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1980

SURINAME

OFFPRINT



## SURINAME

### 1. Recent economic trends: Introduction and summary

Although no national accounts data are available for 1980, indications are that the gross domestic product at factor cost and in current prices rose to some SF 1 620 million in 1980, partly because of the effects of the Dutch aid to Suriname, and partly reflecting the performance of the bauxite and derivatives industry.

Expansion of the acreage under rice continued as the Government moved to profit from increased foreign exchange earnings from the sale of the commodity, while there were signs that the acreage under oil palm, which had continued to increase in 1979, further expanded in 1980. Indications are that in the rest of the agricultural sector performances were varied, with the trend in production being generally downward.

As regards the trade in goods and services, the deficit increased to US\$ 39 million as a result of the rise of 21% in the value of imports, compared with growth of only about 16% in that of exports (see table 1).

Table 1  
SURINAME: MAIN ECONOMIC INDICATORS

	1975	1976	1977	1978	1979	1980(a)
<b>A. Basic economic indicators</b>						
Gross domestic product at market prices (millions of guilders at 1970 prices)	493	530	633	699	700	...
Population (thousands)	364	366	370	375	381	389
Per capita gross domestic product (guilders at 1970 prices)	1 354	1 448	1 711	1 864	1 837	...
<u>Growth rates</u>						
<b>B. Short-run economic indicators</b>						
Gross domestic product	7.7	7.5	19.4	10.4	0.1	...
Per capita gross domestic product	...	6.9	18.2	8.9	-1.4	...
Current value of exports of goods	2.8	9.6	13.8	18.8	8.0	15.8
Current value of imports of goods	14.6	7.1	25.0	5.9	7.7	21.0
<b>Consumer prices</b>						
December - December	4.3	14.6	4.1	10.9	15.7	10.9
Variation between annual averages	8.6	9.8	9.7	8.8	14.9	14.1
<b>Money</b>						
Current income of government	47.7	-4.2	9.9	14.3	...	...
Total expenditure of government	40.3	21.7	21.4	22.3	...	...
Fiscal deficit/total expenditure	16.1	34.0	40.3	44.2	...	...
<u>Millions of dollars</u>						
<b>C. External sector</b>						
Trade balance (goods and services)	-30	9	-46	3	-3	-39
Balance on current account	-48	-26	-81	-28	-37	-54
Variation in international reserves	-35	-17	18	-18	-30	-35
External debt	12	11	10	31	29	28

Source: CEPAL, on the basis of official figures.

(a) Preliminary figures.

<sup>1</sup>The rate of exchange in 1980 was 1.785 Suriname guilders (florins) = US\$ 1.00.

The manufacturing sector registered a general drop in production despite rising consumption, due no doubt to Suriname's liberal trade policy (the absence of barriers against competitive imports) and the greater cost-competitiveness of imported products.

The government sector dominated economic activity, making the highest contribution to total GDP. This sector's recent dominance in the economy is explained by the inflow of Dutch development aid and the numerous public sector projects undertaken as a consequence. In 1978 its relative contribution to total GDP was estimated at 22% (see table 2).

The new Government set up an interdisciplinary energy group to tackle the problem of the supply and cost of energy. The lack of synchronization of energy project activities in Western Suriname was observed, and modifications to the original projects were recommended. Activities are underway to construct dams in order to make better use of existing natural resources and reduce Suriname's dependence on imports of petroleum.

Apart from public sector activity in energy the Government set about the completion of a low-cost housing project in the Marienburg area, and the improvement of road links in the country, while it made further progress with the State Health Insurance Scheme, the aim of which is to cover some 80% of the population on a phased basis. A budgetary surplus was achieved on the Government current account in 1980, largely as a result of more efficient spending.

