

## Suriname: Selected Issues

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SURINAME

**Selected Issues**

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Approved by the Western Hemisphere Department

March 8, 2005

Contents	Page
I. Fiscal Revenue Instability and Nonrenewable Resources in Suriname .....	4
A. Introduction .....	4
B. Fiscal Revenue Instability .....	4
Fiscal instability and economic performance .....	4
The prospects for mining in Suriname .....	6
C. Coping with Nonrenewable Resources .....	8
D. Conclusion .....	9
II. Monetary Policy and the Exchange Rate Regime .....	11
A. Introduction .....	11
B. Inflation in Suriname .....	11
C. Institutional Framework and Instruments of Monetary Policy .....	13
Institutional framework .....	13
Monetary policy instruments .....	14
Financial system .....	15
D. Exchange Rate Regime and Developments .....	17
E. Macroeconomic Shocks and Transmission Mechanism .....	19
F. Conclusion .....	21
III. Dollarization in Suriname .....	22
A. Introduction .....	22
B. Overview of Dollarization in Suriname .....	22
C. Consequences of Dollarization .....	29
D. Dollarization and the Financial System .....	31
E. Conclusion .....	34

IV. The Gold Mining Sector .....	36
A. Introduction .....	36
B. Background .....	36
C. Regulatory Framework.....	37
D. Small-Scale Gold Mining.....	38
E. Large-Scale Gold Mining.....	41
F. Fiscal Revenue and Vulnerability Issues.....	42
V. The Rice and Banana Sectors .....	45
A. Introduction .....	45
B. Rice Sector .....	45
Background.....	45
C. Banana Sector.....	47
Tables	
Table 1. Gross Product by Sectors of Origin at Constant Prices .....	52
Table 2. Gross Domestic Product by Sectors of Origin at Current Prices.....	53
Table 3. Gross Domestic Product by Expenditure at Constant Prices.....	54
Table 4. Gross Domestic Product by Expenditure at Current Prices.....	55
Table 5. Agriculture, Livestock, and Fisheries—Production Data.....	56
Table 6. Bauxite Sector—Production Data.....	57
Table 7. World Production, Consumption and Changes in .....	58
Table 8. Purchases of Gold from Small-Scale Mining.....	59
Table 9. Electricity Generation.....	60
Table 10. Consumer Price Index—Paramaribo and Suburbs .....	61
Table 11. Employment by Sector.....	62
Table 12. Population Data.....	63
Table 13. Central Government Operations .....	64
Table 14. Central Government Operations .....	65
Table 15. Central Government Revenue and Grants .....	66
Table 16. Central Government Revenue and Grants .....	67
Table 17. Central Government Expenditure .....	68
Table 18. Central Government Expenditure .....	69
Table 19. Petroleum Price and Taxation, 2002-2004 .....	70
Table 20. Summary Accounts of the Banking System .....	71
Table 21. Banking System Liabilities to the Private Sector .....	73
Table 22. Distribution of Commercial Bank Credit by Destination.....	74
Table 23. Loans and Deposits by Interest Rates .....	75
Table 24. Reserve Requirements on Domestic and Foreign Currency Deposits.....	76
Table 25. Financial Soundness Indicators for the Banking Sector .....	77
Table 26. Summary Balance of Payments .....	78
Table 27. Summary Balance of Payments .....	79
Table 28. International Reserves.....	80
Table 29. Exports by Major Categories .....	81
Table 30. Value, Volume, and Unit Value of Principal Exports .....	82

Table 31. Exports by Economic Use.....	83
Table 32. Destination of Exports .....	84
Table 33. Imports by Economic Use.....	85
Table 34. Origin of Imports .....	86
Table 35. External Grants Received .....	87
Table 36. Public and Publicly-Guaranteed External Debt Outstanding .....	88
Table 37. Public and Publicly Guaranteed External Debt: Principal and Interest in Arrears..	89
Table 38. Average Exchange Rates .....	90
Table 39. Suriname: Tax Structure as of January 31, 2005 .....	92

Boxes

I.1. Real Exchange Rate Volatility and Growth .....	7
III.1. The Exchange Rate Pass-through to the Price Level.....	28
III.2. Seigniorage .....	30
V.1. The Banana Regime under the ACP-EU Partnership Agreement.....	48

## I. FISCAL REVENUE INSTABILITY AND NONRENEWABLE RESOURCES IN SURINAME<sup>1</sup>

### A. Introduction

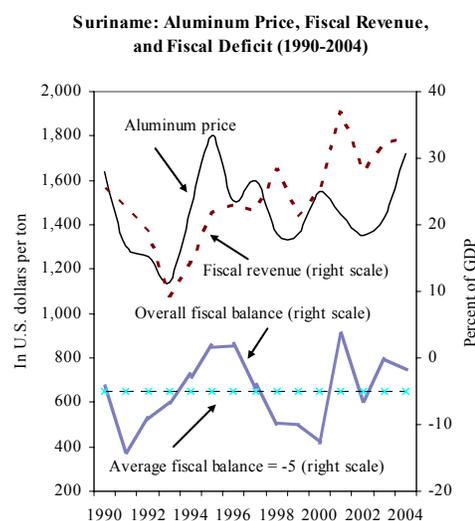
1. **Suriname's heavy reliance on fiscal revenue from extractive industries has posed challenges in the past, and may argue for amendments to the fiscal framework.** During the past decade, shocks to world market prices for Suriname's mining output (bauxite and gold) have caused significant volatility in tax revenues, complicating both fiscal and monetary policy management. Coping with revenue volatility and ensuring that the benefits from nonrenewable resources are shared equitably across generations could argue for amending the existing fiscal framework, including by establishing a nonrenewable resource fund (NRF). In other countries, such funds have been used with varying degrees of success to stabilize revenue flow and to ensure that at least a portion of the wealth derived from extractive industries is saved for future generations.

2. In the rest of this chapter, Section B describes the revenue instability and its consequences for Suriname.<sup>2</sup> Section C explores some options for policy rules that could be considered in the case of Suriname. Section D concludes.

### B. Fiscal Revenue Instability

#### Fiscal instability and economic performance

3. **The volatility of fiscal revenues from the bauxite sector has contributed significantly to macroeconomic instability in Suriname.** During the 1990s, the large movements of world aluminum prices caused similar swings in fiscal revenue and the overall fiscal balance. These were combined with procyclical fiscal expenditure policy responses that accentuated the terms of trade volatility, and the ensuing shortfalls in financing were monetized. This, in turn, caused rapid price inflation and exchange rate depreciation.<sup>3</sup>



<sup>1</sup> Prepared by Tobias Roy.

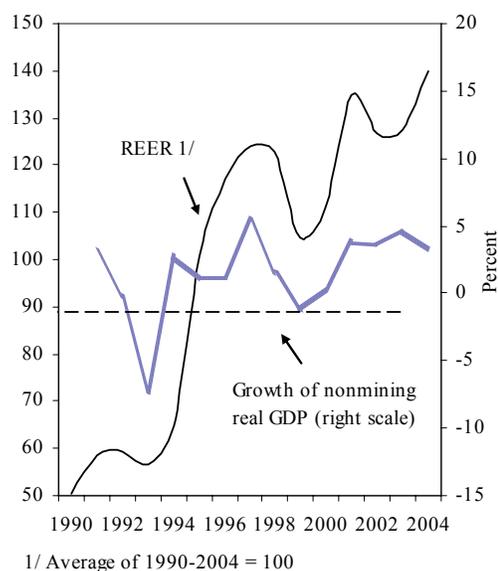
<sup>2</sup> For an analysis of the monetary impact of volatile aluminum prices, see the chapter on Monetary and Exchange Rate Policy.

<sup>3</sup> For a description of commodity-price induced macroeconomic cycles in the 1990s, see Martin (2001). According to Martin, an alumina price boom typically led to an increase in direct tax revenue and a second-round increase in indirect taxes as imports rose. Inflation remained low as the exchange rate faced appreciation pressures. During an alumina price bust, falling revenue from direct and international trade taxes widened the fiscal deficit, triggering a  
(continued)

4. **The destabilizing effect of revenue volatility was exacerbated by a weak underlying fiscal position.** Even under favorable external conditions, the fiscal balance rarely showed a substantial surplus. On average, the fiscal deficit amounted to around 5 percent of GDP during 1990–2004, precluding the possibility of implementing countercyclical fiscal policies.

5. **The trend deterioration in competitiveness and exchange rate volatility compounded problems related to fiscal revenue instability.** As in many resource-based economies, the strength of the mining sector has contributed to an appreciation of the real exchange rate, contributing to a weakening of the nonmining sector.<sup>4</sup> Suriname also experienced substantial swings in its real exchange rate, with volatility the highest among a group of 21 Western Hemisphere countries during 1991–2003, which likely also dampened investment and growth (Box 1). As a result, Suriname’s overall annual growth rate averaged only 1.7 percent during 1990–2004, well below that in most other Western Hemisphere countries, as nonmining output grew only by 1.5 percent on average in 1990–2004, even though the mining sector expanded by an annual average rate of 6.6 percent.

Suriname: REER and Real Economic Growth of Nonmining Sectors (1990–2004)



round of monetary fiscal financing, devaluation and inflation, which would then depreciate the real exchange rate and deflate real wages.

<sup>4</sup> The real effective exchange rate impact of preponderant mining exports—commonly referred to as “Dutch disease”—leads to elevated relative prices of nontradables compared to tradables. The resulting structural bias favors nontradable services and a large public sector.

**Real GDP Growth and Real Exchange Rate Volatility  
in Selected Western Hemisphere countries, 1991-2003**

	Average real GDP growth	Standard deviation of REER
Belize	6.1	3.0
Chile	5.7	11.8
Dominican Republic	5.2	11.8
Costa Rica	4.8	5.9
Guyana	3.9	9.8
Peru	3.9	4.0
Guatemala	3.7	15.5
Bolivia	3.4	6.1
Nicaragua	3.3	13.2
Honduras	3.2	16.4
El Salvador	2.9	21.5
Mexico	2.9	18.2
Argentina	2.8	36.2
Colombia	2.6	17.9
Ecuador	2.6	17.7
Brazil	2.3	16.4
Paraguay	1.7	12.8
Uruguay	1.5	26.3
Venezuela, Rep. Bol.	0.7	48.4
Jamaica	0.7	21.5
<b>Suriname</b>	<b>1.7</b>	<b>59.2</b>

Sources: IMF, *World Economic Outlook*; and Information Notice System.

### The prospects for mining in Suriname

6. **Prospects for Suriname’s bauxite sector appear favorable.** Bauxite mining operations tend to provide relatively long-term and stable export revenues compared with other mining ventures. Bauxite reserves in the licensed exploitation areas in the eastern part of the country are estimated at about 800 million tons, which would allow operations for at least another 15–17 years. In addition, Suralco, the major bauxite mining operator in Suriname, is contemplating a large integrated mining, hydropower, and processing project in the western part of the country. This project, which would require a total investment of up to US\$3 billion, envisages an alumina refinery (and, eventually, an aluminum smelter) that could start as early as 2007. Bakhuis, the most promising area in the west, is estimated to hold bauxite reserves of about 200–700 million tons.<sup>5</sup>

7. **Conversely, revenue from recently started gold mining operations is expected to be temporary.** Following the start-up of large-scale gold mining operations in the Rosebel mine in 2004, fiscal revenue from gold mining is expected to increase sharply until 2006 and then decrease steadily until 2014, when reserves will be depleted.<sup>6</sup>

<sup>5</sup> Information provided on the website of Alcoa.

<sup>6</sup> See the chapter on the gold mining sector.

### Box 1: Real Exchange Rate Volatility and Growth

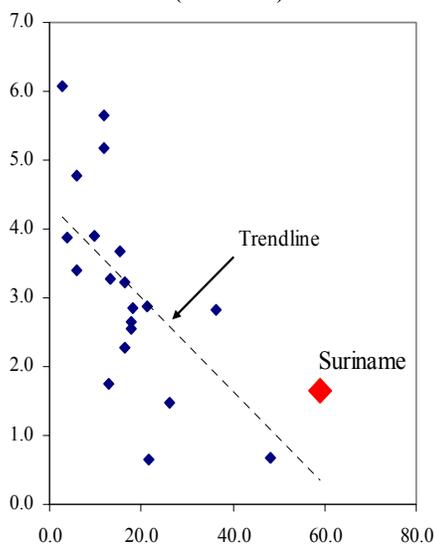
**Real exchange rate volatility can have a negative impact on economic activity and growth.**

In particular, uncertainty about future competitiveness can dampen investment and capital formation. This point has been illustrated in the context of option pricing models, which show delaying investment is optimal when investment comes along with sunk costs.<sup>1</sup> Moreover, exchange rate uncertainty increases the rate of return required to trigger investment, which can exceed the opportunity cost of capital.

**Econometric studies have confirmed the negative effect of real exchange rate volatility on capital formation in Latin America and East Asia.**<sup>2</sup> Moreover, a simple scatter plot of data for Western Hemisphere countries during 1991–2003 demonstrates the negative correlation between the volatility of the real exchange rate and average real GDP growth, with Suriname displaying the highest degree of exchange rate volatility in the region.

**These observations illustrate the importance of stable fiscal and monetary policies that avoid real exchange rate fluctuations.** In the case of Suriname, investment in the nonmining tradables sector is also characterized by large sunk costs, and the real exchange rate is a critical determinant of profitability in this sector.<sup>3</sup> Thus, Suriname's growth prospects would likely be enhanced by avoiding procyclical fiscal and monetary policy responses, including to shocks to world commodity prices.

Selected Western Hemisphere Countries:  
REER Volatility and Average Growth of Real  
GDP (1991-2003) 1/ 2/



1/ REER volatility measured as standard deviation. Data source for REER: INS (1990=100 for all countries). Data source for real GDP growth rates: WEO.  
2/ Sample comprises same group of countries as Table 1.

<sup>1</sup> The underlying theoretical framework is developed in Dixit and Pindyck (1995); for an introductory exposition, see Dixit (1992).

<sup>2</sup> See Servén, Solimano (1994).

<sup>3</sup> In contrast, the mining sector in Suriname is less affected by real exchange rate uncertainty: Local wages for bauxite mining and processing are contracted in U.S. dollars and paid out in local currency, converted by the central bank at the official exchange rate.

### C. Coping with Nonrenewable Resources

8. **Revenue stabilization funds have been used in a number of countries to help stabilize fiscal revenues and safeguard resources for future generations.**<sup>1</sup> While design and rules of operation vary widely, successful cases of nonrenewable resource funds (NRFs) are characterized by a strong medium- to long-term fiscal framework, a prudent stance of fiscal and monetary policies, close integration of the fund's operations in the budgetary system, and professional and transparent asset management. Since 1995, Norway has operated a petroleum fund that accumulated external assets of about 40 percent of GDP by 2003.<sup>2</sup> Chile's copper stabilization fund—which is more oriented toward stabilizing fiscal revenues—is widely credited with having successfully allowed the Chilean authorities to manage fiscal policies in the face of commodity price shocks.<sup>3</sup> Botswana exemplifies another successful case of prudent fiscal management of mineral revenues.<sup>4</sup>

9. **However, revenue stabilization funds also create risks.** Some revenue stabilization funds have been less successful due to inconsistency of the fund's objectives with the underlying fiscal policy regime, inflexible rules that were overridden frequently, and a failure to adjust benchmark prices to lasting changes in world prices. For example, Papua New Guinea's mineral resource stabilization fund was abandoned in 2000, after failing to durably

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<sup>1</sup> In principle, there is a tradeoff in achieving both goals. Revenue stabilization typically chooses a long-term benchmark world price for mining output, and complete revenue stabilization may end up depleting the fund in case of a durable downward shift in world market prices. The nonstationary behavior of prices for mining output, resulting in sudden, but pervasive regime shifts in the price structure, has indeed contributed to the breakdown of many stabilization funds (see the discussion in Davis, Ossowski, et al., 2001, page 4 ff.). To account for such regime shifts, successful stabilization funds would need to incorporate a forward-looking policy rule.

<sup>2</sup> In Norway, all fiscal revenue from oil is transferred to the State Petroleum Fund (SPF), which, in turn, transfers back financing to cover the overall fiscal deficit. The SPF operates without oil benchmark prices for determining net transfers, and asset management has been delegated to a separate unit within the central bank, which relies on professional investment companies to manage the equity portfolio of the fund. While this design allows for a substantial degree of fiscal flexibility, it both requires and facilitates a medium- to long-term budgeting process. A transparent asset management policy facilitates public assessment of the fiscal stance and fosters confidence in the fund and in public finances.

<sup>3</sup> Established in 1985, Chile's copper stabilization fund operates on the basis of a reference copper price, which is determined by the authorities and has in the past followed the 10-year moving average of global copper prices. Transfer rules are symmetric around the reference price, and Davis, Ossowski, et al., 2001, found a negative correlation between copper export earnings and expenditure. However, given the comparatively strong fiscal framework and recent improvements in the budgetary process, the fund may become redundant as a separate institutional arrangement (see the IMF's ROSC on *Fiscal Transparency in Chile, 2003*, p. 27).

<sup>4</sup> Botswana ran large budget surpluses, in particular during the 1990s, and deposited a substantial part of mineral revenues with the central bank, which manages the country's external assets in a long-term and a short-term fund. The budget surpluses effectively sterilized the monetary impact of the external reserves accumulation by the central bank: The banking system's net external assets exceeded monetary liabilities by a factor of 2½ in 2003.

accumulate external assets and to stabilize the stream of revenues.<sup>5</sup> Oman's state general reserve fund appears also to have fallen short of expectations, as the fund failed to stabilize procyclical expenditure changes and suffered from frequent rule changes.<sup>6</sup>

10. **Notwithstanding these caveats, there would seem merit in considering an NRF for Suriname's bauxite mining sector.** A benchmark pricing rule could assist in stabilizing revenues, and excesses over the benchmark price could be set aside in a fund that accumulates external assets. To avoid the depletion of the fund and to assure that funds are safeguarded for future generations, this benchmark pricing rule could be applied asymmetrically, i.e., that revenue shortfalls stemming from alumina prices falling below the benchmark would not be compensated through transfers from the NRF to the current budget. Nonetheless, the benchmark price mechanism would have to be updated regularly, e.g., through the incorporation of futures prices for aluminum, and would have to be upward-sticky and downward-flexible to ensure a constant flow of revenue into the fund.

11. **Given the temporary nature of the revenue projected from formal gold mining operations, there is a strong argument for accumulating revenue from this sector in an NRF.** This goal could be accomplished by a fiscal rule that would absorb a larger percentage of the tax and royalty revenue in a fund held abroad, while the remainder of the income would provide a stable fiscal income stream. To minimize volatility, all revenue beyond a specified benchmark would accrue to the fund as an accumulation of external assets.<sup>7</sup>

#### D. Conclusion

12. **The international experience would seem to suggest that Suriname could benefit from an NRF.** This mechanism could help avoid fiscal instability, in turn helping insulate the economy from external shocks by removing the procyclical fiscal policy bias that has characterized Suriname's macroeconomic policies in the past. This in turn would help avoid real exchange rate instability and thereby improve investment conditions. Finally, an NRF could help ensure that the benefits from the natural resource sector—especially the gold sector—were spread more smoothly over time.

13. **However, experiences in other countries show that a successful NRF needs to be firmly integrated into a medium-term fiscal framework and budget planning procedures.** NRFs usually fail when transfers to the budget are determined by short-term fiscal policy needs, or necessary expenditure adjustments are not undertaken in the event of permanent shifts in global resource prices. The successful operation of an NRF in Suriname would also require a strengthening of fiscal planning within a medium-term macroeconomic framework.

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<sup>5</sup> Frequent rule changes for the operations of the fund led to transfers from the fund that varied almost as much as the resource revenues themselves. In addition, the fund was not well integrated with overall fiscal policy, as budget expenditure was partly financed with debt operations outside the fund (see Davis, Ossowski et al., 2001, p. 26).

<sup>6</sup> See Davis, Ossowski, et al., 2001, p. 25.

<sup>7</sup> The fiscal rule should be applied to all new formal gold mining operations, including those that are not yet foreseen.

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## II. MONETARY POLICY AND THE EXCHANGE RATE REGIME<sup>1</sup>

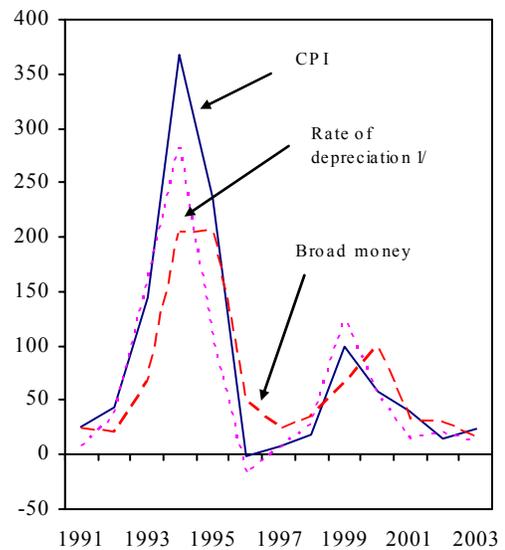
### A. Introduction

1. This chapter analyzes inflation in Suriname from its historical and international perspectives (Section B), reviews the monetary policy instruments and the institutional framework (Section C), describes the exchange rate regime and its main developments (Section D), analyzes the type of macroeconomic shocks and the domestic transmission mechanism (Section E), and concludes (Section F).

### B. Inflation in Suriname

2. Suriname has suffered two episodes of extremely high inflation during the 1990s, accompanied by a sharp depreciation of the exchange rate. The average annual inflation rate in Suriname increased from 14 percent during the 1980s to 83 percent during 1991–2003, and the number of months for which the 12-month inflation rate in Suriname exceeded 40 percent rose from 21 months during the 1980s to 87 months during the 1990s. This was in marked contrast to the general trend of reduced inflation in Latin America during the 1990s, and by this latter measure, Suriname's inflation performance was the worst in the region. The official exchange rate depreciated by 25 percent during the 1980s and 43 percent during 1991–2003, again in contrast to the trend toward greater exchange rate stability in Latin America during the 1990s.

**Money, Inflation, and Depreciation,  
1991-2003**  
(In annual percentage change)



Sources: Surinamese authorities; and Fund staff estimates.  
1/ Calculated based on black market rate (SRD per U.S. dollar), annual average.

<sup>1</sup> Prepared by Mazahiro Nozaki and Mariana Torres. The chapter benefited from assistance from MFD within a pilot project to increase the coverage of financial sector issues in the framework of IMF Article IV surveillance.

**Inflation and Exchange Rate Depreciation in Selected Latin America and Caribbean Countries**

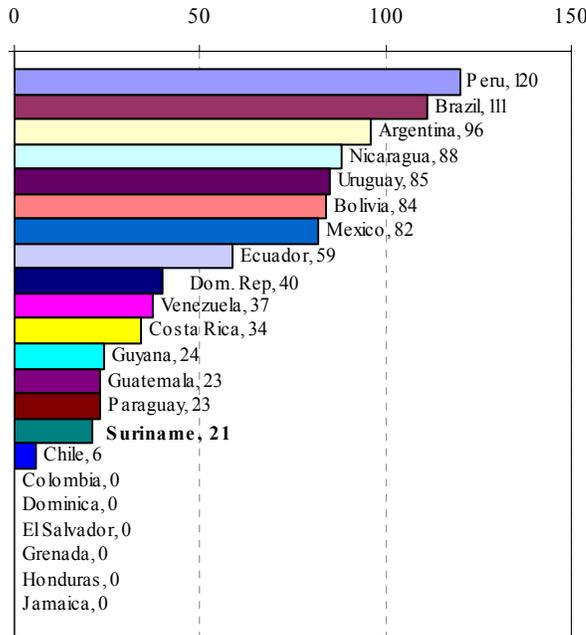
	Average Annual Inflation		Average Annual Depreciation Rate 1/	
	1981-1990	1991-2003	1981-1990	1991-2003
(Annual percentage change)				
Latin American and Caribbean Countries 2/	325.5	48.8	56.2	14.0
Suriname	13.7	82.9	24.9	42.6

Sources: *International Financial Statistics*; Central Bank of Suriname.

1/ Annual percentage change in the value of national currency unit per U.S. dollar.

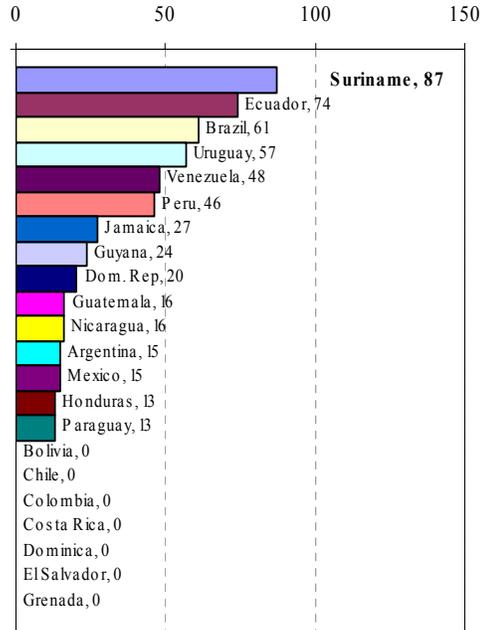
2/ Simple unweighted average is taken for: Argentina, Bolivia, Brazil, Chile, Columbia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, Suriname, Uruguay, and Venezuela.

