On the Economy of South Sudan

South Sudan is one of the poorest countries in the world due to lack of infrastructure, a corrupt government and years of civil war. South Sudan also has one of the highest inflation rates in the world at 187.9% and also has one of the highest below the poverty line rates at 66%. Even though South Sudan’s economy is in rubble, it’s not entirely the country’s fault. South Sudan has been through over 50 years of war constantly trying to get its independence from Sudan. Then when it obtained its independence, South Sudan’s leader, John Garang, was assassinated leaving the country leaderless, which is why a civil war still continues. The current South Sudanese civil war is between its president Salva Kiir, and Riek Machar, the former Vice-President of South Sudan.

South Sudan has enormous economic potential because of abundant natural resources which include: [petroleum](https://en.wikipedia.org/wiki/Petroleum), [iron ore](https://en.wikipedia.org/wiki/Iron_ore), [copper](https://en.wikipedia.org/wiki/Copper), [chromium](https://en.wikipedia.org/wiki/Chromium) ore, [zinc](https://en.wikipedia.org/wiki/Zinc), [tungsten](https://en.wikipedia.org/wiki/Tungsten), [mica](https://en.wikipedia.org/wiki/Mica), [silver](https://en.wikipedia.org/wiki/Silver) and [gold](https://en.wikipedia.org/wiki/Gold). South Sudan also has some of the largest oil fields in the world with geologists estimating 5 billion barrels of oil in the ground. Agriculture is also a major economic contributor to South Sudan, due to most of South Sudan’s population living a pastoral lifestyle. However, all of this will not be possible unless South Sudan’s current power struggle is resolved.

South Sudan’s oil reserves are among the largest in Africa. Petroleum geologists estimate that South Sudan has the third largest oil reserve in Africa and boasts 3.5 billion barrels worth in crude oil. Prior to independence Southern Sudan (now South Sudan) controlled 85% of Sudan’s oil output. With all of this oil, countries such as China have continued to invest in the extraction of crude oil from South Sudan. After independence, China struck a deal with South Sudan: in return for permission to extract additional crude oil from certain areas in South Sudan. In exchange, China would build roads, bridges and other structures for South Sudan. This way China gets oil, which is desperately needed in China to power its rapidly growing and enormous economy. South Sudan gets new roads and bridges, which are badly needed due to South Sudan’s infrastructure being in shambles after decades of civil war. South Sudan is also selling oil to countries such as Malaysia and India, with India being its largest buyer. Unfortunately, South Sudan is not selling oil to its greatest extent due to some areas of South Sudan being controlled by Riek Machar leader of SPLA-IO and enemy of South Sudan’s standing government.

The second largest factor in South Sudan’s economy is agriculture. At least it used to be. This was largely due to the southern region of Sudan’s population being one of the largest population of pastoralists in the world and because all of Southern Sudan having so much fertile land. However, starting in 1999 Southern Sudan started exporting oil and agricultural production began to decline. With the advent of constant civil wars, Southern Sudan’s annual growth rate of the agricultural sector between 2000 and 2008 decreased to 3.6 percent from 10.8% growth rate from the previous decade. Since independence, South Sudan has cultivation on 4.5% of its land, this is largely due to the South Sudanese civil war. As a result, South Sudan relies on food imports from neighboring countries, such as Uganda, Kenya and Sudan. These come at a high transportation cost which, coupled with inflation, has caused food prices to rise dramatically in South Sudan. The declining agricultural production and the reliance on expensive foreign food supplies have contributed to a severe food shortage in South Sudan and a heavy reliance upon NGO’s and humanitarian relief organizations. Around 2.7 million South Sudanese require food aid in 2012 according to the United Nations World food Programme. Unfortunately, all of the above points are caused by the current political situation of South Sudan. However, if South Sudan can resolve its current political problems and set to the task of rebuilding the country. Then South Sudan could emerge in the next 50 years as one of the most powerful countries in Africa, and perhaps the world.