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PAGE 01 PARAMA 02555 01 OF 02 121612Z
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TO SECSTATE WASHDC 9287

UNCLAS SECTION 01 OF 02 PARAMARIBO 2555

E.O. 12356: N/A
TAGS: BEXP NS
SUBJECT: COMMERCIAL ACTIVITIES REPORT: SURINAME

REF: STATE 329751

SECTION A: (1) THE COMMERCIAL SETTING AND TRENDS

RICE AND BAUXITE EXPORTS ARE THE TWO MAIN PILLARS SUPPORTING SURINAME'S ECONOMY. THE WORLDWIDE RECESSION IN THE ALUMINUM INDUSTRY AND THE DECLINE IN RICE EXPORTS, DUE TO HIGH LOCAL PRODUCTION AND OCEAN SHIPPING COSTS WHICH OFFSET PREFERENTIAL EEC TARIFFS, ARE ENDANGERING SURINAME'S FOREIGN EXCHANGE POSITION. THE GOS HAS EXPERIENCED ONLY PARTIAL SUCCESS IN ITS EFFORTS TO SAVE FOREIGN EXCHANGE THROUGH THE IMPOSITION OF QUANTITY LIMITATIONS AND QUALITY CONTROLS ON IMPORTED GOODS. IT HAS ANNOUNCED STRICTER MEASURES TO CONTROL EXCHANGE TRANSACTIONS.

(2) POLITICAL AND SOCIAL FACTORS

SURINAME HAS BEEN RULED BY A JOINT MILITARY-CIVILIAN GOVERNMENT SINCE A MILITARY COUP WHICH TOOK PLACE IN FEBRUARY 1980. THE UNCLASSIFIED

UNCLASSIFIED

PAGE 02 PARAMA 02555 01 OF 02 121612Z

HIGHEST GOVERNING AUTHORITY IS THE POLICY CENTER, WHICH CONSISTS OF THE ARMY COMMANDER, GARRISON COMMANDER, PRIME MINISTER AND THE MINISTER OF FOREIGN AFFAIRS. IN 1981, THE CONSTITUTION WAS SUSPENDED AND PARLIAMENT DISSOLVED. A DECREE ON "BASIC CIVIL RIGHTS AND RESPONSIBILITIES," ISSUED IN MARCH 1982, IS CONSIDERED BY THE GOVERNMENT TO COMPRISE A "TRANSITIONAL CONSTITUTION." HOWEVER, A STATE OF EMERGENCY REMAINS IN EFFECT. THE GOVERNMENT MAY THEREFORE SUSPEND INDIVIDUAL RIGHTS IN SPECIFIC CASES. THE ABSENCE OF GUARANTEED RIGHTS AND RULE BE DECREE, COMBINED

REVIEW AUTHORITY: Leonard Kusnitz, Senior Reviewer

WITH AN UNDISTINGUISHED PERFORMANCE BY GOVERNMENT SINCE THE 1980 COUP, HAVE CREATED A WIDESPREAD FEELING OF UNCERTAINTY. AS A RESULT, THE MILITARY RULERS AND GOVERNMENT HAVE BEEN UNDER INCREASING PRESSURE TO RETURN SURINAME TO A TRADITIONAL DEMOCRATIC FORM OF GOVERNMENT.

SECTION B IMPORT DATA

	1977	1978	1979	1980	1981
TOTAL IMPORTS (FOB)	359.3	380.9	410.0	503.7	572.7
(MILLIONS \$)					
U.S. SHARE (PER CENT)	33	30	33	27	24
EEC SHARE (PER CENT)	33	NA	NA	NA	NA

MAJOR TRADING PARTNERS ARE E.E.C. COUNTRIES, USA, JAPAN AND TRINIDAD (OIL).

SECTION C MARKET POTENTIAL AND PROGRAMS UNCLASSIFIED

UNCLASSIFIED

PAGE 03 PARAMA 02555 01 OF 02 121612Z

(1) U.S. EXPORTS

THE UNITED STATES REMAINS SURINAME'S LARGEST SINGLE TRADING PARTNER, PROVIDING MORE OF SURINAME'S IMPORTS THAN ANY OTHER NATION. U.S. EXPORTS TO SURINAME IN 1981 REMAINED APPROXIMATELY THE SAME AS IN 1980, AROUND \$138 MILLION. THE SURINAME GUILDER'S LINK TO THE U.S. DOLLAR (SF 1.77 - U.S. \$1) ASSURES PRICE STABILITY FOR U.S. PURCHASES AND CONTRACTS. UNITED STATES GULF PORTS PROVIDE THE CLOSEST AND FASTEST POINT OF SUPPLY FOR SURINAME'S IMPORT NEEDS. ALTHOUGH FORMERLY A DUTCH COLONY, SURINAME HAS IN RECENT YEARS BEEN LOOKING MORE TO THE U.S. AS A SOURCE OF SUPPLY. AMERICAN SUPPLIERS SHOULD CONTINUE TO FIND LIMITED MARKETS FOR HEAVY EQUIPMENT, AGRICULTURAL MACHINERY, VEHICLES, MARINE SUPPLIES, LARGE AND SMALL ELECTRICAL HOUSEHOLD APPLIANCES, TEXTILES, CLOTHING, BUILDING SUPPLIES, PHARMACEUTICALS, INSECTICIDES, FERTILIZERS AND AGRICULTURAL COMMODITIES. IMPORTATION OF SOME GOODS, SUCH AS LARGE AUTOMOBILES AND MOST MEN'S SHOES, IS PROHIBITED.

