

# Resource Wars, Illicit Economies and the Genesis of Terrorism: Socioeconomic and Political Dynamics in Sudan's Contemporary Conflict (2023–2025)

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## Abstract

The war in Sudan since 2023 exemplifies a conflict fueled by a complex parallel economy, primarily driven by illicit gold smuggling and the burgeoning synthetic drug trade, notably Captagon. This paper analyzes the intertwined financial flows sustaining the conflict, the economic motives overpowering political or ideological goals, and the regional ramifications, including resource competition and cross border organized crime. This title integrates analysis of Sudan's conflict economy, gold/drug trade, foreign investment, socioeconomic impacts, and the evolution of terrorism, accurately summarizing the paper's themes and period focus. Key findings reveal how gold and drug revenues reinforce the military capabilities of both sides, perpetuate violence, and undermine regional stability. Comparative data is offered through tables, referencing official reports and international analyses. Policy options are discussed, emphasizing the need for cooperative sanctions, diplomatic engagement, and greater transparency in resource governance.

**Keywords:** Sudan Conflict, War Economy, Gold Smuggling, Synthetic Drugs, Captagon Trade, Rapid Support Forces (RSF), Sudan.

## 1. Introduction

The Sudanese civil war, reignited in 2023, is emblematic of modern wars sustained by parallel economies deeply intertwined with global markets and organized crime networks. Rather than insurrection driven by ideological or nationalistic pursuits, this conflict features entrenched military rivalries fueled by huge financial inflows from gold smuggling and synthetic drug production and trade. The interplay between these financial sources and long term regional geostrategic objectives, access to the Red Sea, fertile agriculture, and water resources complicates traditional conflict resolution frameworks. This study aims to unravel the mechanics of this war economy, illustrate its impact through structured data, and offer recommendations for intervention.

## 2. Literature Review

Recent scholarship contends that the Sudanese war economy has evolved from earlier resource based patronage into a robust transnational system, resistant to conventional sanctions and

monitoring. Research from Chatham House and the U4 Helpdesk corroborate the dominance of illicit gold flows (estimated at up to 80% of Sudan's annual production) routed primarily to the UAE and Egypt. The emergence of Captagon, a synthetic drug initially manufactured in Syria, positions Sudan as a regional production hub following the collapse of Syrian state capacity. Literature discussing the nexus between organized crime, regional instability, and resource grabs underscores the involvement of military elites and foreign actors in sustaining these economies, as detailed in analysis from the Brookings Institution and the Wilson Center.

### 2.1. Sudan's Gold Smuggling Networks

Sudan remains the third largest gold producer in Africa, with annual production estimated between 90 to 120 tons. Data demonstrates a stark contrast between official gold exports (27.96 tons in 2023, valued at approximately \$1.6 billion) and actual output, implying that the bulk is smuggled through military and RSF linked channels. The Sudanese Armed Forces (SAF) control northern

mines via companies like Sudan Master Technology, while the RSF, notably through its affiliate Al Junaid Ltd, runs operations in Darfur and Kordofan, channeling gold to the UAE, Egypt, and less directly Chad and South Sudan.

The war has converted gold into the primary economic fuel for both armies, financing up to 80% of war expenditures in some estimates. These parallel flows erode state finances and stymie civilian governance reforms. International organizations note how regional gold buyers and traders indirectly facilitate war financing beyond Sudanese borders.

Route	Tons	Value (USD)	Main Actor	Destination
Official Export	27.96	\$1.6 billion	Government/SAF	UAE (97%)
Army Affiliated Smuggling	>60	\$1+ billion	SAF Elites	Egypt
RSF/Al Junaid Channels	~30	High/Not Reported	RSF/Al Junaid Ltd	UAE, Chad

**Table 1: Sudanese Gold Flows (2023–2024)**

This paper synthesizes data from international organizations, government reports, open source intelligence, and peer reviewed articles. Economic flows are cataloged by official export data, seized shipments, and market estimates, with policy references included within relevant sections. Tables summarize gold and drug trafficking routes, volumes, and principal beneficiaries as mapped

by selected literature and official statistics. Analytical focus is placed on linking financial flows with actors and geostrategic interests, cross validated by multiple sources.

