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# **Improving the Trade Facilitation Environment in Suriname**

## **Meeting Regional and International Standards**

*Prepared by*

**drs Imro San A Jong**  
Economist

Paramaribo

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## LIST OF ABBREVIATIONS

ASYCUDA	UNCTAD Automated System for Customs Data
C	Celsius
CARICOM	The Caribbean Community and Common Market
CBS	Central Bank of Suriname
CED	Custom and Excise Department
CBP	US Customs and Border Protection
CSA	Continental Shipping Agency N.V.
CSME	CARICOM Single Market and Economy
CTU	Caribbean Telecommunications Union
BOG	Bureau Openbare Gezondheidszorg (Bureau for Public Health, department of VZ)
Dalian	China Dalian International Cooperation (Group) Holdings Ltd
DDC	De Deviezen Commissie, the Foreign Exchange Commission
DNH	De Nieuwe Haven (the New Port), the name of the main port in Paramaribo
EBS	Energie Bedrijven Suriname N.V. (Public Electricity Company)
EC	European Commission
EIU	Economist Intelligence Unit
EPA	Economic Partnership Agreement between the CARIFORUM States and the European Union
EU	European Union
fob	Free on board
Foreign Exchange	ForEx
GBS	General Bureau of Statistics
GCI	Global Competitiveness Index (GCI)
GLIS	Grondregistratie en Landinformatie Systeem (Land Registration and Information System)
GoS	The Government of Suriname
GT&T	Guyana Telephone and Telegraph Company
HIPCAR	Harmonization of ICT Policies, Legislation and Regulatory Procedures
HS	Harmonized Commodity Description and Coding System
ICT	Information and Communication Technologies
IDB	Inter-American Development Bank
IFS	International Finance Statistics
IMF	International Monetary Fund
IMO	International Maritime Organization
IMTC	Inter-Ministerial Trade Committee
ISO	International Standards Organization
ISPS	International Ship and Port Facility Security
ITC	International Trade Commission
IUD	De Afdeling Import, Export en Deviezencontrole. The division for Import-Export and Foreign Exchange Control
ITU	International Telecommunication Union
JAP	Johan Adolf Pengel International Airport
JUSPOL	Ministry of Justice and Police
KKF	Kamer van Koophandel en Fabrieken (Chamber of Commerce and Manufacturing)
km	kilometer
LDCs	Developing and less developed countries
LVV	Ministerie van Landbouw, Veeteelt en Visserij (Ministry of Finance, Agriculture- Animal Husbandry and Fisheries)
LWS	Low Water Springs

MAS	Maritime Authority Suriname
MTI	Ministry of Trade and Industry
MinFin	Ministry of Finance
NIMOS	Nationaal Instituut voor Milieu en Ontwikkeling in Suriname (National Institute for Environmental Development in Suriname)
NPO	National Planning Office
NVHB	N.V. Havenbeheer (Suriname Ports Management Company) is a parastatal in the form of a limited liability company managing the main port and the quay in the district of Nickerie
OECD	Organization of Economic Cooperation and Development
RKC	Revised Kyoto Convention
RTG	Rubber-tyre Gantry Crane; crane used to move containers to and from storage
SD	Single Document
SDMO	Suriname Debt Management Office
SDT	Special and Differential Treatment
SPS	Sanitary and Phyto-sanitary
SW	Single Window
SML	Stichting Machinale Landbouw Suriname (Mechanized Rice Foundation)
SPH2010-11	Suriname Port Handbook 2010-11
Staatsolie	Staatsolie Maatschappij Suiname NV (State Oil Company Ltd)
STCT	Suriname Trade Coordinating Team
Suralco Ltd	Suriname Aluminum Company, a subsidiary of the multinational ALCOA
T&T	Trinidad and Tobago
TCT	Ministerie van Transport, Communicatie en Toerisme (Ministry of Transport-Communication and Tourism)
TLS	Telesur (Public Telecommunications Company)
TRS	Time Release Study
TSSP	Trade Sector Support Program. A US\$ 3.5m loan jointly financed by the IDB and GoS to improve the trade environment in Suriname, with special reference to the private sector.
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
USA	United States of America
VSH	United Suriname Shipping Company
VZ	Ministerie van Volksgezondheid (Ministry of Public Health)
VZH	Vliegveld Zorg en Hoop
WCO	World Customs Organization
WTO	World Trade Organization

## SUMMARY

Ongoing trade liberalization efforts to lower the barriers on market access of goods have led to continuous decline in import tariffs. This process of so-called first generation reforms has led to the second generation focusing on, *inter alia*, simplification, time and cost reduction of the movement of goods by promoting a set of measures to harmonize and standardize regulation, procedures and processes at the border.

International reports engaged in the assessment of efficiencies in trade and doing business have indicated that a large part of the improvements in these efficiencies and the countries on top of the list have achieved such by continuously improving on their trade facilitation environment. The Doing Business 2010 Report indicated that trade facilitation measures related to the stage of “trading across borders”, yielded the greatest benefits.

Many studies, particularly in the Asia-Pacific region and Africa report that improvements in the trade facilitation environment, even modest, have led to favorable changes in cost and time reduction, as well as improvement in fiscal revenues from trade despite the decline in tariff rates.

The international reports engaged in the assessment of efficiencies in trade and doing business have indicated that Suriname is not particularly one of the countries making intense efforts and strides in improving its regulatory framework and trade facilitation environment. On many of these reports, the country declined in rankings or made modest improvements between the 2007-2009 periods.

Developments in the world, but also commitments made in the ongoing Doha Agenda, as captured in Annex D of the “July Package” of the WTO and those made in the EPA, mandate that Suriname take the necessary steps to improve its trade facilitation environment. Particularly those elements captured in Article V (Freedom of Transit), VIII (Fees and Formalities connected with Importation and Exportation) and X (Publication and Administration of Trade Regulations). Even though the country is revising some of the outdated legislation, there is still room for improvement towards the standards established by these articles.

Meanwhile, due to the trade liberalization process, the movement of merchandise has almost tripled between 2000 and 2009; from 18000 TUE to 55000 TUE. As such, and despite the trade efficiency assessments of the country, important results have been achieved by public and private sector entities in improving this environment. Many agencies have been certified for quality services, port security, safety and the environment. DNH has rehabilitated and expanded the port (larger ship can be accommodated and the storage space has been increased by almost 60%). Efficiency in the handling has been improved by reducing the number of port operators from 7 to 3, demand certification requirements to operate within the port and investments have been made in the on and off-loading of ships as well as the movement of containers to storage locations.

Scanners have been introduced to improve risk management, although these are not yet operational.

The HS2007/CET system for categorizing goods was introduced in 2008. A National Trade Facilitation Self-Assessment Needs and Priority workshop, assessing the level of implementation of Basic Standards derived from Articles V, VIII and X, has been organized detailing the different aspects where, *inter alia*, recommendations have been made and technical assistance is warranted.

Apart from developments directly impacting trade, the GoS improved and or expanded on more than 1000 km of road rehabilitation and 27 bridges across the country.

The needs and priority assessment, but also the small sample by way of using the format to conduct “A Survey of the Trade Facilitation Needs and Priorities of the Private Sector in the Country”, has revealed that there is great need and desire to elevate towards these Basic Standards. Particular interest has been shown for “timely and comprehensive publication and dissemination of trade rules and regulation”, “establishment of enquiry points”, establishment of a formal consultation mechanism”, establishment of an independent appeal mechanism”, “advanced ruling”. Most desired on the list of priorities were the more technical aspects that would simplify and automate the submission of trade documents such as the “Single Window”, “computerization and automation of trade procedures”, “improvement in Custom inspection and control procedures (risk assessment and management, Authorized Traders, Post-clearance Audit) and “elimination of bribery and other corrupt practices”.

The CED expressed great concern for upgrading its outdated ASYCUDA v2.7 system to ASYCUDA World, including the training of staff, upgrading of management and improved physical working space.

Concerns were also raised in the way a number of public agencies conducted health assessments and the time it took to issue approvals before exporting.

The study has led to a number of priorities important to take advantage of the improvements made in the trade facilitation environment so far and tangible steps towards the Basic Standards. These include immediate operation of the scanners including supporting legislation, membership of the WCO with possible ratification of the RKC if necessary, the commission of a Time Release Study, implementation of a Single Window based on the ASYCUDA World system, training and upgrading of staff and management of the CED, dredging of the channel of the Surinamese river (where the main ports are located), improved road connections to the main port and the establishment of formal monitoring mechanisms to coordinate the process of trade facilitation within the larger framework of trade development.

The study concluded that more could have been achieved to improve the trade facilitation environment if more coordinated involvement of the GoS was present. Given the

developments in the world and domestically, the results of the assessments, the availability of technical assistance and the proven benefits, there are no doubts about the ability of the country to raise the quality and level of trade facilitation, but there should be more willingness to implement.



## RECOMMENDATIONS

The recommendations in this study are in the support of the improvement of the trade facilitation environment in Suriname as mandated by the commitments in the Doha Agenda of the WTO and the EPA, the developments that have take place in the past 5 years to upgrade this environment and the demands of the globalization process.

The recommendations are as follows:

1. Implementation of a set of priorities as detailed in paragraph 4.3;
2. Upgrade the supporting environment to enable a uninterrupted operation of the trade facilitation environment;
3. Implement, apart from the recommended Inter-departmental Trade Commission, the separate implementation units as agreed within the scope of the EPA and agreed within the CARICOM, namely the EPA Implementation Unit and the Coalition of Services Industries;
4. Recommended studies:
  - a. Evaluation of the existing legislation and legislation that is currently under revision;
  - b. Evaluation and recommendations of the fees charged by private providers of trade services.

The upgrade of the supporting environment as mentioned in (2), regards the supply of services by utility companies such as EBS and TLS. TLS increased its broad band services installing a fiber optic sea cable running from T&T to Suriname, with a branch to Guyana. This has led to improvement in speed, but the service is still hampered by interruptions.

The supply of power by the EBS it's still a serious problem: no uninterrupted supply. It's onerous to install electronic data interchange systems and a Single Window if the supply of power is not secured.

The study recommended in (4a) is with the intent to see if this legislation meets with and foresees in the [international] standards as mandated by the WTO and the EPA on trade facilitation, and if they are internally sound as a whole: if there are no contradictory statements in the different legal instruments.

The services mentioned in (4b) concern those of Custom brokers, trucking companies, port service providers (DNH for rent of terminal, terminal operators, scanning services, bank charges, etc.) and their impact on costs. This is related to the assessment to what extent the overall benefits of the recommended improvements are not [partially or fully] erased by high cost levels of other services. It is not intended to regulate these private sector services but to see where efficiency improvements can be made.

## FOREWORD

This study was commissioned by Business & Strategies in Europe (B&S Europe) with the objective *“to develop a competitive Domestic Private Sector in Suriname that can contribute to sustainable development and to facilitate the gradual integration of Suriname into the regional and world economy”*. Put more specifically, *“The purpose of this project proposal is to make public and private sector aware of the efforts that need to take place to improve doing business in and with Suriname, to what extent the country is making efforts in meeting those needs and if these needs are internationally acceptable”* (Terms of Reference Short Term Experts. Regional & Global Trade Facilitation Survey Expert. Activities 1.6.1 & 1.6.2).

To that effect it was necessary, within the light of the ongoing trade negotiations and resulting decline in import barriers, especially import duties, to investigate whether the country has made the necessary changes to take full advantage of the results of these negotiations. In particular, has the country made efforts to improve the ease, transparency and reduction in costs associated with the movements of goods to give full meaning to the intent of the market access negotiations on goods.

It is in this vein that this study will analyze the development of trade facilitation in Suriname and if the country has kept with the international agreements, conventions and needs to allow goods to enter the country with ease, transparency and on lower costs to the advantage of consumers and to increase the competitiveness of goods leaving the country.

The consultant wishes to thank B&S Europe, the Suriname Business Development Center (the executive office of the Suriname Business Forum), the Ministry of Planning and Development Cooperation in the capacity of the National Authorizing Officer for EDF in Suriname (Contracting Authority of this project) and the European Commission in Suriname for their confidence in assigning this project to undersigned.

Drs Imro San A Jong  
Consultant

## INTRODUCTION

The process of trade negotiations, in the beginning, primarily focused on decreasing barriers that hindered trade and provided protection to domestic industries. It started with the General Agreement on Tariffs and Trade (GATT) which introduced, since 1948, a mutually agreed rules-based system to trade in goods. On 01 January 1995 this system was, with additional adjustments and explanations, incorporated in what is now known as the World Trade Organization: a collection of Member countries who, in principle, through the system of negotiations, arrive at rules and modalities how to conduct trade on different issues other than goods, such as services, investment, intellectual property rights, government procurement, but also on trade facilitation.

