

AID-FOR-TRADE: CASE STORY

SURINAME

Improving the Trade Facilitation environment in Suriname

Date of submission: 31 January 2011

Region: South America

Country: Suriname

Type: project/programme

Author: Imro San A Jong

Contact Details:

Address: Ministry of Trade and Industry, Havenlaan Noord, Paramaribo, Suriname.

Phone: 597 865 5240 (mobile), 597 402080 (office), 597 402092 (fax)

E-mail: imrosan@yahoo.com, imro.sanajong@minhi.gov.sr

Improving the Trade Facilitation Environment in Suriname

Table of Contents

EXECUTIVE SUMMARY	2
1. Introduction	3
2. ISSUES ADDRESSED	3
3. OBJECTIVES PURSUED	3
4. TRADE FACILITATION: DESIGN, IMPLEMENTATION AND DEVELOPMENTS	3
5. PROBLEMS ENCOUNTERED	4
6. FACTORS FOR SUCCESS/FAILURE	4
7. RESULTS ACHIEVED	4
8. LESSONS LEARNED	4
9. PRIORITIES	5
10. NEEDS AND ASSISTANCE	7
ANNEX	7
REFERENCES	13

EXECUTIVE SUMMARY

The Surinamese economy has been growing at an average of 3.9% during the 2005-2010 periods and so also the amount of vessels frequenting the main port and the amount of cargo shipped (**Table 1**). To accommodate these trends, adjustments were made in the Trade Facilitation environment, but these adjustments have not been the result of an overarching Trade Facilitation policy whereby a formal consultative framework has not been established to process the concerns of all parties involved.

Table 1: Selected Economic Indicators

	2005	2006	2007	2008	2009	2010
GDP at 1990 prices (Sr\$ m)	5,457	5,722	6,037	6,399	6,271	6,206
Nominal GDP (US\$ m)	1,588	1,872	2,144	2,684	2,510	2,551
Real GDP growth (%)	4.4	3.8	5.2	5.1	2.1	3.0
Consumer price inflation (avg in %)	9.9	11.3	6.4	9.4	3.0	9.6
Population ('000)	489	490	492	494	495	495
Number of Vessels entering Suriname ¹⁾	870	858	853	1,006	985	1030
Total Cargo Shipped (1000 MT) ¹⁾	4,182	4,205	4,456	4,746	3,840	4,017
Current-account balance (US\$ m), Sept 2010	-78	181.7	213.2	136.7	136.8	403.2
Total external debt (US\$ m), July 2010	248	240	161	195	225	296.9
International reserves excl gold (US\$ m)	126	215	401	502	695	670
Official exchange rate (year-end) Sr\$:US\$	2.78	2.78	2.78	2.78	2.78	2.78

Sources: National Planning Office, General Bureau of Statistics, Central Bank of Suriname.

1) Estimates 2010

Nonetheless, the developments, such as investments in expanding the physical infrastructure, the expansion and rehabilitation of the main port, the modernization of cargo handling and storage, the certification of port operators, improvement in risk management, renewal of legislation and the promotion of awareness by the Ministry of Trade and Industry regarding Trade Facilitation, have had positive impacts on time and cost reduction as well as increased awareness of the importance of further improvement of the Trade Facilitation environment and the additional impact it may have.

Despite the positive impact, much needs to be done to meet the Basic Standards and take full advantage of the investments made so far. High on the agenda are the acquisition of ASYCUDA World, becoming a member of the World Customs Organization, the establishment of an Electronic Single Window, further investment in the physical infrastructure such as dredging the estuaries of the 2 most important waterways, and roads and bridges making the main port more accessible.

The main challenge however, is the establishment of a formal body for drafting, managing and coordinating Trade Facilitation policies.

1. Introduction

The country has been growing steadily, despite changes in the global economic environment. This growth, but also challenges from Trade Facilitation developments in the world and the region necessitated a number of changes in the Trade Facilitation environment.

This case study will document the main developments that took place, some of the problems encountered during the process, the successes due to improvement of the Trade Facilitation environment, the most important factors for success and failure, results achieved and lessons learned and the needs and priorities that still need to be fulfilled to complete the process and attain the Basic Standards as agreed under the WTO.

The case study starts with the issues that will be addressed and the objective pursued before continuing on the developments and other issues as indicated above.

2. ISSUES ADDRESSED

This case study will address:

- developments in the Trade Facilitation environment in Suriname, in particular those actions taken for improvement,
- current needs for finance and technical assistance to take full advantage of the investments made so far.