### 3. Results and Discussion

Source/Route	Estimated Volume (tons)	Estimated Value (USD)	Main Beneficiary	Destination/Crossing
Official Exports	27.96	\$1.6 billion	Sudanese Army/Authorities	UAE (97% of total)
Illicit Army Affiliated Smuggling	>60	High estimate	Army linked Elites	Egypt (overland)
RSF Affiliated Smuggling	Large, unreported	~\$1 billion/year	RSF/Al Junaid Group	Chad, South Sudan, UAE

**Table 2: Estimated Flows of Sudanese Gold (2023–2024)**

Date	Location	Production Capacity (pills/hr)	Raw Stock (pills)	Key Feature
June 2023	Blue Nile Region	7,200	Not available	Initial industrial shift
Feb 2025	Khartoum Bahri, North	100,000	700 million	Largest seizure, confirmed RSF involvement
Since Apr 2023	Multiple sites	19 incidents	Not available	Sudan solidifies hub status

**Table 3: Sudan Captagon Manufacturing Capacity (2023–2025)**

#### 3.1. Economic Origins and War Dynamics

Sudan’s present conflict flows directly from decade of long military empowerment under Omer al Bashir, where control of resource extraction was vested in security agencies and paramilitaries. Reforms led by civilian government (2019–2021) threatened these entrenched interests, contributing to the October 2021 coup and subsequent relapse into civil war. Comparative analysis reveals the retention of sector independence military controlled companies like Sudan Master Technology and Al Junaid Ltd allowing sustained autonomy from state budget constraints.

#### 3.2. Gold as War Fuel

Gold, the “grand prize,” underpins military finance, with war consolidating effective territorial divisions over mining regions

(Red Sea, Northern, Nile Army; Darfur, South Kordofan, West Kordofan RSF). Illicit flows predominate, with 70–80% of gold bypassing public sector channels and funneling towards the UAE and Egypt, universally regarded as the principal regional clearing houses for African gold, legal and illicit. As the war intensified, these routes cemented financial lifelines for both military factions, undermining peace and accountability initiatives.

#### 3.3. Synthetic Drugs, Captagon as a Parallel Revenue Stream

Parallel to the gold trade, Sudan’s synthetic drug sector expanded, particularly in Captagon production, leveraging post Syrian collapse expertise. Industrial scale laboratories seized in 2025 underscore the rapid evolution from transit to core production, sustaining war financing as gold markets became more restricted

or monitored. Beyond revenue, drugs serve tactical purposes, boosting fighters' endurance and embedding new vulnerabilities in civilian populations and neighboring countries.

### 3.4. Synthetic Drug Trade: Captagon Expansion

Where gold dominates the export economy, synthetic drugs particularly Captagon have rapidly emerged as a major revenue source. Sudan's RSF and affiliated groups reportedly began industrial scale production in 2023, with 19 major incidents and

confiscations logged nationally by 2025. Two major seizures exemplify the scale: 7,200 pills produced per hour in Blue Nile (June 2023), and 100,000 per hour, with 700 million confiscated pills in Khartoum Bahri/North Sudan (February 2025). The shift from mere transit (from Syria and Lebanon) to primary production is attributed to expertise imported from Syria, collapsed regional enforcement, and burgeoning regional demand. Drug trafficking simultaneously fuels war expenses and undermines regional public health and stability, especially in Egypt, Chad, and the Gulf states.

Incident Date	Region	Pills/hour	Total Pills Seized	Main Group
2023 06	Blue Nile	7,200	Not listed	RSF
2025 02	Khartoum Bahri	100,000	700,000,000	RSF
2023 2025	Multiple Sites	Varies	19 incidents	RSF

**Table 4: Captagon Manufacturing and Seizure Data (2023–2025)**

Sector	Internal Actor	External Partner	Mechanism	Annual Value (USD)
Gold Mining & Export	SAF, RSF, Al Junaid	UAE, Egypt	Smuggling, official export	\$1.6B (official), \$2–3B (illicit)
Synthetic Drug Trade	RSF, ex Syrian groups	Gulf States, Egypt	Manufacturing, smuggling	\$500M+ (estimated)
Foreign Land/Ports	Various (military+business)	UAE, China, Egypt	Direct investment, leases	\$500M+ (site investment)
Military Commerce	SAF, RSF	Global arms/tech suppliers	Import, finance, laundering	Not disclosed
Humanitarian/Aid	Civilian sectors	EU, UN, Gulf States	Grants, food, medical	\$1B+