Table 2

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

	Millions of Suriname guilders at 1974 prices			Percentage breakdown		Growth rate	
	1976	1977	1978(a)	1974	1978(a)	1977	1978(a)
<u>Gross domestic product (b)</u>	<u>683</u>	<u>814</u>	<u>900</u>	<u>100.0</u>	<u>100.0</u>	<u>19.2</u>	<u>10.5</u>
<u>Goods</u>	<u>309</u>	<u>394</u>	<u>401</u>	<u>49.3</u>	<u>44.7</u>	<u>27.5</u>	<u>1.8</u>
Agriculture and fisheries	62	73	74	9.7	8.2	18.4	0.8
Forestry and wood industry	11	14	20	1.7	2.3	27.7	42.7
Mining and bauxite	145	164	180	28.3	20.0	13.5	9.3
Manufacturing	50	57	60	5.3	6.8	13.5	5.8
Gas, water and electricity	16	17	20	2.3	2.2	2.5	20.1
Construction	25	69	47	2.0	5.2	176.6	31.5
<u>Basic services</u>	<u>374</u>	<u>420</u>	<u>499</u>	<u>50.7</u>	<u>55.3</u>	<u>12.4</u>	<u>18.8</u>
Trade and commerce	110	125	146	14.4	16.3	14.1	17.0
Transport, storage and communications	32	37	40	3.3	4.4	15.9	8.1
Transport	30	32	61	4.7	6.7	3.3	92.7
Household services	36	35	38	4.9	4.1	-2.8	6.9
Government	154	177	198	21.1	22.0	15.3	31.6
Others	12	14	16	2.3	1.8	19.2	13.9

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

(a) Preliminary figures.

## 2. Sectoral trends

### (a) Agriculture

In 1978 the agricultural sector<sup>2</sup> contributed something over 8% of the total GDP (see table 2). The sector employs some 14% of the employed population, and utilizes only a very small fraction of total potentially arable land. Much potential therefore exists for the establishment of agro-based industry once the problems of labour shortages and credit have been solved.

<sup>2</sup>Defined as agriculture and fisheries (does not include forestry).

Over the last ten years there has been an expansion in the acreage under rice, with corresponding increases in production. The techniques of a number of rice farmers who had previously worked in Indonesia have been acquired by the Surinamese farmers, with resultant improved yields, while mechanization has lowered the cost of production and has partially compensated for the shortage of labour. The result is that the medium-scale farmer has profited and has now become an entrepreneur because of his interplay with other entrepreneurs and providers of services in sowing, fertilizing and spraying. The small farmers have formed a co-operative and at the same time have been given larger amounts of land. In 1979, the acreage under rice grew by some 6.6%, with a total of some 236 000 tons of paddy rice being produced (see tables 3 and 4).

The Government-owned rice farm grows an estimated 60% of all rice exports, and the Government is pursuing a vigorous rice expansion programme to profit from increased foreign exchange earnings from the sale of this commodity.

Over the past four years, palm oil has gained prominence as an export item. In 1979, the acreage under oil palm increased by 17% to a total of 2 370 hectares, and preliminary evaluations indicate that the acreage further increased in 1980, although statistical data are not yet available.

The rehabilitated sugar estate at Marienburg continued in operation, but in 1980 production of sugar cane fell by some 10% to a total of some 146 000 tons.

Crop farming continues to suffer from high labour costs and a scarcity of workers. If the sector is to expand, adjustments will need to be made to achieve greater use of mechanization, fertilizers and agricultural extension services, supplemented by improved storage and marketing facilities.

The number of livestock increased by 15% in 1979, continuing the previously observed upward trend. The greatest relative increases were observed in cattle and pigs, while the number of goats and sheep, which are relatively less significant for the livestock sub-sector, decreased by nearly 7% and the number of animals slaughtered increased. This is believed to have been partly in response to price controls due to the differentials between the costs of inputs and returns from output, which affect the profitability of private farming.

The indications are that fish production declined in 1980 as a result of the exodus of fishermen and a loss of access to Brazilian shrimping grounds. Shrimpers concentrated more on local shrimping to profit from the favourable prices of this item.

#### (b) Mining

The mining and bauxite sector continued to dominate the goods-producing sectors in terms of economic activity. The most recent data (1978) indicate a 14.7% increase in the gross domestic

Table 1

SURINAME: AGRICULTURAL AREA UNDER CULTIVATION

	Hectares			Growth rates		
	1977	1978	1979	1977	1978	1979
Paddy rice	49 790	53 200	58 553	2.7	11.1	6.6
Maize	111	140	185	17.0	27.3	32.1
Sugar cane	2 186	1 303	2 429	3.2	-3.5	5.5
Oil palm	1 880	1 007	1 372	9.9	7.5	17.1
Bananas	1 020	1 000	1 083	-0.2	-2.0	-0.6
Plantains	250	211	272	24.4	-13.6	26.0
Root crops	400	480	525	-0.5	13.0	16.1
Other vegetables (a)	867	693	1 264	11.0	8.3	36.7
Cocoa	200	100	214	-	-46.7	0.3
Coffee	360	300	190	0.3	-41.0	-4.5

Source: Ministry of Agriculture, Livestock and Fisheries, Suriname, *Agrarisch-Statistische gegevens 1974-1977*, and CEPALC, on the basis of official information.

