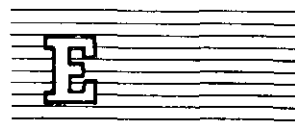


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ECONOMIC SURVEY
OF LATIN AMERICA

1981

SURINAME

This preliminary version of the *Economic Survey of Latin America, 1981* is being distributed in the form of a general introduction, under the symbol E/CEPAL/L.268, and a number of addenda, each containing a study of the economic evolution of a country of the region. These studies will not be published in alphabetical order, but in order of completion.
The final version of the complete *Survey* will be published once the observations regarding this preliminary version have been received.

Notas explicativas

En los cuadros del presente estudio se han empleado los siguientes signos:

Tres puntos (...) indican que los datos faltan o no constan por separado.

La raya (—) indica que la cantidad es nula o despreciable.

Un espacio en blanco en un cuadro indica que el concepto de que se trata no es aplicable.

Un signo menos (-) indica déficit o disminución, salvo que se especifique otra cosa.

El punto (.) se usa para separar los decimales. La raya inclinada (/) indica un año agrícola o fiscal (por ejemplo, 1970/1971).

El guión (-) puesto entre cifras que expresen años, por ejemplo 1971-1973, indica que se trata de todo el período considerado, ambos años inclusive.

La palabra "toneladas" indica toneladas métricas, y la palabra "dólares" de los Estados Unidos, salvo indicación contraria. Salvo indicación en contrario, las referencias a tasas anuales de crecimiento o variación corresponden a tasas anuales compuestas.

Debido a que a veces se redondean las cifras, los datos parciales y los porcentajes presentados en los cuadros no siempre suman el total correspondiente.

SURINAME

1. Recent economic trends: Introduction and summary

Since Independence in 1975, the real gross domestic product (GDP) at factor cost rose at an average annual rate of approximately 7% up to 1980, partly due to the continued Dutch aid—approximately 165 million guilders¹ granted to Suriname every year, from 1975 onwards. In 1981, however, the GDP had a negative real growth of -9.3% as a consequence of a marked fall in the mining, agricultural and manufacturing sectors, as well as a reduction in the services area (government, finance and banking and transport and communications) (see table 1).

Table 1

SURINAME: MAIN ECONOMIC INDICATORS

| | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 ^a |
|--|-------|-------|-------|-------|-------|-------|-------------------|
| A. Basic economic indicators | | | | | | | |
| Gross domestic product at factor cost (millions of Suriname guilders at 1973 prices) | 571 | 627 | 729 | 812 | 801 | 820 | 743 |
| Population (thousands) | 363 | 365 | 369 | 374 | 380 | 388 | 397 |
| Per capita gross domestic product (Suriname guilders at 1973 prices) | 1 573 | 1 718 | 1 976 | 2 171 | 2 108 | 2 113 | 1 872 |
| Growth rates | | | | | | | |
| B. Short-run economic indicators | | | | | | | |
| Gross domestic product (real growth) | -3.4 | 9.8 | 16.3 | 11.4 | -1.3 | 2.3 | -9.3 |
| Per capita gross domestic product (real growth) | -3.5 | 9.2 | 15.0 | 9.9 | -2.9 | 0.2 | -11.4 |
| Current value of exports of goods | 2.8 | 9.6 | 14.0 | 18.8 | 8.0 | 15.8 | -7.9 |
| Current value of imports of goods | 14.6 | 7.1 | 25.0 | 6.0 | 7.7 | 22.8 | 12.6 |
| Consumer prices | | | | | | | |
| December-December | 4.3 | 14.6 | 4.1 | 10.9 | 15.7 | 10.9 | 7.5 |
| Variation between annual averages | 8.6 | 9.8 | 9.7 | 8.8 | 14.9 | 14.1 | 9.0 |
| Money | 20.5 | 17.8 | 10.8 | 12.2 | 11.1 | 7.6 | 21.7 |
| Wages and salaries ^b | - | 0.6 | 31.7 | -8.3 | -1.0 | 10.9 | 19.8 |
| Current income of government | 47.7 | -4.2 | 9.9 | 14.3 | -2.5 | 11.8 | 9.7 |
| Total expenditure of government ^c | 40.3 | 21.7 | 21.4 | 22.3 | 3.9 | 11.7 | 23.7 |
| Fiscal deficit/total expenditure | 16.1 | 34.5 | 37.5 | 18.8 | 20.6 | 16.6 | - |
| Millions of dollars | | | | | | | |
| C. External sector | | | | | | | |
| Trade balance | -30 | 9 | -46 | 3 | -3 | -49 | -137 |
| Balance on current account | -48 | -26 | -81 | -28 | -37 | -58 | -119 |
| Variation in net international reserves | -36 | -25 | 18 | -28 | -31 | -24 | ... |
| External debt | 12 | 11 | 10 | 31 | 29 | 28 | 22 |

Source: CEPAL, on the basis of official data.

^a Preliminary figures.

^b Average at end of December of each year.

^c From 1979 onwards this refers to current expenditure.

¹ The rate of exchange in 1981 was 1 785 Suriname guilders per US dollar.

Real per capita GDP also recorded a decline (-11.4%) because the GDP decreased in 1981. Since Independence in 1975, some 75 000 migrants (net) have left the country, but total population increased at a rate of 1.5% during the period 1975-1981. In 1981, however, emigration was the lowest in many years, reflecting government policy of attracting expatriates back to the country. The new Government has shown increased interest in social issues and planning efforts are underway to increase the country's self-reliance.

With respect to the trade balance, the deficit reached US\$ 137 million in 1981 and reflects a third year of fast-growing imports (up by 24%) in contrast with slack exports (down by 7.9%).

Wage evolution in the public sector, which is the principal employer in the country (43% of the working force comes under the government budget), shows an increase in real wages during the last two years which has more than compensated for inflation. Inflation, on the other hand, has slowed from a peak 14.9% in the annual variation of the consumer price index during 1979, to 9% in 1981.

During the last few years, external indebtedness has increased from some US\$ 11 million in 1975-1977 to more than US\$ 28 million in the period 1978-1980. Efforts are being made to diversify the sources of foreign credit and in 1981 there was a reduction of the external debt to US\$ 22 million.

2. Trends in economic activity

(a) *Growth of the main sectors*

(i) *Agriculture.* The agricultural product (at factor cost in 1973 prices) fell slightly in 1980 and more sharply in 1981, reflecting smaller sugar and oil palm crops. Thus the contribution of the sector to total GDP fell from 8.8% in 1979 to 7.6% in 1981 (see table 2).