3. OBJECTIVES PURSUED

The main objectives with regard to this case study are to:

1. meet the obligations with regard to the Aid for Trade Initiative,
2. portray the developments regarding improving doing business with Suriname, in particular with respect to Trade Facilitation. The impression exists that mainstream reports seem to overlook these contributions to doing business.

The main objectives with regard to Trade Facilitation are to:

1. reduce time delays and costs in moving goods and to make the clearance and release of goods easier, more predictable and transparent by removing obstacles and simplifying procedures,
2. meet international standards such as the Basic Standards of the WTO on Trade Facilitation.

4. TRADE FACILITATION: DESIGN, IMPLEMENTATION AND DEVELOPMENTS

Foremost in the overall trade agenda of the current government is to improve doing business by (1) improving the Trade Facilitation environment, (2) reduce business licensing, making it easier and less lengthy, and (3) establish an inviting but unbiased investment code.

The Trade Facilitation developments from 2005-2010 have been (and still are) prominent and promising but not yet part of a deliberate policy agenda. However, as these developments became more tangible and results as well as obstacles to more productive use of investments were more visible, steps are currently undertaken to a more coordinated effort. Most of the developments so far have been driven by the increase in trade (increase in cargo and vessels handled) as well as demands from the international trading community regarding communication, sharing of information, safety, standards and certification, as well as efforts by the Ministry of Trade and Industry to inform the trading community as well as other government agencies about the importance of Trade Facilitation to improve doing business with the rest of the world.

In the course of 2005-2010 developments have taken place regarding (1) government and civil society, (2) economic infrastructure, trade policy and regulation, (3) transport and storage, (4) communication, (5) trade policy and regulations and trade-related adjustment, (6) efforts within the region to harmonized ICT policies and regulatory frameworks in relation to ICT markets (as captured by the HIPCAR project). Please refer to **Table 2** in the **Annex**. **Table 3** presents the investments made regarding the above. These developments are not exhaustive.

5. PROBLEMS ENCOUNTERED

As indicated, the developments so far were not part of a deliberate overarching policy. Integral formulation of this policy, coordination of many agencies towards one objective and consequently communication is still the biggest problem encountered. What the impact of this will be on investments already made, such as in ICT to establish the Electronic Single Window, and the extent to which that will lead to inconsistencies cannot yet be overseen.

Apart from this coordination problem, slow processing of project proposals and disbursements were also part of the problems encountered, but this is an age old problem many have grown accustomed to.

6. FACTORS FOR SUCCESS/FAILURE

Factors of success are the current drive within the private sector, the Customs and Excise Department (CED) and the Ministry of Trade and Industry to upgrade the procedures and processes to a higher level of functioning; less cost and time consumption, predictability, transparency and ease to trade. Other factors of success include the relatively well trained staff, particularly within the private sector and the willingness to perform to international standards. The many certifications and investment in ICT infrastructure is a testimony to this development.

Risk factors in this process might be the slow process to adjust legal frameworks for certain new procedures to take effect.

7. RESULTS ACHIEVED

The first result achieved was the recognition that if the country did not improve on its Trade Facilitation environment, vessels may visit other ports in the region where efforts are made to improve. The investments have led to the most important result achieved and that is the dawning of the awareness that improving the Trade Facilitation environment is a very important element in the increase of the productivity and efficiency in a small open economy with (currently) a small productive capacity. Current and long term gains are best achieved in reducing cost while the more long productive capacity is built that should result in new markets and economies of scale. The attention Trade Facilitation is currently experiencing and the timeline set of establishing a number of results within the 2011-2012 window are evidences that this awareness is taking material forms.

8. LESSONS LEARNED

The biggest lesson to be learned has yet to come: the tangible gains from improvement of the Trade Facilitation environment and the immense progress that can be gained if goals are achieved from an informed and coordinated effort. Still the lesson currently standing out the most is the fact that it is sometimes hard to organize stakeholders around one theme and one table, and achieve objectives in a coordinated, informed and controlled manner.

