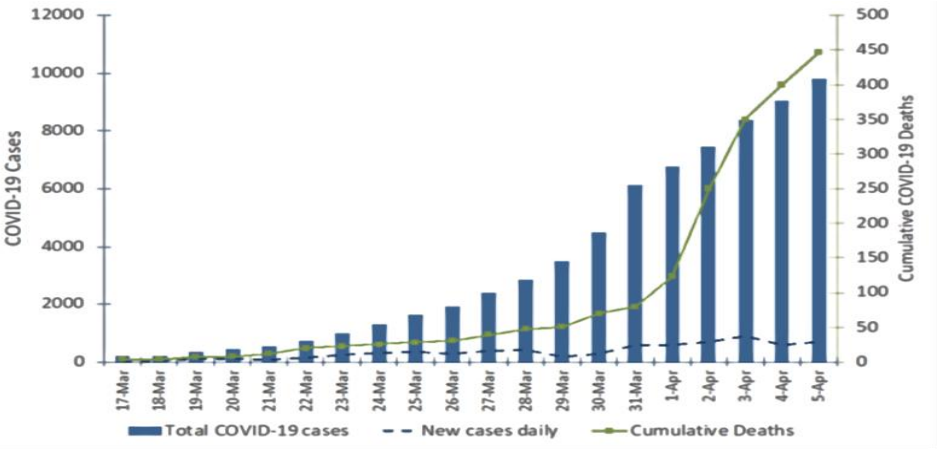

Figure 1. The Trend of COVID-19 in Africa: 17-29 March 2020

Source: WHO, COVID-19 Database, April 2020.

The fourth channel includes disruptions caused by containment and mitigation measures imposed by governments and the response of the citizens. Several factors pose challenges to the effectiveness of containment and mitigation measures against the spread of COVID-19 in Sub-Saharan Africa, namely, large and densely-populated urban informal settlements, poor access to safe water and sanitation facilities, and fragile health systems. However, the magnitude of the impact will depend on the population's reaction within African countries, the spread of the disease, and the policy response. This could lead to reduced labor market participation, capital underutilization, lower human capital accumulation, and long-term productivity effects (World Bank Group, April 2020, pp. 2-13).

4.2 Sudan's Foreign Trade 2017-2021

Foreign trade is considered a vital sector for countries, it links them with each other, is a mechanism to achieve economic growth, and helps increase the prosperity of nations by providing various options in production, consumption, and investment. Table 1 and figures: 2, 3, 4, 5, and 6 show the Sudan Trade Balance with the main foreign trade partners for the years from 2017 to 2021.

Table 1. The Trade Balance with The Main Foreign Trade Partners 2017-2021 (Values in USD Million)

Country	**2017**			**2018**		
	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance
China	587.1	2129.8	(1,542.7)	750.5	1657.8	(907.3)
U.A.E	1653.8	1079.2	574.6	944.6	746.0	198.6
KSA	607.5	637.8	(30.3)	549.1	648.8	(99.7)
India	97.0	696.1	(599.1)	154.6	794.0	(639.4)
Egypt	447.4	549.8	(102.4)	469.1	417.8	51.3
Russia	0.1	478.7	(478.6)	0.0	595.7	(595.7)
Turkey	69.9	379.1	(309.2)	76.3	374.1	(297.8)
Germany	20.6	301.9	(281.3)	12.9	233.3	(220.4)
Thailand	2.2	80.6	(78.4)	0.2	180.9	(180.7)
Ethiopia	127.9	71.7	56.2	86.7	76.3	10.4

2019			**2020**			**2021**		
Exports	Imports	Trade Balance	Exports	Imports	Trade Balance	Exports	Imports	Trade Balance
747.7	1801.7	(1054)	752.3	2317.40	(1565)	614.5	2231.9	(1,617)
1040.7	1441	(400.3)	1637.50	1061.60	576	2203.1	1657.9	545
510.1	1,000.5	(490.4)	284.9	910.8	(626)	365.3	491.7	(126)
152.2	682.4	(530.2)	158.7	985.9	(827)	87.0	814.8	(728)
366.2	496.4	(130.2)	363.8	535.2	(171)	496.4	811.2	(315)
0.0004	809.7	(809.7)	0	733	(733)	0	432	(432)
95.1	291.4	(196.3)	93.6	362.3	(269)	86.7	315.4	(219)
12.7	231.3	(218.6)	13.3	225.1	(212)	16.9	124.8	(108)
0.2	202.6	(202.4)	0.9	182	(181)	2.6	44.7	(42)
53.1	53	0.10	36.2	60.4	(24)	43.8	68.9	(25)

Note: Exports FOB, Imports CIF

Source: CBOS, Annual Reports (2017-2021).