Table 2

SURINAME: GROSS DOMESTIC PRODUCT, BY KIND OF ECONOMIC ACTIVITY, AT FACTOR COST

| | Millions of Suriname guilders at 1973 prices | | | Percentage breakdown | | Growth rates | | | |
|---------------------------------------|--|------|------|----------------------|-------|--------------|-------|-------|-------------------|
| | 1979 | 1980 | 1981 | 1975 | 1981 | 1975-1978 | 1979 | 1980 | 1981 ^a |
| Gross domestic product | 801 | 820 | 743 | 100.0 | 100.0 | 12.4 | -1.3 | 2.3 | -9.3 |
| Goods | 300 | 355 | 295 | 41.8 | 39.8 | 9.5 | -4.4 | 18.4 | -16.5 |
| Agriculture and fisheries | 71 | 70 | 56 | 9.9 | 7.6 | 6.1 | 4.7 | -1.6 | -18.8 |
| Forestry and wood industry | 11 | 14 | 20 | 1.6 | 2.7 | 25.8 | -43.3 | 28.3 | 49.3 |
| Mining and Bauxite | 122 | 138 | 119 | 22.2 | 16.0 | 2.3 | -10.1 | 12.8 | -13.7 |
| Manufacturing | 67 | 99 | 55 | 6.2 | 7.4 | 18.0 | 15.9 | 48.0 | -44.6 |
| Construction | 29 | 34 | 45 | 1.9 | 6.1 | 44.8 | -13.2 | 18.3 | 32.1 |
| Basic services | 52 | 61 | 56 | 6.8 | 7.5 | 13.8 | -8.3 | 15.9 | -7.9 |
| Gas, water and electricity | 20 | 19 | 21 | 2.5 | 2.8 | 9.2 | 6.5 | -5.1 | 11.8 |
| Transport, storage and communications | 32 | 42 | 35 | 4.3 | 4.7 | 16.3 | -15.4 | 28.6 | -17.0 |
| Other services | 449 | 404 | 392 | 51.4 | 52.7 | 14.5 | 1.9 | -9.9 | -3.1 |
| Trade and commerce | 123 | 123 | 119 | 17.1 | 16.0 | 9.7 | -4.4 | -0.3 | -3.4 |
| Financial services | 53 | 70 | 41 | 4.2 | 5.5 | 26.9 | 6.9 | 33.0 | -41.9 |
| Household services | 34 | 36 | 34 | 4.2 | 4.6 | 11.7 | 3.0 | 6.8 | -5.8 |
| Government | 226 | 160 | 183 | 23.4 | 24.6 | 17.2 | 4.8 | -29.0 | 14.2 |
| Others | 13 | 15 | 15 | 2.5 | 2.0 | 0.5 | -5.6 | 11.0 | 1.3 |

Source: Data supplied to CEPAL by the Bureau of Statistics, Suriname.

^a Estimates by the National Planning Bureau.

Table 3

SURINAME: INDICATORS OF AGRICULTURAL PRODUCTION

| | 1977 | 1978 | 1979 | 1980 | Growth rates | | |
|--|---------|---------|---------|---------|--------------|-------|-------|
| | | | | | 1978 | 1979 | 1980 |
| Index of agriculture Production (1970 = 100) | | | | | | | |
| Agricultural crops | 149.0 | 117.0 | 127.5 | 152.7 | -21.5 | 9.0 | 19.8 |
| Livestock | 117.7 | 113.6 | 118.9 | 121.2 | -3.5 | 4.7 | 1.9 |
| Fishing | 130.6 | 191.1 | 176.2 | 147.5 | 46.3 | -7.8 | -16.3 |
| Production of agricultural crops (tons) | | | | | | | |
| Paddy rice | 202 866 | 223 946 | 235 772 | 257 629 | 10.4 | 5.3 | 9.3 |
| Maize | 230 | 273 | 264 | 290 | 18.7 | -3.3 | 9.8 |
| Sugar cane ^a | 135 325 | 119 760 | 164 060 | 149 399 | -11.5 | 36.9 | -8.9 |
| Oil palm | 1 840 | 2 804 | 4 856 | 4 091 | 52.4 | 73.2 | -15.8 |
| Peanuts | 338 | 250 | 286 | 210 | -26.0 | 14.4 | -26.6 |
| Coconuts | 5 500 | 5 644 | 5 649 | 5 479 | 2.6 | 0.1 | -3.0 |
| Bananas | 31 508 | 33 063 | 31 214 | 39 226 | 4.9 | -5.6 | 25.7 |
| Plantains | 1 700 | 2 850 | 3 280 | 1 918 | 67.6 | 15.1 | -41.5 |
| Citrus | 67 500 | 30 434 | 35 360 | 42 282 | -54.9 | 16.2 | 19.6 |
| Root crops | 2 200 | 2 742 | 3 287 | 3 578 | 24.6 | 19.9 | 8.9 |
| Green vegetables | 2 150 | 2 445 | 2 859 | 3 401 | 13.7 | 16.9 | 19.0 |
| Coffee | 90 | 25 | 59 | 45 | -72.2 | 136.0 | -23.7 |
| Cocoa | 61 | 47 | 83 | 65 | -23.0 | 76.6 | -21.7 |
| Number of head of livestock | 46 884 | 61 648 | 70 967 | 76 787 | 31.5 | 15.1 | 7.4 |
| Cattle | 24 000 | 34 495 | 42 239 | 46 575 | 43.7 | 22.7 | 10.2 |
| Pigs | 18 259 | 18 000 | 20 179 | 20 000 | -1.4 | 12.1 | -0.8 |
| Goats and sheep | 4 200 | 8 888 | 8 294 | 9 360 | 111.6 | -6.7 | 12.0 |
| Other | 425 | 265 | 255 | 357 | -37.6 | -3.8 | 40.9 |
| Poultry ^b | 4 400 | 4 500 | 4 500 | 4 500 | 2.3 | 0.0 | 0.0 |
| Number of animals slaughtered ^c | 19 160 | 21 568 | 22 466 | 24 023 | 12.6 | 4.2 | 6.9 |
| Cattle | 6 986 | 7 929 | 8 002 | 8 069 | 13.5 | 0.9 | 0.8 |
| Pigs | 11 759 | 12 981 | 13 710 | 14 939 | 10.4 | 5.6 | 8.9 |
| Goats and sheep | 415 | 658 | 754 | 1 015 | 58.6 | 14.6 | 34.6 |
| Poultry ^b | 3 900 | 4 000 | 4 180 | 4 200 | 2.6 | 4.5 | 0.4 |
| Production ^d | | | | | | | |
| Beef | 943 | 1 194 | 1 098 | 1 179 | 26.6 | -8.0 | 7.3 |
| Pork | 811 | 948 | 1 069 | 1 135 | 16.9 | 12.8 | 6.1 |
| Milk production (fresh milk delivered to central market) ^e | 2 700 | 2 957 | 2 226 | 2 700 | 9.5 | -24.7 | 21.3 |
| Indicators of fishery production ^{dg} | | | | | | | |
| Shrimps | 189 | 338 | 321 | 728 | 79.1 | -5.0 | -28.9 |
| Fish | 3 400 | 2 885 | 2 618 | 2 127 | -15.1 | -9.3 | -18.7 |
| Crabs | 26 | 23 | 30 | 31 | -11.5 | 30.4 | 3.3 |
| Total (shrimps, fish and crabs) | 3 615 | 3 246 | 2 969 | 2 386 | -10.2 | -8.5 | -19.6 |

Source: Agrarisch-Statistische gegevens, 1970-1979, Ministry of Agriculture, Livestock and Fisheries of Suriname, June 1981; Graadmeter van de Surinaamse Skonomie, (Basisgegevens over productie, arbeidsplaatsen, lonen en prijzen), Bureau of Statistics, Suriname; and updated figures for 1980 from the same sources.

^a1981 production of sugar cane amounted to 146 327 tons.

^bThousands.

^cExcludes poultry.

^dTons.

^eThousands of litres.

^f1981 production of fresh milk amount to 4 400 000 litres.

^gLocal fishing activity.

