

2006

Suriname

**2006 Suriname Investment Climate Statement**

2006 INVESTMENT CLIMATE STATEMENT – SURINAME

OPENNESS TO FOREIGN INVESTMENT

Foreign direct investment is playing an increasingly important role in the development of Suriname's economy. Efforts to modernize the investment law to further spur investments began with passage of the "2001 Investment Law" in 2002. Perceived shortcomings with this legislation led to the formation of a commission in 2005 made up of government and business representatives who were charged with drafting a revision that better meets the needs of both the local and international business community. Suriname's membership in CARICOM, its participation in the Caribbean Single Market and Economy (CSME) and its recognition of the effects of increasing globalization has given greater impetus to further trade and investment liberalization. Suriname has also been a member of the WTO since 1995 and although it has not had any formal trade complaints filed against it, it still remains out of compliance with the 2000 deadline to pass and enforce intellectual property protection, which is TRIPS compatible. In summary, despite initiatives to improve the business climate, investors are still faced with a cumbersome bureaucracy, lack of legal/regulatory transparency and skepticism about foreign investment.

Some recent measures and policies helping to improve investment policy include the following:

- introduction of a new currency in 2004, the Surinamese Dollar (SRD) replaced the guilder, providing greater stability in the exchange rate wherein the Central Bank replaced a fixed rate system with a floating rate system based on a basket of major currencies;
- passage of the 2001 Investment Law, a one-stop window was created by the Suriname Chamber of Commerce that assists current and future investors in setting up their business in Suriname;
- ongoing revision/modernization in the investment law;
- establishment of a Standards Bureau, intended to set uniform standards for local and internationally produced goods. Since then not much has been done concerning the actual establishment of the agency. These efforts have not been followed through to an effective institution;
- passage in May 2005 of a new banking law, making it possible for the Central Bank to collect statistical data from any company, private or publicly owned. If the Bank deems it necessary the data may be checked for accuracy through on-site inspections;
- rationalization of commercial lending rates, with economic stability and lower inflation following commercial rates in local currency falling to 16 percent. Dollar denominated commercial rates rose to 11 percent;
- reduction in inflation rate to approximately 9 percent. A recent 100 percent increase in the price of fuel is expected to increase real 2005 inflation to approximately 16 percent. Current monetary reserves stand at 250 million USD;
- lowering of the Central Bank reserve requirement on deposits from 30 percent to 27 percent.
- maintaining relatively stable political climate.

Following national elections in 2005 the somewhat weakened coalition returned to power ensuring that the country will continue to pursue moderately progressive economic and social policies.

In their 2005 Article IV Consultation Report, the IMF Directors commended Surinamese authorities for their prudent macroeconomic policies, and observed that their sensible fiscal and monetary policies have helped to stabilize the exchange rate and keep inflation in check. The IMF concluded that the government's economic policies fostered solid growth performance in 2005. The directors went on to stress that macroeconomic stability should remain a policy priority to help strengthen growth and tackle poverty, further supported by reforms to diversify the economy and improve the business climate. The importance of establishing a trust fund from natural resource sector revenue was also underscored to help avoid cyclical monetary and fiscal interventions to terms-of-trade shocks, which have in the past led to destabilizing cycles of inflation and currency depreciation. Directors underscored Suriname's continued vulnerability to these external shocks and encouraged the authorities to implement policies that would support a reduction in reliance on the mining sector (i.e., currently bauxite and gold) for the current account. They advised the authorities to simplify licensing procedures and promote a more stable and rule-based climate for investment. They also suggested that authorities begin designing a comprehensive plan to improve the efficiency of state-owned

companies and to foster non- mining private sector activity, including the privatization of the banana, rice and forestry companies. The directors commended the successful launch of the Surinamese Dollar in 2004 and welcomed steps taken by the Central Bank that led to the convergence of exchange rates.

-- CITE THE MAJOR LAWS/RULES AFFECTING INCOMING FOREIGN INVESTMENT THROUGH ACQUISITIONS, MERGERS, TAKEOVERS, AND GREENFIELD (STARTING FROM NOTHING) INVESTMENT.

The 2001 Investment Law is considered the leading guideline for improving foreign investment.

Through this law both foreign and local businesses received tax and non-tax incentives to stimulate investments. Tax incentives include exemptions, tax holidays, reduction/exemptions of import duties for company assets, sales tax exemption and payroll tax deduction. Non-tax incentives include permits for transfer of earnings, residency and work permits for foreign personnel, establishment of the company and assistance in obtaining exploration rights, exploitation and concession rights.

The major component of the law called for the creation of an institute for the promotion of investment in Suriname called InvestSur, but the institution was never realized. Several of the institute's tasks were delegated through other government institutions. The Tax Office of the Ministry of Finance took on the task of receiving, coordinating and processing applications for incentives, which are then submitted to the Minister with recommendations. The Chamber of Commerce opened up a "One- stop Window" aimed at simplifying the process of setting up a business and/or renewing business documents. This effort is a first step in improving the cumbersome procedural hurdles, which, as FIAS noted, have caused some businesses to endure a two-year registration process.

In 2003 a study done by the IFC/World Bank Foreign Investment Advisory Service (FIAS) concluded that the tax incentives provided for by this law are excessive and counter-productive. Therefore this law is currently under evaluation by a committee made up of business and government officials. The IFC/FIAS study recommends reforming the law by shifting its focus from the heavy reliance on tax incentives to removing the regulatory obstacles to investment, and promotion of a predictable and sound legal climate for investment including guarantees of international standards of protection and dispute settlement procedures.

-- DOES THE JUDICIAL SYSTEM UPHOLD SANCTITY OF CONTRACTS?

The judicial system strives to uphold the sanctity of laws, but is inefficient and suffers from a shortage of judges.

-- NOTE ANY OVERALL ECONOMIC OR INDUSTRIAL STRATEGY THAT HAS DISCRIMINATORY EFFECTS ON FOREIGN-OWNED INVESTORS.

No direct economic or industrial strategy exists that has a discriminatory effect on foreign-owned investors.

-- PROVIDE A LISTING OF MAJOR SECTORS WHERE THERE ARE LIMITS OR PROHIBITIONS ON FOREIGN INVESTMENT OR CONTROL, INCLUDING WHERE FOREIGN INVESTORS ARE DENIED NATIONAL TREATMENT (I.E. THE SAME TREATMENT AS DOMESTIC FIRMS) OR MFN TREATMENT (I.E. THE SAME TREATMENT AS THE MOST FAVORED FOREIGN INVESTOR). ARE WAIVERS AVAILABLE?

The only major sector where foreign investors do not receive the same treatment as a local company is the crude oil sector. By law, all exploration and exploitation rights are in the hands of the State Oil Company. Foreign investment in the crude oil sector is only possible through cooperation agreements with the local company.

-- CAN FOREIGN INVESTORS ACQUIRE REAL ESTATE? CAN FOREIGN INVESTORS BUY SHARES ON THE LOCAL STOCK EXCHANGE ON THE SAME BASIS AS LOCAL INVESTORS?

