

**The Economic Impact of Southern Sudan Secession**

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## **Abstract**

This paper aims at examining the economic impact of Southern Sudan secession on the economy of both the North and the South, especially its impact on certain economic indicators which include: the exchange rate; government revenue; external debt; and balance of payment; and GDP and per capita income. In addition, the proposed policies to mitigate the negative impact which may take place as a result will be assessed critically.

The results indicate that the economy of the North has been badly affected by the Southern Sudan secession. Hence, the value of the Sudanese Pound against the dollar has deteriorated drastically, while the balance of payment deficit has even widened, and at the same time inflation rates rise steadily to around 28%. In contrast, per capita income has increased, but this was due mainly to the reduction in number of population that took place as a result of Southern Sudan secession. Alternatively, public debt still remains high at 38 billion dollar, with the two parties yet to reach to an agreement over debt apportionment issue.

**Keywords:** Sudan, South Sudan, Exchange Rate, Government Revenue, External Debt, Balance of Payment, Per Capita Income.