**Table 5: Main Economic Relationships in Sudan's Conflict Economy (2023–2025)**

Sudan's economic relationships have become highly fragmented and externally dependent, with war driven channels undermining regulatory integrity and civilian economic development. These patterns will continue to influence future prospects for peace and regional integration. The ongoing conflict has drastically shaped the country's socioeconomic landscape, driving widespread poverty, displacement, and shifts in social structure. The war economy rooted in gold smuggling, synthetic drug production, and control of strategic assets has disproportionately affected civilian livelihoods, public services, and basic welfare.

### 3.5. Poverty, Displacement, and Livelihoods

Sudan's civil society has been devastated by conflict driven displacement: millions have been forced from their homes, losing access to steady incomes and agricultural production. Rural communities, formerly reliant on farming and local trade, face land expropriation by military business interests and foreign conglomerates, eroding traditional support networks. Urban populations contend with inflation, shortages, and the collapse of the wage economy as public sector employment evaporates. Humanitarian organizations report that median household incomes in conflict zones have dropped below subsistence, contributing to hunger and health emergencies. Women and children have suffered the most, with refugee camps in Chad and South Sudan housing increasingly vulnerable populations, dependent on international aid.

### 3.6. Social Effects of Resource Trade and Illicit Economies

The illicit gold and drug trades replicate and intensify social inequalities. As gold profits bypass the general population and enrich military elites and foreign partners, social mobility declines and economic disparities widen. Synthetic drug proliferation especially Captagon has fueled addiction and associated health crises, undermining family structures and educational attainment among youth.

### 3.7. Public Health and Social Services

The synthetic drug crisis has burdened Sudan's already fragile healthcare system. Outbreaks of addiction, new patterns of crime, and the need for rehabilitation centers have outstripped government capacity, which is further constrained by competing military and paramilitary priorities. Nutrition, vaccination, and maternal care services have been disrupted, yielding higher mortality rates in vulnerable groups.

### 3.8. Inequality and Social Fragmentation

The war has exacerbated regional and urban rural divides: areas controlled by the SAF, RSF, or their proxies experience wide disparities in access to security, food, and social services. Marginalized ethnic and rural populations are disproportionately displaced, while those near gold mining or smuggling routes may gain illicit short term income, fuelling further local disputes and insecurity.

Indicator	Pre war (2022)	During Conflict (2023–2025)	Source
Population Displaced	1 million	>8 million	
Households Below Poverty Line	35%	>60% (est., conflict zones)	
Malnutrition Rate (Children)	16%	>30% (in camps/war zones)	
School Attendance	64%	<50% (displaced children)	
Synthetic Drug Incidents	<10/year	19/year (2023–2025)	

**Table 5: Socioeconomic Indicators Amid Sudan’s Conflict (2023–2025)**

### 3.9. Gold Trade and Smuggling

The most significant economic relationship is Sudan’s role as a major gold producer in Africa. Official export data for 2023 record 27.96 tons valued at \$1.6 billion, but estimates suggest that more than double that amount is smuggled out through networks controlled by military and paramilitary actors, primarily the Sudanese Armed Forces (SAF) and the Rapid Support Forces (RSF). The main external economic partners in gold trading are the United Arab Emirates (UAE) and Egypt, which serve as principal destinations for legal and illicit Sudanese gold flows. The value chains involve not only direct financial transactions but also laundering mechanisms and transshipment through local and international intermediaries.

### 3.10. Synthetic Drugs and Cross Border Trade

Alongside gold, synthetic drugs most notably Captagon have emerged as substantial economic drivers within Sudan. Production facilities often managed by RSF affiliates and ex Syrian experts, supply local conflicts and export to neighboring countries. These economic ties extend beyond war finance to affecting public health and regional crime, with the Gulf states and Egypt among the most impacted consumers and partners in the drug trade. The involvement of various transnational criminal networks demonstrates the breadth of Sudan’s economic outreach through illicit means.