Property ownership is encumbered by an inadequate and out- of-date system of title registration. Clear title to property is not easily discernable and thousands of title claims remained backlogged by a bureaucracy with poor record keeping procedures. In principle, it is possible for foreigners to acquire private property but foreign investors must first seek permission from the Foreign Exchange Commission. CARICOM nationals are permitted to acquire real estate, but must register it with the Foreign Exchange Commission within 30 days after purchase. Similar regulations are in force for the acquisition of shares on the local stock market.

-- IS THERE MANDATORY SCREENING (I.E. HOST- GOVERNMENT/AUTHORITIES SELECTION) OF FOREIGN INVESTMENT? IF SO, IS IT GENERAL OR ONLY IN SPECIFIC CIRCUMSTANCES? WHAT ARE THE CRITERIA

FOR SCREENING? ARE SCREENING MECHANISMS ROUTINE AND NON-DISCRIMINATORY? DO THEY SERVE TO IMPEDE INVESTMENTS, LIMIT COMPETITION, OR PROTECT DOMESTIC INTERESTS?

The 2001 Investment Law provides that the respective ministries presiding over a sector screen all investments. Foreign investors must provide the government with documentation on the sector and/or enterprise for the proposed investment, as well as financial information.

Screening occurs when an investment opportunity presents itself. The Ministry presiding over that sector constitutes a commission to review potential investments.

-- HOW ARE FOREIGN INVESTORS TREATED IN ONGOING PRIVATIZATION PROGRAMS? AT WHAT STAGE ARE FOREIGN INVESTORS ALLOWED TO PARTICIPATE IN PRIVATIZATION PROGRAMS? ARE BIDDING CRITERIA CLEAR AND IS THE PROCESS TRANSPARENT?

At present the government is working on privatizing its banana company, its wood processing company; the privatization of the rice company is in its preliminary phase. The government has indicated that it prefers foreign ownership for the banana company. Approximately 10 foreign companies, all with export licenses to Europe, were invited to place their bids. A foreign company is in the lead to takeover the wood processing company. The bidding criteria are clear and are formulated and/or written with the assistance of international consultants.

-- IS THERE ANY DISCRIMINATION AGAINST FOREIGN INVESTORS AT THE TIME OF THE INITIAL INVESTMENT OR AFTER THE INVESTMENT IS MADE, SUCH AS THROUGH SPECIAL TAX TREATMENT, ACCESS TO LICENSES, APPROVALS, OR PROCUREMENT?

Some form of discrimination exists against all investors after the initial investment is made. Certain tax benefits of the 2001 Investment Law are only available to certain investors and under specific circumstances. Investments in mining (bauxite and gold) also receive additional benefits.

-- ARE THERE LAWS OR REGULATIONS SPECIFICALLY AUTHORIZING PRIVATE FIRMS TO ADOPT ARTICLES OF INCORPORATION OR ASSOCIATION WHICH LIMIT OR PROHIBIT FOREIGN INVESTMENT, PARTICIPATION OR CONTROL?

No.

-- ARE THERE ANY OTHER PRACTICES BY PRIVATE FIRMS TO RESTRICT FOREIGN INVESTMENT, PARTICIPATION IN, OR CONTROL OF DOMESTIC ENTERPRISES?

Post has become aware of one case where a domestic investor is receiving opposition from another domestic investor in setting up an internationally franchised hotel.

Investments in sectors where the government has interests have been known to face additional scrutiny. The most notable examples of this have been the airline and telecommunications sectors.

-- PROVIDE BRIEF ANALYSES OF INVESTMENT TRENDS AND THE IMPACT OF POLICIES (ESPECIALLY RELATED TO ECONOMIC REFORM AND INVESTMENT LIBERALIZATION EFFORTS) AND ECONOMIC CONDITIONS ON FOREIGN DIRECT INVESTMENT IN HOST COUNTRIES/ECONOMIES.

Economic and political stability in recent years has created a more attractive investment climate. There has been an increased interest in investment in Suriname from local and international investors.

-- in 2005 the bauxite companies, Suralco L.L.C. and BHPBilliton, invested approximately 130 million USD in the preparation of 2 bauxite mines and the surrounding infrastructure in the eastern part of the country. This comes in addition to major exploration investments that are ongoing in western Suriname. If reserves in the area prove economically viable this could lead to an investment of up to 3 billion USD. Local contractors for the bauxite companies have also invested heavily in machinery for current and upcoming projects.

-- in 2004 a 95 million USD gold refinery plant, owned by the Canadian gold company Cambior, went into production. In 2005 the company has continued investments in exploration to increase its reserves. Another major opportunity for the gold sector is in east Suriname. Suralco L.L.C. and U.S. gold company Newmont signed a joint venture in 2004 for exploration in this area. Although still in its earliest phase, these companies have already invested in site preparation, to be followed by preliminary exploration surveys. Smaller firms, both local and international, have also invested in the exploration of gold.

-- the crude oil sector has seen a significant growth in the past 2 years. In 2004 the State Oil Company signed cooperation agreements with Repsol YPF and Mearsk for offshore oil exploration. In 2005 another agreement was signed with Occidental. All companies are currently working on their seismic studies. International investors have also

shown an interest in investing in the natural gas that may become available once offshore drilling starts. Onshore the State Oil Company has also invested heavily in exploration activities.

-- currently at a 93 percent occupancy level year-round, the hotel industry will receive much needed space from Best Western International. The hotel chain purchased property in Suriname in 2005 and is currently completing construction of the facilities. The hotel is set to open in mid 2006. Marriott is planning a hotel complex but remains in negotiations phase.

#### CONVERSION AND TRANSFER POLICIES

-- ARE THERE ANY RESTRICTIONS ON CONVERTING OR TRANSFERRING FUNDS ASSOCIATED WITH AN INVESTMENT (INCLUDING REMITTANCES OF INVESTMENT CAPITAL, EARNINGS, LOAN REPAYMENTS, LEASE PAYMENTS) INTO A FREELY USABLE CURRENCY AND AT A LEGAL MARKET CLEARING RATE?

No, but permission is required from the Foreign Exchange Commission of the Ministry of Finance to transfer any funds out of the country.

-- HAVE THERE BEEN ANY RECENT CHANGES OR ARE THERE PLANS TO CHANGE REMITTANCE POLICIES, WHICH HAVE TIGHTENED OR RELAXED ACCESS TO FOREIGN EXCHANGE FOR INVESTMENT REMITTANCES?

No.

-- IS THERE DIFFICULTY IN OBTAINING FOREIGN EXCHANGE?

Because of the recent stability in both the Surinamese dollar and the exchange rate with the U.S. Dollar, foreign exchange has become more readily available.

-- WHAT IS THE AVERAGE DELAY PERIOD CURRENTLY IN EFFECT FOR REMITTING INVESTMENT RETURNS SUCH AS DIVIDENDS, RETURN OF CAPITAL, INTEREST AND PRINCIPAL ON PRIVATE FOREIGN DEBT, LEASE PAYMENTS, ROYALTIES AND MANAGEMENT FEES THROUGH NORMAL LEGAL CHANNELS? IF DELAYS OVER SIXTY DAYS ARE COMMON, WHAT ARE THE REASONS FOR SUCH DELAYS?