**Frequency of High Inflation in the 1980s**  
(Number of months for which the 12-month inflation rate exceeded 40 percent)



Source: Reinhart and Rogoff (2002).

**Frequency of High Inflation in the 1990s**  
(Number of months for which the 12-month inflation rate exceeded 40 percent)



Source: Reinhart and Rogoff (2002).

3. **In each episode of high inflation, broad money growth rose with a lag.** An econometric analysis also suggests that the causality runs from exchange rate or inflation to money growth.<sup>2</sup> This is consistent with a hypothesis that the monetary authorities accommodate inflation expectations that have already been reflected in the exchange rate and the price level.

4. **Suriname has regained a measure of price and exchange rate stability since 2003.**<sup>3</sup> With the introduction of tighter fiscal and monetary policy stances in late 2002, inflation eased significantly from early 2003, with the 12-month inflation rate reaching single digits in March 2004. Concomitantly, the exchange rate has also stabilized.

### C. Institutional Framework and Instruments of Monetary Policy

#### Institutional framework

5. **Monetary policy is governed by the Central Bank of Suriname Act.**<sup>4</sup> The law defines the purpose of the Central Bank of Suriname (CBvS) as promoting the stability of the Surinamese currency and achieving “balanced socio-economic development.” In pursuit of these goals, the CBvS is required to conduct monetary policy to achieve a low and stable rate of inflation. While not mentioned explicitly in the Central Bank Act, developments in the foreign exchange market are an important factor in the formulation and implementation of monetary policy given the sensitivity of domestic prices to exchange rate movements.

6. **However, the CBvS lacks independence to conduct monetary policy.** A statutory cumulative ceiling for the central bank financing of the government deficit—set at 10 percent of budgeted revenues for a fiscal year—has been in place since 1986. However, the CBvS has often been required to issue reserve money to finance the government budget well in excess of the statutory limits or levels consistent with low inflation. A new Central Bank Act that is awaiting parliamentary approval would strengthen the central bank president’s authority to limit financing in excess of the lending limit and establish penalties for central bank officials found in dereliction of their duties.

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<sup>2</sup> See Selected Issues chapter “Civil Service Reform: Background and Issues” in Country Report No. 03/357 (November 19, 2003).

<sup>3</sup> After stabilization efforts were undertaken, the CBvS introduced the Suriname dollar (SRD) at a rate of Sf1,000 per SRD on January 1, 2004.

<sup>4</sup> The act was promulgated in 1956 and amended by Decree No. 94 on September 19, 1983.

## Monetary policy instruments

7. **Suriname is in the early stages of money market development.** The CBvS relies on reserve requirements and moral suasion as its principal instruments to conduct monetary policy and has not adopted a formal, pre-announced operational framework or target for monetary policy.
8. **Prior to May 2001, monetary policy was conducted mainly through monthly adjustments to credit ceilings.** Ceilings were placed on incremental domestic and foreign currency lending by commercial banks. These ceilings were established annually by formulas that were based on the composition of individual banks' nonsight deposit liabilities as follows: (i) 90 percent of the increase in savings deposits; (ii) 75 percent of the increase in time deposits with a maturity of less than one year; and (iii) 100 percent of the increase in time deposits with a maturity of one year and over. However, these ceiling were not strictly observed and there were no penalties for a breach of the ceilings.
9. **The CBvS instituted reserve requirements in May 2001.** A single unremunerated reserve requirement on domestic currency deposits of 27.5 percent was set initially and then was raised to 35 percent in August 2002. As the exchange rate stabilized and inflation fell to single digits, the reserve requirement was lowered gradually to 30 percent in 2004.
10. The reserve requirement scheme has two significant distortions:
  - **Foreign currency intermediation is favored.** Reserve requirements were not imposed on foreign currency deposits until the CBvS imposed a 17.5 percent requirement on February 12, 2003. With a view to eliminating the gap between the treatment of domestic and foreign currency deposits, the CBvS gradually lowered reserve requirements on domestic currency deposits, which reached 30 percent in October 2004, while reserve requirements on foreign currency deposits were increased from 17.5 percent to 22.5 percent in November 2004 and to 33½ percent in February 2005. However, the required reserves for foreign currency deposits are remunerated and can be held abroad at correspondent accounts of commercial banks, while required reserves for domestic deposits are unremunerated.
  - **Reserve requirements are used to promote the housing sector.** On February 12, 2004, the CBvS allowed commercial banks to use up to 7 percentage points of the reserve requirements to finance low-interest mortgages. Commercial banks have used this option to cover about 3½ percentage points of the reserve requirements through December 2004, reducing the effective reserve ratio on domestic deposits to 26½ percent.

Reserve Requirements on Domestic and Foreign Currency Deposits

	Date of Implementation								
	15-May-01	7-Aug-02	12-Feb-03	14-Jul-04	21-Jul-04	20-Oct-04	3-Nov-04	31-Dec-04	1-Feb-05
	(In percent)								
<b>Domestic currency</b>									
DSB, RBTT, HKB, SPSB, FNB	27.5	35.0	--	--	32.5	30.0	--	--	...
VCB	--	--	--	12.5	--	13.0	--	--	...
LBB	--	--	--	5.0	--	6.0	--	--	...
<b>Foreign currency</b>									
DSB, RBTT, HKB, SPSB, LBB, VCB	--	--	17.5	--	--	--	22.5	--	33.3
<b>Memorandum items</b>									
Low-interest mortgages (in percent of deposits, average for the system)	--	--	--	1.4	1.4	2.5	3.0	3.5	...
Effective reserve requirement on domestic currency deposits	27.5	35.0	35.0	31.1	31.1	27.5	27.0	26.5	...

Source: Central Bank of Suriname.

11. **There has been limited use of alternative instruments to conduct monetary policy.** In March 1995, the central bank issued certificates denominated in gold to cope with exchange rate instability. These certificates were redeemable on demand, indexed to the international price of gold, and paid interest of 5 percent per year. The attractiveness of these certificates was limited because their value was converted into local currency at the official exchange rate, which at times was substantially more appreciated than the parallel market rate. The central bank is also authorized to use other instruments, including rediscount and overdraft facilities, open market operations in treasury bills, and liquidity ratios, but these have not been used.

### Financial system

12. The total assets of the banking system are equivalent to 80 percent of GDP, with commercial banks holding about 70 percent of the total assets of the financial system. The rest of the financial system consists of 31 pension funds, 10 insurance companies, and 16 credit unions, which are all under the supervision of the central bank. There are also 21 foreign exchange houses (*cambios*), most of which operate import businesses and which use most foreign exchange that they purchase for their own import requirements. Financial data on *cambios* are unavailable.

**Financial System Assets**

	1999	2000	2001	2002	2003
(In percent of total)					
Assets	100.0	100.0	100.0	100.0	100.0
Banks	70.2	67.3	70.1	67.7	70.7
Large banks	54.3	54.6	56.8	57.3	59.8
Small banks	15.9	12.7	13.4	10.4	10.9
Pension funds	24.2	25.2	21.5	23.3	19.7
Insurance companies	4.7	6.4	7.1	7.7	7.9
Credit unions and cooperatives	0.8	1.1	1.3	1.4	1.6

Sources: Central Bank of Suriname, Supervision Department; and Fund staff estimates.

13. **The banking system is highly concentrated.** There are eight commercial banks and the three largest banks account for 84 percent of total assets as of end-September 2004. Of these banks, one is a fully-owned subsidiary of an international bank and the other two have partial government participation. Three small banks are state-owned and specialize in sectoral lending with a social objective. In addition, there is a state development bank, which does not take deposits from the public, and a very small privately owned full-service bank, whose deposits are insured by the government of Suriname.<sup>5</sup> The balance sheets of the largest banks appear relatively strong, while there are yet unresolved difficulties at the three small state-owned banks (see Statistical Appendix Table 25). There is no deposit insurance system. Reflecting the lack of competition and depth in the banking system, there is only a narrow market for government and other securities.

<sup>5</sup> The system is highly dollarized. See chapter on dollarization.

**Market Share of Commercial Banks**  
(In percent of total)

	1999	2000	2001	2002	2003	Sep. 2004
<b>Total</b>	100.0	100.0	100.0	100.0	100.0	100.0
<b>Small banks</b>						
Total assets	22.7	18.8	19.1	15.3	15.5	15.6
Net loans	41.3	31.3	26.8	20.9	21.4	21.0
Total deposits	23.4	20.3	18.4	14.7	12.7	12.9
<b>Large banks</b>						
Total assets	77.3	81.2	80.9	84.7	84.5	84.4
Net loans	58.7	68.7	73.2	79.1	78.6	79.0
Total deposits	76.6	79.7	81.6	85.3	87.3	87.1

Source: Central Bank of Suriname, Supervision Department; and Fund staff estimates.

14. **Legislation was enacted in 2003 with a view to implementing the Basel Core Principles for effective bank supervision.** The new banking supervision act in January 2003 enhanced the supervisory powers of the central bank and—in line with the legislation’s provisions—the central bank issued five new prudential regulations. These included regulations covering: (i) capital adequacy (minimum capital requirement of SRD4.5 million and risk weighted capital ratio of 8 percent); (ii) classification of loans and provisioning (adoption of credit policy and minimum accounting standards for outstanding loans); (iii) large exposures (limit on single large exposure and related parties of 25 percent of the bank’s capital, and aggregate exposure to capital of up to 600 percent of the bank’s capital); (iv) insider lending (limit of 25 percent of capital to single insider and 100 percent for aggregate loans to insiders); and (v) investment limits (limit of 100 percent of the capital base on bank’s direct and indirect investment). However, implementation has been difficult due to delays in data reporting and lack of staff.

**D. Exchange Rate Regime and Developments**

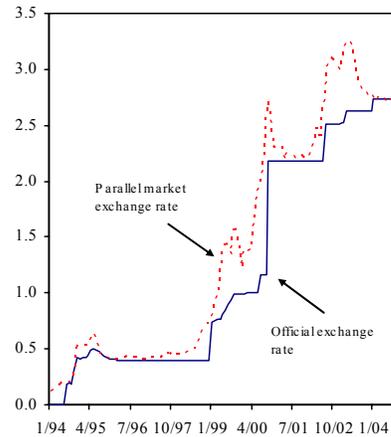
15. **The foreign exchange system comprises the official market, the commercial bank/cambio market, and a black market.** The official exchange rate is pegged to the U.S. dollar at a rate announced by the CBvS and is mainly used for the partial surrender of foreign exchange proceeds from mineral exports and for government transactions.<sup>6</sup> Other legal private sector transactions are carried out through the commercial bank/cambio market. The black market has been important at times when the CBvS restricted transactions in the bank/cambio market, e.g., through the imposition of floors or ceilings for the exchange rate.<sup>7</sup>

<sup>6</sup> Foreign exchange proceeds equivalent to the amount of local expenditures required for mining operations must be surrendered to the CBvS.

<sup>7</sup> There are also special exchange rates for infant formula and milk powder imports.

16. **Suriname's exchange rate regime can be characterized as a de facto managed float.** While the official rate is pegged to the U.S. dollar, it has been adjusted at intervals to eliminate the spread with the bank/cambio or the black market rates. While there have been times when the stability of the exchange rate and the presence of an official rate could lend themselves to a perception of a currency peg, this has only rarely been an intended policy outcome. The CBvS has at times attempted to dampen inflation expectations through restrictions on the commercial bank/cambio rate and the use of multiple currency practices, leading at times to sizeable spreads between various exchange rates.<sup>8</sup>

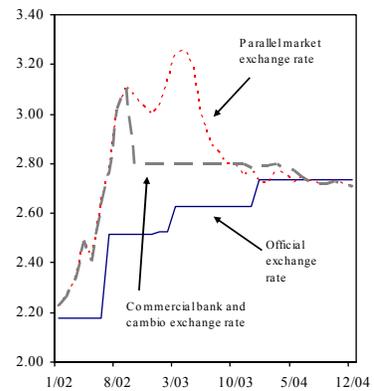
Exchange Rates, 1994-2004  
(Surinamese dollars per U.S. dollar)



Source: Central Bank of Suriname.

17. **The exchange rate has stabilized in recent years and the authorities have moved toward unifying the exchange rate regime.** Stabilization policies since late 2002 helped to reduce the pressures on the currency and with the elimination of restrictions on the bank/cambio rate in mid-2003, the black market rate has become unimportant. In January 2004, the CBvS introduced the Suriname dollar (SRD) to replace the Suriname guilder at a rate of 1:1,000. At the same time, the CBvS devalued the official exchange rate by around 4 percent to SRD2.735 per U.S. dollar, reducing further the spread with the parallel rate to less than 2½ percent. However, while spreads have remained relatively narrow, multiple currency practices persist.

Exchange Rates, 2002-2004  
(Surinamese dollars per U.S. dollar)



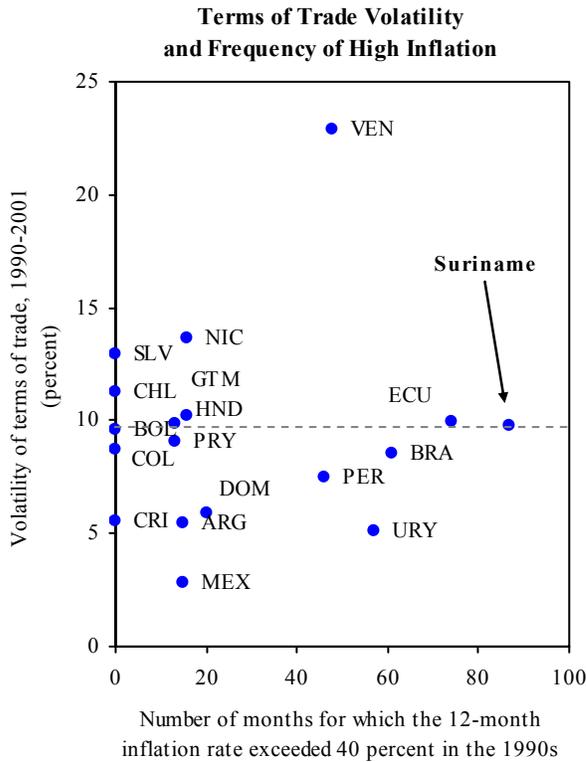
Source: Central Bank of Suriname.

<sup>8</sup> According to the classification by Reinhart and Rogoff ("The Modern History of Exchange Rate Arrangements: A Reinterpretation," NBER Working Paper No. 8963, June 2002), which focuses on information from the black market rate to determine de facto exchange rate regime, Suriname's exchange rate regime can be characterized as either a managed or a free float during most of the last two decades.

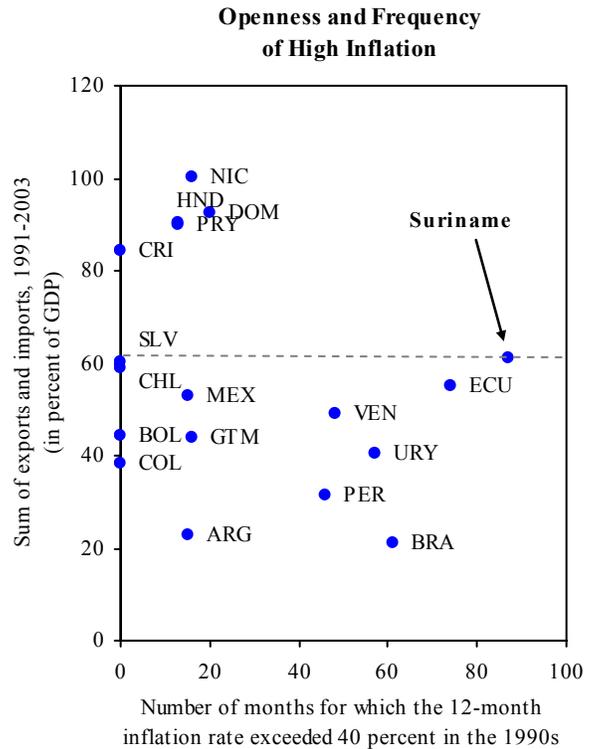
### E. Macroeconomic Shocks and Transmission Mechanism

18. **Suriname is highly vulnerable to external shocks.** The vulnerability is related to Suriname's trade openness and export concentration, and the volatility of international commodity prices. The ratio of imports to GDP exceeds 50 percent, while alumina and gold comprise more than two-thirds of exports. The export concentration and the sharp changes in the international price of alumina have led to volatile terms of trade. In addition, the pass-through from the exchange rate to the domestic price level is high owing to the high import content of investment and consumption and the high degree of dollarization (see chapter on dollarization).

19. **However, the experience among other countries in the region illustrates that Suriname's exposure to external shocks does not preclude price stability.** In fact, Suriname's openness and terms of trade volatility are only slightly above the Latin American average. During the 1990s, high inflation (with an annual inflation rate more than 40 percent) was more frequent in Suriname than in countries with high openness (such as the Dominican Republic, Nicaragua, Honduras, Paraguay, and Costa Rica) or in countries with highly volatile terms of trade (such as Chile, El Salvador, Nicaragua, and Venezuela).



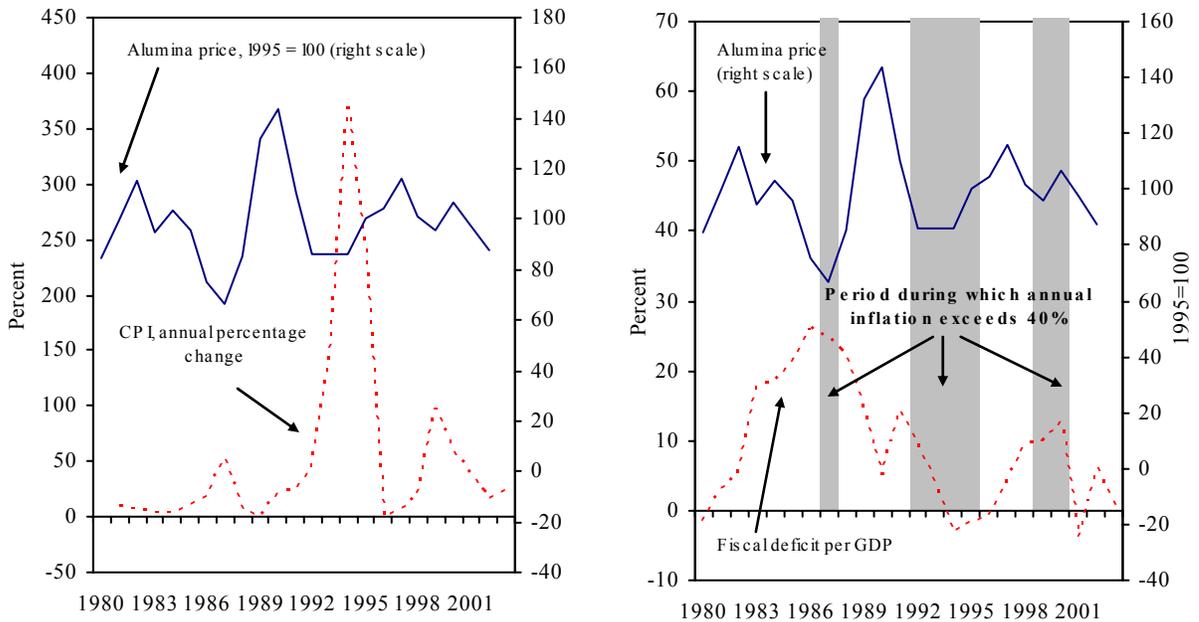
Sources: World Bank; and Reinhart and Rogoff (2002).



Sources: IMF, *World Economic Outlook*; and Reinhart and Rogoff (2002).

20. **The effect of external shocks in Suriname appear to have been amplified by inadequate policy responses.** A decline in world alumina prices preceded each of three high-inflation episodes in the last two decades. With fiscal revenue relying heavily on the bauxite sector, a sharp decline in the alumina price led to revenue shortfalls, and—in the absence of offsetting fiscal policies—the resulting fiscal deficits were immediately monetized, leading to inflation and exchange rate depreciation.<sup>9</sup> The decline in the alumina prices also tightened the supply of foreign exchange in the economy, further contributing to pressure on the exchange rate.

**Alumina Price, Inflation, and Fiscal Deficits, 1990-2003**



Sources: U.S. Geological Survey; Surinamese authorities; and Fund staff estimates.

<sup>9</sup> Bauxite is a raw material for alumina. In 2002 and 2003, revenue from gold and bauxite operations amounted to about one fifth of total tax revenue.

## F. Conclusion

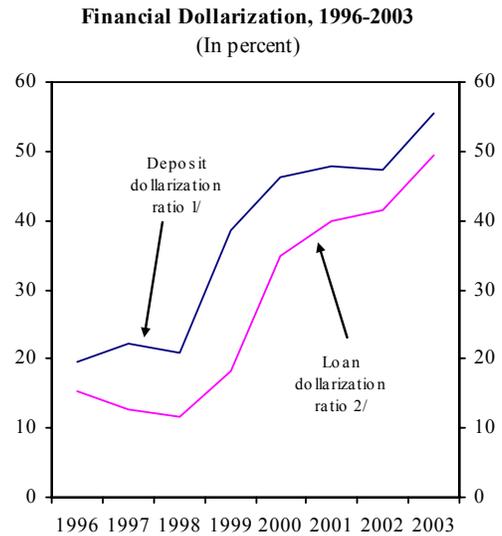
21. **Monetary policy discipline has strengthened in recent years.** During the 1990s, external shocks were amplified due to a lack of an effective nominal anchor, monetary policy instruments, and central bank independence, which led to unchecked central bank financing of fiscal deficits. However, fiscal and monetary policy tightening has helped reduce inflation and stabilized the exchange rate since 2003.

22. **The institutional framework has improved.** Bank supervision has been strengthened and the distortion in the reserve requirement system that favors foreign currency intermediation is being redressed. In addition, a plan to enhance the central bank authority to limit fiscal financing is awaiting parliamentary approval.

### III. DOLLARIZATION IN SURINAME<sup>1</sup>

#### A. Introduction

1. **In recent years, Suriname has experienced rapid financial dollarization.** Foreign currency deposits as a percentage of total deposits rose from 20 percent in 1996 to 57 percent in 2003, while foreign currency loans as a percentage of total commercial bank loans followed a similar path. This chapter reviews the factors that have contributed to these trends and discusses their potential consequences. Section B provides an overview of dollarization in Suriname.<sup>2</sup> Section C discusses the consequences of dollarization, focusing on the loss of seigniorage or an independent monetary policy. Section D discusses the effects of dollarization on the development and vulnerabilities of the financial sector, and Section E concludes.



Source: Central Bank of Suriname.

1/ Foreign currency deposits in percent of total commercial bank deposits.

2/ Foreign currency loans in percent of total credit to the private sector by commercial banks.

#### B. Overview of Dollarization in Suriname

2. **Suriname has followed the regional trend toward dollarization.** Suriname's deposit dollarization ratio in 2001 only slightly exceeded the average for countries in Latin America, but with the further acceleration in dollarization since 2001, Suriname may now have become one of the more highly dollarized economies. The fact that only few countries have succeeded in de-dollarizing their economies suggests that the high dollarization in Suriname could prove irreversible and persistent over the medium term.<sup>3</sup>

<sup>1</sup> Prepared by Masahiro Nozaki, Tobias Roy, and Mariana Torres.

<sup>2</sup> In the literature, "real dollarization" refers to the widespread use of foreign currency among residents for transaction purposes, or quotation or indexation of local prices and wages.

<sup>3</sup> Reinhart, Rogoff, and Savastano (2003) studied eighty-four dollarized countries and found that only four succeeded in reducing dollarization during 1980–2001. The four countries are Israel, Mexico, Pakistan, and Poland.

Dollarization by Region

	Foreign currency deposits as percentage of broad money		
	Average	Average	Number of Countries 2/
	1988-1993 1/	1996-2001	
Africa	2	7	48
Emerging Asia	8	11	26
Middle East	20	21	14
Transition economies	17	29	26
Western Hemisphere	13	23	29
<i>of which:</i>			
Caribbean	4	11	12
Central America	11	24	6
South America	23	35	11
<b>Suriname</b>	<b>12</b>	<b>26</b>	<b>...</b>

Sources: Reinhart, Rogoff, and Savastano (2003); Central Bank of Suriname.

1/ For Suriname, average for 1993-95.

2/ Number of countries over which an average for 1996-2001 is calculated.

Foreign Currency Deposits for Selected Latin American Countries, 2001

(In percent of total deposits)

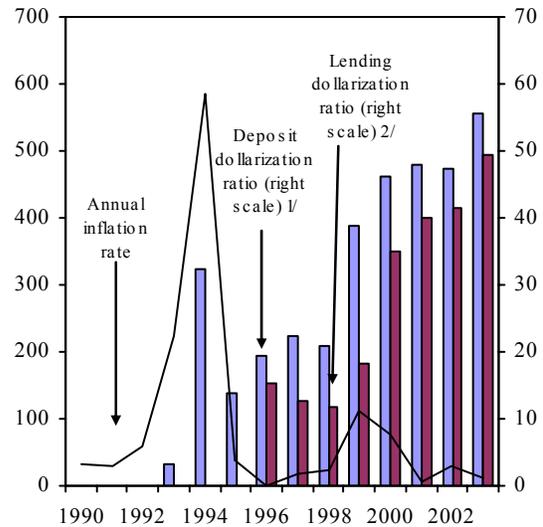
Argentina	73.6	Guatemala	5.1
Bolivia	91.4	Honduras	33.1
Brazil	0.0	Mexico	8.1
Chile	12.1	Nicaragua	71.0
Colombia	0.3	Paraguay	64.3
Costa Rica	43.8	Peru	74.3
Dominican Republic	20.0	Uruguay	92.5
Ecuador	100.0	Venezuela	0.3
El Salvador	100.0		
<b>Suriname</b>	<b>47.8</b>	Average 1/	46.5

Sources: Central banks; and IMF staff estimates.