(a) Includes green vegetables, beans, cukes, cabbages, tomatoes and other vegetables.

Table 4

## SURINAME: INDICATORS OF AGRICULTURAL PRODUCTION

	1976	1977	1978	1979	Growth rates		
					1977	1978	1979
<b>Agriculture (tons)</b>							
Paddy rice	172 500	202 866	223 946	235 772	17.6	10.4	5.3
Maize	132	230	273	264	74.2	18.7	-3.3
Sugar cane	146 685	135 325	119 760	163 042(a)	-7.7	-11.5	36.1
Oil palm	1 330	1 840	2 804	4 856	38.3	52.4	73.2
Bananas	42 906	31 508	33 063	31 214	-26.6	4.9	-5.6
Plantain	1 572	1 700	2 850	3 280	8.1	67.6	15.1
Root crops	1 699	2 200	2 742	3 287	29.5	24.6	19.9
Other vegetables (b)	2 745	3 249	3 512	4 042	18.4	8.1	15.1
Peanuts	290	338	250	286	16.6	-26.0	14.4
Coffee	76	90	25	59	18.4	-72.2	136.0
Cocoa	58	61	47	83	5.2	-23.0	76.6
<b>Livestock (number of head)</b>							
Cattle	48 394	46 884	61 648	70 967	-3.1	31.5	15.1
Pigs	25 850	24 000	34 495	42 239	-7.2	43.7	22.4
Goats and sheep	17 619	18 259	18 000	20 179	3.6	-1.4	12.1
Other	4 500	4 200	8 888	8 294	-6.7	111.6	-6.7
Poultry	425	425	265	255	-	-37.6	-3.8
Poultry	4 312	4 400	4 500	4 500	2.0	2.3	-
<b>Number of animals slaughtered (c)</b>							
Cattle	18 948	19 160	21 568	22 466	1.1	12.6	4.2
Pigs	7 375	6 986	7 929	8 002	-5.3	13.5	0.9
Goats and sheep	11 219	11 759	12 981	13 710	4.8	10.4	5.6
Poultry	354	415	658	754	17.2	58.6	14.6
Poultry	3 800	3 900	4 000	4 180	2.6	2.6	4.5
<b>Production (tons)</b>							
Beef	980	943	1 194	1 098	-3.8	26.6	-8.0
Pork	774	811	948	1 069	4.6	16.9	12.8
<b>Fishing production (tons) (d)</b>							
Shrimps	3 343	3 615	3 246	2 969	8.1	-10.2	-8.5
Fish	81	189	338	321	133.3	78.8	-5.0
Crabs	3 230	3 400	2 885	2 618	5.3	-15.1	-9.3
Crabs	32	26	23	30	-18.8	-11.5	30.4

Source: Data supplied to CEPAL by Ministry of Agriculture, Livestock and Fisheries of Suriname and Bureau of Statistics, Suriname.

(a) In 1980 sugar production amounted to 146 339 tons.

(b) Includes green vegetables, pulse and cabbages, tomatoes and other vegetables.

(c) Excludes poultry.

(d) Local fishing activity.

product accruing to the sector, while in constant prices, the increase was of the order of 9.3%. Mining production showed an increase of 8.2% in 1978, but this was followed by a 7.5% decline in 1979 (see table 5).

Indications are that bauxite production increased in 1980 by an estimated 3% after the 5% drop in production experienced in 1979, so that it still would be below the peak output of 5 million tons recorded in 1978. The volume of bauxite exported in 1979 fell by some 22.6% but increased export prices procured a near 3% increase in foreign exchange earnings, which came to SF 114 million in that year. The estimate for 1980 is that the increase achieved in production raised the export earnings for this product at current prices.

Alumina production fell very slightly in 1979, but higher export prices helped to increase the foreign exchange earnings by some 59%. It is estimated that in 1980 there was an increase of some 12% in production over the 1979 level, and consequently better export receipts.