The period for obtaining permission from the Foreign Exchange Commission may vary depending on the sector and/or the amount. The average transfer period currently in effect is anywhere between two and five days through the Society for Worldwide Interbank Financial Telecommunications (SWIFT) system.

-- CAN INVESTORS REMIT THROUGH A LEGAL PARALLEL MARKET INCLUDING ONE UTILIZING CONVERTIBLE NEGOTIABLE INSTRUMENTS (SUCH AS DOLLAR-DENOMINATED HOST GOVERNMENT BONDS ISSUED IN LIEU OF IMMEDIATE PAYMENTS IN DOLLARS)? IS THERE A LIMITATION ON THE INFLOW OR OUTFLOW OF FUNDS FOR REMITTANCES OF PROFITS, DEBT SERVICE, CAPITAL, CAPITAL GAINS, RETURNS ON INTELLECTUAL PROPERTY, OR IMPORTED INPUTS?

Investors can remit through the legal parallel market.  
However, for all amounts exceeding \$5,000 or ?5,000 the origin of the funds must be declared.

No limitation exists on the inflow and outflow of capital.

#### EXPROPRIATION AND COMPENSATION

-- FOR WHAT REASONS DOES THE GOVERNMENT/AUTHORITY EXPROPRIATE PROPERTY? DOES THE GOVERNMENT/AUTHORITIES OFFER COMPENSATION AT THE TIME OF EXPROPRIATION? HOW HAVE INVESTORS VIEWED THE AMOUNT OF COMPENSATION OFFERED? ARE CLAIMANTS THWARTED IN THEIR EFFORTS TO HAVE CLAIMS HEARD?

The government is granted authority for expropriation under Article 34 of the Constitution. According to the article "property, of the community as well as of private persons, shall fulfill a social function. Expropriation shall take place only for reasons of public utility according to the rules to be laid down by law and against previously assured compensation. Compensation need not be previously assured if, in case of emergency, immediate expropriation is required. In cases determined by or in virtue of the law, the right to compensation shall exist if, in case of public interest, the competent authority destroys or renders property unserviceable or restricts the exercise of property rights."

-- HAVE THEIR BEEN ANY EXPROPRIATORY ACTIONS IN THE RECENT PAST OR POLICY SHIFTS WHICH WOULD LEAD THE EMBASSY/AIT TO BELIEVE THERE MAY BE EXPROPRIATORY ACTIONS IN THE NEAR FUTURE? ARE THERE ANY TENDENCIES OF THE HOST GOVERNMENT/AUTHORITIES TO DISCRIMINATE AGAINST U.S. INVESTMENTS, COMPANIES OR REPRESENTATIVES IN EXPROPRIATION?

Post is not aware of any cases of expropriation.

-- ARE THERE CERTAIN SECTORS (E.G., MINING, BANKING, TELECOMMUNICATIONS, LARGE LAND HOLDINGS, ETC.) THAT ARE MORE AT RISK FOR EXPROPRIATORY OR SIMILAR ACTIONS?

According to Article 41 of the Constitution all natural riches and resources are the property of the nation and shall be used to promote economic, social and cultural development. The nation has the inalienable rights to take complete possession of the natural resources in order to utilize them for the needs of the economic, social and cultural development of Suriname. The threat of expropriation is the same for all sectors. No sector is at a greater or lesser risk.

-- ARE THERE LAWS THAT FORCE LOCAL OWNERSHIP? IF SO, IN WHAT SECTORS?

The only sector that forces local ownership is the crude oil sector. Under the Mining Decree of 1996 the mining rights for radioactive minerals and hydrocarbons can only be obtained by state owned enterprises. The Petroleum Law of 1990 allows the state enterprises to enter into contracts with third parties for the prospecting, exploration and exploitation of petroleum subject to approval by the Government.

-- PLEASE INCLUDE INSTANCES OF "CREEPING EXPROPRIATION" OR GOVERNMENT ACTION EQUIVALENT TO EXPROPRIATION, SUCH AS CONFISCATORY TAX REGIMES, THAT MIGHT WARRANT SPECIAL INVESTIGATION (PARTICULARLY BY OPIC PRIOR TO OFFERING COVERAGE).

Post is not aware of instances of "creeping expropriation" or governmental action tantamount to expropriation.

#### DISPUTE SETTLEMENT

-- REVIEW THE GOVERNMENT/AUTHORITY'S RECORD OF HANDLING INVESTMENT DISPUTES AND SUMMARIZE THE EXTENT AND NATURE OF THE PROBLEM.

In general every effort is made to solve investment disputes outside the court system. Due to a severe shortage in judges, it often takes a year for a judge to hear a case after it is entered on the docket. The entire judicial process can take several years before a resolution is reached.

-- HAVE THERE BEEN INVESTMENT DISPUTES OVER THE PAST FEW YEARS INVOLVING U.S. OR OTHER FOREIGN INVESTORS OR CONTRACTORS IN HOST COUNTRY? DO THESE DISPUTES REFLECT A PATTERN?

Post is not aware of any ongoing investment disputes.

-- DESCRIBE THE COUNTRY/ECONOMY'S LEGAL SYSTEM.

Suriname's legal system is based on the Dutch Civil System. Laws are laid down in criminal and commercial codes; verdicts are based on the judge's interpretation of these codes.

-- ARE THERE EFFECTIVE MEANS FOR ENFORCING PROPERTY AND CONTRACTUAL RIGHTS?

Sufficient means exist to effectively enforce both property and contractual rights. Both property and contractual rights are specifically mentioned in the law.

-- IS THERE GOVERNMENT/AUTHORITY INTERFERENCE IN THE COURT SYSTEM?

There is no government interference in the judicial system and judges are generally considered to be impartial.

-- ARE JUDGMENTS OF FOREIGN COURTS ACCEPTED AND ENFORCED BY THE LOCAL COURTS?

Judgments of foreign courts are accepted and enforced by local courts only if Suriname has a legal treaty with the foreign country involved. If not, the judgment can be brought before a Surinamese judge for consideration as long as no Surinamese laws are violated.

With Suriname's participation and membership in the Caribbean Court of Justice, judgments from this court will become binding for local courts.

-- DOES THE COUNTRY/ECONOMY HAVE A WRITTEN AND CONSISTENTLY APPLIED COMMERCIAL LAW? DOES THE COUNTRY/ECONOMY HAVE A WRITTEN AND CONSISTENTLY APPLIED BANKRUPTCY LAW? IF SO, WHAT RIGHTS DO CREDITORS (INCLUDING FOREIGN CREDITORS) HAVE UNDER BANKRUPTCY LAW?

Suriname has a written and consistently applied commercial and bankruptcy laws. Creditors have a right to file for bankruptcy with a judge. All debts will be subsequently filed with a trustee as appointed by the court. The judge will declare bankruptcy in cases where there are at least two creditors.

-- ARE MONETARY JUDGMENTS USUALLY MADE IN THE INVESTOR'S CURRENCY OR IN THE LOCAL CURRENCY?

Monetary judgments are usually made in Surinamese currency, unless the contract or agreement states otherwise.