1/ Unweighted average for the listed countries.

3. **Dollarization began with the deregulation process in the early 1990s and accelerated after the near-hyperinflation during 1993–94.** In June 1992, residents were allowed to open and maintain foreign currency deposits at commercial banks, and, in July 1995, to receive foreign currency loans from commercial banks. Dollarization accelerated after the near-hyperinflation episode in 1993–94. During the dollarization process, foreign currency loans increased in tandem with foreign currency deposits.<sup>4</sup>

**Financial Dollarization and Inflation  
1990-2003  
(In percent)**



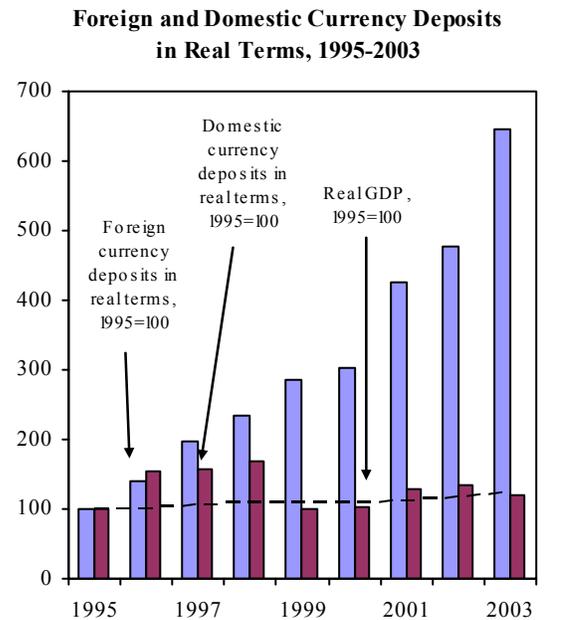
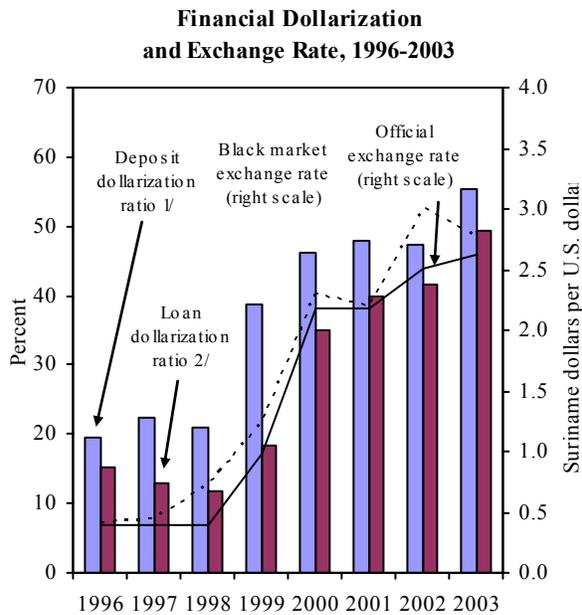
Source: Central Bank of Suriname.

1/ Foreign currency deposits in percent of total commercial bank deposits.

2/ Foreign currency credit in percent of total credit to the private sector by commercial banks.

4. **Dollarization has not simply been the by-product of valuation effects from currency depreciation.** Although the rapid depreciation of the local currency explains part of the rise in foreign currency deposits as a share of local currency GDP, foreign currency deposits have grown much faster than real GDP. Similarly, foreign currency deposits in real terms (deflated by U.S. inflation) increased by more than 10 times during 1995–2003, compared with only a 20 percent increase of domestic currency deposits in real terms.

<sup>4</sup> This pattern has been observed in other dollarized economies; see Savastano (1996) and IADB (2004). Also, Ize and Levy Yeyati (2003) provided a theoretical model under which both deposit and loan dollarization ratios are related to uncertainties about inflation and the real exchange rate.



Source: Central Bank of Suriname.

1/ Foreign currency deposits in percent of total commercial bank deposits.

2/ Foreign currency credit in percent of total credit to the private sector by commercial banks.

Sources: Central Bank of Suriname; and IMF staff estimates.

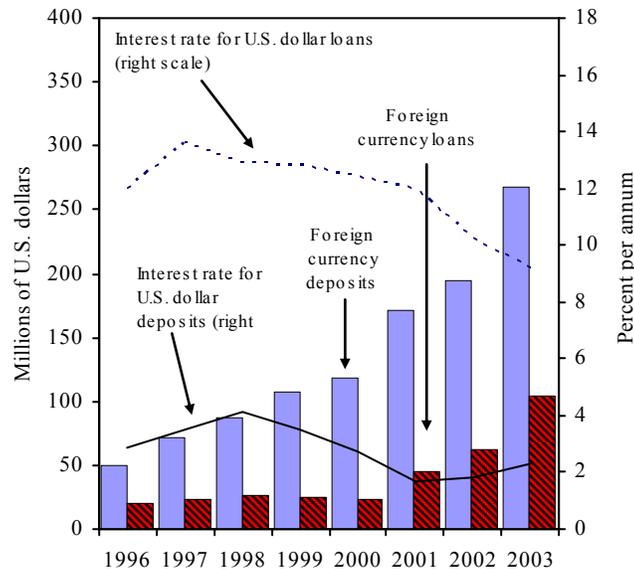
5. **The reserve requirements have favored foreign currency intermediation.** In December 2002, the Central Bank of Suriname (CBvS) abolished a regulation that prohibited banks from lending to borrowers that had no foreign currency income sources and established a minimum reserve requirement for foreign currency deposits at 17.5 percent. This reserve requirement has been kept significantly below the reserve requirement for domestic currency deposits, which exceeded 30 percent since mid-2002. This compares with the majority of dollarized countries, which typically maintain higher reserve requirement ratios for foreign currency deposits.<sup>5</sup> Moreover, reserves for foreign currency deposits can be kept at interest-bearing accounts at foreign banks, while reserves for domestic currency deposits must be kept as unremunerated deposits at the CBvS.

6. **Loan dollarization was extremely rapid during 2000–03, possibly reflecting the relaxation of institutional constraints.** Over this period, foreign currency loans quadrupled in real terms, even as interest rates on U.S. dollar loans declined from 12 percent to 9 percent. This increase in supply occurred as credit ceilings on dollar lending were eliminated, and restrictions on the holding of foreign currency deposits were effectively

<sup>5</sup> See Baliño, Bennett, and Borensztein (1999), page 22.

relaxed.<sup>6</sup> Even with the introduction of the reserve requirement on foreign currency deposits, the effective spread on dollar lending remained favorable relative to lending in domestic currency.<sup>7</sup>

**Foreign Currency Deposits and Loans, 1996-2003**



Source: Central Bank of Suriname.

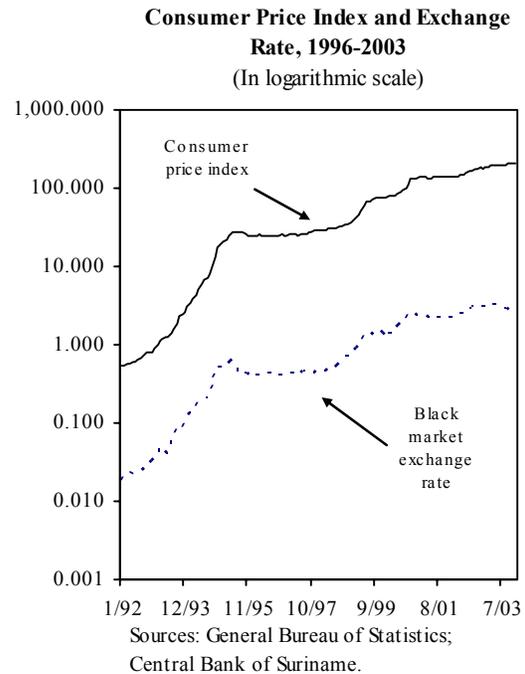
7. **The authorities have begun to remove the dollarization incentive in the reserve requirement system.** The CBvS raised the reserve requirement for foreign currency deposits from 17.5 percent to 22.5 percent in November 2004, and 33⅓ percent in February 2005. This will help eliminate the incentive for dollarization given that the current reserve requirement for domestic deposits is 30 percent. Notwithstanding these steps, the system still favors dollarized deposits since the required reserves on foreign currency deposits are remunerated, while those on domestic deposits are not.

<sup>6</sup> In May 2002, foreign exchange surrender requirements for all exporters except from the bauxite and oil sector were abolished, enabling them to hold export proceeds in foreign currency deposits.

<sup>7</sup> The interest rate spread between U.S. dollar loans and deposits shrank from 10 percent in 2001 to 7 percent in 2003, whereas the spread between domestic currency loans and deposits remained unchanged at around 12 percent.

8. **A recent deregulation in gold trade may also have contributed to rising dollarization.** In September 2002, a deregulation abolished the mandatory sales of gold to the CBvS and allowed the private sector to engage freely in gold trade. This deregulation increased substantially the officially recorded gold exports from 4.3 tons in 2001 (equivalent to US\$35.4 million) to 11.7 tons in 2003 (equivalent to US\$128.2 million). It is possible that foreign currency proceeds from the surging gold exports led to increased intermediation in foreign currency and to an increase in foreign currency instruments in the banking system.

9. **There are signs that dollarization has increased outside the banking system.** In dollarized economies, there is often a distinction between financial dollarization—when financial intermediation occurs in foreign currency—and “real” dollarization—when foreign currencies begin to be used as medium of exchange and a unit of account.<sup>8</sup> In Suriname, there is evidence of real dollarization, e.g., car and real state prices are usually quoted in foreign currency, as well as wages in certain industries. Interestingly, real dollarization in Suriname encompasses two foreign currencies: while high-end real estate is quoted in euros, wages in some industries are quoted in U.S. dollars. Real dollarization is also evident from the high degree of pass-through from movements in the exchange rate to the CPI (Box 1).<sup>9</sup>



<sup>8</sup> See Guidotti and Rodriguez (1992) and Feige et al (2003) for Latin American countries’ experience. Fritz-Krockow (2001) portrayed the ratchet effect for dollarization in Haiti.

<sup>9</sup> Cross-country studies found that the higher the dollarization was, the more intense the pass-through was. See Reinhart, Rogoff, and Savastano (2003) and Honohan and Shi (2002).

**Box 1. The Exchange Rate Pass-through to the Price Level**

Statistical analyses also support the high degree of the pass-through from the exchange rate to the price level in Suriname. Depreciation of the black market exchange rate is positively related to inflation thereafter, as shown by the estimate of the correlation coefficient between depreciation and lagged inflation. In particular, the correlation coefficient estimate of around 0.6 for 1–2 months lags implies that depreciation in a given month is immediately followed by inflation, suggesting quick pass-through from exchange rate to the price level. In addition, a bivariate vector autoregression analysis suggests that the pass-through is almost complete: 1 percent depreciation is estimated to raise the price level by about 0.6 percent within 4 months and about 1 percent within 12 months.<sup>1</sup>

Correlations between Exchange Rate Depreciation and Inflation 1/

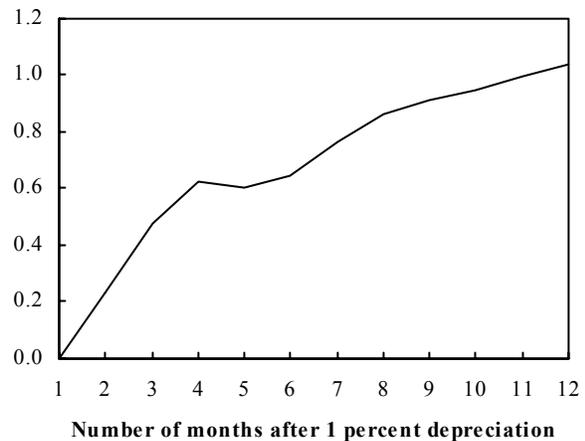
	1992-2004
0 month lag	0.67 *
1 month lag	0.64 *
2 month lag	0.41 *
3 month lag	0.27 *
4 month lag	0.19 *
5 month lag	0.25 *
6 month lag	0.31 *
7 month lag	0.25 *
8 month lag	0.18 *
9 month lag	0.20 *
10 month lag	0.17 *
11 month lag	0.09
12 month lag	0.02

Source: Fund staff estimates.

1/ Correlation coefficient between monthly percentage changes in the black market exchange rate and lagged monthly percentage changes in CPI.

\* Significant at a 5 percent confidence level.

**Response of CPI to Exchange Rate Depreciation 1/**  
(Accumulative percentage change of CPI after 1 percent depreciation)



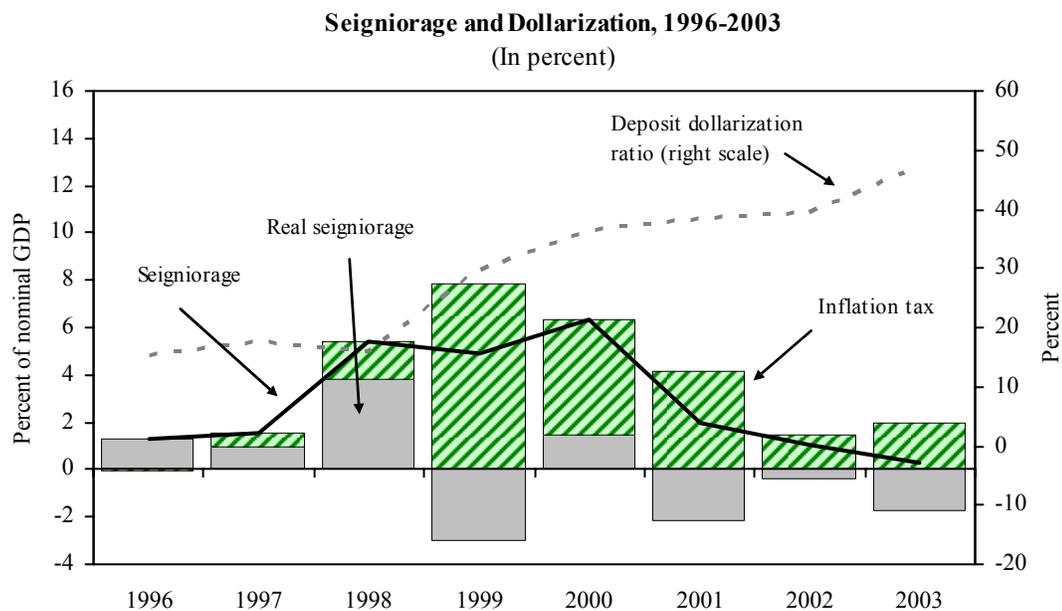
Source: Fund staff estimates.

1/ Based on a bivariate monthly vector-autoregressive estimation for CPI and the black market exchange rates, with the sample period of 1992-2004.

<sup>1</sup> These responses are statistically significant. The statistical inference would be strengthened if more variables such as an index of economic activity, the interest rate, and monetary aggregates were available and included in the regression.

### C. Consequences of Dollarization

10. **Dollarization has reduced the authorities' access to seigniorage.** Revenues from seigniorage reached about 5–6 percent of nominal GDP during 1998–2000, equivalent to about 25 percent of annual tax revenue of the central government.<sup>10</sup> Real seigniorage—i.e., the seigniorage that was over and above the amount simply gained from inflation—was also substantial during 1996–98, ranging from 1 to 4 percent of GDP. However, seigniorage has declined in recent years, falling from 6 percent of GDP in 2000 to 0.3 percent in 2003, with an even more pronounced decline in real seigniorage (Box 2).



Sources: General Bureau of Statistics; Central Bank of Suriname; and Fund staff estimates.

<sup>10</sup> Although commercial banks' domestic currency deposits at the CBvS are a component of reserve money, they have been highly volatile and hence excluded from the estimation of seigniorage.

### Box 2. Seigniorage

**Seigniorage is a source of revenue that a national government can raise by issuing a currency**, and is usually defined as an increase in the monetary base divided by the price level. Specifically, seigniorage is defined as

$$S_t = \frac{M_t - M_{t-1}}{P_t}$$

where the monetary base  $M_t$  is the monetary base at period  $t$  and  $P_t$  is the price level at period  $t$ .

**Seigniorage can be decomposed into two components: real seigniorage and inflation tax.**

To see this, let  $m_t = \frac{M_t}{P_t}$  be the real holding of the monetary base by residents (so-called the real balance). Then, seigniorage  $S_t$  can be transformed into:

$$S_t = (m_t - m_{t-1}) + m_{t-1} \frac{P_t - P_{t-1}}{P_t}.$$

The first term in the right hand side is referred to as *real seigniorage*, since it equals the increase in residents' money holding originating from their money demand. The second term is referred to as *inflation tax*, calculated as the real balance times the inflation rate (it resembles regular tax revenue as it equals the tax base times the tax rate). The inflation is regarded as "tax" because it reduces the government's liability to residents with regards to the issued domestic currency. Accordingly, if the real balance is small, higher inflation is needed to raise inflation tax.

**In Suriname, the increasing dollarization has eroded revenue from seigniorage.** The negative effect of dollarization on seigniorage was even more pronounced when we distinguish between real seigniorage and inflation tax. Seigniorage was generated mainly from inflation tax during 1999–2001, when inflation averaged 66 percent. This was followed by a pickup in dollarization and a decline in the real demand for the domestic currency during 2001–03. The contraction in the real demand in turn reduced real seigniorage, and thereby the base on which an inflation tax could be levied. Inflation therefore brought about a *temporary* increase in seigniorage, but inflation created an incentive for dollarization, which in turn reduced the demand for domestic currency and eroded the future tax base for seigniorage.

11. **Dollarization has also reduced the scope for the exchange rate to buffer the effects of external shocks.** With a flexible exchange rate, changes in the nominal exchange rate can help offset the effects of adverse external shocks—including to world commodity prices—by crowding in external demand. Dollarization limits the scope for this type of adjustment device, as domestic prices are denominated in foreign currency.

12. **Dollarization implies a loss of monetary policy independence, but may increase policy credibility.** The monetary authority in a fully dollarized economy can influence neither domestic interest rates nor the quantity of money circulating in the economy, limiting the scope for policy action.<sup>11</sup> At the same time, however, the reduced access to seigniorage and counter-cyclical policy may improve the credibility of the authorities' willingness to avoid inflation.

#### **D. Dollarization and the Financial System**

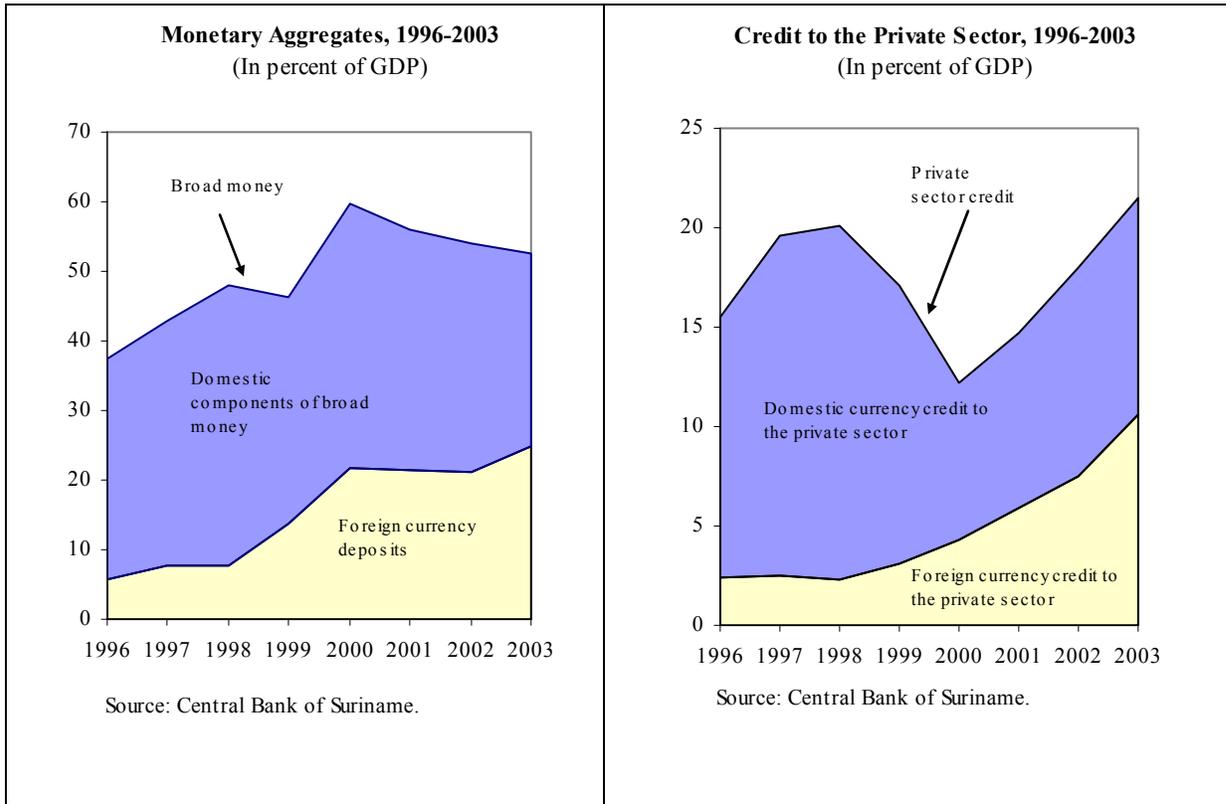
13. **Dollarization coincided with a deepening financial intermediation.** During 1996-2003, there was a clear trend towards financial deepening, defined as a rising ratio of broad money to GDP. This was almost entirely the result of growth in foreign currency deposits (FCD), with a similar trend in commercial banks' assets.

14. **However, dollarization also raises important issues for the management of liquidity and solvency risks in the banking system.** Liquidity risks arise from the central bank's reduced capacity to act as a lender of last resort, given its limited access to foreign exchange. It is therefore crucial that a dollarized banking system holds sufficient international reserve assets to cover deposit liabilities.<sup>12</sup> Solvency risks stem from the impact of changes in the exchange rate on banks' balance sheets, either through a currency mismatch between bank assets and liabilities or through the effect on borrowers of foreign currency whose income stream is denominated in domestic currency.

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<sup>11</sup> Adhin (2000) suggests that dollarization might promote fiscal discipline in Suriname.

<sup>12</sup> Broda and Levy Yeyati (2003) explore alternative approaches to substituting the lender of last resort: private insurance, international bank branching, and an international lender of last resort.



15. **In recent years, the liquid reserves coverage of foreign currency deposits has declined.** International liquid reserve assets of commercial banks comprise deposits held with correspondent banks abroad and include the required minimum reserves holdings on foreign currency deposits. As share of foreign currency deposits, these assets decreased from 194 percent in 1996 to 74 percent in 2003. However, total banking system international reserves—including CBvS reserves—still exceed 100 percent of foreign currency deposits. While this is more than sufficient to prevent a liquidity crisis, there would be little margin in case of a sustained shock to the balance of payments.

International Reserve Coverage of Foreign Currency Deposits, 1996-2004

	1996	1997	1998	1999	2000	2001	2002	2003	2004
(In percent, unless otherwise indicated)									
Commercial banks' international reserve assets as percent of foreign currency deposits	194	150	113	147	92	87	75	74	65
Central bank international reserves as percent of foreign currency deposits	288	209	371	117	99	108	54	40	42
Total banking system international reserve assets as percent of foreign currency deposits	481	359	483	264	192	195	129	114	107
<b>Memorandum item:</b>									
Foreign currency deposits (in millions of U.S. dollar)	50.2	71.5	86.7	107.1	118.1	170.6	194.4	268.3	320.2

Source: Central Bank of Suriname.

16. **With regard to solvency risks, Suriname's prudential regulations are geared toward containing balance sheet exposures.** Limits are placed on open positions in commercial banks' balance sheets and their net foreign currency position has been positive during 2003–04. However, these prudential norms are typically not adequate to account for the exposure of bank clients to exchange rate shocks. This underscores the importance in dollarized economies of prudential regulations that ensure strong risk analysis for foreign currency lending.

Commercial Banks' Net Foreign Currency Position , 1996-2004

	1996	1997	1998	1999	2000	2001	2002	2003	2004
(In millions of U.S. dollar, unless otherwise indicated)									
Net foreign assets	70	90	86	102	92	121	137	186	234
Domestic credit in foreign currency	20	23	26	24	23	45	66	107	152
Foreign currency deposits (private sector)	-50	-71	-86	-106	-117	-164	-188	-251	-320
Foreign currency deposits (public sector)	0	0	0	0	0	0	-5	-15	-33
Net foreign currency position 1/	41	43	26	20	-2	2	10	27	32
In percent of GDP	4.8	4.6	2.3	2.6	-0.4	0.3	1.1	2.7	2.9

Source: Central Bank of Suriname.

