



Republic of Suriname

Macroeconomic outlook, investment and trade opportunities

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Presentation by
The Ministry of Finance



Content

- **Macroeconomic performance and outlook**
- **Investment opportunities**
- **Trade opportunities**



Republic of Suriname: a land of opportunities



Area : 163,820 km² (63,251 sq mile)

Population approx. 534,189

90% of population in narrow northern coastal plain

- Hindustani (East Indians) : 27%
 - Maroons (African descendants) : 22%
 - Creole (African/European) : 16%
 - Javanese (Southeast Asians) : 14%
 - Mixed : 13%
 - Amerindian (indigenous) : 4%
 - Chinese : 2%
 - Other : 2%
- Brazilian (miners) est. 40.000
Literacy rate : 94%



- **Stable government**
 - Dutch colony from 1667 until 1954.
 - Constituent country of the Kingdom of the Netherlands from 1954 until 1975 independence.
 - Legal system based on Dutch civil law.
 - Dutch is official language; English is widely spoken.
 - Constitutional, representational democracy.
 - President Desi Bouterse, elected July 2010, re-elected 2015.
- **Robust economy**
 - GDP per capita 2018: projected US\$4,000.
 - GDP growth 2018-22: projected 3% on average.
 - Credit ratings: Moody's B2; S&P B+; Fitch B-.
- **Established natural resource industry**
 - Main exports: gold, refined oil products.
 - Government encourages foreign investment.



Solid macroeconomic policies

- Average 3% annual economic growth rate since 2000, despite a cumulative 8% contraction in 2015-16.
- 47% decline in exports during 2012-2016 led to a recession and a 1/3 decline in government revenue in 2013-17.
- The government began in 2015 to restore economic stability by sharply curtailing government expenditure, while reforms on government revenue are enacted.
- In addition, a large number of economic, administrative, and legal framework reforms ensure that future commodity-price shocks will have a more limited impact on the economy, while the ability of the government to confront these shocks is strengthened.