-- DOES THE GOVERNMENT/AUTHORITY ACCEPT BINDING INTERNATIONAL ARBITRATION OF INVESTMENT DISPUTES BETWEEN FOREIGN INVESTORS AND THE STATE/AUTHORITY? DO THE COURTS RECOGNIZE AND ENFORCE FOREIGN ARBITRAL AWARDS? IS INTERNATIONAL ARBITRATION ACCEPTED AS A MEANS FOR SETTLING INVESTMENT DISPUTES BETWEEN PRIVATE PARTIES? IS THERE A DOMESTIC ARBITRATION BODY WITHIN THE HOST ECONOMY?

The government accepts binding international arbitration only if it is stipulated in the contract/agreement and if it does not violate any local laws.

-- IS HOST COUNTRY/ECONOMY PARTY TO OR DOES IT PLAN TO BECOME A PARTY TO THE CONVENTION ON THE SETTLEMENT OF INVESTMENT DISPUTES BETWEEN STATES AND NATIONALS OF OTHER STATES (ALSO KNOWN AS THE WASHINGTON CONVENTION) AND/OR THE NEW YORK CONVENTION OF 1958 ON THE RECOGNITION AND ENFORCEMENT OF FOREIGN ARBITRAL AWARDS?

Suriname has been a member of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards since 1964 when the country was still a Dutch Territory. In its independence declaration of 1975, Suriname decided to automatically continue its membership of international conventions and treaties.

#### PERFORMANCE REQUIREMENTS/INCENTIVES

-- HAS THE HOST GOVERNMENT/AUTHORITY FAILED TO ELIMINATE ANY MEASURES THAT IT HAS NOTIFIED THE WTO TO BE INCONSISTENT WITH THE WTO AGREEMENT ON TRADE-RELATED INVESTMENT MEASURES (TRIMS)? DOES THE HOST GOVERNMENT/AUTHORITY MAINTAIN ANY MEASURES THAT APPEAR TO VIOLATE THE TRIMS AGREEMENT, OR WHICH HAVE NOT BEEN NOTIFIED TO THE WTO?

Suriname does not impose any performance requirements, nor does it provide any performance incentives.

-- IF THERE ARE PERFORMANCE REQUIREMENTS OR INCENTIVES, ARE THEY UNIFORMLY TO BOTH DOMESTIC AND FOREIGN INVESTORS, AND WITHIN THOSE CATEGORIES, ARE THEY APPLIED SYSTEMATICALLY OR ON A CASE-BY-CASE BASIS?  
N/A

-- DESCRIBE INVESTMENT INCENTIVES (E.G., GRANTS, TAX DEFERRALS, SPECIAL ACCESS TO CREDIT, IMPORT QUOTA EXCEPTIONS, CONCESSIONARY FINANCING OR PRICING OF LAND OR OTHER TRANSFERABLE ASSETS) AVAILABLE TO FOREIGN INVESTORS AND WHETHER ANY FAVORED TREATMENT IS GIVEN TO FOREIGN INVESTORS. INDICATE TO WHAT EXTENT INCENTIVES ARE SPECIFIED BY LAW OR REGULATION OR MADE AVAILABLE IN AN AD HOC MANNER. IDENTIFY ANY PERFORMANCE REQUIREMENTS LINKED TO INCENTIVES.

The 2001 Investment Law authorizes the Minister of Finance to grant both tax and non-tax incentives for new investments and for the expansion of existing investments. Tax incentives include: exemptions, tax holidays, exemptions from import duties for company assets, sales tax exemption and payroll tax deduction. Special incentives exist for investments that are export focused and dollar generating. Investments in excess of US\$ 50 million in the mining sector may benefit from additional incentives. All above-mentioned incentives are available to both foreign and local investors and are granted at the discretion of the Minister of Finance.

-- ARE PERFORMANCE REQUIREMENTS IMPOSED AS A CONDITION FOR ESTABLISHING, MAINTAINING OR EXPANDING THE INVESTMENT, OR FOR ACCESS TO TAX AND INVESTMENT INCENTIVES?

No.

-- IS THERE A REQUIREMENT THAT INVESTORS PURCHASE FROM LOCAL SOURCES OR EXPORT A CERTAIN PERCENTAGE OF OUTPUT, OR ONLY HAVE ACCESS TO FOREIGN EXCHANGE IN RELATION TO THEIR EXPORTS?

No.

-- IN THE CASE OF FOREIGN INVESTMENTS, IS THERE A REQUIREMENT THAT NATIONALS OWN SHARES, THAT THE SHARE OF FOREIGN EQUITY IS REDUCED OVER TIME, OR THAT TECHNOLOGY BE TRANSFERRED ON CERTAIN TERMS?

In the case of foreign investments there is no requirement that nationals own shares. The share of foreign equity does not have to be reduced over time, nor does technology have to be transferred.

-- DOES THE GOVERNMENT/AUTHORITY IMPOSE "OFFSET" REQUIREMENTS, WHEREBY MAJOR PROCUREMENTS ARE APPROVED ONLY IF THE FOREIGN SUPPLIER INVESTS IN MANUFACTURING, R&D, OR SERVICE FACILITIES IN THE HOST ECONOMY RELATED TO THE ITEMS BEING PROCURED?

Suriname does not impose any "offset" requirements, which would force foreign suppliers to invest in manufacturing, R&D, or service facilities in order to receive procurement approvals.

-- ARE THERE GOVERNMENT/AUTHORITY-IMPOSED CONDITIONS ON PERMISSION TO INVEST, INCLUDING LOCATION IN SPECIFIC GEOGRAPHICAL AREA, SPECIFIC PERCENTAGE OF LOCAL CONTENT (GOODS AND SERVICES) OR LOCAL EQUITY, SUBSTITUTION FOR IMPORTS, EXPORT REQUIREMENTS OR TARGETS, EMPLOYMENT OF HOST COUNTRY NATIONALS, LEGAL REQUIREMENTS TO USE SPECIFIC EMPLOYMENT AGENCIES, TECHNOLOGY TRANSFER, OR THE LOCAL SOURCES OF FINANCING?

In order to operate a company, investors need to obtain a special industry license. The government decides on granting such licenses on a case-by-case basis. There are no special requirements on percentage of local content or equity. No requirements exist for substitution for imports, nor for export targets. Investors are also not required to use specific employment agencies, nor to transfer technology or use local sources of finance. In order for any investor to receive permission to hire a foreign national, the investor needs to prove to the Ministry of Labor that it has made every attempt possible to hire a host country national first.

-- DESCRIBE ANY ENFORCEMENT PROCEDURES FOR PERFORMANCE REQUIREMENTS. INCLUDE AVAILABLE INFORMATION ON HOST COUNTRY/ECONOMY'S STATED INTENTIONS TO MAINTAIN, INCREASE OR DECREASE REQUIREMENTS. ARE INVESTORS REQUIRED TO DISCLOSE PROPRIETARY INFORMATION TO GOVERNMENTS/AUTHORITIES AS PART OF THE REGULATORY APPROVAL PROCESS?

No performance requirements exist. As part of the regulatory approval process, investors are required to disclose their source of funds to the government.

