

INSIDER VIEW

republic of Suriname



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Jump-starting the economy

SURINAME'S YEAR-OLD ADMINISTRATION HAS ALREADY ACHIEVED THE TWIN PRIORITIES OF STABILIZING THE EXCHANGE RATE AND BRINGING DOWN THE DEFICIT. THE CHALLENGE NOW IS TO CREATE A FAVORABLE CLIMATE FOR INVESTMENT

THE RETURN to power last year of president Ronald Venetiaan and his team has put an end to the political and economic crisis that had forced his predecessor, Jules Wijdenbosch, to call early elections.

In less than one year, the new Venetiaan government has pulled the economy out of a nose dive and begun to apply the structural reforms it initiated during the president's previous term of office, from 1991 to 1996.

Although the belt-tightening may be painful in the short term, Mr. Venetiaan sees it as necessary



RONALD VENETIAAN
President of Suriname

in order for Suriname to attract foreign investment, stimulate the private sector and meet the challenge of integration into the Free Trade Area of the Americas (FTAA) in 2005.

Already, after less than a year in office, Mr. Venetiaan says: "we think we can now present better conditions to those who want to invest in Suriname. When we took over in 2000, we had obvious economic problems, such as the exchange rate running wild, the lack of foreign exchange that was badly needed for imports, the government deficit," he recalls.

In response, "we put an end to the so-called monetary financing of the budget deficit [that is to say, simply printing more money to pay the bills]. We have a different policy to deal with the deficit, which still exists," he says. But while the government has scored successes in stabilizing exchange rates and bringing down the deficit, Mr. Venetiaan recognizes that the reform measures have "had some unavoidable effects for households."

"Household budgets became



With macroeconomic stability in place, Suriname's capital, Paramaribo, is facing the future with renewed optimism.

tighter, as one of the measures could be termed a devaluation of the Suriname guilder, which obviously had an effect on families," he admits. "We tried to counter that with some measures, but at the moment we cannot say we have met all the requirements with regard to households, and we still need to work on that."

What is required at this point, the president believes, is that the private sector speedily take advantage of the opportunities the liberalizing reform measures are creating for it.

Since the government, following the guidelines of the International Monetary Fund, is liberalizing the economy and reducing its

own role in economic activity, private investors should "respond to the improved conditions put in place by stepping forward and investing and coming up with initiatives in the areas of economy, production, business and trade," he says.

In keeping with the goal of attracting foreign investment, Mr. Venetiaan hopes to qualify his country for the U.S. Caribbean Basin Initiative (CBI), which would open American markets to most exports from Suriname. Just as Suriname has lagged behind in qualifying for the CBI, it was late in joining the CARICOM (Caribbean common market), becoming a member just six years ago.

The task the country now faces

is preparing itself first for CARICOM's Single Market and Economy and then for the FTAA. Mr. Venetiaan's trade and industry minister, Jack Tjong Tjin Joe, sees this as an enormous challenge, given that Suriname still imports more than it exports. "FTAA means that all import barriers will be removed, and that means we will have no income from import duties," he points out.

The minister feels that the only course is to rapidly "create a favorable investment climate" in order to increase production, and, therefore, exports. "We know that the FTAA will bring great changes to our hemisphere and sub-regions, to the Caribbean and Suriname", he adds, "so of course we are preparing ourselves to be able to take advantage of the possibilities."

Suriname is due to complete its integration into the FTAA in 2005

FACTS & FIGURES

POPULATION
431,303
(July 2000 est.)

AREA
163,270 sq. km.
Slightly larger than the state of Georgia

CURRENCY
Suriname Guilder (SRG)

EXCHANGE
1 U.S. dollar=976.095 SRG
(August 2001 est.)

CAPITAL
Paramaribo

GDP
Suriname's GDP is US\$1.48 billion
(1999 est.)

RESOURCES
The country's natural resources include timber, hydropower, fish, kaolin, shrimp, bauxite, gold, and small amounts of nickel, copper, platinum and iron ore

INDUSTRIES
Bauxite and gold mining, alumina and aluminum production, lumbering, food processing and fishing

New investment code to boost private sector

SURINAME'S ECONOMIC performance this year offers ample reason for optimism. A recent report by the International Monetary Fund (IMF) forecasts 2% growth for 2001 with a declining inflation rate, in sharp contrast to the economic recession, accompanied by high inflation, in 1999 and 2000. Although 2% growth may seem modest, it's quite an achievement for the new government, given that last year's decline was officially 8%, without taking into account the "informal economy". The president of the Central Bank of Suriname, André Teltling, is convinced there will be further progress in the coming years, al-

though he fully recognizes the dimensions of the challenges still to be met. "We see Suriname recovering economically, we see the exchange rate stabilizing, the macro-economic environment improving remarkably, and the government deficit reduced," he says.

The debt is the main problem area identified in the IMF report, which notes that despite increased revenue from stricter new tax measures, the government will not be able on its own to raise enough to meet this year's foreign debt payments, amounting to around US\$50 million dollars.