With the first generation of reforms in the trade liberalization process coming to fruition, the second generation reforms has led to changes in the trade agenda and priorities of the private sector and governments around the world. In this respect the process of trade facilitation has taken a prominent place.

Negotiations on trade facilitation commenced on 01 August 2004, when the WTO General Council adopted the decision on the “Doha Work Programme”, generally known as the “July Package”, which defines modalities for negotiations in the current round of trade talks. In the document “Doha Work Programme, Decision Adopted by the General Council on 1 August 2004” (WT/L/579), under Annex D, “Modalities for Negotiations on Trade Facilitation”, it was decided that, in principle, these negotiations would “...aim to clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 with a view to further expediting the movement, release and clearance of goods, including goods in transit”. However, the reservation was made that “...this is without prejudice to the possible format of the final result of the negotiations and would allow consideration of various forms of outcomes”. This meant, among others, that the possibility was left open for other issues to be included beyond Articles V, VIII and X if these would further the cause of the objective; simplification and harmonization of international trade procedures, such as practices and formalities involved in collecting, presenting, communicating and processing data and other information required for the movement of goods in international trade (OECD, 2005). This consideration led to the expansion of the scope of trade facilitation in the international trade forum beyond those defined in the aforementioned articles.

Apart from creating modalities to attain the objective, the adopted decision also included assistance in arriving at the intended; “Negotiations shall also aim at enhancing technical assistance and support for capacity building in this area. The negotiations shall further aim at provisions for effective cooperation between customs or any other appropriate authorities on trade facilitation and customs compliance issues” (WT/L/579).

As in many negotiations, the principle of “special and differential treatment” is also applied on this issue to the supposed benefit of LDCs.

Apart from the WTO, other institutions, such as the United Nations Economic Commission for Europe (UNECE), United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT), the Organization for Economic Cooperation and Development (OECD), the World Bank, have devoted special attention and departments in either the development of the scope, regulation, standards and assistance with respect to trade facilitation. For instance, UN/CEFACT has drafted a number of trade facilitation recommendations that are adopted worldwide, including by the WTO, to assist countries in implementing and harmonizing the suggested modalities (UN/CEFACT, 2006).

To summarize, trade facilitation aims at simplifying and harmonizing international trade procedures in a commonly agreed and transparent manner with the goal to reduce costs and time to move goods from one destination to another, with the necessary ease and transparency. Directly linked to this process, are the costs of implementation in terms of regulatory/legislative aspects, institutional costs, HR training, equipment and infrastructure, political costs, recurring and operational costs and time for LDCs to implement the decisions. Of course, improvements in trade facilitation promise a long-term savings potential that would ultimately offset these costs. However, not all LDCs are so convinced of these long term savings since the investment costs are immense for many.

This study will primarily focus on the key areas of trade facilitation as defined by the WTO in the “Doha Work Programme” and captured under Articles V, VIII and X of the GATT 1994. More specifically, the study will address (1) implementation of regulatory and policy reforms, (2) new border management systems and (3) capacity building and how they have been implemented in Suriname. Where possible, the study will also address key issues beyond those covered under Articles V, VIII and X of the GATT 1994, but are of importance to the trade facilitation process in Suriname. The study will also identify and make recommendations on issues to be improved relative to these key areas.

The study will commence by describing the trade facilitation developments in the world and their relation to improving the economy and the movement of goods (Chapter 1). In Chapter 2 the scope of trade facilitation will be addressed specifically from the trade agreements Suriname is signatory to such as the WTO, the Revised Treaty of Chaguaramas and the Economic Partnership Agreement between the CARIFORUM States and the European Union (EPA). Chapter 3 discusses the trade facilitation developments in Suriname against the background of the growth of the economy and trade and, Chapter 4 will identify needs, priorities and, where possible, the costs of implementation. Chapter 5 concludes the main findings and policy recommendations are captured in a separate chapter at the beginning of the study.

# 1 TRADE FACILITATION DEVELOPMENTS IN THE WORLD

## 1.1 INTRODUCTION

This chapter will first define the term trade facilitation to apprehend its scope and then analyze the recent developments in the world that countries had with the implementation of trade facilitation and what contribution it made to economic growth and trade and vice versa. This will also include the assessment of Suriname in different international reports engaged in efficiency in trade and doing business. This chapter will also discuss the advantages and costs associated with the implementation of trade facilitation measures in the world.

## 1.2 WHAT IS TRADE FACILITATION

There is not one clear, hard and widely agreed upon definition of trade facilitation, since the evolution of the concept has been influenced by the different measures, methods and ongoing technological development that, in one way or another, has benefitted the movement or accommodated the movement of goods. Thus the definition of trade facilitation and its scope are still evolving. Nevertheless, there are a number of aspects that are imminent in the meaning of the concept.

### BROAD AND NARROW DEFINITIONS

The WTO on its website defines trade facilitation as “simplification and harmonization of international trade procedures, including activities, practices, and formalities involved in collecting, presenting, communicating, and processing data required for the movement of goods in international trade”<sup>1</sup>. Clearly, the WTO definition is more aimed at border or customs facilitation. The WTO definition is often perceived as the narrow definition.

The OECD defines it more loosely in terms of its scope: “Trade facilitation covers all the steps that can be taken to smooth and facilitate the flow of trade”. The term has been used widely to cover all sorts of non-tariff barriers, including product testing and impediments to labor mobility<sup>2</sup>. This definition is clearly very broad and the term “all steps” indicates the dynamic character of this concept.

The UNECE defines trade facilitation as “..., i.e. the simplification, harmonization, automation and speeding up of the international flows of goods and trade information”<sup>3</sup>. This definition lies halfway in between the WTO definition and the OECD scope.

UNCTAD, which is more geared towards the transport aspect of trade facilitation, provides no clear definition, but the scope of services it provides in this context involves (1) trade and transport, including issues on modal infrastructure, vehicles, traffic flow management and transport operations, on multimodal transport, as well as on the use of information technology where appropriate, (2) simplification, standardization and harmonization with a

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<sup>1</sup> WTO website

<sup>2</sup> OECD Observer, Policy Brief, October 2005

<sup>3</sup> UNECE, Second International Forum on Trade Facilitation, 2003

view to making local practices conform with internationally agreed best practices, and (3) technical assistance with regard to the above. In the UNCTAD scope, both “hard” and “soft” dimensions of trade facilitation can be found<sup>4</sup>.

#### **HARD AND SOFT TRADE FACILITATION**

Apart from the broad and narrow classification, scholars have tried to define trade facilitation according to the nature of the dimensions that trade facilitation takes and resulted in what are known as the “hard” and “soft” definitions. According to the “hard dimension”, trade facilitation involves the “... tangible infrastructure such as roads, ports, highways, telecommunications, etc.”, and the “soft dimension” relates to “transparency, customs management, the business environment, and other institutional aspects that are intangible”<sup>5</sup>. As can be condensed from the aspects of both definitions, the hard dimension refers to the physical elements and the soft dimension refers to the immaterial elements.

Assessing the different definitions, the main issues concern:

- Elimination of unnecessary administrative and logistic burdens associated with the movement of goods, and;
- Cost and time reduction of doing business by:
  - Improvements in infrastructure and logistics;
  - Simplification of procedures in the movement, clearance and release of goods;
  - Electronic collecting, processing, presenting, communication of data and information;
  - Transparency and predictability in the movement of goods and related processing of information;
  - Harmonization of procedures, data and presentation methods.

One added element that serves as an enabling instrument with regard to its implementation is technical assistance. Given the nature and complexity of trade facilitation, technical assistance has become an integrated aspect of trade facilitation and, as such, is included within the WTO framework on this issue. Also, all of the above mentioned institutions, and many more not directly mentioned, do provide technical assistance on this matter.

In this study, as the trade facilitation development of Suriname will be evaluated, the above core aspects of trade facilitation will be used as the guiding principles.

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<sup>4</sup> UNCTAD, Technical Assistance in Trade Facilitation.

<sup>5</sup> World Bank, Policy Research Working Paper 5261.

### 1.3 TRADE FACILITATION DEVELOPMENTS IN THE WORLD

This paragraph will draw on some important international reports, mainly the Global Competitiveness Report 2009-2010, the Doing Business 2010 Report, etc. to provide a picture of the current developments in the world related to competitiveness and trade, and will attempt to distill the developments and importance of trade facilitation in that process. This paragraph will also highlight the ranking the country has been given in these different reports and try to indicate where, concerning trade facilitation, these reports identify efforts that can or should be made to increase competitiveness and doing business with Suriname.

#### 1.3.1 OVERVIEW

The theme of the Doing Business reports is to investigate those regulations that enhance business activity and those that constrain it around the world. In the 2010 report, 183 countries were investigated including Suriname. To enable the analysis and provide an overall and partial ranking, the methodology used scrutinizes regulation affecting 10 stages of the life of a business, namely, (1) starting a business, (2) dealing with construction permits, (3) employing workers, (4) registering property, (5) getting credit, (6) protecting investors, (7) paying taxes, (8) trading across borders, (9) enforcing contracts and (10) closing a business (World Bank, 2009)<sup>6</sup>. In the analysis of the Doing Business 2010 Report, special attention will be devoted to stage (8); trading across borders.

The initial goal of the Doing Business Report is “to provide an objective basis for understanding and improving the regulatory environment for business”. Even though it is acknowledged that regulations are just a part of a number of aspects influencing doing business, the fundamental premise that “economic activity requires good rules” is well regarded.

The Doing Business 2010 Report indicates that despite the effects of the financial crisis and the ensuing global economic downturn, “.....in 2008/2009 more governments implemented regulatory reforms aimed at making it easier to do business than any year since 2004”. 287 of such reforms were recorded in 131 countries, 20% more than the 2007/2008 period. Most of the regulatory reforms took place in developing countries<sup>7</sup>, focused on long-term efforts to increase competitiveness and encourage firm and job creation.

The report also showed, by way of citing various studies, that trade facilitation measures that were related to the stage of “trading across borders”, yielded the greatest benefits in almost all aspects: cost and time reduction, increased government revenues, increased exports, improved risk management, etc. The report concluded that “Economies that rank high on the ease of trading across borders have found ways to make exporting and importing as efficient as possible”. This included fewer documents required, electronic submission of documents often before goods arrived at the port, limited physical

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<sup>6</sup> In the study “Gemakkelijker Kunnen Ondernemen in Suriname: de Weg naar Zelfredzaamheid”, a number of regulatory issues regarding doing business have been discuss in detail using the World Bank approach.

<sup>7</sup> Low and lower-middle income economies accounted for 2/3 of reforms recorded.

inspections (only riskiest cargo), and fast-track clearance procedures for selected companies, auditing shipments only after clearance.

The most effective reform features in this regard turned out to be (1) the installation of electronic data interchange systems, (2) Single Windows and (3) easing the way the private sector participates in trade services.

The Global Competitiveness Report 2009-2010 takes a broader perspective to rank countries than the Doing Business 2010 Report, but the approach is the same; to what extent have countries evolved in their ability to do business in terms of competitiveness driven by improvements in productivity and regulation.

The analytical and ranking methodology utilized in the Global Competitiveness Report 2009-2010, deploys a 12 pillar approach to gauge how these have contributed to the improvement of competitiveness. These pillars are (1) institutions, (2) infrastructure, (3) macroeconomic stability, (4) health and primary education, (5) higher education and training, (6) goods market efficiency, (7) labor market efficiency, (8) financial market sophistication, (9) technological readiness, (10) market size, (11) business sophistication and (12) innovation. The rankings are constructed using survey and hard data for each pillar and sub-pillar. The Global Competitiveness Index (GCI) is a weighted average of these pillars.

The Report indicates that Latin America and the Caribbean have made encouraging progress measured by the GCI, in particular countries such as Uruguay (up 10 places), Brazil (up 8 places), T&T (up 6 places) etc. Suriname grew by 1 place, but is still almost at the bottom of the rankings (refer to paragraph 1.3.2).