1/ Excludes net unclassified assets.

Sector Decomposition of  
Commercial Banks' Foreign Currency Loans 1/

	2002	2003	2004 2/
<b>Primary and secondary sectors</b>	<b>23.2</b>	<b>21.3</b>	<b>24.6</b>
Agriculture	3.1	1.7	2.8
Fisheries	4.3	3.4	3.0
Forestry	0.1	0.1	0.1
Mining	0.7	0.7	0.8
Manufacturing	11.8	13.6	14.8
Construction	3.2	1.5	2.9
Utilities	0.1	0.2	0.2
<b>Other sectors</b>	<b>76.8</b>	<b>78.7</b>	<b>75.4</b>
Trade	41.7	44.5	46.6
Transport, Storage and Communication	2.0	1.7	2.8
Services	8.5	5.8	9.9
Housing construction	5.0	7.1	6.4
Other	19.5	19.7	9.7

Source: Central Bank of Suriname

1/ All figures are preliminary.

2/ Figures as of end-September.

## E. Conclusion

17. The increase of dollarization in recent years is a response to inflationary bouts and a reserve requirement scheme that encouraged financial intermediation in foreign currency. While the central bank's recent steps to redress this imbalance should slow down the process of dollarization, other countries' experiences suggest that high dollarization may persist, especially given evidence that dollarization is also widespread outside the banking system.

18. **Dollarization has consequences for macroeconomic management and the financial system in Suriname.** It has reduced exchange rate flexibility and seigniorage revenue. At the same time, there are signs that the liberalization of foreign currency banking transactions, combined with a stable macroeconomic environment, has led to a deepening of financial intermediation. However, dollarization has made the financial system more vulnerable as the central bank cannot function as a lender of last resort for the dollarized component of financial intermediation. In addition, foreign currency lending has increased the possibility of balance sheet shocks in the private sector and the banking system.

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## IV. THE GOLD MINING SECTOR<sup>1</sup>

### A. Introduction

1. **Gold mining has become increasingly important in the Surinamese economy.** While small-scale gold mining activities became significant in the 1980s, large-scale gold mining started only in 2004. This chapter describes the background of the gold sector in Suriname, its regulatory framework and the status of gold mining concessions and illegal mining activities, and issues of fiscal revenue volatility and vulnerabilities arising from the gold mining sector.

### B. Background

2. **Gold production in Suriname represents a relatively small share of world production.** Gold mine production in the Western Hemisphere was approximately 826 metric tons in 2003, representing 35 percent of the world total production. The top three gold producers—United States, Canada, and Peru—accounted for about 71 percent of the total gold production in the region, while Suriname production represented only 1.8 percent of the hemisphere's total.

Western Hemisphere: Gold Production in 2003

	Millions of Tons	Percent of Total
<b>Total</b>	<b>825.5</b>	<b>100.0</b>
U.S.A.	276.0	33.4
Peru	172.3	20.9
Canada	141.5	17.1
Colombia	47.1	5.7
Brazil	44.4	5.4
Chile	39.0	4.7
Argentina	33.2	4.0
Mexico	20.2	2.4
Guyana	12.2	1.5
Venezuela	11.5	1.4
<b>Suriname</b>	<b>15.0</b>	<b>1.8</b>
Bolivia	9.3	1.1
Nicaragua	3.8	0.5

Source: World Metal Yearbook 2004.

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<sup>1</sup> Prepared by Mariana Torres.

3. **Gold mining has a long history in Suriname.** Gold deposits in Suriname are located in the Guianas Shield,<sup>2</sup> as part of a metamorphic rock formation that cuts through the Guianas from east to west. Gold deposits occur in primary form (mostly in and around reefs formed through the filling of cracks in the surface stone) and in secondary form (as gold nuggets or dust formed as a result of erosion on hill slopes or in local rivers and creeks). Gold mining started in the Sara creek area in 1876 and later in the Mindrineti and Brownsweg areas. The rich Lawa alluvial deposits were mined extensively since 1885, reaching 1,200 kg per year in 1908. Subsequently, gold production declined when most deposits were exhausted and artisanal mining replaced mechanized commercial operations. In the late 1960s gold mining was virtually non-existent.

4. **Informal gold mining in the interior increased rapidly since the 1990s.** Gold mining became an important source of income for the population in the interior after the end of the civil war in 1992.<sup>3</sup> In addition, Brazilian gold diggers, who had expertise in hydraulic and small-scale mining operations, migrated to Suriname in response to the increasing scarcity of alluvial ores in the Brazilian Amazon.<sup>4</sup> The high international gold prices in recent years have also made this industry more attractive.

### C. Regulatory Framework

5. **The main legislation governing the exploration and exploitation of mineral resources in Suriname is the Mining Decree of 1986.** The decree authorizes the Geological and Mining Department (GMD) of the Ministry of Natural Resources to grant mining rights and other licenses, and regulate, inspect, and monitor the mining sector. The decree regulates the procedures for granting mining rights, and their scope and duration; and establishes five types of mining titles: (i) reconnaissance rights for up to 200,000 hectares and three years; (ii) exploration rights for up to 40,000 hectares and seven years; (iii) exploitation rights for up to 20,000 hectares and 25 years, with option to extend the duration in the terms agreed between the parties; (iv) small mining rights for alluvial or shallow mining for up to 200 hectares for two years, with option to extend by periods of two years; and (v) rights to exploit building materials for up to 400 hectares for five years, with option to extend by periods of five years.

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<sup>2</sup> The shield stretches from the Amazon River in Brazil to the Orinoco River in Venezuela.

<sup>3</sup> Most of the population of Suriname lives in the narrow coastal region. The population in the interior mainly consists of Amerindians (around 10,000) and Maroons (around 50,000) which have only limited contact with the formal and urban sectors of the population.

<sup>4</sup> The artisan miners in the Guianas have traditionally been referred to as *porknockers*, while Brazilian gold diggers are called *garimpeiros*.

Suriname: Gold Concessions

Type	Number	Area	
		In Km <sup>2</sup>	In Hectares
Total area in concession	45	5,568	556,765
Reconnaissance	0	0	0
Exploration	20	4,199	419,941
Exploitation	15	1,348	134,824
Small-scale mining	10	20	2,000
<b>Memorandum item</b>			
Total area of Suriname		162,000	16,200,000

Source: Ministry of Natural Resources, Mining Department.

6. **However, most gold is mined without a legal concession or government control.** Holders of large-scale mining concessions have subcontracted gold mining operations, allowing informal miners to use their land for a fee, usually 10 percent of the production, but this constitutes only a small part of informal mining operations. As of January 2005, the government had granted about half a million hectares in concessions for gold exploration, exploitation, and small-scale mining, representing 3½ percent of the total land area, but only 2,000 hectares constitute legal concessions for small-scale mining.

7. **The government has attracted foreign investment to expand gold production.** With the approval of the National Assembly, the government has reached agreements with foreign companies granting them mineral exploitation rights. The agreements provide incentives such as exemptions on import duties on equipment; guarantees regarding the unrestricted right to export gold, to repatriate capital and profits, to convert local currency in foreign currency at market rates, and to hire expatriate employees and contractors; and international arbitration of disputes arising in connection with the projects.

#### D. Small-Scale Gold Mining

8. **Most gold is produced by small-scale artisanal gold mining operations.** Suriname officials estimate that there are between 10,000 and 20,000 small-scale miners in an area of approximately 20,000 square kilometers in Eastern Suriname. These miners use rudimentary prospecting and extraction techniques and material, including high-pressure hoses, hydraulic pumps along with bulldozers, excavators, and metal detectors. This often entails the use of mercury to bind and purify the gold, which causes substantial health and environmental damage.

9. **The government has virtually no control over the informal gold mining activities in the interior.** During the civil war, all but two of the GMD outposts in the interior were closed and have not been reopened since. In the absence of government presence, mining takes place with very limited oversight, or social or environmental protection and control. In addition, the government has received only scant income or foreign exchange from gold exports.

10. Small-scale miners are recruited mainly from the Maroon population from the interior and Brazilian immigrants:

- After the civil war in 1992, Maroons, who fought the central government during the war, moved into small-scale mining as one of the few possible economic activities in the interior. They maintain that their activity does not require government sanction, claiming the use and occupational rights over traditional land granted to them by peace treaties before Suriname independence, and confirmed by a treaty with the government at the end of the civil war.<sup>5</sup>
- There are also about 6,000–8,000 Brazilian *garimpeiros*, most of which have no legal residency or work permits in Suriname. Some are employed in the gold fields by Surinamese miners to take advantage of their expertise. The more successful *garimpeiros* have become independent mining operators or suppliers of mining equipment.

11. **Although activities in the informal gold sector are unrecorded, there are indications that the sector's contribution to the local economy is significant.** Government officials estimate that the industry is the second largest employer after the public sector, and that gold production in the informal sector represented around 15 percent of GDP in 1997-2001. The impact of small-scale mining on the economy of the country's interior and the pervasive lack of a formal and monetized economy have also led to gold assuming functions of money in this region, as goods and services have become denominated and paid for in gold: fuel prices range from 20 to 30 grams of gold per container depending on the location, digger wages are 30 percent of daily gold production, while a female helper earns 70 grams of gold per month.

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<sup>5</sup> Treaty for Peace and National Reconciliation and Development dated August 8, 1992.

12. There are spillovers into the formal economy that underscore the substantial expansion of gold mining in the interior:

- **Land transportation and heavy equipment.** Imports of trucks and heavy mining equipment account for about 11 percent of imports in 2003. This includes equipment to haul spare parts, fuel, and food supplies, and transport workers to the production areas along the main rivers; and tractors, bulldozers and excavators to carry cargo and passengers along the trails, to clear land, and to build gravel pits in small rivers to wash out gold.
- **Air transportation.** Miners charter about 75 percent of local airline flights to transport employees, food, equipment, and spare parts and, in the dry season, fuel.
- **Storage facilities for fuel.** Storage and distribution facilities have been established, rebuilt, or enlarged in the interior to facilitate the provision of fuel to gold mining areas. It is estimated that around 15 million liters of diesel fuel and 50,000 liters of lubricant are used in small-scale mining operations

13. **Small-scale gold mining operations have led to severe health and environmental consequences.** Informal mining operations have been the cause of soil degradation and deforestation, while the construction of gravel pits in streams has led to a high silt content, affecting natural habitats in the rainforest. Mercury used by small-scale miners has led to long-term poisoning and high and persistent concentrations in lakes and streams.<sup>6</sup> Conservation groups have tried with limited success to introduce alternative mining techniques.

14. **The central bank began purchasing gold directly in 1994.** The CBvS started a gold purchase program in July 1994, buying gold directly that had previously been smuggled to neighboring countries. Through this program, the CBvS increased its gold reserves during the bout of high inflation in August 1994-July 1995, with purchases peaking in 1999. The sales of gold to the CBvS declined in 2001 to 98,000 ounces, reflecting a fall in international gold prices, higher costs for diesel and other inputs, and the introduction of a gold purchase program in Guyana that diverted a substantial part of the Surinamese production.

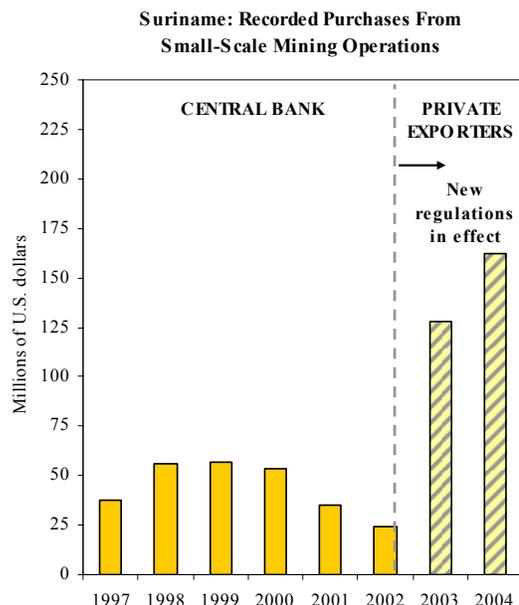
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<sup>6</sup> Mercury is used to bind gold and separate it from the dirt by creating a gold-mercury amalgam. Gold is then separated by heating the amalgam. In the process, the mercury evaporates into the air, creating a health hazard for workers and contaminating surface waters.

**15. Regulatory changes in 2002 led to a substantial increase in formal gold purchases.**

In August 2002, the CBvS eliminated its program of direct gold purchases by licensing it to the private sector, thereby avoiding the need to maintain facilities and staff to smelt and purify gold. As of end-2004, there are seven licensed brokers that have established facilities to buy gold from the informal sector, process it to separate out impurities and mercury contamination, and export gold. The CBvS also instituted pricing and taxation changes that increased the attractiveness of selling gold in Suriname, rather than smuggling it to Guyana.<sup>7</sup> Combined with the increase in the international price of gold, this resulted in an increase in exports from small-scale mining operations from US\$24 million in 2002 to US\$128 million in

2003. The large increase in gold exports, combined with anecdotal evidence, point to a reversal of the gold smuggling flow between the two countries.



### E. Large-Scale Gold Mining

**16. A large gold mine opened at Rosebel in February 2004.** The mine is operated by a subsidiary of a Canadian mining company and is located around 80 km south of Paramaribo in an area covering 17,000 hectares. The concession includes exploration rights throughout 2027. The exploration and feasibility study took about six years and the construction about one year to complete, with total investment of around US\$100 million. The new mine processed around 5.1 million tons of material and produced around 252,000 ounces of gold in 2004, or about US\$104 million, equivalent to 10 percent of GDP and 12 percent of total exports in 2004.<sup>8</sup>

<sup>7</sup> In Guyana, sellers pay a 2 percent fee, based on the value of the gold to the Guyana Gold Board plus a royalty fee from 3 to 5 percent based on the international price of gold. If international gold prices are below US\$260 per ounce, the royalty is 3 percent; for prices between US\$260 and US\$285 per ounce, 4 percent and for prices that exceed US\$285 per ounce, 5 percent. This royalty fee is earmarked for the Guyana Geology and Mine Commission. In comparison, Suriname charges royalties of 2.25 percent and extra royalty of 6.5 percent on revenue that exceed and international gold price of US\$425 per ounce.

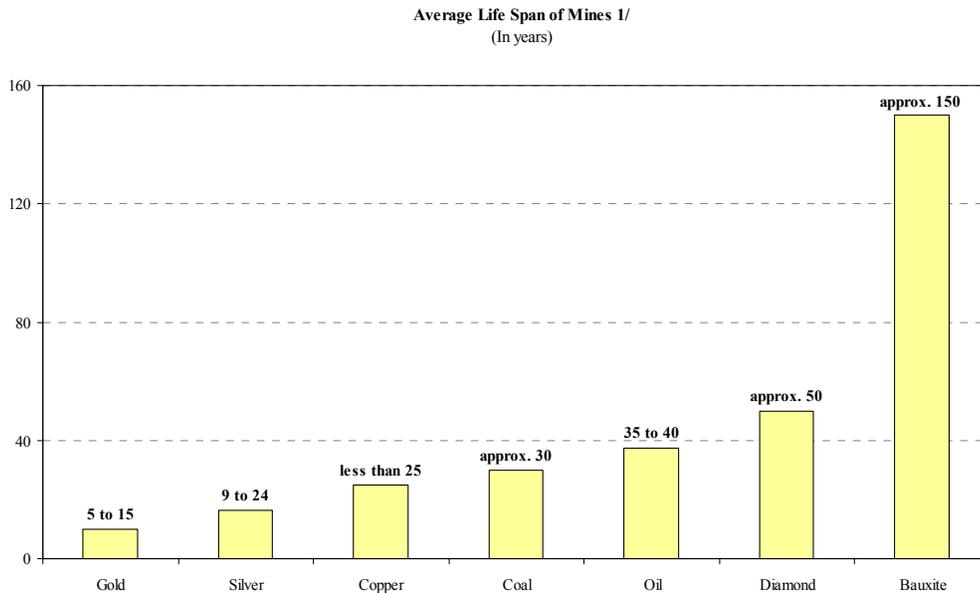
<sup>8</sup> The operation uses cyanide in a recirculated process instead of mercury, reducing substantially the environmental impact.

17. **The economic impact of the gold mine has been significant.** The new mine has provided direct employment since exploration began in 1992 and now employs around 1,100 workers in production and exploration and construction. In addition, local expenditure, including wages, has amounted to around US\$30 million in 2004 (3 percent of GDP), while tax and non-tax revenue amounted to around US\$5 million. It is expected that corporate income tax and dividends will become payable in 2005 after depreciation of the investment has been completed.

18. **Formal large-scale gold mining has growth potential in Suriname.** The Suriname Aluminum Company (Suralco) has identified various gold deposits at its bauxite mining concessions and has announced a joint venture for further exploration with a U.S. gold mining company. The Canadian Resource Company (Canarc) is also active on its Sarakreek concession near Benzdorp.

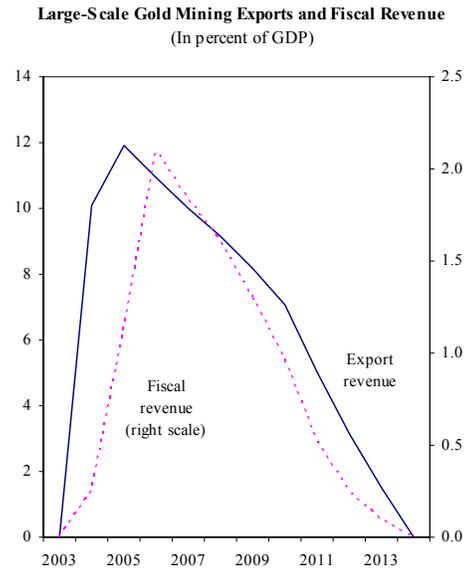
### F. Fiscal Revenue and Vulnerability Issues

19. **Revenue from large-scale gold mining is particularly short-lived, compared to other mining enterprises.** The lifespan of a gold mine averages only about 10 years, much shorter than the productive life span of mines exploiting other minerals. Bauxite mines, for example, can be operated for extremely long periods, leading to a lower volatility in exports and fiscal revenue. The new gold mine in Rosebel is expected to operate for 10 years, and export revenue would increase rapidly in the first few years of operation to about 11 percent of total exports and decline subsequently.



1/ The chart shows average mine life span based on estimates by several mining companies.

20. This surge in gold production will **pose policy challenges for the authorities.** Assuming WEO gold price projections and the mine's expected production pattern, fiscal revenue is projected to peak at 2 percent of GDP in 2006 and then gradually fall to zero in 2014 by an average of 0.3 percent of GDP annually. In addition, the rapid increase in exports could cause upward pressure on the exchange rate, leading to instability of the real effective exchange rate and undermining competitiveness for non-mining industries.<sup>9</sup>



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<sup>9</sup> Revenue stabilization funds or fiscal rules could be considered. See chapter on fiscal revenue instability.

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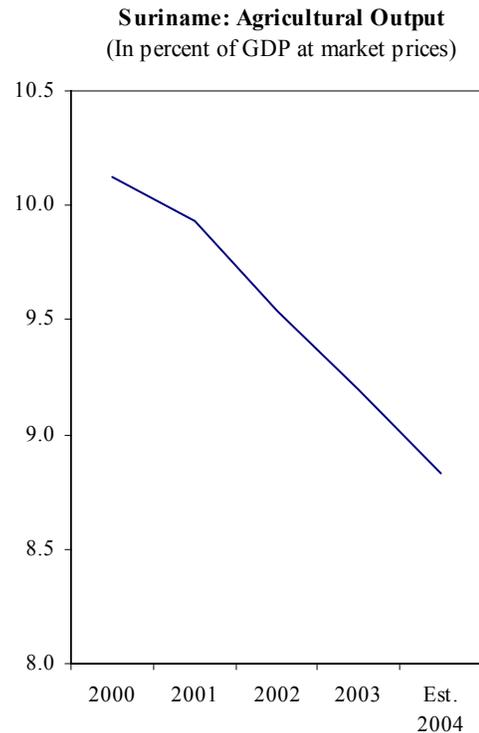
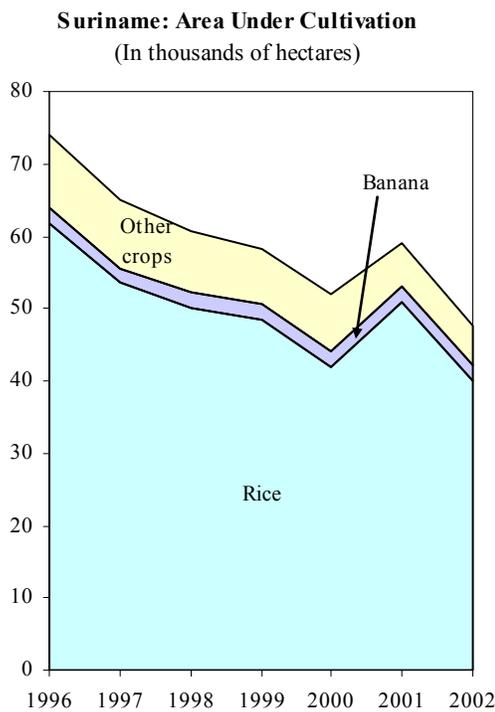
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## V. THE RICE AND BANANA SECTORS <sup>1</sup>

### A. Introduction

1. Agriculture accounts for 9 percent of Suriname's GDP, and cultivated land covers about 58,000 hectares across the northern plains. Rice is the most important crop, accounting for about 90 percent of agricultural land use, followed by bananas. The share of agriculture in GDP has declined over the past years, reflecting serious problems in the rice sector over the past decade and a collapse of the banana sector in 2002–03.



### B. Rice Sector

#### Background

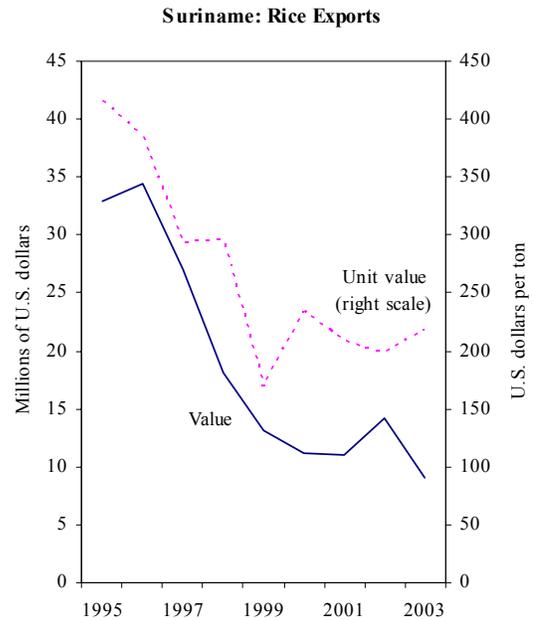
2. **Rice farming dominates agricultural activity in Suriname.** Of the roughly 80-85 percent of agricultural land used for rice cultivation, about one-quarter is farmed by smallholders and three-quarters by a dozen large farmers, including one government enterprise. Rice is sold both domestically and exported to the Caribbean and the European Union (EU), where it enjoys preferential access.

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<sup>1</sup> Prepared by Gamal El-Masry.

3. **Macroeconomic policies in the late 1990s adversely affected the rice industry.** In particular, high nominal interest rates increased operating costs, and exchange regulations further increased costs since the industry paid for imported inputs at the parallel-market exchange rate, while export receipts were surrendered at a substantially appreciated official exchange rate. These costs, coupled with a 50 percent drop in export prices during 1995–99, drove a number of operators out of business, and rice production and export volumes slumped. As a result, export proceeds fell from about US\$35 million in the mid-1990s to less than US\$10 million in 2003.

4. **Rice companies face infrastructure and organizational problems.** The remaining rice companies operate with very poor facilities and a weak capital base. The industry also suffers from limited vertical organization and integration, while infrastructure is poor (roads, irrigation facilities, and shipping and transportation systems), affecting efficiency and product quality. The more stable macroeconomic environment has supported recovery efforts in recent years, but export prices remain low, reflecting pressure from large low-cost rice producers. In addition, exchange rate appreciation pressures stemming from the buoyant mining industry have continued to undermine the industry’s external competitiveness.



5. **Suriname exports rice to the EU under preferential access.** The access was granted to African, Caribbean, and Pacific (ACP) countries in the Cotonou Partnership Agreement signed in June 2000. Under this arrangement, two ACP countries (Guyana and Suriname) were able to export 125,000 tons of husked rice and 20,000 tons of broken rice to the EU at about one-third the customs duties applicable to non-ACP countries, in addition to 35,000 tons of rice that were allowed to enter the EU duty free via Overseas Countries and Territories (OCTs) of EU countries (subject to minimum value-added requirements in the OCTs). Suriname made extensive use of the OCT provision in the mid-1990s through exports to the Netherlands Antilles and Aruba (both of which are OCTs of the Netherlands).

