

SURINAME INVESTMENT GUIDE



Where Business equals Quality of Life

INVESTMENT GUIDE SURINAME

Where Business equals Quality of Life

PREFACE

In the last number of years, Suriname made significant steps to integrate its economy into the globalizing world economy.

By becoming a member of the Caribbean Community in 1995, a process started which included regulatory reforms and trade liberalization with the purpose of modernizing the economy and cutting red tape.

In 2004, the country was able to reach a positive trade balance.

For decades, the US and The Netherlands were significant trading partners of Suriname.

Regional integration is an important policy aspect of the current Government which took office in August of 2010.

By following a conscious strategy of integrating into non traditional markets and participating in the South American integration process, the country is opening doors to investors who will see opportunities in mining, a wide range of services, agriculture, cultural diversity, communications and value added products.

By deepening the relationship with traditional trading partners with investment modalities and implementing a South South strategy with nontraditional partners, the economy of Suriname is being transformed into an emerging market.

Suriname is a unique and safe place with the natural resources and geological characteristics of South America, the warmth of the Caribbean, a cultural diversity found nowhere else, and a constantly improving investment and business climate.

The Government makes serious effort to make Suriname a better place do to business and will treat all investors alike, according to the Most Favorite Nation principles.

This investment guide serves as a reference guide for local and foreign investors, who see Suriname as a potential place to do business.

The several Ministries of the Government of Suriname, our diplomatic posts and private sector institutions are ready to provide you with additional information.

Suriname welcomes your initiatives.

Winston Lackin
Minister of Foreign Affairs

Michael H.S. Miskin
Minister of Trade and Industry

Republic of Suriname



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1 GENERAL INFORMATION

In this time of renewed appreciation for the environment and attention to climate change, Suriname is probably best known for being one of the greenest nations on earth. With over 90% of its surface covered by forest, Suriname has extensive natural resources and an impressive biodiversity. Suriname is a commodity-based economy. Main exports include petroleum products, alumina and gold. Acknowledging the key role of foreign direct investments to achieve sustainable growth, the government of Suriname has made efforts to enhance the investment climate of Suriname in order to attract foreign investors. Additionally, new sectors such as the (eco-) tourism industry are successfully emerging, strengthening the economy through diversification.

1.1 Background information

History

Suriname was colonized in 1650 by the British, and became a Dutch colony in 1667. After slavery was abolished in 1863 the Dutch brought over plantation workers from Indonesia and India. In the late 19th and early 20th centuries additional workers were shipped into Suriname from China and the Far East. In 1954, Suriname became autonomous, followed by independence from the Netherlands in 1975. The history of Suriname accounts for the country's highly diversified ethnic population.

Geography

Suriname lies on the northeast coast of South America and is part of the Guiana's. This is a large area that includes all of Guiana, Suriname and French Guiana, as well as parts of Colombia, Venezuela and Brazil. Suriname borders on Guiana, French Guiana and Brazil and covers an area of 163,820 square kilometers (approximately 63,250 square miles). Over 90% of the land surface is covered by dense tropical rainforest. There is a nature conservation system comprising a network of 15 protected areas including the Central Suriname Nature Reserve, which cover more than 14% of the country's surface.

*Around 492,000
habitants, with a very
diverse ethnic heritage*

1.2 Constitution & policies

Suriname is a constitutional democracy. Elections for the National Assembly, which in turn elects the President and Vice-President, are held every five years. The ministers are appointed by the President. The country is divided into 10 administrative districts, each headed by a District Commissioner who is also appointed by the President. Members of the R ressort Council (comparable to a City Council) are elected at the same time as the National Assembly. Based on the number of R ressort Council (R ressort Raad) members, political parties are awarded members for the District Council (District Raad). The R ressort and District Councils are important democratic institutions at the local and regional level.

1.3 Facts about Suriname

Population and ethnicity

The last census was held in 2004, when 492.829 people were counted. The population grows at an average rate of 1% per year. The people in Suriname are generally described as being open and friendly.

Suriname has a very diverse ethnic heritage, consisting of native indigenous people (Amerindians), Maroons (direct descendants of former African slaves, still living traditionally in the hinterland), mixed Afro Surinamese (Creoles), descendants of immigrants from India, China, Indonesia, Europe and all possible mixes of these groups, and an increasing number of immigrants from China and Brazil.

The indigenous inhabitants (Amerindians) were the original inhabitants; all other ethnic groups came later. The country consists exclusively of ethnic minorities, since no ethnic group has a majority, as seen below:

Ethnic group ¹	In % of the population
East Indians (Hindoestanen)	29%
Creoles (Creolen)	19%
Maroons (Marrons, Bosnegers)	16%
Javanese (Javanen)	15%
Mixed	13%
Amerindians	4%
Other (Chinese, Brazilian, Caucasians)	4%
Total	100%

1. Note: In the official data the ethnicity of 7% was listed as "unknown". By using estimates on ethnic distribution from alternative sources of population data, the "unknown" were redistributed among the above categories.



Table 1.1 Population and ethnicity (source: Algemeen Bureau voor de Statistiek (short ABS), General Bureau of Statistics)

Religion

The diversity of the population is reflected in its culture and religion. Using the 2004 ABS census data, 49% of the population is considered Christian. The largest denominations are Catholics and Moravians (Evangelische Broeder Gemeente), although in the past decades Pentecostals have grown into a sizeable group. About

23% of the population is Hindu and 16% Muslim, while 4% adhere to a tribal religion. There is a small number of Buddhists, Jews, Bahai and other religions (3%). Around 5% of the population claims no particular religion.

Language

The official language is Dutch, which is spoken by more than 60% of the population as its first language. Sranan Tongo ("Surinamese") is the lingua franca, while English is also widely spoken. Most of the population also speak their ethnic language such as Sarnami Hindi, Javanese, different Maroon and indigenous (Amerindian) languages. Brazilians speak mainly Portuguese, while recent Chinese immigrants speak mainly Mandarin in contrast to the older Chinese immigrants that generally speak Hakka. Suriname is the only Dutch-speaking nation on the South-American continent.

Official language is Dutch, English is widely spoken

National holidays

The diverse history, culture, ethnicity and religion of Suriname's people are reflected in the variety of its national holidays:

Date	National Holiday (Official name)
January 1	New Year's Day (Nieuwjaarsdag)
March 1 (varies)	Phagwa (Holi)
April 2 (varies)	Good Friday (Goede Vrijdag)
April 4 (Sunday)	Easter (Pasen)
April 5 (varies)	Second day of Easter (2e Pasen)
May 1	Labor Day (Arbeidersdag)
July 1	Freedom Day (Dag der Vrijheden)
August 9	Day of the Indigenous people (Dag der Inheemsen)
Varies each year	End of Ramadan (Id-UI-Fitr)
November 25	Independence Day (Onafhankelijkheidsdag)
December 25	Christmas (Kerstfeest)
December 26	Second day of Christmas (2 ^e Kerst)

Tabel 1.2 National holidays

Climate

The daily average temperature for Suriname is around 27 °C year-round. The country has a tropical climate with two wet seasons, one from April to August and one from November to February, as well as two dry seasons, one from August to November and one from February to April. Suriname lies outside the hurricane and earthquake zone.

Currency

The Surinamese Dollar (SRD) has been the currency of Suriname since 2004. The SRD is divided into 100 cents. The Surinamese currency includes coins of 1, 5, 10, 25, 100 and 250 cent and bank notes of 5, 10, 20, 50 and 100 Dollar. Exchange rates are published daily in the local news papers by the Central Bank of Suriname (Central Bank). More information is provided in chapter 3.6 about money and banking.





2 ECONOMIC DEVELOPMENT

2.1 Key economic indicators

Year		2005	2006	2007	2008	2009E	2010E	2011E	2012E
Nominal figures	Dimension								
Export of goods	mIn US\$ customs value	854	1,205	1,381	1,429	1,491	1,618	1,769	1,893
Import of goods	mIn US\$ customs value	874	906	1,125	1,538	1,452	1,652	1,743	1,809
Foreign direct investments	mIn US\$	117	138	141	169	142	209	268	272
Real GDP	mIn SRD	5,479	5,688	5,983	6,342	6,558	6,821	7,084	7,474
Real GDP	mIn US\$	1,971	2,046	2,152	2,281	2,359	2,454	2,548	2,688
GDP per capita	SRD	10,963	11,257	11,712	12,291	12,454	12,807	13,266	13,841
GDP per capita	US\$	3,943	4,049	4,213	4,421	4,480	4,607	4,772	4,979
Exchange rate SRD/US\$		2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78
Change in % yoy (year over year)									
Export of goods		n/a	41.1	14.6	3.5	4.3	8.5	9.3	7.0
Import of goods		n/a	3.7	24.2	36.7	-5.6	13.8	5.5	3.8
Foreign direct investments		n/a	17.9	2.2	19.9	-16.0	47.2	28.2	1.5
Real GDP		4.4	3.8	5.2	6	3.4	4.0	4.8	5.5
Inflation		9.9	11.3	6.4	14.6	0.7	5.5	5.5	5.5

Table 2.1 Key economic indicators (source: IMF 2010 and Stichting Planbureau Suriname, (SPS))

2.2 Macro-economic review of Suriname

Suriname has a fairly open economy. This means that international developments often have impact at the local level. In recent years, Suriname's economy was able to retain growth and stability as measured by several key economic indicators. Suriname registered 4% average annual growth of its Real Gross Domestic Product (GDP¹) from 2005 to 2009. Increased activity in mining, construction, transport, warehousing, agriculture, trade and tourism are the main drivers behind Suriname's economic growth. Despite the global economic downturn in 2009, Suriname's economy still attained 3.4%² GDP growth relative to 2008. The 2009 growth rate was lower than the five-year average due to lower commodity prices (alumina and oil) and a decline in the alumina sector. The gold and construction sectors contributed positively to the 2009 growth.

1. GDP data is corrected by inflation and includes estimates of the informal sector
2. Source: Stichting Planbureau Suriname (SPS)

Growth & Stability

Export and import of both goods and services have increased in recent times. The export of goods, mainly alumina, gold, and petroleum (over 90% of all exports) increased significantly over the past few years. Both export and import of goods increased (by 15% and 14% respectively) from 2005 till 2009. The most important export destinations are Canada, The Netherlands, Belgium and The United States of America³. Source countries for imports are primarily the United States, Trinidad & Tobago, The Netherlands and China⁴.

Thanks to Suriname's economic growth, unemployment rates dropped significantly by over 10% compared to the 2000 level. The Suriname Planning Office (*Stichting Planbureau Suriname (SPS)*) estimated unemployment at 9.5% in 2007. Unemployment rates, however, differ within Suriname. More rural areas suffer from higher unemployment. For example Paramaribo, where almost 50% of the total population lives, has significantly less unemployment (around 8.4%) than a rural area such as the District of Sipaliwini (around 46.5% unemployment).

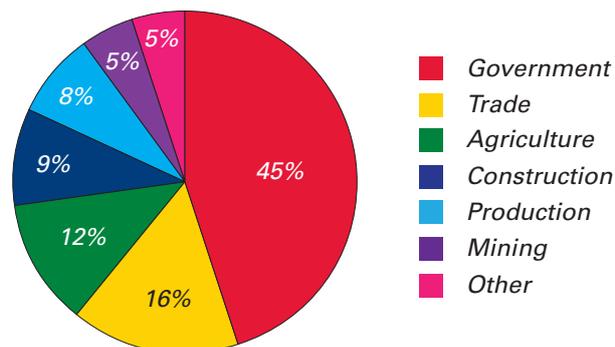


Figure 2.1: Working population by sector (source: ABS)

The last census in 2004 counted a total working population of 156,705. Yearly figures are given by ABS for the Districts of Paramaribo and Wanica. As shown in figure 2.1, the most important employer is the Government, employing 45% of the total working population. The second biggest employer is the trade industry with 16%, followed by agriculture with 12%. Only 5% of the working population works in the mining sector.

Foreign Direct Investments (FDI) show a sharp decline in 2009 due to global negative investment sentiment. On average, however, FDI increased with approximately 6% annually from 2006 to 2009. This means that foreign ownership of productive assets, such as factories, mines or land, has increased. In Suriname there is no economic or industrial strategy to discriminate against foreign-owned investment. All sectors, except the oil sector, which by law is state-owned, are open to foreign ownership and investments. Access to the oil sector is possible through exploration and production-sharing agreements with the state-owned oil company (*Staatsolie Maatschappij Suriname N.V.*, short *Staatsolie*).

3. Source: Asycuda
4. Source: ABS



In 2000, the United States Geological Survey (USGS) concluded that the Suriname part of the Guiana sedimentary basin could contain about 15 billion barrels of undiscovered oil. This information attracted several oil companies to Suriname and resulted into offshore production-sharing contracts with Repsol YPF, Noble Energy, Maersk Oil, Teikoku, and Murphy Oil.

Other sectors do not require state or local ownership. A foreign company, however, has to be registered in the Trade Register of the Chamber of Commerce & Industry to operate in Suriname. Examples of major foreign investors are Repsol YPF (Spain), CAMBIOR and IAMGold (both Canadian companies), Murphy Oil, Newmont and Alcoa, all three U.S. companies and Tullow Oil (British).