A third ranking system maintained by the Heritage Foundation is “Ranking the World by Economic Freedom”. The Index of Economic Freedom offers a formula for sustained economic growth, grounded in the classical liberal economic theories of Adam Smith and Friedrich Hayek (The Heritage Foundation, 2009). The theories are based on the premise that the individual or the private sector are best to decide for themselves what is best for their own well-being and that of their families, and that the free market is the only reliable predictor of the real prices of goods, labor, and capital. The role of the government is to create an enabling environment for the above without engaging in production itself. The government’s involvement in economic activities should be as limited as possible. However, the latter conjecture has come under great scrutiny lately following the freedom of the private sector in financial markets, the ensuing global downturn it created and the efforts governments around the world have made to bail private sector companies out and protect business and consumers from the fall-out of the crisis. The Global Competitiveness Report 2009-2010 underscores the role of the government and flawed perception of neoclassical conservatives of this institution by mentioning that “These [abovementioned] developments have led observers to question the prevailing paradigm regarding the optimal level of state involvement in the economy”.



The 2010 Index of Economic Freedom covers 183 countries around the world, ranking 179 of them with an economic freedom score based on 10 measures of economic openness captured under (1) regulatory efficiency, (2) the rule of law, and (3) competitiveness. The basic principles of economic freedom emphasized in the Index are individual empowerment, equitable treatment, and the promotion of competition (The Heritage Foundation, 2010). The Report indicated that the top 20 freest economies in 2010 in the world were made up by 9 countries from Europe, 6 from the Asian-Pacific region, 2 from North America and the rest was made up by 1 country of each of the remaining regions. For the South and Central America/Caribbean region, Chile is the representative country.

The Report concluded that there is a positive correlation (0.67) between economic freedom, as measured by the index, and prosperity, as measured by GDP. This report implicitly denied the role of the private sector in the financial crisis and clearly indicated that government interventions were not successful. As a matter of fact, these interventions had a negative relationship with regard to economic freedom. From the report it was not easy to distill which of the measured aspects had the biggest contribution to the overall index.

In May 2007 a study was completed by the Caribbean Export Development Agency (Caribbean Export) called “Doing Business with Suriname”. The report does not have an executive summary and basically describes the country and the regulations (different phases in the process of importing and exporting, institutions and documents) needed to do business with Suriname. The report does not supply an overall appraisal of the quality of doing business and also does not make any recommendations for improvements.

The section on “Market Access Conditions” indicates that the processing of documents is still mainly manual and consumes time to complete. Not all of the phases in the trade clearance process or regulations have been described properly.

### 1.3.2 APPRAISAL AND RANKING

This section will summarize the appraisal and ranking that the country has received from major institutions on this matter and highlight the major areas of weaknesses in doing business, competitiveness and economic freedom and how these relates to trade facilitation. **Table 1** shows the ranking of Suriname by the different organizations and respective approaches and the lowest rank possible on the different lists.

<b>Table 1: Rankings of Suriname According to its Ability to Accommodate the Private Sector to do Business</b>							
		<b>Rankings of Suriname and Lowest Overall Rank</b>					
		<b>2010</b>		<b>2009</b>		<b>2008</b>	
<b>Institution</b>	<b>Report</b>	<b>Rank Sur</b>	<b>Lowest Rank</b>	<b>Rank Sur</b>	<b>Lowest Rank</b>	<b>Rank Sur</b>	<b>Lowest Rank</b>
The World Bank	Doing Business	155	183	148	183	141	181
World Economic Forum	Global Competitiveness	102	133	103	134	113	131
The Heritage Foundation	Economic Freedom	131	179	125	179	118	157

Sources: The World Bank, Doing Business 2010; World Economic Forum, The Global Competitiveness Report 2009-2010; The Heritage Foundation, 2010 Index of Economic Freedom.

*All these reports indicate that Suriname is nearly at the bottom of the list when it concerns doing business, compete in the global or local market or create an environment for businesses to thrive.*

According to the Doing Business 2010 Report, Suriname did not undertake any new regulatory reforms to improve the environment to do business. When it regards “registering property”, the reforms have made it more difficult to do business; for instance, improvements have been made in finding land easier and more transparent (GLIS), but the land market is still not liberalized. The country is the slowest when it concerns the start up of a business. With regard to “trading across borders” the country is ranked 101 out of 183. According to the report, the country is most costly with respect to the time to import or export (both at 25 days) and the financial cost to export and import are US\$975 and US\$885 per container respectively.

According to the Global Competitiveness Index, the country is most “problematic in doing business” due to its inefficient government bureaucracy, problems related to the access of financing and corruption. When it concerns basic requirements, such as macroeconomic stability and, health and education, the country scores reasonably well, but its institutions are weak. The country lags most in aspects that enhance efficiency and, innovative and sophistication factors. This assessment is also applicable to the cross-border agencies, as will be shown in Chapter 3. As such, the country is not particularly strong in its market efficiency for goods (ranked 123) and market size (128) and innovation (118).

The Economic Freedom report provides a more brutal assessment of the country, even though Suriname ranks as average on the overall scale; 52.5 to the average of 50. According to the report, the country made some progress in freedom concerning trade, government spending and corruption, but was down on business, fiscal, monetary, investment and labor.

*In general, it can be concluded that the country is not entirely ready to do business on the international level and that concerning trade in goods, more can and needs be done to increase efficiency, ease and transparency. The country also needs to work on aspects of innovation and sophistication in doing business. Efforts need to be made in this direction, since these reports influence how the fast reading world community evaluates performance. Still, one cannot escape the impression in reading these reports that not all of the information included is credible and in some cases even contradictory. For people familiar with the country, many evaluations may appear to be exaggerated or just not true.*

#### 1.4 ADVANTAGES, BENEFITS AND COSTS ASSOCIATED WITH TRADE FACILITATION<sup>8</sup>

Quantification of the economic benefits associated with trade facilitation represents a major challenge due to the lack of reliable and precise data and the complexity of the underlying issues (Duval, 2006). Despite this deficiency, studies and testimonies from countries that have implemented improvements in their trade facilitation environment, even modest, are claiming advantages and benefits in terms of reduced time for clearance and release of goods, improved ease and transparency, reduction of paper work, more oversight and reduction in the opportunities to commit fraud. Also, investments of businesses in existing production capacities increased since the improved trade facilitation environment enabled the processing of more goods; more efficient use of existing resources.

In general, benefits from trade facilitation can be divided into 3 categories; (1) benefits for businesses, (2) benefits for the government and (3) benefits for consumers.

A number of benefits for businesses include (1) the reduction in costs and delays, (2) faster Customs clearance and release through predictable official intervention, (3) simple commercial frameworks for doing domestic and international trade, (4) enhanced competitiveness, etc.

The benefits for the government concern (1) improved credibility, (2) increased effectiveness of control methods, (3) more effective and efficient deployment of resources, particularly as an effect of reduced fraud due to effective risk management, (4) correct revenue yields, (5) improved trader compliance, (6) accelerated economic development and (7) encouragement of domestic and foreign investment particularly concerning agro-food and SME's who benefit most from public investments and are most vulnerable to public inefficiencies.

A study done on "Trade Facilitation in Developing Countries" showed that a number of these countries had positive results after introduction various measures that had an impact on their trade facilitation environment (Milner et.al, 2005). In Ghana, capacity enhancing reforms were introduced during the 1990s and a Customs ICT network in 2001. By 2003, government revenue collected from airport traffic increased by approximately 30% on a yearly basis. Customs clearing times were significantly reduced (e.g. from 3 days to 4 hours on average at the airport). In Mozambique, the 1997 program focused on improving the customs legislation, systems and procedures, management and organization. During the first 2 years of the program, imports increased by 4% while customs revenue increased by 58% despite significant duty rate reductions; marked reduction in the clearance time of goods at the country's principal points of entry. Initial investments in the Customs administration were recovered within 14 months from additional revenue receipts. In Peru, Customs administration reforms were introduced in 1990s. Despite a reduction in average

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<sup>8</sup> The advantages, benefits and costs are excerpted from a number of documents, all included in the references. Most of these are from developing countries such as the Middle East, India, China, Vietnam, Uganda.

tariff levels, Customs revenue increased by 327% in the 1990-1995 periods, whereas the value of imports increased by 175%. Customs release time fell from a range of 15-30 days to 2 hours - 2 days. Even in the region, Jamaica had remarkable results with implementing trade facilitation measures. Jamaica initiated reforms in 1993 including Customs automation, the implementation of a single-point clearance mechanism and the introduction of risk assessment procedures. Between 1998 and 2001, Customs revenue increased by 110%.

The costs that can be incurred while introducing trade facilitation include (1) regulatory costs, (2) institutional costs, (3) training and (4) equipment and infrastructure (OECD Policy Brief, 2005).

Regulatory costs are mostly low since they are limited to adjusting existing legislation or making new ones. This work can be done by existing staff, or assisted by external experts and requires time. This can actually be done at the operational level. Institutional costs are mostly related to establishing risk management teams and enquiry points. This may require additional and trained staff and some infrastructure, such as virtual networks and accommodation. So there are some costs associated with institutional settings. Training is one of the items where costs might be high and somewhat continuous due to changes as a result of ongoing changes and negotiations. Training is mostly associated with the changed regulation of border agencies. Training may require hiring new staff and/or assistance from external experts. Most of the time, it's the existing staff trained on the job and make them ready to implement the new/adjusted legislation and related regulation. The most costly aspect of trade facilitation relates to equipment and infrastructure. These are necessary since a number of trade facilitation measures can better be dealt with by machines, such as risk management done by scanners or the online submission and the pre-arrival processing of documents done by computers.

Even though these different costs aspects can be distinguished, it is the coordinated and attuned integration of these aspects that eventually deliver the desired results. Most of the time, it also requires a different mindset of all parties involved since trade facilitation is not just a part of the movement of goods in trade, but a critical part of competition and development that requires a broader, and sometimes, changed perception.

In most developing countries, there is a perception that the cost associated with improving the trade facilitation environment does not match the benefits, which are not always quantifiable. This perception prevails particularly when the advantages and benefits are viewed from a short term perspective. But trade is the exchange of goods and services between markets, whereby efficiency improvements are reflected in the price and quality of the merchandise. If some parts of the world are influencing the markets by efficiency improvements, sooner or later these efficiencies will be demanded from other parties involved in international trade, with or without the aspect of efficiency commitments in treaties.

## **2 TRADE FACILITATION ISSUES IN INTERNATIONAL TRADE AGREEMENTS AND CONVENTIONS**

### **2.1 INTRODUCTION**

In this chapter the focus will be on the trade facilitation elements in the trade agreements Suriname is signatory to: (1) the Revised Treaty of Chaguaramas establishing the CARICOM, (2) the EPA and (3) the Marakesh Agreement establishing the WTO. The assessment will go through the different paragraphs that apply, make a practical interpretation of the paragraph particularly in implementing terms and summarize the most important elements where these agreements are similar and diverging aspects.

### **2.2 TRADE FACILITATION THE CARICOM**

Trade facilitation is an important element the Treaty of Chaguaramas (the Treaty) and the process establishing the latter part of the integration process of the CSME, namely the Single Economy. In technical terms, trade facilitation is the linking and transitional aspect between the Single Market and the Single Economy, where the success of harmonization, standardization and integration of regulations and procedures into the economies of the Member States will determine whether there will really be a smooth road towards a Single Economy.

In the Treaty, aspects relating to trade facilitation can be found in Part Three: Common Supportive Measures, which is part of Chapter Four: Policies for Sectoral Development. As the title indicates, this part of the Treaty encompasses measures that should be taken to support the development of sectors and in this case the industrial, trade and transport sector. The latter can be derived from Articles 135 – 141.

Even though trade facilitation is mentioned as part of Article 67, which deals with standards and technical regulation of products rather than the movement of goods, the Treaty offers no definition of the concept and thus no specific areas that are of concern, such as detailed in the WTO agreement (see paragraph 2.3). Furthermore, the text mentions a program that should be (or should have been) developed under the aegis of the COTED and the objects, of which trade facilitation, and elements that should be part of that program. In reality, trade facilitation is not visibly present in terms of common standards, rules and regulation that need to be met and no real efforts have been made within the ambit of CARICOM to attain such in an coordinated manner.

In fact Member States within the CARICOM, that are also members of the WTO, have tried to apply the WTO modalities as delineated in Articles V, VIII and X, and other trade facilitation measures stemming from policies to improve competitiveness in individual Member States.

This approached has changed with the signing of the EPA where, dictated by the much more advanced EU with respect to trade facilitation, far-reaching changes need to be made to meet obligations and institutional surveillance frameworks have been put into place to

make sure that the region meets the merits of the agreement, also with regard to trade facilitation.