In recent years there has been a shifting of land use, with reductions in the areas planted with bananas, coffee, cocoa, peanuts and citrus and increases in the areas for palm oil and rice. The increase in total planted area is mainly explained by increased rice production on a large-scale, fully mechanized basis. Sugar production has decreased for several years due to falling yields, and there was also a notable decrease in coffee and cocoa production in 1981 (see tables 3 and 4). It is interesting to note that whereas in 1975, according to figures provided by the Planning Bureau and the Ministry of Agriculture, some 42% of the cultivated area was considered to be under large-scale farming, this type of farming represented almost 65% of the cultivated land in 1980.

Table 4

**SURINAME: AGRICULTURAL AREA UNDER CULTIVATION
(PLANTED AREA)**

| | 1977 | 1978 | 1979 | 1980 | 1981 ^a | Growth rates | | | |
|-----------------------|--------|--------|--------|--------|-------------------|--------------|------|-------|-------------------|
| | | | | | | 1978 | 1979 | 1980 | 1981 ^a |
| Total cultivated area | 60 989 | 66 471 | 70 841 | 77 619 | 82 355 | 9.0 | 6.6 | 9.6 | 6.1 |
| Paddy rice | 49 700 | 55 200 | 58 855 | 64 956 | 67 001 | 11.1 | 6.6 | 10.4 | 3.1 |
| Maize | 110 | 140 | 185 | 183 | 206 | 27.3 | 32.1 | -1.1 | 12.6 |
| Sugar cane | 2 188 | 2 303 | 2 429 | 2 392 | 2 422 | 5.3 | 5.5 | -1.5 | 1.3 |
| Oil palm | 1 880 | 2 025 | 2 372 | 2 557 | 2 831 | 7.7 | 17.1 | 7.8 | 10.7 |
| Soy beans | 45 | 38 | 37 | 43 | 46 | -15.6 | 2.6 | 16.2 | 7.0 |
| Peanuts | 282 | 245 | 285 | 208 | 339 | -13.1 | 16.3 | -27.0 | 63.0 |
| Coconuts | 1 100 | 1 000 | 973 | 1 097 | 1 340 | -9.1 | -2.7 | 12.7 | 22.2 |
| Bananas | 1 739 | 1 694 | 1 683 | 1 625 | 1 941 | -2.6 | -0.6 | -3.4 | 19.4 |
| Plantains | 256 | 216 | 272 | 284 | 601 | -15.6 | 25.9 | 4.4 | 111.6 |
| Citrus | 2 000 | 1 894 | 1 899 | 1 933 | 2 163 | -5.3 | 0.3 | 1.8 | 11.9 |
| Root crops | 400 | 452 | 525 | 567 | 706 | 13.0 | 16.2 | 8.0 | 24.5 |
| Green vegetables | 485 | 538 | 586 | 718 | 1 402 | 10.9 | 8.9 | 22.5 | 95.3 |
| Coffee | 360 | 209 | 199 | 152 | 344 | -41.9 | -4.8 | -23.6 | 126.3 |
| Cocoa | 390 | 208 | 214 | 250 | 319 | -46.7 | 2.9 | 16.8 | 27.6 |

Source: Data supplied to CEPAL by the Ministry of Finance.

^aPreliminary figures.

According to the 1980 Census, this sector employs about 12% of the labour force and provides 17.7% of the jobs. According to official figures the sector offers 17 200 jobs but only 10 032 persons are normally employed on the land; the balance is covered in part by temporary migrants from the Caribbean region (mainly Guyana).²

Agriculture continues to suffer because of high labour costs and a scarcity of workers. The Government is trying to step up research in order to secure the necessary adjustments in technical aspects of production. The promotion of middle-sized farms and co-operatives has been carried out for some time. Enhanced agricultural extension services, storage and marketing facilities are seen as necessary in the case of oil crops (other than palm oil), fruits, root crops and vegetables: i.e., in production not geared primarily to the export market.

The livestock subsector has remained stagnant for some time, and only an increase in the production of goat and sheep meat was noted in the 1978-1979 period.

Rice, shrimps, bananas and oil palm are the most important export products, representing some 15.5% of total exports. Exports of shrimps have gained momentum since 1973, and in 1977 their value exceeded rice exports. Since then, however, the catch has decreased by almost 15% annually and only price increases have kept the export value growing albeit very slowly. Forestry

²In 1981, 69 662 persons immigrated from Guyana while 66 239 persons departed to Guyana through the principal ports.

has been developed for a number of years and better linkages between timber production (which grew by 7.7% in 1975-1980 and was the most dynamic area of the economy in 1981) and processing are being established. Particle board, plywood and other wood-derived products are coming into increasing production.

A new emphasis is placed on the processing of agricultural products in the present planning exercise. For this purpose, the Government envisages assuring producers that it will follow a pricing policy which balances costs of production with international prices. The following actions are part of the proposed sectoral programme for 1982-1986:³ (a) establishment of a national rice export institute; (b) establishment of a national vegetable export institute; (c) development of vegetable and fruit processing both for the domestic and export markets; (d) guaranteed prices for a number of selected products; (e) regulation of the shrimp and fish industry as regards the number of trawlers, license obligation, fuel compensation and catches. A levy on the export of shrimp is being studied; (f) extension of beef and pork processing and affiliation to a central wholesale agency that will be responsible for the purchase of animals for slaughter and the sale of meat; (g) measures to promote the further processing of products based on palm oil.

In 1981 an Agricultural Census was carried out, thus improving the information available for decision-makers and providing more insight into the structure of land tenancy and composition of production.

(ii) *Mining.* In 1981 the mining and bauxite sector accounted for 16% of the GDP (at factor cost) and 80% of exports, as well as 18% of government revenue, although in 1980 it employed only 6.5% of the work force. Due to this, the short- and medium-term outlook for the economy and its external position are critically linked to this sector. In 1980-1981 the bauxite subsector was plagued by falls in both volume produced and in prices, and the index of mining production shows a decrease of 15% in 1981 following a 6% increase in 1980. The last few years have shown a relative tendency towards increased processing of bauxite: between 1978 and 1980 production of alumina and aluminium increased more rapidly than exports of bauxite, and in 1981 the decrease in exports of bauxite exceeded the fall in production of these derivatives (see table 5).

Table 5
SURINAME: INDICATOR OF MINING PRODUCTION

| | 1977 | 1978 | 1979 | 1980 | 1981 ^a | Growth rates | | | |
|---|-------|-------|-------|-------|-------------------|--------------|-------|-------|-------------------|
| | | | | | | 1978 | 1979 | 1980 | 1981 ^a |
| Index of mining production (1970 = 100) | 98.0 | 106.0 | 98.1 | 104.0 | 88.0 | 8.2 | -7.4 | 6.0 | -15.4 |
| Production ^b | | | | | | | | | |
| Bauxite | 4 856 | 5 025 | 4 769 | 4 093 | 4 125 | 3.5 | -5.1 | 2.6 | -15.7 |
| Alumina | 1 215 | 1 316 | 1 312 | 1 444 | 1 248 | 8.3 | -0.3 | 10.0 | -13.6 |
| Aluminium | 50 | 59 | 53 | 55 | 41 | 18.0 | -10.2 | 3.7 | -25.5 |
| Export volume ^b | | | | | | | | | |
| Bauxite | 2 026 | 2 284 | 1 737 | 1 767 | 1 260 | 3.5 | -23.9 | 1.4 | -28.2 |
| Alumina | 1 059 | 1 124 | 1 185 | 1 329 | 1 165 | 6.1 | 5.4 | 12.1 | -12.3 |
| Aluminium | 58 | 55 | 64 | 46 | 31.6 | -5.2 | 16.3 | -28.1 | -31.3 |
| Export value ^c | | | | | | | | | |
| Bauxite | 102 | 111 | 117 | 131 | 96 | 8.9 | 5.4 | 11.9 | -26.7 |
| Alumina | 260 | 297 | 359 | 499 | 449 | 14.2 | 20.8 | 38.9 | -10.0 |
| Aluminium | 96 | 91 | 134 | 116 | 87 | -5.2 | 47.2 | -13.4 | -25.0 |

Source: Bureau of Statistics, Suriname, and data supplied to CEPAL by the Planning Bureau.