Further economic stimulation & monetary stabilization

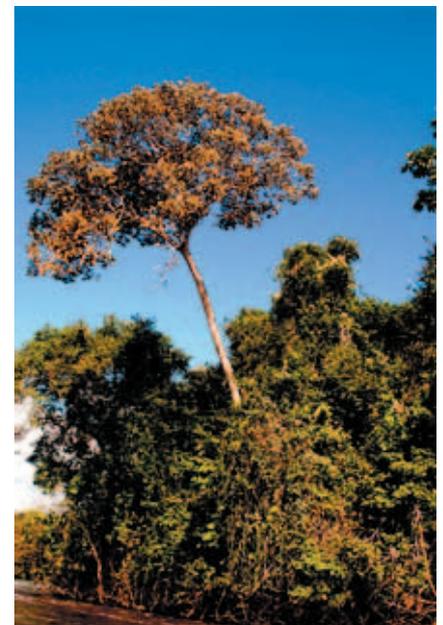


Figure 2.2: Inflation from 1991 till 2013E (source: IMF 2010 and ABS)

In 1999 inflation decreased significantly due to lower international food and fuel prices. Over the last 4 years inflation averaged around 8.6%. As shown in figure 2.2 Suriname's economy registered outliers of almost 370% in 1994 and -1% in 1996. Since 2004 inflation has remained below 15%. Inflation is expected to remain stable after 2009. Prudent monetary policy led to more stability in terms of inflation over the past few years and is expected to continue to remain stable. However, Suriname's exchange rate regime might distort this stability. Official and commercial market exchange rates at the so-called "cambio's" sometimes differ (in the past significantly) from one another.

Suriname's credit rating was also increased in 2007. Standard & Poor's raised Suriname's credit rating from B to B+ based on improved macro-economic and monetary stability and efforts on the legislative and institutional fronts to preserve this stability. Fitch Ratings reaffirmed its rating in 2007 at B. Fitch Ratings appraised Suriname's low level of external and public sector indebtedness, debt service requirements and economic prospects as favorable. The public finance management system and the implementation of structural reforms were viewed as unfavorable.

4. Source: Multi Annual Planning 2006-2011, Government of Suriname (GOS) and interviews with Ministry of Transport, Communication and Tourism, The Ministry of Agriculture, Animal husbandry and Fishery



Manufacturing, trade, mining & quarrying, transport & communication are the main drivers behind Suriname's economy

2.3 Economic outlook 2011 – 2012

The international Monetary Fund predicts that the key economic indicators will remain positive for Suriname (see table 2.1). Export of goods, Foreign Direct Investments and Real GDP will slightly increase while inflation will continue to even out due to further economic stimulation and monetary stabilization.

The following measures are expected by the Government of Suriname (GOS):

- Improve investment climate to attract Foreign Direct Investments.
- Improve access and infrastructure by expanding the international port.
- Improve international credit rating by reducing bilateral debt.
- Continue to stabilize the monetary policy and reduce dependency on commodity pricing for mined products by further diversifying the economy. Specific areas identified for economic expansion are tourism, agriculture, and forestry.
- Improve the service sector by partly deregulating the telecommunication sector and investing in new fiberglass internet connections.

2.4 Breakdown of GDP by sector

Year	2004	2005	2006	2007	2008	2009E	2010E
Primary sector	15.1	15.8	16	16.8	17.3	17.2	16.7
Secondary sector	25.4	26.9	28.4	28.8	29.3	27.3	27.4
Informal sector	16.1	15.5	15.7	15.4	15.8	14.4	14.6

Table 2.2 GDP breakdowns by sector (source: SPS)

The tertiary sector (services) contributes the most to Suriname's GDP (around 40%). It includes transportation, warehousing, communication, trade, hotels and restaurants. This sector has been in relative decline from 2004 until 2008 (although it still grew in absolute terms). After the tertiary sector comes the secondary sector (industrial) which includes mining processing, construction and utilities. It seems that this sector is increasing its relative GDP contribution over time. The smallest sector is the primary sector (mining and agriculture), even though it has increased in relative size since 2004.



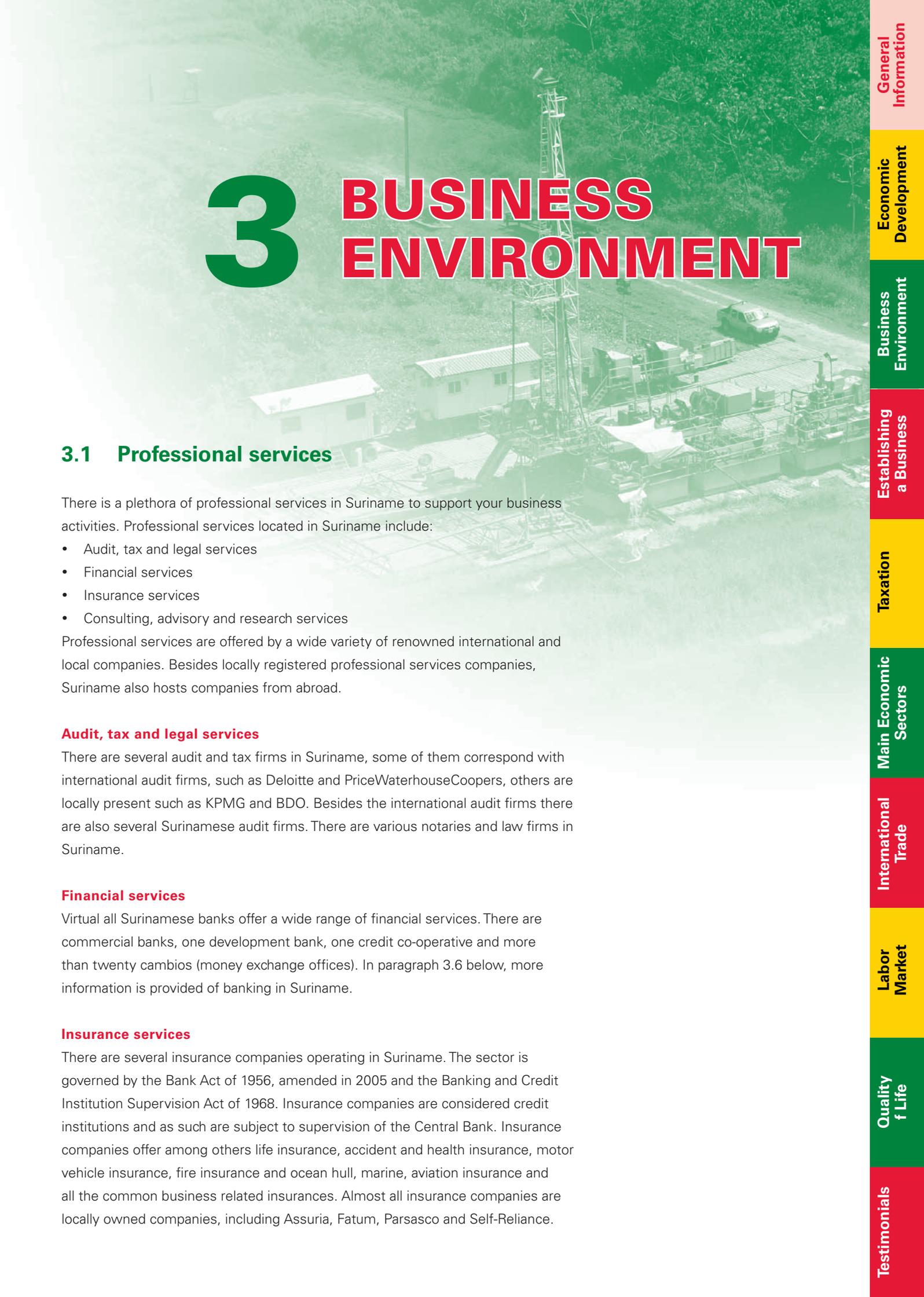
Activity	% of total GDP	Growth 2005 till 2009
Manufacturing	21%	60%
Wholesale and retail trade	13%	90%
Mining and quarrying	12%	58%
Transport and communication	9%	62%
Public administration	7%	51%
Real estate, renting and business activities	7%	50%
Agriculture and forestry	7%	105%
Financial intermediation	6%	24%
Construction	5%	117%
Electricity, gas and water supply	4%	24%
Education (government)	4%	46%
Hotels and restaurants	2%	68%
Other community, social and personal services	1%	14%
Fishery	1%	70%
Health and social work (government)	1%	40%

Table 2.3 GDP breakdowns by activity and growth rate (source: SPS)

As in 2005, manufacturing, wholesale and retail trade, mining and quarrying, transport and communication were the main drivers behind Suriname's economy in 2009. These are largely the same activities that also employ a large part of the population. This is true for trade, but agriculture, construction and production, only employs 5% of the total working population. GDP growth from 2005 till 2009 is mainly due to the increase of construction, agriculture, forestry, trade, fishery and hospitality, as shown in table 2.3.







3 BUSINESS ENVIRONMENT

3.1 Professional services

There is a plethora of professional services in Suriname to support your business activities. Professional services located in Suriname include:

- Audit, tax and legal services
- Financial services
- Insurance services
- Consulting, advisory and research services

Professional services are offered by a wide variety of renowned international and local companies. Besides locally registered professional services companies, Suriname also hosts companies from abroad.

Audit, tax and legal services

There are several audit and tax firms in Suriname, some of them correspond with international audit firms, such as Deloitte and PriceWaterhouseCoopers, others are locally present such as KPMG and BDO. Besides the international audit firms there are also several Surinamese audit firms. There are various notaries and law firms in Suriname.

Financial services

Virtual all Surinamese banks offer a wide range of financial services. There are commercial banks, one development bank, one credit co-operative and more than twenty cambios (money exchange offices). In paragraph 3.6 below, more information is provided of banking in Suriname.

Insurance services

There are several insurance companies operating in Suriname. The sector is governed by the Bank Act of 1956, amended in 2005 and the Banking and Credit Institution Supervision Act of 1968. Insurance companies are considered credit institutions and as such are subject to supervision of the Central Bank. Insurance companies offer among others life insurance, accident and health insurance, motor vehicle insurance, fire insurance and ocean hull, marine, aviation insurance and all the common business related insurances. Almost all insurance companies are locally owned companies, including Assuria, Fatum, Parsasco and Self-Reliance.

A wide variety of top-notch international and local companies

Consulting, advisory and research services

There are a number of different advisory companies in Suriname. Many of them are small companies or one-man businesses offering IT consulting, marketing, research, training, public consulting and business consulting. Besides the local offering, various consulting services are also offered by international consulting companies.

3.2 Business infrastructure

Business entities

To establish a business in Suriname a registration with the Trade Register of the Chamber of Commerce & Industry (Kamer van Koophandel en Fabrieken, short KKF) is necessary. Setting up a new business, opening of a local office for a foreign company, establishing a franchise or acquiring an existing business or part of an existing company all require different procedures. Permits are typically issued by the Licensing Department of the Ministry of Trade and Industry. Before registering, however, it is very important to think about the legal entity that best suits the business model.

In Suriname there are several possible business legal entities, namely:

- Sole proprietorship (*Eenmanszaak*).
- General partnership (*Maatschap* or *Vennootschap onder Firma, (V.o.F.)*).
- Limited partnership (*Commanditaire Vennootschap, (C.V.)*).
- Limited liability company (*Naamloze Vennootschap, (N.V.)*).

Investors' protection

The principle of Investors' protection is relatively unknown in Suriname. Investors, however, are protected by legal entities if they engage in a limited partnership or limited liability company as a silent or limited partner or shareholder, since their liability is limited to their shares. In addition, property rights ensure investors protection. Secured interest in property, both movable property and real property, are recognized and enforced. Mortgages are registered by the Mortgage Office. Property rights are protected and facilitated by law.

Intellectual property rights are not very strictly legislated. Although Suriname is a member of the World Trade Organization (WTO), Suriname did not ratify *The Intellectual Property Rights Agreement* (TRIPS). International Conventions regarding intellectual property rights have not yet been incorporated into domestic legislation. A basic Intellectual Property Rights Law was prepared in 2004, but never actually made it onto the legislative agenda for discussion and approval. The Bureau for Intellectual Property Rights intends to improve the country's legislation on this issue.



Brands are registered at the Bureau for Intellectual Property Rights. In case you have a Surinamese company and you want to register a brand, you need an extract from the Chamber of Commerce & Industry and a certificate of authorization from Suritrust N.V. (a subsidiary of De Surinaamsche Bank N.V.). After approval the registration is published and proof of registration is given. The costs are per request and the brand registration is valid for ten years, but can be prolonged by repeating the procedure. De Surinaamsche Bank is the only bank handling brand registrations. However, agents can take over the paper handling and can be very helpful.

**De Surinaamse Trust Maatschappij
N.V. (Suritrust N.V.)**
Henck Arronstraat 32
Paramaribo
T (597) 420033/471100
E suritrust.fo@dsbbank.sr

3.3 Financial reporting

Suriname has no rules on accounting principles or financial statements for companies. Most small and non-public companies use different reporting standards such as International Financial Reporting Standards (IFRS), Dutch Generally Accepted Accounting Principles (GAAP) or other generally accepted standards. However, draft legislation is being prepared, one of the highlights of which is that IFRS will be mandatory for large / public companies. Furthermore, the Surinamese government is considering imposing IFRS SME to small and medium sized companies.

