London talks about its plans to wreck Sudan's development

The threat posed by Libya against the nation of Sudan is, to a significant degree, aimed at undermining Sudan's economic and military integration with Egypt. According to Egyptian diplomatic sources, the development of modern agriculture in Sudan will solve Egypt's critical food problem. Hence, any efforts to undermine Sudan, the source maintained, is a threat to Egypt's security.

Plans for Sudan's rapid economic development are much opposed in IMF and international banking circles, as revealed in the following interview with Anthony Sykes, the Sudan desk assistant to Rupert Carrington at Morgan Grenfell in London. Rupert Carrington is the son of former British Foreign Secretary Lord Peter Carrington.

Q: How do you view the prospects for Sudan?
A: The point that has always been clear, and is now in clearer focus, is that getting Sudan in shape is a very long-term process. The recovery will take 10 years. Given that we're going to be faced with continual overall deficits for 10 years, what is important is that we now have the right global approach.

All the various categories of creditors are joining together. Resources are being more effectively directed to creditors. This is helped by the appointment of M. André de Lattre to oversee the process. He will be the External Finance Coordinator for Sudan, to oversee all the various restructurings that are needed. Prior to this, he was head of the Crédit Nationale de France, and before that, first deputy governor of the Bank of France. Right now, he is the special adviser to the World Bank. The Finance Coordination Group will be composed of the World Bank, the IMF, the Sudanese government, and the creditors of all categories.

Q: This sounds to me an awful lot like the "*caisse de la dette*" formed for Egypt a hundred years ago.
A: I guess so, yes, I guess so, that is right. Sudan requires a comprehensive view. This has at last been adopted.

Q: When was this group formed?
A: The announcement was made on Dec. 10, 1982. It's the only one of its kind. There have, of course, been bank steering groups on the debt problem before, but not for all categories of creditors. Sudan is a fairly exceptional case, and in special cases, this is necessary.

Q: Why is Sudan so exceptional?
A: Its position is so desperately serious. Its domestic resources are inadequate to meet [debt] servicing obligations.

Q: What is the situation involving [Sudanese President] Numeiry's stability?
A: Instability is always rumored, but more than that I don't know.

Q: What is the foreign debt and debt-service ratio situation?
A: The debt is $7.5 billion. I don't know the exact ratio, but it is quite high. Until now, the major element has been remittances from the Sudanese workers in the Gulf. But now the World Bank wants to stimulate the production side.

Q: What conditions must Sudan now meet?
A: It must restrict its import bill. It must minimize debt servicing obligations. It must adopt a stringent economy.

Q: What about the large-scale projects that once seemed so promising to develop Sudan?
A: There is one large-scale project, the White Nile petroleum project is going ahead. But the emphasis in the Sudan has shifted away from large-scale prestige projects. Like the trend throughout the developing world over the next years, the concentration will be on rehabilitation and on small-scale projects.

Q: How about population? Is that being brought into the Group's considerations?
A: I'm sure it's right to do so. It must be a problem.

Q: Again, back to Malthus?
A: Yes. Unless industry or employment increases, how can you use the population you have? Otherwise, you get social discord.

Q: Do you foresee, from a banker's point of view, more episodes like the one which occurred in Nigeria?
A: Not quite as dramatic, but the Rwanda-Uganda border has similar problems of refugees. The refugee problem is acute in many parts of the continent because of the migrant populations. This is not a new development. Maybe now, though, some of the problems will abate: commodity prices are rising again, oil prices are lowering, and there is a lessening in the high cost of money.