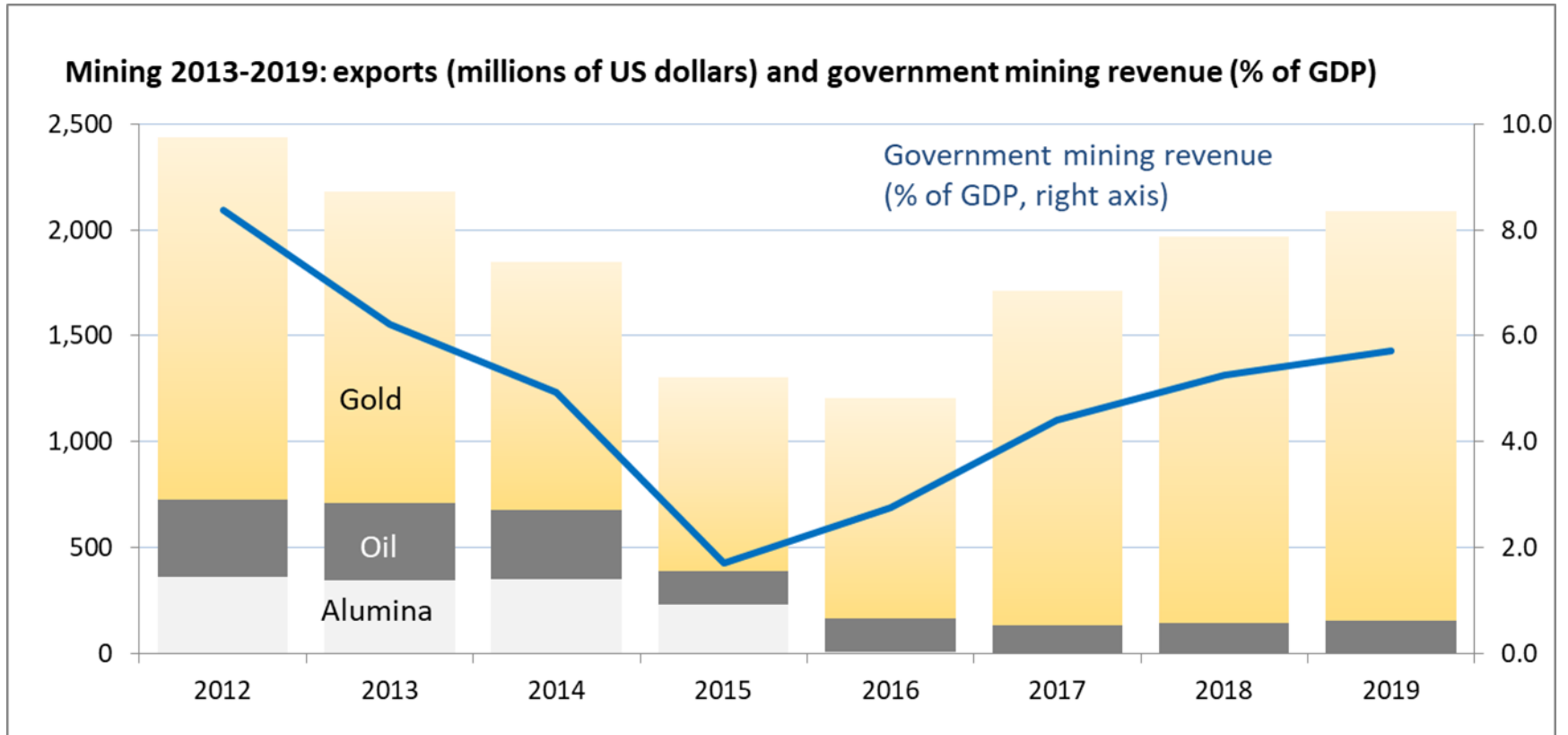


Balance of payments

- BOP developments
 - The elimination of the current account deficits of 2013-16 is due to 4 factors:
 - Increase in gold exports.
 - Narrowing of oil trade deficit.
 - Absence of major investment projects in gold and oil.
 - Contraction of consumer imports.
 - CBvS has a non-intervention policy, but has not yet begun to aggressively purchase FX to bolster reserves.
- BOP outlook
 - As soon as the new gold mine has completed its accelerated depreciation and begins paying income taxes, we can expect a significant overall current account surplus. That has been the norm in Suriname.
 - The surplus will be eroded as domestic demand recovers, but additional exports are already in the pipeline, e.g., lamgold's Saramacca concession.
 - With the start of more active FX purchases by the CBvS, reserves will increase.
 - Reserve coverage will slowly increase from current 4 months of total imports of goods and services.