Currently, the Treaty is again going through a series of adjustments to adhere more to the current state of affairs. It is not clear to what extent trade facilitation will be addressed separately or that this aspect will be left to be determined by the abovementioned agreements<sup>9</sup>.

With regard to transport policy, the Treaty is more detailed, focusing on the improvement of transport services and the provisions to enable this improvement. The scope of the transport policy includes<sup>10</sup>:

1. coordination of transport policies of the Member States;
2. implementation of uniform regulations and procedures, consistent with standards and recommended practices, for the development of an efficient multi-modal transport system, particularly in respect of operations, safety, licensing and certification;
3. the development of required institutional, legal, technical, financial and administrative support for the balanced, sustainable development of the transport sector;
4. the establishment of measures:
  - a. to ensure that the development of the transport sector does not impact adversely on the environment of the Member States and, in particular, the Caribbean Sea;
  - b. for the acquisition and transfer of technology in the transport sector; and
  - c. for human resources development in accordance with Article 63;
5. investment in the transport sector, including ancillary services supportive of the sector through, for example, joint ventures;
6. the removal of obstacles to the provision of transport services by nationals of the Member States in accordance with the relevant provisions of Chapter Three.

The scope of the services would cover (1) Search and Rescue, (2) Intra-Community Transport Services, (3) Development of Air Transport Services, (4) Aircraft Accident and Incident Investigation and (5) Development of Maritime Transport Services.

However, in terms of implementation, also with respect to these policies, the Community did not live up to its merits. Much still needs to be developed, such as regulation and standards and the most pressing element was the investment aspect for Member States.

As indicated, the Community has followed the rolling modalities of the WTO and now is confronted with the implementation of those defined in the EPA.

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<sup>9</sup> Appeals to the Legal Commission within the CARICOM Secretariat to inform the consultant on this matter were not fruitful.

<sup>10</sup> Article 135 of the Treaty of Chaguaramas.

## 2.3 TRADE FACILITATION AND THE WORLD TRADE ORGANIZATION

### 2.3.1 UNDERSTANDING TRADE FACILITATION FROM THE WTO PERSPECTIVE

Trade facilitation is not a new topic in GATT/WTO. Several articles in GATT 1947 and various WTO agreements contain elements of trade facilitation, including those currently on the negotiating table of the WTO. For instance, GATT 1947 articles dealing with trade facilitation include; (1) Article V, Freedom of Transit, (2) Article VII, Valuation for Customs Purposes, (2) Article VIII, Fees and Formalities connected with Importation and Exportation, (4) Article IX (Marks of Origin) and (5) Article X, Publication and Administration of Trade Regulations. Since the WTO is an adjusted continuation of the GATT 1947, many of these articles have been continued, albeit adjusted, into agreements. For instance the (6) the Agreement on Implementation of Article VII of GATT 1994, Customs Valuation Agreement. Other trade facilitation related WTO agreements are (7) Agreement on Import Licensing Procedures, (8) Agreement on Pre-shipment Inspection, (9) Agreement on Rules of Origin, (10) Agreement on Technical Barriers to Trade (TBT) and (11) Application of Sanitary and Phytosanitary Measures (SPS).

The WTO Ministerial Meeting of 1996, held in Singapore, instructed the institution to “undertake exploratory and analytical work,..... on the simplification of trade procedures in order to assess the scope for WTO rules” in trade facilitation (Sohn and Yang, 2003). As such, trade facilitation is known as one of the 4 Singapore issues.

Over time, various institutions (WCO, UNECE, etc) and WTO Members have contributed to what should and should not be included under the scope of trade facilitation, with EU, USA and Japan pressing for far reaching measures. Despite the failure to agree on an agenda for the Seattle Round, the range of discussions on trade facilitation were reduced to three articles, namely, Article V, VIII and X, but maintaining the scope of “maximizing transparency, expediting the release of goods and, reducing and simplifying, and as appropriate, modernizing and harmonizing border-crossing requirements, procedures and formalities”.

*The ultimate objective the WTO is aiming to achieve is that the trading community should experience border regulations and procedures as transparent and simple, and that their application is consistent, predictable and non-discriminatory<sup>11</sup>.*

The *transparency requirement* aims at allowing businesses to fully understand the conditions and constraints for entering and operating in a market. Measures enabling transparency include internet publication of regulations, procedures, tariffs, TBT and SPS requirement, etc.), enquiry points, the issuance of advance rulings prior to implementation of new regulation.

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<sup>11</sup> The following description on the various requirements has been condensed from the OECD Policy Brief on “The Cost and Benefits of Trade Facilitation”(2005).

The *simplification requirement* aims at allowing traders and transporters to have their goods release as fast and as easy as possible at a limited cost of money and time. One such method is to allow documents for a shipment to be filed before it actually arrives (pre-arrival processing). Risk management is also a method, since it only focuses on those shipments with a high probability of violating border controls. Also the use of authorized traders falls under the ambit of simplification.

The *consistency and predictability requirement* aims at informing traders what to expect in dealing with Customs and other border agencies and how to act if problems arises. Appeal procedures and systems are an example of this requirement

### 2.3.2 ANNEX D OF THE JULY PACKAGE

The modalities on trade facilitation are covered under Annex D of the “July Package” entitled: “Modalities for Negotiations on Trade Facilitation”. In this annex the mandate, scope and flexibilities are presented. Annex D consists of 9 paragraphs, with paragraph 1 delineating the mandate *“Negotiations shall aim to clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 with [scope] a view to further expediting the movement, release and clearance of goods, including goods in transit. Negotiations shall also aim at enhancing technical assistance and support for capacity building in this area. The negotiations shall further aim at provisions for effective cooperation between customs or any other appropriate authorities on trade facilitation and customs compliance issues”*.

SDT is covered in paragraph 2 and 3, whereby developing and least-developing countries have the opportunity to implement based on their capacities and that this implementation is not tied to the conclusion of the negotiations. The WTO acknowledges that *“...should extend beyond the granting of traditional transition periods for implementing commitments”* and that *“.....extent and the timing of entering into commitments shall be related to the implementation capacities”* and that *“...not be obliged to undertake investments in infrastructure projects beyond their means”*.

The annex also recognizes the importance of technical and infrastructural assistance, in particular after the failed negotiations running up to the Seattle Round exposed the reluctance of developing and least-developed countries to implement trade facilitation measures, citing the magnitude of the investment and cost efforts.

Paragraph 5 and 6 address these issues, even though the commitment of infrastructural assistance is expressed in best-endeavor language: *“In this context, it is recognized that negotiations could lead to certain commitments whose implementation would require support for infrastructure development..... In these **limited** cases, developed-country Members **will make** every effort to ensure support and assistance...”*

The trade facilitation obligation and this best-endeavor commitment are further weakened by including in the modalities that where infrastructural assistance is not forthcoming and the investment goes beyond the means of the developing or least-developed country,



**implementation is not required.** *“It is understood, however, that in cases where required support and assistance for such infrastructure is not forthcoming, and where a developing or least-developed Member continues to lack the necessary capacity, implementation will not be required..... commitments by developed countries to provide such support are **not open-ended**.*

### 2.3.3 SCOPE AND APPLICATION OF ARTICLE V, VIII AND X

If the trade facilitation proposals<sup>12</sup>, as captured in the Articles V, VIII and X are scrutinized, in principle they are institutional and technical in nature. The institutional aspect concern trade policy, regulations, practices and procedures, while the technical aspect aims to harmonize and standardize Customs procedures to the levels as applied in the advanced and newly industrialized countries<sup>13</sup>. It is this aspect that is most difficult to attain by developing and least-developed countries.

Article X is the most important of the 3 measures and deals with the “Publication and Administration of Trade Regulation”. The key principle in this article is *transparency* by means of publication. As mentioned before, transparency is achieved by making information available and allowing traders to fully understand the conditions, constraints, benefits and costs of entering and operating in a market. The publication of information and other areas related to this article concern:

- procedures of border agencies,
- rates, fees and charges of import and export,
- penalty provisions in violating import and export formalities,
- appeal procedures; apart from publishing, this article requires the establishment of administrative or legal review procedures. Most important in this regard is the ability to appeal to a separate judicial or administrative body to ensure fairness after initial appeals have been made (mostly to the same agency).
- average clearance and release times,
- publication of information using the Internet, and or
- enquiry points,
- advanced ruling: the practice to make information available by the Member by way of a written declaration and issued upon request by a trader before the trade of goods actually takes place. The contents of the declaration may contain information such tariff classification, duties, taxes, import licensing requirements and other information regarding the treatment of goods at the border,
- time interval between publishing and enforcing new regulations; this modality still needs clarification on the flexibility of the time interval,

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<sup>12</sup> Even though countries are mandated to implement the modalities, since the negotiations on trade facilitations are not yet concluded, the modalities are still proposals in nature.

<sup>13</sup> The most important contributors of trade facilitation proposals are Canada, EU, Japan, the Republic of Korea, USA,

- the right of interested parties to comment on new proposed regulations or amendments: this is meant to better adjust laws and regulation to the actual practice by traders as to reduce cost and speed implementation.

Article VIII deals with “Fees and Formalities connected with Importation and Exportation”. This article has 2 elements to it; (1) fees and charges and (2) the minimization of the complexity of import formalities and documentation. The first is more institutional in nature while the second is more technical.

The aspect/proposal on levy fees and charges concerns additional taxation and costs other than duties which are related to services rendered in the process of importation. The proposal requests that (1) the fees/charges levied should not exceed the approximate cost of the service rendered, (2) the number and complexities be reduced and that (3) penalties on minor breaches of Customs regulations or procedures due to mistakes not be imposed. There are still problems to be resolved concerning the basis how the fees and charges should be determined (related to the service or ad-valorem based). In Suriname additional fees and charges concern Statistical and Consent Rights and are minor (1.5% and 0.5% respectively) but ad-valorem based.

The second aspect on the minimization of the complexity of import informalities and documentation aims at simplifying procedures and formalities, but also to reduce time and cost of the clearance and release of goods. Some of the proposed measures concern risk assessment and management, authorized traders, post-clearance, establishment of a Single Window, adoption of international standards, etc.

Risk assessment and management, authorized traders and post-clearance audit are all basically extensions of the same principle. Risk management aims at examining only the high risk goods and facilitation the movement of low risk goods. The standards to be used to determine whether a good is high or low risk, can be derived from the RKC or WCO Risk Management Guidelines<sup>14</sup>. Once economic operators have been identified, meeting specific criteria of compliance with Customs requirements, they can be granted the status of Authorized Traders; further simplified formalities are applied on their imports or exports. These simplifications may include no physical examination of goods, no immediate payment of duties, or the checking of information provided on the Customs forms after the goods have been cleared. This is the so-called Post-Clearance Audit.

The most challenging in terms of investment and training is the Single Window modality. It is also the most advanced in terms of meeting the commitments under Articles VIII and X. A SW would allow any economic operator to submit a Customs document online, have the electronic document distributed by the SW to all relevant authorities for examination and notify the applicants of the results. In the process, SW may also allow document tracking so

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<sup>14</sup> Not all WTO Members want to commit to the standards of these international institutions since they are very strict and not all Members are party to the RKC or the WCO. The current proposal has the use of international standards not mandatory.

that economic operators are update of the processing of their documents during the distribution process.

Article V, that deals with “Freedom of Transit”, has a number of the same elements as mentioned in Articles X and VIII, namely publication, fees and charges related to services rendered, simplification of documentation and inspection, etc. Important is the free movement of goods to their destination taking the shortest route as possible. One aspect tabled is the application of “National Treatment” to goods in transit. This proposal is somewhat controversial since goods in transit differ in nature from those produced domestically. In Suriname the only “obstacle” is the foreign exchange provision, which the GoS currently seeks to abolish (refer to 4.2.5).

## 2.4 TRADE FACILITATION IN THE ECONOMIC PARTNERSHIP AGREEMENT

Matters related to trade facilitation as detailed in Articles V, VIII and X of the WTO are captured in the main body of the EPA agreement, PART II on TRADE AND TRADE-RELATED MATTERS. TITLE I called TRADE IN GOODS:

- Chapter 1 on CUSTOMS DUTIES, specifically Article 11-13 in the EPA;
- Chapter 4 CUSTOMS AND TRADE FACILITATION.

Apart from the modalities of Chapter 1 and 4, the EPA foresees in an oversight mechanism called “The Special Committee on Customs Cooperation and Trade Facilitation” as provided for under Article 36. In Article 36 the Committee is established as an integral part of the institutional framework of the Agreement and consists of representatives of the Parties.

