

# Investing in the future

By **HASSAN ABDELHALIM**

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**HASSAN ABDELHALIM** is a holder of CFA level one with an undergraduate degree in economics & finance from the University of Manchester. He has worked in the fields of finance, marketing, sales and is a founding partner of a multi-outlet QSR business. Initially starting his career as a financial analyst at Kenana Engineering & Technical Services, Hassan's career progressed to include several posts including Senior Financial Analyst, Project Manager, Business Development Manager and now his current role as GM of an Araak company. Based in Khartoum, Hassan is Vice-Chair Business Development and a founding member of the US-Sudan Business Council.

Araak's bottling division is Sudan's largest soft drinks manufacturer

**Please give a brief overview of the history of Araak.**

The company was founded by my grandfather, who is group chairman, shortly after Sudanese independence in the mid-1960s and he initially traded and exported agricultural commodities and food staples. Over the last half century, the Araak group has developed into one of Sudan's leading conglomerates, which now has eight divisions: bottling, engineering, milling, construction and real estate, banking and insurance, recycling, retail food distribution and retail food.

**What was the turning point for the group and the factors that have driven growth?**

After the Vietnam War, international cotton prices dropped and our chairman decided to take the business in a different direction. With Sudan opening up and the economy booming we opened Sudan's second 5-star hotel. In the mid 1980s political instability led to a sharp fall in tourism and business travel and the local hospitality industry started to shrink. We managed to keep ahead of the game by setting up a bottling factory, later winning the Pepsi franchise. In fact we are now the soft drink's second oldest franchisee in the region and the largest soft drinks producer in Sudan, with more than 40 products, so this really was the turning point for Araak. We have three bottling plants and

10 production lines and directly distribute to some 35,000 clients from seven nationwide distribution centres. We were the first company to introduce PET bottles and canned products to the Sudanese market. I should add that our Pepsi is probably the cheapest in the world, making it widely available to all Sudanese consumers, although we expect to see continued growth in the coming years in per capita consumption: unlike the rest of the world, where carbonated soft drinks consumption per capita is shrinking, in Sudan it is increasing.

**What sectors of your business do you expect Araak to focus on over the next few years?**

We intend to consolidate on food, expanding to flour-based products, moving our flour business into more value-added items like pasta and biscuits, as well as exploring the dairy and tea markets.

In 2001, we set up Wheata, which produces high-quality flour, bran and semolina, as well as yeast. Since then it has undergone two large production capacity expansions and created the only seaside grain terminal in Sudan. It's the second largest mill in the country, able to mill 2,750 tons a day. At the same time, we intend to develop our seaside terminal by installing a grain ship loader, which will allow other Sudanese exporters to

get their products to market much more efficiently. Property and real estate also has huge potential in Sudan, as seen by our Araak City development in Khartoum.

**What advice can Araak offer foreign investors in Sudan?**

Foreign investors treat Sudan like any other Middle Eastern or African country, yet it is a unique mix of both. Our advice is to study the market and avoid presumptions. Partnerships can be very useful, and companies coming into Sudan should seek the right partner for them, not necessarily the leader in the market.



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**The partial lifting of sanctions has been a game changer for doing business in Sudan. What is your prognosis for the further opening up of the business environment in Sudan to foreign capital and business expertise?**

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We think things are moving very quickly since sanctions were lifted in October 2017, but it's also true that the real tipping point will come when Sudan is removed from the US list of state sponsors of terrorism. Business relationships have opened up but not banking ones, and that remains the most difficult obstacle, but we are optimistic that on that front things will change soon.

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**Which project in cooperation with a foreign partner best illustrates your approach to doing business in Sudan?**

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Pepsi was the game changer for us. Now we're working closely with KFC and Pizza Hut and we're very excited to be bringing them to Sudan. We aim to open around 20 stores over three years in the Khartoum area, after which we'll expand to the rest of the country. We plan to open the first Pizza Hut and KFC in December of this year.

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**Are there any new areas where the group is actively seeking to pursue opportunities in cooperation with foreign partners?**

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Sudan is now contending to be Africa's second-largest gold exporter, after South Africa, which is an incredible achievement, given that we only have small-scale artisanal operations here, and it certainly indicates the potential of the sector if an industrial approach to mining is adopted.

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**How important is CSR to Araak?**


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CSR is at the heart of everything we do: for example, recycling is an integral part of our overall vision. In 2014 we set up a PET recycling plant, with all profits going back in to the business. We use a lot of PET plastic so we feel we have a responsibility to recycle and to reduce our carbon footprint. Most of this is from landfills, and we also buy bottles collected by unemployed young people, providing them with an alternative income. We train students of all levels all year round. Our goal is simply to help create a good business environment where entrepreneurs can flourish. We also feel it is important for young women to study, particularly those from rural areas, which is why we funded the construction of a new dormitory, named after our founder and chairman, which opened last year providing accommodation to 2,000 female students.

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**Is there a final message you'd like to pass on to potential investors in Sudan?**

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As a key company in the Sudanese economy, we want to show the world that despite the difficulties of the last two decades, Sudan has developed a strong, dynamic, modern economy and the country is open for business: in short, we're a modern and forward thinking nation. We want to change the narrative about Sudan and create a win-win for everyone. As part of our commitment to raising awareness about the opportunities in Sudan, we decided to cofound the US-Sudan Business Council. The idea was to improve relations with US and to point out to Washington that the sanctions were hitting ordinary Sudanese people and businesses. Now that the sanctions have been lifted, we believe that Sudan's moment has come. 

**Despite the difficulties of the last two decades, Sudan has developed a strong, dynamic, modern economy and the country is open for business**



Wheata has a milling capacity of 2,750 tonnes per day