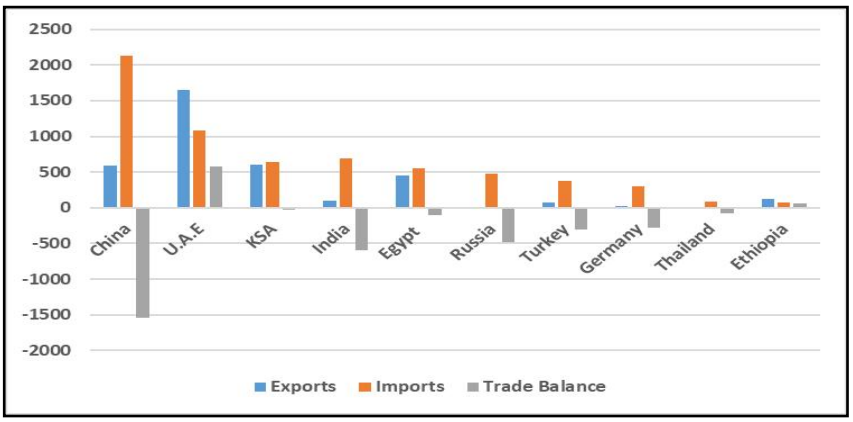

Figure 2. Sudan: The Main Foreign Trade Partners (2017) (Values are in USD Million)

Source: Based on data in table 1

Table (1) and figure (2) indicate a deficit in the trade balance with all trade partners in 2017 except the United Arab Emirates and Ethiopia. The largest deficit in 2017 was achieved with China of USD 1542.7 million equivalent to 56.8% of the total gross foreign trade of Sudan with China, while the lowest deficit is related to trade with Saudi Arabia of USD 30.3 million equivalent to 2.4% of the total gross foreign trade of Sudan with Saudi Arabia. On the other hand, where the trade balance recorded a surplus of USD 630.8 million in 2017 due to the increase in Sudan's exports of gold, livestock, sesame, and groundnuts.

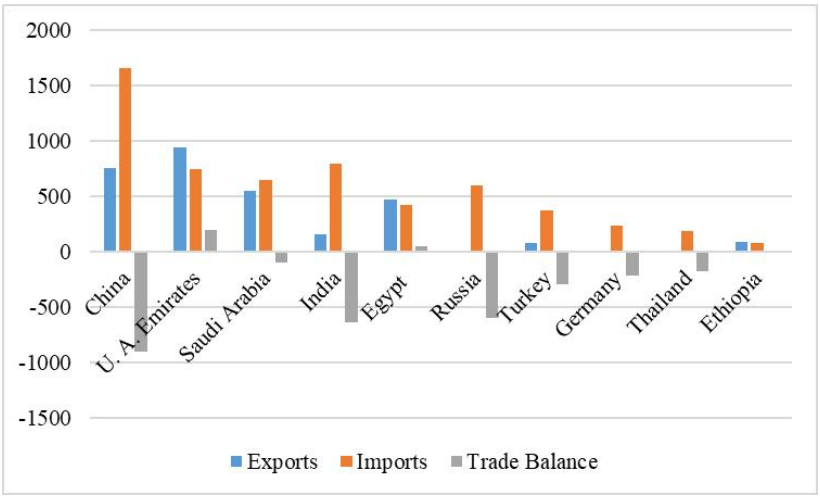

Figure 3. Sudan: The Main Foreign Trade Partners (2018) (Values are in USD Million)

Source: Based on data in table 1

Table (1) and figure (3) show that the deficit of the trade balance in 2018 continues for all trade partners except the United Arab Emirates, Ethiopia, and Egypt. The biggest deficit in 2018 was also achieved with China of USD 907.3 million equivalent to 37.7% of the total gross foreign trade of Sudan with China, while the lowest deficit is also related to trade with Saudi Arabia of USD 99.7million equivalent to 8.3% of the total gross foreign trade of Sudan with Saudi Arabia. The shift in trade balance with Egypt from a deficit of USD 102.4million in 2017 to a surplus of USD 51.3million in 2018, was due to the increase in the exports of Sesame, Chickpea, Arabic gum, Peanut, Livestock, Meat, skins, and decrease in imports of foodstuffs from Egypt (CBOS,2018, p.185).