3.4 Telecommunications

Telecommunication

The telecommunication sector is partly deregulated. Telecommunication infrastructure and fixed-line services are state-owned, whereas mobile telecom has been deregulated.

Telesur is the state-owned telecom company and has exclusivity of fixed-line services. The telecom infrastructure is comparable to the rest of Latin-America, and fairly competitive. Landline penetration was around 17% at 81,500 lines in 2007.

The mobile telecom market has grown significantly in recent years and is much greater than the landline market. The number of mobile users was around 812,237 in 2009. Telesur operates a GSM mobile system called Tele G, which was launched in September 2002. Digicel Suriname and Uniqa are commercial providers of mobile related services competing with Telesur. Mobile coverage exists virtually throughout Suriname. Mobile internet data and roaming are also possible.

In 1998, the Telecommunication Authority Suriname (*Telecommunicatie Autoriteit Suriname, (TAS)*) was established to regulate and supervise telecommunications carriers and service providers. TAS is an independent body, which stimulates the deregulation and supervises fair competition in the field of services and rates.



Investments in more fiberglass cable

The costs of telecommunication services provided by Telesur are the following:

Type of Service	Tariff in US\$
Fixed line	
Business hours 06.00-17.00	0.0175 for 1 minute
Social hours 17.00-22.00	0.0175 for 2 minutes
Other hours 22.00-06.00	0.0175 for 3 minutes
	Tariff per minute in US\$
Wireless	0.0175
Cellular fixed	
	Tariff per minute in US\$
Fixed, wireless, cellular fixed to TeleG	high 0.18/ low 0.16
Fixed, wireless, cellular fixed to Digicel/Uniqa	0.20

Table 3.1 Fixed, wireless and cellular fixed tariffs (source: Telesur)

Internet access

Internet use and penetration is increasing. In 2007, Suriname held around 32,000 registered internet users which is equal to a penetration rate of more than 20% of households. Currently 4 companies offer internet, namely Telesur, CQ-link, Parbonet and B-MAX media. Telesur owns the fixed-line internet infrastructure. At the moment there is only one fiberglass cable. Telesur, however, indicated plans to invest in more fiberglass cables. Uniqa and Digicel offer wireless mobile internet.

Another possibility in Suriname is internet via satellite. B-max media offers broadband internet services via satellite.

Internet rates are still relatively high compared to the neighboring countries, but are expected to decrease over time. The rates for Telesur are:

Initial costs	Tariff in US\$
Installation	150
Modem type:	
Standard	75
Modem incl. Wi-Fi	125

ADSL business	Tariff per month In US\$		
Contract period	1 year	2 years	3 years
Bronze 128/ 64 kb	65.00	60.00	54.00
Silver 256/ 128 kb	145.00	128.00	114.00
Gold 512/ 256kb	288.00	259.00	221.00
Gold plus 768/ 384 kb	379.00	345.00	303.00
Premium 1024/ 512 kb	457.00	417.00	370.00
Premium Plus 2048/ 1024 kb	875.00	793.00	713.00



Broadband		Tariff in US\$
Wireless broadband		
Initial costs		225.00
Per month		69.00
Portable broadband		
		Tariff in US\$
Initial costs		175.00
Per month		89.00

Table 3.2 Internet tariffs (source: Telesur)

3.5 Utilities

Energy

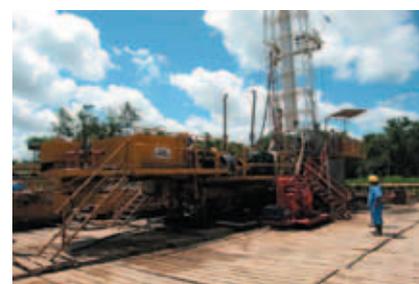
Energy consumption increased by approximately 7.4% annually over the last 5 years. A shortage of energy hampers the expansion of the industrial sector in Suriname. However, prospects are positive since Suriname has all the natural resources to generate power. *N.V. Energiebedrijven Suriname (EBS)* is the main energy provider in Suriname. The energy offered by EBS comes mainly from Suralco's hydro-electric power plant. The hydro-electric power plant is located at the Brokopondo reservoir which is one of the largest reservoirs in the world. The plant generates around 80 megawatt (MW, or million watt), but has a maximum capacity of 189 MW. The Brokopondo reservoir is part of the so-called "EPAR" (Electricity Paramaribo) electricity grid which covers the greater Paramaribo area. The EPAR grid has three parallel connected plants.

The second plant is a diesel power plant owned by EBS. The plants generate around 35 MW, but have a maximum capacity of 75 MW. The final power plant uses steam and is owned by *Staatsolie*. This power plant is located at Tout Lui Faut (South of Paramaribo) and has a capacity of 14 MW. In other words, the total EPAR system has a capacity of 208 MW to serve the greater Paramaribo area. The peak energy consumption of the Greater Paramaribo area is about 120 MW. This peak demand occurs twice a day on working days namely from 8:30 am till 2:30 pm and from 6:30 pm till 10.00 pm.

Aside from EPAR, which has around 98,000 connections, there are three other independent electricity grids in Suriname that are not interconnected:

- The ENIC system (Electricity Nieuw Nickerie) owned by EBS covers the greater Nieuw Nickerie area and has around 8,600 connections.
- The small coastal systems also owned by EBS in rural and interior areas such as Albina, Moengo, Boskamp, Coronie, Wageningen and Apoera with circa 3,300 connections.
- The mini diesel-power plants in about 80 villages in the interior are owned by the Ministry of Natural Resources.

Three independent
energy grids



Energy is subsidized by government

EBS plans to invest around US\$ 100 million to reduce the current energy shortage. Suriname offers great potential for sustainable energy with its large water reserves and solar possibilities.

Commonly the electrical systems uses the frequency 60 Hz and the voltage 220/127 Volt.

Type of household	Connection
Small households	127 Volt - 60 Hz.
Larger connections for bigger households and the commercial connections	127 Volt - 60 Hz and 220 Volt - 60 Hz
Industrial connections	127 Volt and 220 Volt and 3x220 Volt - 60 Hz

The electric rates are fixed in consultation with the Government. In addition, they are subsidized by government. In Table 3.3 the prices from EBS are presented.

Tariff group I: The group of residential customers, small commercial and small industrial customers with a connection to a power less than 25 kVA, connected to a low voltage network.

Residential customers (Tariff 11)

Consumption (in kWh)	Fixed duty p/month (in SRD)	p/kWh (in SRD)
0 to 58	7.50	0.054
59 to 150	10.00	
151 to 300	12.50	
301 to 400	15.00	0.082
401 to 500	15.00	
501 to 650	50.00	0.109
651 to 800	75.00	
801 and more	100	0.152

Non-domestic customers (Tariff 21, 23, 25, 31)

Consumption (in kWh)	Fixed duty p/month (in SRD)	p/kWh (in SRD)
Tariff 21 and 31		
Phase 1	30.00	0.152
Phase 2	120.00	
Phase 3	140.00	



Tariff 23 and 25	15.00	0.152
Tariff group II: (Tariff 22 ,26, 32) The group of commercial and industrial customers with a connection greater than 25 kVA		
Fixed duty:		140.00
Per kWh (HT):		0.1354
Per kWh (LT):		0.1268
Per kVA:		17.56
Labor surcharge:		0.0383
Tariff group III: (Tariff 39) The group of customers with a high voltage connection		
Fixed duty:		140.00
Per kWh (HT):		0.1583
Per kWh (LT):		0.1382
Per kVA (HT):		10.50
Per kVA (LT):		3.64
Labor surcharge:		0.0383

Table 3.3 Energy tariffs (source: EBS)

Water

Suriname has enormous water reserves. In 2001, an assessment of water resources in Suriname was conducted by the US Army Corps of Engineers Mobile District & Topographic Engineering Center. They found that, depending on the area, fresh water and groundwater resources are exceptionally plentiful. This means that more than 5,000 cubic meters (over 1.3 million gallons) per second fresh water flows. For groundwater this equals an amount of more than 100 liters (over 26 gallons) per second. The districts of Brokopondo, Commewijne, Coronie, Marowijne, Nickerie, Sipaliwini and Wanica are all very rich in terms of both surface water and groundwater.

With this volume of water resources having been located, Suriname is particularly attractive to industries and companies using great amounts of water and energy. Suriname's water is clean and safe to drink from the tap. Water is provided by the state-owned Surinamese water company (*N.V. Surinaamse Waterleiding Maatschappij (SWM)*) and the governmental department water supply *Dienst Water Voorziening (DWZ)*) of the Ministry of Natural Resources.

SWM supplies water to Paramaribo, Wanica, Nieuw Nickerie, Moengo and Albina. In Paramaribo approximately 93% of all households have access to a tap water connection, compared to 67% of the coastal area and 20% of the interior. In table 3.4 the current prices of water are shown. Variable rates depend on the amount of water used.



US dollars and Euro's
are widely used &
accepted

Service	Fixed charge (in SRD/month)	Variable tariff (in SRD/m3)
Yard tap	8.60	1.30 – 1.85
House connection	8.60	1.30 – 1.85
House with pool	8.60	1.30 – 2.60
Industrial connection	32.00	3.60 – 4.00
Public connection	20.50	2.45 – 3.25

Table 3.4 Water tariffs (source: SWM)

3.6 Money & banking

Monetary exchange

The national monetary unit is the Surinamese dollar, which is divided in cents. However, US Dollars (US\$) and Euro's (€) are widely used and accepted. The Surinamese dollar replaced the Surinamese guilder (SRG) in 2004. The replacement of currency was part of the government's effort to restore confidence in the Surinamese economy.

Foreign currency operations were deregulated in 1992. Companies and individuals can have foreign accounts and foreign currency deposits, while financial institutions are allowed to give foreign currency loans. The exchange rate published by the Central Bank as of January 2012 is US\$ 1 = SRD 3.25 buy and SRD 3.35 sell and € 1 = SRD 4.19 buy and SRD 4.32 sell. This exchange rate is applied throughout the banking system. The Central Bank determines the official exchange rates. These official bank rates however, vary from the market exchange rates. The *cambio's* determine the market rates based on supply and demand. Exchange rates are published in local daily news papers and on the website of the Central Bank.

Foreign companies have access to foreign exchange. Permission is required from the Foreign Exchange Commission (*Deviezencommissie*) to transfer any funds associated with a business or investment out of Suriname. The commission is responsible for the execution of the foreign exchange policy, administrative tasks and for granting permits related to foreign exchange. The Government wants to stimulate foreign investments and therefore in 2008 the Government changed its law to allow banking institutions to open accounts for non-residents and conduct transactions on behalf of non-residents in all foreign currencies at an official exchange rate determined by the Central Bank. In addition, the new law allows repatriation of dividends, interest, income, capital and royalties without limitation or restrictions. So permission from the Commission is no more than an administrative procedure, but required nonetheless.

No limit exists on the amount of funds flowing into or out of Surinamese accounts. However, whenever the incoming or outgoing amount exceeds US\$ 5,000 or € 5,000 a source of origin must be declared (Anti Money Laundering Act). Further information can be obtained at the Foreign Exchange Commission or the Central Bank.

Deviezencommissie

Havenlaan Noord
Paramaribo
T (+597) 404696

Centrale Bank van Suriname

Waterkant 1
Paramaribo
T (+597) 473741
www.cbvs.sr



Banks

In addition to the Central Bank, ten commercial banks and one development bank exist in Suriname. Of the commercial banks, three are foreign owned, four are local private owned, while four are state-owned. All of the banks are located in Paramaribo, where some of them have branches in various districts. The banking sector is very concentrated, with the largest three banks accounting for about 87% of all claims, assets and deposits. The three smallest state-owned banks focus on providing credit to low-income households, mostly conditional to certain social criteria.

The following banks operate in Suriname:

- De Surinaamsche Bank N.V. (DSB Bank).
- Royal Bank of Trinidad & Tobago N.V. (RBTT, foreign owned)
- Hakrinbank N.V. (the state has a 51 % share)
- Finabank N.V.
- SuriChange Bank N.V. (SCB, foreign owned)
- DFLSA Incorporated (DFLSA, foreign owned)
- Coöperatieve Spaar – en Kredietbank Godo
- De Surinaamse Postspaarbank N.V.(SPSB, created by the state but legally owned by savers)
- Surinaamse Volkscredietbank (VCB, specialized in small credits and is state-owned)
- Landbouwbank N.V. (LBB, the objective is to stimulate agricultural sector and is state-owned)
- Spaar- en kredietcoöperatie De Schakel G.A.
- De Nationale Ontwikkelingsbank N.V. (NOB, not a commercial bank, but specialized in development loans and is state-owned)

In 2008 these banks had a joint balance of SRD 4.4 billion (about US\$ 1.6 billion), which grew 17% to SRD 5.2 billion (about US\$ 1.9 billion) in 2009.

The main laws governing the banking sector are the Bank Act of 1956, amended in 2005 and the Banking and Credit Institutions Supervision Act of 1968. The latter applies not only to banks but to all credit institutions, including insurance companies and credit unions. The Central Bank regulates and supervises Suriname's financial system. Also, anti-money laundering legislation was passed in August 2002.