6. Suriname's preferential access to the EU market is being substantially eroded:
  - With the introduction of more stringent safeguard measures by the EU to curtail rice imports via OCTs, Suriname's rice exports through the Netherlands Antilles and Aruba dropped significantly in recent years.
  - The EU reduced its general external tariff for rice from €260 per ton to €65 per ton in 2000, and while ACP countries still benefit from a 65 percent discount on that tariff, this reduction implied a relative decline in preferential access vis-à-vis non-ACP rice exporters.
  - The Everything But Arms (EBA) initiative, which was adopted by the EU in March 2001, is further undermining Suriname's relative preferential access to the European market. This initiative grants quota-free and duty-free access to some 50 least developed countries (as defined by the United Nations) for all goods except weapons and armaments for an unlimited period. Neither Suriname nor Guyana qualify for the EBA initiative. Special transitional arrangements were maintained for sugar, bananas, and rice, but these are scheduled to expire in 2006 (for bananas) and 2009 (for sugar and rice). In the latter case, custom duties under the EBA for non-ACP countries will be reduced by 20 percent in September 2006, and a further 30 percent each in September 2007 and September 2008, and eliminated completely by September 2009.
7. **The EU is assisting Suriname to increase competitiveness to cope with the reduction in preferential market access.** A €9.5 million grant facility over five years is being channeled through the rice farmers' association to support primarily small farmers. It provides for (i) technical assistance to introduce high-quality rice varieties, raise yields, and improve processing and packaging; (ii) investment in infrastructure, including irrigation, roads, and transportation systems; and (iii) mechanisms to facilitate and finance credit facilities for small farmers.
8. **Suriname is seeking to diversify its rice exports markets.** In late 2003, Suriname signed an agreement with Brazil to export rice under a reduced tariff of 4 percent (compared with 11 percent) for a limited period. The rice industry is also looking increasingly to the Caribbean market, in particular Jamaica, to which it can export duty and quota free under Caribbean Community (CARICOM) rules.

### C. Banana Sector

9. **A state-owned company has been at the center of banana export production since the 1970s.** The Surinaamse Landbouwbewerders N.V. (SURLAND) was formed in 1970 to incorporate a number of smaller government plantations into a single entity. As a result, SURLAND controlled 95 percent of all the land used for banana cultivation, the balance being farmed by smallholders for the local market. Since then, SURLAND has been the country's sole exporter of banana from its plantations in the Nickerie and Jarikaba districts, exporting its produce exclusively to the EU through the Fyffes Group in Ireland,

while benefiting from preferential access arrangements under the Cotonou Partnership Agreement (Box 1).

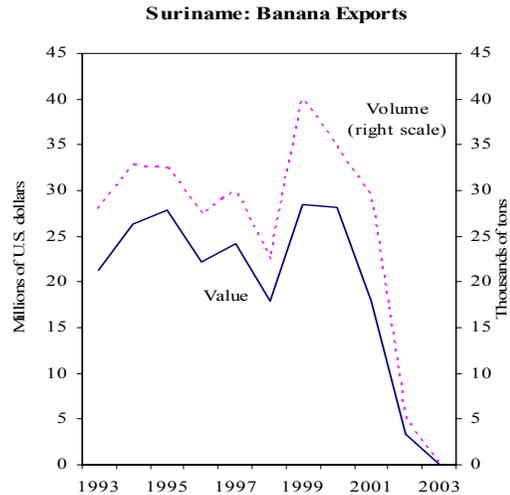
**Box 1. The Banana Regime under the ACP-EU Partnership Agreement**

**Suriname has exported bananas to Europe under the Lomé and Cotonou Agreements.**

The Cotonou Partnership Agreement provided for some 850,000 tons of banana from ACP countries to enter the European market duty free on a first-come first-serve basis under the so-called “C” quota (limited exclusively to ACP countries), including 38,000 tons from Suriname. ACP countries could also supply bananas to the European market under the “A” and “B” quotas of 2,200,000 tons and 453,000 tons, respectively, which they, however, would share with non-ACP countries—also on a first-come first-serve basis. While bananas from ACP countries under the “A” and “B” quotas enter the EU duty free, those from non-ACP countries are subject to customs duty of €75 per ton. Beyond these quotas, bananas from non-ACP countries are currently subject to a prohibitive customs duty of €680 per ton, while bananas from ACP countries enter the EU at a reduced customs duty of €300 per ton. An interesting peculiarity of the EU banana regime is that the quotas are held by firms (so-called traditional operators) for imports into the EU from any of the ACP countries. There is an active “license” market whereby operators from the Caribbean, who own the rights to export larger quantities than they can produce, sell these rights to African operators who have high export capacity but own fewer quota rights.

**The preferential access that ACP countries enjoyed is being eroded.** Following a successful challenge of the EU banana regime by the United States and Ecuador before the WTO’s Dispute Settlement Body, the EU agreed to amend this regime in two steps, culminating in a replacement of the quota-based system with one relying exclusively on tariffs by January 1, 2006. In January 2005, the European Commission notified the WTO of its intention to introduce the tariff-only system for banana imports at the customs duty level of €230 per ton for non-ACP countries without quota limitations. ACP countries would continue to benefit from duty-free access to the European market up to 2008, and—for those who qualify thereafter—under the EBA. In order to assist the ACP countries to adjust to the changes in the banana regime, the EU established a Special Framework of Assistance (SFA) with commitments of €366.8 million for the period 1999–2009.

10. **Suriname's banana industry collapsed in 2002.** Annual banana exports had averaged about 31,000 tons or US\$24.5 million during the 1990s, despite SURLAND's serious financial problems, which reflected poor management, outdated technology, weak pest and disease control, and labor strife. However, owing to the downward pressure on banana prices in the European market, the Fyffes Group reduced its purchasing price for bananas from Suriname by about 25 percent in late 2000. As a result, SURLAND declared bankruptcy and closed down its operations in April 2002.



11. **The authorities have put into action a rehabilitation program for the banana sector in 2002.** Under the plan, a new company—the Foundation to Save the Suriname Banana Sector (SBBS)—has assumed SURLAND's assets and restarted operations, while the government is to assume the financial liabilities of SURLAND. The EU is supporting this effort with €21 million in grants from the Special Framework of Assistance (SFA) Fund, including technical assistance aimed at doubling the industry's productivity and yields to about 40 tons per hectare and enable it to compete internationally once the preferential access of ACP countries lapses. The Inter-American Development Bank is providing a US\$7.3 million loan to recapitalize the industry, with a view to preparing it for privatization. The SBBS is overseen by a steering committee that includes representatives from the donor community and other stakeholders. A new management team was hired to operate SBBS, and revised employment regulations and a new pay structure are being developed, while some of the former SURLAND employees have been retained on a temporary basis, pending the company's privatization.

12. **SBBS has begun operations to rehabilitate the industry.** About 2,370 hectares of land were cleared of old banana plants during 2002–03, and replanting was started in the second half of 2003, using higher-quality varieties. However, production in 2004 remained somewhat behind target. There has also been limited progress in identifying a strategic investor to whom the government would sell its stake in SBBS. Nevertheless, the government remains optimistic that once banana production and quality have been enhanced, sufficient foreign interest will be generated to move ahead with what would be the first privatization of a major state-owned enterprise in Suriname.

Suriname: Strategic Plan for the Banana Sector

	Average	Target		
	1993-2002	2004	2005	2006
Area of cultivation (ha)	2,160.2	1,996.0	2,365.0	2,365.0
Yield (tons per ha)	20.0	25.5	36.6	42.8
Export (thousand tons)	28.2	38.7	84.3	100.8
Company profits (US\$ millions)	...	-3.7	2.4	5.0

Source: Ministry of Planning and Development.

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Table 1. Suriname: Gross Domestic Product by Sectors of Origin at Constant Prices

	1999	2000	2001	2002	Estimate 2003
(In thousands of Suriname dollars at 1990 prices)					
<b>Gross domestic product</b>	<b>4,157</b>	<b>4,154</b>	<b>4,343</b>	<b>4,475</b>	<b>4,712</b>
Agriculture	287	306	339	337	341
Mining	202	185	224	209	246
Manufacturing	256	288	302	324	352
Electricity, water, and gas	196	177	185	205	221
Construction	176	155	162	163	187
Trade, restaurants, and hotels	602	577	504	509	540
Transport and communication	278	349	442	464	499
Finance	675	676	674	681	698
Government	457	467	476	481	481
Personal services	69	70	71	72	73
Less: imputed service charge	267	265	273	273	280
Plus: indirect taxes - subsidies	300	297	312	322	341
Informal sector	926	872	925	982	1,013
(Percentage change)					
<b>Gross domestic product</b>	<b>-0.9</b>	<b>-0.1</b>	<b>4.5</b>	<b>3.0</b>	<b>5.3</b>
Agriculture	4.0	6.6	10.8	-0.7	1.3
Mining	5.8	-8.4	21.1	-6.7	17.6
Manufacturing	-9.0	12.7	4.9	7.3	8.7
Electricity, water, and gas	-5.8	-9.7	4.5	10.8	8.0
Construction	-14.6	-11.9	4.5	0.4	15.0
Trade, restaurants, hotels	-5.6	-4.2	-12.7	1.0	6.0
Transport and communication	1.8	25.5	26.6	5.0	7.6
Finance	-1.6	0.1	-0.3	1.0	2.4
Government	-0.2	2.2	1.9	1.1	0.0
Personal services	1.5	1.4	1.4	1.4	1.4
Less: imputed service charge	-6.3	-0.7	3.0	0.0	2.4
Plus: indirect taxes - subsidies	-1.3	-1.0	5.1	3.2	5.9
Informal sector	4.2	-5.8	6.1	6.2	3.1

Sources: Suriname authorities; and IMF staff estimates.

Table 2. Suriname: Gross Domestic Product by Sectors of Origin at Current Prices

	1999	2000	2001	2002	Estimate 2003
(In thousands of Suriname dollars)					
<b>GDP at market prices</b>	<b>761,482</b>	<b>1,176,909</b>	<b>1,664,355</b>	<b>2,234,399</b>	<b>2,653,396</b>
Agriculture and fishery	64,285	119,190	165,364	213,060	244,096
Mining	55,807	104,521	122,905	153,158	203,579
Manufacturing	60,226	96,349	96,568	103,122	126,754
Electricity, water and gas	25,515	34,153	55,487	57,922	70,693
Construction	24,645	34,480	51,598	61,983	80,586
Trade, restaurants, and hotels	104,995	160,167	194,190	242,144	290,181
Transport and communications	44,995	86,644	116,877	149,602	182,011
Finance	90,757	137,993	198,629	253,068	293,107
Government	101,501	162,217	212,878	377,678	426,983
Personal services	12,619	28,320	30,386	45,508	52,168
Less: imputed service charge	31,539	36,034	50,464	68,009	78,769
Plus: indirect taxes - subsidies	95,819	105,709	233,067	312,893	374,607
Informal sector	111,857	143,200	236,870	332,270	387,398
(In percent of GDP at market prices)					
<b>Gross domestic product</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Agriculture and fishery	8.4	10.1	9.9	9.5	9.2
Mining	7.3	8.9	7.4	6.9	7.7
Manufacturing	7.9	8.2	5.8	4.6	4.8
Electricity, water and gas	3.4	2.9	3.3	2.6	2.7
Construction	3.2	2.9	3.1	2.8	3.0
Trade, restaurants, and hotels	13.8	13.6	11.7	10.8	10.9
Transport and communications	5.9	7.4	7.0	6.7	6.9
Finance	11.9	11.7	11.9	11.3	11.0
Government	13.3	13.8	12.8	16.9	16.1
Personal services	1.7	2.4	1.8	2.0	2.0
Less: imputed service charge	4.1	3.1	3.0	3.0	3.0
Plus: indirect taxes - subsidies	12.6	9.0	14.0	14.0	14.1
Informal sector	14.7	12.2	14.2	14.9	14.6

Sources: Suriname authorities; and IMF staff estimates.

Table 3. Suriname: Gross Domestic Product by Expenditure at Constant Prices

	1999	2000	2001	2002	Estimate 2003
(In thousands of Suriname dollars at 1990 prices)					
<b>Gross domestic product</b>	<b>4,157</b>	<b>4,154</b>	<b>4,343</b>	<b>4,475</b>	<b>4,712</b>
Consumption	3,769	4,204	4,428	4,413	4,797
Private	2,647	2,645	3,043	2,952	3,351
Public	1,122	1,559	1,384	1,461	1,446
Investment	694	510	1,255	1,118	1,282
Private	457	413	1,153	982	1,198
Public	237	97	102	136	85
Exports of goods and nonfactor services	1,132	820	1,024	955	1,162
Imports of goods and nonfactor services	1,398	1,380	2,364	2,010	2,679
(Percentage change)					
<b>Gross domestic product</b>	<b>-0.9</b>	<b>-0.1</b>	<b>4.5</b>	<b>3.0</b>	<b>5.3</b>
Consumption	-6.9	11.5	5.3	-0.3	8.7
Private	-0.6	-0.1	15.1	-3.0	13.5
Public	-19.0	38.9	-11.2	5.5	-1.1
Investment	-23.6	-26.4	146.0	-10.9	14.6
Private	2.7	-9.6	179.0	-14.8	21.9
Public	-48.8	-59.0	5.4	33.1	-37.8
Exports of goods and nonfactor services	2.2	-27.6	24.8	-6.8	21.8
Imports of goods and nonfactor services	-25.2	-1.3	71.3	-15.0	33.3

Sources: Suriname authorities; and IMF staff estimates.

Table 4. Suriname: Gross Domestic Product by Expenditure at Current Prices

	1999	2000	2001	2002	Estimate 2003
(In thousands of Suriname dollars)					
<b>Gross domestic product</b>	<b>761,482</b>	<b>1,176,909</b>	<b>1,664,355</b>	<b>2,234,399</b>	<b>2,653,396</b>
Consumption	683,133	1,190,966	1,696,884	2,203,100	2,785,606
Private	477,620	749,410	1,166,307	1,473,649	1,971,593
Public	205,513	441,556	530,577	729,451	814,013
Investment	127,100	144,577	481,017	558,395	722,004
Private	83,717	117,077	441,819	490,442	674,337
Public	43,383	27,500	39,198	67,953	47,667
Exports of goods and nonfactor services	207,367	232,337	392,313	476,598	654,589
Imports of goods and nonfactor services	256,118	390,970	905,859	1,003,694	1,508,804
(In percent of GDP)					
<b>Gross domestic product</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Consumption	89.7	101.2	102.0	98.6	105.0
Private	62.7	63.7	70.1	66.0	74.3
Public	27.0	37.5	31.9	32.6	30.7
Investment	16.7	12.3	28.9	25.0	27.2
Private	11.0	9.9	26.5	21.9	25.4
Public	5.7	2.3	2.4	3.0	1.8
Exports of goods and nonfactor services	27.2	19.7	23.6	21.3	24.7
Imports of goods and nonfactor services	33.6	33.2	54.4	44.9	56.9

Sources: Suriname authorities; and IMF staff estimates.

Table 5. Suriname: Agriculture, Livestock, and Fisheries—Production Data

	1999	2000	2001	2002	2003
(In metric tons, unless otherwise indicated)					
<b>Agricultural production</b>					
Paddy	180,296	163,655	191,370	157,105	193,685
Bananas	54,710	48,706	43,139	8,071	1,278
Plantains	10,874	10,782	12,481	11,449	11,843
Vegetables 1/	15,021	15,758	17,073	17,138	16,414
Peanuts	256	254	265	207	308
Cocoa and coffee	19	11	...	...	...
Other food crops	10,940	9,935	13,805	12,889	12,451
Citrus	13,643	12,584	13,699	14,898	17,103
Coconuts 2/	8,934	8,517	8,056	10,033	10,273
(In hectares)					
<b>Planted area</b>					
Paddy	48,460	41,995	50,780	40,050	52,425
Bananas	2,143	2,182	2,172	2,178	80
Plantains	460	496	536	482	443
Citrus	1,699	1,738	1,689	1,736	1,769
(In metric tons, unless otherwise indicated)					
<b>Livestock production</b>					
Beef	2,246	1,952	1,890	1,606	1,607
Pork	1,006	1,165	1,282	1,437	1,392
Chicken	3,805	n.a.	4,920	5,538	n.a.
Eggs 3/	38	50	55	55	59

Sources: General Bureau of Statistics.

1/ Cabbage, tomatoes, and green vegetables.

2/ In thousands of units.

3/ In millions of units.

Table 6. Suriname: Bauxite Sector—Production Data

	1999	2000	2001	2002	2003
(In thousands of metric tons)					
<b>Bauxite</b>					
Production	3,715	3,610	4,394	4,002	4,215
<b>Alumina</b>					
Production	1,853	1,906	1,893	1,903	2,005
Exports	1,858	1,869	1,909	1,886	2,014
<b>Aluminum</b>					
Production	6.6	0.0	0.0	0.0	0.0
Exports	6.8	0.0	0.0	0.0	0.0
(Percentage change)					
<b>Bauxite</b>					
Production	-4.5	-2.8	21.7	-8.9	5.3
<b>Alumina</b>					
Production	4.6	2.9	-0.7	0.5	5.4
Exports	7.7	0.6	2.2	-1.2	6.8
<b>Aluminum</b>					
Production	-76.0	-100.0	...	...	...
Exports	-75.3	-100.0	...	...	...
(In thousands of metric tons)					
<b>World totals</b>					
Bauxite production	130,128	138,899	139,024	144,352	147,819
Alumina production	45,784	48,119	48,488	49,785	52,555
Aluminum production	23,707	24,418	24,436	26,076	28,001
(In percent)					
<b>Suriname's world market share</b>					
Bauxite production	2.9	2.6	3.2	2.8	2.9
Alumina production	4.0	4.0	3.9	3.8	3.8

Sources: Central Bank of Suriname; Bauxite Institute of Suriname; and World Metal Statistics Yearbook 2004.

Table 7. Suriname: World Production, Consumption and Changes in Stocks of Primary Aluminum

(In thousands of metric tons, unless otherwise indicated)

	1999	2000	2001	2002	2003
Total world production	23,707	24,418	24,436	26,076	28,001
Total world consumption	23,356	25,059	23,722	25,338	27,369
Surplus or deficit (-) in production	352	-641	715	739	633
<b>Memorandum item</b>					
World price of aluminum 1/ (percent change)	1,360.0 0.2	1,551.5 14.1	1,446.7 -6.8	1,351.1 -6.6	1,515.5 12.2

Sources: World Metal Statistics Yearbook 2004; EDSS; Commodity Price System.

1/ U.S. dollars per metric ton.

Table 8. Suriname: Purchases of Gold from Small-Scale Mining

	Volume		Value (US\$)	Government Revenue	
	(Grams)	(Ounces)		Royalties (US\$)	Consent Right (SRD)
(In thousands)					
<b>Annual purchases</b>					
1997	3,677.4	129.8	37,622.3	1,105.9	-
1998	6,114.9	215.9	55,942.1	866.6	-
1999	6,617.9	233.6	56,674.1	546.6	-
2000	6,200.1	218.9	53,696.8	518.8	-
2001	4,346.6	153.4	35,442.0	355.4	-
2002	4,123.6	145.6	23,874.6	387.5	45.2
2003	11,710.9	413.4	128,167.6	1,312.4	369.7
2004 1/	10,271.2	362.6	134,935.4	1,268.1	349.8
<b>Monthly purchases</b>					
2002					
September	61.1	2.2	61.0	6.2	1.6
October	401.8	14.2	399.2	39.7	10.4
November	486.2	17.2	485.4	48.7	12.5
December	778.9	27.5	775.9	82.4	20.6
2003					
January	674.8	23.8	6,571.0	79.6	18.4
February	960.7	33.9	7,652.6	84.6	31.9
March	852.7	30.1	9,000.7	91.8	25.2
April	890.9	31.4	8,999.7	91.8	25.2
May	936.5	33.1	10,218.3	104.2	28.6
June	928.8	32.8	10,232.9	96.1	28.7
July	945.1	33.4	10,246.1	104.5	28.7
August	1,118.9	39.5	12,394.9	126.4	34.7
September	1,121.2	39.6	13,102.8	133.6	36.7
October	1,095.5	38.7	12,800.4	130.6	35.9
November	972.4	34.3	11,700.2	119.5	32.8
December	1,213.5	42.8	15,247.8	149.6	42.9
2004					
January	901.9	31.8	11,544.8	117.8	32.3
February	979.2	34.6	12,245.6	117.5	34.3
March	1,267.9	44.8	23,046.1	162.1	44.9
April	968.7	34.2	12,188.0	127.0	35.5
May	1,079.3	38.1	12,824.1	132.6	32.8
June	888.8	31.4	10,760.2	103.0	30.1
July	1,048.4	37.0	12,855.2	117.2	30.0
August	1,057.1	37.3	13,064.1	120.3	36.6
September	1,204.7	42.5	15,072.2	155.0	42.2
October	875.1	30.9	11,335.1	115.6	30.9

Source: Central Bank of Suriname.

1/ Preliminary data.

Table 9. Suriname: Electricity Generation

	Purchase from Suralco	Generation by EBS Plants	Total	Peak Load 1/	Purchase Load
	(In gigawatts-hour)			(In megawatts)	
1990	237.4	120.0	357.4	58.5	34.6
1991	249.5	119.9	369.4	60.3	41.3
1992	255.1	131.8	386.9	64.2	37.4
1993	277.1	106.7	383.8	62.1	37.6
1994	286.2	85.6	371.8	58.9	44.2
1995	276.4	116.1	392.5	62.1	42.2
1996	273.6	152.0	425.6	67.9	47.7
1997	274.9	185.3	460.2	72.6	48.0
1998	294.8	217.3	512.1	80.7	51.8
1999	452.5	82.8	535.3	87.7	86.5
2000	556.2	21.1	577.3	91.6	82.7
2001	573.5	38.2	611.7	96.6	87.0
2002	581.2	81.2	662.4	100.5	81.0
2003	610.2	104.9	715.1	112.8	90.4
2004 2/	661.6	107.5	769.1	121.0	92.5

Source: Suriname authorities (Energie Bedrijven Suriname).

1/ The maximum electric load in specified time period.

2/ Preliminary data.

Table 10. Suriname: Consumer Price Index—Paramaribo and Suburbs

	Total Index	Food and Beverages	Housing and Furnishings	Clothing and Footwear	Other Expenses
Weights until 2000	100.0	40.0	23.6	11.0	25.4
Weights after 2000	100.0	35.0	7.0	4.1	53.9
(December 2000 = 100)					
<b>Period average 1/</b>					
1996	18.5	23.1	11.3	18.5	17.9
1997	19.8	23.0	12.2	21.8	21.1
1998	23.6	26.3	16.2	26.3	25.1
1999	46.9	50.1	32.7	62.4	48.4
2000	74.4	77.5	53.2	97.6	79.2
2001	104.0	100.8	102.7	95.6	107.0
2002	120.2	118.6	114.5	92.9	124.0
2003 3/	147.9	...	...	...	...
<b>End-of-period 2/</b>					
1996	18.4	22.7	11.0	18.8	18.2
1997	21.7	25.2	14.7	22.8	22.3
1998	26.7	29.0	18.7	33.0	27.8
1999	56.8	60.5	38.1	76.2	60.0
2000	100.0	100.0	100.0	100.0	100.0
2001	105.6	103.0	102.3	90.6	107.0
2002	135.6	134.9	127.4	95.3	137.8
2003 3/	153.3	...	...	...	...
(Percentage change)					
<b>Period average</b>					
1996	-0.8	-7.3	-4.3	1.6	17.4
1997	7.3	-0.6	8.0	18.2	18.0
1998	19.1	14.4	32.5	20.7	19.1
1999	98.7	90.5	102.0	136.9	93.1
2000	58.6	54.7	62.7	56.4	63.6
2001	39.8	30.1	93.1	-2.1	35.0
2002	15.5	17.7	11.5	-2.8	15.9
2003 3/	23.1	...	...	...	...
<b>End-of-period</b>					
1996	0.5	-3.3	-5.0	5.6	10.2
1997	18.3	11.0	34.3	21.0	22.5
1998	22.9	15.1	27.1	44.9	24.7
1999	112.8	108.7	103.7	130.6	116.0
2000	77.1	65.2	162.8	31.3	66.6
2001	4.9	3.0	2.3	-9.4	7.0
2002	28.4	31.0	24.5	5.2	28.8
2003 3/	13.1	...	...	...	...

Source: General Bureau of Statistics.

1/ Figures until 2000 were re-estimated by staff, using the pre-2001 CPI and weights.

2/ Figures until 1999 were re-estimated by staff, using the pre-2001 CPI and weights.

3/ 2003 is an IMF staff estimate. CPI data are not available between July 2003 and March 2004, owing to a fire that destroyed the General Bureau of Statistics' (ABS) building, at which time ABS staff ceased to collect price information until March 2004.