The Agreement mandates that “The functions of the Committee shall include”:

- a) monitoring the implementation and administration of the provisions of [this] Chapter 4;
- b) carrying out the tasks and functions set down in Protocol I<sup>15</sup>;
- c) providing a forum for consultation between the Parties with regard to the obligations provided under Protocol II<sup>16</sup>;
- d) enhancing cooperation and dialogue between the Parties on tariff matters, customs legislation and procedures, mutual administrative assistance in customs matters, rules of origin and administrative cooperation; and
- e) discussing issues relating to technical assistance activities.

These tasks are, in some cases, explicitly mentioned in other articles. As such this Committee is tasked to:

- [shall] address any issue related to the classification of goods which arises in the operation of this Agreement (Article 11);

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<sup>15</sup> PROTOCOL I concerns “The Definition of the Concept of “Originating Products” and Methods of Administrative Cooperation”

<sup>16</sup> PROTOCOL II concerns “Mutual Administrative Assistance in Customs Matters”.

- [shall] carry out an ongoing monitoring of the implementation of the provisions in Article 34 related to Regional Integration in the field of Customs and the development of regional customs legislation, procedures and requirements, in line with the relevant international standards (Article 34);

“The Special Committee on Customs Cooperation” reports to a higher body called “The CARIFORUM-EC Trade and Development Committee”.

*The trade facilitation modalities captured in the EPA do not differ from those in the WTO. It does not really task the CARIFORUM States beyond Articles V, VIII and X and what is normally agreed on other aspects that contain elements of trade facilitation.*

As with the trade facilitation modalities of Annex D of the “July Package”, technical assistance and cooperation is treated in Articles 7 and 8 of the EPA. The need, scope and financing of the cooperation is arranged in Article 7, while the priorities for the cooperation are arranged in Article 8 such as technical assistance in building human, legal and institutional capacities, as well as “Support for the development of infrastructure in CARIFORUM States necessary for the conduct of trade”.

## **2.5 IMPLICATIONS FOR SURINAME OF TRADE AGREEMENTS AND TRADE FACILITATION**

The commitments under the WTO and the EPA regarding trade facilitation will have significant impact on the quality of how goods are moved across the border, but also investment implications for the government and the private sector. However, the experience of other countries that have implemented trade facilitation measures, even to some extent, have shown that the advantages and benefits outweigh the cost of adjustment and investment in infrastructure, since most of that is recaptured in time and cost savings, efficiency, increased flow of trade and increased revenues.

Even though the effort is immense, in the area of trade facilitation technical assistance on human, legal and institutional matters abound. The same applies to the more physical and infrastructural aspects, both in terms of technical and financial assistance.

It is important for Suriname to take advantage of the opportunity to upgrade its trade facilitation standards and become an internationally recognized economy where the trade and movement of goods happen to the highest of standards.

*The effort will necessitate the review of Customs regulations, reorganization of the CED around more sophisticated clearance and release methods, and the establishment of formal local monitoring and oversight functions to guide and adjust the trade facilitation process to acceptable international standards.*

## 3 TRADE FACILITATION DEVELOPMENTS IN SURINAME

### 3.1 INTRODUCTION

This chapter will detail the developments from both the government and the private sector in improving the trade facilitation environment in Suriname. The chapter opens with a short description of the country, followed by the economic developments and trade over the past 5 years, depicting the relationship between economic growth and increasing trade flows. The second paragraph describes the important institutions involved in trade facilitation, how they process goods and information, and improvements made to the trade facilitation environment. The chapter will also look at the interconnectivity of the different institutions with each other.

### 3.2 SHORT DESCRIPTION OF THE COUNTRY<sup>17</sup>

The Republic of Suriname is situated on the northern coast of South America, with a land area of 163,820 square kilometers consisting of lowlands, savannah and interior highlands. According to data from the GBS, the population totaled 492,829 by 2007 (GBS, 2007), of which approximately 69% live in the coastal area and around 50% in the capital Paramaribo and outskirts. The population density is 3 per square kilometer. The climate is tropical, with the hottest months in September and October (around 23<sup>0</sup> C at night and 33<sup>0</sup>C daytime), the coldest month in February (22<sup>0</sup>C -29<sup>0</sup>C). The average rainfall is 76 mm with the wettest month in May with 310 mm average rainfall. The official language is Dutch, but since the country is composed of at least 7 different cultures, many other languages are spoken such as Sranan Tongo (national lingua franca), Sarnami-Hindi (derived from Hindi spoken in South-India), Suriname-Javanese (derived from the Indonesian language spoken on the island of Java), English, Portuguese, Chinese, Maroon and Amerindian languages. Measurement is done by the regular metric system. While the Suriname dollar<sup>18</sup> is the official currency, it is used alongside the US-dollar and the Euro. Local time is 3 hours behind GMT.

The political system is democratic in nature, with elections held every 5 year for the parliamentary bodies. The main parliamentary body is “De Nationale Assemblée” (The National Assembly), a unicameral legislature consisting of 51 seats. The form of the government is a semi-presidential system (the president is not directly chosen by the electorate, but by the parliamentary bodies<sup>19</sup>). The ministers of the cabinet (17 in total) are appointed and headed by the President. The legal system consists of 3 cantonal courts headed by a Court of Justice, which consists of six members appointed for life.

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<sup>17</sup> Condensed from the Country Report of October 2009, the Economist Intelligence Unit Limited 2009.

<sup>18</sup> The Surinamese dollar (Sr\$) = 100 cents. In January 2004, one Suriname dollar replaced 1,000 Suriname guilders.

<sup>19</sup> Apart from the highest legislative body, De Nationale Assemblée, the country also has 2 lower bodies, the “Districtsraad (District Council) and the “Ressortraad” (Municipal Council).

### 3.3 THE ECONOMIC AND TRADE DEVELOPMENT IN SURINAME

#### 3.3.1 DEVELOPMENTS IN TERMS OF VALUE

In the years prior to the 2005-2009 periods, but also during the latter, the country enjoyed high growth rates, mostly due to growth in the mineral and construction sector (**Table 2**). The average growth during the 2005-2009 periods was 4.1%, with inflation dropping from 14.7% in 2008 to -0.2% in 2009. The high prices in 2008 were mostly due to the rise in international prices of fuel (16.4%) and consumer goods (24.6%), who together contribute to 50% of the weight in the CPI basket. The decline in prices in 2009, as for growth, were partly associated with the effects of the world recession. In 2009 prices of fuel declined by -10.8%. International reserves did not grow as much due to an increase in the current account balance, but rather as a result of a very conservative monetary policy: the CBS only financed key imports such as fuel and handful of critical consumer goods, such as baby formula. All other imports had to be financed by commercial banks or purchased from the free foreign currency market, creating a buoyant trade in foreign currencies such as the US-dollar and the Euro.

	2005	2006	2007	2008	2009
GDP at 1990 prices (Sr\$ m)	5479	5688	5983	6291	6423
Nominal GDP (US\$ m)	1,763	2,102	2,393	2,995	2,826
Real GDP growth (%)	4.4	3.8	5.2	5.1	2.1
Consumer price inflation (avg in %)	10.2	11.3	6.4	14.7	-0.2
Population ('000)	499	504	510	517	523 <sup>1)</sup>
Exports fob (US\$ m)	1,059	1,358	1,542	1,800	1,500
Imports fob (US\$ m)	-1,045	-1,297	-1,454	-1,670	-1,570
Current-account balance (US\$ m)	-242	182	231	137	138
Total external debt (US\$ m)	248	240	161	195	225
International reserves excl gold (US\$ m)	126	215	401	502	695
Official exchange rate (year-end) Sr\$:US\$	2.78	2.78	2.78	2.78	2.78
Sources: NPO, GBS, IFS (IMF), EIU.					
a. Estimate					

The growth of the economy was reflected in the growth of exports and imports in US-dollars (**Table 3**). Total trade flow (the sum of exports and imports fob) grew by 15.1% on average during the 2005-2009 periods (12.6% for exports and 18.6% for imports). However, this average growth is somewhat misleading since growth of the total trade flow, as with exports and imports, declined from 33.4% in 2005 to -11.5% in 2009, with declines in exports from -21.2% to -16.7% and imports from -48.6% to -6.0% over respective periods. The overall decline followed the gradual decline in export prices outside the mineral sector such as banana, rice, shrimp and fish. The sudden drop in 2009 followed the decline in the production of alumina by Suralco (40% decline) and also a decline in oil prices. The fact that

real GDP growth did not entirely associate with the change in the total trade flow, except for 2009, indicates that the decline was mostly due to changes in international prices but that overall economic activity remained steady.

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Exports fob (US\$m)	1,059	1,358	1,542	1,800	1,500
Imports fob (US\$m)	-1,045	-1,297	-1,454	-1,670	-1,570
Total Trade Flow (US\$m)	2,104	2,655	2,996	3,470	3,070
Change Value Exports (%)	21.2	28.2	13.5	16.7	-16.7
Change Value Imports (%)	48.6	24.1	12.1	14.9	-6.0
Change Total Trade Flow (%)	33.4	26.2	12.8	15.8	-11.5
Real GDP growth (%)	4.4	3.8	5.2	5.1	2.1

Sources: NPO, Article IV Mission Report IMF

### 3.3.2 DEVELOPMENTS IN PHYSICAL TERMS<sup>20</sup>

This paragraph will highlight the developments in the physical infrastructure during 2004-2008 periods.

Suriname has 18 entry points for goods, of which 16 by waterways and 2 by air<sup>21</sup>. These are:

#### A. Dock facilities:

1. The harbor in the capital Paramaribo called “De Nieuwe Haven” (DNH, the New Port). The DNH is managed by “N.V. Havenbeheer” (NVHB), a parastatal. DNH is situated along the Suriname River, is a tidal port and the principal wharf for on and off-loading goods for the domestic economy. The concrete pier is (1815 feet) 600 meter long<sup>22</sup> and the approximate depth alongside at LWS is (20feet) 6.10 meter. The tidal range averages from [8.85 feet] 2.70 meter at springs to [5.00 feet] 2.00 meter at neaps.;
2. There are 4 small ports in the district of Nickerie in the far west of the country:
  - a. One is a government wharf also managed by NVHB and mostly used to load rice and as a intermediate stop for goods going to Guyana;
  - b. A private wharf;
  - c. An oil jetty;
  - d. A private dock of SML for rice loading, which is currently not in use.
3. 3 quays managed by Suralco, named “Smalkalden”, “Paranam” and “Moengo”. “Smalkalden” and “Moengo” are used to load bauxite into barges to “Paranam”. The “Paranam” port is used to offload imports and bauxite mined domestically, and the export of alumina. The “Smalkalden” quay and “Paranam” port are further down the

<sup>20</sup> Most of the information in this section has been derived from a document produced by United Suriname Shipping Ltd called “Port Information 2009” and “Suriname Ports Handbook 2010-11” published by Land & Marine Publications Ltd.

<sup>21</sup> For a more detailed oversight of the ports in Suriname, refer to Annex I

<sup>22</sup> Up from 520 meter as a result of the rehabilitation and expansion project.

Suriname River while the “Moengo” port is in the east of the country. Policymakers have little influence on these ports and they are not open for public use;

4. A small private port owned and operated by Suriname Port Services located at La Vigilantia, one of 3 business managed by Integra Marine & Freight Services, mostly used by IamGold, a Canadian multinational active in gold mining, and a number of construction companies active in the vicinity of this port;
5. Banana Wharf located in Paramaribo and used to accommodate ships that load banana's destined for Europe;
6. Vensur wharf is a privately owned wharf for off-loading cement and located upstream of the Suriname river;
7. Albina wharf is a small government owned wharf that facilitates trade with French Guyana;
8. Government oil jetty, a wooden pier located in Paramaribo with a length of (297 feet) 96.82 meter, minimum depth at LWS (18 feet) 5.45 meter;
9. Flour jetty privately owned pier by the company “De Molen N.V.” and used to off-load imported wheat for milling and flour. The minimum depth at LWS is (14 feet) 4.6 Meter;
10. Shell Oil jetty is small private wharf owed by Shell to off-load imported fuel. It is located in Paramaribo with minimum depth at LWS (16 feet) 5.22 Meter;
11. State Oil jetty is a small private wharf owned by Staatsolie mainly to export hydrocarbons such as diesel. It is located upstream of Suriname River.

B. Airports:

12. The “Johan Adolf Pengel International Airport” (JAP), the main airport for the export of vegetables. In terms of the amount of traffic of commercial goods, JAP holds a very small share (less than 3%);
13. The “Vliegveld Zorg en Hoop” (VZH), an airstrip in the south-east of the capital, used to transport passengers and commercial goods into the interior, mostly for entrepreneurs active in gold mining.