^a Preliminary figures.

^b Thousands of tons.

^c Millions of Suriname guilders.

³ Ministry of Agriculture, animal husbandry, fishery and forestry, "A Proposal for an Agricultural Sector Programme 1982-1986", Paramaribo, November 1981.

Bauxite mining started after the First World War when SURALCO (a subsidiary of the Aluminium Company of America - ALCOA) opened the first mine, at Moengo. Output was vastly expanded during the Second World War, when a second mine was opened at Paraman and a subsidiary of Shell of the Netherlands initiated exploitation of the Onverdacht deposits. By the mid-1950s production had reached 3.4 million tons (about a quarter of total world production), and it continued to increase to a peak 7.2 million tons in 1974. At the end of 1974 the Suriname Government took similar action to Jamaica, the other Caribbean producer of bauxite, and introduced a levy on production which amounted to 6% of the realized price of aluminium,⁴ but later, because of concern at the large production drop that had occurred since the introduction of the levy, the Government agreed in 1979 to lower it to about 3.1-3.3% of the international aluminium price.

The sector is still dominated by the two subsidiaries of transnational corporations. Processing of bauxite on a large scale began in the mid-1960s with the completion of a hydroelectric power plant at Afobakka and the construction of an aluminium smelter and alumina plant under a government joint venture agreement (the Brokopondo Agreement of 1958). By the early 1970s output of processed products had reached about 57 000 tons of aluminium, 1 300 million tons of alumina and 300 000 tons of calcined bauxite. About 10% of the bauxite processed is calcined and 90% goes for alumina production. Nearly 10% of the alumina is further processed into aluminium.

Despite occasional upsurges, since 1974 production has generally not recovered the peak level. Since the introduction of the bauxite levy coincided with a drop in world demand for aluminium that has continued under the present world recession, the companies (particularly those which are members of the International Bauxite Association (IBA)) have cut production in Suriname as well as in other countries.

Prior to the introduction of the levy, the sector contributed 15% of total government revenue, primarily in the form of income taxes. The levy's correlation to the world market price for aluminium has been a factor influencing the rate of growth of production and the Government's revenue. Thus, in 1975 net levy payments amounted to 126.2 million guilders or about 40% of current government revenue, and during 1976 and 1977 net levy receipts still remained at 65-70 million guilders as aluminium price increases offset declines in production, while further increases in price in 1978 caused receipts to rise to 103.6 million guilders, representing nearly a quarter of current revenue. Since then, however, stagnating production and a decline in 1981 have brought the contribution down to about one-fifth of total revenue.

The relatively high costs of the industry in Suriname have made production less competitive than that of other countries. The potential for an expansion of bauxite sector output lies in the exploitation of the Bakhuis deposits in Western Suriname. In order to seek a viable solution to the development of these deposits the Government formed a commission with the mining companies, and a report issued in 1980 concluded that two main alternatives were considered feasible: (a) the establishment of a small bauxite mine in Western Suriname (430 000 tons) and the establishment of a new calcinated refractory bauxite plant to supplement present production facilities in Eastern Suriname. This would result in doubling total calcined bauxite output; or (b) the establishment of a larger bauxite mine (2 million tons per year) and a calcinated refractory plant as well as the expansion of the existing alumina plant by about 50% to process about 1.5 million tons of Western Suriname bauxite. The construction of a new alumina plant in Western Suriname, as envisaged in the Government's current Development Plan, was discarded in 1980 due to the higher costs of building a new plant vis-à-vis expanding existing facilities. Energy costs and the need to build new hydroelectric plants to serve a much larger processing plant further increase these costs.

⁴United States listed producer price for 99.5% ingots, at New York, assuming an average conversion factor of 4.1 tons. However, since the companies were allowed to credit income taxes paid against the gross levy and because of discounts in respect of deposits with higher production costs, the actual net levy amounted to 60-80% of the gross levy or about 4% of the realized price.

(iii) *Energy.* The energy production sector, along with gas, water and other public utilities, has been expanding at an average annual rate of almost 6% since 1975. Approximately 90% of Suriname's present electric capacity belongs to the two private aluminium companies. Roughly half of this capacity is provided by the 189 MW Afobakka hydroelectric plant constructed 15 years ago. Under the concession agreement the company must deliver a portion of the plants output each year to the Government, which in turn sells it to the electricity company (Energie Bedrijven Surinam - EBS). This electricity, plus diesel-generated energy, services the Paramaribo area, where roughly half the country's population lives.

Peak demand in Paramaribo has been estimated at 39 MW (excluding that of the industrial self-producers). As much as 41% of this demand can be covered by hydroelectricity, the remainder being supplied by a 32 MW diesel plant. In 1975-1981, 22% of the gross domestic consumption of energy was supplied by the Afobakka plant—most of it for aluminium production (see table 6). Other primary sources of energy (firewood, animal, plant and charcoal) have remained stagnant over the last few years. Energy consumption has been growing at the rate of almost 5% and since 1975 one of the country's sectoral development objectives has been to cover all of this new demand with hydropower and, as far as possible, to cover also the needs now being filled by industrial captive thermal generation. This objective was given greater urgency by the increases in the price of crude petroleum: while the volume of oil imports grew by 4.2% per annum in the period 1975-1980, their cost increased by 24% per annum. A seven-man Energy Commission was appointed in 1979, and the new Government of Suriname set up an interdisciplinary Energy Group which has endorsed the Commission's recommendations. The Multi-annual Development Plan, which was re-examined by the new Government in 1980 and is now being further analysed, included two big hydroelectric projects in Western Suriname.

Table 6

**SURINAME: GROSS DOMESTIC CONSUMPTION OF ENERGY
AND OIL PRODUCTS, 1975-1981**

(Thousands of barrels of oil equivalent)

| | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 |
|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Aviation gasoline | 10 | 12 | 19 | 27 | 27 | 9 | 25 |
| Aviation keronene | 113 | 92 | 102 | 106 | 124 | 134 | 120 |
| Premium gasoline | 143 | 156 | 211 | 243 | 261 | 257 | 280 |
| Regular gasoline | 110 | 92 | 106 | 104 | 106 | 97 | 106 |
| Kerosene | 32 | 9 | 27 | 26 | 22 | 19 | 15 |
| Diesel oil | 1 094 | 1 056 | 1 275 | 1 269 | 1 128 | 1 200 | 1 280 |
| Fuel oil | 2 728 | 2 639 | 2 106 | 3 358 | 3 190 | 3 415 | 3 400 |
| LPG | 80 | 98 | 137 | 143 | 182 | 210 | 230 |
| Lubricating oil | 36 | 36 | 39 | 44 | 42 | 40 | 44 |
| Grease | 2 | 2 | 2 | - | - | - | - |
| Others | 2 | 2 | 2 | - | - | 11 | - |
| Subtotal | 4 318 | 4 175 | 3 961 | 5 251 | 4 976 | 5 392 | 5 355 |
| Hydropower | 1 210 | 1 570 | 1 760 | 1 370 | 1 533 | 1 606 | 1 500 |
| Total | 5 528 | 5 745 | 5 721 | 6 621 | 6 509 | 6 998 | 6 855 |

Source: Energy Planning Unit, Planning Bureau.

