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OCCUPATION OF KUWAIT IN FLAGRANT
VIOLATION OF THE CHARTER OF THE
UNITED NATIONSSECURITY COUNCIL
Forty-fifth **year**

Letter dated 6 November 1990 from the Permanent Representative of
the Sudan to the United Nations addressed to the Secretary-General

Further to our note dated 4 September 1990 (S/21695) and upon instructions from my Government, I have the honour to enclose herewith a memorandum on the adverse economic and financial impact on the Sudan resulting from the Gulf crisis.

As the full implementation by the Sudan of the provisions of Security Council resolution 661 (1990) has given rise to special economic problems, I have the honour, in accordance with Article 50 of the Charter, to request urgent consultations with the Security Council Committee established by resolution 661 (1990) with a view to overcoming these problems.

I would be grateful if you could have this letter and its annex circulated as an official document of the General Assembly, under agenda item 153, and of the Security Council,

(Signed) Joseph LAGU
Permanent Representative

ANNEX

Memorandum on the adverse economic and financial impact on the
Sudan resulting from the Gulf crisis

Sudan has faced a deteriorating economic situation during the last few years resulting from recurrent drought and rainfall shortages, influx of refugees and displaced people, as well as the armed conflict in the southern part of the country.

Despite all efforts exerted by the Government to mitigate the situation by adopting stringent economic reforms, the economic situation was lately aggravated by the Gulf crisis that laid adverse, direct and indirect economic and financial impact on the Sudanese economy.

Following is a brief outline of the direct and indirect impact;

United States dollars
(Millions)

A. Direct impact:

1. The Gulf crisis is creating severe problems to the Sudanese economy. The most immediate of these problems have already been felt in the sharp increase in oil prices. At the current price of \$40 per barrel, the country will have to pay an additional \$200(M) 200
2. As for wheat which could have been bought at a highly favourable price (\$130/ton) from Saudi Arabia, the country will lose \$60 million, i.e., 9 months' supply of 450 tons 60
3. Another direct consequence of the crisis is the freezing of the trade protocol with Iraq and the expected delay in the implementation of the trade protocol with Jordan; the size of the two protocols is \$100(M) 100
4. Export earnings are also expected to shrink considerably since the Gulf States have recently become an important market for some of our traditional export commodities. The drop in the expected revenue from these exports is now anticipated as follows: 360

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United States dollars
(Millions)

(Brought forward) 360

(a) Livestock	70	
(b) Vegetables and fruit	20	
(c) Sesame	15	
(d) Sorghum	70	175
5. The second area where the economy is expected to suffer is the remittances from the Sudanese working in the Gulf and who used to be a major source of import financing. Revenue from this source is anticipated to drop by about 30 per cent as a result of the atmosphere of uncertainty created by the crisis. Moreover, those who returned home have lost their jobs, properties and probably their savings; and have already started to exert an additional pressure on our meagre resources and services. Loss in remittances plus expenses on those who returned to reach \$300(M)		300
6. Project aid from the Kuwaiti Fund and the Arab Fund has, for practical reasons, come to a halt. Drawings from these two institutions are estimated at \$200(M) during fiscal year 1990/91. These were allocated to finance most urgently needed and vital projects whose main objective!; are to boost production of essential commodities and eliminate serious infrastructural bottle-necks		200
7. General increase in freight and insurance is estimated at \$20(M)		20
8. Expected increases in exports of industrial countries due to higher oil prices are estimated at \$130(M)		130
Total direct adverse financial impact of the Gulf crisis on the Sudan's external account is estimated at		1 185

B. Indirect impact:

The Gulf crisis has also **an** indirect impact on the country's general budget and the **performance** of its economy at large. Subsidies on petrol, **wheat** and medicine are expected to reach L.S. 4 billion (about \$1 billion). This will **incur more** borrowing from the banking **system** and hence **cause an** increase in the supply of money. Such measures will lead to higher rate of inflation, with all its adverse consequences on incentives to **producers** and the performance of the economy on the **macro level**.