The remainder of this paragraph will focus on the ports/quays; the airports will be left out of the analysis since their collective contribution to the movement of commercial cargo is less than 3%. Even though the data for the ports managed by Suralco will be mentioned, the analysis will focus on the other ports since these can be influenced by formal policymaking decisions by GoS.



Quantity of Freight (x 1000 ton)	2004	2005	2006	2007	2008
<b>Total Quantity of Freight</b>	<b>3,660</b>	<b>4,181</b>	<b>4,205</b>	<b>4,459</b>	<b>4,731</b>
Paranam	2,446	2,456	2,774	2,876	2,989
Paramaribo	1,180	1,706	1,397	1,551	1,713
Nickerie	34	19	34	32	29
<b>Growth (%)</b>					
Total	3.9	14.2	0.6	6.0	6.1
Paranam	0.8	0.4	13.0	3.7	3.9
Paramaribo + Nickerie	11.0	42.1	-17.0	10.6	10.0
Source: GBS					

On a whole, the total quantity of freight moved between the 2004-2008 periods, grew by 6.2% on average, even though the 2005-2006 periods has shown some ups and downs. The growth in 2005 (14.2%) was due to a rise in imports and exports outside the bauxite sector corresponding with a growth of the trade flow value of 26.2%. The rise in imports and imported quantity was mostly due to the increase in the import of consumer goods (41.2% in value), while exports outside the mineral sector grew by 43.4% in value. The latter years 2007-2008 showed a more moderate growth reflective of the economic business cycle (**Table 4**).

Most of the freight is moved through the Paranam port, contributing to almost two-thirds of the total average annual freight (63.8%). This freight, however, is not visible in the economy as a whole, since it is only used in the bauxite sector. It is indicative of the structure of the economy though, if the distribution of import and export volume passing through the ports is evaluated (**Table 5**).

Overall total imported and exported freight remained relatively constant, with 57% share on average for exports and 43% for imports. The distribution among ports provides a different view and is reflective of the structure of the economy, heavily dependent on mineral exports, most notably the export of alumina. Freight moved through the Paranam port contributes to 63.8% on average of total freight moved, of which half is due to the export of alumina (**Table 5**).

<sup>23</sup> In Suriname freight is not measured in twenty foot container equivalent units (TEU) but in tons.

	<b>Average 2004-08</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Total Quantity of Freight Traded</b>	100.0	100.0	100.0	100.0	100.0	100.0
Import	42.7	41.5	47.1	41.7	41.9	41.2
Export	57.3	58.5	52.9	58.3	58.1	58.8
<b>Paranam</b>						
	63.8	66.8	58.7	66.0	64.5	63.2
Import	14.2	12.3	11.8	15.7	15.3	16.0
Export	49.6	54.6	47.0	50.3	49.2	47.2
<b>Paramaribo and Nickerie</b>						
	36.2	33.2	41.3	34.0	35.5	36.8
Import	28.5	29.2	35.3	26.0	26.6	25.2
Export	7.7	4.0	6.0	8.0	8.9	11.6
Source: GBS						

In Paramaribo and Nickerie, a little more than one-third of the quantity of cargo moved goes through these ports. While the imported quantity has been on decline in terms of its share in the total quantity moved, the exported volume is increasing. Much of that increase is due to the export of gold.

### **3.3.3 DEVELOPMENTS IN PHYSICAL INFRASTRUCTURE**

In this paragraph attention will be devoted to the most important developments in the physical infrastructure, apart from those that took place in the institutions involved in the value chain. Those will be discussed separately in paragraph 3.3.4. The focus will primarily be on the developments regarding roads and bridges.

#### **ROADS<sup>24</sup>**

The number of vehicles has increased tremendously in the 2005-2008 periods, the continuation of a process initiated earlier. In 2008 almost 163,000 vehicles, measured as the number of insured vehicles on public roads, took part in traffic activities, of which, on average, 83% were in personal use and 17% in commercial use (**Table.6**). The number of vehicles grew by 4.1% on average during the abovementioned periods; 5.5% for vehicles in personal use, while those in commercial used declined by 1.1%.

With regard to the vehicles in commercial use, all types were on decline during the 2004-2008 periods: lorries by -0.8%, busses by -2.6% and tractors by -1.0%. The decline may be related to higher import in previous years creating a surplus of physical transport resources.

<sup>24</sup> Information derived from the "Ministerie van OpenbareWerken en Verkeer (Ministry of Public Works and Traffic) and SDMO

Type of Motor Vehicle	2004	2005	2006	2007	2008
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<b>Personal Use</b>	<b>80.4</b>	<b>80.7</b>	<b>81.1</b>	<b>81.8</b>	<b>83.0</b>
Passenger car	54.0	53.5	54.1	55.7	57.3
Moped	25.8	26.4	26.5	25.4	25.0
Motor-bike	0.6	0.8	0.5	0.7	0.7
<b>Commercial Use</b>	<b>19.6</b>	<b>19.3</b>	<b>18.9</b>	<b>18.2</b>	<b>17.0</b>
Lorry	17.5	17.2	16.9	16.2	15.2
Bus	1.9	1.8	1.7	1.7	1.5
Tractor	0.3	0.3	0.4	0.3	0.3
<b>Total in absolute numbers</b>	<b>149,421</b>	<b>147,683</b>	<b>151,441</b>	<b>153,912</b>	<b>162,990</b>
Source: GBS Composition by the author Absolute Figures based on Number of Insured Vehicles					

The growth in the expansion of vehicles and the long postponement of the rehabilitation and expansion of the road network prompted the government to take action. In 1999, GoS commissioned Dalian, a Chinese company principally engaged in, among others, real estate business, project contracting and import and export trading, to start the construction, repair and rebuilding of 270 km of municipal road in and around greater Paramaribo. In February 2004, GoS signed a second agreement with Dalian to further repair and rebuild 275 km of road in and around Paramaribo. The loan, provided by the Export-Import Bank of China, amounted to US\$51.0m. In December 2007 a third agreement to reconstruct and construct 500km of road in the urban area of Paramaribo, and 2 roads connecting the capital with the hinterlands in the district of Para, was signed. The investment amounted to US\$215m. Apart from these investments, the government also commissioned local contractors to construct, repair and rebuild 175 km in a number of districts that lie further away from the capital, such as Saramacca, Coronie and Nickerie.

#### **BRIDGES<sup>26</sup>**

In December 2004, GoS signed an agreement with a local contractor, “Bouwbedrijf van Kessel N.V.”, to build 30 bridges (4 large and 26 small) for a total amount of US\$18.2m. The project was scheduled to be finished within 3 years. From the total, 27 bridges are already delivered but delays and other problems resulted in one large bridge being cancelled (bridge over the Cottica River) and one large bridge (“Carolinabrug”) and a small one still to be finished. The encountered problems and delays resulted in an additional US\$1.2m in construction costs.

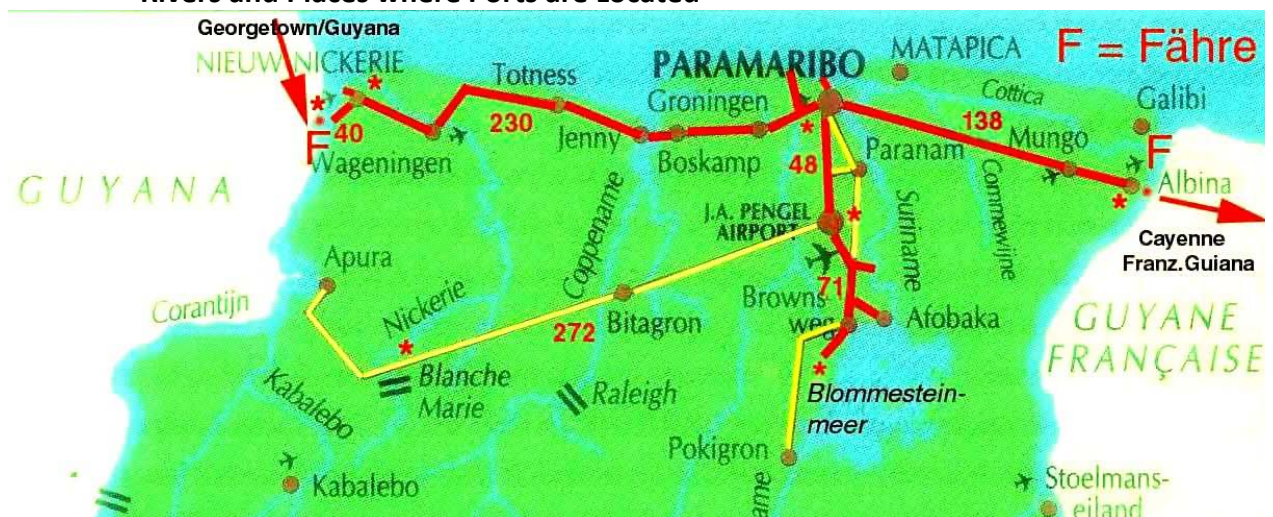
<sup>25</sup> The division in “personal use” and “commercial” is used for illustrative purposes. Even though the data is not collected in classified in this manner, vehicles classified but used interchangeably will not influence the conclusions based on this classification significantly.

<sup>26</sup> Information derived from the “Ministerie van Openbare Werken en Verkeer (Ministry of Public Works and Traffic)

In an earlier instance, 2 large bridges built in 1999 and 2000 over the Coppename en Suriname River, created a continuous connection of roads and bridges running from the east to the west border. This connection allowed, among others, an increased flow of goods from east to west and improved trade with both neighboring countries. The bridges also eased the transport of cargo destined for import and export through the main DNH port.

In June 2010, GoS signed an agreement to construct 2 additional bridges; one over the “Saramaccakanaal” (Saramacca canal) and one over the “Domineekreek” (Dominee creek). The agreed amount is US\$16.4m (Sr\$46m). These bridges should reduce congestion during peak hours and provide traffic users one additional alternative to commute from the south to the center of the capital and vice versa. Currently 2 bridges, the “van ‘t Hogerhuysbrug” and the “Brug aan de Coesewijnestraat” are the only 2 other options.

**Picture.1: Map of Coastal Area and Middle Part of Suriname, with Main Connection Roads, Rivers and Places where Ports are Located**



Source: [www.worldmapfinder.com](http://www.worldmapfinder.com)

### 3.3.4 IMPORTANT INSTITUTIONS AND IMPROVEMENTS MADE IN THE TRADE FACILITATION PROCESS

This paragraph will discuss the most important institutions involved in trade facilitation and detail the major improvement by some of the mentioned institutions. The analysis will follow a ship as it comes into the Paramaribo port and in that process discuss the institutions and changes that have been made to meet the different aspects inherent in the trade facilitation definition. The discussion of each section starts with the description of an institute followed by the respective improvements. The evaluation is not exhaustive, but does provide a clear scope of the innovative developments.

Developments in the trade liberalization process, where the focus shifts from first generation reforms to second generation reforms, has led to changes in the trade agenda and priorities of the private and public sector, and GoS. The most important element in the second generation of reforms is trade facilitation; the initiative and effort to expedite the movement, release and clearance of goods, including goods in transit, with ease, cost-effective, transparency in procedures and processes, and the provision of effective

cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. The public and private sector, and GoS have taken up the initiative, especially the last 5 years, to enhance the physical and institutional aspects of trade facilitation. The most important changes regarding trade facilitation were:

- i. rehabilitation and upgrading of the main port terminal in Paramaribo;
- ii. reorganization of port operating procedures and certification of port operators;
- iii. establishment of new crane systems for on- and offloading of ships and storage of containers;
- iv. installation of a non-intrusive X-ray container scanning system for containers moving commercial goods;
- v. installation of a scanning system for parcel traffic;
- vi. renewal and adjustment of legislation impacting on international trade, including the Shipping Act of 25 April 1908;
- vii. introduction of HS2007/CET by Order of the Minister of Finance on 22 December 2008 and the entering of corresponding tariff lines and other input into the existing ASYCUDA v2.7 system;
- viii. organizing a Trade Facilitation National Self Assessment of Needs and Priorities survey in February 2009;
- ix. institutionalization of custom brokers and standardization of enrolment procedures;
- x. rehabilitation and construction of 1500 km of road and 27 bridges, properly connecting all directions;

#### ***3.3.4.1 SHIPPING AGENCIES, SHIPPING COMPANIES/TERMINAL OPERATORS***

The first institutions in the chain of ships bringing merchandise in are the shipping agencies. The largest, which also double as terminal operators, are (1) Integra Marine and Freight Services (IMFS), (2) United Suriname Shipping Company (VSH) and Continental Shipping Agency N.V. (CSA). These will be discussed in more detail followed by smaller ones that will just be mentioned.