Table 5

## SURINAME: INDICATORS OF MINING PRODUCTION

	1977	1978	1979	1980(a)	Growth rates			
					1977	1978	1978	1980(b)
Index of mining production (1970 = 100)	98.0	106.1	98.1	77.0	5.0	8.2	-7.5	5.5
Production (thousands of metric tons)								
Bauxite	4 856	5 025	4 769	3 668	5.9	3.5	-5.1	2.8
Alumina	1 215	1 318	1 312	1 073	4.5	8.3	-0.3	12.2
Aluminium	50	59	53	43	8.9	18.0	-10.2	4.9
Export volume (thousands of metric tons)								
Bauxite	2 206	2 284	1 767	...	9.6	3.5	-22.6	...
Alumina	1 059	1 124	1 329	...	1.5	6.1	18.2	...
Aluminium	58	55	45	...	26.1	-5.2	-18.2	...
Export value (millions of guilders)								
Bauxite	102	111	114	...	21.4	8.6	2.7	...
Alumina	260	297	473	...	9.7	14.2	59.3	...
Aluminium	96	91	1.6	...	47.7	-5.2	27.5	...

Source: Bureau of Statistics, Suriname. *Kwartaal Statistiek van de Industriële Productie*, 1970-1977, and data supplied to CEPAL.

(a) As of September.

(b) January-September 1979 with respect to January-September 1980.

Aluminium production fell by 10% in 1979 to some 53 000 tons and the export volume fell by some 18%, but once again the effect of high prices produced a 27% increase in export earnings from the commodity.

An increase in production of about 5% is estimated to have been achieved in 1980.

Generally, the mining sector maintained its importance to total economic activity in Suriname. The sector is still dominated by two subsidiaries of multinational companies, with most of the actual mining activity being done in the eastern part of the country. Despite occasional upsurges in the years since 1977, production has generally not attained the 1973 level. This may be due in part to the companies' marketing arrangements for bauxite and alumina in response to introduction of the bauxite levy, which is an excise tax and which, being correlated to the world market price for aluminium, has been a factor influencing the rate of growth of bauxite extraction and alumina production. The relatively high cost structure of the industry in Suriname has served, in addition, to render the products of the industry less cost-competitive than those of some other producers. If costs of production of bauxite and its derivatives can be restrained in the Western Suriname activities, the buoyancy of that sector of the economy based on bauxite would be more assured.

### (c) Manufacturing

Except for a few agro-products, the manufacturing sector, is geared to the domestic market. The indications for 1980 are that the various sub-sectors experienced varying fortunes, and there appears to have been a fall in the general output taking the sector as a whole (see table 6). While basic items like sugar and flour show fluctuations, there are others like butter and alcohol where output has followed a declining trend, despite rising domestic consumption. This phenomenon is explained by the virtual absence of restrictions on imports, combined with the traditional orientations of consumer preference towards competitive imported products, partly because of the greater cost-competitiveness of the latter.

Table 6

## SURINAME: INDICATORS OF MANUFACTURING PRODUCTION

	1977	1978	1979	1980(a)	Growth rates			
					1977	1978	1979	1980(b)
Butter (c)	263.5	195.7	147.4	101.7	102.4	-25.7	-24.7	-21.8
Sugar (c)	7 597	6 122	10 246	3 130	-12.6	-19.4	67.4	-62.5
Wheat flour (c)	8 834	9 071	10 164	4 543	-4.6	2.7	12.1	-40.0
Cattle fodder (c)	35 057	43 017	48 466	22 237	22.0	22.7	12.7	-39.4
Margarine (c)	576	709	814	424	-25.0	23.1	14.8	-31.1
Milk (consumption) (d)	8 090	8 592	7 901	6 013	10.7	6.2	-8.0	-21.8
Alcohol (d)	1 714	1 656	1 539	678	-10.4	-3.4	-7.1	-35.9
Molasses (d)	4 144	2 549	3 384	1 511	-13.7	-38.5	32.8	-45.3
Cigarettes (e)	354	353	361	283	3.5	-0.3	2.3	8.8
Cigars (f)	174	161	167	93	-23.7	-7.5	3.7	-30.6
Shoes (g)	276	354	321	261(h)	-18.8	28.3	-9.3	-16.7

Source: Bureau of Statistics, Suriname Kwartaal Statistiek van de Industriële Productie 1970-1977; and data supplied to CEPAL.