9. PRIORITIES

The main priority is to finish the process so that currently invested resources can be used as efficient as possible and to increase the opportunities of free trade. The current priorities are:

TRANSPORT AND STORAGE (21020)

- Bridges connecting Suriname to French Guyana and Guyana (MOUs have been signed)
- Rehabilitation 150 km Road Paramaribo-Albina (ongoing East linking to French Guyana)
- 2 Additional Bridges connecting the South to Capital, one earmarked to connect National Port

TRADE POLICY AND REGULATIONS AND TRADE-RELATED ADJUSTMENT (33110-33181)

- Membership WCO (projected for 1 July 2011)
- Time Release Study (input regulatory and procedural changes)
- Establishment of Inter-Departmental Coordination Unit with special reference to TF (TF Coordination Unit)
- Removal of mandatory Foreign Exchange Rule regarding Transit Trade between Suriname and French Guyana (proposals prepared by Ministry of Trade and Industry to be submitted to Ministry of Finance to be removed in 2011);
- Implement TIR and ATA carnets;
- Implementation of HIPCAR project;
- Improve South-South Trade (UNASUR Jan 2011, IIRSA in 2000).

INDUSTRY (Technological research and development, 32182)

- ISO 9001 Certification CED (desired but not mandatory)
 - Transparency
 - Reduce corruption

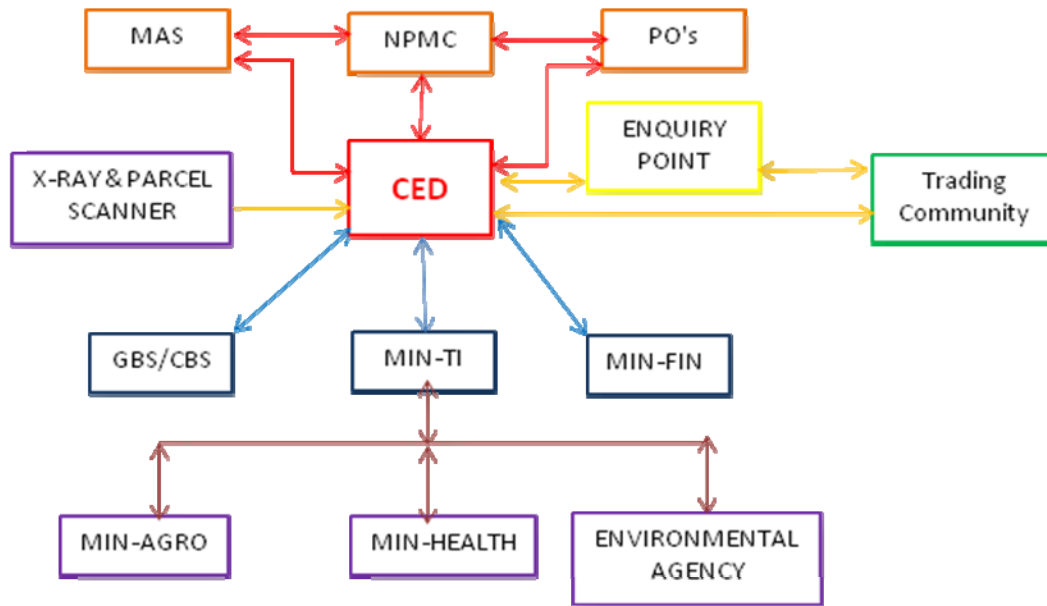
COMMUNICATION (22040)

- Acquisition of hardware to run ASYCUDA World (currently implemented, 2011)
- Introduction of ASYCUDA World

Some of the above have been captured as short term needs and presented in **Table 4** in the **Annex**.

The intention is to have a closed communication circuit that would allow electronic data interchange by the trading community and access to vital data for decision making. Schematically this circuit can be expressed as follows (**Figure 1**)

Figure 1: Overview of Existing and Desired Functional Communication



1. The feasibility study regarding the circuit among the Maritime Authority Suriname (MAS), the National Port Management Company (NPMC), the Port Operators (PO's) and the Customs and Excise Department (CED) has already done and estimated at US\$615.000 (Tjau Foe, 2010). The MAS, NPMC and PO's have already invested in their ICT environment to allow EDI. The CED is lagging behind;
2. Investment in ICT environment for the CED to allow modern communication. That project is currently being implemented out of the IaDB project called Trade Sector Support Programme and estimated at US\$400.000;
3. For the acquisition of ASYCUDA World a feasibility study has already been done (UNCTAD, 2010). The acquisition is estimated at US\$1.340.000.
4. Both the Non-Intrusive X-Ray scanner and the parcel scanner have the ability to be connected with the CED. Currently that is not yet the case, but envisaged once the projects in (2) and (3) have been accomplished.
5. There is need for at least one additional Non-Intrusive X-Ray scanner at the main port (the scanner can process 2 containers per hour). The previous scanner was purchased for US\$3.500.000.
6. The establishment of an Enquiry Point maintained by the CED to provide access to trade data. This data should also feed into the General Bureau of Statistics, the Central Bank of Suriname and the Ministry of Trade and Industry.
7. Feasibility study for the establishment of an Electronic Single Window (tentative estimates have the ESW at US\$5.000.000). This window will be important, *inter alia*, for the licensing procedure with regard to goods that form security threats. The interaction between the Ministry of Trade and Industry, the Ministry of Agriculture, the Ministry of Health and the National Environmental Agency will be crucial in this ESW. The ESW should also allow payment through the banking system.
8. Dredging of the estuary of the Suriname River, gateway to the main port. A feasibility study (including ESIA) has the dredging estimated at US\$80.000.000.
9. Feasibility study for dredging the estuary of the Nickerie River in the west. The port at Nieuw Nickerie (principal town in the district of Nickerie bordering Guyana) will process more merchandize traffic once the bridge is established).

