

**LOOKING TOWARDS CARICOM & LATIN
AMERICA: GROWING TOGETHER**

**SURINAME IN ECONOMIC PERSPECTIVE
IN RELATION TO
CARICOM AND LATIN AMERICA**

Introduction

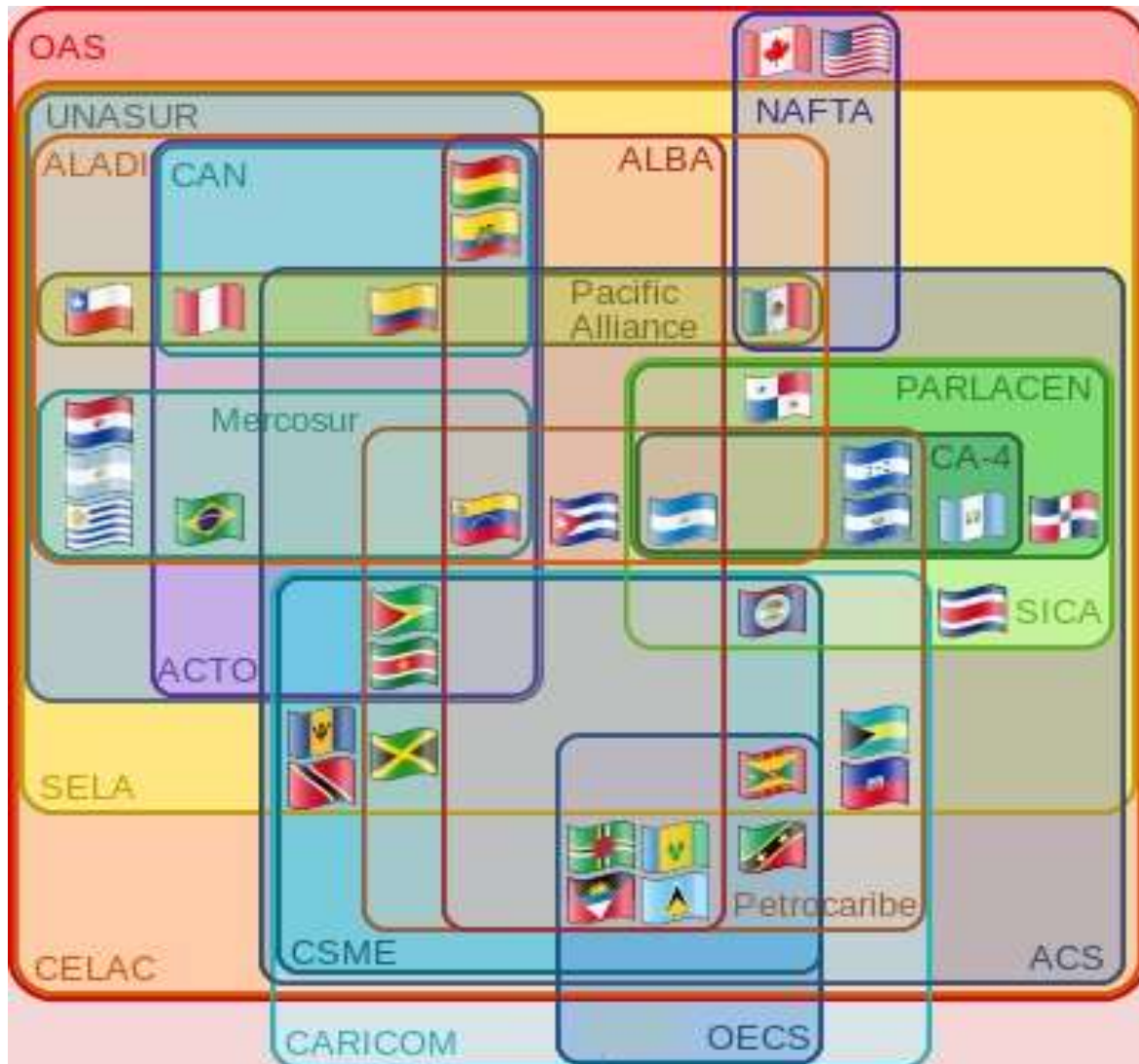
Since the late 90s Suriname has taken some serious steps to open up its economy for the world, especially for the Western Hemisphere. Some concrete initiatives were undertaken to broaden and diversify the economic links with the rest of the region, mainly Latin America and the Caribbean. The costs and benefits of the regional integration were the most important components that needed a thorough study, especially how they may influence the future developments prospects.