Table 11. Suriname: Employment by Sector

	1999	2000	2001	2002	Estimate 2003
(Number of employees)					
<b>Total</b>	<b>62,073</b>	<b>62,506</b>	<b>62,894</b>	<b>63,574</b>	<b>64,678</b>
Mining	2,722	2,490	2,388	2,168	2,276
Manufacturing	6,430	6,316	6,197	6,233	6,269
Utilities	1,423	1,622	1,632	1,685	1,769
Construction	1,284	1,277	1,262	1,241	1,266
Trade	6,157	6,279	6,226	6,352	6,480
Transport and communication	2,155	2,076	2,027	2,002	2,102
Banking	1,529	1,506	1,314	1,467	1,514
Insurance	312	296	289	309	315
Other services	2,172	2,169	2,332	2,442	2,557
Government	37,889	38,475	39,227	39,676	40,129
(Annual percentage change)					
<b>Total</b>	<b>-1.7</b>	<b>0.7</b>	<b>0.6</b>	<b>1.1</b>	<b>1.7</b>
Mining	-11.2	-8.5	-4.1	-9.2	5.0
Manufacturing	-0.7	-1.8	-1.9	0.6	0.6
Utilities	1.2	14.0	0.6	3.2	5.0
Construction	-1.8	-0.5	-1.2	-1.7	2.0
Trade	-7.0	2.0	-0.8	2.0	2.0
Transport and communication	-6.6	-3.7	-2.4	-1.2	5.0
Banking	-4.6	-1.5	-12.7	11.6	3.2
Insurance	1.0	-5.1	-2.4	6.9	2.0
Other services	-6.9	-0.1	7.5	4.7	4.7
Government	0.4	1.5	2.0	1.1	1.1
(In percent of total)					
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Mining	4.4	4.0	3.8	3.4	3.5
Manufacturing	10.4	10.1	9.9	9.8	9.7
Utilities	2.3	2.6	2.6	2.7	2.7
Construction	2.1	2.0	2.0	2.0	2.0
Trade	9.9	10.0	9.9	10.0	10.0
Transport and communication	3.5	3.3	3.2	3.1	3.3
Banking	2.5	2.4	2.1	2.3	2.3
Insurance	0.5	0.5	0.5	0.5	0.5
Other services	3.5	3.5	3.7	3.8	4.0
Government	61.0	61.6	62.4	62.4	62.0

Sources: General Bureau of Statistics; and IMF staff estimates.

Table 12. Suriname: Population Data

	1999	2000	2001	2002	2003
(In thousands)					
<b>Population at end of period</b>	<b>461.1</b>	<b>466.6</b>	<b>473.5</b>	<b>479.2</b>	<b>486.3</b>
Natural increase	8.9	8.2	9.5	8.1	...
Net migration	-2.2	-2.6	-2.6	-2.4	...
(In percent)					
<b>Rate of population increase</b>	<b>1.5</b>	<b>1.2</b>	<b>1.5</b>	<b>1.2</b>	<b>1.5</b>
Natural rate of increase	2.0	1.8	2.0	1.7	...

Source: General Bureau of Statistics.

Table 13. Suriname: Central Government Operations

(In millions of Suriname dollars)

	1999	2000	2001	2002	2003
<b>Revenue and grants</b>	<b>201.4</b>	<b>322.9</b>	<b>643.9</b>	<b>653.8</b>	<b>919.6</b>
Revenue	160.3	297.6	616.5	623.8	857.2
Direct taxes	58.9	147.9	289.0	232.4	308.7
Indirect taxes	91.7	123.9	267.3	313.9	429.5
Nontax revenue	9.7	25.9	60.2	77.5	119.1
Grants	41.1	25.3	27.4	30.0	62.3
<b>Expenditure and net lending</b>	<b>278.4</b>	<b>471.8</b>	<b>582.1</b>	<b>801.6</b>	<b>922.8</b>
Current expenditure	205.5	441.6	530.6	729.5	814.0
Wages and salaries	94.9	153.7	199.2	339.8	406.0
Goods and services	61.2	192.7	140.1	186.2	203.6
Subsidies and transfers	42.6	83.8	151.7	144.6	139.1
Private sector	3.5	10.5	16.3	5.6	0.6
Public sector	0.6	14.0	24.2	22.5	19.1
Households	38.5	59.2	111.2	116.6	119.5
Interest	6.8	11.4	39.5	58.8	65.2
Net lending	8.6	0.0	12.4	4.2	10.2
Capital expenditure	64.3	30.3	39.2	68.0	98.7
<b>Primary balance</b>	<b>-70.1</b>	<b>-137.6</b>	<b>101.2</b>	<b>-89.0</b>	<b>62.0</b>
<b>Overall balance</b>	<b>-76.9</b>	<b>-149.0</b>	<b>61.7</b>	<b>-147.8</b>	<b>-3.3</b>
Statistical discrepancy	1.1	-19.0	-53.4	8.7	44.6
<b>Financing</b>	<b>75.8</b>	<b>167.9</b>	<b>-8.4</b>	<b>139.1</b>	<b>-41.3</b>
<b>Net domestic financing</b>	<b>51.9</b>	<b>188.9</b>	<b>-184.2</b>	<b>207.5</b>	<b>6.7</b>
Commercial banks	2.7	41.7	31.4	3.8	-0.3
Central bank	49.2	147.2	-215.5	196.2	-9.0
Other domestic private sector	0.0	0.0	0.0	7.5	16.0
<b>Net external financing</b>	<b>23.9</b>	<b>-21.0</b>	<b>175.8</b>	<b>-68.4</b>	<b>-48.1</b>
Amortization	-6.2	-145.1	-93.9	-70.3	-89.8
Disbursements	30.1	124.0	269.7	1.9	41.8
Bilateral agencies	0.0	0.0	265.5	0.0	0.0
Multilateral agencies	0.0	0.8	0.6	1.8	41.8
Foreign commercial banks	9.7	101.9	0.0	0.1	0.0
Foreign nonbanks and trade credit	20.4	21.4	3.5	0.0	0.0

Sources: Ministry of Finance; Central Bank of Suriname; and IMF staff estimates.

Table 14. Suriname: Central Government Operations

(In percent of GDP)

	1999	2000	2001	2002	2003
<b>Revenue and grants</b>	<b>26.5</b>	<b>27.4</b>	<b>38.7</b>	<b>29.3</b>	<b>34.7</b>
Revenue	21.1	25.3	37.0	27.9	32.3
Direct taxes	7.7	12.6	17.4	10.4	11.6
Indirect taxes	12.0	10.5	16.1	14.1	16.2
Nontax revenue	1.3	2.2	3.6	3.5	4.5
Grants	5.4	2.1	1.6	1.3	2.3
<b>Expenditure and net lending</b>	<b>36.6</b>	<b>40.1</b>	<b>35.0</b>	<b>35.9</b>	<b>34.8</b>
Current expenditure	27.0	37.5	31.9	32.6	30.7
Wages and salaries	12.5	13.1	12.0	15.2	15.3
Goods and services	8.0	16.4	8.4	8.3	7.7
Subsidies and transfers	5.6	7.1	9.1	6.5	5.2
Private sector	0.5	0.9	1.0	0.2	0.0
Public sector	0.1	1.2	1.5	1.0	0.7
Households	5.1	5.0	6.7	5.2	4.5
Interest	0.9	1.0	2.4	2.6	2.5
Net lending	1.1	0.0	0.7	0.2	0.4
Capital expenditure	8.4	2.6	2.4	3.0	3.7
<b>Primary balance</b>	<b>-9.2</b>	<b>-11.7</b>	<b>6.1</b>	<b>-4.0</b>	<b>2.3</b>
<b>Overall balance</b>	<b>-10.1</b>	<b>-12.7</b>	<b>3.7</b>	<b>-6.6</b>	<b>-0.1</b>
Statistical discrepancy	0.2	-1.6	-3.2	0.4	1.7
<b>Financing</b>	<b>10.0</b>	<b>14.3</b>	<b>-0.5</b>	<b>6.2</b>	<b>-1.6</b>
<b>Net domestic financing</b>	<b>6.8</b>	<b>16.1</b>	<b>-11.1</b>	<b>9.3</b>	<b>0.3</b>
Commercial banks	0.4	3.5	1.9	0.2	0.0
Central bank	6.5	12.5	-12.9	8.8	-0.3
Other domestic private sector	0.0	0.0	0.0	0.3	0.6
<b>Net external financing</b>	<b>3.1</b>	<b>-1.8</b>	<b>10.6</b>	<b>-3.1</b>	<b>-1.8</b>
Amortization	-0.8	-12.3	-5.6	-3.1	-3.4
Disbursements	4.0	10.5	16.2	0.1	1.6
Bilateral agencies	0.0	0.0	16.0	0.0	0.0
Multilateral agencies	0.0	0.1	0.0	0.1	1.6
Foreign commercial banks	1.3	8.7	0.0	0.0	0.0
Foreign nonbanks and trade credit	2.7	1.8	0.2	0.0	0.0

Sources: Ministry of Finance; Central Bank of Suriname; and IMF staff estimates.

Table 15. Suriname: Central Government Revenue and Grants  
(In millions of Suriname dollars)

	1999	2000	2001	2002	2003
<b>Total revenue and grants</b>	<b>201.4</b>	<b>322.9</b>	<b>643.9</b>	<b>653.8</b>	<b>919.6</b>
<b>Current revenue</b>	<b>160.3</b>	<b>297.6</b>	<b>616.5</b>	<b>623.8</b>	<b>857.2</b>
<b>Tax revenue</b>	<b>150.6</b>	<b>271.7</b>	<b>556.3</b>	<b>546.3</b>	<b>738.1</b>
<b>Direct taxes</b>	<b>58.9</b>	<b>147.9</b>	<b>289.0</b>	<b>232.4</b>	<b>308.7</b>
Income taxes	50.1	111.4	216.5	227.5	295.6
Individual income taxes	33.8	53.7	61.2	116.4	171.6
Wage tax	29.7	47.1	53.5	106.2	158.5
Self-employed	4.1	6.7	7.7	10.3	13.1
Corporate income taxes	16.3	57.7	155.3	111.0	123.9
Bauxite companies	14.4	26.8	80.0	34.3	56.0
Other companies	2.0	30.9	75.3	76.7	67.9
Wealth tax	0.0	0.1	0.2	0.2	0.2
Dividend tax	0.4	0.4	9.8	0.8	1.2
Rental value tax	0.0	0.1	0.0	0.3	0.8
Property tax	0.0	0.0	0.0	0.0	0.0
Other (net of tax refunds) 1/	8.4	35.8	62.4	3.5	3.5
Casino Tax	0.0	0.0	0.0	0.0	7.3
<b>Indirect taxes</b>	<b>91.7</b>	<b>123.9</b>	<b>267.3</b>	<b>313.9</b>	<b>429.5</b>
<b>Domestic taxes on goods and services</b>	<b>25.7</b>	<b>24.7</b>	<b>97.4</b>	<b>115.1</b>	<b>175.2</b>
Motor fuel	10.6	2.4	44.2	55.9	77.2
Motor vehicles	0.3	0.3	0.0	0.0	0.0
Sales tax on domestic goods and services	10.6	14.4	22.7	25.4	57.1
Other domestic taxes (net of tax refunds)	4.2	7.6	30.4	33.8	40.9
Tobacco	1.2	1.1	10.5	10.9	12.9
Liquor	0.7	1.2	5.0	5.4	6.0
Beer	0.6	2.5	5.5	5.7	9.6
Lottery	0.4	0.6	5.2	5.5	5.6
Entertainment	0.4	0.7	0.0	0.9	1.3
Soft drinks	1.0	1.6	4.2	5.5	5.5
<b>Taxes on international trade</b>	<b>65.1</b>	<b>98.2</b>	<b>168.2</b>	<b>194.2</b>	<b>251.2</b>
Sales tax on imports	22.0	27.5	51.0	57.6	97.7
Customs duty	34.0	55.5	91.1	107.2	118.7
Statistical fees and consent rights	8.6	14.6	25.1	28.7	34.0
Statistical fees	4.1	7.5	11.6	15.1	15.3
Consent rights	4.5	7.1	13.5	13.6	18.7
Wood export tax	0.1	0.2	0.6	0.3	0.3
Export and re-export taxes	0.5	0.4	0.4	0.4	0.5
<b>Other taxes</b>	<b>0.8</b>	<b>0.9</b>	<b>1.7</b>	<b>4.7</b>	<b>3.0</b>
Alumina production fee	0.7	0.6	1.3	4.6	2.7
Other	0.1	0.3	0.4	0.1	0.3
<b>Nontax and capital revenue</b>	<b>9.7</b>	<b>25.9</b>	<b>60.2</b>	<b>77.5</b>	<b>119.1</b>
<b>Nontax revenue</b>	<b>9.7</b>	<b>25.9</b>	<b>60.2</b>	<b>77.5</b>	<b>119.1</b>
Old age fund contributions	3.6	5.0	7.8	12.8	34.6
Central bank profits	0.0	0.0	0.0	0.0	0.0
Administrative fees, fines, etc.	6.1	20.8	52.4	64.7	84.5
Fees and licenses	4.0	7.0	8.8	12.9	12.2
Payment for government services	1.4	2.0	3.0	3.5	5.3
Income from state enterprises	0.6	0.3	2.1	3.4	1.9
Revenue from government ministries	0.0	0.0	0.0	0.0	0.0
Miscellaneous nontax revenue	0.1	11.6	38.5	44.9	65.1
<b>Grants</b>	<b>41.1</b>	<b>25.3</b>	<b>27.4</b>	<b>30.0</b>	<b>62.3</b>

Sources: Ministry of Finance; Central Bank of Suriname; and IMF staff estimates.

1/ Also includes payments of unclassified tax arrears.

Table 16. Suriname: Central Government Revenue and Grants

(In percent of GDP)

	1999	2000	2001	2002	2003
<b>Total revenue and grants</b>	<b>26.5</b>	<b>27.4</b>	<b>38.7</b>	<b>29.3</b>	<b>34.7</b>
<b>Current revenue</b>	<b>21.1</b>	<b>25.3</b>	<b>37.0</b>	<b>27.9</b>	<b>32.3</b>
<b>Tax revenue</b>	<b>19.8</b>	<b>23.1</b>	<b>33.4</b>	<b>24.4</b>	<b>27.8</b>
<b>Direct taxes</b>	<b>7.7</b>	<b>12.6</b>	<b>17.4</b>	<b>10.4</b>	<b>11.6</b>
Income taxes	6.6	9.5	13.0	10.2	11.1
Individual income taxes	4.4	4.6	3.7	5.2	6.5
Wage tax	3.9	4.0	3.2	4.8	6.0
Self-employed	0.5	0.6	0.5	0.5	0.5
Corporate income taxes	2.1	4.9	9.3	5.0	4.7
Bauxite companies	1.9	2.3	4.8	1.5	2.1
Other companies	0.3	2.6	4.5	3.4	2.6
Wealth tax	0.0	0.0	0.0	0.0	0.0
Dividend tax	0.1	0.0	0.6	0.0	0.0
Rental value tax	0.0	0.0	0.0	0.0	0.0
Property tax	0.0	0.0	0.0	0.0	0.0
Other (net of tax refunds) 1/	1.1	3.0	3.8	0.2	0.1
Casino Tax	0.0	0.0	0.0	0.0	0.3
<b>Indirect taxes</b>	<b>12.0</b>	<b>10.5</b>	<b>16.1</b>	<b>14.1</b>	<b>16.2</b>
<b>Domestic taxes on goods and services</b>	<b>3.4</b>	<b>2.1</b>	<b>5.9</b>	<b>5.1</b>	<b>6.6</b>
Motor fuel	1.4	0.2	2.7	2.5	2.9
Motor vehicles	0.0	0.0	0.0	0.0	0.0
Sales tax on domestic goods and services	1.4	1.2	1.4	1.1	2.2
Other domestic taxes (net of tax refunds)	0.6	0.6	1.8	1.5	1.5
Tobacco	0.2	0.1	0.6	0.5	0.5
Liquor	0.1	0.1	0.3	0.2	0.2
Beer	0.1	0.2	0.3	0.3	0.4
Lottery	0.1	0.0	0.3	0.2	0.2
Entertainment	0.0	0.1	0.0	0.0	0.1
Soft drinks	0.1	0.1	0.3	0.2	0.2
<b>Taxes on international trade</b>	<b>8.6</b>	<b>8.3</b>	<b>10.1</b>	<b>8.7</b>	<b>9.5</b>
Sales tax on imports	2.9	2.3	3.1	2.6	3.7
Customs duty	4.5	4.7	5.5	4.8	4.5
Statistical fees and consent rights	1.1	1.2	1.5	1.3	1.3
Statistical fees	0.5	0.6	0.7	0.7	0.6
Consent rights	0.6	0.6	0.8	0.6	0.7
Wood export tax	0.0	0.0	0.0	0.0	0.0
Export and re-export taxes	0.1	0.0	0.0	0.0	0.0
<b>Other taxes</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>
Alumina production fee	0.1	0.1	0.1	0.2	0.1
Other	0.0	0.0	0.0	0.0	0.0
<b>Nontax and capital revenue</b>	<b>1.3</b>	<b>2.2</b>	<b>3.6</b>	<b>3.5</b>	<b>4.5</b>
<b>Nontax revenue</b>	<b>1.3</b>	<b>2.2</b>	<b>3.6</b>	<b>3.5</b>	<b>4.5</b>
Old age fund contributions	0.5	0.4	0.5	0.6	1.3
Central bank profits	0.0	0.0	0.0	0.0	0.0
Administrative fees, fines, etc.	0.8	1.8	3.2	2.9	3.2
Fees and licenses	0.5	0.6	0.5	0.6	0.5
Payment for government services	0.2	0.2	0.2	0.2	0.2
Income from state enterprises	0.1	0.0	0.1	0.2	0.1
Revenue from government ministries	0.0	0.0	0.0	0.0	0.0
Miscellaneous nontax revenue	0.0	1.0	2.3	2.0	2.5
<b>Grants</b>	<b>5.4</b>	<b>2.1</b>	<b>1.6</b>	<b>1.3</b>	<b>2.3</b>

Sources: Ministry of Finance; Central Bank of Suriname; and IMF staff estimates.

1/ Also includes payments of unclassified tax arrears.

Table 17. Suriname: Central Government Expenditure

(In millions of Suriname dollars)

	1999	2000	2001	2002	2003
<b>Total expenditure</b>	<b>278.4</b>	<b>471.8</b>	<b>582.1</b>	<b>801.6</b>	<b>922.8</b>
Current expenditure	205.5	441.6	530.6	729.5	814.0
Wages and salaries	94.9	153.7	199.2	339.8	406.0
Allowances	0.0	0.0	0.0	58.8	63.9
Payroll	94.9	153.7	199.2	281.1	342.1
Current transfers	42.6	83.8	151.7	144.6	139.1
Private sector enterprises	3.5	10.5	16.3	5.6	0.6
Public sector	0.6	14.0	24.2	22.5	19.1
To households	38.5	59.2	111.2	116.6	119.5
<i>Of which:</i>					
Pensions to civil servants	13.8	21.8	39.3	17.9	30.6
Social welfare	2.9	5.2	8.1	6.7	6.2
Interest	6.8	11.4	39.5	58.8	65.2
Domestic	1.6	1.5	12.5	33.4	35.4
External	5.2	9.9	27.0	25.4	29.9
Goods and services	61.2	192.7	140.1	186.2	203.6
Government ministries	45.6	92.7	12.2	22.5	48.4
Other goods and services	11.9	98.4	117.7	147.5	144.0
<i>Of which: extraordinary expenditure</i>	0.0	37.9	0.0	0.0	0.0
Abroad	3.7	1.6	10.2	16.2	11.2
Net lending to public entities	8.6	0.0	12.4	4.2	10.2
Capital expenditures	64.3	30.3	39.2	68.0	98.7
Dutch grants	36.6	22.3	24.6	22.6	50.7
European Commission	4.6	2.9	2.7	7.4	11.6
IDB and other external loans and grants	0.0	0.0	0.6	1.8	31.2
Central government resources	2.7	5.0	11.2	36.2	5.1
Private sector financing 1/	20.4	0.0	0.0	0.0	0.0
<b>Memorandum item</b>					
Defense expenditure 2/	13.9	20.4	28.1	33.1	46.5

Sources: Ministry of Finance; Central Bank of Suriname; and IMF staff estimates.

1/ 1999 includes suppliers' credits to finance bridge construction.

2/ Expenditure of the Ministry of Defense, including wages and salaries, goods and services, utilities, etc.

Table 18. Suriname: Central Government Expenditure

(In percent of GDP)

	1999	2000	2001	2002	2003
<b>Total expenditure</b>	<b>36.6</b>	<b>40.1</b>	<b>35.0</b>	<b>35.9</b>	<b>34.8</b>
Current expenditure	27.0	37.5	31.9	32.6	30.7
Wages and salaries	12.5	13.1	12.0	15.2	15.3
Allowances	0.0	0.0	0.0	2.6	2.4
Payroll	12.5	13.1	12.0	12.6	12.9
Current transfers	5.6	7.1	9.1	6.5	5.2
Private sector enterprises	0.5	0.9	1.0	0.2	0.0
Public sector	0.1	1.2	1.5	1.0	0.7
To households	5.1	5.0	6.7	5.2	4.5
<i>Of which:</i>					
Pensions to civil servants	1.8	1.9	2.4	0.8	1.2
Social welfare	0.4	0.4	0.5	0.3	0.2
Interest	0.9	1.0	2.4	2.6	2.5
Domestic	0.2	0.1	0.8	1.5	1.3
External	0.7	0.8	1.6	1.1	1.1
Goods and services	8.0	16.4	8.4	8.3	7.7
Government ministries	6.0	7.9	0.7	1.0	1.8
Other goods and services	1.6	8.4	7.1	6.6	5.4
<i>Of which: extraordinary expenditure</i>	0.0	3.2	0.0	0.0	0.0
Abroad	0.5	0.1	0.6	0.7	0.4
Net lending to public entities	1.1	0.0	0.7	0.2	0.4
Capital expenditures	8.4	2.6	2.4	3.0	3.7
Dutch grants	4.8	1.9	1.5	1.0	1.9
European Commission	0.6	0.2	0.2	0.3	0.4
IDB and other external loans and grants	0.0	0.0	0.0	0.1	1.2
Central government resources	0.4	0.4	0.7	1.6	0.2
Private sector financing 1/	2.7	0.0	0.0	0.0	0.0
<b>Memorandum item:</b>					
Defense expenditure 2/	1.8	1.7	1.7	1.5	1.8

Sources: Ministry of Finance; Central Bank of Suriname; and IMF staff estimates.

1/ 1999 includes suppliers' credits to finance bridge construction.

2/ Expenditure of the Ministry of Defense, including wages and salaries, goods and services, utilities, etc.

Table 19. Suriname: Petroleum Price and Taxation, 2002-2004

	2002		2003		2004	
	Diesel	Gasoline	Diesel	Gasoline	Diesel	Gasoline
(In SRD per liter, unless otherwise indicated)						
Average landed cost (c.i.f.)	0.5129	0.5624	0.6805	0.7422	0.9259	1.0126
Other margins and expenses	0.1797	0.1991	0.1948	0.1953	0.2332	0.2336
Average government revenue 1/	0.3074	0.3184	0.4464	0.5316	0.2409	0.3038
Average pump price 2/	1.0000	1.0800	1.3217	1.4691	1.4000	1.5500
Quantity (millions of liters)	103.50	102.79	109.26	111.04	117.25	123.99
Total government revenue (in millions of SRD)	31.82	32.73	48.77	59.03	28.25	37.67
Total government revenue (diesel and gasoline)						
In millions of SRD	64.56		107.80		65.92	
In percent of GDP	2.9		4.1		2.2	
<b>Memorandum item</b>						
Government revenue in percent of landed cost	59.9	56.6	65.6	71.6	26.0	30.0

Source: Ministry of Finance; and IMF staff estimates.

1/ Derived as a residual, i.e., pump price less landed cost less other margins and expenses.

2/ In March 2003, the pump price for diesel was increased from SRD 1.00 to SRD 1.40 per liter; and for gasoline from SRD 1.08 to SRD 1.55.