- (a) As of September.  
 (b) January-September 1979 with respect to January-September 1980.  
 (c) Tons.  
 (d) Thousands of litres.  
 (e) Millions.  
 (f) Thousands.  
 (g) Thousands of pairs.  
 (h) Two factories out of the four.

### 3. Public sector activities

When it attained Independence in 1975, Suriname was promised Dutch development aid to the extent of US\$ 1 400 million at 1978 exchange rates. Since this grant contained no provision for inflation, there was a tendency towards policies aimed at a rate of disbursement that has proven to be incompatible with the absorptive capacity of the country, given its administrative and physical infrastructure. At the end of the period of receipt of the Dutch aid, the country is expected to be able to keep itself solvent through government budget surpluses, bilateral or multilateral aid, or external commercial sources. Important steps toward the accomplishment of this capability are improvements in the system of tax collection and strict controls on increases in current expenditure in the public sector. It should be borne in mind that in terms of contribution to GDF the government sector's share rose to 22% by 1978, when it overtook the bauxite sector.

In 1980, the Government achieved a budgetary surplus on current account, mainly, it is claimed as a result of more efficient spending, with administrative controls seeking to produce a high degree of correlation between hours worked and wages and salaries paid. At the same time, capital account activities continued, with all the major construction and public health initiatives being financed by the Dutch aid.

In addition to its activity in the area of energy, the Government set about the completion of a low-cost housing project in the Marienburg area which had been begun some three years previously. Additional construction identified as priority tasks includes the building of a bridge over the Suriname river and a road to Nickerie. A major labour problem still exists despite the influx from Guyana over recent years, and the narrow human resource base has set an upper limit to the extent to which the country can absorb investment. The result is that of the total funds committed from 1975 to 1979/1980, only about one-third has been utilized.

The Government moved one step nearer in 1980 to the realization of its Health Insurance scheme, the aim of which is to cover 80% of the population on a phased basis, starting with members of the civil service and pensioners thereof. The estimated number of persons in this



group is of the order of 100 000. In phase II of the project, persons now in receipt of free medical treatment from the Government (members of the lowest income groups, numbering some 125 000), will be incorporated into the scheme. Phase III will see the incorporation of the self-employed and small enterprises on a voluntary basis. An estimated 60 000 persons fall into this category.

The Health Insurance scheme offers general medical attention, the services of specialists, hospitalization and free drugs. Other treatment will be provided only when it is clinically needed. Polyclinical services will not be supported by the scheme, which will cost an estimated SF 19 million in Phase I, with a per capita annual cost of some SF 190.

The Dutch grant has enabled the Government to embark on a number of projects aimed at reducing the dependence on petroleum as a source of energy and at creating the prerequisites for an improved quality of life for the population. As a result, the Government sector has been the leader in economic activity, contributing about 22% to the total GDP during the last few years.

#### 4. Energy and energy policy

The energy production sector, gas, water and electricity has been expanding consistently since 1975, largely as a result of official government policies aimed at increasing very substantially the generation of hydroelectricity. The initial objective of providing electricity so that a larger percentage of bauxite output could be processed locally than the 10% so treated in 1978 was given greater urgency by the increases in the price of crude petroleum.

The Energy Commission appointed in 1979 to examine the energy situation ceased to function after the submission of its recommendations, and the new Government set up an interdisciplinary energy group to address itself to the problems of the supply and cost of energy. The group endorsed the Commission's recommendation that an energy bureau should be established to collect and harmonize the different activities in the field of energy. The Multiannual Development Plan which had looked at economic development from the point of view of the theory of growth poles was re-examined by the new Government in 1980. Included in that plan were the Kabalebo and Apoera projects in Western Suriname, originally intended to supply 800 MW of hydropower, which would have made the country virtually self-sufficient in energy, and thus reduced the petroleum import bill. The new Government observed a lack of synchronization of the project activities in Western Suriname, and began discussions with the World Bank and the OAS to determine the financing of the projects. The uncertainties surrounding the extent of future mining activity in the Bakhuis region have inclined the Government to think rather in terms of a first phase in the development of the hydropower project which would satisfy projected industrial demand. The Kabalebo project seeks to install 250 MW capacity at Devis Falls dam, and should permit a switch from the existing thermal capacity, which will make possible a reduction of about 50% in petroleum imports in 1986.