Suriname will have to resort to its

guarantee fund agreement with the Netherlands to meet this year's obligations. The new government's goal, however, is not only to cover current debt service, but also to catch up on the arrears it inherited from the previous government and thereby improve the country's credit rating.

"We are doing our utmost to clear our arrears. We have no IMF loans, so that's no problem, but we do owe some money to the European Development Bank," says Mr. Teltling. As minister of trade and industry, Jack Tjong Tjin Joe, confirms, "we stopped monetary inflation immediately when we first took office. Since then we have

made an inventory of all the debts, all the outstanding loans, and are committed to paying them off." Another problem pointed out by the IMF is the strength of the in-



JACK TJONG TJIN JOE
Minister of Trade and Industry

formal economy, which is seen as holding back the expansion of the GDP. Mr. Teltling recognizes that this is "a very difficult issue" that can only be solved through the formal economy "opening up perspectives for investors".

One step toward encouraging entrepreneurs is the new Investment Code now being discussed in the Parliament and in consultation with trade union and business leaders, which Mr. Teltling believes "will cover all the needs of local and global investors."

Investment is the key to job creation, which in turn will enable the government to reduce its costly civil service payroll. The

new investment code will be crucial in this respect, believes Mr. Tjong Tjin Joe. "If you want investors, you have to make the climate favorable for them. I see the new investment law as a passport to increased trade and production."

The trade and industry minister concludes by noting that, "if private enterprise is the engine of growth, I think the public sector should facilitate the work of the private sector." Suriname has no lack of potential, the minister points out. A country with such unexploited natural resources, he says, "should be like heaven on earth for investors."

INTERVIEW

Country welcomes new growth perspective

SURINAME'S CENTRAL BANK PRESIDENT, ANDRÉ E. TELTING BELIEVES THE KEY TO FUTURE GROWTH IS TO ATTRACT INVESTMENT THROUGH MACROECONOMIC STABILITY AND A REVITALIZED BANKING SECTOR

Creating a favorable climate for foreign investment and growth, primarily through a balanced budget and currency exchange stability: that's the goal that the president of the Central Bank of Suriname, André E. Telting, has set for himself, as he outlines in the interview below.

You resumed the position of central bank president less than a year ago with one top priority: to reduce the government deficit. Where do you stand on this major issue and what remains to be done?

There was more than one major issue, of course. Reducing the deficit was one issue, stabilizing the exchange rate was another very, very important issue, I should say the most important issue. And of course both were meant to bring down our inflation rate. On September 15th of last year, when I reassumed this position, we got started right away on the budget deficit,

in very close co-operation with the finance minister. One month later, in October, the government launched a program to reduce the deficit. It was implemented immediately and its effects have already become apparent in the past few months. We are trying to keep the deficit at 3% of GDP.

And the exchange rate is now fluctuating within a margin recommended by the International Monetary Fund?

Yes. The IMF recommends a margin of only 2%. When in October we saw the exchange rate going as high as 3,000 Suriname guilders for one dollar, that was a huge difference with the official rate. So we applied currency bands at that time to bring down the exchange rate. It was a risk but it worked. It brought down the parallel exchange rate, and since the end of March and the beginning of April this year the two rates have coin-

cided. Only yesterday did we see a small gap opening, but it's all part of the business, we have to see how it moves. Maybe we should follow the increased parallel market rate. Suriname does not have a fixed exchange rate. We can move whenever we deem it necessary.

The IMF mission which was here in January gave very high marks to your administration, yet they felt the measures taken are not extensive enough. What is it you have to do now to keep moving forward?

First of all, we are now in the process of dealing with the labor unions with regard to wage increases. This is a very difficult issue. So first of all we have to settle the wage issue, then we will know exactly what measures we will have to take to bring the government deficit within the 3% margin. That won't be easy, maybe it will take more than one year, perhaps it will be two or three years before we

can reach this goal. But we will go on moving. First of all we are in the process of presenting a new draft law on the state debt. We want to make new legislation to prevent the government debt from exceeding safe limits. Aside from this we have been dealing with the Dutch government and our guaranteed fund which we have there, and we want to take out a loan to restructure our government debt. In particular, we want to convert some of our domestic debt into long-term foreign debt.

The IMF predicts 2% economic growth this year. What is your prediction?

Well, we've been discussing this with the IMF, and that is the least we can do, and I truly believe that we'll do better than that. You know, the really important thing is that there is growth, because the last two years we have seen no growth, growth was negative, the economy was contracting.

Now to boost this economic growth, everybody seems to agree that what is most important is to expand the productive sector. The banks obviously have a leading role to play in this. What do you expect from them, what can you do to push the banks to change their attitude and be easier on loans?



ANDRÉ E. TELTING
President of the Central Bank of Suriname

First of all, the IMF recommended that we abandon the system of credit ceilings which we used to work with in the banks and go with this new system of reserve requirements. We think this will trigger the banks to compete more and to be more attractive to investors. Because of what we are going to do, after we have stabilized the exchange rate and lowered inflation, we are sure to lower interest rates, because they are currently too high.