Recently, the Central Bank introduced new prudency regulations along the lines of the so called "Basel Core Principles". These regulations cover capital adequacy, loan classification and provisioning, large exposure, insider lending and fixed assets revaluation. The capital adequacy ratios for the three large banks exceed "Basel" minimum standards. Small state-owned banks do not meet "Basel" standards.

There are 10 different banks



Very active media

The actual interest rates that apply are set in negotiations between the bank and the borrower. Surinamese banks provide a broad range of traditional and innovative services such as:

- Access to foreign currency, mainly in the form of transfers or exchange of one currency to another.
- Corporate loans for long, medium and short term, nominated in SRD, US\$ and Euros (investment loan and checking account).
- Consumer loan for long, medium and short term (real estate mortgages, motor vehicle loan, personal loans).
- Foreign transfers.
- Domestic payments.
- Various types of deposits including fixed deposits.
- Investment services.
- Debit and credit card.
- ATM.
- Point of sale.
- Internet-banking.
- Phone-banking.
- Mobile recharge.

3.7 Media

The media is very active in Suriname. Newspapers, magazines, radio and TV are not only followed by people in Suriname but also by Surinamese living elsewhere (such as the Netherlands). There are several daily newspapers in Suriname. *De Ware Tijd*, *Dagblad Suriname* and the *Times of Suriname* (all morning papers) are very popular. *De Ware Tijd* is especially popular under business people. The *Times of Suriname* has an English section. *De West* is the only evening newspaper.

In addition to daily newspapers there are a number of magazines published weekly, monthly or annually. Expanding blogs and opinion magazines enrich Suriname's media world.

More than fifteen radio and ten television stations broadcast daily news and entertainment, mostly in Dutch, but also in other languages like English, Hindi and Chinese. Journalists and other professional members of the media have organized themselves in an association: *Surinaamse Vereniging voor Journalisten (SVJ)*.

A press conference is easily organized and can be a very powerful marketing tool.

Most media are privately owned and are accustomed to advertisements.



3.8 Environment

Rules and regulations

Suriname is party to a number of international environmental agreements such as UN conventions on Biological Diversity, Climate Change, Kyoto Protocol, Ozon Layer protection, Landdegradation, and other regional environmental conventions such as Wetlands, Endangered Species, and the Amazon Cooperation Treaty. A framework of environmental legislation containing general environmental rules was developed which is currently in an approval process.

Although there are some sector-specific laws, covering certain specific areas, Suriname has no environmental legislation containing generally applicable environmental rules and regulations. The Police Criminal Law (*Politiestrafwet*) from 1875, the oldest law, contains rules concerning waste disposal. The police of Suriname enforce it and give out fines for minor offenses.

The other law is a nuisance law (*Hinderwet*). It regulates potential danger, damage, injury or annoyance caused by organizations. In the past, there was insufficient capacity to monitor and control companies using steam engines or other devices. In the law there is a prohibitive list of institutions that can cause danger or damage according to the law. The law concerning business permits (*Wet Vergunningplichtige Bedrijven en Beroepen, (VBB)*) complements the nuisance law, since it has a more comprehensive list of institutions.

The National Institute for Environment and Development of Suriname (*Nationaal Instituut voor Milieu en Ontwikkeling in Suriname, (NIMOS)*) compiles a publication of all environmental laws and conventions.

3.9 Business climate and hours

The business climate in Suriname can be described as professional and formal. Workdays begin and end early in Suriname. General business hours are 7:30 am or 8:00 am to 4.30 pm weekdays. Restaurant kitchens tend to close at around 10:00 pm or 11:00 pm. Most restaurants open for lunch around 11:00 am and serve till 2:30 pm. Dinner begins around 6:00 pm. Opening hours of banks are generally Monday through Friday from 8:00 am till 2.00 pm.

*Workdays begin &
end early in
Suriname*

**Nationaal Instituut voor Milieu en
Ontwikkeling in Suriname
(NIMOS)**

Tamarindelaan 2
Onafhankelijkheidsplein
Paramaribo
T (+597) 520043/520045
F (+597) 520042
E info@nimos.org





4 ESTABLISHING A BUSINESS

4.1 Benefits of establishing in Suriname

General

Suriname is a country with extensive natural resources such as bauxite, gold, oil, building minerals, cultivated land, affordable energy, fresh water and a large tropical rainforest. The temperature is very favorable to agricultural activities such as rice cultivation and banana production. Cost of labor and cost of living in Suriname are relatively low compared to Europe or even nearby countries such as Brazil, Chile and Mexico. The working population has a good basic education and is generally very eager for new learning opportunities and experiences. Recently, the Surinamese government has invested heavily in infrastructural development, resulting in the rehabilitation and expansion of the (sea)port and the renovation and expansion of the international airport.

The main airlines serving Suriname are the following:

Main airlines	Destinations
Surinam Airways (SLM)	Amsterdam, Aruba, Curacao, Port of Spain, Miami, Belem, Cayenne
Royal Dutch Airline (KLM)	Amsterdam
Caribbean Airlines	Trinidad & Tobago
Insel Air	Curacao

Tabel 4.1 Main airlines in Suriname

There are also some smaller local and regional airlines that connect to neighboring countries. These smaller airlines are the following:

Smaller airlines	Destinations
Meta Airlines	Brazil and Georgetown
Gumair	Georgetown and local destinations
Blue Wings Airlines	Timehri (Guiana) and local destinations

Tabel 4.2 Local and regional airlines in Suriname

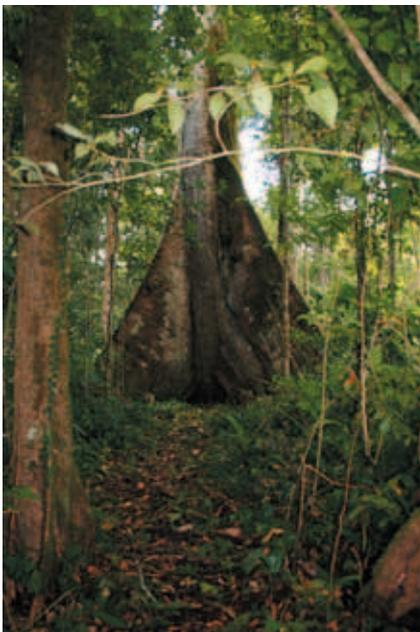
Extensive natural resources, very favorable temperature for agricultural activities & low cost labor

Ministry of Trade and Industry

Licensing Department
Nieuwe Haven Complex
Paramaribo
T +597 402080
E odindustrie@gmail.com
www.minhi.gov.sr

Chamber of Commerce & Industry (KKF)

Prof. W.J.A. Kernkampweg 37
T (+597) 530311
E chamber@sr.net
www.surinamedirectory.biz



Challenges and opportunities of establishing in Suriname

Suriname is clearly a developing country, which is a status that comes with both challenges and opportunities.

The challenges Suriname faces are amongst others:

- Designing a structural development strategy for the business community and attract local and foreign investors.
- Improving the investment climate.
- Improving the competitiveness of the private sector.
- Developing an international tax treaties network.
- Developing an infrastructure that is more in line with international standards.

Attractive for investors is the fact that there are a number of sectors that still have ample room for growth. These sectors include:

- The tourism sector and all supplying industries such as the hotel industry, the hospitality industry and the service industry.
- The mining sector.
- The oil sector.
- The production sectors such as agriculture, stock breeding, fishery and all supplying industries.

4.2 Business startup procedures

Registrations

Registration in the Trade Register is mandatory for all businesses in Suriname.

According to the law concerning permits several business activities require a license before they can start. Detailed information can be obtained at the Ministry of Trade and Industry.

The costs for the registration of a business in the Trade Register are:

Cost involved with the registration in the Trade Register	
Investment in Capital in SRD	Yearly contribution in SRD
0-499	2.50
500-1,499	4.00
1,500-9,999	7.50
10,000-24,999	15.00
25,000-49,999	50.00
50,000-99,999	75.00
100,000 and more	100.00
Certificate of Registration	Cost in SRD
Extract in Dutch	15.00
Extract in English	50.00
One Stop Window¹	Cost in SRD
Application for a license	550.00
Other	Cost in SRD
Certificate for notary public	25.00
Petitions	60.00
Letters of Recommendation (Dutch)	15.00
Letters of Recommendation (English)	20.00
Suriname Business Directory (minimum)	47.50

4.3 Structuring the business

There are a number of sectors where companies are required to have a business license before they can become operational. The information on which specific businesses and professions require a license is available at the Chamber of Commerce & Industry and the Licensing Department of the Ministry of Trade and Industry.

License application

Business licenses can be obtained by the founder of the company personally, at the Licensing Department of MTI. However, to support new business activities and facilitate the procedure of the business license application the Chamber of Commerce & Industry created a so called "One Stop Window". This service desk takes over the task of gathering the necessary documents for application and files the request with the different institutions such as the District Commissioners and the respective Ministries. After filing the request the unit continues to monitor the status of the application until a decision on this request is received.

1. The one stop window of the Chamber of Commerce & Industry provides the preparation work of the application of the license and also the actual application of the license.



Some examples of companies which are required to have a license are the following:

Service providers	Manufacturers
Cambios	Cement
Technical installer	Paint
Travel agencies	Processing of fruit, fish and fish products
Air en water shipping	Pharmacies
Freight forwarder	Cement producer
Importer	Paper
Exporter	Cardboard
Building constructor	Plastic and aluminum products
Accountant	Lumber mill
Tax consultant	Gravel extraction
Real-estate agent	Pasture
Banker	Luminaries
Insurance agent	Mattresses
Engineering	Cosmetics
Tour operator	Clothing
Hotel	
Motel	
Cinema	
Catering	
Shipping agent	
Harbor exploitation	
Salvage en dredging	

Required documents for license application

The following documents are required for filing a license application:

Required documents for license application	
1	Duplicate application form with revenue-stamp ("plakzegel").
2	Receipt of paid license fee, fees and stamp costs.
3	Nationality certificate and excerpt from the Birth Register.
4	Mortgage extract and consent of the owner of the property.
5	Passport photos.
6	An excerpt from the Trade Register and in case of renewal the current license.
7	Copy of the articles of association.

The above mentioned requirements are part of further detailed procedures, for more information please contact the Ministry of Trade and Industry.

The business permits are valid for a period of three years. Every three years when extending the license a fee has to be paid. The Ministry of Trade and Industry is currently drafting a restructuring plan, by means of the Competitiveness Enhancement Program, of the licensing, company establishment and registration policy.



4.4 Restrictions on foreign investments

	<p>Land and natural resources are considered national heritage and as such belong to the state.</p> <p>Pursuant to the Petroleum Act, access to the oil sector is only possible through exploration and production-sharing agreements with Staatsolie.</p> <p>With regard to the other minerals the Mining Law provides for the possibility of state participation.</p> <p>Companies also have to consider that although in theory property rights are well protected in Suriname, practice shows that conflicts regarding property rights take quite some time to settle due to understaffed and overworked courts. However, currently the Government is in the process of expanding the capacity of the courts.</p> <p>In addition, there is the possibility that nature preservation organizations might protest against certain use of land and/or natural resources and indigenous people will want to protect their residential area.</p>
Land and natural resources belonging to the state	
Permission for outflow of foreign currency	Permission is required from the Foreign Exchange Commission ("Deviezencommissie") to transfer any funds associated with a business or investment out of Suriname.
Time consuming procedures	When starting a business foreign investors often face long waiting periods and lengthy procedures.
New Investment Law is not introduced yet	Presently a new Investment Law is in process of being finalized. Suriname is now in the process of modifying the procedures regarding investing in Suriname through a simplified and more transparent trade regulation regime.





5 TAXATION

5.1 Corporate income tax

According to the Income Tax Law, companies resident in Suriname are subject to corporate income tax which is levied on their worldwide income. Resident corporate income tax payers are companies:

- Incorporated under Surinamese law. The *N.V.* is the only limited liability company which exists under the Surinamese law.
- Incorporated under foreign law and effectively managed and controlled within Suriname.

Non-resident companies are taxable only on income derived from a permanent establishment (or permanent representative), income from immovable property located in Suriname and certain other less significant types of Surinamese source income. The normal meaning of the term *permanent establishment* is adopted in Suriname tax law as a fixed place of business through which the business of an enterprise is wholly or partly carried on. This definition contains the following conditions:

- The existence of a place of business.
- This place of business should be *fixed*.
- The place of business should be established at a distinct place with a *certain degree of permanence*.
- The carrying on of the business of the enterprise should take place through this *fixed place*.

The basis for assessment of a company's corporate tax liability is the amount of profit remaining after the deduction of business expenses and a possible relief for losses. *Profit* is defined as *all benefits derived from the carrying on of an enterprise, regardless of the name or form of the benefits*. The determination of the annual profit should be based on *sound business practice*. In principle, GAAP, IFRS or other generally accepted standards can be adopted in the calculation of annual profit for income tax purposes, unless the Income Tax Law provides otherwise. In practice, foreign companies active in Suriname normally adopt GAAP of home country.

**Legal bodies
are subject to a
proportional fixed
tax rate of 36%
regardless of the
amount of profit**

In principle, all expenses made in connection with the conduction of the business are deductible for corporate income tax purposes. Business assets for instance, should be depreciated on the basis of the economic life of the asset. Inventory items are commonly valued at *the lower of cost or market value*.