The uncertainty surrounding the extent of future mining activity in the Bakhuis region has inclined the Government to develop hydropower to satisfy the projected industrial demand in a first phase. Eventual further exploitation of the country's hydroelectric potential for the production of aluminium is a second objective for the sector. Even if it is decided not to expand the present aluminium production capacity in the Eastern region, the possibility still exists of substituting fuel now used for steam generation. In addition, it might be possible to sell electricity to Guyana while

that country is developing its hydropower potential. The transmission line required could still serve to interconnect the two countries once Guyana begins its own hydropower generation.

(iv) *Manufacturing*. In 1981 the industrial sector accounted for 7.4% of the GDP at factor cost (1973 prices): a severe setback compared with 1980, when it provided 12% of the GDP. This sector, which is mainly oriented towards the internal market, had been one of the more dynamic areas of the economy in the period 1975-1980, along with construction and financial services, but its employment-generating capacity has been very limited: while 10.7% of the work force was in this sector in 1975, only 8.4% worked in manufacturing in 1980.

In the period 1974-1980 it was the area of agro-products and processed foods that was the most dynamic, the leading activities being butter production followed by wheat flour production, both of which are heavily dependent on imported inputs, as are cattle fodder and animal feeds, soft drinks, cigarettes and shoes. Sugar production fell in this period, recovering somewhat in 1981 but remaining well below the 1974 production level. The same trend was seen in alcohol and molasses production, which is also dependent on the historically declining cane production yields (see table 7).

Table 7

SURINAME: INDICATORS OF MANUFACTURING PRODUCTION

| | 1977 | 1978 | 1979 | 1980 | 1981 ^a | Growth rates | | |
|---|--------|--------|--------|--------|-------------------|--------------|-------|-------------------|
| | | | | | | 1979 | 1980 | 1981 ^a |
| Butter ^b | 264 | 196 | 147 | 142 | 168 | -24.7 | -3.8 | 18.7 |
| Wheat flour ^b | 8 834 | 9 071 | 10 164 | 9 249 | 9 998 | 12.1 | -9.0 | 8.1 |
| Margarine ^b | 576 | 709 | 814 | 609 | 743 | 14.8 | -25.0 | 22.0 |
| Peanut butter ^b | 155 | 186 | 318 | 198 | 66 | 71.3 | -37.7 | -66.8 |
| Sugar ^b | 7 594 | 6 122 | 10 218 | 7 122 | 7 851 | 66.9 | -30.5 | 10.2 |
| Yoghurt ^c | 376 | 277 | 221 | 191 | 181 | -20.2 | -13.6 | -5.2 |
| Milk ^c | 8 091 | 8 592 | 7 901 | 8 107 | 8 753 | -8.0 | 2.0 | 8.0 |
| Alcohol ^c | 1 714 | 1 656 | 1 539 | 1 244 | 767 | -7.1 | -18.6 | -38.3 |
| Soft drinks ^c | 34 071 | 35 643 | 37 005 | 36 095 | 42 328 | 3.8 | -2.5 | 17.3 |
| Cigarettes ^d | 354 | 353 | 361 | 379 | 402 | 2.3 | 5.3 | 6.1 |
| Cigars ^e | 174 | 161 | 167 | 117 | 133 | 3.7 | -30.1 | 13.7 |
| Other | | | | | | | | |
| Cement ^b | 45 000 | 57 000 | 69 000 | 42 545 | 71 408 | 21.1 | -38.2 | 67.8 |
| Particle board ^f | 6 502 | 6 411 | 6 664 | 5 964 | 6 200 | 3.9 | -10.5 | 4.0 |
| Plywood ^f | 14 726 | 19 031 | 20 019 | 18 588 | 19 400 | 5.2 | -7.1 | 4.4 |
| Shoes ^g | 276 | 354 | 321 | 364 | 357 | 9.3 | 13.4 | -1.9 |
| Cardboard boxes ^c | 2 242 | 2 404 | 2 633 | 1 107 | ... | 9.5 | -58.0 | ... |
| Crude palm oil ^b | 1 840 | 2 804 | 4 429 | 4 090 | ... | 58.0 | -7.7 | ... |
| Molasses ^c | 4 144 | 2 549 | 3 384 | 3 104 | 2 419 | 32.8 | -8.0 | -22.1 |
| Cattle fodder and animal feeds ^b | 35 057 | 43 017 | 48 466 | 42 717 | 49 790 | 12.7 | -11.9 | 16.5 |

Source: Bureau of Statistics and data supplied to CEPAL.

^a Preliminary figures.

^b Tons.

^c Thousands of litres.

^d Millions.

^e Thousands.

^f cubic meters.

^g Pairs.

Production based on local raw materials, such as processed wood products, cardboard boxes and crude palm oil, have not gained momentum in recent years. Moreover, the setback experienced in 1981 by manufacturing, coupled with the smaller mining activity, adversely affected commerce and services too, so that transport and financial services also declined.

(v) *Public sector activities.* Government services grew at a steady pace of 3.7% annually from 1975 to 1980, due in part to the continued development aid from the Netherlands, together with the availability of savings on the current account during the 1978-1980 period. Revenue from direct and indirect taxes grew at a rate of 18% in the 1975-1980 period. Thus, the Government has remained the largest employer in the economy, offering about 40% of the jobs in the country, and in years of poor performance like 1981 it acts as a buffer for the whole economy.

In 1981 the Government faced a deficit on the current account which was mainly due to a 71% increase in purchases of goods and services and a 19% increase in wages and salaries. Subsidies and transfers diminished during the year, contrary to the 1975-1980 trend of dramatic increases in government expenditures (see table 16 below).

Capital account or development activities continued, with the major construction efforts and public health initiatives being financed by Netherlands aid. The recurrent problem of the country's capacity to absorb these investments has affected the pace of project implementation.

(b) *Developments in employment*

The lack of manpower at most skill levels and a shortage of technical and managerial staff are probably the most important constraints which Suriname now faces. Table 8 shows, on the basis of data from the 1980 Population Census, how the total number of work posts in most sectors outnumbers the economically active population. This should not be confused, however, with absence of unemployment.

Table 8

SURINAME: AVAILABLE JOBS AND ECONOMICALLY ACTIVE (EMPLOYED) POPULATION IN 1980

| Sector | Available jobs | Economically active population | Difference ^a |
|--|----------------|--------------------------------|-------------------------|
| Agriculture | 17 200 | 10 032 | 7 168 |
| Mining | 6 152 | 5 478 | 674 |
| Manufacturing | 9 658 | 7 049 | 2 609 |
| Utilities | 1 270 | 1 248 | 22 |
| Construction | 2 714 | 3 823 | -1 109 |
| Commerce | 14 872 | 11 360 | 3 512 |
| Transport | 2 936 | 2 899 | 37 |
| Banking | 2 293 | 1 964 | 329 |
| Government | 37 964 | 36 153 | 1 811 |
| Other services (including non-responses) | 2 966 | 336 | 2 630 |
| Total | 97 925 | 83 461 | 14 464 |

Source: Volkstelling, 1980, (Census, 1980), Bureau of the Census; Planning Bureau; and Ministry of Finance.

^a A positive figure indicates that the posts exceed the number of persons economically active in the sector; a negative figure indicates that the number of economically active persons is greater than the available posts.