"We have launched a program to keep the budget deficit at 3% of GDP"

Oil sector sees future in partnerships

COMMODITY-RICH SURINAME IS LOOKING FOR FOREIGN PARTNERS TO PARTICIPATE IN THE EXPLORATION OF ITS HUGE ON- AND OFF-SHORE OIL RESERVES, BELIEVED TO EXCEED ONE BILLION BARRELS

SURINAME'S ABUNDANT natural resources include not only gold, but 'black gold' as well. The country has proven reserves of 175 million barrels, but further exploration in near- or off-shore areas might push that figure as high as one billion barrels of crude oil.

The state-owned petroleum monopoly, Staatsolie, determined to accelerate the already respectable rate of growth of oil production, is now preparing to reach out to foreign partners.

Drilling rights to a total of 17 exploration blocks are to be auctioned off over the next three years, beginning later this year with one onshore and six near-shore blocks. The contracts will also involve pro-

duction-sharing agreements. Staatsolie will hold a seminar in Houston at the end of next October to explain its offer to those companies having previously shown interest, which will then have six months to study the data and tender a bid.

The managing director and founder of Staatsolie, Eddie Jharap, is sparing no efforts to connect with appropriate partners, which he expects are likely to be new or medium-sized firms. "You have to keep promoting the open acreages, and the more data you have, the better your chances of attracting somebody's attention will be," he says. "The competition (with other countries seeking foreign partners) is growing," he notes. "The time when countries would wait passively until an oil company came is almost gone. The companies can comfortably select the best possibilities, in technical as well as financial terms."

In this respect Mr. Jharap is pleased that the new government has approved an amendment to the Petroleum Act on taxation which will be "very accommodating, by removing companies' fears that tariffs might change if their exploration is successful." He explains that "the law will guarantee that the tariffs for taxes and income taxes will remain fixed for the term of the contract."

With this provision on tax stability, Mr. Jharap feels, the conditions for



EDDIE JHARAP
Managing Director of Staatsolie

investment in the petroleum sector have been further improved. He points out that "Suriname is a place that has been open to foreign investment for a long, long time," and adds, as an example: "Alcoa has been here since 1915 or so." According to Mr. Jharap, the record shows that "despite internal political developments from time to time, Suriname is very strongly consistent with respect to foreign investment." For foreign oil companies coming to Suriname, the production sharing agreement which will be linked to the drilling rights contract is the best formula, Mr. Jharap feels. "They'll have as a partner Staatsolie, which has the operating experience in this country and which can help them develop relations with various government institutions, also becoming the link, the government agent," he says. Staatsolie plans US\$100 million of investment over the next four years, boosting production from 13,000 to 20,000 barrels per day by 2004 and maybe expanding the capacity of its refinery for Saramacca crude from 7,000 to 8,000 barrels per day.



Staatsolie is auctioning off drilling rights to 17 exploration blocks over three years.

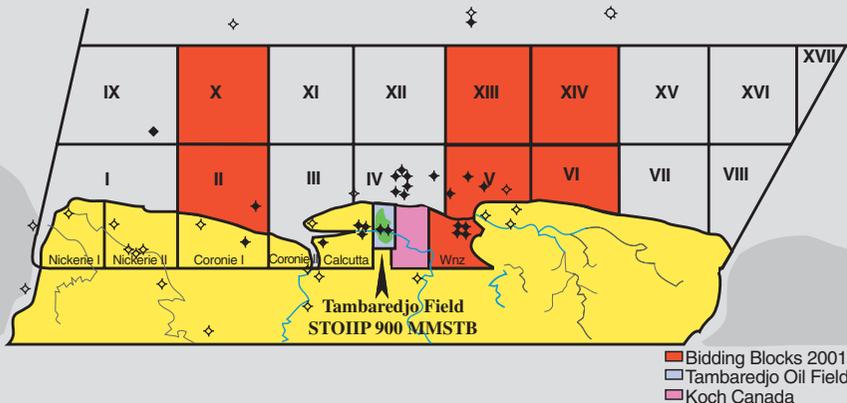
STAATSOLIE

Suriname 2001 International Bidding Round

Open: November 1st 2001 - May 2nd 2002

**6 offshore blocks
and
1 onshore block**

Available Data:
5,000 km 2D-seismic lines (WesternGeco spec survey 2001)
30,000 km 2D processed seismic lines
Data of 21 offshore wells



Staatsolie Maatschappij Suriname N.V.
Dr. Ir. H.S. Adhinstraat 21, Paramaribo, Suriname, S. Am.
Phone: (597) 499649 - Fax: (597) 491105
E-mail: bidding@staatsolie.com Website: www.staatsolie.com

diversity drives a growing economy

ALTHOUGH MINING AND AGRICULTURE REMAIN SURINAME'S MOST LUCRATIVE FOREIGN EXCHANGE EARNERS, THE THREE INTER-RELATED SECTORS OF TRANSPORT, COMMUNICATIONS AND TOURISM ARE SHAPING UP AS THE FUTURE PRIME MOVERS OF AN ACCERELATING AND INCREASINGLY DIVERSE ECONOMY

THE SURINAMESE economy is among the 20 richest on the planet in terms of natural resources. The tiny former Dutch colony on the northern coast of South America sits on top of billions of barrels of untapped oil reserves and is one of the world's top producers of bauxite, the raw material in the production of aluminum. Gold, diamonds, platinum, manganese, copper, nickel and iron ore complete the list of mostly unexploited metals and minerals that, along with agriculture, have become the undisputed pillars of the Suriname economy.