Table 20. Suriname: Summary Accounts of the Banking System 1/

(In millions of Suriname dollars)

	2000	2001	2002	2003	2004
<b>I. Central Bank</b>					
<b>Net foreign assets</b>	<b>27.5</b>	<b>216.8</b>	<b>254.6</b>	<b>264.2</b>	<b>359.8</b>
Net international reserves	27.4	216.6	253.3	263.4	359.0
Assets 2/	252.9	385.9	255.4	265.5	367.6
Liabilities 3/	-225.5	-169.2	-2.1	-2.1	-8.6
Other net foreign assets	0.1	0.1	1.4	0.8	0.8
<b>Net domestic assets</b>	<b>285.6</b>	<b>141.7</b>	<b>217.1</b>	<b>168.5</b>	<b>162.5</b>
Net claims on the public sector	233.2	12.5	208.9	199.8	229.0
Central government (net)	226.7	11.2	207.4	198.3	227.6
Assets	287.4	57.1	263.1	281.5	353.1
Liabilities	-60.7	-46.0	-55.7	-83.1	-125.5
Rest of the public sector (net)	6.6	1.3	1.5	1.5	1.4
Claims on commercial banks	43.1	44.9	21.7	22.8	22.8
Claims on private sector	4.2	11.8	7.2	5.9	4.0
Claims on other banking institutions	0.6	0.7	0.8	0.7	0.7
Official capital and surplus	-20.2	45.8	-40.6	-87.1	-124.1
Net unclassified assets	24.7	26.1	19.1	26.5	30.1
Assets	24.1	18.7	21.1	29.3	37.3
Liabilities	0.6	7.3	-2.1	-2.8	-7.2
<b>Reserve money</b>	<b>313.1</b>	<b>358.4</b>	<b>471.7</b>	<b>432.7</b>	<b>522.2</b>
Currency in circulation 4/	173.4	206.2	229.9	237.7	285.6
Bankers deposits	109.5	116.1	178.8	159.7	196.5
Other liabilities to the private sector	30.2	36.2	63.0	35.4	40.1
<b>II. Commercial Banks</b>					
<b>Net short term foreign assets</b>	<b>199.8</b>	<b>264.5</b>	<b>343.9</b>	<b>487.5</b>	<b>639.6</b>
Assets	235.1	312.2	357.4	486.8	567.6
Liabilities	-24.3	-36.6	-12.9	-22.2	-20.6
Net other foreign assets	-11.0	-11.0	-0.5	23.0	92.7
<b>Net domestic assets</b>	<b>345.5</b>	<b>509.9</b>	<b>668.1</b>	<b>745.9</b>	<b>1,010.5</b>
Net claims on the public sector	63.5	95.0	60.8	14.1	14.8
Central government (net)	62.9	94.2	98.1	97.8	161.2
Assets	63.4	95.1	98.8	99.0	162.7
Liabilities	-0.5	-0.8	-0.7	-1.2	-1.4
Rest of the public sector (net)	0.6	0.8	-37.3	-83.7	-146.4
Credit to the private sector	143.6	245.2	402.0	569.6	758.5
Monetary reserves and currency holdings	138.6	139.8	220.3	228.1	244.8
Liabilities to the central bank	-43.1	-44.9	-16.5	-54.1	-17.3
Net unclassified assets	43.0	74.6	1.5	-11.8	9.7
Assets	82.0	113.7	130.6	137.7	168.7
Liabilities	-39.0	-39.1	-129.0	-149.5	-159.0
<b>Liabilities to the private sector</b>	<b>545.4</b>	<b>774.4</b>	<b>1,012.0</b>	<b>1,233.5</b>	<b>1,650.2</b>
Monetary liabilities	526.7	712.3	937.0	1,151.3	1,510.3
Demand deposits	111.0	176.0	257.6	277.5	358.6
Time, savings, and other deposits	161.0	178.4	205.4	215.0	275.9
Foreign currency deposits	254.7	357.9	474.0	658.7	875.8
Private capital and surplus	18.6	62.0	75.0	82.2	139.9

Table 20. Suriname: Summary Accounts of the Banking System 1/

(In millions of Suriname dollars)

	2000	2001	2002	2003	2004
<b>III. Banking System</b>					
<b>Net foreign assets</b>	<b>227.3</b>	<b>481.3</b>	<b>598.5</b>	<b>751.7</b>	<b>999.4</b>
Net international reserves	27.4	216.6	253.3	263.4	359.0
Assets 2/	252.9	385.9	255.4	265.5	367.6
Liabilities 3/	-225.5	-169.2	-2.1	-2.1	-8.6
Net other foreign assets	199.9	264.6	345.3	488.3	640.5
<b>Net domestic assets</b>	<b>492.6</b>	<b>511.7</b>	<b>680.2</b>	<b>726.1</b>	<b>937.7</b>
Net claims on the public sector	296.8	107.5	269.6	213.9	243.8
Central government (net)	289.6	105.4	305.4	296.2	388.8
Assets	350.8	152.2	361.9	380.5	515.7
Liabilities	-61.3	-46.8	-56.4	-84.4	-127.0
Rest of the public sector (net)	7.2	2.1	-35.8	-82.3	-145.0
Claims on the private sector	147.8	257.0	409.2	575.5	762.4
Claims on other financial institutions	0.6	0.7	0.8	0.7	0.7
Net unclassified assets	67.6	100.7	41.2	23.2	54.9
Assets	258.6	293.4	367.7	389.3	434.9
Liabilities	-191.0	-192.7	-326.4	-366.1	-380.0
Official capital and surplus	-20.2	45.8	-40.6	-87.1	-124.1
<b>Liabilities to the private sector</b>	<b>719.9</b>	<b>993.0</b>	<b>1,278.8</b>	<b>1,477.8</b>	<b>1,937.1</b>
Broad money	701.3	931.0	1,203.8	1,395.7	1,797.2
Money	271.4	382.2	505.8	498.2	621.5
Currency in circulation 4/	150.6	182.4	203.8	209.0	246.8
Demand deposits	120.8	199.8	302.0	289.2	374.7
Gold certificates	20.5	12.4	18.6	23.7	24.0
Quasi-money	154.7	178.4	205.4	215.0	275.9
Foreign currency deposits	254.7	357.9	474.0	658.7	875.8
Private capital and surplus	18.6	62.0	75.0	82.2	139.9
<b>Memorandum item</b>					
Accounting exchange rate 5/	2.179	2.179	2.515	2.625	2.735

Source: Central Bank of Suriname.

1/ As of December 31.

2/ Gold is valued at market prices.

3/ Adjusted for external arrears.

4/ Includes central government issue of coins.

5/ Official central bank rate (end of period).

Table 21. Suriname: Banking System Liabilities to the Private Sector 1/

	2000	2001	2002	2003	2004
(In millions of Suriname dollars)					
<b>Total liabilities</b>	<b>719.9</b>	<b>993.0</b>	<b>1,278.8</b>	<b>1,477.8</b>	<b>1,937.1</b>
Broad money	701.3	931.0	1,203.8	1,395.7	1,797.2
Money	271.4	382.2	505.8	498.2	621.5
Currency in circulation	150.6	182.4	203.8	209.0	246.8
Demand deposits	120.8	199.8	302.0	289.2	374.7
Quasi- money 2/	175.1	190.8	224.0	238.7	299.9
Foreign currency deposits	254.7	357.9	474.0	658.7	875.8
Private capital and surplus	18.6	62.0	75.0	82.2	139.9
(In percent of broad money)					
<b>Total liabilities</b>	<b>102.7</b>	<b>106.7</b>	<b>106.2</b>	<b>105.9</b>	<b>107.8</b>
Broad money	100.0	100.0	100.0	100.0	100.0
Money	38.7	41.1	42.0	35.7	34.6
Currency in circulation	21.5	19.6	16.9	15.0	13.7
Demand deposits	17.2	21.5	25.1	20.7	20.8
Quasi- money 2/	25.0	20.5	18.6	17.1	16.7
Foreign currency deposits	36.3	38.4	39.4	47.2	48.7
Private capital and surplus	2.7	6.7	6.2	5.9	7.8
(In percent of GDP)					
<b>Total liabilities</b>	<b>61.2</b>	<b>59.7</b>	<b>57.2</b>	<b>55.7</b>	<b>64.0</b>
Broad money	59.6	55.9	53.9	52.6	59.4
Money	23.1	23.0	22.6	18.8	20.5
Currency in circulation	12.8	11.0	9.1	7.9	8.2
Demand deposits	10.3	12.0	13.5	10.9	12.4
Quasi- money 2/	14.9	11.5	10.0	9.0	9.9
Foreign currency deposits	21.6	21.5	21.2	24.8	28.9
Private capital and surplus	1.6	3.7	3.4	3.1	4.6
(Annual percentage change)					
<b>Total liabilities</b>	<b>92.6</b>	<b>37.9</b>	<b>28.8</b>	<b>15.6</b>	<b>31.1</b>
Broad money	98.8	32.8	29.3	15.9	28.8
Money	99.5	40.8	32.3	-1.5	24.7
Currency in circulation	84.5	21.1	11.7	2.6	18.1
Demand deposits	122.1	65.4	51.2	-4.2	29.5
Quasi- money 2/	56.5	9.0	17.4	6.6	25.6
Foreign currency deposits	142.8	40.5	32.4	39.0	33.0
Private capital and surplus	-10.8	232.7	21.0	9.5	70.3
<b>Memorandum item</b>					
GDP at market prices	1,176.9	1,664.4	2,234.4	2,653.4	3,026.3

Source: Central Bank of Suriname.

1/ As of December 31.

2/ Includes time and savings deposits, and gold certificates.

Table 22. Suriname: Distribution of Commercial Bank Credit by Destination

	2000	2001	2002	2003	2004
(In millions of Suriname dollars)					
<b>Total credit outstanding 2/</b>	<b>143.6</b>	<b>245.2</b>	<b>402.0</b>	<b>569.6</b>	<b>762.4</b>
Agriculture	27.3	40.7	28.1	28.7	40.7
Fisheries	5.2	9.3	14.3	21.3	25.0
Forestry	2.4	0.7	0.3	2.1	1.2
Mining	2.1	1.8	2.1	2.9	4.9
Manufacturing	17.4	30.2	32.0	60.9	83.9
Construction	4.7	5.1	12.9	7.9	19.5
Utilities	0.0	0.1	0.1	0.6	0.9
Commerce	43.4	68.6	137.2	179.8	245.6
Transport and communications	8.2	8.1	8.3	9.5	18.9
Services	8.2	14.8	26.9	30.4	53.6
Housing construction	15.0	25.4	46.3	64.9	84.0
Other	9.7	40.7	93.3	160.5	184.3
(In percent of total)					
Agriculture	19.0	16.6	7.0	5.0	5.3
Fisheries	3.6	3.8	3.6	3.7	3.3
Forestry	1.6	0.3	0.1	0.4	0.2
Mining	1.5	0.7	0.5	0.5	0.6
Manufacturing	12.1	12.3	8.0	10.7	11.0
Construction	3.3	2.1	3.2	1.4	2.6
Utilities	0.0	0.0	0.0	0.1	0.1
Commerce	30.2	28.0	34.1	31.6	32.2
Transport and communications	5.7	3.3	2.1	1.7	2.5
Services	5.7	6.0	6.7	5.3	7.0
Housing construction	10.4	10.4	11.5	11.4	11.0
Other	6.8	16.6	23.2	28.2	24.2

Source: Central Bank of Suriname, and IMF staff estimates.

1/ As of December 31.

Table 23. Suriname: Loans and Deposits by Interest Rates 1/ 2/  
(December 31)

	1999	2000	2001	2002	2003
(In millions of Suriname dollars)					
<b>Lending rate</b>					
Up to 5	0.8	0.4	0.5	7.6	10.5
5-10	6.9	7.2	9.1	18.2	22.6
10-15	27.2	16.3	23.0	28.2	18.8
15-20	6.2	6.6	14.8	20.4	45.3
20-25	6.4	9.6	59.6	95.3	117.1
25-30	4.6	5.7	38.6	50.7	53.4
30-35	24.4	23.8	11.9	11.1	10.2
35-40	36.3	37.8	11.9	1.8	1.4
40-45	12.1	6.0	5.4	0.3	0.0
45-50	3.0	0.8	0.2	0.1	0.0
Over 50	2.7	3.2	0.7	4.0	3.3
<b>Total</b>	<b>130.5</b>	<b>117.5</b>	<b>175.5</b>	<b>237.6</b>	<b>282.4</b>
<b>Deposit rate</b>					
0-5	0.3	0.2	0.4	298.5	328.6
5-10	3.2	2.0	90.5	164.7	190.7
10-15	68.0	108.6	68.9	19.8	26.7
15-20	17.0	26.2	10.6	6.7	5.9
20-25	13.1	14.5	3.9	1.6	0.6
25-30	6.9	11.9	5.9	2.2	1.5
30-35	2.5	1.4	1.0	0.9	0.9
35-40	1.0	0.1	0.0	0.0	0.0
40-45	0.4	0.0	0.0	0.0	0.0
45-50	0.0	0.0	0.0	0.0	0.0
Over 50	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>112.5</b>	<b>164.9</b>	<b>181.3</b>	<b>494.5</b>	<b>554.9</b>
(As percentage of total)					
<b>Lending rate</b>					
Up to 5	0.6	0.3	0.3	3.2	3.7
5-10	5.3	6.1	5.2	7.7	8.0
10-15	20.9	13.9	13.1	11.8	6.7
15-20	4.8	5.6	8.4	8.6	16.0
20-25	4.9	8.2	33.9	40.1	41.5
25-30	3.5	4.9	22.0	21.3	18.9
30-35	18.7	20.3	6.8	4.7	3.6
35-40	27.8	32.1	6.8	0.8	0.5
40-45	9.3	5.1	3.1	0.1	0.0
45-50	2.3	0.7	0.1	0.0	0.0
Over 50	2.0	2.8	0.4	1.7	1.2
<b>Deposit rate</b>					
0-5	0.3	0.1	0.2	60.4	59.2
5-10	2.9	1.2	49.9	33.3	34.4
10-15	60.5	65.8	38.0	4.0	4.8
15-20	15.1	15.9	5.9	1.4	1.1
20-25	11.7	8.8	2.1	0.3	0.1
25-30	6.1	7.2	3.3	0.4	0.3
30-35	2.2	0.9	0.6	0.2	0.2
35-40	0.9	0.0	0.0	0.0	0.0
40-45	0.3	0.0	0.0	0.0	0.0
45-50	0.0	0.0	0.0	0.0	0.0
Over 50	0.0	0.0	0.0	0.0	0.0
<b>Memorandum item</b>					
CPI, percentage change (end of period)	112.8	77.1	4.9	28.4	13.1

Source: Central Bank of Suriname.

1/ Rates are in percent per annum.

2/ Includes demand deposits.

Table 24. Suriname: Reserve Requirements on Domestic and Foreign Currency Deposits 1/

Bank	Date of implementation									
	15-May-01	7-Aug-02	12-Feb-03	14-Jul-04	21-Jul-04	20-Oct-04	3-Nov-04	31-Dec-04	1-Feb-05	
(In percent)										
<b>Domestic currency 2/</b>										
DSB, RBTT, HKB, SPSB, FNB	27.5	35.0	--	--	32.5	30.0	--	--	--	...
VCB	--	--	--	12.5	--	13.0	--	--	--	...
LBB	--	--	--	5.0	--	6.0	--	--	--	...
<b>Foreign currency 3/</b>										
DSB, RBTT, HKB, SPSB, LBB, VCB	--	--	17.5	--	--	--	22.5	--	--	33.3
Memorandum items:										
Low-interest mortgages (in percent of deposits, average for the system) 2/	--	--	--	1.4	1.4	2.5	3.0	3.5	3.5	...
Effective reserve requirement on domestic currency deposits 4/	27.5	35.0	35.0	31.1	31.1	27.5	27.0	26.5	26.5	...

Source: Central Bank of Suriname.

1/ Reserve requirements on domestic currency deposits were first instituted on May 15, 2001. Reserve requirements on foreign currency deposits were first instituted on February 12, 2003.

2/ On February 12, 2004 the central bank introduced a regulation allowing up to 20 percent of the reserve requirement to finance low-interest mortgages.

3/ Reserve requirement Foreign currency deposits required reserves are remunerated and can be held abroad at correspondent banks.

4/ Calculated as difference between required reserves and those used to finance low-interest mortgages.

Table 25. Suriname: Financial Soundness Indicators for the Banking Sector

(In percent, unless otherwise indicated)

	2000	2001	2002	2003	Sep. 2004
<b>Capital Adequacy</b>					
Regulatory capital to risk-weighted assets 1/	18.7	12.1	12.6	6.6	7.5
Large banks	19.0	17.6	14.8	9.2	9.3
Small banks	1.8	1.6	2.3	-8.5	-4.4
Regulatory Tier I capital to risk-weighted assets 1/	9.4	6.5	6.6	4.6	5.7
Large banks	13.0	10.3	8.6	7.2	7.7
Small banks	0.9	0.8	1.2	-8.5	-4.4
Capital (net worth) to assets	3.3	6.6	5.4	4.5	4.6
Large banks	5.5	6.3	6.0	4.2	4.4
Small banks	1.5	1.6	2.0	-4.3	-2.2
<b>Asset composition</b>					
Sectoral distribution of loans to total loans 1/					
Agriculture	19.0	16.6	7.0	5.0	5.3
Fishery	3.6	3.8	3.6	3.7	3.3
Forestry	1.6	0.3	0.1	0.4	0.2
Mining	1.5	0.7	0.5	0.5	0.6
Manufacturing	12.1	12.3	8.0	10.7	11.0
Construction and installation	3.3	2.1	3.2	1.4	2.6
Utilities	0.0	0.0	0.0	0.1	0.1
Commerce	30.2	28.0	34.1	31.6	32.2
Transportation, and communications	5.7	3.3	2.1	1.7	2.5
Services	5.7	6.0	6.7	5.3	7.0
Housing construction	10.4	10.4	11.5	11.4	11.0
Other	6.8	16.6	23.2	28.2	24.2
<b>Asset quality</b>					
FX loans to total loans	35.0	40.0	41.5	49.4	53.7
Large banks	10.7	47.5	54.4	50.0	52.9
Small banks	4.4	2.9	3.8	9.1	13.2
NPLs to gross loans 1/	18.2	16.5	13.3	15.6	15.3
Large banks	10.9	6.7	8.7	10.4	10.1
Small banks	30.9	41.8	26.5	31.8	32.2
NPLs net of provisions to capital 1/					
Large banks	29.3	15.0	14.7	48.1	49.9
Small banks	-400.3	550.0	-91.7	-181.5	-439.4
Large exposures to capital 1/	3.2	45.2	8.9	101.8	99.3
Large banks	30.1	41.3	33.7	133.9	102.9
Small banks	923.7	617.1	555.9	831.2	684.0

Table 26. Suriname: Summary Balance of Payments

(In millions of U.S. dollars)

	1999	2000	2001	Prel. 2002	Est. 2003
<b>Current Account</b>	<b>-168.3</b>	<b>-33.8</b>	<b>-116.3</b>	<b>-60.1</b>	<b>-140.9</b>
Trade balance	-29.6	13.3	15.6	52.5	-30.2
Exports, f.o.b.	482.5	513.9	449.3	529.3	638.5
Imports, f.o.b.	-512.1	-500.6	-433.7	-476.8	-668.7
Services, net	-95.4	-115.0	-115.3	-127.6	-132.6
Exports	79.1	91.0	59.4	38.5	59.5
Imports	-174.5	-206.0	-174.7	-166.1	-192.1
Travel, net	-3.6	-7.1	-15.0	-6.5	-1.7
Transportation, net	-44.0	-43.7	-44.9	-49.1	-79.2
Government, net	-8.8	-33.0	-7.2	-10.4	-1.1
Insurance, net	0.0	0.0	-2.1	-2.0	-3.8
Other services, net	-39.0	-31.2	-46.1	-59.6	-46.9
Income, net	-63.9	-1.5	-80.0	-43.6	-49.1
Private sector	-57.9	6.0	-67.6	-32.8	-33.7
Public sector	-6.0	-7.5	-12.4	-10.8	-15.4
<i>Of which</i> : NFPS interest	-6.0	-7.5	-12.4	-10.8	-15.4
Current transfers, net 1/	20.7	69.3	63.4	58.6	71.0
<b>Capital and Financial Account</b>	<b>98.7</b>	<b>48.7</b>	<b>184.1</b>	<b>74.5</b>	<b>129.9</b>
Capital account (public sector grants) 2/	22.5	17.3	12.6	22.3	22.0
<b>Financial account</b>	<b>76.2</b>	<b>31.4</b>	<b>171.5</b>	<b>52.3</b>	<b>107.9</b>
Public sector	27.8	-15.9	80.7	-29.2	-18.5
Nonfinancial public sector	27.8	-15.9	80.7	-29.2	-18.5
Disbursements	35.0	93.8	123.8	0.8	16.1
Amortization	-7.2	-109.7	-43.1	-30.0	-34.5
Monetary authorities	0.0	0.0	0.0	0.0	0.0
Private sector	20.4	19.7	50.1	57.5	128.5
Direct investment	24.0	14.0	11.4	14.2	117.1
Portfolio investment	0.0	0.0	0.0	0.0	0.0
Loans	-3.6	5.7	38.7	43.3	11.4
Short-term flows	28.0	27.6	40.7	23.9	-2.1
<b>Errors and omissions</b>	<b>-5.8</b>	<b>-16.2</b>	<b>19.1</b>	<b>-12.7</b>	<b>10.4</b>
<b>Overall balance</b>	<b>75.3</b>	<b>1.3</b>	<b>-86.9</b>	<b>-1.7</b>	<b>0.6</b>
<b>Financing</b>	<b>75.3</b>	<b>1.3</b>	<b>-86.9</b>	<b>-1.7</b>	<b>0.6</b>
NFA of the central bank (-) increase	75.3	1.3	-86.9	-1.7	0.6
<b>Memorandum items:</b>					
Current account as percent of GDP	-19.0	-3.8	-15.2	-6.3	-13.8
Stock NFA central bank	14.0	12.6	177.1	101.6	101.1
NFA in months of imports of goods and services	0.2	0.2	3.5	1.9	1.4

Sources: Suriname authorities; and IMF staff estimates.

1/ Includes remittances from Surinamese living abroad.

2/ Consists principally of project and program assistance from the Netherlands; and grants from the European Development Fund, and Belgium.

Table 27. Suriname: Summary Balance of Payments

(In percent of GDP)

	1999	2000	2001	Prel. 2002	Est. 2003
<b>Current account</b>	<b>-19.0</b>	<b>-3.8</b>	<b>-15.2</b>	<b>-6.3</b>	<b>-13.8</b>
Trade balance	-3.3	1.5	2.0	5.5	-3.0
Exports, f.o.b.	54.5	57.7	58.8	55.6	62.6
Imports, f.o.b.	-57.8	-56.3	-56.8	-50.1	-65.6
Services, net	-10.8	-12.9	-15.1	-13.4	-13.0
Exports	8.9	10.2	7.8	4.0	5.8
Imports	-19.7	-23.1	-22.9	-17.4	-18.8
Travel, net	-0.4	-0.8	-2.0	-0.7	-0.2
Transportation, net	-5.0	-4.9	-5.9	-5.2	-7.8
Government, net	-1.0	-3.7	-0.9	-1.1	-0.1
Insurance, net	0.0	0.0	-0.3	-0.2	-0.4
Other services, net	-4.4	-3.5	-6.0	-6.3	-4.6
Income, net	-7.2	-0.2	-10.5	-4.6	-4.8
Private sector	-6.5	0.7	-8.8	-3.4	-3.3
Public sector	-0.7	-0.8	-1.6	-1.1	-1.5
<i>Of which</i> : NFPS interest	-0.7	-0.8	-1.6	-1.1	-1.5
Current transfers, net 1/	2.3	7.8	8.3	6.2	7.0
<b>Capital and Financial Account</b>	<b>11.1</b>	<b>5.5</b>	<b>24.1</b>	<b>7.8</b>	<b>12.7</b>
Capital account (public sector grants) 2/	2.5	1.9	1.6	2.3	2.2
<b>Financial account</b>	<b>8.6</b>	<b>3.5</b>	<b>22.4</b>	<b>5.5</b>	<b>10.6</b>
Public sector	3.1	-1.8	10.6	-3.1	-1.8
Nonfinancial public sector	3.1	-1.8	10.6	-3.1	-1.8
Disbursements	4.0	10.5	16.2	0.1	1.6
Amortization	-0.8	-12.3	-5.6	-3.1	-3.4
Monetary authorities	0.0	0.0	0.0	0.0	0.0
Private sector	2.3	2.2	6.6	6.0	12.6
Direct investment	2.7	1.6	1.5	1.5	11.5
Portfolio investment	0.0	0.0	0.0	0.0	0.0
Loans	-0.4	0.6	5.1	4.5	1.1
Short-term flows	3.2	3.1	5.3	2.5	-0.2
<b>Errors and Omissions</b>	<b>-0.7</b>	<b>-1.8</b>	<b>2.5</b>	<b>-1.3</b>	<b>1.0</b>
<b>Overall Balance</b>	<b>8.5</b>	<b>0.2</b>	<b>-11.4</b>	<b>-0.2</b>	<b>0.1</b>
<b>Financing</b>	<b>8.5</b>	<b>0.2</b>	<b>-11.4</b>	<b>-0.2</b>	<b>0.1</b>
NFA of the central bank (-) increase	8.5	0.2	-11.4	-0.2	0.1
<b>Memorandum items:</b>					
Nominal GDP (in millions of U.S. dollars)	886.0	889.9	764.0	952.1	1,020.0
Stock NFA central bank	1.6	1.4	20.0	11.5	11.4

Sources: Suriname authorities; and IMF staff estimates.

1/ Includes remittances from Surinamese living abroad.

2/ Consists principally of project and program assistance from the Netherlands; and grants from the European Development Fund, and Belgium.

Table 28. Suriname: International Reserves 1/

	2000	2001	2002	2003	2004
(In millions of Suriname dollars)					
<b>Net official international reserves</b>	<b>27.4</b>	<b>216.6</b>	<b>253.3</b>	<b>263.4</b>	<b>359.0</b>
Assets	252.9	385.9	255.4	265.5	367.6
Gold 2/	140.3	149.2	15.4	18.9	20.4
Foreign reserves 3/	112.6	236.7	240.0	246.6	347.2
Liabilities	-225.5	-169.2	-2.1	-2.1	-8.6
<b>Net short-term foreign assets of commercial banks</b>	<b>210.8</b>	<b>275.5</b>	<b>344.4</b>	<b>464.5</b>	<b>546.9</b>
Assets	235.1	312.2	357.4	486.8	567.6
Liabilities	-24.3	-36.6	-12.9	-22.2	-20.6
(In millions of U.S. dollars)					
<b>Net official international reserves</b>	<b>12.6</b>	<b>99.4</b>	<b>100.7</b>	<b>100.3</b>	<b>131.3</b>
Assets	116.1	177.1	101.6	101.1	134.4
Gold 2/	64.4	68.5	6.1	7.2	7.5
Foreign reserves 3/	51.7	108.7	95.4	93.9	126.9
Liabilities	-103.5	-77.7	-0.8	-0.8	-3.2
<b>Net short-term foreign assets of commercial banks</b>	<b>96.8</b>	<b>126.5</b>	<b>137.0</b>	<b>177.0</b>	<b>200.0</b>
Assets	107.9	143.3	142.1	185.4	207.5
Liabilities	-11.2	-16.8	-5.1	-8.5	-7.5
<b>Memorandum item:</b>					
Accounting exchange rate (SRD/US\$) 4/	2.179	2.179	2.515	2.625	2.735

Source: Central Bank of Suriname.

