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Suriname

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PARAMARIBO, Suriname: Authorities in Suriname have increased the price of diesel fuel by 5 percent to 3.02 Surinamese dollars (US\$1.08) per liter, raising fears of possible widespread price hikes for other products and services. Although the price for gasoline was also increased this was significantly lower.

The 5 percent hike is the highest since the government introduced a floating pricing mechanism for fuel in December 2005. At a press conference, Trade Minister Clifford Marica, who announced the price hike effective from Tuesday November 6, 2007, noted that the increase was a result of development in the international oil market, where the cost for a barrel oil was slightly under US\$100.

The minister noted that it is expected that entrepreneurs will likely increase the prices of their goods and services, but authorities will see to it that only those products and services directly linked to the fuel price hike are affected.

The Economic Control Department (ECD) of the Trade Ministry will increase activities and stiff actions are being considered against shop owners and other businesses that violate their licences.

According to Marica, the ECD will also increase inspections at importers, while invoices will be scrutinised more closely than before.

"We will execute stiff measures against irresponsible shop owners," said the Trade Minister.

The fuel price hike comes at the heels of an increase in the price of cooking gas by the Energy Company Suriname (EBS) several days earlier, while currently the ministry of Trade and Industry is negotiating with the Suriname Baker's Association over a price rise for bread.

For the past several weeks, consumers, and especially importers, have had to cope with the continuing increase of the exchange rate for the euro.

Due to the stronger position of the European currency against the US dollar, the price of imported goods from Europe is being increased constantly, and almost on a daily basis, causing frustration among consumers, distributors and merchants.

While the exchange rate for the euro against the Surinamese dollar for a prolonged time was stable at 3.85 Surinamese dollars, the euro is currently sold for over 4.00 Surinamese dollars.

Importers and bank managers don't expect a change in this situation soon and President Ronald Venetiaan has suggested a shift in imports from Europe to the United States of America. Importers, according to the Head of State, should import more from the US in order to avoid price hikes and inflation.

Venetiaan also announced that the government is considering "an economic buffer" to absorb economic shocks and trends in international markets which could have a negative impact on the Surinamese economy.