Four-fifths of Suriname is covered by rainforest, another natural resource that doesn't need to be mined or pumped from the ground. In fact, the secret of exploiting this resource's potential lies in keeping it just the way it is. Through the preservation of its Amazon rainforest, Suriname hopes to spur a blossoming ecotourism industry into becoming a major economic force. And tourism, the government says, along with transportation and communications, comprises an-

other important pillar of economic development—a three-tiered pillar that would crumble if any of the parts were removed.

The fact that a Ministry of Transport, Communications and Tourism exists in Suriname is a clear indication of how inseparable these sectors are in the government's scheme of things. And according to the holder of that ministerial portfolio, Guno Castelen, most of the focus must be placed on tourism, "the promotion of which is one of the major objectives of my ministry."

Tourism, he says, is the common denominator that will spur growth in both the transport and telecommunications industries and is an attractive sector in which to invest because of the relatively low development costs.

Mr. Castelen acknowledges, however, that overseeing a three-tiered pillar requires a strong sense of balance; luckily he has the full support of the government, the international commu-

nity and of the business leaders of the sectors in which his ministry operates.

The Maritime Authority of Suriname (MAS), for example, has played a key role in the country's drive to become a more export-oriented economy by making sure that the sector's infrastructure can keep products moving at a safe and steady pace through the country's rivers and seaports.

MAS works closely with the country's port authority, N.V. Havenbeheer Suriname, which is hoping to make the Port of Paramaribo a transshipment point for Guyana, French Guyana and northern Brazil. A US\$20 million European Union funded project to modernize the port will go a long way towards turning that hope into reality.

And while Suriname's many rivers provide tourists with the transportation means needed to reach the most secluded jungle reserves, getting the tourists to the country in the first place is a bit trickier.

The ecotourism industry depends on preserving Suriname's virgin rainforest



The streets of Paramaribo. Suriname's capital is a vital city that abounds in Dutch colonial architecture.

In the mid-1990s, the U.S. Federal Aviation Administration (FAA) stripped Suriname of its so-called Category I status, which has prevented the national flag carrier, Surinam Airways (SLM), from flying its jets into the United States to pick up eco-tourists.

The problem stems from an outdated civil aviation law that is now under revision, and not because of any safety violations on the airline's part. New legislation is due to pass soon, after which the FAA will upgrade the category and SLM will once again be on its

way to Miami and striking up joint venture deals with other international carriers.

The tourist industry will also get a boost from improvements being carried out at the Zanderij airport, including either the construction of a new arrival hall or the renovation of the old one. And if lawmakers go ahead with plans to eventually adopt an open skies policy, one can expect to see the number of visitors to Suriname skyrocket.

All these developments are taking place just as the state-owned

telecommunications company Telesur is making great strides towards fulfilling its commitment to provide the nation, secluded interior tourist destinations included, with a viable communications network.

As Mr. Castelen notes, "Americans are used to an easy life. They want optimal service. So it is important for them to know that an untouched interior is here waiting for them, and as they venture into the deepest parts of our Amazon rainforest, they will remain in touch with home."

INTERVIEW

'TOURISM IS OUR THIRD PILLAR'

SURINAME'S CURRENT MINISTER OF TRANSPORT, COMMUNICATIONS AND TOURISM BELIEVES THAT TOURISM IS SHAPING UP AS THE ECONOMY'S THIRD PILLAR ALONGSIDE MINING AND AGRICULTURE

AFTER SOME 10 months at the helm of Suriname's pivotal Ministry of Transport, Communications and Tourism, Guno Castelen acknowledges that he faces almost daily challenges as his government pushes the country towards sustainable development, while noting that the sectors he oversees play an important role in that goal. In a recent interview, the tireless Minister of Transport, Communications and Tourism expands on those challenges and outlines the steps his office is taking to fulfill its mandate.

Q: Where does your ministry fit into the govern-

ment's main effort to achieve social, financial and monetary stabilization while fighting corruption?

A: The country as a whole needs to increase production and earn income to finance other activities. This will be very hard. We recognize agriculture and the mining sectors as pillars of our economy, but we also must mention tourism as the third pillar.

When we took office, we said that transport facilitates trade and industry and is vital to the living conditions of our people. If your transportation system, your logistical system, is not



GUNO H.G. CASTELEN
Minister of Transport, Communications and Tourism

good, then there will be problems in other sectors, like tourism for instance. So we have a vital task in reaching the goals of this government. Improving our logistical system is one of the preconditions for sustainable and effective economic development.

Q: How is your ministry working to improve traffic problems in Suriname's road network?