In addition, the Government has submitted plans to the Belgian Government for the investigation of promising sites for mini-dams throughout the country, which will provide a substitute for hydrocarbon-derived energy. The sizes of the power plants will vary depending on site, topology and hydrology and will also be determined by Government's views on the location of industries and the decentralization of manufacturing activity away from Paramaribo.

In addition, action has been taken on a further recommendation of the Commission and offshore exploration for oil has now begun, a United States firm having been contracted for offshore drilling near the coast.

In the area of alternative sources of energy, the Government, the University and the OAS are interested in embarking on a number of concrete activities. There is current interest in solar energy projects aimed at using this source of energy for heating water, refrigeration of foodstuffs and the drying of crops. The demand situation is to be ascertained, and depending on the results feasibility studies will be carried out in interested economic sectors such as agriculture, fisheries and forestry.

## 5. The external sector

In 1980, total exports of goods rose by 15.8% to a figure of SF 918 million (see table 7). The main export items were bauxite and its derivatives, rice, and manufactures based on the agriculture and forestry sectors, which together account for two-thirds of total export earnings. In 1980, exports of bauxite and its derivatives provided foreign exchange earnings of SF 741 million. Bearing in mind that the 1978 figures of SF 552 million represented 41.7% of that year's total GDP at current prices, the very substantial increases in 1979 and 1980 would represent an even higher percentage.

Table 7  
SURINAME: EXPORTS OF GOODS

	Millions of Suriname guilders			Percentage breakdown		Growth rates		
	1978	1979	1980(a)	1970	1979	1978	1979	1980
<b>Total</b>	<b>703</b>	<b>792</b>	<b>918</b>	<b>100.0</b>	<b>100.0</b>	<b>13.7</b>	<b>12.9</b>	<b>15.8</b>
<b>Bauxite and processing</b>	<b>552</b>	<b>609</b>	<b>741</b>	<b>86.9</b>	<b>76.8</b>	<b>11.5</b>	<b>10.5</b>	<b>21.6</b>
Bauxite	129	117	131	25.7	14.8	9.9	-9.0	12.2
Alumina	314	358	499	46.3	45.2	15.8	14.1	39.2
Aluminium	109	134	111	14.9	16.8	2.4	23.1	-17.2
<b>Agriculture and fishing</b>	<b>93</b>	<b>130</b>	...	<b>4.1</b>	<b>16.4</b>	<b>5.3</b>	<b>40.1</b>	...
Rice	48	68	...	2.7	8.6	60.0	41.7	...
Bananas and plantains	7	7	...	1.4	0.9	16.7	4.3	...
Shrimps and fish	38	55	...	-	6.9	-26.7	44.7	...
<b>Wood and processing</b>	<b>12</b>	<b>19</b>	...	<b>2.7</b>	<b>2.5</b>	<b>11.8</b>	<b>57.7</b>	...
<b>Others</b>	<b>46</b>	<b>34</b>	...	<b>6.3</b>	<b>4.3</b>	<b>84.7</b>	<b>-25.6</b>	...

Source: Bureau of Statistic, Central Bank of Suriname.  
(a) Preliminary figures.

The characteristic current account situation whereby surpluses on merchandise trade were more than offset by deficits on services continue to be evident. As in former years, the surplus on the merchandise trade account, US\$ 74 million in 1979 and US\$ 67 million in 1980, reflected the strength of the bauxite sector as well as that of the section of the manufacturing and agricultural sectors geared to the export market. However, the deficits on services —US\$ 77 million in 1979 and US\$ 106 million in 1980—, resulted in negative balances on current account of US\$ 37 million in 1979 and US\$ 54 million in 1980 (see table 8).

There has not been any significant change in the direction of trade. The major export markets continue to be the United States, the Netherlands, the United Kingdom and Scandinavia with the exception of Denmark and the greater part of Suriname's imports originate in the Netherlands, the United States, the United Kingdom and the Caribbean Islands, mainly Trinidad and Tobago. Imports of goods rose to some SF 660 million in 1979 and an estimated SF 800 million in 1980.