The accession to the ACS (1994) and the CARICOM (1995) were the mayor steps taken by Suriname in this period to expand its regional presence. Also some Free Trade Agreements (FTAs) were signed with South American nations, such as Brazil and Venezuela. Suriname has participated actively in the integration process of South America from 2000 on and the main focus of our foreign policy is integration in Latin America and the Caribbean. Accession to the biggest integration mechanisms of the region, namely the Initiative for Regional Integration in South America (IIRSA) and the Union of the South American Nations (UNASUR) were in accordance to our national vision on regional integration, necessary to protect our national interests and to realize development for the country and its people.

In 2011 Suriname accepted a role/ function in the Latin American and Caribbean Economic System (SELA) for the first time since the establishment of this organization. During the XXXVII Regular Meeting of the Latin American Council Suriname was elected Vice Chair of this Council. The main reason to accept this function was because Suriname attaches great importance to the membership of SELA, since it offers a forum for dialogue and cooperation in areas of mutual concern and interest. SELA is a forum which enables us to explore other potentials for cooperation and integration with other developing countries in Latin America and the Caribbean, while pursuing strategic alliances with our neighboring countries, also facilitate our efforts to adopt common positions, when addressing global challenges and issues of the international agenda. With our commitments to the SELA in mind, the Ministry of Trade and Industry (and Foreign Affairs) has (have) tried its utmost to actively participate in the activities of this organization in order to become a more integrated member that can further contribute to its internal strengthening as a regional framework while fostering the Suriname's economic infrastructure, because this is necessary for the work and further growth of the Organization.

SURINAME and its COOPERATION RELATIONS: Suriname's membership in International Organizations

The current situation of the cooperation in Latin America and the Caribbean.



Suriname has signed and ratified various treaties and/ or agreements for (economic) cooperation /consultation mechanisms in recent years. Some of these organizations are:

- CELAC- Community of Latin American and Caribbean States/ Comunidad de Estados Latinoamericanos y Caribeños
- CARICOM- Caribbean Community
- UNASUR- Union of South American of Nations/ Unión de Naciones Suramericanas

- MERCOSUR- The Southern Common Market/ Mercado Común del Sur (**associated member**)
- ALADI- Latin American Integration Association/ Asociación Latinoamericana de Integración (**in the process of accession**)
- OAS- Organization of American States
- PetroCaribe- Oil Alliance between some Caribbean and Latin American countries with Venezuela/ Alianza en materia Petrolera entre algunos países del Caribe con Venezuela
- ACS- Association of Caribbean States
- SELA- Economic System of Latin America/Sistema Economica Latina America

1. Caribbean Community (CARICOM)

Suriname became a member of the CARICOM in 1995 and is also participating in the CARICOM Single Market and Economy Regime. Suriname ratified the revised treaty of Chaguaramas in this regard.

Suriname and Haiti are the only two countries within CARICOM that have no English as an official language.

2. The Southern Common Market (MERCOSUR)

On July 17, 2013 Suriname has signed a framework agreement with the Southern Common Market (MERCOSUR). This Framework Agreement between Suriname and the MERCOSUR was reinforced on July 17, 2015 during the summit in Brasilia, Brazil after the reincorporation of Paraguay to this organization. Considering the fact that it's of essential interest that the integration process and the regional economic integration should be strengthen and deepen, Suriname joined this organization. The experience of Suriname with regional integration in the Caribbean was an added value. Suriname is also in the position to help establish a closer relationship between CARICOM and MERCOSUR which could be of mutual interest for both regions. This could also explore the synergies of the economies of both regions and minimize the asymmetries. This agreement is approved by the National Assembly in November 2014 and in 2015 it was ratified by the President of the Republic of Suriname. The ratification instrument was deposited at Uruguay on May 4, 2015.

