

## Suriname

The Surinamese economy posted growth of 2.9% in 2013, the first time since the global crisis that it had been below 3%. The projections for 2014 and 2015 are of 3.5% and 3.6%, respectively. In light of the decline in commodity prices and the economy's high dependence on commodity exports, a return to the pace of growth experienced between 2010 and 2013 does not seem likely. Government has sought, with private-sector assistance, to build a gold refinery that will increase the value added accruing to Suriname from this industry. The refinery is expected to begin operating in early 2015. Both inflation and the exchange rate have been fairly stable and are expected to hold steady in 2015. Fiscal reforms including the introduction of VAT have been shelved, perhaps because of a desire to delay such changes until after the general election in 2015.

The 2013 fiscal deficit was the largest for some time at 6.0% of GDP, reflecting increased fiscal spending. This jump in the deficit from 2.7% in 2012 reflected higher government investment and wage increases. The new budget for 2014 provides for a lowering of the deficit, and the result for the first half shows a deficit of 2.3%. There are likely to be increases in government spending in 2015, however, given the general election. Comparing fiscal performance between the first and second quarters shows that overall revenue and tax revenue fell by 14% and 17.5%, respectively. On the other hand, current expenditure grew by 10% and capital expenditure by 88%. Suriname's debt burden remains manageable, although rising deficits will eventually drive it up unless accompanied by revenue-enhancing measures. Suriname's total debt in 2014 was 31.1% of GDP, slightly up from 27.1% in 2012, while external debt was 20.5% and 16.4% of GDP, respectively.

Monetary policy in 2014, as in 2013, was aimed at maintaining price and exchange-rate stability and sustaining confidence in the local currency. The cash reserve requirement which is the main monetary instrument remained unchanged at 25% for local-currency deposits and increased from 40% to 45% for foreign-currency deposits, due to the accelerated increase in foreign-currency lending at the beginning of 2013. As for the money supply, M1 increased by 3.7% in 2013 relative to 2012, and from January to September 2014 there was an increase of 4.6%. The exchange rate has been relatively stable at 3.30 Surinamese dollars (Sr\$) = US\$ 1.00, and this is likely to continue in 2015. As regards interest rates in Surinamese dollars, between December 2013 and October 2014 average deposit and lending rates inched up to 12.2% and 7.4% from 12.0% and 7.1%, respectively, and the interest-rate spread narrowed slightly. This is likely to be maintained for the rest of 2014. With respect to domestic credit, overall lending grew by 17% between January and September, while credit to the primary and secondary sectors, which include mining and agriculture, increased by 16% (15% of total credit), and credit to other sectors grew by 17%.

**Suriname: main economic indicators, 2012-2014**

	2012	2013	2014 <sup>a</sup>
	<b>Annual growth rate</b>		
Gross domestic product	3.0	2.9	3.5
Per capita gross domestic product	2.1	2.0	2.6
Consumer prices	4.4	0.6	3.9 <sup>b</sup>
Money (M1)	17.0	11.3	5.5 <sup>c</sup>
	<b>Annual average percentage</b>		
Central government			
Overall balance / GDP	-2.7	-6.0	-5.7
Nominal deposit rate	6.8	7.1	7.4 <sup>c</sup>
Nominal lending rate <sup>d</sup>	11.7	12.0	12.2 <sup>c</sup>
	<b>Millions of dollars</b>		
Exports of goods and services	2,870	2,573	2,634
Imports of goods and services	2,588	2,715	2,780
Current account balance	164	-198	-202
Capital and financial balance <sup>e</sup>	16	46	47
Overall balance	180	-152	-155

**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

a/ Estimates.

b/ Figures as of September.

c/ Figures as of October.

d/ Average bank lending rate in local currency.

e/ Includes errors and omissions.

The results for the first half of 2014 show a negative current account balance of US\$ 145.3 million (9% of estimated GDP). There is likely to be some deterioration in the balance-of-payments current account for the year overall, mainly due to rising imports associated especially with government spending as part of the election cycle. International reserves totalled US\$ 662 million at the end of September 2014, representing 19 weeks of import cover and down on the US\$ 739 million posted in 2013.

Growth in 2014 is projected at 3.5%, with all sectors contributing positively except mining and quarrying. The fall in gold prices is likely to slow the rate of new investment in the industry, again impacting growth. The strongest growth, at 7.4%, is expected in the hotels and restaurants sector, but this has a low weight in the overall economy. The next-strongest growth, at 6.8%, is projected for the construction sector, which accounts for 6% of GDP. Growth for 2015 is projected at 4.4% by the Government of Suriname, with all sectors contributing positively except mining and quarrying. However, given the economy's high dependence on gold, these estimates may be optimistic, and a growth rate of 3.6% might be more realistic.

The year-on-year inflation rate rose to 3.9% in September 2014 from the 0.6% posted at the end of 2013. Nevertheless, this is well below the double-digit rates seen in 2010 and 2011. Inflation for the rest of 2014 is expected to remain contained given the stability of domestic conditions, including the increased refining of fuel for domestic energy. The unemployment rate for 2012 was 10%, and while there are no unemployment figures for 2013 or 2014, continuing positive growth means that this rate is unlikely to have risen above that of 2012.