##### **INTEGRA MARINE AND FREIGHT SERVICES (IMFS)**

IMFS<sup>27</sup> is a private shipping and stevedoring agent, owned by Mr. Remi G. A. Vyzelman. Since its management buyout in 1995 of a local branch of the Alcoa Steamship Company, it has grown into the largest terminal operator on the public wharves of the Port of Paramaribo. The growth into this position is due to an aggressive modernization and division of activities that has improved management and control. IMFS is part of a much larger company consisting of 2 other divisions: Integra Port Services and Suriname Port Services.

IMFS has a number of certifications such as ISO 9001-2000 for quality and customer services, ISO 14001:2004 for environmental systems and OHSAS 18001:2007 for occupational, health and safety.

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<sup>27</sup> Information collected from websites and information derived from interviews with mr. Vyzelman.

### *MOBILE HARBOR CRANES*

On Monday, 11 May 2009, the fully certified company has put to use a 68 mtr high 100-ton HMK 260 E mobile harbor crane purchased in Germany, which will load and unload ships 3 times faster than with the old system. The new crane will also improve the safety of port workers, whom are not more involved in the unsafe practice of manually attaching containers to ship cranes. The US\$3.7m investment in the crane, partially financed by a domestic commercial bank, has been followed by second HMK 260E crane, valued at US\$2.8m. Both cranes are operational. A third HMK 260E crane has been ordered and already arrived<sup>28</sup>.

**Picture 2: Gottwald HMK 260E Mobile Harbor Crane in Port of Paramaribo**



Photo: G-Solutions issue, 1/2010

One crane can process 30-60 containers per hour, reducing on and off-loading of ships from 48 hours per ship to approximately 30 hours.

### *RUBBER-TIRE GANTRY CRANES (RTGs)*

In June 2010, IMFS completed the investment in the harbor cranes with the purchase of 3 RTGs. These cranes, for which IMFS invested an additional US\$2m, will be used to move containers to and from storage. According to IMFS, only 40% of the actual container storage is used, since the current equipment, stackers and top loaders, consume more space due to their size and maneuvering. With the RTGs, storage capacity will double to 80%. Currently personnel are trained to use these RTG cranes.

Apart from the cranes, IMFS has also invested an additional US\$0.6m in network and communication equipment that would allow it to communicate with NVHB, the other terminal operators and CED. No common network has yet been established which connects all parties involved in the shipment of merchandise and its clearance and release.

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<sup>28</sup> G-Solutions issue, 1/2010.

**Picture 3: 3 Rubber-tire Gantry Cranes and in the background 2 HMK 260E Mobil Harbor Cranes in the Paramaribo Harbor**



Photo: drs Imro San A Jong

**Picture...: Rubber-tire Gantry Cranes at work in Paramaribo Harbor**



Photo: drs. Imro San A Jong

#### UNITED SURINAME SHIPPING COMPANY (VSH)

VSH<sup>29</sup> is part of VSH United Group, which is a holding company established in 1958, and is active in the fields of ship agency and customs broker services, shipping terminal operations and cargo, vessel surveying, transport and other related activities. In 2008, VSH as agents, husbanded a total of 212 vessels, representing 6,138 TEUs of containers, 76,231 revenue tons of break bulk and 1,028,723 metric tons of bulk cargo. Apart from ship agency work, VSH is also active as a chartering broker and surveyor. VSH is an ISO 9001 registered firm.

This company has not made the large investments IMFS has made, but has improved on management and communication by implementing a Corporate Governance Code designed to assign tasks and to define responsibility and authority of the Supervisory Board and the Management of the Group Companies. The Code clearly defines reporting lines and reporting content thereby enhancing transparency to the Supervisory Board and to the shareholders.

#### CONTINENTAL SHIPPING AGENCY N.V. (CSA)

CSA is the third shipping agency and port operator. The company's main activities are that of a carrier, ship agent, trucking, cruise ship agent and project assistance. According to the SPH2010-11, CSA is certified to ISO 9001 and compliant to ISO 14001 and ISO 18000. According to international standards, all terminal operators meet ISPS standards, since it's required by the port owner, NVNH.

With regard to on and off-loading of containers, both VSH-United and CSA use ship cranes, which are less time efficient than the HMK cranes, and for the storage of containers, stackers and top loaders are used.

**Picture 4: Container Stacker and Top Loader**



Photo: drs Imro San A Jong



Photo: www.nauticexpo.com

<sup>29</sup> Information derived from a document produced by VSH called "Port Information 2008".



Apart from these three shipping agencies/terminal operators, there are a number of smaller shipping agencies, which are:

- H. Bromet Shipping: a privately owned (family business) shipping agency specialized in sea freight and is mainly frequenting the United States, the Caribbean, and Central and South America;
- Rudisa Shipping Company Ltd: a privately owned shipping company, which is part of a larger group of companies called Rudisa Group owned by mr.Dillip Sardjoe. The company also owns a small wharf,
- Scheepvaart Maatschappij Suriname NV is a fully government owned shipping company and the oldest in the country. Used to be a buoyant company providing domestic ferry and international shipping services, but mismanagement had it almost bankrupt. The company is now focusing on forest cruises.

#### *3.3.4.2 THE MARITIME AUTHORITY SURINAME<sup>30</sup>*

MAS is an organization commissioned with the task and responsibility to supervise the observance of statutory regulations of navigation in Suriname. Its main activities are:

- A. maritime operations, which consists of:
  - a. pilot services,
  - b. vessel traffic control, and
  - c. fleet and maintenance,
- B. nautical management, which consists of:
  - a. hydrographic and channel management;
  - b. nautical planning & development

The part more directly involved in trade facilitation, are the maritime operations. Ships coming into the Suriname River are piloted from the sea, near the estuary of the Suriname river, to the main port or until Paranam. Ships are also piloted to the port in Nieuw Nickerie in the far west of the country. Vessel traffic control can be regarded as is the most important activity of MAS. The company guarantees safe and efficient passage of seagoing vessels to and from the main ports, meeting international standards covered by treaties ratified by Suriname. It entails the management of information and the activities of ships coming in and leaving ports and runs 24 hours a day. The institution also manages the routes of ships that are channel-bound to enable a safe and managed piloting, and networks with shipping agencies and all other institutions that in some way utilize the waterways. However, this communication is not by closed network circuit or EDI, but portable phones.

The MAS has been ISO 9001:2008 certified and recertified in 2010. The certification mainly concerns the way ships are piloted and the communication between MAS and shipping agencies, but also the nautical management. It is not clear to what improvements the certification of processes has led.

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<sup>30</sup> Information derived from personnel and the official MAS website; [www.mas.sr](http://www.mas.sr)

### 3.3.4.3 N.V. HAVENBEHEER (NVHB)

NVHB or the Suriname Ports Management Company is mistakenly called the Port Authority, which it is not. NVHB is a limited liability public owned company, established in 1971, and rents the main wharf, called “De Nieuwe Haven” (DNH), and container storage to terminal operators, who do the actual clearance. All import goods, with the exception of cement, wheat, inputs for the bauxite sector and inputs for the gold exploitation company IamGold, are cleared in this public river port<sup>31</sup>. It’s still in the process of rehabilitation and expansion and tries to meet international standards and improve speed and ease in the handling of merchandise. NVHB meets the ISPS<sup>32</sup> standard.

Relative to ports in the region, the rent for port services is very high; US\$0.30/m<sup>2</sup> compared to the usual US\$0.01 to US\$0.03. This is one of the reasons why the NVHB took the initiative to rehabilitate and upgrade the main port terminal in Paramaribo, DNH. By using more modern techniques, the NVHB hopes to cut cost and processing times, and expand the storage capacity for the ever growing number of containers. Container traffic increased from 18.000 TEU in 2000, to 38.000 TEU in 2006 and 55.000 TEU in 2009<sup>33</sup>.

#### *REHABILITATION AND EXPANSION OF NVHB/DNH*

The physical process to improve DNH and thus the trade facilitation environment started in April 2007. This initiative follows those already taken in the region such as in Kingston, Jamaica and Port of Spain, Trinidad and Tobago. The renovation, upgrading, modernization and institutional capacity improvements include:

- i. A longer and more durable wharf to handle larger ships and bigger cargo. The wharf has been renovated, from wood to concrete, and extended from 520 meters to 600 meters.
- ii. Improvement in procedures and processes of on- and offloading. This has been attained by gaining the ISO9001:2009 certification, reducing the number of terminal operators from 7 to 3 and setting standards for the way containers and cargo should be handled;
- iii. More storage space. Storage space will increased from 60,000 square meters of open storage to 85,000 square meters of paved storage and an additional 10,000 square meters of non-paved storage in 2012;
- iv. Port security. The port is now fully fenced with a round the clock monitoring by closed circuit TV, patrolled by armed security guards and support vehicles. Also the entrances in the port have been improved. There are 3 access gates and traffic on the emplacement has been regulated;

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<sup>31</sup>Exports are scattered among many smaller ports.

<sup>32</sup>The International Ship and Port Facility Security (ISPS) Code, as promoted by the International Maritime Organization, is a comprehensive set of measures to enhance the security of ships and port facilities, developed in response to the perceived threats to ships and port facilities in the wake of the 9/11 attacks in the United States.

<sup>33</sup>Source: NVHB

- v. Improvement in risk management through the introduction of container and parcel scanners (for more detail, see below).
- vi. Electronic Data Interchange (EDI) to improve communication with those involved in international trade using DNH and enhancement of the administrative processing of documents. This aspect is not yet fully operational.
- vii. A reefer station with 96 plugs.

With these improvements, NVHB hopes to process 100.000 TEU annually when the project is completed in 2012.

**Picture.5: Rehabilitated and Extended Concrete Wharf DNH**



Photo: Paul San A Jong

The initial investment in the rehabilitation and expansion of DNH was budgeted at €30m, financed by the European Union (EU). The project included improvements of the port in the district of Nickerie in the far west of the country, notable for the shipment of rice, bananas and transit trade with Guyana and should have been delivered by the end of 2009. Delays may push the delivery of the entire project to the end of 2010. The total investment, including delays, is estimated at €40m-€45m.

The investment in Nieuw Nickerie is estimated at €10m and includes a new wharf, the construction of a container storage facility of 8000 square meter. An additional €3m has been reserved to dredge the channel of the Nickerie River, improving access to the Atlantic Ocean.

**Picture 6 : Wharf of Nieuw Nickerie**

Source: Google Earth

#### *NON-INTRUSIVE X-RAY CONTAINER SCANNER*

In June 2008, GoS signed an agreement with a Chinese company to install a non-intrusive X-ray container scanning system. Containers will now be placed on a railway cargo/vehicle inspection system, greatly reducing the time, number of customs officers, costs necessary to inspect containers and increase the risk management abilities of CED. On 01 January 2009, this scanning system was ready for operations, and inaugurated on 15 January 2009 by Minister Hildenberg of Finance. Customs officers have been trained to operate the system and the electricity infrastructure on DNH to furnish the system was delivered 7 months after the inauguration. The NVHB was responsible for the building housing the scanner, while a local company by the initials of PNA, of which Mr. Jerry Chong Chin Kam is the CEO, is commissioned with the daily operation. A decision has yet to be taken by GoS who will formally manage the scanner. There seems to be some problem with a proposed fee of US\$125 per scanned 40ft container and there were tentative arrangements that the scanning system would be leased by NVHB. The non-intrusive X-ray container scanning system is purchased on a US\$3.26m loan from the Chinese government, with a grace period

of 10 years and a 2% interest rate (a virtual grant)<sup>34</sup>. The scanner can process 30-35 containers per day.