This associate membership of MERCOSUR offers new investment and trade perspectives for our country by synchronizing our economy and trade with the more developed South American countries such as Argentina, Brazil and Uruguay. In the preamble of the Treaty of Asunción the

MERCOSUR member States recognize that the extension of their domestic markets, by integration, is an important condition for speeding up the processes of economic development with social justice. The Suriname- MERCOSUR relationship fits well in the economic diplomacy as well as the thought of South-South cooperation and regional cooperation of the current Government and will be complementary to the already existing good bilateral relations with the MERCOSUR Member States. Finally, this membership will allow us to foster activities aimed at promoting trade facilitation and information exchanges such as statistics, trade policy, tariff structures and market data.

3. Latin American Integration Association (ALADI)

Suriname is in the process of becoming a member of ALADI. The main objective of ALADI is the creation of a common Latin American market, where the promotion and regulation of reciprocal trade, the economic complementation and the development of actions for economic cooperation aiming the enlargement of their markets are the main focus. The member countries shall take into account the following principles: Pluralism, convergence, flexibility and differentiated treatments. To comply with the basic functions of the organization, the member states shall establish an area of economic preferences, composed by a regional tariffary preference, by regional reach agreements and by partial reach agreements.

The Montevideo Treaty 1980 offers Member States the possibility of multilateral associations or relationships, that are conducive to the convergence with other countries and economically integrated areas, with the possibility of an agreement on the establishment of a Latin American tariff preference. Member States may also share agreements with limited legal force with other Latin American countries and economically integrated areas. This will, however, share agreements depend on the provisions as set out in article 25 of the 1980 Treaty of Montevideo (TM1980). Suriname has already benefited from this article, by signing an agreement with Brazil, signifying the granting of tariff preferences by Brazil to Suriname for the rice trade, subject to the limits of an established quota (AAP. A25TM No. 41). Finally, with regard to the levies, taxes or other duties, the products, originally of a Member State, will benefit from a treatment no less favorable than the one applied to similar domestic products on the territory of the other Member States.

4. Community of Latin American and Caribbean States (CELAC)

Even though CELAC isn't an economic integration mechanism, but a mechanism for political dialogue and consultation, Suriname is attaching great economic value to this mechanism. Through this mechanism Suriname wants to continue the economic cooperation with Latin America and Caribbean, but also with other regions. One of the cooperation, which will be of great importance for the Latin American and the Caribbean region, is the China-CELAC Forum.

This cooperation will act according to a special financing format. The Chinese Government pledged a USD 900 billion for Foreign Direct Investment, trade, financial cooperation, concessional loans, transfer of technology and knowledge as well as implementation of projects in Latin America and the Caribbean, which should lead to mutual development benefits.

The EU- LAC Foundation is also of great importance for Suriname, the Latin American and Caribbean region, because there are assets available to implement projects in already defined sectors. One of the programs is Venture, which is dedicated to the bi-regional economic relations, characterized by the increased trade and trade agreements, investment and existing complementarities, which highlights the potential of the overall growth, with particular emphasis on the inclusion of bi-regional value chains to small and medium-sized enterprises, SMEs, in accordance with the Declaration of Santiago.

The CELAC is a great outlet for Surinamese products (population: more than 600 million). Meaning that the bridge function, which Suriname wishes to fulfill between Latin America and the Caribbean, can be reflected. In this way Suriname can have access to a bigger market in Latin America.

5. Union of South American Nations (UNASUR)

UNASUR is an intergovernmental regional organization comprising 12 South American countries, with the main objective to create, on the basis of participation and consensus, a space of integration and unity between their peoples to cultural, socio- economic and political spheres in the context of strengthening the sovereignty and independence of the States. The UNASUR also has specific objectives and some of these are:

Financial integration through the adoption of mechanisms compatible with the economic and fiscal policies of Member States;

The development of concrete and effective mechanisms to overcome asymmetries, thus achieving an equitable integration;

Economic and commercial cooperation to achieve progress and consolidation of an innovative, dynamic, transparent, equitable and balanced process focused on an effective access, promoting economic growth and development to overcome asymmetries by means of the complementarities of the economies of the countries of South America, as well as the promotion of the wellbeing of all sectors of the population and the reduction of poverty;

Industrial and productive integration, focusing especially on the important role that small and medium size enterprises, cooperatives, networks and other forms of productive organization may play;

Currently, the economic integration of UNASUR which is not yet a fact, but when it will be ready there can be mutual benefits for the economy of its member states. This economic integration will count for various products and /or services, in particular the agricultural sector. Within UNASUR there are countries with the largest economies in Latin America and they can support Suriname in promoting and diversifying its economy. There will also be a possibility that the UNASUR member countries could help Suriname in producing various products, which can be exported to other regions.