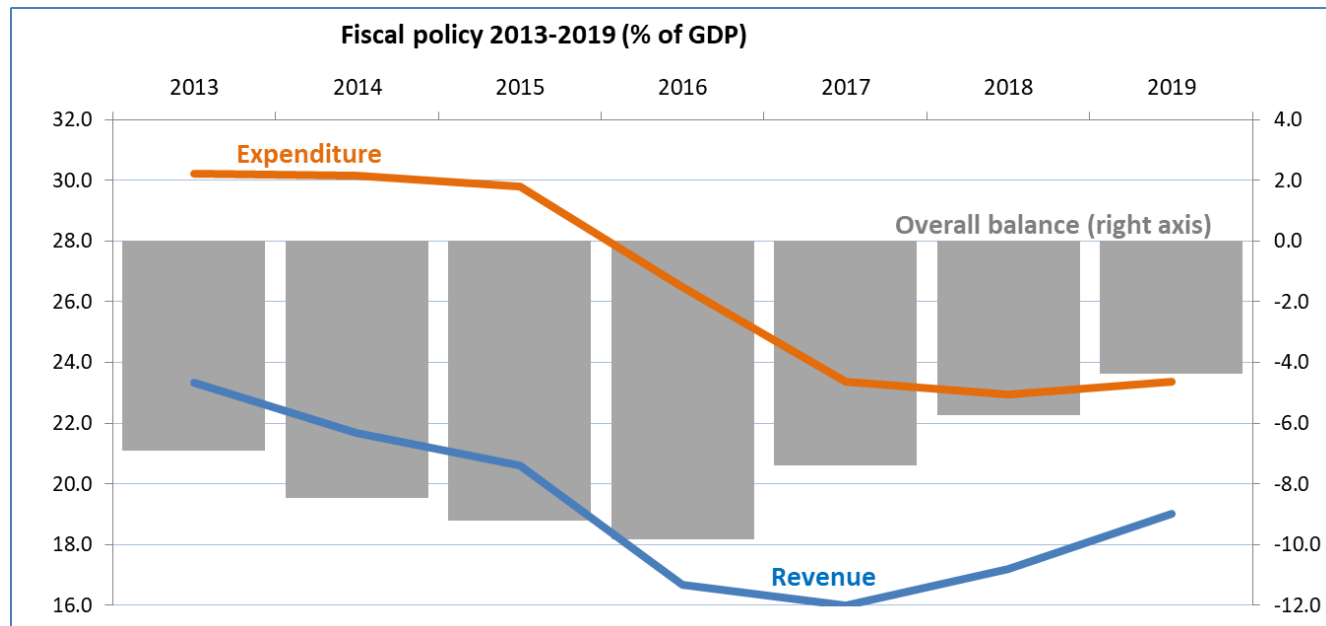


Mining exports and fiscal revenue



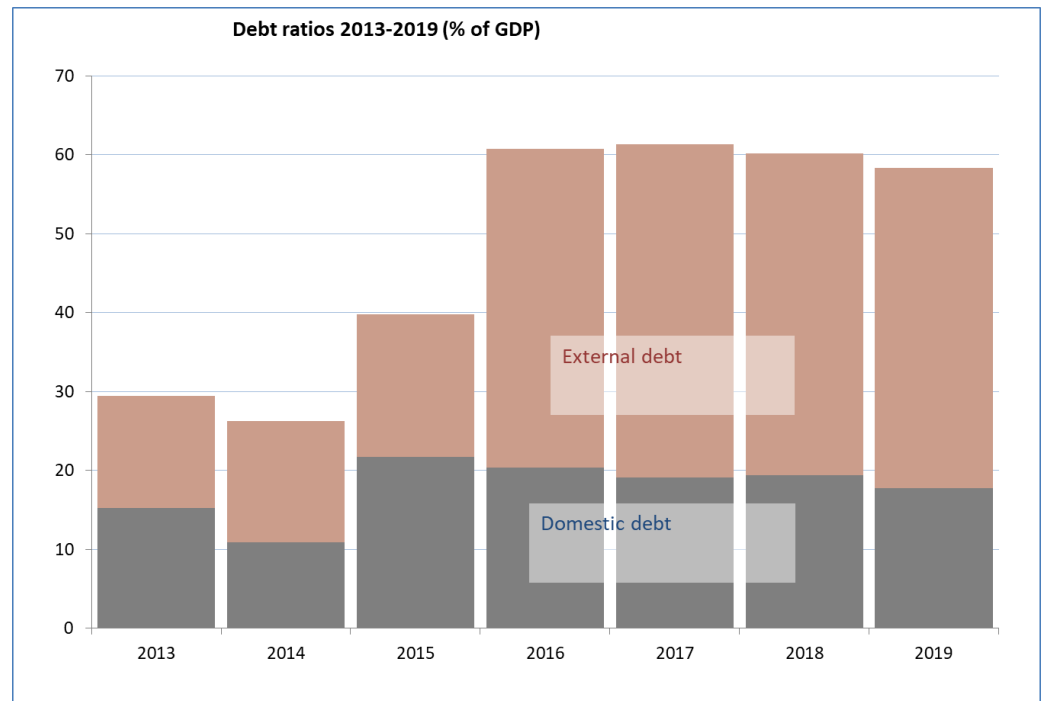
Fiscal performance

- Significant fiscal consolidation since October 2015 in response to the sharp drop in government revenue.
- Relative low government debt has provided fiscal space to moderate adjustment path.
- Mining (gold and oil) and non-mining revenue are projected to increase in 2018-19.



Central government debt

- Suriname traditionally maintained low levels of debt, with external debt mostly from bilateral and multilateral sources on concessional terms.
- Debt increase 2015-16 due to:
 - Fall in fiscal revenue.
 - Exchange rate adjustment.
- Debt stabilization since 2017:
 - Sharp contraction in fiscal deficit.
 - Renewed economic growth.
 - Stable exchange rate.



Investment opportunities



- Mining (gold, bauxite, oil, other minerals)
- Rainforest related
- Transport and infrastructure
- Agriculture and fresh water resources
- Tourism (eco, health)
- ICT
- Energy



Mining sector prospects

Newmont (Surgold) mine in Merian

- Government equity participation: 25 % in Surgold (through Staatsolie).
- Over the next 10 years and assuming today's gold prices, the government expects to receive about US\$1.3 billion from the operations of the Merian mine.
- At current gold prices, the country will export an additional US\$4.2 billion in gold during the next 10 years.
- Project highlights
 - Capital investment of around US\$1.0 billion in 2015-17 (20% of GDP).
 - The new mine began production in October 2017.
 - All-in sustaining costs of between US\$650 and US\$750 per ounce in the first five years.
 - Merian contains gold reserves of 5.2 million ounces and is expected to produce an average of 400,000 ounces of gold annually over a mine life of at least 18 years.
 - Continued exploration is showing promising results.



Mining sector prospects

Iamgold expansion of existing mine

- Expected investments of around US\$650 million during 4 years, following positive investment decision.
- Government equity participation: 30% in Iamgold expansion.
- New Saramacca concession holds proven reserves of about US\$1.9 billion in gold using current gold prices.
- Production is expected to begin in 2019 and add about 200,000 ounces per year to the current production.
- A new, much larger concession at Brokolonko was approved in early-2018.