10. Bridge linking Suriname in the east to French-Guyana. The bridge has been estimated at US\$50.000.000.
11. Feasibility study linking Suriname in the west to Guyana (MOU's between the countries have already been signed).
12. Feasibility study of the other logistical improvement of the main port, such as improvement of the flow to and from the main port.
13. Feasibility study of at least one bridge linking the main port with the southern parts of Greater Paramaribo.

10. NEEDS AND ASSISTANCE

The short term needs and required technical assistance (TA) are as follows:

Monitoring Trade Facilitation

- TA to set up an Enquiry Point
- TA Monitoring Trade Flows and Link to Industrial Activities
- ESIA to Dredge Estuary Nickerie River West of Suriname (Main Port if the Bridge Suriname-Guyana is finished)
- TA Feasibility Study to Establish a Distribution and Logistical Centre within NPMC
- TA in setting up a Curriculum for a Training Institute on Logistical Education & Availability of Lecturers
- TA in Creating a Port Community System

Assistance Productive Capacity Building Private Sector

- Training Small Private Sector how to set up Businesses Effectively (i.e. Resources of Information)
- Training in Efficient use of Resources
- Training what Needs to be done to Access a Market (regulation, barriers, standards, etc), specifically the EU market
- Training in Applying Value Chain Approach, specifically to Agriculture

ANNEX

Category	Sub-Category	CRS Code	Development	Remark/Explanation
Government and Civil Society	Anti-corruption organisations and institutions	15113	Improvement of risk management	Installation of a non-intrusive X-ray container scanning system for containers moving commercial goods (2009); Installation of a scanning system for parcel traffic (2009);
Economic Infrastructure	Physical Infrastructure	21020	Rehabilitation and Expansion Physical Network	More than 1200 km on New & Rehabilitated Roads realized; 27 bridges (country linked from East-West and North-South).
Transport and Storage	Road Transport	21040	Rehabilitation and upgrading of the main port terminal in Paramaribo ¹	Longer and more durable wharf, 520mtr to 600mtr (2007-10); Increase Storage Space (paved storage from 60.000m ² to 85.000m ² , additional 10.000m ² unpaved by 2012. Total Storage 100.000 TEU by 2012 (number of containers handled in 2009 was 55.000 TEU); Improved Port Security (fence, cameras, guards, since 2008); Improvement risk management by Scanners.
	Storage	21061	Establishment of new crane systems for on- and offloading of ships and storage of containers	3 Gottwald HMK 260E Mobile Harbor Cranes reducing on- and offloading of ships from 48hrs to 30 hrs and 3 Rubber-tire Gantry Cranes increasing storage capacity by 40% (2009-10);
Communication	Telecommunications	22020	Improvement communication system by the Maritime Authority Suriname (MAS)	Improved communication equipment for 24 hrs monitoring, 2010

¹ This port handles 98% of all imports and exports excluding imports and exports of SURALCO (subsidiary of ALCOA) and gold exports.