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PAGE 01 PARAMA 02555 02 OF 02 121610Z
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UNCLAS SECTION 02 OF 02 PARAMARIBO 2555

(2) DIRECT INVESTMENT

SURINAME PRESENTS A GENERALLY ATTRACTIVE ENVIRONMENT FOR DIRECT INVESTMENT, BECAUSE OF HIGH LITERACY RATE (70 PER CENT), WIDESPREAD KNOWLEDGE AND USE OF ENGLISH, PROXIMITY TO THE CARIBBEAN, AND THE POTENTIAL FOR EXPANSION IN THE LIGHT INDUSTRIAL, AGRICULTURAL AND FOOD PROCESSING SECTORS. HOWEVER SEVERAL FACTORS CLOUD THE INVESTMENT CLIMATE:

(A) THE POLITICAL SITUATION, AS NOTED ABOVE, IS UNCERTAIN. SINCE THE MILITARY COUP OF FEBRUARY 1980, THERE HAS BEEN NO CONSTITUTION AND NO CLEAR SENSE OF POLITICAL DIRECTION

(B) THE GOVERNMENT HAS INCREASINGLY TENDED TO INTERFERE IN THE FREE MARKET ECONOMY. SOME INVOLVEMENT HAS BEEN BENIGN, SPECIFICALLY EFFORTS TO PROMOTE NEW ENTERPRISES WITH LOANS AND FAVORABLE TAX TREATMENT. BUT THERE IS LITTLE DOUBT THAT

THE GOVERNMENT WILL INTRODUCE PROTECTIONIST MEASURES TO FOSTER THE GROWTH OF FLEDGLING DOMESTIC INDUSTRIES. HIGHER TARIFFS AND NON-TARIFF BARRIERS WILL BECOME MORE COMMON AS THE GOVERNMENT SEEKS "ECONOMIC INDEPENDENCE." STILL, THE ESTABLISHMENT OF THESE INDUSTRIES WILL PROVIDE A MARKET FOR U.S. MACHINERY AND TECHNOLOGY.

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PAGE 02 PARAMA 02555 02 OF 02 121610Z

KC) LOCAL BUSINESSMEN, FACING A UNCERTAIN POLITICAL AND ECONOMIC FUTURE, HAVE ADOPTED A "WAIT AND SEE" ATTITUDE, DELAYING REORDERING OF SUPPLIES AND SHELIVING PLANS FOR EXPANSION OF PLANT AND INVENTORY. A SLOWDOWN IN PROJECTS FUNDED BY DUTCH AID HAS ALSO PUT A DAMPER ON ECONOMIC ACTIVITY.

(D) GOVERNMENT PRONOUNCEMENTS ON THE CARIBBEAN BASIN INITIATIVE HAVE SO FAR BEEN SCEPTICAL.

(3) CURRENCY EXCHANGE

AS NOTED ABOVE, THE VALUE OF THE SURINAME GUILDER IS TIED TO THE U.S. DOLLAR (CURRENTLY 1 EQUALS SF 1.77). AS THE VALUE OF EUROPEAN CURRENCIES, PARTICULARLY THE DUTCH GUILDER, DECLINED IN RELATION TO THE DOLLAR, EUROPEAN GOODS BECOME CHEAPER IN THE SURINAME MARKET. THIS ADVANTAGE IS PARTIALLY OFFSET BY THE SURINAME CONSUMER'S PREFERENCE FOR AMERICAN PRODUCTS, AND BY THE LOWER SHIPPING COSTS FROM U.S. PORTS.

SECTION D RESOURCES

(1) PERSONNEL

PATRICK SYRING, CONSULAR/COMMERCIAL OFFICER, 40 PER CENT.
AUGUST JAP TJOEN SAN, FSN SENIOR ECONOMIC COMMERCIAL SPECIALIST, 60 PERCENT.

(2) NO SPECIFIC BUDGET OF FUNDS SET ASIDE FOR COMMERCIAL WORK, HOWEVER POST WILL REQUEST FUNDS FOR BIENNIAL NATIONAL TRADE FAIR EXHIBIT.
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PAGE 03 PARAMA 02555 02 OF 02 121610Z

NOTE BY OC/T: MESSAGE DELAYED IN TRANSMISSION..

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