A: When we took office, many of our roads were already in the process of being paved. Right now we are committed to working with the Ministry of Public Works to have a Road Authority funded and planned in the budget. But we also feel that having roads is one thing, we will also need solutions for the transportation system to

ease congestion, as there are a lot of cars and private buses. Taxi service is also an important issue. If we want to have a tourist product, then we'll need a quality taxi service, and we're working on that.

Q: What about maritime transportation?

A: We are working to improve that situation as well. Together with the European Union, we will invest millions of dollars to modernize and renovate our harbor by the year 2004, and there is still debate on expansion. The harbor was built for general cargo, and we want to be able to handle containers. We need to improve the harbor facilities not only for our own services, but also in order to be-

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CENTRALE BANK

The financial fore Clear ski



The **Centrale Bank van Suriname** has a lot to be proud of. With new management in place, the Bank has stabilized the exchange

rate within the targeted 2% margin, made notable reductions in the deficit and drawn up a draft for a new banking supervision act. Other ambitious

VAN SURINAME

**cast for Suriname.
es ahead.**

plans are also on the horizon to make investing in Suriname even more attractive to international investors. For more information regarding in-

vesting in Suriname, or the Bank in general, please contact us directly.

CENTRALE BANK VAN SURINAME

Waterkant 20, P.O. Box 18001, Paramaribo, Suriname

Tel: 011-597-473741, Fax: 011-597-476444

E-mail: cbvsprv@sr.net, www.centralebanksuriname.org



Preservation for the sake of the economy

WHILE GAZING out from a mountaintop perch over a lush canopy of trees that seem to go on forever, it is easy to see why many consider Suriname's Amazon rainforest as the country's most valuable and most abundant natural resource, and one the government and nature lovers have pledged to protect. There is no wholesale cutting down of trees allowed in Suriname, no matter how profitable or how quick the returns from the timber industry may be. Instead, the government has chosen to promote preservation as a means of economic progress, creating dozens of nature reserves and coastal wildlife parks in a bid to cater to the eco-tourism boom.

Leading the development of the

country's wildlife business is the Movement for Eco-Tourism in Suriname (METS), which the government established in 1962 but which is now an independent company part-owned by Surinam Airways.

METS is by far the largest eco-tourism tour operator in Suriname, organizing guided trips to the deepest regions of the of the country's rainforests, savannahs and coastal reserves. It recently opened up a Residence Inn in Paramaribo and one in Nieuw Nickerie.

"We are currently embarking on a marketing campaign to target Europe and the United States," says METS managing director Armand Bhagwandas. "We now feel that with the change in government we have more stability,

which is one of the main criteria to being able to develop tourism. And with this situation, we will be able to be self-supportive within two years."

Mr. Bhagwandas estimates that eco-tourism's contribution to GDP will grow during that period from its current 3% to a figure as high as 15%. He acknowledges, however, the need to upgrade the infrastructure and transportation network.

"What we really need is to put Suriname on the map. There's a great need for marketing, which up until now has been poor, as well as a need for an effective national tourist organization," Mr. Bhagwandas notes.

The Suriname Tourist Foundation (or STS in its Dutch acronym) hopes to fill that role.



The Movement for Eco-Tourism in Suriname (METS) organizes unmissable, once in a lifetime trips to the deepest regions of the country's Amazon rainforest.

The STS was founded in 1996 by the government and the chamber of commerce to manage an 800,000 euro (US\$680,000) fund that the European Union granted to Suriname to help develop the nation's eco-tourism industry over a three-year period.

A new Integrated Tourism De-

velopment Program has just been agreed upon—this time with 2.5 million euros going to STS—which will in effect turn the STS into that much needed national tourist organization.

STS executive director Dr. Edward Essed agrees that special efforts should be made to market the eco-tourism sector in

order to attract high-income tourists. "But we do not want to over-consume our product. Some 90% of the country is still covered with neo-tropical rainforest that can easily be destroyed. The product itself doesn't allow for mass tourism. We're happy with that and believe it should stay that way."

Transport charts new, improved course

SURINAME IS slowly but surely becoming an export-oriented economy, a key regional transit port where production is keeping pace with the rate of imports. The country's intricate system of river and maritime transport provides the infrastructure that keeps the goods moving smoothly, and the Maritime Authority of Suriname, or MAS, makes sure that the whole process is carried out safely and efficiently.

Formally known as the Department of Shipping, MAS has been a private enterprise since 1998, supervising the shipping sector in close cooperation with the government and with N.V. Havenbeheer Suriname, the country's port authority.

It does hydrographical work and aids navigation and piloting of ships through the country's maze of rivers and pilots the ferries to and from the seaports, says MAS director Eddie Fitz-Jim, a seasoned master mariner who sailed the high seas for years before returning to Suriname in 1997 to work for MAS, which was still a department of the Transport, Communication and Tourism Ministry at the time.

He says MAS's main objectives are to guarantee safe and efficient passage of ocean-going vessels to and from Suriname on the basis of internationally-accepted standards and regulations and in conformity with treaties ratified by Suriname.

MAS also sees to it that statutory provisions pertaining to shipping and maritime traffic are duly observed.