Exports of goods grew by approximately 16% as a result of the increase of 28% in their unit value, which offset the decline of over 9% in the volume exported. Imports, however, grew faster than this (21%) because of an increase of 22% in their unit value and a drop of only 1% in the volume imported. The favourable price situation regarding export products, especially bauxite, brought about an improvement of 6.7% in the terms of trade (see table 9).

Of the other items in the balance of payments current account, net transfer payments have been positive since 1976, reflecting for the most part remittances from Surinamese who migrated to the Netherlands from 1975 onwards.

Table 8  
SURINAME: BALANCE OF PAYMENTS  
(Millions of US dollars)

	1975	1976	1977	1978	1979	1980(a)
Exports of goods and services	329	360	396	474	514	594
Goods FOB	277	303	346	411	444	514
Services (b)	52	57	50	63	70	80
Transport and insurance	7	7	6	7	10	10
Travel	6	11	13	16	21	25
Imports of goods and services	359	351	442	471	517	633
Goods FOB	242	259	324	343	370	447
Services (b)	117	92	118	128	147	186
Transport and insurance	41	32	57	63	72	79
Travel	34	16	19	23	32	40
Trade balance	-30	9	-46	3	-3	-39
Profits and interest	-12	-35	-37	-24	-41	-22
Profits	-19	-41	-43	-41	-53	-37
Interest	6	6	6	7	12	15
Unrequited private transfer payments	-6	-	2	3	7	7
Balance on current account	-46	-25	-81	-28	-37	-54
Unrequited official transfer payments	179	89	77	56	81	70
Long-term capital	-97	-55	-13	15	-17	...
Direct investment	-	-	-13	-8	-16	7
Portfolio investment	-	-	-	-	-	...
Other long-term capital	-97	-55	-	23	-1	...
Official sector (c) (d)	-136	-4	-1	21	-2	...
Loans received	14	-	-	23	-	...
Amortization payments	-150	-4	-1	-1	-2	...
Commercial banks (c) (d)	-	-	-	-	-	...
Loans received	-	-	-	-	-	...
Amortization payments	-	-	-	-	-	...
Other sectors (e) (d)	39	-51	1	1	1	...
Loans received	39	-	1	1	1	...
Amortization payments	-	51	-	-	-	...
Basic balance	24	8	-17	43	27	16
Short-term capital	-9	-4	-1	4	-	...
Official sector	2	-2	-1	-1	1	...
Commercial banks	-11	2	-	3	1	-7
Other sectors	-	-	-	-2	-2	...
Errors and omissions	10	17	-	-11	-	19
Counterpart items (f)	-	-4	-	-16	3	...
Global balance	35	17	18	18	30	35
Total variation in reserves (- sign indicates an increase)	-35	-17	18	-18	-30	-35
Monetary gold	-	-	-	18	-	...
Special Drawing Rights	-	-	-	-	-3	...
IMF reserve position	-	-	-	-6	-	...
Foreign exchange assets	-35	-17	18	-29	-33	...
Other assets	-	-	2	-1	6	...
Use made of IMF credit	-	-	-	-	-	...

Source: 1975-1979: International Monetary Fund, *Balance of Payments Yearbook*; (magnetic tape, March 1981); 1980: CEPAL, on the basis of official data.

(a) Preliminary figures.

(b) Services also include other official and private transactions.

(c) Including general government and Central Bank.

(d) In addition to loans received and amortization payments made, this entry includes net loans granted and other assets and liabilities.

(e) Including private and State non-bank enterprises.

(f) Includes counterpart items in respect of monetization or demonetization of gold, allocation or settlement of Special Drawing Rights, and variations due to revaluation.

Table 9  
SURINAME: MAIN FOREIGN TRADE INDICATORS

	1975	1976	1977	1978	1979	1980(a)
	<u>Growth rates</u>					
Exports of goods FOB						
Value	2.8	9.6	13.8	18.8	8.0	15.8
Volume	-15.9	4.2	1.7	12.4	-0.3	-9.5
Unit Value	22.2	5.1	11.9	5.7	8.3	28.0
Imports of goods FOB						
Value	14.6	7.1	25.0	5.9	7.7	21.0
Volume	-1.4	5.7	13.8	-8.9	-11.8	-0.9
Unit value	16.2	1.3	9.9	16.3	22.0	22.0
Terms of trade	5.7	3.5	2.2	-8.1	-10.2	6.7
	<u>Indexes (1970 = 100)</u>					
Terms of trade	99.9	103.4	105.6	97.0	87.1	92.9
Purchasing power of exports of goods	117.0	122.4	127.3	133.9	123.7	122.4
Purchasing power of exports of goods and services	120.1	125.7	126.2	133.6	123.9	122.3

Source: CEPAL, on the basis of official data.