-- ARE U.S. AND OTHER FOREIGN FIRMS ABLE TO PARTICIPATE IN GOVERNMENT/AUTHORITY FINANCED AND/OR SUBSIDIZED RESEARCH AND DEVELOPMENT PROGRAMS ON A NATIONAL TREATMENT BASIS? IF NOT, WHAT ARE THE RESTRICTIONS? PLEASE PROVIDE AS MUCH DETAIL AS POSSIBLE; E.G. ANY DIFFERENCES BETWEEN DE JURE AND DE FACTO PRACTICE.

Participation in research and development is usually welcomed, although in practice most foreign companies carry out their own research and development.

-- ARE THERE ANY DISCRIMINATORY OR EXCESSIVELY ONEROUS VISA, RESIDENCE, OR WORK PERMIT REQUIREMENTS, OR SIMILAR REQUIREMENTS INHIBITING FOREIGN INVESTORS' MOBILITY?

U.S. citizens require visas for Suriname, while usually granted they are issued for a limited period. Foreigners who want to work in Suriname first need to apply for a residency permit with the Ministry of Justice and Police, after which they can apply for a work permit at the Ministry of Labor. Through CSME regulations the free movement of artists,

media workers, musicians and sports persons of CARICOM origin is arranged. Legislative and administrative steps still need to be implemented for all other CARICOM professionals to move and establish themselves freely.

-- IDENTIFY DISCRIMINATORY OR PREFERENTIAL EXPORT POLICIES AND IMPORT POLICIES AFFECTING FOREIGN INVESTORS. INCLUDE IF RELEVANT TARIFF BARRIERS, NON-TARIFF BARRIERS AND OTHER MEASURES SUCH AS IMPORT PRICE CONTROLS.

Non-tariff barriers on both imports and exports include: proof of residency, registration with the Chamber of Commerce, registration numbers from the Inspectorate of Customs, and tax identification numbers from the Tax Authority of the ministry of Finance. Under the 2003 Law on the Movement of Goods, "negative lists" were created for both imports and exports. In theory anything can be imported or exported, unless it is included on the negative lists.

Tariff barriers include consent and statistical fees charged in addition to the regulatory import duties. Imports from countries outside the CARICOM are subject to increased import duties due to the Common External Tariff (CET) adopted by CARICOM members. Imports are additionally subject to a turnover tax as stipulated under the 1997 Law on Turnover Tax. Exports are subject to consent and statistical fees. Companies in the bauxite sector pay a 2 percent statistical fee on both imports and exports. In the gold sector the royalties are 2.25 percent with an additional 6.25 percent if the price of gold exceeds 425 USD per troy ounce. A statistical fee of 0.5 percent is also applied on the export of timber (except to CARICOM countries).

#### RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT

-- IS THERE A RIGHT OF FOREIGN AND DOMESTIC PRIVATE ENTITIES TO ESTABLISH AND OWN BUSINESS ENTERPRISES AND ENGAGE IN ALL FORMS OF REMUNERATIVE ACTIVITY?

Yes.

-- IS THERE A RIGHT OF PRIVATE ENTITIES TO FREELY ESTABLISH, ACQUIRE, AND DISPOSE OF INTERESTS IN BUSINESS ENTERPRISES?

Private entities need to register with the Chamber of Commerce in order to establish the company, after which they are free to acquire and dispose of interests.

-- IS COMPETITIVE EQUALITY THE STANDARD APPLIED TO PRIVATE ENTERPRISES IN COMPETITION WITH PUBLIC ENTERPRISES WITH RESPECT TO ACCESS TO MARKETS, CREDIT, AND OTHER BUSINESS OPERATIONS, SUCH AS LICENSES AND SUPPLIES?

Yes.

#### PROTECTION OF PROPERTY RIGHTS

-- ARE SECURED INTERESTS IN PROPERTY, BOTH MOVABLE AND REAL, RECOGNIZED AND ENFORCED? (ESSENTIALLY, DOES THE CONCEPT OF A MORTGAGE EXIST?) AND, IF SO, IS THERE A RECOGNIZED AND RELIABLE SYSTEM OF RECORDING SUCH SECURITY INTERESTS?

Mortgages do exist and are recorded by the Mortgage Office.

-- IS THERE A LEGAL SYSTEM THAT PROTECTS AND FACILITATES ACQUISITION AND DISPOSITION OF ALL PROPERTY RIGHTS, SUCH AS LAND, BUILDINGS, AND MORTGAGES?

Acquisition and disposition of all property rights is protected and facilitated by law.

-- IS THERE ADHERENCE TO KEY INTERNATIONAL AGREEMENTS ON INTELLECTUAL PROPERTY RIGHTS?

In practice, IPR protection is non-existent. Suriname is officially a member to the following agreements on intellectual property:

-- the Paris Convention for the Protection of Industrial Property (1883)

-- the Berne Convention for the Protection of Literary and Artistic Works (1886)

-- the Hague Convention concerning the International Deposit of Industrial Designs (1925)

-- the Nice Agreement concerning the International Classification of Goods and Services for the Purpose of Registration of Marks (1957)

-- the Strasbourg Agreement concerning the International Patent Classification (1971)

Suriname is also a member to the World Intellectual Property Organization (WIPO) since 1975. Even though a member of the World Trade Organization (WTO), Suriname has still not ratified the TRIPS Agreement. Any protection under these agreements is limited since they are not yet incorporated into the legislation.

-- IS THERE ADEQUATE PROTECTION FOR: INTELLECTUAL PROPERTY, PATENTS, COPYRIGHTS, TRADEMARKS, TRADE SECRETS, SEMICONDUCTOR CHIP LAYOUT DESIGN?

The current legal framework, which dates back to 1912 and 1913, only provides very limited protection for copyrights, trademarks, and patents. Neighboring rights in copyrights, geographical indications, industrial designs, utility models, layout designs of integrated circuits, undisclosed information, or new plant varieties remain unprotected.

-- HAVE ADEQUATE STEPS BEEN TAKEN TO IMPLEMENT AND ENFORCE THE WTO AGREEMENT ON TRADE RELATED INTELLECTUAL PROPERTY RIGHTS (TRIPS)? HAS HOST GOVERNMENT SIGNED AND RATIFIED THE WIPO INTERNET TREATIES?

No. Suriname has signed the WIPO Internet Treaties, but has not ratified them.

#### TRANSPARENCY OF THE REGULATORY SYSTEM

-- DOES THE GOVERNMENT/AUTHORITY USE TRANSPARENT POLICIES AND EFFECTIVE LAWS TO FOSTER COMPETITION AND ESTABLISH "CLEAR RULES OF THE GAME"?

The government has no clear laws or transparent policies concerning competition. Under CSME regulations Suriname is required to establish a national competition authority. This has not been done however.

-- ARE TAX, LABOR, ENVIRONMENT, HEALTH AND SAFETY, AND OTHER LAWS AND POLICIES USED TO IMPEDE INVESTMENT?

Neither tax, labor, environment, health and safety nor other policies are used on purpose to impede investment. This does, however, not mean that these laws don't form an obstacle for investors. Labor laws, for example, require that employers request permission from the Ministry of Labor if they want to fire an employee after the employee has fulfilled his or her probationary period. This law has come under severe scrutiny from business organizations and has become a prominent issue against the government's quest to introduce a minimum wage system.