In past years, emigration has been particularly heavy among the educated and the skilled, thus presenting the country with the above-mentioned shortage. According to the same census figures (see table 9), however, there are nevertheless a significant number of persons looking for work—some 17% with respect to the economically active population. They are mainly in very young age categories—29.6% of those looking for work are between the ages of 12 and 19, while those looking for work in the 12-24 age group represent 11% of the work force in the 12-59 age group and of them have a low level of administrative and technical skills.

Table 9

**SURINAME: ECONOMICALLY ACTIVE POPULATION AND PERSONS
LOOKING FOR WORK, BY AGE GROUPS IN 1980**

| Economically active population | | Looking for work | |
|--------------------------------|-------------------|------------------|-------------------|
| Age group | Number of persons | Age group | Number of persons |
| 12 - 14 | 140 | 12 - 19 | 4 212 |
| 15 - 59 | 78 694 | 20 - 24 | 4 467 |
| 60 - 64 | 1 911 | 25 - 29 | 1 749 |
| 65 - 69 | 1 050 | 30 - 34 | 985 |
| 70 and older | 834 | 35 - 39 | 734 |
| Non-response | 832 | 40 - 44 | 626 |
| Total | 83 461 | 45 - 49 | 486 |
| | | 50 and older | 961 |
| | | Non-response | 9 |
| | | Total | 14 229 |

Source: Bureau of the Census (Bureau Vijfde Algemene Volkstelling), quoted by the Ministry of Finance.

3. The external sector

In 1981, for the first time in many years, Suriname faced a deficit on its merchandise trade, reflecting the faster growth of imports than exports for the third consecutive year. Due to the fall in bauxite sales, exports went down by 7.9% (see table 10). In contrast, before 1980 the surplus on the merchandise trade partly offset the deficits on services, which had not reached such a high level since 1977.

Table 10

SURINAME: EXPORTS OF GOODS

| | Millions of dollar | | | | Percentage breakdown | | Growth rates | | | |
|---------------------------------|--------------------|------|------|-------------------|----------------------|-------------------|--------------|-------|-------|-------------------|
| | 1978 | 1979 | 1980 | 1981 ^a | 1970 | 1980 ^a | 1978 | 1979 | 1980 | 1981 ^a |
| Total | 394 | 444 | 514 | 474 | 100.0 | 100.0 | 13.7 | 12.9 | 15.8 | -7.9 |
| Bauxite and processing | 309 | 341 | 415 | 354 | 86.9 | 80.7 | 11.5 | 10.5 | 21.6 | -14.7 |
| Bauxite | 72 | 66 | 74 | 54 | 25.7 | 14.4 | 9.9 | -9.0 | 12.2 | -26.9 |
| Alumina | 176 | 201 | 279 | 252 | 46.3 | 54.3 | 15.5 | 14.1 | 39.2 | -10.0 |
| Aluminium | 61 | 74 | 62 | 48 | 14.9 | 12.1 | 2.4 | 23.1 | -17.2 | -21.3 |
| Agriculture and fishing | 52 | 73 | 79 | ... | 4.1 | 15.4 | 5.9 | 40.1 | 8.9 | ... |
| Rice | 27 | 38 | 42 | ... | 2.7 | 8.2 | 60.0 | 41.7 | 10.7 | ... |
| Bananas/Plantains | 4 | 4 | 6 | 7 | 1.4 | 1.2 | 16.7 | 4.3 | 43.8 | 14.3 |
| Shrimps and fish | 21 ^b | 31 | 31 | ... | - | 6.0 | -26.7 | 44.7 | 2.0 | ... |
| Wood and wood processing | 7 | 11 | 12 | 10 | 2.7 | 2.3 | 11.8 | 57.7 | 8.2 | -11.0 |
| Others | 26 | 19 | 8 | ... | 6.3 | 1.6 | 84.7 | -15.6 | -56.7 | ... |

Source: Bureau of Statistics, Central Bank of Suriname.

^a Preliminary figures.

^b Shrimps only.

The fast growth of imports during 1980 and 1981 must reflect the rise in consumer goods purchases, which in 1975-1979 represented more than 20% of total imports. The latest year for which figures are available (1979) shows that purchases of capital goods represent only 14.4% while in the case of intermediate goods the price increases of fuels and oil upset their composition. Thus, in 1975, 35% of intermediate goods imports were fuels and more than 60% were raw materials, while in 1979, 57% were fuels and 36% were raw materials.

The direction of trade has not varied appreciably over the last few years. The main markets for both imports and exports continue to be the United States and the Netherlands (supplying 44% of total imports in 1979 and buying 48% of total exports). Nevertheless, there has been a slight decrease in these traditional markets' importance in favour of new markets.⁵ In the case of exports, sales to Japan —mainly shrimps— have increased from 2% to 6.8% of total sales, and business with European countries which are not members of the EEC has increased from 1% to 3.6% of total exports. Imports from other Caribbean countries (mainly in the CARICOM area) have increased from 20% to 24% of total purchases made between 1975 and 1979.

Deficits have been recorded in respect of the services trade and factor payments for several years. In 1981 total services costs were slightly under the 1980 figure and 1981 shows a positive balance in net payments of profits and interest on foreign capital for the first time since 1975, with interest received offsetting the remittances of profits and payments of interest (see table 11).

Suriname is a net receiver of unrequited private transfers from migrants now living abroad, and although these represent only 2-3% of total current account receipts, they are important sources of income for a large number of low-income families. The current account registered a deficit of US\$ 119 million in 1981: more than double the previous year's result. However, the capital account movements, mainly the continued Netherlands aid, prevented a negative balance on the total account. In 1981, there was additionally a significant amount of net direct capital investment, representing about 25% of the capital account, and as a result the global balances showed a surplus of US\$ 9 million.

The unit value of exports increased by 10.4% during the year, while that of imports rose by 6.2%. Thus, the terms of trade index improved from 93.7% in 1980 to 99.5% in 1981 (1970=100). However, since the export volume decreased drastically by 16.5%, the purchasing power of exports of goods declined to 105.8% as compared with 123.6% in the previous year (see table 12).

Suriname's external debt situation is extremely favourable, as is reflected by a positive balance in the global account since 1978. At the time of Independence in 1975, the Netherlands cancelled all outstanding debts, and since then public investment has been largely financed by Netherlands Grant Aid.⁶

4. Prices and wages

In 1981 the rate of inflation, as measured by the retail price index, fell for the second year in succession and amounted to 9%, which was relatively low compared to the two-digit figures registered in the years 1979 and 1980 (see table 13). The effect of receding world prices —especially those of basic foods that are imported— served more than strict controls to restrain the upward variation of the index. In the case of food and beverages, the rise was only 3.5% in 1981, the biggest increases being in the prices of clothing and potatoes (19.2%), followed by housing and furnishing costs.

Wage and salary increases, especially in the case of the public sector, which is the principal employer, more than offset inflation in 1981 and compensated for the loss in real wages experienced in 1979. The relative shortage of skilled workers and managerial staff, together with labour union activity, has resulted in generalized substantial increases in real wages (see table 14).

⁵In the case of exports, sales to the EEC and the United States represented 73% of the total in 1975, while in 1979 they represented 59%.

⁶The Netherlands Aid Agreement of 1975 provided for about Nfl. 3.1 billion in grants over the period 1976-1985/1990, of which about Nfl. 2.5 billion remained undisbursed at the end of 1980.