The current income tax rate for companies is 36%. The only withholding tax applicable in Suriname is dividend tax (*dividendbelasting*) of 25% upon the dividend payments to shareholders. Suriname has only one tax treaty in place, and that is with the Netherlands. Under this tax treaty the dividend tax of 25% can be reduced to 7.5% in the case of a 25% shareholding by a Dutch company. In Suriname no dividend tax is imposed on profit distributions by a permanent establishment to its head office abroad. Interest, royalties, management fees, fees for technical assistance or other payments made abroad are not subject to withholding taxes.

Relief of tax losses

Tax losses incurred during the first three years of the company's existence may be carried forward indefinitely. Losses incurred during subsequent years may be carried forward for a period of seven years. Losses cannot be carried back.

Personal taxation

The principal taxes on the income and wealth of individuals (natural persons) include the following:

- Personal income tax including wage tax.
- Dividend tax.
- Wealth tax.

Personal income tax

According to the Income Tax Law resident individual tax payers are taxed on their worldwide income. Non-resident individual tax payers are taxed only on specific Surinamese sources of income. The main sources of income for both resident and non-resident tax payers are business or profession, labor (employment), immovable properties and movable capital. Taxable income is subject to personal income tax at progressive rates. On an annual basis the personal income tax rates are the following:

Taxable income in SRD	Rates
0 - 2,646	0%
2,646 - 14,002.80	8%
14,002.80 - 21,919.80	18%
21,919.80 - 32,839.80	28%
Above 32,839.80	38%

Table 5.1 Taxable income (source: "De Belastingdienst," the Tax Authorities)

In the calculation of taxable income of a resident individual taxpayer a tax-free amount of SRD 2,646 applies. A non-resident tax payer does not qualify for this tax free amount.



Wage tax

Based on the Wage Tax Law, all employers in Suriname, including the permanent establishment of foreign employers are required to withhold wage tax (*loonbelasting*) from payments to their employees and to remit it to the tax administration periodically. Wage tax is levied on employment income of resident as well as non-resident employees.

Employment income is broadly defined and includes all amounts provided by the employer whether in cash or in kind. Benefits in kind are generally included in income at their market value. Wage tax is a prepayment of personal income tax and is levied on employment income of non-resident as well as resident employees.

The wage tax rates are progressive and are similar to the personal income tax rates as mentioned above. A fixed deduction applies for general work expenses equal to 4% of the gross salary payments with a maximum of SRD 1,200 per year both for resident and non-resident tax payers.

Social security scheme

Suriname does not have a universal social security scheme. A liability exists for employers to conclude (a limited) indemnity insurance for accidents at work. In the case of a resident tax payer, an obligation exists for an employer to withhold a premium for public pension of 4% (premium AOV) on employment income of its employees. This obligation does not exist with regard to non-tax residents.

Dividend tax

The Dividend Tax Law provides for a dividend tax (*dividendbelasting*) of 25% on dividend payments made by resident companies to resident and non-resident individual shareholders. The dividend tax is an advance levy to personal income tax. A reduced rate applies under the tax treaty with The Netherlands.

Wealth tax

Both resident and non-resident tax payers are subject to wealth tax (*vermogensbelasting*) pursuant to the Wealth Tax Law. Resident tax payers are taxed on their worldwide net assets, except for certain specific items including gold and silver, objects of art and science, household items, private clothing and groceries, certain annuities and life insurance policies and pension rights. Non-resident taxpayers are taxed on the following net assets:

- Property of a permanent establishment in Suriname.
- Immovable property in Suriname.
- Loans secured by mortgages on immovable property situated in Suriname.

A tax exempt amount of SRD 100,000 (single) and SRD 200,000 (married) applies. The net wealth tax is levied at a flat rate of 0.003%.

**The net wealth tax
is levied at a flat rate
of 0.003%**



Self Assessment System

In 1995, a Self Assessment System (SAS) was introduced for filing corporate and personal income tax. Under this system the tax payer is mandatory to assess the income tax due for the current year and consequently file a provisional income tax return at the latest on April 15th of the current year. Payment of taxes due takes place in four equal quarterly installments.

The final income tax return for the previous year must be filed on or before April 30th by natural persons and ultimately June 30th by legal bodies. If the business activities were started after April 15th of the current tax year the provisional income tax return should be filed together with the payment of income tax due at the latest on December 31 of same year.

5.2 Other taxes

Turnover tax

Subject to turnover tax (*Omzetbelasting*) according to the Turnover Tax Law are:

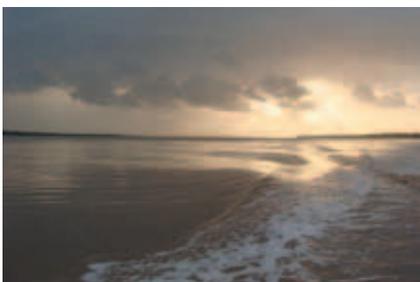
- Goods produced and delivered in Suriname.
- Services mentioned in the Turnover Tax Act.
- Imported goods.

The turnover tax base is the total remuneration received for the aforementioned goods or services.

Delivery and import of goods are subject to a tax rate of 10%. Tax levied on the import of luxury goods is 25%. The services (26) mentioned in the Turnover Tax Act are subject to a tax rate of 8%. The Turnover Tax Act includes a list of approximately 50 articles that are zero-rated. These goods are considered basic life necessities.

Some taxable services are:

- The services provided by civil-law notaries as well as by persons practicing a free profession, including: attorneys, accountants, automation, information and other consultancy services.
- The services provided by architects and land surveyors.
- The services provided by real estate agents when selling and renting out real estate.
- The services provided within the context of the transportation of goods.
- The services provided by cleaning companies.
- The services provided in the context of making moveable property available.
- The provision of accommodation, food and drinks in and by the hotel and catering industry.
- The services provided within the context of national and international telecommunication.



The Turnover Tax Act provides for a general deduction or restitution rule. This rule only applies to manufacturers who deliver their manufactured goods. These manufacturers can deduct turnover tax charged to and received from their clients from turnover tax charged to and paid by the manufacturers their self. This facility only relates to turnover

tax with regard to goods (machines, raw materials, consumables and semi-finished goods) and services directly linked to the production of a good which delivery is taxable for turnover tax purposes.

5.3 Import, export and excise duties

The import of goods is subject to import duties (*Invoerrechten*). The Tariff Import Duties Law includes a list of over 1,100 goods with their respective rates. The rates vary from 17% to 62%. An exemption applies for certain primary food items. Excise duties (*Accijnzen*) are levied on alcoholic beverages, some non-alcoholic beverages and cigarettes. Consumption tax is levied on fuel products. Export duties amount to 1% (consent fee) and 0.5% (statistic fee). A special export duty is also due in the case of export of wood.

Tax levied on the import of luxury goods with a Cost, Insurance and Freight (CIF) value of at least USD 25,000 like cars, motorcycles, leisure boats is 25%. The tax levy of 25% also applies to weapons and ammunition. In general the import tax rates vary from 2% (solely statistic- and consent fee) for some agricultural machines and vital necessities to approximately 60% to 70% for items such as tobacco and alcohol. For more information please contact Inspectorate of Import Duties and Excises.

Inspectorate of Import Duties and Excises

Nieuwe Haven Complex

T (+597) 404682/ 402778

F (+597) 404698

www.douanesuriname.com

Rental value tax

According to the Rental Value Act, a rental value tax (*Huurwaardebelasting*) is levied on the imputed rental value of buildings. The applicable rate is 6% of the imputed rental value. A tax exempt amount of SRD 50,000 applies. The rental value tax is due by the owner of the building.

Stamp duty

Pursuant to the Stamp Duty Act, stamp duty (*Zegelrecht*) at a rate of 7% of the value is levied on the transfer of real estate. Together with the notary costs of 3%, an additional levy on the land and turnover tax on the notary costs, the applicable rate is approximately 12%.

5.4 Tax & non-tax incentives

Tax incentives

In Suriname an investor can benefit from one of the following tax based incentives as included in the Investment Act:

- A nine year tax holiday that can be extended for an additional year for large investments of at least US\$ 13 million: results in reduction of corporate income tax due, if any.
- Accelerated depreciation on assets: results in an extension of corporate income tax due, if any.
- Tax consolidation: results in reduction of corporate income tax due, if any.



Relevant tax incentives and benefits

The Investment Act also provides for import duties exemption, investment deduction, reduction of wage tax due and fictitious interest deduction. However, the terms of these facilities have been expired.

Non-tax incentives

Together with the granting of a tax incentive of the Investment Act a license can also be granted by the authorized institution regarding:

- The repayment of the equity capital obtained from abroad to finance the investments as meant in this act.
- The payment of profit and/or dividend.
- The payment of interest and amortization for money borrowed from abroad to finance investments as meant in this act.
- The payment of remunerations for management, technical assistance, know-how, patent and such.

Futhermore, together with the granting of a tax incentive of the Investment Act, a license is granted by the authorized institution for:

- Residence and settlement of foreign personnel.
- Occupation of foreign personnel.
- Establishment of a company.
- Import and export (entry and exit) of goods and services.

Mineral sector

The main tax incentives available for investors in the mineral sector are:

- Import duties exemption: results in a reduction of investment costs.
- Accelerated depreciation.
- Reinvestment reserve: results in a reduction of among others exploration expenses.

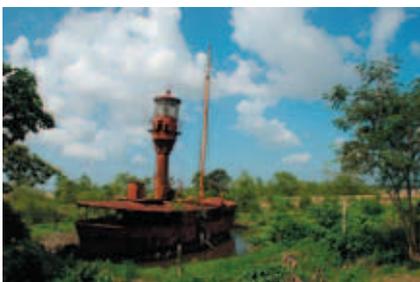
Through special agreements with status of a law, facilities such as exemption for turnover tax, dividend tax and personal income tax for expatriate employees during the first six months of their stay in Suriname have been granted by the Government in the mineral sector.

Raw Materials Act

Due to the CARICOM membership of Suriname the Raw Materials Act was revised in 1996 in order to improve and strengthen the competitive position of Suriname in relation to other CARICOM countries. Under the current Raw Materials Act an exemption of import duties is granted for the import of raw materials, ancillary materials, semi-finished goods and packing materials imported for use in the following sectors: the industrial sector, the agriculture sector, the horticulture sector, the ornamental plant cultivation sector, the stock-breeding sector and the fisheries sector. Exemptions are also granted for the food industry, the soft drinks industry and the fruit juice industry. For more information please contact the Ministry of Finance.

Ministry of Finance

Inspectorate of Direct Taxes
 Van Sommelsdijkstraat 27
 T (+597) 424850/ 424880
 F (+597) 424852
 E dirbelsur@sr.net
www.minfin.sr/
www.belastingdienst.sr



6 MAIN ECONOMIC SECTORS

Suriname, with its unexplored mineral and water reserves, fertile land, favorable location and human resources, offers countless opportunities. The main economic sectors described in this chapter are selected by size of the sector in terms of contribution towards GDP and/or potential growth. In addition, government policy concerning economic diversification is taken into account, especially pertaining to tourism, agriculture and forestry.

6.1 Agriculture

Although agriculture, animal husbandry, forestry and fishing account for only 8% of GDP, the growth rate shows the potential of this sector. As described in chapter 2, the agricultural sector has more than doubled between 2005 and 2009. At the same time, agriculture employs about 4% of the total working population in 2008. Suriname has much to offer for agriculture oriented companies: abundant of fertile land, forest, plenty of water, sand and a rich aquaculture.

Suriname currently uses 120,000 ha (almost 300,000 acres) for agriculture, animal husbandry and aquaculture. The potential surface area for these activities, however, is estimated to be more than ten times as much: approximately 1.5 million ha (over 3.7 million acres) are identified as suitable for agricultural activities. Suriname and its agricultural sector lack both the capital and the knowledge in certain areas of expertise to cultivate the fertile land efficiently.

The most important export products in export value (SRD) in 2008 were rice, bananas ("bacoven"), fish and fish products and crustaceans (see figure 6.1). Compared to 2004, crustaceans decreased both in value (SRD) as well as in weight (tons). Rice production increased in export value, but not significantly in volume. The export of bananas in tons has tripled and the export in SRD increased even more.