Like most of the major players in the industry, Mr. Fitz-Jim shares the view that Suriname has a genuine possibility of becoming a gateway to South America.

"But we can't wait for it to come to us," he warns. "We have to go and get it. We have to do certain things to try and gain such

a function. It would be a real possibility to serve as a gateway to the interior of Brazil for instance with the traffic from the north coast of South America, from Africa and the Eastern regions. But if Suriname wants to

gain these possibilities, it will have to fight for it."

Mr. Fitz-Jim notes, however that some improvements will have to be made, like increasing the depth of the river mouth as it hinders big container vessels from entering the main ports.

John A. Defares, general manager of N.V. Havenbeheer Suriname, is convinced that Suriname has a competitive edge that can be used to make the Port of Paramaribo a transshipment point to Guyana, French Guyana and northern Brazil.

A good part of that leverage comes from a nearly US\$20 million project with European Union funding that is currently being prepared for the modernization of the port. But first a study currently underway needs to be



JOHN A. DEFARES
Managing Director of
N.V. Havenbeheer Suriname

completed to determine future needs based on economic forecasts for both Suriname and the region over the next 20 or 30 years.

"We have to take certain things into account before we can modernize, expand the port and strengthen its organization," Mr.

Defares explains.

"For example, what do you do with the oil facilities? Are we going to import oil at current volumes, or will the state-owned company in two, three or four years' time at the most develop itself to the extent that diesel—which comprises 80% of the imports—need not be imported anymore? Will the volume of the refinery be such that export accommodation will be needed here at the port? And given the implications of the future free trade agreement of the Americas, what will the needs of the port be then? What will the economic development of the country be like?" Mr. Defares asks.

Mr. M.A. Bilkerdijk, general manager of the SMS-Suriname Line shipping agency, agrees with the port authority chief concerning the need for port improvements and an extensive study.

"Policymaking and carrying out the underlying studies to ascertain the situation are the important things," says Mr. Bilkerdijk. "It's not enough to say 'OK, let's do it'. We must remember that Suriname could become very strategic in the region, as we have things the Caribbean doesn't have. But we also need to take into consideration that we have problems, and if we want to attract big business and be competitive, we are going to have to do something about it. The volumes we are handling here are small in comparison with the big ports."

Air transport sets sights on Miami

WITH TOURISM playing such an important role in the Suriname government's economic development plans, a lot of attention these days is being given to the national flag carrier, Surinam Airways (SLM), with the big issue centering on how the state-owned airline should be run. Should it play a social role and provide cheap transportation to the Surinamese people, or should it be profit-driven and therefore target an international segment of foreign tourists and business travelers?

Ideally, SLM wants to be a little of both. But before the latter can happen on a large scale, Suriname must regain Category I status with the U.S. Federal Aviation Administration (FAA) after being downgraded to Category II about seven years ago.

The lower category means that aircraft registered in Suriname cannot fly to the United States. "It's more a question of the laws as opposed to the situation of the company, the flight department or the maintenance," explains SLM president Robbi Lachmising, a ten-year veteran of the Dutch airline KLM.

"The Surinamese civil aviation law is outdated, it was written in 1920



N.V. Havenbeheer Suriname is overseeing the development of the port of Paramaribo.

Suriname

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and they never updated it. Action is therefore being taken. Our lawyer is on the committee that is drawing up the new law for Suriname. After it gets approval from the parliament, it will be filed with the FAA," Mr. Lachmising notes.

Once a new civil aviation act is passed, the FAA will send a commission to visit Suriname and officially reclassify the country as a Category I nation.

"Once that happens, the first thing we will do is make sure we can fly our own aircraft in and out of Miami. Further down the line we will look into boosting tourism in and around Miami," Mr. Lachmising says.

SLM is currently busy with other matters, like drawing up a comprehensive business plan with the help of the prestigious SHLE consulting firm.

"We aren't looking so much at competing with other airlines," Mr. Lachmising notes. "Instead, we want to form joint ventures in the same way that we have a joint venture with KLM. In the airline business everybody works together. You cannot create a successful business alone. It's just too expensive. So joint ventures



ROBBI B. LACHMISING
President of Surinam Airways

are what we are looking at and that very much depends on the study SHLE does for us."

The Zanderij Airport Authority, like SLM, is also awaiting government action on whether or not to enact an open skies policy for Suriname, a move that would likely hurt SLM, but an issue that will need consideration once work on the airport's master plan is completed. According to the Airport Authority's managing director, Rudi Wolff, the master plan includes upgrading cold-storage facilities, which will be a big boost to Suriname's export sector. The plan also includes either the construction of a new arrival hall or renovating the old one.

"Completing the cold-storage fa-



RUDI O.E. WOLFF
General Manager of
Zanderij Airport Authority

cilities will take about eight or nine months. Renovation of the hall or construction of a new one depends on the decision to be made by our government. If the decision is to build a new hall, then we're talking about maybe two or three years. If they decide to renovate, about one year," Mr. Wolff explains.

Concerning an open skies policy, Mr. Wolff has no doubts on how he would like to see the issue develop. "It would be much better for us, as airport management, to have open skies. I want to create a free zone. I want to create facilities for airfreight, aircraft and handling agents. But all that depends on the position of the government towards it.