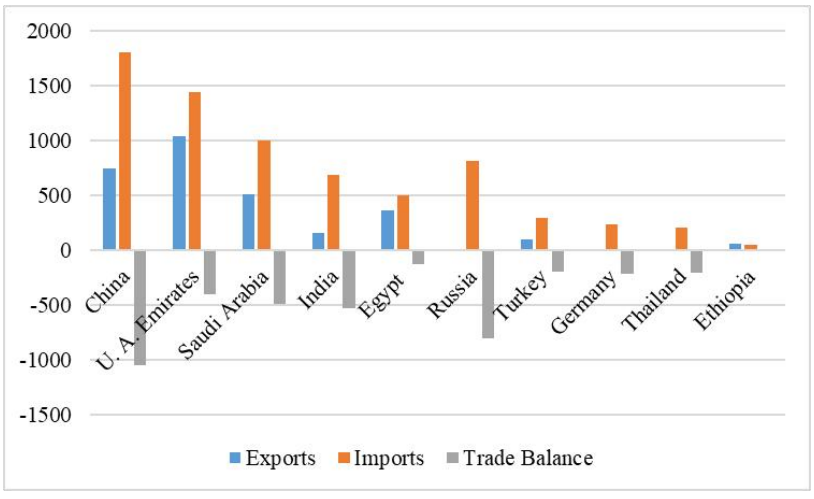

Figure 4. Sudan: The Main Foreign Trade Partners (2019) (Values are in USD Million)

Source: Based on data in table 1

Table (1) and figure (4) indicate that the trade balance for the year 2019 achieved a deficit with all trade partners except Ethiopia where the surplus reached USD 0.10 million. The biggest deficit in 2019 was achieved with China of USD 1,054 million equivalent to 41.3% of the total gross foreign trade of Sudan with China, while the lowest deficit is related to trade with Egypt of USD 130.2million equivalent to 15.1% of Sudan's gross foreign trade with Egypt. Both the United Arab Emirates and Egypt shifted from a surplus of trade balance in 2018 of USD198.6 million and USD51.3 million to a deficit in 2019 of USD400.3 million and USD130.2 million equivalents to 16.1% and 15.1% of total gross foreign trade of Sudan with those countries respectively.

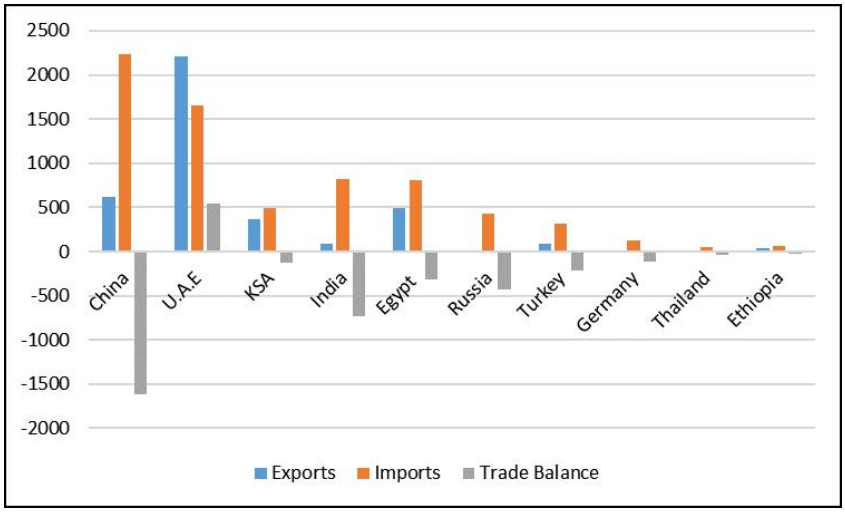

Figure 5. Sudan: The Main Foreign Trade Partners (2020) (Values are in USD Million)

Source: Based on data in table 1

Table (1) and figure (5) indicate that the trade balance in the year 2020 was in favor of the trading partners except for the United Arab Emirates, where the position of the trade balance shifted from negative 374 million dollars to a surplus of 576 million dollars in the year 2020. While the volume of exports to the most important trading partners increased by 11.5%, and imports increased at a rate of 5.2%.