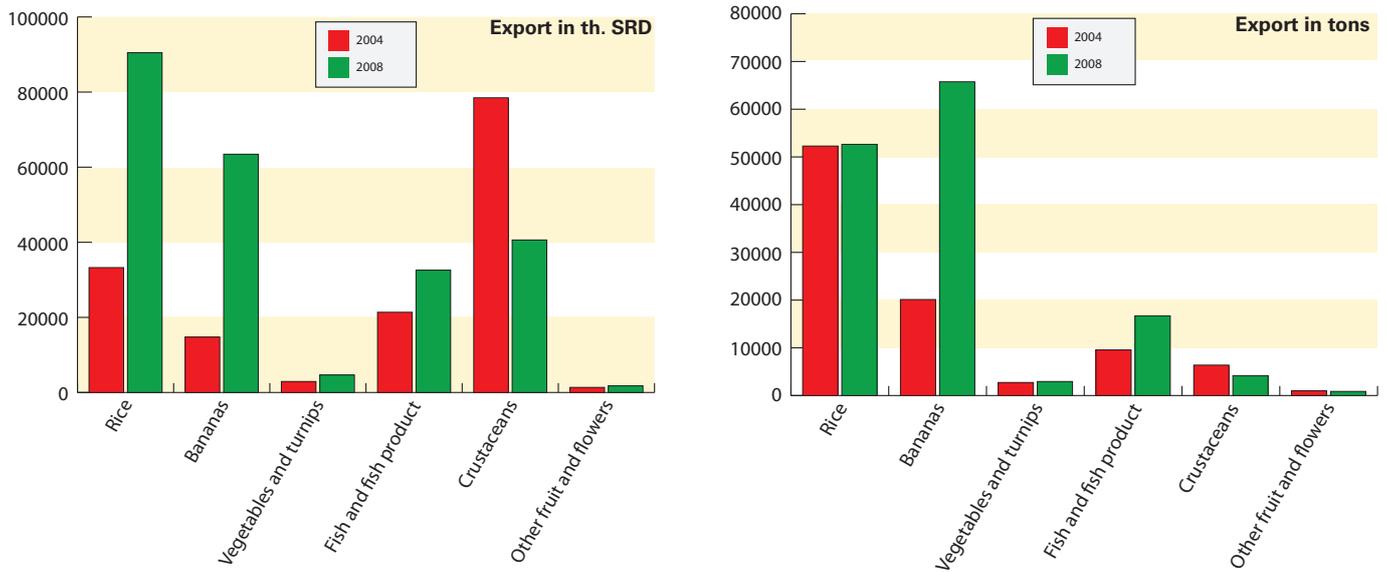


Figure 6.1 Export in SRD and in tons (Source: Annual Report 2008 The Ministry of Agriculture, Animal Husbandry and Fishery (LVV))

In terms of total agricultural production, the most commonly cultivated crops or plants are rice, bananas (*bacoven*), plantains, citrus fruits and vegetables (soya and peas). Total tons of agricultural productions in 2008 were 330,000 (metric) tons (364,000 tons US).

On the other hand, the most important imports were end products (sauces, ice-cream, concentrate), meat, oil, liquor, flours, dairy products and sugar. The future shortage of fossil fuels may also generate opportunities for the bio fuel and bio diesel industry. Palm oil or sugar canes are plants that grow very well in Suriname and are the main ingredients for bio diesel and ethanol.

Animal Husbandry is relatively small in Suriname and mostly aimed at local consumption, instead of export. Fishery, on the contrary, is a very important sector for Suriname, and serves primarily as an export. Industry fleets operating in Suriname are outrigger trawlers (shrimp, finfish and sea bob trawlers), stern trawlers, snapper boats and open or decked wooden vessel. Freshwater fishes, marine fishes like catfishes, sea salmon, pikes, snappers and carp, carp-like-fish, shell fish and shrimp are popular export products. The lack of knowledge and skills hampers growth in the aqua cultural sector. However, this creates opportunities for investors with knowledge.

Forestry is still relatively small in terms of contribution towards GDP. Around 30,000 cubic meters wood is produced annually. About 90% of Suriname's land area consists of forest and wood land, but the government has tried to preserve its fragile ecology by opting against large-scale logging operations in favor of sustainable harvesting. Recent research has shown that annual production levels can be increased to 1.2 million cubic meters annually. This can still be harvested in a sustainable way without causing harm to the forest.



A EU financed Rice Credit Fund, called Suriname Financial Facility (SURFF), being the equivalent in SRD of € 3.5 million was successfully implemented in 2005 for the rice sector at a rate of 9 % as well as a Agriculture Credit Fund (AK), established in 2007 for the non-rice agricultural sector with a total means of € 2.3 million and again disbursed in our local SRD currency at a rate of 6.75 %. Because of the success of this facility, an additional amount of € 1 million was approved in SRD for the total sector. The facility is still on-going. Both facilities are being kept by the *Landbouwbank*¹.

In the past, Suriname's export products have had problems complying with international food safety requirements. The Ministry of Agriculture, Animal Husbandry and Fishery (LVV) has indicated that the focus areas for 2010 are protecting food safety and increasing income of the agricultural sector. Food safety has been a focus area for several years now and the ministry has reached several milestones. To comply with the World Trade Organization (WTO) Sanitary and phytosanitary measures, the Ministry of Agriculture, Animal Husbandry and Fishery of Suriname, in 2001 established and operated an Agricultural Health and Food Safety Unit (AHFSU) to coordinate health and food safety issues and activities. In 2007 the Fish Inspection Institute (*Viskeuringsinstituut, (VKI)*) was established by the Ministry of LVV. The VKI is the competent authority of industrial quality in fishery and aquaculture.

In March 2010 Suriname became the host country for the Caribbean Agriculture Health and Food Safety Agency (CAHFSA). To increase the overall competitiveness of export products the Ministry of Trade and Industry of Suriname established Suriname Standards Bureau in 2007, to establish and coordinate the development of a standards infrastructure in Suriname.

Other focus areas of the Ministry are agricultural education, research and development. There is also a shortage of agronomists.

Some of the opportunities in the agriculture sector are:

- Expansion possibilities in all agricultural areas due to a surplus of fertile surface.
- Bio fuel and bio diesel through for instance palm oil and sugar cane.
- Expansion possibilities in forestry.
- Expansion possibilities in fishery.

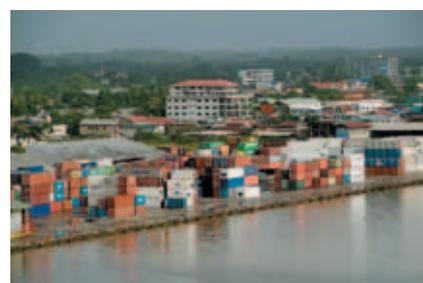
6.2 Mining

General

Bauxite, gold, oil natural stones and building material are the main activities in the mining industry in Suriname. Mining is the mainstay of the Surinamese economy, especially in terms of export earnings. In 2008², gold and alumina together accounted for 64% of total export value of Suriname. If oil products are added, this figure jumps to 76% of total export value. Around 12% of GDP in 2009 comes from mining, while it is a growing sector in Suriname. From 2004 to 2009 mining

*Fertile land, forest,
plenty of water, sand &
a rich agriculture*

1. Source: Interview with the Ministry of Agriculture, Animal Husbandry and Fishery
2. Source: Ministry of Trade and Industry (HI), export and import products total 2005-2008



10th largest producer of bauxite worldwide

grew by almost 60%. What stands out is that the mining sector officially employs relatively few people. In 2008 only 4% of the total labor force was directly employed in mining. If the informal sector is added, especially small scale gold mining, a much higher percentage of the labor force is active in mining.

Bauxite

Export product number one in Suriname is the bauxite derivate alumina. Around 33% of total exports or US\$ 710 million came from alumina in 2008. However, this is expected to drop sharply to US\$ 320 million in 2009 due to the worldwide financial crisis. Suriname is the 10th largest producer of bauxite worldwide. Bauxite production was around 4.5 million tons. The U.S. Geological Survey estimates Suriname's bauxite reserves around 580 million tons³, which makes Suriname the 9th bauxite richest country in the world. If this figure would be adjusted for the size of the different countries, Suriname would be in the top three.

Nr.	Country	Bauxite production 2008 (1000 tons)	Reserves (1000 tons)	% total production
1	Australia	63,000	5,800,000	31%
2	China	32,000	700,000	16%
3	Brazil	25,000	1,900,000	12%
4	India	20,000	770,000	10%
5	Guinea	18,000	7,400,000	9%
6	Jamaica	15,000	2,000,000	7%
7	Russia	6,400	200,000	3%
8	Venezuela	5,900	320,000	3%
9	Kazakhstan	4,800	360,000	2%
10	Suriname	4,500	580,000	2%
11	Greece	2,200	600,000	1%
12	Guiana	1,600	700,000	1%
13	Vietnam	30	2,100,000	0%
14	United States of America	0	20,000	0%
15	Other countries	6,800	3,200,000	3%
World total		205,000	26,650,000	

Table 6.1: Bauxite production 2008 and Reserves (source: U.S. Geological Survey, Mineral Commodity Summaries, January 2009)

3. Source: U.S. Geological Survey, Mineral Commodity Summaries, January 2009



The bauxite sector has recently been hit hard by the worldwide financial crisis due to a significant drop in aluminum prices. Refineries had to sell below cost price. As a result around 1,400 lay-offs were announced in 2009. As mentioned earlier, export dropped by 45% from 2008 to 2009. Another cause for the lay-offs was the decision of mining giant BHP-Billiton to exit Suriname. BHP-Billiton left because of the financial crisis, but also because negotiations stalled with the Government about new concessions in West-Suriname.

There is a large alumina refinery located in Paranam (District of Para), called the Paranam refinery. This refinery is owned by Suralco, a subsidiary of the US based company Alcoa. In August 2009, Alcoa bought the shares of BHP-Billiton. Suralco has indicated to explore new mines in the areas of Nassau and Para North. These mines have an expected lifetime of a minimum of ten years. For 2010 the prices of aluminum, which are a good indication of alumina prices, are expected to rise. In January 2009 prices were around US\$ 1,412 per ton of aluminum. By July 2010 the aluminum price had gone up by almost 40% to US\$ 1,954 per ton. The main opportunity of the bauxite sector is the development of the bauxite reserves in the Bakhuis area with an integrated industry consisting of mining, processing and aluminum production.

Gold

Gold is the second largest export product, accounting for approximately 31% of all export. Its export value was circa US\$ 660 million in 2008⁴. These, however, are only the official figures. The Government estimates that every year a total of 30,000 to 40,000 kilograms (33 to 44 tons) of gold is quarried in Suriname. The Central Bank has calculated that approximately 80% of the gold mining is illegal. An estimated 20,000 to 40,000 Brazilians, so-called "garimpeiros", are active in gold mining in the Surinamese interior. Small scale gold mining is unregulated by the Government, and forms an important part of the informal economy. During quarrying and processing mercury is used to bind the gold; excess mercury subsequently ends up polluting the rivers and drinking water for the population.

Most of the gold can be found in the eastern part of Suriname called the Greenstone Belt. Also in the west of Suriname gold is found. There are about 800 to 1,200 goldmines⁵ located near rivers and creeks in the interior, for example, Mapana, Casipora, Compagnie, Klaas, Mindrineti, Goliath, Duwatra, Merian and Sela.

Surgold and IAMGold are two professional gold mining companies active in Suriname. The Canadian company IAMGold is 95% owner of the Gros Rosebel mine located in District Brokopondo which is 80 km south from Paramaribo. 5% of the gold mine is owned by the Surinamese Government. The mine covers an area of around 170 square km. In 2008 the Gros Rosebel mine produced 9,800 kg of gold (10.8 tons US). Gold reserves of this mine are estimated to be around 108,000 kg (119 tons US) which will allow gold mining until 2020. Surgold is a cooperative between US based Alcoa and Canada based Newmont Overseas Exploration Ltd. It has a concession to quarry gold within the Nassau area. Surgold estimated the gold reserves in the Nassau area about 85,000 kg (93.7 tons US). Mining has not started yet. The main opportunity of the gold sector is to increase gold reserves for the expansion and continuation of gold production.

~ 30-40 tons of gold is
quarried every year

4. Source: Ministry of Trade and Industry (HI), export and import products total 2005-2008

5. Kleinschalige goudwinning in Suriname Een overzicht van sociaaleconomische, politieke, en milieu aspecten, Centrum voor Studie en Documentatie van Latijns Amerika (CEDLA) Amsterdam, Nederland, 2009



Guiana-Suriname Basin to be the second most promising unexplored basin in the world

6.3 Oil

The third largest export product is oil and oil products. Around 11 % of export is oil related, representing a value of almost US\$ 250 million⁶. The oil sector is by law state-owned. The state-owned oil company is *Staatsolie*. Products are crude oil, diesel oil, fuel oils and bitumen. In 2009 Staatsolie made a profit of US\$ 181 million, of which US\$ 66 million was paid in taxes and US\$ 58 in dividend to the Government.

Staatsolie produces the Saramacca Crude from the Tambaredjo Oilfield and Calcutta Oilfield, located in the District of Saramacca. In 2008, the two oilfields produced 16,000 barrels a day, totaling 4.4 million barrels that year. On the other hand, it is estimated that Surinamese oil consumption averages around 14,000 barrels a day. The crude oil is transported via a 55 km (34 mile) long high-pressure pipeline from the production facilities to the storage and distribution facilities at the refinery, located near Paramaribo. Approximately 2.7 million barrels crude oil are processed each year. The refinery has a processing capacity of 7,000 barrels a day. However, *Staatsolie* has announced an expansion of the refinery. The Italian company Saipem S.p.a (subsidiary of energy company Eni S.p.a.) has won the tender in 2010, worth circa US\$ 550 million. As a result the processing capacity of the refinery should double to 14,000 barrels a day, while the quality of the end products should enhance and the income of the government should increase. Overall Staatsolie planned US\$ 1 billion in investments during 2008-2012.

The U.S. Geological Survey in 2000 declared the Guiana-Suriname Basin to be the second most promising unexplored basin in the world. The off-shore basin is located in the coastal regions of Guiana and Suriname. U.S. Geological Survey estimates that the basin contains 15,246.87 million barrels crude oil, 42,058.37 billion cubic feet of gas and 2,329.62 million barrels of natural gas liquids.