### 3.11. Foreign Direct Investment and Land Acquisition

Investment flows from the UAE are prominent, with conglomerates such as Abu Dhabi Ports Group and acquiring over 50,000 hectares of Sudanese land and contracting 162,000 more linked to port developments, especially near the Red Sea. These deals secure food and livestock supply chains for external actors, often bypassing local authority and imposing new structural dependencies on Sudan’s civilian economy. Other countries, including Egypt and China, have shown interest in port infrastructure and agri businesses, compounding the complexity of Sudan’s foreign economic relationships.

### 3.12. Military Commerce and Internal Fragmentation

Economic relationships within Sudan are markedly influenced by the proliferation of military operated companies. SAF linked and RSF owned firms have penetrated mining, manufacturing, and trade sectors, often partnering with foreign entities for resources, technology, and funding. These ventures divert economic benefits away from civilian oversight, reinforce war financing, and inhibit unified national development.

### 3.13. Impact on Regional Stability and Integration

Sudan’s fractured economy affects cross border trade, investment opportunities, and regional cooperation. Persistent deficits in the balance of payments, loss of export revenues, and rising humanitarian needs have led to increased dependency on foreign aid, mostly from the EU, Gulf states, and UN agencies. Sudan’s economic ties with Ethiopia and Egypt are strained by competition over the Blue Nile and GERD dam, further complicating relations and resource allocation agreements. Sudan’s social fabric continues to be torn by war driven socioeconomic shocks. The enrichment of elites through illicit economies, the displacement and impoverishment of millions, and the collapse of basic services threaten not just present but future prospects for recovery, equity, and peace.

### 3.14. Genesis of Terrorism

The genesis of terrorism in the context of Sudan’s ongoing conflict stems from a convergence of political, economic, and social factors that have evolved over decades. Historically, the militarization of politics under regimes like Omer al Bashir entrenched security elites in resource extraction, especially gold, while marginalizing civilian authority. Dismantling of these patronage structures by reformist governments threatened these interests, resulting in coups and war, which fostered environments ripe for extremist mobilization.

There are drivers of terrorism from it comes the following:

- 1. Resource based Financing:** Illicit gold and synthetic drug trades (especially Captagon) provide revenue streams for armed groups, enabling acts of terror, insurgency, and intimidation, as well as recruitment and operational expansion. Economic desperation among displaced populations and disenfranchised youth make them more susceptible to radicalization.
- 2. Fragmented Authority:** The breakdown of central state power and proliferation of military and paramilitary organizations (SAF, RSF, mining alliances) allow extremist actors and mercenary groups often transnational to operate with impunity. Alliances between local warlords, criminal networks, and foreign mercenaries (including Colombian and Libyan fighters) bolster organizational capabilities for terrorism.
- 3. Cross border Dynamics:** Regional instability, porous borders, and geopolitical competition (UAE, Egypt, Chad and Libya) facilitate the transshipment of arms, fighters, and illicit goods. These conditions enable not only domestic terror but also export of violence to neighboring countries and beyond.
- 4. Ideological Extremism:** While initial drivers are economic

and political, long term displacement, loss of livelihoods, and social fragmentation combined with propagation of radical ideologies lead to the emergence of extremist movements using terrorism to achieve local or regional goals.

economy. Attacks against civilians, infrastructure, humanitarian convoys, and rival forces are often financed and justified within cycles of resource control and political rivalry. The involvement of external actors (mercenaries, arms suppliers, business interests) globalizes the nature of terrorism, making local conflicts part of international security challenges.

### 3.15. Impact and Spread

Terrorism in Sudan is intricately linked with the broader war

Driver	Description	Example Actors
Resource Financing	Gold/drug trade fund extremist activities	RSF, SAF linked groups
Foreign Mercenaries	Transnational fighters/trainers	Colombian, Libyan, UAE funded
Ideological Propagation	Recruitment based on grievance/injustice	Radicalized youth/warlords
Geopolitical Rivalries	Use of Sudan as proxy/conflict space	UAE, Egypt, Chad, Libya

**Table 6: Factors Enabling Terrorism in Sudan (2023–2025)**

Sudan’s economic relationships during its ongoing civil war are deeply shaped by the dynamics of gold exports, synthetic drug production, foreign investment, regional trade, and military run commercial ventures. These intersecting forces have transformed the country’s traditional economic structure into a fragmented conflict economy, with significant implications for internal stability and regional geopolitics. The genesis and spread of terrorism in Sudan cannot be separated from economic deprivation, fragmented governance, and the manipulation of resource flows by both domestic and foreign actors. These factors continue to fuel violence locally and export instability regionally.