1/ At December 31.

2/ Gold holdings are valued at market prices.

3/ Includes Special Drawing Rights and reserve position in the Fund.

4/ Official rate (end of period).

Table 29. Suriname: Exports by Major Categories

	1999	2000	2001	2002	2003
(In millions of U.S. dollars)					
<b>Total major exports</b>	<b>459.8</b>	<b>485.0</b>	<b>438.8</b>	<b>455.7</b>	<b>557.8</b>
Bauxite derivatives	305.2	341.9	330.3	289.9	335.8
Alumina	296.9	341.9	330.3	289.9	335.8
Aluminum	8.3	0.0	0.0	0.0	0.0
Gold	60.0	60.0	35.0	70.1	140.3
Crude oil	41.8	27.7	19.4	35.9	34.7
Shrimp and fish	37.2	41.4	39.6	40.1	36.9
Rice	13.2	11.2	11.0	14.2	9.1
Lumber	2.4	2.9	3.5	5.4	1.1
(In percent of total major exports)					
<b>Total major exports</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Bauxite derivatives	66.4	70.5	75.3	63.6	60.2
Alumina	64.6	70.5	75.3	63.6	60.2
Aluminum	1.8	0.0	0.0	0.0	0.0
Gold	13.1	12.4	8.0	15.4	25.1
Crude oil	9.1	5.7	4.4	7.9	6.2
Shrimp and fish	8.1	8.5	9.0	8.8	6.6
Rice	2.9	2.3	2.5	3.1	1.6
Lumber	0.5	0.6	0.8	1.2	0.2
<b>Memorandum item</b>					
Major exports as percent of total exports of goods	95.3	94.4	97.7	86.1	87.4

Sources: Central Bank of Suriname; National Planning Office; and IMF staff estimates.

Table 30. Suriname: Value, Volume, and Unit Value of Principal Exports

(Value in millions of U.S. dollars, volume in thousands of metric tons, and unit value in U.S. dollar per metric ton; unless otherwise indicated)

	1999	2000	2001	2002	2003
<b>Alumina</b>					
Value	296.9	341.9	330.3	289.9	335.8
Volume	1,857.7	1,869.3	1,909.3	1,886.3	2,041.4
Unit value	159.8	182.9	173.0	153.7	164.5
<b>Gold</b>					
Value	60.0	60.0	35.0	70.1	140.3
Volume 1/	...	...	129.1	226.2	385.8
Unit value 2/	...	...	271.1	310.0	363.5
<b>Rice</b>					
Value	13.2	11.2	11.1	14.2	9.1
Volume	77.8	47.8	53.1	71.8	41.9
Unit value	169.7	233.5	208.3	197.4	216.9
<b>Shrimp and fish</b>					
Value	37.2	41.4	39.6	40.1	36.9
Volume	14.5	16.5	14.2	17.9	16.8
Unit value	2,570.4	2,501.5	2,787.5	2,245.2	2,199.0
<b>Lumber</b>					
Value	2.4	2.9	3.5	5.4	1.1
Volume	14.1	8.2	16.6	34.4	4.6
Unit value	169.6	352.4	211.8	156.8	234.9
<b>Crude oil</b>					
Value	41.8	27.7	19.4	35.9	34.7
Volume 3/	2,602.0	1,350.0	1,076.8	1,793.1	1,436.5
Unit value 4/	16.0	20.5	18.0	20.0	24.1
<b>Total major exports</b>	<b>451.5</b>	<b>485.0</b>	<b>438.9</b>	<b>455.7</b>	<b>557.8</b>

Sources: Central Bank of Suriname; Bauxite Institute; National Planning Office; and IMF staff estimates.

1/ Thousand troy ounces.

2/ U.S. dollars per troy ounce.

3/ Thousand barrels.

4/ U.S. dollars per barrel.

Table 31. Suriname: Exports by Economic Use 1/

	1999	2000	2001	2002	2003
<b>Total</b>	<b>482.5</b>	<b>513.9</b>	<b>449.0</b>	<b>529.4</b>	<b>638.5</b>
Food and live animals	63.9	67.4	63.1	69.9	70.9
Beverages and tobacco	5.1	5.4	5.3	6.3	16.6
Crude materials, except fuels	291.1	322.6	242.9	313.1	322.4
Mineral fuels including lubricants	46.8	34.4	30.2	37.2	35.7
Animal and vegetable oils and fats	0.3	1.2	1.4	1.0	3.7
Chemicals	1.3	4.6	1.9	2.3	3.7
Manufactured goods	10.4	3.1	3.6	15.1	4.9
Machinery and transport equipment	11.9	13.3	8.6	11.7	10.3
Other	51.7	61.9	92.0	72.9	170.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Food and live animals	13.2	13.1	14.1	13.2	11.1
Beverages and tobacco	1.1	1.1	1.2	1.2	2.6
Crude materials, except fuels	60.3	62.8	54.1	59.1	50.5
Mineral fuels including lubricants	9.7	6.7	6.7	7.0	5.6
Animal and vegetable oils and fats	0.1	0.2	0.3	0.2	0.6
Chemicals	0.3	0.9	0.4	0.4	0.6
Manufactured goods	2.2	0.6	0.8	2.9	0.8
Machinery and transport equipment	2.5	2.6	1.9	2.2	1.6
Other	10.7	12.0	20.5	13.8	26.7

Source: General Bureau of Statistics.

1/ Standard International Trade Classification (SITC).

Table 32. Suriname: Destination of Exports

	1999	2000	2001	2002	2003
(Value in millions of U.S. dollars, f.o.b.)					
<b>Total exports</b>	<b>482.5</b>	<b>513.9</b>	<b>449.0</b>	<b>529.3</b>	<b>638.5</b>
Selected industrial countries					
United States	100.9	101.4	106.6	126.9	134.3
Norway	96.8	97.8	90.0	102.2	105.6
France	45.9	45.2	40.1	41.1	58.2
Iceland	20.0	22.0	32.0	29.9	26.5
Netherlands	70.5	69.7	34.4	27.9	23.9
Japan	20.5	21.0	19.0	16.9	12.1
Canada	44.0	40.3	36.3	29.8	0.7
Western Hemisphere					
Trinidad and Tobago	46.0	27.0	30.0	32.1	40.8
Barbados	6.0	4.0	7.0	12.8	11.1
Jamaica	7.0	6.0	7.0	7.3	9.8
Guyana	5.0	6.0	6.0	6.8	8.6
Other countries 1/	19.9	73.6	40.6	95.7	206.8
(In percent of total)					
<b>Total exports</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Selected industrial countries					
United States	20.9	19.7	23.7	24.0	21.0
Norway	20.1	19.0	20.0	19.3	16.5
France	9.5	8.8	8.9	7.8	9.1
Iceland	4.1	4.3	7.1	5.6	4.2
Netherlands	14.6	13.6	7.7	5.3	3.7
Japan	4.2	4.1	4.2	3.2	1.9
Canada	9.1	7.8	8.1	5.6	0.1
Western Hemisphere					
Trinidad and Tobago	9.5	5.3	6.7	6.1	6.4
Barbados	1.2	0.8	1.6	2.4	1.7
Jamaica	1.5	1.2	1.6	1.4	1.5
Guyana	1.0	1.2	1.3	1.3	1.4
Other countries 1/	4.1	14.3	9.0	18.1	32.4

Sources: General Bureau of Statistics; IMF *International Trade Statistics*; and IMF staff estimate.

1/ The sharp increase in 2003 reflects a steep rise in gold exports to the United Arab Emirates, for which detailed data are not available.

Table 33. Suriname: Imports by Economic Use 1/

	1999	2000	2001	2002	2003
(Value in millions of U.S. dollars, c.i.f.)					
<b>Total</b>	<b>539.0</b>	<b>526.9</b>	<b>456.5</b>	<b>501.9</b>	<b>703.9</b>
Food and live animals	57.4	70.4	60.7	60.1	84.2
Beverages and tobacco	13.5	16.2	12.0	13.3	17.2
Crude materials, except fuels	7.2	7.5	6.0	6.3	7.7
Mineral fuels including lubricants	43.0	30.5	72.1	49.9	96.9
Animal and vegetable oils and fats	11.1	6.9	5.8	8.0	11.2
Chemicals	61.7	55.6	40.8	56.6	61.8
Manufactured goods	97.0	91.5	68.9	84.7	116.3
Machinery and transport equipment	190.9	191.0	141.4	169.6	239.2
Other	57.2	57.3	48.8	53.4	69.4
(In percent of total)					
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Food and live animals	10.6	13.4	13.3	12.0	12.0
Beverages and tobacco	2.5	3.1	2.6	2.6	2.4
Crude materials, except fuels	1.3	1.4	1.3	1.3	1.1
Mineral fuels including lubricants	8.0	5.8	15.8	9.9	13.8
Animal and vegetable oils and fats	2.1	1.3	1.3	1.6	1.6
Chemicals	11.4	10.6	8.9	11.3	8.8
Manufactured goods	18.0	17.4	15.1	16.9	16.5
Machinery and transport equipment	35.4	36.2	31.0	33.8	34.0
Other	10.6	10.9	10.7	10.6	9.9

Sources: General Bureau of Statistics; and IMF *Direction of Trade Statistics*.

1/ Standard International Trade Classification (SITC).

Table 34. Suriname: Origin of Imports

	1999	2000	2001	2002	2003
(In millions of U.S. dollars,c.i.f.)					
<b>Total imports</b>	<b>539.0</b>	<b>526.9</b>	<b>456.5</b>	<b>501.9</b>	<b>703.9</b>
Selected industrial countries					
United States	169.3	138.4	118.0	137.3	211.9
Netherlands	119.5	120.5	103.2	96.6	125.5
Japan	56.7	41.0	27.2	35.6	43.1
Germany	6.0	6.0	7.0	12.1	20.7
United Kingdom	15.0	17.0	13.0	15.1	18.2
Belgium	10.6	12.8	5.1	11.2	14.6
Italy	5.7	6.2	0.0	3.9	9.3
Canada	6.5	4.0	3.6	2.9	5.0
Developing countries					
Trinidad and Tobago	56.2	90.4	76.8	69.4	83.8
China	10.9	14.2	18.7	20.0	48.4
Brazil	6.0	8.8	7.4	11.1	18.6
Netherlands Antilles	32.0	37.0	40.5	44.7	3.7
Panama	7.1	13.5	5.0	0.1	0.1
Other countries	37.5	16.8	31.0	42.1	101.0
(In percent of total)					
<b>Total imports</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Selected industrial countries					
United States	31.4	26.3	25.8	27.4	30.1
Netherlands	22.2	22.9	22.6	19.2	17.8
Japan	10.5	7.8	6.0	7.1	6.1
Germany	1.1	1.1	1.5	2.4	2.9
United Kingdom	2.8	3.2	2.8	3.0	2.6
Belgium	2.0	2.4	1.1	2.2	2.1
Italy	1.1	1.2	0.0	0.8	1.3
Canada	1.2	0.8	0.8	0.6	0.7
Developing countries					
Trinidad and Tobago	10.4	17.2	16.8	13.8	11.9
China	2.0	2.7	4.1	4.0	6.9
Brazil	1.1	1.7	1.6	2.2	2.6
Netherlands Antilles	5.9	7.0	8.9	8.9	0.5
Panama	1.3	2.6	1.1	0.0	0.0
Other countries	7.0	3.2	6.8	8.4	14.3

Sources: General Bureau of Statistics; and IMF Direction of Trade Statistics.

Table 35. Suriname: External Grants Received

(In millions of U.S. dollars)

	1999	2000	2001	2002	2003
<b>Total</b>	<b>25.2</b>	<b>19.1</b>	<b>14.0</b>	<b>16.2</b>	<b>23.0</b>
The Netherlands	19.9	16.9	12.6	12.4	19.5
European Development Fund	5.3	2.2	1.4	3.8	3.5
Belgium and UNDP	0.0	0.0	0.0	0.1	0.0

Sources: Ministry of Planning of Suriname; and donors.

Table 36. Suriname: Public and Publicly-Guaranteed External Debt Outstanding 1/

(In millions of U.S. dollars, December 31)

	2000	2001	2002	2003	2004
<b>Total external debt 1/</b>	<b>195.71</b>	<b>269.95</b>	<b>280.03</b>	<b>270.47</b>	<b>235.62</b>
<b>Multilateral debt</b>	<b>37.80</b>	<b>37.10</b>	<b>39.12</b>	<b>54.58</b>	<b>53.39</b>
European Investment Bank	9.96	8.87	9.86	11.02	9.85
Inter-American Development Bank	26.57	26.99	27.97	42.14	42.11
Islamic Development Bank	1.27	1.24	1.29	1.42	1.43
<b>Bilateral debt</b>	<b>112.76</b>	<b>215.99</b>	<b>229.54</b>	<b>215.89</b>	<b>182.23</b>
Brazil	49.64	39.24	28.83	21.79	18.14
China	14.27	14.27	35.72	26.96	22.83
India	0.26	0.15	0.05	0.00	2.26
Japan	3.29	3.01	3.07	2.29	1.11
Netherlands	0.00	120.19	128.93	138.11	117.34
Spain	28.19	23.25	18.31	13.37	8.43
USA	17.10	15.88	14.63	13.37	12.12
<b>Commercial debt</b>	<b>45.15</b>	<b>16.86</b>	<b>11.37</b>	<b>0.00</b>	<b>0.00</b>
Ballast Needam Theta B.V.	24.96	16.86	11.37	0.00	0.00
Standard Bank of London	20.19	0.00	0.00	0.00	0.00

Sources: Suriname Debt Management Office; and IMF staff estimates.

1/ Data on external debt owned by the private sector are not available. Outstanding stock of debt excludes arrears on principal.

Table 37. Suriname: Public and Publicly Guaranteed External Debt: Principal and Interest in Arrears 1/

(In millions of U.S. dollars, December 31)

	2000		2001		2002		2003		2004		
	Principal	Interest									
<b>Total arrears</b>	<b>43.17</b>	<b>27.77</b>	<b>47.31</b>	<b>39.91</b>	<b>59.40</b>	<b>45.01</b>	<b>76.82</b>	<b>52.35</b>	<b>88.03</b>	<b>57.92</b>	<b>145.95</b>
<b>Multilateral debt 2/</b>	<b>0.53</b>	<b>0.83</b>	<b>0.03</b>	<b>0.09</b>	<b>0.45</b>	<b>0.03</b>	<b>0.80</b>	<b>0.29</b>	<b>0.34</b>	<b>0.88</b>	<b>1.22</b>
EIB	0.53	0.19	0.03	0.09	0.45	0.03	0.68	0.08	0.33	0.03	0.36
IADB	0.00	0.64	0.00	0.00	0.00	0.00	0.12	0.21	0.01	0.85	0.86
<b>Bilateral debt</b>	<b>42.64</b>	<b>26.94</b>	<b>47.28</b>	<b>39.82</b>	<b>58.95</b>	<b>44.98</b>	<b>76.02</b>	<b>52.06</b>	<b>87.69</b>	<b>57.05</b>	<b>144.74</b>
Brazil	17.92	15.14	28.33	28.81	38.74	32.44	45.77	36.38	49.43	39.56	88.99
China	0.00	0.00	0.00	0.00	0.00	0.00	5.16	0.00	6.24	0.00	6.24
India	0.00	0.00	0.05	0.01	0.15	0.02	0.00	0.00	0.00	0.00	0.00
Japan	0.00	0.00	0.00	0.00	0.12	0.00	0.57	0.06	1.31	0.10	1.41
Spain/ Banco Bilbao Biscaya	1.82	0.90	0.00	0.00	0.00	0.00	1.25	0.47	1.72	3.25	4.13
Spain/ Banco Santander A.	4.87	1.43	0.00	0.00	1.03	0.00	3.54	0.65	6.48	1.24	7.72
USA/GSM	14.06	7.12	14.00	8.64	14.00	10.16	14.00	11.68	14.00	12.44	26.44
USA/PL-480	3.97	2.35	4.90	2.36	4.91	2.36	5.73	2.82	6.98	2.82	9.80

Sources: Suriname Debt Management Office; and IMF staff estimates.

1/ Interest includes penalty charges.

2/ Constitutes technical delays in payments.

Table 38. Suriname: Average Exchange Rates

	Suriname Dollars Per U.S. Dollar		Indices (1990 = 100) 1/ 2/	
	Official Rate	Parallel Rate 3/	Nominal Effective	Real Effective
<b>1994</b>				
Quarter I	0.002	0.136	24.39	110.60
Quarter II	0.002	0.182	19.23	122.54
Quarter III	0.191	0.213	16.59	149.37
Quarter IV	0.381	0.435	8.77	131.18
<b>1995</b>				
Quarter I	0.425	0.527	6.50	156.96
Quarter II	0.492	0.597	5.61	169.49
Quarter III	0.456	0.460	7.38	233.98
Quarter IV	0.412	0.412	8.30	238.41
<b>1996</b>				
Quarter I	0.403	0.409	8.47	234.28
Quarter II	0.402	0.422	8.31	224.61
Quarter III	0.402	0.418	8.36	232.49
Quarter IV	0.401	0.411	8.56	236.20
<b>1997</b>				
Quarter I	0.401	0.420	8.68	241.27
Quarter II	0.401	0.426	8.68	239.43
Quarter III	0.401	0.454	8.31	239.38
Quarter IV	0.401	0.443	8.50	263.14
<b>1998</b>				
Quarter I	0.401	0.455	8.48	265.16
Quarter II	0.401	0.482	7.99	261.57
Quarter III	0.401	0.572	6.80	230.01
Quarter IV	0.401	0.713	5.22	192.10
<b>1999</b>				
Quarter I	0.751	0.889	4.39	200.02
Quarter II	0.806	1.296	3.11	193.99
Quarter III	0.942	1.434	2.79	208.22
Quarter IV	0.988	1.386	2.90	228.23

Table 38. Suriname: Average Exchange Rates

	Suriname Dollars Per U.S. Dollar		Indices (1990 = 100) 1/ 2/	
	Official Rate	Parallel Rate 3/	Nominal Effective	Real Effective
<b>2000</b>				
Quarter I	0.998	1.386	2.91	236.98
Quarter II	1.005	1.681	2.49	220.17
Quarter III	1.162	2.200	1.92	196.22
Quarter IV	2.179	2.499	1.73	228.19
<b>2001</b>				
Quarter I	2.179	2.317	1.83	256.67
Quarter II	2.179	2.234	1.96	270.16
Quarter III	2.179	2.212	1.98	271.86
Quarter IV	2.179	2.217	1.98	271.55
<b>2002</b>				
Quarter I	2.179	2.276	1.93	271.57
Quarter II	2.179	2.510	1.73	254.30
Quarter III	2.515	2.962	1.44	235.76
Quarter IV	2.515	3.036	1.41	241.23
<b>2003</b>				
Quarter I	2.558	3.138	1.32	236.69
Quarter II	2.625	3.149	1.27	242.91
Quarter III	2.625	2.844	1.41	263.62
Quarter IV	2.625	2.775	1.40	267.00

Sources: Central Bank of Suriname; IMF Information Notice System; and IMF staff estimates.

1/ An increase in the index indicates appreciation of the Suriname guilder.

2/ Series was calculated on basis of INS weights and the parallel market rate.

3/ Quotations from a limited survey of currency traders.

Table 39. Suriname: Tax Structure as of January 31, 2005 1/

Nature of Tax	Exemptions and Deductions	Rates
<b>1. Taxes on net income and profits</b>		
1.1 Profit tax on companies, corporations, and enterprises	<p>The corporate income tax is assessed on the basis of annual returns filed by taxpayers. There is also a self-assessment system, where payments are made in the current year on the basis of a pay-as-you-earn system.</p>	<p><b>General rate:</b> 36 percent.</p> <p>Casinos: 50 percent.</p>
1.2 Taxes on individuals		
1.2.1 Income tax	<p>A scheduler tax on income from various sources. The income of individuals is the aggregate of net income proceeds from immovable property, movable capital, labor and enterprise, rights to periodic payments and the interest element of a life insurance policy with life annuity clause, which has matured, been alienated or redeemed.</p>	<p>Rates for wage earners:</p> <p><b>Annual Taxable Income (SRD)</b></p> <p>Up to 6,250 8 percent</p> <p>6,251–10,590 18 percent</p> <p>10,591–16,590 28 percent</p> <p>16,591 and over 38 percent</p>
1.2.2 Dividend tax	<p>Tax on the profits of shares, dividend warrants, and profit-sharing bounds in Suriname domiciled corporations.</p>	<p>Rates for self-employed individuals:</p> <p><b>Annual Taxable Income (SRD)</b></p> <p>0–1,890 0 percent</p> <p>1,891–8,130 8 percent</p> <p>8,131–12,480 18 percent</p> <p>12,481–18,480 28 percent</p> <p>18,481 and over 38 percent</p> <p>2.5% of the profits of shares, profits and obligations from stocks (Art.2, 5 of Dividend Tax Act 1973).</p>

4. Taxes on property	Nature of Tax	Exemptions and Deductions	Rates
4.1 Rental value tax	Tax on the rental value of real property, i.e., land and buildings. The tax is levied if the rental value of real property exceeds SRD30 per year. The rental value is set at 1% of the market (sales) value less SRD10,000 in the case of owner-occupied property. In the case of rented property the rental will be fixed either at the annual rent or at 1 percent of the property market value, whichever is higher.		6 percent of the rental value.
4.2 Property tax	The tax is levied on net wealth in excess of SRD100,000 for single persons and SRD120,000 for married persons.		0.3 percent.
<b>5. Taxes on goods and services</b>			
5.1 Turnover Tax	Sales tax on imported goods and on domestic goods and services.	Basic goods (listed in Annex 2 of the Turnover Tax Act).	10 percent for imported goods.
		Investment goods, raw materials, and auxiliary materials.	8 percent for domestic goods and services.
		Alcohol for medical purposes; exports.	25 percent for luxury goods as listed in Annex 3 of the Turnover Tax Act.
5.2.1 Liquor	Excise on domestically produced and imported alcohol.		There are two rates of US\$150 per hectoliter and US\$400 per hectoliter, depending on the type of liquor.
5.2.2 Beer	Excise on domestically produced beer, payable by the producers.	Exports.	30 percent of the wholesale price.
5.2.3 Tobacco	Excise on domestically produced and imported tobacco and cigarettes.	Exports.	100 percent of the wholesale price.

	<b>Nature of Tax</b>	<b>Exemptions and Deductions</b>	<b>Rates</b>								
5.2.4	Nonalcoholic beverages	Exports.	10 percent of the wholesale price.								
5.4.1	Entertainment	None.	25 percent of the ticket price.								
5.4.2	Lottery	None.	20 percent of the total value of the prizes or the total value of the lottery tickets plus 10 percent on every won prize.								
5.4.3	Casino	None.	15 percent for lotteries with social or charitable character.								
5.5.2	Motor vehicles	Suspended for a certain period.									
5.5.3	Tax on alumina production	Tax on the quantity of alumina produced.	US\$0.67 per ton.								
			<table border="0"> <tr> <td><b>Type of Gambling Device</b></td> <td><b>Rates per Month (SRD)</b></td> </tr> <tr> <td>Slotmachine</td> <td>400</td> </tr> <tr> <td>Gambling table</td> <td>3,000</td> </tr> <tr> <td>Roulette table</td> <td>4,000</td> </tr> </table>	<b>Type of Gambling Device</b>	<b>Rates per Month (SRD)</b>	Slotmachine	400	Gambling table	3,000	Roulette table	4,000
<b>Type of Gambling Device</b>	<b>Rates per Month (SRD)</b>										
Slotmachine	400										
Gambling table	3,000										
Roulette table	4,000										
<b>6. Tax on international trade and transactions</b>											
6.1	Customs duty	Imports for export-oriented investment projects. Goods with origin from CARICOM.	The rate varies from 0 to 45 percent.								
6.2	Statistical fees	Tax on the value of imports and exports.	0.5 percent of the f.o.b. value of exports and of the c.i.f. value of imports.								
6.3	Consent rights	Tax on the value of imports and exports.	1.5 percent of the c.i.f. value of all imports.								

	<b>Nature of Tax</b>	<b>Exemptions and Deductions</b>	<b>Rates</b>
6.6 Wood export tax	Tax on the export value of all unprocessed and semi-processed wood.	Round timber.	The minimum f.o.b. value per cubic meter varies from US\$75 to US\$175, and the export tax is assessed as 5 percent of the minimum f.o.b. value.
Employee contributions			
Common Old Age Provision Fund (A.O.V.)	Contributions levied on salaries and wages.	None.	4 percent of gross salaries and wages.
Pension Fund	Contributions levied on salaries and wages of civil servants.	None.	10 percent of gross salaries and wages.
Medical Fund	Contributions levied on salaries and wages of civil servants.	None.	4 percent of gross salaries and wages.

Source: Ministry of Finance.