
SUMMARY

1. Suriname has a small open economy which has seen both trade and GDP increase each year over the six years to 2012, as total GDP and GNI per capita nearly doubled to US\$5,173 million and US\$9,321 respectively. The country has large mineral reserves and the economy is dominated by the production and export of gold, bauxite/alumina, and fuel, which together make up over 90% of exports.
2. Government policy for development generally, including trade and sectoral policies, is set out in the *Ontwikkelingsplan, 2012-2016*, which is the most recent in a series of development plans, and emphasises economic diversification and export growth as crucial for development and reducing risk from external shocks to the economy.
3. Monetary policy in Suriname is focused on maintaining the exchange rate against the dollar, which, since a 20% devaluation in January 2011, has been set at SRD 3.25 to 3.35 to the U.S. dollar. With a large proportion of bank deposits and loans in U.S. dollars the Central Bank has increased reserve requirements for foreign currency deposits in order to improve prudential requirements. Although the Government has had a fiscal surplus for most of the past few years, the revenue base is quite narrow with 30% of revenue coming from the gold, bauxite, and oil sectors exposing it to fluctuations in international prices for these commodities.
4. Trade is important to the economy with imports and exports the equivalent to 100% of GDP. Suriname has a surplus on trade in goods that is greater than the deficit in trade in services. Since 2007, exports of goods have increased considerably, and the structure has changed somewhat as gold has replaced bauxite/alumina as the main export while exports of fuels have also increased in importance. Although minor in terms of total exports, the growth in exports of bananas and rice kept pace with the general growth in trade. Imports are more broadly based than exports, although petroleum oils (mostly refined products not produced in Suriname) make up a quarter of imports and machinery and electrical equipment another fifth.
5. In terms of the destination of exports, over the period 2007-11 exports to Europe have shrunk from nearly half to about one quarter of total exports while exports to the Middle East increased from almost zero to a quarter. The sources of imports have not changed to the same extent as the destination of exports, although the share of imports from the United States and the EU declined while that of Trinidad and Tobago increased.
6. Suriname is the only Dutch-speaking member of CARICOM and one of the few members that is not an island State. Suriname has adopted the CARICOM common external tariff, with a few exceptions as provided for under the Revised Treaty of Chaguaramas, and is party to the Community's international agreements, including its regional-trade agreements and the CARIFORUM-EU Economic Partnership Agreement. The application of the common external tariff means that the average MFN tariff is below the average bound tariff in Suriname's WTO Schedule. However, for about 9% of tariff lines, the applied MFN tariff is above the bound rate. The tariff lines affected are some agricultural products, particularly some tariff lines for tobacco products and alcoholic beverages. The application of tariffs above the bound rate was the subject of a request by Suriname for negotiations under Article XVIII of GATT. To deal with under-valuation of imported goods, the tariffs on some products, such as cigarettes and alcoholic beverages, are applied as specific duties.
7. In a number of areas related to trade and investment, the legal framework would benefit from being updated, including the Investment Law of 2001, and a general customs act could update and consolidate existing legislation on customs administration, some of which dates from 1908. The authorities intend to prepare new legislation, and they are modifying customs procedures in other ways, such as through the adoption of ASYCUDA ++ as a customs data system.
8. Another area where the existing legal framework could be improved is intellectual property as much of the existing legislation dates from 1912 and 1913. A new intellectual property act was prepared in 2001 but was not passed by the National Assembly. Furthermore, in some cases, such as contingency measures and competition policy, there is no specific legislation. Certain aspects of these issues are covered under other laws but they would benefit from comprehensive dedicated legislation, and from institutional reform to support and enforce the laws.

9. Reforms have been implemented, in some areas. For example, the Suriname Standards Bureau was established in 2007 under a law introduced in 2006, and a number of national standards have been established, and CARICOM standards adopted. Although the legislation on SPS has seen little change, a programme to improve the food control system has been started and other changes are envisaged.

10. Suriname has considerable potential to increase agriculture production and there has been some foreign investment in palm oil and forestry production. After minerals, bananas and rice are Suriname's main exports, and production and trade of both products increase considerably over the six years to 2012. The state-owned banana producer, SBBS, recovered from a collapse in production in 2000 to reach record levels of production by 2011. With the exception of bananas, most agricultural production is on small farms and faces a number of constraints, including poor infrastructure, inadequate research and development, and poor plant and animal health services. In addition, the outdated land tenure system acts as a disincentive to investment and restricts producers' access to credit. Government policy is focused on improving infrastructure, extension services, and research and development.

11. Production of minerals, oil refining, and alumina production are very important to the economy. In the oil sector, the state-owned Staatsolie is a vertically integrated enterprise covering exploration to extraction, refining, export, and domestic retailing for petroleum products. It also produces electricity for the state-owned electricity company, Energiebedrijven Suriname. Staatsolie has the sole right to explore for and exploit all hydrocarbons in Suriname, although it may do so through joint ventures with foreign oil companies.

12. Bauxite production and alumina refining have been in decline in the past few years as current resources are being exhausted, although there are plans to open new mines in different areas. Bauxite is refined in Paranam using electricity from the Afobaka hydroelectric plant, which was built and is operated by Suralco. In addition to providing electricity for refining alumina, it also provides electricity to Energiebedrijven Suriname.

13. The gold sector is divided between the Rosebel Gold Mine and a large number of small producers who are effectively untaxed and unregulated despite official efforts to organize them. All gold from the Rosebel Gold Mine is exported for final refining in Canada, with a royalty of 2.25% reserved for the State of Suriname. Although the small producers bring some benefits to the country and the economy, the production methods used can lead to environmental degradation while not being very efficient in extracting gold.

14. Of the nine banks operating in Suriname, the State wholly owns three, has a majority stake in one, and a minority stake in another. The three wholly-owned banks were established to provide financial services to specific sectors and/or to address social objectives. The Central Bank's supervision of the sector was enhanced in 2011 by the Banking and Credit System Supervision Act. Suriname was affected by the collapse of the CL Financial Group in Trinidad and Tobago in 2009 which made the insurance company CLICO-Suriname insolvent and led to its operations being taken over by Self Reliance Insurance, which is 40% state-owned.

15. Most imports of goods into Suriname arrive at Nieuwe Haven in Paramaribo, which has been operated by a private company since 2010. The state-owned N.V. Havenbeheer Suriname, which is legally responsible for operating the port (along with Nieuw Nickerie) now acts as a developer, supervisor, and regulator. Investments in the port facilities have considerably reduced the time needed for ports and terminal handling.

16. Suriname has enjoyed several years of economic growth, supported by strong prices for its main exports. However, its growth and prosperity, along with Government revenues, are based on a narrow range of products. The authorities are aware of the need to diversify, and successive national plans have identified various sectors for development as well as the challenges facing the economy. In some areas the necessary legislation has not been implemented even though, in some cases, it has been prepared and submitted to the National Assembly. Furthermore, passing new laws would only be a first step towards reform, as implementing legislation and institutional reform would be required to apply the law. At the same time, Suriname has considerable potential for further economic growth, not only in minerals but also in tourism, agriculture, and as a regional gateway for goods and services.