Table 11

SURINAME: BALANCE OF PAYMENTS

(Millions of US dollars)

| | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 |
|--|------|------|------|------|------|------|------|
| Exports of goods and services | 329 | 361 | 397 | 474 | 515 | 614 | 567 |
| Goods FOB | 277 | 304 | 346 | 411 | 444 | 514 | 474 |
| Services ^a | 52 | 57 | 51 | 63 | 70 | 99 | 93 |
| Transport and insurance | 7 | 7 | 8 | 7 | 10 | 45 | 38 |
| Travel | 8 | 11 | 14 | 18 | 21 | 19 | 17 |
| Imports of goods and services | 359 | 351 | 443 | 472 | 517 | 662 | 704 |
| Goods FOB | 242 | 259 | 324 | 344 | 370 | 454 | 511 |
| Services ^a | 117 | 92 | 119 | 128 | 147 | 208 | 193 |
| Transport and insurance | 41 | 32 | 57 | 63 | 72 | 126 | 119 |
| Travel | 34 | 16 | 19 | 23 | 32 | 34 | 29 |
| Merchandise balance | 35 | 45 | 22 | 68 | 74 | 60 | -37 |
| Trade balance | -30 | 9 | -46 | 3 | -3 | -49 | -137 |
| Profits and interest | -12 | -35 | -37 | -35 | -41 | -16 | 14 |
| Profits | -19 | -42 | -43 | -41 | -54 | -39 | -20 |
| Interest received | 10 | 10 | 7 | 8 | 13 | 25 | 35 |
| Interest paid | -2 | -3 | -1 | -1 | -1 | -2 | -1 |
| Unrequited private transfer payments | -6 | 0 | 2 | 4 | 7 | 6 | 4 |
| Balance on current account | -48 | -26 | -81 | -28 | -37 | -58 | -119 |
| Unrequited official transfer payments | 179 | 89 | 78 | 55 | 81 | 74 | 95 |
| Long-term capital | -97 | -55 | -13 | 15 | -16 | 10 | 33 |
| Direct investment | 0 | 0 | -13 | -7 | -15 | 10 | 35 |
| Portfolio investment | 0 | 0 | 0 | 0 | 0 | 0 | -1 |
| Other long-term capital | -97 | -55 | 0 | 22 | -1 | 0 | 0 |
| Official sector ^b | -136 | -3 | -1 | 21 | -2 | -2 | -2 |
| Loans received | 14 | 0 | 0 | 22 | 0 | 0 | 0 |
| Amortization payments | -150 | -3 | -1 | -1 | -2 | -2 | -1 |
| Commercial banks ^b | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans received | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortization payments | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other sectors ^b | 39 | -51 | 1 | 1 | 1 | 2 | 2 |
| Loans received | 39 | 0 | 1 | 1 | 1 | 2 | 2 |
| Amortization payments | 0 | -51 | 0 | 0 | 0 | 0 | 0 |
| Basic balance | 34 | 9 | -16 | 42 | 27 | 26 | 9 |
| Short-term capital | 3 | 2 | -1 | -1 | 0 | -1 | 14 |
| Official sector | 2 | -2 | -1 | 0 | 1 | -1 | 3 |
| Commercial banks | 1 | 4 | 0 | -2 | 1 | -7 | 10 |
| Other sectors | 0 | 0 | 0 | 2 | -2 | 7 | 1 |
| Errors and omissions (net) | 10 | 16 | 0 | 0 | 0 | 1 | -14 |
| Balance on capital account | 95 | 53 | 63 | 69 | 64 | 84 | 128 |
| Global balance ^c | 47 | 27 | -18 | 41 | 27 | 25 | 9 |
| Total variation in reserves ^c (- sign indicates an increase) | -36 | -25 | 18 | -28 | -31 | -24 | 2 |
| Monetary gold | 0 | 0 | 0 | 18 | 0 | 0 | 0 |
| Special Drawing Rights | 0 | 0 | 0 | 0 | -3 | 1 | -4 |
| IMF reserve position | 0 | 0 | 0 | -6 | 0 | -4 | 1 |
| Foreign exchange assets | -24 | -19 | 16 | -32 | -34 | -17 | -15 |
| Other assets | -12 | -6 | 1 | -7 | 6 | -4 | 20 |
| Use made of IMF credit | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Source: 1975-1980: International Monetary Fund, *Balance of Payments Yearbook* (magnetic tape, March 1982); 1981: CEPAL, on the basis of official data.

^a Services also include other official and private transactions, but not profits and interest.

^b In addition to loans received and amortization payments made, this entry includes net loans granted and other assets and liabilities.

^c The difference between total variation in reserves of opposite sign and the global balance represents counterpart items: monetization or demonetization of gold, allocation or settlement of Special Drawing Rights, and variations due to revaluation.

Table 12

SURINAME: MAIN FOREIGN TRADE INDICATORS

| | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 |
|---|-------|-------|-------|-------|-------|-------|-------|
| Growth rates | | | | | | | |
| Exports of goods FOB | | | | | | | |
| Value | 2.8 | 9.6 | 14.0 | 18.8 | 8.0 | 15.8 | -7.9 |
| Volume | -12.0 | -2.4 | -0.7 | 7.0 | 1.6 | -3.3 | -16.5 |
| Unit value | 16.8 | 12.3 | 14.7 | 11.0 | 6.3 | 19.7 | 10.4 |
| Imports of goods FOB | | | | | | | |
| Value | 14.6 | 7.1 | 25.0 | 6.0 | 7.7 | 22.8 | 12.6 |
| Volume | -1.4 | 5.7 | 13.8 | -8.8 | -11.8 | 0.6 | 8.4 |
| Unit value | 16.2 | 1.3 | 9.9 | 16.3 | 22.0 | 22.0 | 3.8 |
| Terms of trade FOB/CIF | 1.0 | 10.5 | 4.7 | -3.5 | -11.9 | -0.2 | 6.2 |
| Indexes (1970 = 100) | | | | | | | |
| Terms of trade FOB/CIF | 95.5 | 105.5 | 110.4 | 106.5 | 93.8 | 93.7 | 99.5 |
| Purchasing power of exports of goods | 117.0 | 122.4 | 127.3 | 134.0 | 123.8 | 123.6 | 105.8 |
| Purchasing power of exports of goods and services | 120.1 | 125.7 | 126.3 | 133.7 | 124.1 | 127.6 | 109.4 |

Source: CEPAL, on the basis of official data.

Table 13

SURINAME: EVOLUTION OF DOMESTIC PRICES

| | Weighting | 1975 | 1976 | 1977 | 1978 | 1979 | 1980 | 1981 |
|--|-----------|------|------|------|------|------|-------|------|
| Variation December to December | | | | | | | | |
| Consumer price index - all items | | 9.4 | 14.6 | 4.1 | 10.9 | 15.7 | 10.9 | 7.5 |
| Variation between annual averages | | | | | | | | |
| Consumer price index - all items | 100.0 | 8.9 | 9.8 | 9.9 | 8.8 | 14.9 | 14.1 | 9.0 |
| Food and beverages | 40.0 | 7.4 | 9.8 | 7.3 | 4.9 | 12.8 | (9.3) | 3.5 |
| Housing and furnishings | 23.6 | 8.8 | 6.7 | 7.5 | 17.0 | 12.5 | 16.2 | 10.0 |
| Clothing and footwear | 11.0 | 12.9 | 18.0 | 21.0 | 14.8 | 24.4 | 9.5 | 19.2 |
| Other items | 25.4 | 8.3 | 10.2 | 10.5 | 6.3 | 15.5 | 18.0 | 11.7 |

Source: Prijsindexcijfers van de Gezinsconsumptie (Consumer Price Index), Bureau of Statistics.