Continued Table 2: Trade Facilitation Developments 2005-2010				
Category	Sub-Category	CRS Code	Development	Remark/Explanation
Communication	Information and communication technology (ICT)	22040	Improvement Network & Internet Connectivity Ministry of Trade and Industry, incl. Ministry Agriculture, 2008-10	Investment IaDB out of the Trade Sector Support Program. Investment may form start up for an Electronic Single Window (ESW)
Trade Policy and Regulations and Trade-Related Adjustment	Trade policy and administrative management	33110	Renewal and adjustment of legislation impacting on international trade	Includes renewal Shipping Act 1908 (2010, pending approval by Parliament);
	Trade policy and administrative management	33110	Renewal and adjustment of legislation impacting on international trade	Introduction of HS2007/CET (2008-2009)
	Trade policy and administrative management	33110	Renewal and adjustment of legislation impacting on international trade	Institutionalization of custom brokers and standardization of enrolment procedures (2005);
	Trade Facilitation	33120	reorganization of port operating procedures and certification of port operators (2007-)	Number of port operators reduced from 7 to 3 with certification for Management (ISO9001), Environment (ISO14001), Occupational, health and safety (OHSAS18001), ISPS (Port Safety Standards), 2006-2010
	Trade Facilitation	33120	Improvement of management by the Maritime Authority Suriname (MAS)	MAS is, <i>inter alia</i> , responsible for piloting all vessels within the national border. ISO9001 certified (2008-10)
	Trade education/training	33181	Organizing a Trade Facilitation National Self Assessment of Needs and Priorities survey in February 2009	This assessment has been instrumental to a number of projects currently undertaken such as the introduction of ASYCUDA World and the strive towards establishment of Basic Standards regarding Trade Facilitation.
	Trade education/training	33181	Partial Risk Management training for Customs and Excise Department (CED)	Training Risk Management; Sample Inquiries reducing inspection by 20%-30%. But this is not satisfactory; risk management is done by machines, not by men.

Table 3: Tentative Investments in Trade Facilitation 2005-2010, US\$m		
Institution	Description of Investment	Invested Amount
Integra Marine Freight Services	Mobile Harbor Cranes	9.3
	Rubber Gantry Cranes	2.0
	ICT	0.6
VSH United		N.A
Continental Shipping Agencies		N.A
Maritime Authority Suriname	ISO 9001 (re) certification	N.A
National Port Management Company (NV Havenbeheer)	Expansion & Rehabilitation Main Port (Paramaribo, Capital)	56.3
	Expansion and rehabilitation port Nieuw Nickerie (West Suriname)	16.3
	Non-Intrusive X-Ray Scanner	3.3
	Parcel scanner	0.1
Ministry of Trade and Industry	ICT and other supporting peripherals	1.0
Customs brokers		N.A
Ministry of Transport, Communication and Tourism		N.A
Ministry of Public Works	Roads	392.3
	Bridges	36.4
	Road Suriname to Fr Guyana	95.3
Other Institutions		N.A
Tentative Total		612.7
Composition: drs Imro San A Jong (MTI)		

Table 4: BUDGETTED SHORT TERM TRADE FACILITATION IMPROVEMENT NEEDS in US\$m			
Institution	Description of Investment	Amount	Status
Customs and Excise Department (CED)	1. Investment in Equipment to run ASYCUDA World	[0.40]	Ongoing IDB TSSP
	2. ASYCUDA World (UNCTAD Study Nov 2010)	1.34	
CED (Ministry Finance, Health, Agriculture, Trade and Industry, Banking System)	3. Electronic Single Window (ESW, roughly estimated by IDB)	5.00	
National Port Management Company (NPMC), Maritime Authority Suriname (MAS), Customs and Excise Department (CED), Port Operators (PO)	EDI connectivity between NPMC, MAS, CED and PO and part of ESW	0.62	
National Port Management Company (NPMC)	Logistical Improvements	N.A.	
	One additional Non-Intrusive X-Ray Scanner	3.5	
Maritime Authority Suriname (MAS)	Dredging of Estuary Suriname River to Main Port	80.00	Study already done
Ministry of Agriculture	Rebuilding Caribbean Agriculture Health and Food Safety Agency (CAFSA)	[4.50]	EU Funds
Gov of Suriname and France	Bridge Marowijne River, linking Suriname through French Guyana to North of Brazil	50.00	
Gov of Suriname and Guyana	Feasibility Study	N.A.	
Ministry of Public Works	Domestic Bridges improving flow of Merchandise to Main Port	N.A.	
Tentative Total		140.5	
Composition: drs Imro San A Jong (MTI). [...] = excluding			

REFERENCES

San A Jong, Imro, *Improving the Trade Facilitation Environment in Suriname. Meeting Regional and International Standards*. Paramaribo, September 2010.

Tjau Foe, H, *Port Community System*. Paramaribo, October 2010.

UNCTAD, *Assessment of the Customs Modernization Process and Identification of Needs*. Geneva, October 2008.

UNCTAD, *Simplification and Computerisation of Customs Procedures and Data Project. ASYCUDA World Implementation in the Republic of Suriname*. Geneva, November 2010.