A tribunal dispute resolution process under the UN Law of the Sea has issued a binding decision regarding the Maritime boundary between Guiana and Suriname in 2007. *Staatsolie*, together with Repsol YPF (a Spanish company), Maersk Oil (Danish company) and Murphy Oil established a partnership to conduct research and start test drilling off the coast. The main opportunity of the oil sector is to increase oil reserves for the expansion and continuation of oil production.

6. Source: Ministry of Trade and Industry (HI), export and import products total 2005-2008



6.4 Outsourcing

Outsourcing is a rather small sector within Suriname. Its contribution towards GDP is unclear, because it is not a separate category yet within statistical data. Nevertheless it is a rapidly growing and attractive sector. Suriname was rated the 7th most popular outsourcing country for the Netherlands by Ernst & Young.

Many students work in the outsourcing sector. The amount of people working in the outsourcing sector was estimated at 540 in 2009. That is 0.34% of the total working population, which is limited but still more than the ten people who were employed in 2005. In 2009 a study was conducted by the Rotterdam School of Management⁷ which showed that around twelve companies offered outsourcing services in Suriname. Most of them are IT related companies. Services offered were:

- Outbound / inbound calling (sales, recruitment, support).
- First-line/ second-line support.
- E-mail processing.
- Customer satisfaction research.
- Administrative services, mostly debt collection services.
- Financial services.
- Software testing.
- Data-entry/ data-conversion.
- Search engine optimizer services.
- Software development.

An example is Telenamic⁸, a joint venture of Telesur and Unamic HCN (Dutch outsourcing company). The company has been active since 2005 in Suriname and grew from 10 to 400 employees in Suriname. Clients are Wehkamp, Atos Origin, Eneco, Speurders.nl, Telesur itself, Samsung and Dell.

Since 2010 ABN Amro Bank has also partly outsourced its mortgage enquiries to Suriname. Also, UPC Netherlands and Dutch transportation companies decided to outsource to Suriname. The most important reason these companies indicate for outsourcing to Suriname is low cost of labor. The salary costs of a Surinamese call center employee are approximately one fifth of a Western European call center employee. Other reasons include the quality of the employees and the time difference.

Conditions for an outsourcing industry are good telecommunication, infrastructure and human resources. Of these, the internet is the least developed in Suriname. The connection and also the internet prices are not competitive compared to neighboring countries. However, Telesur is investing in additional fiberglass connections. Human resources are very well developed. According to the study of the Rotterdam School of Management a vacancy attracts an average of twenty applicants. However, there is a limit, since the labor force is relatively small. In addition, costs involve a license to operate a call center in Suriname.

The time difference of five hours in summer or four hours in winter with the Netherlands is an advantage. With a time difference it is possible to offer 24/7 service. This makes Suriname more attractive than some other outsourcing countries such as South Africa where there is virtually no time difference. Another advantage is that the culture and moreover the language between Suriname and the Netherlands do not differ as much as for example with India or South Africa.

*Suriname was rated
the 7th most popular
outsourcing country for
the Netherlands*

7. *Suriname's offshore Service Industry. Status quo & current developments Offshore Seminar Torarica 27-10-2009 by Irvin Tjoen (Bsc.) of the Rotterdam School of Management.*

8. *Source: Volkskrant, Bedrijfsleven ontdekt Suriname, July 2010*



*The tourism sector
grew 70% from 2005
to 2009*

Outsourcing is more a niche market of Suriname and especially attractive for the Dutch market since Dutch is the national language of Suriname. At the same time, costs of salary are lower than in the Netherlands. Suriname provides outsourcing possibilities for Dutch and Flemish companies mainly because high quality Dutch speaking employees at relative low costs are available. The sector also offers 24/7 services through time difference.

6.5 Tourism

Tourism is very important for Suriname. Although tourism is not yet a separate category within the government statistics, the sector is estimated around US\$190 million. According to the Suriname Tourism Foundation, an international visitor spends on average US\$ 50 per day during an average length of stay of twenty days. By multiplying this amount with total visitors of 190,000 in 2008 total revenues are estimated at around US\$ 190 million. This amount does not include earnings for hotels and restaurants of US\$ 50 million in 2008. This means at least US\$ 250 million is earned excluding flights and flight taxes. This means that tourism contributed approximately 30% towards Suriname's export earnings in 2008. Around 8,000 people work in tourism.

The tourism sector grew 70% from 2005 to 2009. Growth is also reflected in the number of tour operators. In 1992 there were two tour operators compared to more than thirty in 2009. Suriname focuses on eco-tourism and on sustainable tourism. The country is relatively unknown as a tourist destination in most of the world, while tourism is just emerging as a local policy priority. No sooner than 1991 was the Ministry of Transport, Communication and Tourism (TCT) established; the Suriname Tourism Foundation (STS) was subsequently created in 1996. Until 1962 there was no business hotel. In the past years, however, the number of hotels grew by 200%. Major hotels are Torarica (together with Royal Torarica and Eco-Resort), Marriot, Krasnapolsky, Best Western and Residence Inn.

	2000	2002	2003	2004	2005	2006
Hotels	18	22	25	26	34	40
Guesthouses	75	100	112	120	129	145
Bed & breakfast	200	280	310	325	350	361
Tour Operators	18	24	32	38	44	44
Travel Agencies	30	33	36	40	42	42
Resorts	50	65	80	81	82	85

Table 6.2: Growth on the Supply Side of Tourism in Suriname 2000 - 2006 (source: Suriname Tourism Foundation, August 2007)



A development program of the European Union was approved to further develop tourism. An amount of € 2.4 million has been made available for new tourism legislation (currently being drafted), training and product development. Suriname has a training facility that is specialized in educating of personnel of the catering industry.

About two thirds of all registered tourists came from The Netherlands, often Dutch people with a Surinamese background visiting family. As shown in figure 6.2 around 60% of all tourists visit friends or family. Around 30% of all tourists visit Suriname for spending their holiday. The number of tourists grew by 17% from 2007 to 2008. In 2008, around 190,000 tourists entered Suriname via the Johan Adolf Pengel International Airport. Surinam Airways and KLM offer direct flights from and to Amsterdam. In addition, Surinam Airways, Meta Airlines, Caribbean Airlines and Insel Air have scheduled flights to Miami, Curacao, Aruba, Trinidad & Tobago, Guiana and Brazil. In Paramaribo there is a second airport called *Zorg en Hoop*. Gumair and Blue Wings Airlines are the main operators from this airport. Most tourists come from Europe (68%), followed by tourists from South America (22%). Tourists from the Caribbean area account for about 6% of all tourists.

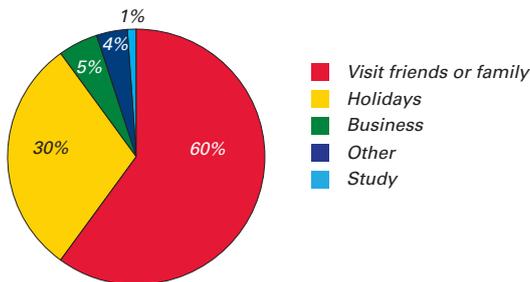


Figure 6.2: Type of tourists (source: Suriname Tourism Foundation)

Go Suriname Travelgroup has formed an alliance with *METS*, *Krasnapolsky* and *Residence Inn* in order to bring more tourists to Suriname. Dutch travel agents such as *Beter Uit Reizen*, *Kras Ster Vakanties*, *Terra Mundo*, *VVAA*, *Stolk Travel* and *Makor Reizen* are also party in this alliance.

Suriname has beautiful nature with a lush rain forest and many natural reserves, friendly local people, a rich and diverse culture, and safety to offer. There are countless opportunities within the tourism sector. The tourism sector will grow significantly in the future and the first movers will profit most from this positive development. The tourism sector is still small, but is very promising because of amongst others:

- Limited competition (yet).
- Good accessibility by air.
- Good roads and ferries between Suriname, Guiana and French Guiana.
- Opportunities for small cruise ships and yachts.



~ 190,000 tourists enter Suriname

6.6 Health care

Health care is a fairly unknown sector in Suriname and contributes around 1% to GDP. However, from 2005 to 2009 health care income increased by 40%. Health care is a very profitable niche market, especially the combination of high quality private hospitals and beauty tourism. The overall level of medical expertise and experience is relatively high.

Example:

The private hospital *Sint Vincentius Ziekenhuis* has a capacity of around 320 beds. The staff totals 600 employees, half of whom are in the nursing department. The specialists are not employees of the hospital. They rent the polyclinic facilities from the hospital and are obligated to have their patients clinically hospitalized and treated at the hospital. Around 26 medical specialists work for this private hospital. Medical services include general surgery, gynecology, radiology, pediatrics, neurology, dermatology, neurosurgery and psychiatry, among others.

Suriname has three state-owned hospitals and two private hospitals. State-owned hospitals are *'s Lands Hospitaal*, *Academisch Ziekenhuis*, located in Paramaribo, and *Streek Ziekenhuis Nickerie*, located in the District of Nickerie. The two private hospitals are *Sint Vincentius Ziekenhuis* and *Diakonessenhuis*. Additionally, there are several private clinics such as *Diatel Suriname*, a clinic that offers Suriname holidays for kidney patients. Other private clinics are *Diapura*, also a dialyses clinic, and eye clinic *I-Care*. Most medical analysis and scans can also be done in private facilities.

Total capacity of all hospitals is estimated around 1,300 beds. In addition, there are about 1,225 doctors in Suriname. Almost all health disciplines are available in Suriname. As a percentage of Suriname's total population, the rate of doctors is quite remarkable, both in the sense that a large number of people have become doctors, as well as in the sense that the potential doctor-to-patient ratio is extremely high. In 2008 around 6% of the total working population is employed within the healthcare sector.



7 INTERNATIONAL TRADE

7.1 Imports

Trade regime

Suriname deregulated trade in 1999. Everybody who is registered with the Chamber of Commerce & Industry is free to import and export goods without any additional license, with the exception of goods on the so called 'Negative List'. Goods included on this list are either forbidden to import or require a specific license and/or certificate or registration.

Negative List

Goods that require a license

Weapons

Firework

Narcotics

Mercury

Radioactive minerals

Wild animals and plants

Used tires

Animals, animal products and products of animals

Lings, plants and humus

Polychlorinated biphenyl (PCB)

Equipment containing polychlorinated terphenyl (PCT)

Pesticides

Goods that require a certificate

Medicines for animals and plants (MoA)

Medicines for people (MoH)

Micro-organism (bacteria, yeast, must) (MoH)

Waste

Refrigerators, airconditioners and all products with chlorofluorcarbons (MoH)

Remedy (MoA)

Goods that are prohibited for import

Pesticides (FAO negative list)

Chemicals (FAO negative list)

Second-hand passenger vehicles older than 8 years

Second-hand buses older than 10 years

Chemical and radioactive waste

Weapons and weapon related goods

Import of goods on the Negative List

To acquire a license one must file a request in three-fold with the Import, Export and Foreign Exchange Control Department of the Ministry of Trade and Industry. Requests for import and export licenses can be filed using the H-03 form, while transit licenses can be filed using the G-entry forms. Possible certificates are provided by the Ministry of LVV and the Ministry of Health (MoH).

Documents required for the import of goods:

Document	Concerning
IT form	International trade transaction form for registration of goods and services
Single administrative document	A form used for the registration of the entry of goods
Airway Bill/Bill of Lading	Shipping document from the airway company or shipping company
Invoice and possible Certificate of Origin	The Certificate of Origin states from which country the goods originate
H-03 license	A license granted by the Import, Export and Foreign Exchange Control Department of the Ministry of Trade and Industry for goods on the Negative List
Certificate from a specific institution	A certificate granted by the concerning institution for goods on the Negative List

Documents required for transit of goods are:

Document	Concerning
Letter	A cover letter requesting permission to import the goods in question
G-entry form	A form stating an amount worth 5% of the CIF value from goods from Brazil and 15% of CIF value for goods from other countries
Airway Bill/Bill of Lading	Shipping document from the airway company or shipping company
Invoice	Invoice of the concerning goods



7.2 Exports

Due to the deregulated trade regime, all goods are exempted from export licenses. However, there is also a Negative List that includes goods that are forbidden to export or goods that require a license for export.

Goods for which export is prohibited

Antiques

Chemical weapons

Wild animals and plants

Goods requiring a license

Round logs, bark wood, letter wood

Explosives

Narcotics

Medical herbs and plants

Gold final products and precious metal end products

Requests for exporting prohibited goods can be filed with the Ministry of Trade and Industry. Requests for licenses export goods that require a license can be filed with the Import, Export and Foreign Exchange Control Department of the Ministry of Trade and Industry through H-99 form.

7.3 Regional agreements

Agreement	Year of entry	Goal
CARICOM	1995	<ul style="list-style-type: none"> Economic cooperation through the Common Market Creation of common services & functional co-operation Foreign policy coordination
Cotonou	2000	A collaboration between the EU and the ACP members regarding the area of development aid, trade and economic collaboration and cultural, social and regional collaboration
Dominican Republic	2005	Liberalization of goods from the Dominican Republic and CARICOM countries
Cuba	2005	Liberalization of goods from Cuba and CARICOM countries
CSME	2006	<ul style="list-style-type: none"> Economic integration Functional cooperation Coordination of foreign policies
Cariforum - EPA	2007 - 2008	<ul style="list-style-type: none"> Deregulation of imported goods from EU countries





Handwritten text on a pink paper posted on the wall, possibly a calendar or a list.