"As an independent company, we have a commercial point of view, but the government has to protect the income of the home carrier and they have between 600 and 700 employees. We're in favor of open skies. If it were up to me, everybody would land here," Mr. Wolff concludes.

Telecommunications leader fine-tunes services

FOR A COUNTRY like Suriname, with its relatively small population spread across a comparatively large area, coming up with a viable communications network can be a genuine nightmare.

So far, however, the state-owned telecommunications company Telesur has done a commendable job considering the legal constraints it had to operate under during the previous administration and the current legislative hurdles it now faces in its bid to prepare for future competition.

While maintaining its commitment to bring affordable telephone connections to the interior of the country, Telesur managing director Iris Marie Struiken-Wijdenbosch says the company is now focusing its growth strategy on wireless services and higher revenue activities such as data transfer, as well as giving more attention to its corporate clients.

"We have a universal service obligation, so the fixed network is something we will continue to focus on, although our biggest focus is on business applications, which will give us certain leverage to carry out the other, universal service," she explains.

"Of course we will continue to focus on anything wireless, mean-



Telesur is deep in conversation with international partners.

ing the Internet, cellular telephony and so on. But at the same time we are also looking at the higher level streams such as the non-traffic matters like data-related services to give more attention to the business community," Ms. Struiken adds. The Telesur executive says flexibility in the sector is the key to success because the scope of the business is changing day by day. And those changes include the real challenge of future competition. Although the telecommunications sector in Suriname operates under a duopoly, the second operator, International Communications Management Services, is no real threat to Telesur.

The real competition, Ms. Struiken predicts, will come within about four years. "So our strategy is that we want to remain the major player when competition moves in, both for business and for residential. And that's what we're doing, basically because having a reliable telecommunications infrastructure is the best way to attract foreign investors."

Of course a liberalized communications sector will undoubtedly mean a change of the legal structure of Telesur, a fact that Ms. Struiken is well aware of. And instead of waiting until the last moment, she says she's tackling the problem now through corporate restructuring. "Corporate restructuring, and at the same time optimizing our basic network, our infrastructure. We are also trying to offer as many services as possible. It's the only way to deal with the future privatization issue," Ms. Struiken notes. "And we are fortunate to have international trade organizations backing us in this process, as well as Price Waterhouse, which is currently looking into the sector. So we are confident that when the time comes—and we prefer later than sooner—we'll be ready."



IRIS MARIE STRUIKEN-WIJDENBOSCH
Managing Director of Telesur



Surinam Airways is targeting joint ventures with other airlines.

'Our overall goal is to achieve safer shipping'

AFTER YEARS of sailing the world on mostly Dutch cargo ships, Maritime Authority of Suriname (MAS) director Eddie Fitz-Jim returned to his South American homeland to put that experience to work for the Department of Shipping and continued there when it became a private enterprise in 1998. In an exclusive interview, Mr. Fitz-

Jim explains his company's goals for the Suriname shipping industry.

Q: What is MAS and what are its current objectives?

A: We sell services to the shipping industry. We provide piloting for the whole of Suriname; hydrographic surveys, navigation aids, we do the buoys and beaconing as well as the maintenance, shipping inspections for inland vessels mostly, and at present we are in the process of doing the shipping inspection for the international shipping vessels as well. But that's a long process because we have to renew legislation, which we are busy doing at the moment. The overall goal is to achieve safer shipping.



EDDIE FITZ-JIM
Director of Maritieme
Autoriteit Suriname (MAS)

Q: Speaking of safety, how will it be affected as traffic increases among CARICOM nations and with the future hemisphere-wide free trade agreement?

A: Safety is a very big issue. That's why we joined the Caribbean Port state control. They are providing us with advice on how to implement safety regulations, as well on how to train staff on such issues. One of our ship inspectors is in Trinidad right now doing an advanced training course. Another of our inspectors did this course a couple of years ago.

Q: What are the company's plans over the next five years in terms of investment and new technologies?



The Maritime Authority of Suriname (MAS) is putting into practice an ambitious five-year plan for the country's shipping.

A: We have a five-year plan that includes several projects. There are further plans to reorganize the personnel and day-to-day administration. There are plans for the technical operation of the company as well as plans for investments in new technologies, such as hydrographic services, ferry markings and new administrative systems.

The five-year plan is closely monitored by our management which allows us to evaluate the achievements reached each year. One of our main challenges at the moment is getting good maritime legislation for Suriname. Work has begun on it, but it is going very slowly. We need to pick up the speed.



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come a player in the regional maritime system. We are also making improvements to our Maritime Authority, which used to be a government service but is now an independent company.

Q: Work is also being done to modernize and expand Suriname's airport. What is the current status of that project?

A: We just finalized the airport master plan, and we are now working on some cold-storage facilities for the export of fruits and vegetables and to import some necessary products. This is being done in cooperation with the Chinese government. We expect to have our cold-storage facilities within a year. We are also planning to improve our arrival hall at the airport to make an integrated air-

A multi-million dollar renovation of Suriname's harbor area is underway

port terminal with an arrival and departure hall. We are now creating the preconditions for better trade and better industrial practices through the fluent, efficient and effective flow of cargo.