-- ARE BUREAUCRATIC PROCEDURES, INCLUDING THOSE FOR LICENSES AND PERMITS, SUFFICIENTLY STREAMLINED AND TRANSPARENT, OR IS UNNECESSARY RED TAPE A PROBLEM?

Bureaucratic procedures are neither sufficiently streamlined nor transparent. The large number of civil servants involved in the process of granting licenses not only makes these lengthy processes, but ones that invite corruption. Investors have complained of having to wait up to two years to receive a license. The Chamber of Commerce is working on decreasing the red tape surrounding the issuance of licenses through the INVESTSUR One Stop Window.

-- ARE THERE INFORMAL REGULATORY PROCESSES MANAGED BY NONGOVERNMENTAL ORGANIZATIONS OR PRIVATE SECTOR ASSOCIATIONS, AND IF SO, IS THERE DISCRIMINATION AGAINST FOREIGN INVESTORS WITHIN SUCH PROCESSES?

All regulatory processes go through the government. Nongovernmental organizations have an advisory role on some issues.

-- ARE PROPOSED LAWS AND REGULATIONS PUBLISHED IN DRAFT FORM FOR PUBLIC COMMENT? ARE THERE OTHER OPPORTUNITIES FOR COMMENT ON PROPOSED LAWS AND REGULATIONS?

In general laws are created in consultation with private and public sector, after which they are presented to the State Council for advise and then to the National Assembly for further study, discussion and approval.

-- ARE LEGAL, REGULATORY, AND ACCOUNTING SYSTEMS TRANSPARENT AND CONSISTENT WITH INTERNATIONAL NORMS?

Yes.

-- ARE THERE PRIVATE SECTOR AND/OR GOVERNMENT/AUTHORITY EFFORTS TO RESTRICT FOREIGN PARTICIPATION IN INDUSTRY STANDARDS-SETTING CONSORTIA OR ORGANIZATIONS?

As of yet no industry standards setting consortia or organizations exist, government or private. In 2004 the government adopted a Standards Law, which was supposed to create a Standards Bureau. The government has so far taken no action to establish the Bureau.

#### EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT

-- DO POLICIES FACILITATE THE FREE FLOW OF FINANCIAL RESOURCES TO SUPPORT THE FLOW OF RESOURCES IN THE PRODUCT AND FACTOR MARKETS?

Sufficient policies exist to facilitate the free flow of financial resources to support the flow of resources in the product and factor markets.

-- IS CREDIT ALLOCATED ON MARKET TERMS? ARE FOREIGN INVESTORS ABLE TO GET CREDIT ON THE LOCAL MARKET?

Credit is allocated on market terms and at market rates. In order to obtain credit on the local market, foreign investors must first establish their companies as a local entity/subsidiary. Credit is then granted to the local entity/subsidiary with a guarantee of payment from the parent company.

-- DOES THE PRIVATE SECTOR HAVE ACCESS TO A VARIETY OF CREDIT INSTRUMENTS?

The private sector has regular access to overdrafts and loan facilities. The three larger commercial banks are known to create custom credit products for their better- established/larger clients.

-- IS THERE AN EFFECTIVE REGULATORY SYSTEM ESTABLISHED TO ENCOURAGE AND FACILITATE PORTFOLIO INVESTMENT?

Portfolio investment on a local level is possible through an 11-company stock exchange that regulates itself. International portfolio investment is available through 2 companies that offer mutual fund investments. One of these two (an insurance company) is under regulation of the Central Bank. The other is an International Accounting and Financial Services company.

-- WHAT ARE THE ESTIMATED TOTAL ASSETS OF THE COUNTRY/ECONOMY'S LARGEST BANKS?

The estimated total assets of the country's 3 major banks per December 31, 2003 (December 31, 2002) were:  
De Surinaamsche Bank: US\$ 239.8 million (US\$ 225.4 million);  
RBTT Bank (SURINAME) N.V.: US\$ 154.1 million (US\$ 128.3 million);  
Hakrinbank: US\$ 95.6 million (US\$ 70.8 million).

-- IS THE BANKING SYSTEM SOUND? IF NOT, WHAT PERCENTAGE OF THE TOTAL ASSETS BASE IS ESTIMATED AS NON-PERFORMING?

Suriname has a sound banking system with strict controls of the Central Bank. According to IMF reporting the non-performing loan ratio increased from 13.3 percent at years- end in 2002 to 15.3 percent in 2004. Part of this deterioration is attributable to the tightening of regulatory guidelines in 2003.

-- ARE THERE "CROSS-SHAREHOLDING" AND "STABLE-SHAREHOLDER" ARRANGEMENTS USED BY PRIVATE FIRMS TO RESTRICT FOREIGN INVESTMENT THROUGH MERGERS AND ACQUISITIONS? (THIS REFERS TO A SYSTEM IN WHICH CORPORATIONS HAVE LONG-TERM INTERRELATIONSHIPS WITH EACH OTHER THAT RESULT IN FEW SHARES ACTUALLY TRADING FREE ON THE MARKET)

Post is not aware of any "cross-shareholding" and "stable- shareholder" arrangements.

-- WITH RESPECT TO PRIVATE FIRMS' DEFENSES TO PREVENT HOSTILE TAKEOVERS, ARE SUCH MEASURES TYPICALLY DESIGNED TO PROTECT AGAINST ALL POTENTIAL HOSTILE TAKEOVERS OR PRIMARILY FOREIGN HOSTILE TAKEOVERS? IF THE MEASURES CAN BE USED AGAINST ALL HOSTILE TAKEOVERS, ARE THE MEASURES IN FACT EMPLOYED MORE COMMONLY TO PREVENT HOSTILE TAKEOVER BY FOREIGN INVESTORS?

Post is not aware of any hostile takeover occurring in Suriname.

#### POLITICAL VIOLENCE

-- HAVE THERE BEEN INCIDENTS OVER THE PAST FEW YEARS INVOLVING POLITICALLY MOTIVATED DAMAGE TO PROJECTS AND/OR INSTALLATIONS? IS THE ENVIRONMENT IN HOST COUNTRY/ECONOMY GROWING INCREASINGLY POLITICIZED SUCH THAT CIVIL DISTURBANCES COULD BE MORE LIKELY?

There have been no incidents over the past few years involving politically motivated damage to projects and/or installations. There have been some peaceful protests in recent months by opposition parties against a government decision to increase the price of fuel.

-- ARE THERE ANY NASCENT INSURRECTIONS, BELLIGERENT NEIGHBORS OR OTHER POLITICALLY MOTIVATED ACTIVITIES?

There is an ongoing border dispute between Suriname and its Western neighbor Guyana. This case is currently before the International Tribunal on the Laws of the Sea. A verdict in this case is expected in 2007.

#### CORRUPTION

-- HAVE U.S. FIRMS IDENTIFIED CORRUPTION AS AN OBSTACLE TO FOREIGN DIRECT INVESTMENT?

Corruption has not been identified as an obstacle to foreign direct investment. Suriname's 2005 Corruption Perceptions Index (CPI) score is 3.2. [Scale 1 to 10, 10=best; 1=worst]

-- DOES THE HOST COUNTRY/ECONOMY HAVE LAWS, REGULATIONS, AND PENALTIES TO CRIMINALIZE AND INVESTIGATE CORRUPTION EFFECTIVELY? WHAT AGENCY/AUTHORITY IS RESPONSIBLE FOR COMBATING CORRUPTION?