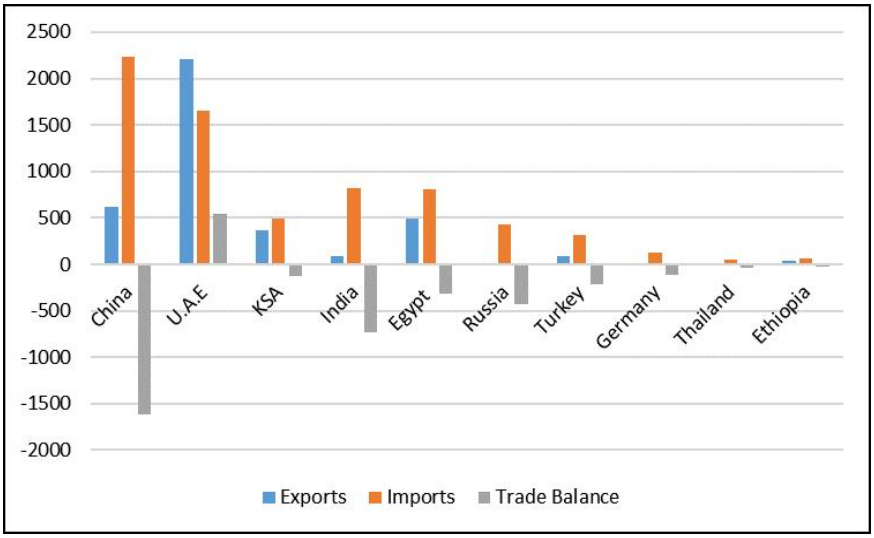

Figure 6. Sudan: The Main Foreign Trade Partners (2021) (Values are in USD Million)

Source: Based on data in table 1

Table (1) and figure (6) indicate that the position of the trade balance in 2021 was in favour of the

trading partners, except for one country The United Arab Emirates. Where continued in favour of Sudan as a result of the increase in the value of exports from $1637.5 million in 2020 to $2203.1 million in 2021 at a rate of 34.5%. The value of imports increased from $1061.6 million in 2020 to $1657.9 million in 2021 at a rate of 56.2%. Noting the decline in the trade balance from $576 million in 2020 to $545 million in 2021 at a rate of 5.3%. It is also noted that the trade balance deficit with China reached $1617 million in 2021 compared to $1565 million in 2020.

5. Conclusions

- Table 1 and Figures 2, 3, 4, 5, and 6 show China's current integration in Sudan value chains across foreign trade. Chinese manufacturing is not only essential for Sudan but for many global value chains, especially those related to precision instruments, machinery, automotive, and communication equipment. So, any significant disruption in China's supply in these sectors is deemed to substantially affect producers in the rest of the world. Definitely, the production sector in Sudan and around the world is fearful that the measures put in place to contain COVID-19 (restrictions to economic activities and movement of people), could hinder the supply of spare parts from Chinese producers, therefore affecting their output.

- During the period 2017-2021, the flow of goods from China to Sudan ranged between USD 1657.8 million- USD 2317.4 million). Although the pandemic started in China in 2019 and with large restrictions on the aviation sector and marine ports. It is noticed that the importation of Sudan from China increased from USD 1801.7 million in 2019 to USD 2317.40 million in 2020. This means that Sudan has a good trade relationship with China due to economic sanctions imposed US government on Sudan's economy since 1993.

- COVID-19 pandemic had no significant effect on Sudan's trade partners. This conclusion may sound strange. But after Sudan lost its foreign trade with most countries of the world due to the economic restriction and the US sanctions, it tended to expand the base of cooperation with China. On the other hand, perhaps the poor application of health procedures in Sudan helped to continue the flow of Chinese products, so it was not affected much by the pandemic.

- In 2021 Sudan recovered its trade relationship with its most significant partners (China and U.A.E) due to removing the border restrictions partially or totally.

6. Recommendations and Policy Implications

- Most recent data from China indicate a substantial decline in output or China's GDP. China Manufacturing Purchasing Manager's Index (PMI), a critical production index, fell by about 22 points in February 2020 (UNCTAD, March 4, 2020, p.4). Sudan heavily relies on imports from China, and therefore it is necessary to manage stock goods in an efficient way under circumstances of not knowing the return of trade exchange.

- The state of Sudan needs to encourage local production and work to implement the import substitution policy.

- To reduce the imports from China, the production sector in Sudan needs deep reforms in light of the COVID-19 pandemic.

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