to long term competition over strategic resources ports, land, and water. The UAE, using conglomerates such as the Abu Dhabi Ports Group, Jenaan, and International Holding Company (IHC), has invested upwards of \$500 million in port and agricultural land. UAE linked companies acquired over 50,000 hectares of Sudanese land during active conflict and have contracted for 162,000 more in association with new port developments. Control of the Red Sea ports means access to global markets and food supply chains, rendering Sudanese sovereignty precarious. The deals allow foreign actors to bypass local authorities, further marginalizing civilian and farming communities. The construction of storage, livestock centers, and port expansion though nominally positive strengthens the UAE’s logistical grip regionally.

### 3.16. Red Sea Ports, Land Acquisition, and Geostrategy

The war’s underlying logic extends beyond immediate finances

Acquirer	Land (Hectares)	Investment (\$)	Main Purpose	Associated Port
Abu Dhabi Ports Group	50,000+	\$500M	Livestock/Storage	Abu Amama Port
Jenaan/IHC UAE	162,000	Contracted/Undisclosed	Wheat Export	Future Ports

**Table 7: Foreign Land Acquisition in Sudan (2023–2025)**

### 3.17. Military Companies Roles and War Economy

A major feature of the Sudanese war economy is the proliferation of military run conglomerates. SAF linked companies (e.g., Sudan Master Technology, Multi Activities) and RSF subsidiaries (Al Junaid Ltd, Sudan Mining Alliance) have developed robust networks for money laundering, commodity export, and procurement often insulated from public scrutiny and sanctions. These actors prioritize their own financial interests, capturing revenues outside state budgets and thus negating civilian oversight. USA and British sanctions have attempted to target these military companies but results remain modest due to global loopholes.

aid dependency. Imports of weapons, vehicles, and food, often facilitated by foreign mercenaries and support networks (notably from Colombia and the UAE), deepen local poverty and destabilize neighboring states.

External actors compete over resources water (Blue Nile, Grand Ethiopian Renaissance Dam/GERD), land, and Red Sea ports raising tensions with Ethiopia and Egypt. Humanitarian crises, refugee flows (to Chad and South Sudan), and increased cross border organized crime magnify the regional impacts.

### 3.18. Macroeconomic Impact and Regional Ramifications

The consequences of Sudan’s war economy ripple through macroeconomic indicators. Sudan’s balance of payments shows persistent deficits owing to uncontrolled smuggling, loss of export revenue (especially gold), and increased humanitarian

### 3.19. Geostrategic Competition and Resource Grab

Long term motives center on strategic control of Red Sea ports, Nile water, and arable land, with foreign actors like the UAE deploying billions to secure integrated logistics: port infrastructure, land acquisition, and agricultural supply chains. Emirati firms Jenaan and IHC acquired over 50,000 hectares during ongoing

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war and signed for 162,000 additional hectares linked to new port developments. This concentration of ownership raises sovereignty alarms, threatening local livelihoods and deepening dependency.

#### 4. Conclusions

The war economy in Sudan demonstrates the resilience and adaptability of modern conflict financing, where gold and synthetic drugs underpin both immediate military expenditure and broader regional instability. The coalescence of transnational organized crime, foreign investment, and strategic resource grab perpetuates war, with existing diplomatic and sanction mechanisms largely circumvented. Lasting stabilization requires reforms spanning security, market transparency, and regional governance.

From the analysis we extract policy implications as:

1. International strategies focused on narrow targeted sanctions have proven inadequate. Successful solutions require:
2. Comprehensive sanctions targeting transnational companies, export hubs (UAE, Egypt), and financial intermediaries, not just Sudanese paramilitaries.
3. Mandatory transparency and due diligence in global gold markets, including potential FATF “grey listing” for implicated states.
4. Strengthened regional cooperation for interdiction of synthetic drug supply chains chemical precursors, production sites, and distribution routes.
5. Conditional humanitarian aid and post conflict reconstruction tied to dismantling military economic enterprises and reestablishing civilian oversight.

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