Suriname has laws, regulations and penalties against corruption. The Ministry of Justice and Police is directly responsible for combating corruption. The Fraud Department of the Police Corps is in charge of investigating corruption cases. The government has also established an Anti-Corruption Working Group on ministerial and technical level to assist the police in combating corruption

-- IS GIVING OR ACCEPTING A BRIBE A CRIMINAL ACT? IF SO, WHAT ARE THE PENALTIES? IS A BRIBE BY A LOCAL COMPANY TO A FOREIGN OFFICIAL A CRIMINAL ACT? CAN A LOCAL COMPANY DEDUCT A BRIBE TO A FOREIGN OFFICIAL FROM TAXES?

Accepting a bribe is a criminal act, which is punishable by fine or 3 month to 5-year prison sentence. Sentence depends on the amount and/or severity of the bribe. A bribe to a foreign official is also considered a criminal act and cannot be deducted from taxes.

-- IF ANTICORRUPTION LAWS EXIST, ARE THEY ENFORCED? HAVE THE GOVERNMENT/AUTHORITY SUCCESSFULLY PROSECUTED CORRUPT PUBLIC SERVANTS OR PERSONS/FIRMS ENGAGED IN

BRIBERY? ARE SUCH MEASURES IMPARTIALLY APPLIED OR DO FOREIGN INVESTORS OR ANY OTHER GROUP, SUCH AS LOCAL OFFICIALS, RECEIVE DISPROPORTIONATE ATTENTION?

Anticorruption laws exist and are being enforced. The former Minister of Natural Resources was successfully prosecuted for corruption. The third party involved in the case has also been prosecuted, but an appeal in his sentencing is pending. If there is evidence of corruption, the law is enforced impartially.

-- HAS THE COUNTRY/ECONOMY SIGNED AND RATIFIED THE U.N. CONVENTION AGAINST CORRUPTION? IS THE COUNTRY/ECONOMY A PARTY TO THE OECD CONVENTION ON COMBATING BRIBERY OF FOREIGN OFFICIALS, OR ANY REGIONAL ANTICORRUPTION CONVENTION?

Suriname is in the process of signing and ratifying the UN Anticorruption Convention. The country is not a signatory to OECD Convention on Combating Bribery.

-- IS COUNTRY/ECONOMY A PARTICIPANT IN ANY OTHER LOCAL OR REGIONAL ANTI-CORRUPTION INITIATIVE(S)?

Suriname has also signed and ratified the Inter-American Convention against Corruption.

-- IN WHAT AREAS OR SECTORS IS CORRUPTION MOST PERVASIVE: GOVERNMENT PROCUREMENT, TRANSFERS, PERFORMANCE REQUIREMENTS, DISPUTE SETTLEMENT, REGULATORY SYSTEM, OR TAXATION?

Corruption is most pervasive in the areas of government procurement and taxation; this corruption is, however, hard to prove.

-- ARE SENIOR GOVERNMENT OFFICIALS TAKING ANTI-CORRUPTION EFFORTS SERIOUSLY, OR ARE THEY PART OF THE PROBLEM (IF THE LATTER, TO WHAT EXTEND)?

Although senior government officials take anti-corruption efforts seriously, some seem to be part of the problem. There are currently three major cases of government corruption ongoing. The largest of the three is at the Ministry of Public Works and alleges involvement of the then Minister. The second case is at the Ministry of Agriculture, Animal Husbandry and Fisheries. Other allegations of corruption have been made against the Customs Authority and the Foreign Exchange Commission, but so far no concrete proof has been given, and the latter was retracted when accuser threatened with legal action. The third and most recent deals with the Minister of Trade who is under investigation for criminal activities related to money laundering.

-- DO ANY INTERNATIONAL (E.G. TRANSPARENCY INTERNATIONAL), REGIONAL OR LOCAL NONGOVERNMENTAL "WATCHDOG" ORGANIZATIONS OPERATE IN THE COUNTRY/ECONOMY? HOW DOES THE GOVERNMENT/ECONOMY SCORE ON TRANSPARENCY INTERNATIONAL'S CORRUPTION PERCEPTION INDEX?

No international, regional or local nongovernmental "watchdog" organizations operate in Suriname. On Transparency International's Corruption Perception Index for 2005 Suriname received a score of 3.2. Suriname is rated fourth amongst CARICOM members listed, with Barbados rated first with a score of 6.9 and Guyana rated last with a score of 2.5. With the exception of Barbados, all other CARICOM members received a score of less than 4.0.

## BILATERAL INVESTMENT AGREEMENTS

-- LIST COUNTRIES/ECONOMIES THAT HAVE BILATERAL INVESTMENT PROTECTION AGREEMENTS (AS OPPOSED TO INVESTMENT INSURANCE AGREEMENTS SUCH AS OPIC) OR TREATIES WITH HOST COUNTRY/ECONOMY OR OTHER TREATIES ON INVESTMENTS, INCLUDING FTAs WITH INVESTMENT CHAPTERS. LIST ANY COUNTRIES ANY COUNTRIES/ECONOMIES THE HOST COUNTRY/ECONOMY IS NEGOTIATING SUCH AGREEMENTS OR FTA'S WITH INVESTMENT CHAPTERS.

Suriname has bilateral investment treaties with Indonesia, and the Czech Republic. A double taxation treaty was signed with The Netherlands and The Netherlands Antilles. In 1998 Suriname signed a trade agreement with the People's Republic of China. Suriname has also signed the Treaty of Chaguaramas, which establishes the CARICOM and subsequently the Caribbean Single Market and Economy. Through CARICOM, trade agreements were signed with Venezuela, Columbia, Costa Rica, and Cuba. It has signed the framework PetroCaribe Agreement with Venezuela.

-- DOES HOST COUNTRY HAVE A BILATERAL INVESTMENT TREATY OR A BILATERAL TAXATION TREATY WITH THE U.S.? ARE THERE ANY OTHER TAXATION ISSUES OF CONCERN TO U.S. INVESTORS?

Suriname has an investment incentive agreement and an agreement between Council of Suriname and the United States for Trade and Investments, both from 1993. None of these agreements have been ratified.

#### OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS

-- DESCRIBE STATUS AND POTENTIAL FOR OPERATION OF THE U.S. OVERSEAS PRIVATE INVESTMENT CORPORATION'S (OPIC) PROGRAMS IN HOST COUNTRY/ECONOMY. IS HOST COUNTRY/ECONOMY A MEMBER OF OR PLAN TO BECOME A MEMBER OF THE MULTILATERAL INVESTMENT GUARANTEE AGENCY (MIGA)?

Suriname is one of the signatories establishing the Multilateral Investment Guarantee Agency (MIGA). There are no OPIC programs currently operational in Suriname.