Handwritten text on a chalkboard, including a drawing of a plant and some words in a local language.

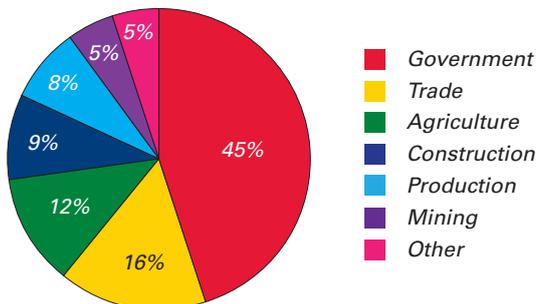


8 LABOR MARKET

8.1 Labor market structure

General

Due to the economic growth in recent years, employment in Suriname has increased significantly. Approximately 7,800 new jobs were created between 2003 and 2006. According to the Surinamese General Bureau of Statistics, Suriname had a working population of around 156.705 at the end of 2007.



Wages

Wages in Suriname for similar jobs vary greatly per company and per sector. To foreign investors, wages for outsourcing activities and in the mining sector are very attractive. Wages in the production sector are less competitive compared to other countries in the region. The Government of Suriname is preparing for the introduction of a minimum wage system in the near future.

Educational level

The education system in Surinam includes preschool, primary, junior secondary, senior secondary and tertiary education. The Anton de Kom University of Suriname has faculties of medicine, social science, economics, technology and natural resources. Suriname also has six higher vocational education institutions under the Ministry of Education and Community Development. There are several bachelor institutions that focus on professional skills and theoretical knowledge (*Hoger Beroep Onderwijs instellingen*).

Overall, people in Suriname are equipped with a fine education and well developed basic skills. As a result, the coastal area has a literacy rate of 93% among adults. The literacy rate of the entire country is 88%. The country's ethnic diversity adds

People in Suriname are equipped with a fine basic education and well developed basic skills

to the ability of Surinamese people to mix well with people from other cultures. Surinamese people are also perceived as being very flexible and willing to take on different tasks when fulfilling their job. Moreover, they are generally bilingual and usually speak both Dutch and English well.

8.2 Labor/Industrial regulations

Labor rates

Labor rates in Suriname vary considerable from one company to another. This is partly due to the fact that Labor Law specifies no minimum wage. Most of the larger private companies in Suriname have labor agreements specifying wage rates, and so does the public sector.

Retrenchment rules and procedures

The Dismissal Permission Act 1983 regulates termination of the working relation between employers and employees. Under this act, employers need permission in the form of a dismissal permit from the Ministry of Labor before they can fire an employee after the probationary period has ended. No dismissal permit is required in the following cases:

- The termination of the labor-agreement is bilateral
- The employee is in his or her probationary period
- The agreed-upon working period has passed
- Urgent matters lead to termination

Foreign workers

Under working permits legislation, foreign companies are required to give preference to hiring local nationals. Foreigners require both a residence permit and a work permit to work in Suriname. The residence permit can be obtained from the Ministry of Justice and Police. The work permit can be obtained from the Ministry of ATM.

Residence permit

Foreigners are allowed to stay up to six months without a residence permit, provided that they have a valid visa and a roundtrip ticket. After six months a residence permit is required. A residence permit is valid for two years, after which a request for renewal has to be filed.



Required documents for a residence permit

1. Completed application form in duplicate
2. Stamp of SRD 1.50
3. Two passport photos
4. A police certificate of good behavior from the country of origin
5. Allowance money
6. A fee of US\$ 150

Tabel 8.1 Required documents for a residence permit

Work permit

The employer and employee jointly file for a work permit. Further information is available at the Ministry of ATM.

Legal obligations for employers

Employers are required to insure their employees against the financial causes of job-related accidents and illnesses. Employers are also required to withhold 2% of the gross wages for premium payments to the General Old Age Pension fund (AOV). Employers do not have any legal obligation to arrange a supplemental pension plan for their employees. However, most of the larger companies do offer a pension plan through collective labor agreements. Employers often pay for the cost of medical care of their employees although there is no legal obligation.

Other relevant facts and information regarding labor and labor regulations are:

Regarding	Facts and information
Paid vacation	According to the Holidays Act the minimum number of vacation days for the first uninterrupted calendar year of service is 12 days for the first year and an additional 2 days for each additional year, up to a minimum of 18 days after the fourth year and thereafter.
Sick leave	In general employees hand in a doctor's note for sick leave.
Maternity leave	The law does not oblige a fixed period for maternity leave. The best practice is 6 weeks before and six weeks after childbirth.
Social Security	All employees have to be insured through the "Surinaamse Ongevallen Regeling".
CARICOM Nationals	Under the Free Movement of CARICOM Skilled Nationals Act, all CARICOM nationals can apply for recognition of the status of CARICOM skilled national. Once that status is awarded, the CARICOM national is entitled to work in other CARICOM territories of countries participating in the CSME and has unrestricted access to the labor market.

Table 8.2 Relevant facts and information regarding labor and labor regulations

8.3 Trade unions

The unions in Suriname are active in the private and the public sector. Most employees are members of one of the seven union federations.

Union Federations
PWO (Progressive Workers Organization)
C-47 (Progressive Union Federation 47)
AVVS (General Alliance of Unions in Suriname)
OSAV (Cooperation of Autonomous Unions)
FAL (Federation of Farmers and Land Laborers)
CLO (Civil Servants Unions)
COL (Central Consultation Organ of Civil Servants Organizations)

Table 8.3 Union federations

Ministerie van ATM

Department: *werkvergunning
vreemdelingen*
Wagenwegstraat 47
T 475241
E bemiddeling@sr.net
www.atm.sr.org

~ 90,000 children in
320 primary schools

Ministry of Justice and Police

Department for Residence Permits
Mr. Dr. J.C. de Mirandastraat 10
T (+597) 478592/470995
www.juspolsuriname.org





9 QUALITY OF LIFE

9.1 Healthcare

As mentioned in chapter 6, the overall level of medical knowhow and experience is relatively high. Altogether Suriname has around 1,300 hospital beds, there are 1,225 doctors and almost all health disciplines are available. Suriname has four state-owned hospitals and two private hospitals. The general level of sanitation and health in Paramaribo is considered to be fair. Dengue and malaria remain a threat in all of Suriname. HIV/AIDS rate is around 3%.

Life expectancy is 71.6 years. Death rate is around 6.8 deaths per 1,000 persons. About 80% of all births take place in a hospital. Infant mortality rate was 15.9/1,000 live births.

9.2 Living

Accommodations

Suriname has many hotels, motels, lodges and guesthouses, as indicated in chapter 6. The primary business hotels are Torarica (with Royal Torarica and Eco-Resort), Marriot, Krasnapolsky, Best Western and Residence Inn. Accommodations exist for every budget.

Restaurants

Countless restaurants are located in Paramaribo. They range from casual to trendy and from budget to haute cuisine. The cultural diversity also expresses itself in the international cuisine, which ranges from spicy curried Hindustani cuisine to complex Javanese food. In short, there is a tremendous offering of delicious food. Some good business restaurants include Torarica, Fa Tai (Chinese), Lucky Twins (Chinese), Martin House of Indian Food, Joosje (Indian), Mirosso, Jawa (Javanese/ Indonesian), Un Patu (Surinamese/Creole), Waaggebouw (European), Garden of Eden (Thai).

Service club & volunteer work

There are many non profit and social organizations, including a Diplomatic Ladies Group (consisting of female embassy and consulates workers in Paramaribo), Rotary, Lions, Kiwanis, Jaycees, Salvation Army and Red Cross.

Suriname has the lowest crime rate in the region

Shopping

Shopping malls such Hermitage Mall and Maretraite Mall are gaining popularity. More traditionally shopping can be done at the Central Market on the riverside of Paramaribo, or the market in Nieuw-Nickerie. Fresh herbs, fresh fruit and fresh fish can be found here. Also electronics, clothes, art or jewelry made of Surinamese gold can be found at the market.

Sports & relaxation

All sorts of sports are possible in Suriname, such as swimming, golfing, tennis, volleyball, basketball, soccer, horseback riding and sport fishing. There are four private clubs that have among others swimming pools and tennis courts. Some hotels offer the use of their swimming pool to non-guests. Of course is a visit to Suriname's incredible lush rain forest a must.

9.3 Safety

Suriname is safe compared to its surrounding countries and has the lowest crime rate in its region. Since 2004 the number of crime incidents is declining. Also Suriname's homicide rate is relatively low compared to the surrounding countries.

Suriname is not a signatory of the UN Convention Against Corruption. Accepting or giving a bribe is a crime punishable by a fine or a prison sentence of three months to five years, depending on the severity and amount of the bribe. Corruption however is a problem. An anti corruption act is in the making. Transparency International ranks Suriname 72 of 180 in its 2008 corruption perception index.







10 TESTIMONIALS

"Berenschot has a long and extensive record in providing consultancy and (project) management services in a broad range of countries. Berenschot was founded in 1938 in the Netherlands, and holds an impressive track record within both the public and private sector, as well as within the not-for-profit sector. Although originally mainly active in the Netherlands, Berenschot nowadays explores activities in many countries in Europe, Africa, Asia and Latin America. In this respect we also maintain a broad experience in issues of international cooperation and development.

Berenschot is currently involved in the implementation of the Twinningfaciliteit Suriname Nederland, which - together with our Surinamese partner Nikos - is currently managing over a hundred projects in Suriname, in various areas: education, health, culture, tourism, welfare, etc. During our presence in Suriname we have built an extensive network of key figures within the Surinamese society. We are dedicated to contribute to the development of Suriname, by means of making available our broad knowledge and experience".

Luc Steenhorst (Member of the Board at Berenschot)



*A premier ecotourism
destination and global
leader in nature
conservation*

“What makes Suriname unique in terms of investment opportunities? What sets Suriname aside from other emerging economies is its place among the High forest cover, low deforestation countries, combined with a strong international recognition as a premier eco-tourism destination and global leader in nature conservation. This combination provides for an entire range of interesting and potentially lucrative business venture opportunities. Interestingly enough, the current lack of competitive banking and entrepreneurial support structures, which result in exceedingly high barriers to capital, place the conversion of these opportunities well beyond reach of most local businesses and entrepreneurs. A catching example of what happens when existing local opportunities and business leadership are combined with adequate external financing, is the uncontested success of the Bergendal Eco resort where local banks have joined forces with international financing institutions including the IADB Group and regional investors to finance the largest investment ever in the interior of Suriname. Bergendal is the example of sustainability combining profit, people, planet and heritage in an unique and unprecedented manner in Suriname”.

Shirley Sowma (Chief Executive Officer of C. Kersten en Co. N.V.)

“Investing in Suriname means taking advantage of a market with so many opportunities. What makes this process so unique in Suriname is the ease and speed by which investors can be connected with the right organizations and the right people to get the job done. Due to the informal business culture relationships and subsequent investments can be carried out a lot faster than in many other countries where ‘red tape’ can mean all the difference between an opportunity gained – but also lost. One of Hakrinbank’s unique services is providing that introductory network support to investors and guiding them on their own journey in taking advantage of those opportunities every step of the way”.

Steven Coutinho (Chief Commercial Officer of Hakrinbank N.V.)

“KPMG sees Suriname as a country full of potential. Suriname has proven to realize economic growth while the world was in the financial and economic crisis. There are all the ingredients to accommodate long term growth: abundant natural resources, safe working environment, improving investment climate and a motivated and skilled workforce. As KPMG we are committed to support the further growth of the Surinamese economy and are here to support investors, whether national or international, who are considering to invest in Suriname”.

Victor Bergisch (Managing Director of KPMG Assurance Services N.V.)

*There are all the ingredients
to accommodate long term
growth*

"The future of tourism in Suriname.

The attraction to invest in Suriname is due to the fact that this country is part of the Amazon basin, known for its biodiversity and virgin rain forests. In addition, the global trend is appreciation for the environment. The key to maintain this is to invest in sustainable eco-tourist attractions. The unique combination of virgin rain forests, a multi-cultural society and hospitable people, constitute the most important ingredients for Suriname for a competitive tourist product. Tourism is on the verge of a spectacular growth, so the time is now to invest in this sector".

Ernie de Vries *(Chairman of the Association of Surinam Tour Operators)*

"A tip from RBTT bank for (new) investors.

As a potential investor, you need only go as far as the nearest commercial bank for a better understanding of what lies ahead. Suriname has a well developed banking sector, which has had limited exposure to the international financial markets and withstood the global economic crisis reasonably well. Apart from providing essential financial services, a conversation with a banker may be just what you need to get your business venture off the ground. Bankers are generally well informed about the business and investment climate, about what is involved in doing business in the country and will provide critical information on the legal, regulatory and other requirements involved in setting up a new enterprise or embarking on a commercial venture. Your banker will also direct you to other experts or relevant authorities for any additional information and support. While all of the answers may not reside at the bank, your banker can certainly put you on the right track to further explore your opportunities".

Peter Ng ATham *(President of RBTT Bank (Suriname) N.V)*

*Suriname withstood the
global economic crisis
reasonably well*





Colofon

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