(a) Preliminary figures.

The current account deficit has always been financed by inflows of government grants and loans, almost entirely from Holland, these inflows invariably being larger than the deficit on current account (see table 8). After 1975, most of these inflows have taken the form of the Dutch aid pledged upon Suriname's attainment of independence. The fluctuations from year to year reflect the absorptive capacity of the domestic economy in the disbursement of the funds, and to a certain extent difficulties in the interpretation of the rules for the administration of the grant. The outflows of public and private capital represent both private and government amortization of loans.

The net effects of movements in the current and capital accounts have been overall balance of payments surpluses of US\$ 18 million in 1978, US\$ 30 million in 1979 and an estimated US\$ 35 million in 1980. Net international reserves rose by US\$ 35 million in 1980 (see table 8).

## 6. Prices and wages

The 14% increase in the general price level represented a slight deceleration in the rate of inflation in 1980, as measured by the retail price index (see table 10), reflecting the effect of strict price controls which served to restrain the free upward price tendency of several commodities. Housing and furnishings experienced a price increase of 16%, while the rate of price increases for food and beverages was 12%. Petroleum prices, which continued to increase in 1980, exerted an upward influence on manufactured goods.

Table 10  
SURINAME: EVOLUTION OF DOMESTIC PRICES

	1976	1977	1978	1979	1980
	<u>Variation December to December</u>				
Consumer price index	14.6	4.1	10.9	15.7	10.9
	<u>Variation between annual averages</u>				
Consumer price index	9.8	9.7	8.8	14.9	14.1
Food and beverages	9.9	7.3	4.9	12.8	12.2

Source: Bureau of Statistics, Suriname, *Prijnsindexcijfers van der Gezinsconsumptie*.

The inflation was maintained by continuing high wages, with the bauxite sector performing the role of leader, since the high wages in this sector induced demands for wage increases in other sectors (see table 11). The increase in public sector employment and spending with no accompanying increase in the production of goods has been another important determinant of the rate of inflation, and the high level of government spending was also reflected in an increased money supply.

Table 11

SURINAME: AVERAGE GROSS ANNUAL WAGES PER WORKER BY SECTOR - 1978 (a)

	Numbers employed (thousands)	Percentage	Average gross annual wages per worker in Suriname guilders
<b>Total</b>	<b>101.6</b>	<b>100</b>	<b>7 200</b>
Agriculture and fisheries	14.2	14.0	2 451
Forestry and wood industry	1.8	1.8	9 167
Mining and bauxite	6.2	6.1	20 000
Manufacturing	10.5	10.3	6 752
Gas, water and electricity	1.1	1.1	14 727
Construction	4.2	4.1	10 762
Trade and commerce	15.3	15.1	6 660
Transport, storage and communications	3.6	3.5	9 944
Financial services	2.0	2.0	15 300
Government	39.0	30.4	6 179
Other general, social and personal services	3.7	3.6	3 945

Source: Bureau of Statistics, Suriname.

(a) Preliminary figures.

## 7 Money and banking

The continued influx of Dutch aid and the foreign exchange earnings from the main exports were responsible for the greater liquidity which made possible the 14% rate of inflation observed. The most restricted concept of the money supply ( $M_1$ ), comprising currency outside banks and demand deposits, rose by 7.6% in 1980: a much lower rate of increase than the 11% recorded the previous year. The factors of expansion were primarily foreign assets and domestic credit, the latter increasing by about 4% (see table 12).

The banks continued to act as financiers for many entrepreneurs and granted loans and advances to most sectors of the economy, with the largest shares going to agriculture and manufacturing. At the end of 1980, of a total of SF 477.6 million, some SF 192 million were owed by the goods-producing sector, while the amount outstanding on the part of the services sector was of the order of SF 286 million. Of this amount, not quite SF 110 million was owed by individuals in respect of building loans (see table 13).