Q: As well as the free flow of data and information?

A: Yes. There is free market competition in the media sector and as far as telecommunications is concerned, we have committed ourselves to ITO and WTO recommendations. We will have a duopoly in Suriname until January 2003, and then the market will be further opened. Some countries in the region are taking longer, until 2008 or 2010, but the general trend is to bring the deadline closer. Some people are advising us to postpone it, but our policy is to be prepared, and we will be ready.

tourism at the forefront of a diversifying economy

SURINAME'S EXTRAORDINARY CULTURAL AND NATURAL VARIETY HAVE CONVERTED THE SOUTH AMERICAN COUNTRY INTO A FAVORITE DESTINATION FOR TRAVELERS LOOKING FOR 'THE NEXT BIG THING' IN TOURISM

WITH UNSPOILED tropical rainforests covering more than 80% of its territory, it is easy to understand why Suriname is commonly referred to as 'the beating heart the Amazon'. Nestled between Guyana and French Guyana to the west and east and Brazil to the south, Suriname also boasts a beautiful Atlantic coastline to the north, a large central savannah and a culture as diverse as its topography. But it is the vastness of its rainforest and the hospitality of its people that have become

the foundation of a maturing tourism industry that the Dutch, the country's former colonial rulers, have enjoyed for years and the rest of the world is only just beginning to discover.

Half of Suriname's 440,000 inhabitants live in the northern capital Paramaribo, leaving the rest of the 64,000-square-mile country sparsely populated and a nature-lovers dream. While seasoned eco-tourists will be eager to venture into the country's more than 13 nature reserves on their own, it is a good idea to take advantage of the many organized guided trips to jungle resorts in the rainforest and coastal wildlife parks so as to fully enjoy the experience.

The Awarradam jungle resort, for example, was set up by a group of villagers on a small island hidden in the Amazon rainforest along a stretch of rapids bearing the same name. It is a short boat ride from the southern-most village of the Saramaccans, who are part of the Maroon indigenous group that escaped slavery and maintained its West African culture for centuries in the heart of Suriname's rainforest.

Another resort at the Amerindian village of Palumeu, conveniently named the Palumeu Resort, lies at the upper Tapanahony River deep in the Amazon rainforest. A favorite excursion for visiting eco-tourists, after a daybreak wakeup call from a chorus of tropical birds and howler monkeys, is a hike up Poti Hill for a birds-eye view of the river and of mountain peaks arising from beyond a spectacular ocean of treetops.

Although the upland Amerindian tribes of the Trio and Wajana live a reserved life, they will often open up to visitors on an extended stay who make an attempt to break through the language barrier.

For the more adventurous tourists, a combination boating and hiking trip can be arranged down the roaring Palumeu River. After a day's water thrills, hammocks are set up at a base camp for a good night's rest before tackling a seven-hour trek through the jungle up one of the peaks of the granite Mount Kasikasima.



'The beating heart of the Amazon' is a lush, green paradise overflowing with sites of spectacular natural beauty.

Unique culture reflects unique history

IF IT WEREN'T for Suriname, New Yorkers today would likely still be calling themselves New Amsterdamers and Manhattan would be known as the Big Tulip. Around 1670, in a deal still being questioned in The Netherlands, the Dutch swapped their bakeries on Broadway and the rest of present-day New York for the British sugar and tobacco plantations that were flourishing at the time along the Suriname River around a settlement that is now the capital Paramaribo. Eager to expand their plantations, the Dutch began importing West African slaves in the first half of the eighteenth century. And as the agriculture industry there began to take off, the previous deal with the English seemed a stroke of genius.

But the Dutch had a knack for treating their slaves poorly, so many of the forced laborers fled to the jungle and became known as Maroons. They



The Amerindian population has successfully retained its identity in modern-day Suriname.

formed settlements in the interior and retained their West African customs. They often returned to attack the European plantations.

In 1863, the Dutch became the last Europeans to abolish slavery. To fill the labor shortage, the Dutch began importing indentured workers from the Dutch East Indies, currently Indonesia, as well as from India, China, Portugal and Lebanon. Most of these workers, however, left the large plantations at the end of their contract and returned home or started their

own small farms in Suriname. Along with the country's indigenous Indians, the former slaves and indentured servants form part of the country's present-day diverse ethnic mix and unique culture.

As a result, Suriname's list of national holidays and culinary delights are as diverse as its population. Meanwhile, the capital seems to be in a constant state of celebration, with dragon floats at the Chinese New Year, the Hindu spring festival of Phagwa and the Muslim holiday Aïd el-Fitr, to name just a few.



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FOR FURTHER INFORMATION PLEASE CONTACT SUMMIT COMMUNICATIONS AT: 1040 FIRST AVENUE, SUITE 395, NEW YORK, NY 10022-2902. TEL: (212) 286-0034 FAX: (212) 286-8376 E-MAIL: info@summitreports.com