-- IN THE EVENT OPIC SHOULD PAY AN INCONVERTIBILITY CLAIM, THE LOCAL CURRENCY ACCEPTED BY OPIC WOULD BE MADE AVAILABLE, PURSUANT TO THE BILATERAL AGREEMENT PROVIDING FOR THE OPIC PROGRAM, TO THE EMBASSY/AIT ON A PRIORITY BASIS FOR USG EXPENSES. WHAT IS THE ESTIMATED ANNUAL U.S. DOLLAR VALUE OF LOCAL CURRENCY LIKELY TO BE USED BY THE EMBASSY/AIT AND/OR OTHER U.S. INSTITUTIONS IN THE HOST COUNTRY/ECONOMY? AT WHAT EXCHANGE RATE (E.G., OFFICIAL, FINANCIAL, LEGAL PARALLEL IN-COUNTRY OR PARALLEL MARKET IN A THIRD COUNTRY) DOES EMBASSY/AIT PURCHASE LOCAL CURRENCY? WHAT IS THE LIKELY RISK OVER THE NEXT YEAR FOR DEVALUATION OR DEPRECIATION OF THAT RATE?

The current market rate for the U.S. dollar is 2.80 SRD for 1 US\$. The exchange rate used by the Embassy is 2.90 SRD for 1 US\$. USD equivalent of local currency expenses for the Embassy is US\$ 1,200,000.00.

For the past year and a half the exchange rate has remained stable, allowing the Central Bank to move from a fixed rate system to a floating rate system. The exchange rate is expected to remain stable in coming period.

#### LABOR

-- DESCRIBE LABOR AVAILABILITY AND NOTE ANY SHORTAGES OR SURPLUSES OF SPECIAL LABOR SKILLS. ALSO DESCRIBE GENERAL LABOR-MANAGEMENT RELATIONS, HOST GOVERNMENT/AUTHORITY ADHERENCE TO ILO CONVENTION PROTECTING WORKER RIGHTS, DIFFERENTIAL TREATMENT OF LABOR IN FOREIGN TRADE ZONES OR FREE PORTS, POLICIES ENCOURAGING OR REQUIRING HIRING OF LOCAL NATIONALS, AND THE EFFECTS OF LABOR FACTORS ON USE OF TECHNOLOGY.

In 2005, labor management relations were relatively good, with no major strikes. Labor unions in Suriname are independent of the Government, but play an active role in politics. Most labor agreements were signed without any problems. While civil servants received 2.5 percent salary increases in 2004; they only received a small compensation on their salaries in 2005 despite the increase in the gas prices. In February 2006, labor unions are expected to renegotiate salaries with the Government. Suriname's labor laws adhere to the ILO conventions protecting workers' rights. The law regarding work permits indicates that foreign companies should give priority to local nationals in hiring. In some cases the government and the company could agree on a certain percentage. Only if there are no locals available can the company hire a foreigner who will need a work permit. From January 2006, Caricom companies are allowed to operate on the Surinamese market without having to apply for work permits for their management.

#### FOREIGN TRADE ZONES/FREE PORTS

-- DESCRIBE LAWS AND EFFECTIVE POLICIES FOR ANY AREAS DESIGNATED AS DUTY-FREE IMPORT ZONES AND WHETHER FOREIGN- OWNED FIRMS HAVE SAME INVESTMENT OPPORTUNITIES AS HOST COUNTRY/ECONOMY ENTITIES.

Suriname has no duty free import zones.

#### FOREIGN DIRECT INVESTMENT STATISTICS

-- INCLUDE DATA FOR RECENT YEARS ON VALUE OF FOREIGN DIRECT INVESTMENT (POSITION/STOCK, I.E., THE LOCAL VALUE IN USD OF FOREIGN DIRECT INVESTMENT IN PLACE IN THE HOST COUNTRY/ECONOMY, AND ANNUAL DIRECT INVESTMENT CAPITAL FLOWS) BY COUNTRY/ECONOMY OF ORIGIN AND BY INDUSTRY SECTOR DESTINATION)

Foreign Direct Investment (FDI) flow into Suriname (in millions USD):

- 2000; - 97
- 2001; - 27
- 2002; - 74

- 2003; - 76
- 2004; - 60

FDI flows in the host economy, by geographical origin (in millions USD):

- 2000; The Netherlands 1.8
- 2001; United States 15.0
- 2002; The Netherlands 1.9; United States 60.0

-- SPECIFY SOURCE OF STATISTICS AND ANY SIGNIFICANT CHARACTERISTICS OR LIMITATIONS OF DATA (E.G. WHETHER THE STOCK DATA ARE VALUED AT HISTORICAL COST OR AT MARKET).

The source of the statistics is the United Nations Conference on Trade and Development (UNCTAD) and the World Investment Directory 2005.

-- PROVIDE COMPARABLE DATA ON HOST COUNTRY/ECONOMY'S DIRECT INVESTMENT ABROAD (STOCK AND FLOW DATA BY COUNTRY OF DESTINATION), BOTH IN LOCAL CURRENCY AND USD TERMS.

Foreign Direct Investment (FDI) flow from Suriname remains negligible between 2000 and 2003.

-- TO FACILITATE FDI COUNTRY COMPARISON, POST IS ALSO REQUESTED TO ESTIMATE CURRENT FDI STOCK AS A PERCENTAGE OF GDP AND FDI INFLOWS AS PERCENTAGE OF GDP.

FDI stock in host economy, by geographical origin (in millions USD):

- 2000; Malaysia 28.2; The Netherlands 22.3; United States 28.0
- 2001; Canada 14.4; Malaysia 28.2; The Netherlands 20.3; United States 40
- 2002; Canada 14.6; Malaysia 28.2; United States 77.0

FDI stock in host economy as percentage of GDP:

- 2000; Malaysia 4.65; The Netherlands 3.68; United States 4.62
- 2001; Canada 1.94; Malaysia 3.80; The Netherlands 2.74; United States 5.4
- 2002; Canada 1.81; Malaysia 3.50; United States 9.55

-- PLEASE PROVIDE A LIST OF MAJOR FOREIGN DIRECT INVESTMENTS (WITH AN ESTIMATE OF CURRENT VALUE IN USD WHERE AVAILABLE) BY U.S. COMPANIES AND OTHER NATIONS' COMPANIES. USEFUL SOURCES OF THIS INFORMATION MAY BE IN HOST COUNTRY/ECONOMY CHAMBERS OF COMMERCE.

Major Foreign Direct Investments in recent years:

- SURALCO, United States; US\$ 10 million refinery expansion
- BHPBilliton, Australia; US\$ 130 million mine preparation
- Best Western, United States; US\$ 10 million purchase and set up hotel
- Cambior, Canada, US\$ 25 million exploration research
- Bel A Soir, The Netherlands, US\$ 3 million cattle farm
- Repsol YPF, Spain, US\$ 4 million offshore oil exploration
- Mearsk, Denmark, US\$ 3.4 million offshore oil exploration

U.S. Companies under Direct Ownership

- Suralco L.L.C.; parent company: Alcoa L.L.C.
- Newmont Mining Corp.
- Best Western (advertised as American but managed as part of Best Western chain in the Netherlands)
- Esso Standard Oil S.A. Ltd; parent company: Exxon Mobil
- Texaco Caribbean Inc. Suriname; parent company Chevron Texaco
- Occidental Petroleum Corporation
- Noble Energy

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