Oil sector prospects

- The US\$1 billion expansion of the refinery was completed in 2016.
- The refinery expansion gradually came online in 2016-17
 - Improvement of the BOP current account by 2 percentage points of GDP.
 - Has largely eliminated imports of oil derivatives.
- Exploration of recoverable reserves is ongoing.
- Exploration and production agreements continue with several international oil companies, in particular on prospective offshore and deep sea oil deposits. An offshore find would dramatically improve the macroeconomic outlook of Suriname.



Ancillary extractive industries investments

- **Infrastructure:**
 - Significant road and bridge construction needed.
- **Transportation:**
 - Mining companies will subcontract ancillary services.
 - Mining suppliers to create regional headquarters, export and diversify area of activity.
- **Mining inputs:**
 - Potential to substitute imports in the mining industry with local production, e.g., coconut fiber, chemicals, etc.
- **Equipment and supplies.**
- **Engineering and consulting.**
- **Production support services.**



Bauxite mining: Bakhuys mountains

- Potential for extensive bauxite mining, a new alumina refinery, and possibly an aluminum smelter.
- Potential for hydropower generation of around 450-650 MW with 2 dams and generation stations.
- Easily accessible.
- Existing basic infrastructure would need to be rehabilitated.

2 Main Resources

- New Bauxite Resources at Bakhuys
- New Hydro Potential at Kabalebo



Rainforest-related opportunities

- Suriname: approx. 95% covered by pristine Amazonian rainforest.
- Wood sector
 - Growing sector with enormous potential.
 - Log production more than doubled in 5 years.
 - The Government promotes selective cutting, sustainable log production and processing.
- Tourism
 - Excellent ecotourism venue.
 - One of the fastest growing sectors.
- Water
 - Suriname has one of the largest fresh water reserves of the world (6th place) and 2nd in fresh water per capita.



Private sector investment – transport and infrastructure



- Comparative advantages
 - Most efficient harbor in the Caribbean region.
 - Competitive wage and high productivity workforce.
 - Available know-how and equipment in the local construction industry.
 - Investment supportive government.
- Infrastructure demand
 - Mining, industry, agriculture, trade, and tourism industries require better infrastructure and communications to rural areas and neighboring countries.



Private sector investment – agriculture and fresh water resources



- Comparative advantages
 - Ample farmland and fresh water resources.
 - Supportive government.
 - New high margin agricultural sectors such as palm oil, bio-diesel, cassava production.
- Experience in large-scale export agriculture
 - Bananas and rice have been exploited in large-scale operations for the European market (ACP access).
- Available markets
 - French Guyana is a high-cost producer that imports most foodstuffs.
 - Tropical foodstuffs can be easily shipped by sea or air to the U.S., Europe, Caricom, Latin American markets, and Africa.



Private sector investment – tourism



- Eco and jungle tourism
 - Pristine Amazonian jungle, large rivers.
 - Will require investments to access the jungle at higher volume and lower costs.
 - Tailor-made wild life tourism, for example bird watching.
- Medical and health tourism
 - Health services for Dutch-speaking Europeans.
 - Could include specialized surgeries and convalescent care.



Public-private partnerships: Oil/Telecom/ICT-sectors



- Privatization
 - Government is aiming to sell public enterprises fully or partially.
 - Utilities need significant investment.
 - Strategic partnerships are possible (oil industry, national airline, etc.).
- Oil sector
 - Oil companies are actively engaged in exploration and expansion of the refinery capacity.
 - Suriname State Oil Company (Staatsolie) signed exploration agreements with major oil companies such as Petronas, Statoil Hydro, Apache Corporation, Murphy Oil, Kosmos Energy, Chevron and Tullow Oil
 - Ancillary service provision and strategic partnerships are needed.
- Telecom / ICT Sector
 - Data centres with Internet exchange point.
 - Suriname is strategically located outside of natural disaster zones.
 - Suriname could be developed into a cost effective data hosting centre in the Western Hemisphere.
 - The current submarine data-cables are hardly used.



Public-private partnerships: Infrastructure and Energy sectors



- Given its location Suriname is ideally positioned to become a regional logistical hub.
- The enormous land-locked northern part of Brazil and the South of Suriname could be unlocked.
- Connecting the South American continent from North to South will require significant PPI infrastructure investments.
- Road, bridge, and waterway needs are significant.
- Energy needs are growing rapidly.
- Government would welcome private sector participation in infrastructure investments.



THANK YOU

SURINAME:

A land of trade and investment opportunities.

We hope to welcome you soon in Paramaribo, capital of Suriname!