OPPORTUNITIES FOR ECONOMIC AND COOPERATION COORDINATION

Investment

The pace of technological change is staggering in a globalizing world economy. The extent and speed with which innovations in one country cross borders through exchanges of goods, capital, and ideas is unprecedented. This is a process that small countries cannot stop.

Globalization carries with it the prospect of improving the lives of people in all countries. Suriname is of the opinion that every effort should be made to manage globalization and make it work for the smaller economies. The task for governments, private sector organizations and NGO's is to try to maximize its benefits and minimize its costs and risks for our economy.

Suriname is trying to create market opportunities by promoting free trade between CARICOM, Latin American countries and other trading partners for our products and services.

Suriname is also encouraging foreign direct investment in order to gain access to technology, knowledge, and managerial expertise from abroad, and trigger vertical

integration and the development of supply chains. One important goal in this regard is to make the region as a whole attractive to investors.

One way in which our countries can take advantage of the opportunities afforded by globalization is through regional integration and greater openness to trade and investment.

Macroeconomic stability is essential if investment is to grow. Savers must be confident that they will not lose out due to inflationary surges. And investors must be confident that there will not be crises that produce sudden reversals of policy. A continued political commitment to necessary fiscal policy and control of inflation is therefore the first condition for increasing investment and promoting sustainable growth.

Another important element in investment decisions is the cost of doing business. Lowering barriers to entry into business and improving regulatory frameworks would both promote investment and stimulate growth.

The world is experiencing a wave of economic and financial globalization which has many benefits. But not everyone is enjoying those benefits. We need to come up with a response to those who have lost out from globalization and to those who it has not reached yet.

The Ministry of Trade and Industry is busy with identifying market opportunities for our agro-processing, forestry and other sectors identified. Cooperation with partners in this regard is very important to achieve the export growth in the country.

Possible opportunities for cooperation

Looking at the relationships between various multinational (economic) organizations in the Americas, Suriname has already cooperation with most of these organizations or the member

countries of these organizations. Nevertheless there are some countries with whom Suriname could enter into bilateral relationships, to strengthen and promote closer economic cooperation and collaboration. This could continue to provide sustainable economic development for our peoples. Due to the decrease in price of commodities from the mining sector, such as gold, petroleum (oil) and bauxite, the economy of the countries, which were based on the exploitation of these products, are now facing serious financial and economic problems and need to focus on other resources such as agriculture.

There is a need for a joint approach to the global financial and economic challenges and deepening of the regional integration, with the view to preserve economic growth and stability. This could reduce the regions vulnerability and boost economic development. It is also of vital importance to find ways to establish and improve private sector initiatives as well as public private partnership in areas of mutual interest. This could be reach by removing the obstacles encountered by our business community in order to establish easy access to each other's territories and also by increasing the competitiveness of the Surinamese products. Suriname is in the process to consider the extent to which they can foster the bilateral trade and economic relations with countries in Latin America, such as Mexico, Costa Rica and Panama.

Agriculture's contribution to Suriname's exports is currently around 11 percent. In the near future we would like to increase this percentage.

Suriname's vast rainforest interior holds many natural resources that could help broaden its economic base through investment partnerships. Eco-tourism, one of the world's fast-growing industries, is an obvious opportunity, but I would also like to point out the opportunity of biological products.

Growth and development require infrastructure, and here again Suriname is eager to engage with foreign experts in mutually beneficial public-private partnerships (PPP).

Suriname is focusing on removing identified weaknesses, for example, by enacting more business-friendly legislation, increasing transparency, tax incentives and training initiatives for the private sector, as well as improving the ease of setting up a business in Suriname.

Finally I would like to end with a personal statement by saying that:

I am of the opinion that by taking important business decisions and joint cooperation this could have the potential to deliver some positive benefits for businesses and our economies as a whole.