Table 14

SURINAME: EVOLUTION OF WAGES AND SALARIES
IN THE PUBLIC SECTOR

(Index 1975 = 100)

| | 1978 | 1979 | 1980 | 1981 | Growth rates | | | |
|--------------------|-------|-------|-------|-------|--------------|------|------|------|
| | | | | | 1978 | 1979 | 1980 | 1981 |
| Wages and salaries | | | | | | | | |
| Nominal | 121.4 | 128.8 | 141.5 | 160.0 | -9.3 | 6.1 | 9.9 | 13.0 |
| Real | 92.8 | 85.7 | 82.6 | 85.6 | -16.6 | -7.7 | -3.6 | 3.6 |

Source: Data supplied to CEPAL by the Ministry of Finance.

In the private sector, wage costs per employee are estimated to have nearly tripled over the period 1973-1980, and in a number of sectors, particularly plantation agriculture, construction and domestic services, employers have resorted to hiring foreign workers (particularly from Guyana, as noted earlier) in order to overcome shortages of unskilled labour.

5. Monetary and fiscal policy

After the restrictive monetary policy followed in 1980 (money increased by only 7.6% during the year and the factors of expansion were mainly foreign assets, while domestic credit expanded slowly and, in contrast, savings and time deposits grew by more than 28%, withdrawing about 50 million Suriname guilders from circulation), the money supply expanded at the rate of 22% in 1981. Domestic credit grew by 28.7%, while the growth of quasi-money (savings and time deposits was 37%) (see table 15).

Table 15

SURINAME: MONETARY BALANCE

| | Millions of Suriname guilders | | | | Growth rates | | |
|--|-------------------------------|------|------|-------------------|--------------|-------|-------------------|
| | 1978 | 1979 | 1980 | 1981 ^a | 1979 | 1980 | 1981 ^a |
| Money | 246 | 274 | 294 | 358 | 11.1 | 7.6 | 21.7 |
| Currency outside banks | 145 | 157 | 178 | 197 | 7.8 | 13.7 | 10.8 |
| Demand deposits | 101 | 117 | 116 | 161 | 15.9 | -0.6 | 38.3 |
| Factors of expansion | 712 | 806 | 889 | 1 059 | 13.1 | 10.4 | 19.1 |
| Foreign assets (net) ^b | 282 | 334 | 398 | 427 | 18.4 | 19.3 | 7.2 |
| Domestic credit ^c | 430 | 472 | 491 | 632 | 9.6 | 4.1 | 28.7 |
| Claims on government | 57 | 36 | 15 | 70 | -54.4 | -59.5 | 376.9 |
| Claims on the private sector | 373 | 436 | 476 | 562 | 16.9 | 9.4 | 18.0 |
| Factors of absorption | 466 | 532 | 595 | 701 | 14.1 | 11.8 | 17.8 |
| Quasi-money | 37 | 39 | 50 | 68 | 5.7 | 28.4 | 37.1 |
| Long-term deposits and foreign borrowing | 364 | 421 | 455 | 526 | 15.7 | 8.0 | 15.5 |
| Capital and reserves | 71 | 80 | 94 | 108 | 12.6 | 17.5 | 14.2 |
| Other items (net) | 65 | 72 | 90 | 107 | 10.2 | 25.2 | 18.2 |

Source: Central Bank of Suriname.

^a Preliminary figures.

^b Includes short-term claims on the Government and government investment on domestic capital market minus short term liabilities due to development co-operation.

^c Includes short-term claims on the Government (net), claims on the private sector and investment on domestic capital market, minus short-term liabilities due to development co-operation.

Commercial bank credit went primarily to trading and commercial activities (including building loans). Among the productive sectors (which received less than 40% of such credit), the principal recipients were agricultural and mining activities. Resources available for construction and forestry actually decreased in the year, reflecting the slackening of activity in these areas.

The international reserves situation remains favourable, with the foreign exchange available in the Central Bank at the end of 1981 representing more than 4 months of imports at this year's level.

Since Independence, the fiscal deficits have amounted to a total of approximately 660 million Suriname guilders between 1976 and 1980 (see table 16). These deficits have been financed mainly through Netherlands aid totalling 672 million guilders. In 1981 grants received amounted to 169 million guilders. The present financing plan for the public investment programme during

1981-1987 envisages the disbursement of all the remaining Netherlands grants, plus total external borrowing requirements of about 970 million guilders. Of these, about two-thirds would be on commercial terms, to be contracted largely in the latter part of the period (1984-1986), after the concessional contributions have been fully disbursed.

Table 16

SURINAME: GOVERNMENT INCOME AND EXPENDITURE

| | Millions of Suriname guilders | | | | Growth rates | | | |
|-----------------------------------|-------------------------------|------|------|-------------------|--------------|-------|-------|-------------------|
| | 1978 | 1979 | 1980 | 1981 ^a | 1978 | 1979 | 1980 | 1981 ^a |
| Current income | 441 | 430 | 480 | 527 | 31.4 | -2.5 | 11.8 | 9.7 |
| Direct taxes | 113 | 128 | 130 | 135 | 27.6 | 13.8 | 8.7 | -3.2 |
| Indirect taxes | 158 | 175 | 176 | 199 | 7.6 | 10.7 | 0.8 | 12.8 |
| Bauxite levy (net) | 103 | 85 | 92 | 96 | 59.9 | -17.5 | 8.8 | 4.1 |
| Profits from central bank | 16 | 20 | 28 | 30 | -6.8 | 21.2 | 42.0 | 5.6 |
| Other non-tax revenue | 50 | 22 | 44 | 67 | 178.9 | -56.7 | 2.3 | 52.9 |
| Current expenditure | 397 | 413 | 460 | 570 | 10.6 | 3.9 | 11.7 | 23.7 |
| Wages and salaries | 234 | 245 | 258 | 306 | 15.6 | 4.5 | 5.3 | 18.8 |
| Subsidies and transfers | 45 | 60 | 107 | 102 | 13.5 | 33.3 | 78.3 | -5.0 |
| Interest | 3 | 5 | 6 | 9 | 80.0 | 66.0 | 24.4 | 58.9 |
| Goods and services | 115 | 103 | 89 | 153 | 12.1 | -10.4 | -13.3 | 70.9 |
| Savings on current account | 44 | 17 | 20 | -43 | ... | -60.5 | 13.9 | -316.8 |
| Capital expenditure | 146 | 129 | 116 | ... | -18.1 | -11.4 | -10.0 | ... |
| Total expenditure | 543 | 541 | 576 | ... | 1.1 | -1.8 | 6.5 | ... |
| Fiscal deficit | -102 | -111 | -96 | ... | -49.3 | 9.0 | -13.8 | ... |

Source: Data supplied to CEPAL by the Ministry of Finance.

^aPreliminary figures.

The prospect of an increasing resource gap and a sharp rise in debt service levels beyond the availability of concessional aid under present conditions should be borne in mind. The possibility that this may happen under the present circumstances of reduced bauxite output and rising energy costs underscores the need to raise the long-term overall export growth rate; to take early steps to increase rapidly domestic savings to avoid undue reliance on external funds, which will probably be on harder terms than at present; and, in the medium-term, to replace fuel-based energy by hydropower.