**Picture 7: Non-intrusive X-ray Container Scanning System THSCAN MB1215HS**

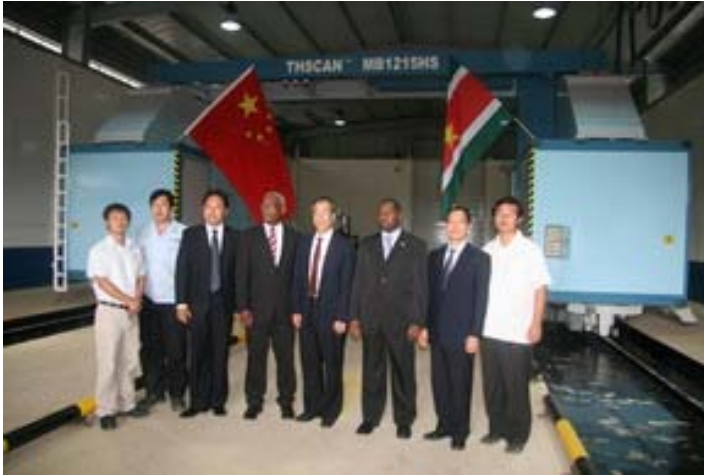


Photo: <http://sr.chineseembassy.org/eng/sbgx/> and drs Imro San A Jong

### *PARCEL SCANNER*

Due to the large contingent of Surinamese living in The Netherlands, the country enjoys a very large amount of parcel traffic annually<sup>35</sup>. Customs officers would open the parcels and do the inspection manually. On average, 16 officers are needed daily to do this inspection. However, due to the large increase of retail trade in the past decade, many entrepreneurs have shifted to parcel traffic to import commercial goods, since inspection of parcel traffic is less intense and the fees to be paid are lower than duties. In some instances only

<sup>34</sup>It is known from the Chinese that they feel offended if gifts, as these, are not used timely and as intended. It may interfere with other technical instruments needed in the trade facilitation process.

<sup>35</sup>According to CED information, the number of parcels is declining since more expatriates are transferring cash instead of parcels. Parcel traffic declined from approximately 250,000 in 2007 to 150,000 in 2009. According to statistics from Centraal Bureau voor de Statistiek of The Netherlands (GBS Netherlands) the number of citizens of Surinamese origin was estimated to be around 342,000 by 01 January 2010. (Source: <http://statline.cbs.nl/StatWeb/publication/>).

administrative fees accruing to the shipping companies are paid. Customs officers, doing sample inspection noticed this trend and took measures by allowing a private company<sup>36</sup> to install a scanning system for parcel traffic. The parcel scanning system would only need one custom officer for monitoring purposes and information on suspected contents would directly be diverted onto a computer. The building housing the scanner was constructed by NVHB and the investment in the parcel scanner amounted to US\$0.1m.

Also in this case, no decision has yet been taken by GoS to operate this system, citing that shipping companies will lose clientele if additional costs are levied. The proposed fee is Sr\$10 (US\$3.57) per parcel. However, problems may lie at a more profound level. In 1980, in divergence of the Shipping Act, shipping companies specialized in parcel trafficking, were allowed by the CED to unload parcels at their premises, where the inspection is performed by Customs officers. As parcel traffic increased, the number of these companies rose and allowed them to cash an additional fee, apart from the one paid in The Netherlands at the time the parcel was mailed. Given the technical possibilities and efficiency the parcel scanner has, the CED wants to revoke the decision but is experiencing a lot of opposition, also from within the government. Apart from the financial aspect, opposition may also stem from the abilities of this scanner to detect arms, ammunition and drugs.

**Picture.8 : Parcel Scanning System THSCAN CX150180S**



Photo: drs Imro San A Jong

#### ***3.3.4.4 CUSTOMS AND EXCISE DEPARTMENT (CED) AND MINISTRY OF FINANCE***

The CED, established in 1864 and coming under the Ministry of Finance, is mainly responsible for monitoring compliance with rules and regulations regarding the international movement of goods (import, export and transit) and supervises the correct levy of duties and other charges, which are an important source of income for the government<sup>37</sup>. The CED is also responsible for the correct processing of all documents

<sup>36</sup> The same company operating the container scanner.

<sup>37</sup> In 2009, indirect tax accounted for 35.8% of total current government revenues. Source: Ministry of Finance.

necessary in international trade, such as the Single Document, and the data that result from this processing, in particular the dutiable amount. Like all other Customs offices, CED is also responsible for the surveillance, and overlooking the clearance and release of goods.

Some improvement took place in the CED, but they are lagging behind grossly when it concerns structural changes in line with those taking place in the current trade facilitation process and those mandated by treaties and international standards; modernization of the submission, processing and release of documents and goods, management procedures and international standards.

#### INSTITUTIONAL CHANGES

- *Adjustment of main legislation:* Currently there are 9 pieces of legislation that have a direct bearing on international trade and the way the government collects rights from it (refer to **Annex I**). CED operations and procedures are vested in the Shipping Act of 25 April 1908. In the course of time many adjustments have been made in separate pieces of law, leading to an inconvenient arrangement of sorts, but currently the fundamental laws governing international trade are being renewed (adjusted to current demands) and simplified. The General Customs Act will replace the Shipping Act of 1908 and will include all exemptions that are currently part of the Customs Duty Act. The General Custom Act makes no mention of more efficient ways to carry out duties by customs officers by any means of standardization.
- *Introduction of HS2007/CET:* On 22 December 2008, by Order of the Minister of Finance, the CED officially migrated from the Harmonized Commodity Description and Coding System (HS) of tariff nomenclature 1992, enacted in 1996 (HS1992), to the new HS2007/CET system. All tariff lines have been translated into Dutch and imputed into the ASYCUDA system and other levies, such as the revenue tax, linked with international trade have been integrated into the ASYCUDA system. Still, some HS tariff line codes have been given another location in the system due to interpretation issues, and thus deviate in a number of instances from the HS2007 system used in the CARICOM and that approved by the WCO.

The mentioning of this deviation is important since in the obsolete HS1992 system used till July 2009, almost one-third of the tariff lines were not according to those of the WCO and created immense problems in the renegotiations of tariffs within the WTO, the alignment of schedules during the EPA rounds of negotiations and the submission of data to international institutions involved in trade-related issues such as the ITC and the World Bank<sup>38</sup>.

The system was fully operational by 01 August 2010.

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<sup>3838</sup>The latter concerns Suriname's request to introduce TRIST in the MTI, where trade data had to be submitted but caused serious problems in relating the correct tariff lines to program due to these deviations.

## RISK MANAGEMENT

- Formerly, custom officers would do a 100% inspection of all containers. After training and using elementary risk management practices to target shipments that require customs intervention, CED increased post-clearance for identified importers with a positive track record, thereby reducing inspection to 20%-30% of all shipments. Still, this procedure is not without risk and not formal in the sense that there is no yardstick or rule determining when an importer is trustworthy.

The Ministry of Finance is responsible for policymaking, laws regarding CED activities and that CED is equipped such as to do their job in a proper manner. The CED does have a budget, but investment in equipment needs approval from the minister.

### ***3.3.4.5 CUSTOMS BROKERS***

Customs brokers are formally trained private entrepreneurs who have the right and knowledge to fill in the necessary forms required in international trade and making sure that processing by the CED happens in an expeditious manner. Even though successful completion of training is mandatory by law, there are still a number of custom brokers working “outside the law”, but tolerated since most of them have been exercising this job long before training became part of the current formal structure. Currently there are 160 small entrepreneurs working legally and approximately 20 outside the formal structure. The “toleration” of the non-formal customs brokers is possible since in none of the 9 pieces of law governing international trade, the task of compliance with the “Wet van 14 December 2004, Douane-Expéditeur”<sup>39</sup> has been commissioned to an institution. The CED is the right institution, but is not formerly charged.

### ***3.3.4.6 MINISTRY OF TRADE AND INDUSTRY (MTI) AND THE DEPARTMENT OF IMPORT-EXPORT AND FOREIGN EXCHANGE CONTROL (IUD)***

MTI is the official focal point of all international trade agreements the country is signatory to. As such this institution represents the country in all negotiations regarding trade and trade related issues, joined where necessary, by other government institutions in the field of activity that regards that institution and is related to trade. As such, MTI is responsible for making sure that the country meets the obligations stemming from the trade agreements and, with respect to trade facilitation, should see to it that the necessary steps are taken that the movement of goods evolves as negotiated. In this respect, MTI is liaising with the Ministry of Finance, Agriculture, Animal Husbandry and Fisheries (LVV), Public Health (VZ) and Transport-Communication and Tourism (TCT). MTI also communicates with the private sector mostly through network meetings and formal commissions. There is yet no formal inter-departmental platform or a platform where the government and the private sector meet to specifically discuss trade and trade related issues and create a forum where trade policy is made in a mutual manner. There is a functional platform called Suriname Business Forum, where all problems related to the private sector can be discussed, but no one specifically geared towards trade.

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<sup>39</sup>The law establishing the occupation of customs brokers.



#### *IMPROVEMENT IN NETWORK AND INTERNET CONNECTIVITY*

In 2004 the department of Trade of MTI, which is responsible for preparing and participating in the international trade agreements, consisted of 20 staff members working on 5 computers of which only one was connected to the Internet. In 2005, the UNDP financed a small project budgeted at US\$10,000, where 5 additional computers, a data server and a DSL 512Kb modem were purchased, a network system was established and a fixed Ethernet link was established with the CED to transfer trade data. This small investment tremendously increased the output of the staff, since internal and external communication improved as well as the ability to organize and store data and information<sup>40</sup>.

In 2007 this project was followed by a larger one, jointly financed by the IDB and budgeted at US\$3m. The project, called TSSP and ultimately aimed at improving the competitiveness of the trade (private) sector has not yet lived up to its billing; even though it has tremendously improved the digital infrastructure and connectivity of MTI, the training of staff from MTI and CED, the real impact on the private sector has yet to be materialized.

#### *TRADE FACILITATION NATIONAL SELF-ASSESSMENT OF NEEDS AND PRIORITIES SURVEY*

In the course of meeting its obligations, the GoS by way of MTI, undertook a “Trade Facilitation National Self Assessment of Needs and Priorities Survey”. During 09-12 February 2009, with the assistance of the WTO, 50 participants, on average per day, from the government, the private sector and NGOs took part discussing the different trade facilitation issues as they relate to Articles V, VIII and X from the GATT 1994. Participants had the chance to familiarize themselves with these different aspects and answered questions such as the current situation regarding a certain aspect relative to Basic Standards, reasons or barriers for non-compliance, and actions needed to meet the Basic Standards. This survey, done during the 5 day meeting, followed the mandate as detailed in 2.3; Trade Facilitation and the World Trade Organization. A report on the survey indicated that Suriname is for 46% in conformity with Basic Standards, 39% is not in conformity and that the country could not find agreement with 11% of the proposed Basic Standards. However, a Task Force (*Trade Facilitation Working Group*) has been proposed to draft and coordinate an implementation roadmap. This task force is formed but not yet active. Needs and priorities concluded in this meeting will, *inter alia*, be discussed in Chapter 4.

#### *THE DIVISION FOR IMPORT-EXPORT AND FOREIGN EXCHANGE CONTROL (IUD)*

Due to the nature of the production and trade structure of the Surinamese economy, the country has always been strapped for ForEx resources. For this reason institutes were created to monitor the flow of foreign currency and IUD is one of them, working in tandem with the “Deviezen Commissie”, the Foreign Exchange Commission (DDC). DDC and IUD were very powerful institutes during the so-called “revolutionary periods of 1980-1987”, when the country was managed by a military-led regime and donor aid was mostly suspended. All ForEx requests by importers were to be submitted to DDC and after

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<sup>4040</sup> Due to maintenance issues, the data link with the CED has ceased to exist.

approval, were processed by IUD, which was commissioned with the task to verify whether the requested resources had been used as intended.

In September 1999, import and export licensing were relaxed and residents were allowed to keep foreign currency deposit and saving accounts on local commercial banks. This allowed traders the opportunity to transfer resources from their bank account without interference from DDC or IUD. The role of IUD became much more administrative in nature, but nonetheless important, since it monitors (1) the import and export of goods that are prohibited, (2) goods for which a license is required for import or export, (3) goods for which certain foregoing procedures are required, such as an examination/inspection and (4) the registration requirement of all other import and export transactions by submitting the Single Document (SD). The latter has no bearing on the actual process of importing or exporting; it's purely for administrative purposes.

The role of IUD is specifically important when it concerns monitoring the so-called Negative List. The Negative List enumerates all goods to be imported or exported, which demand a license, certificate of approval or mandatory advice. The goods concern those that might be a threat to national security or the environment. Linked to the points (2) and (3) are a number of institutes such as LVV for the inspection of edible meat and animals, the "Bureau voor Openbare Gezondheidszorg (BOG)"<sup>41</sup> for issuing health certificates, and the "Nationale Instituut voor Milieu en Ontwikkeling in Suriname" (NIMOS)<sup>42</sup> for the approval of environmentally challenging substances.

Within the TSSP, a project proposal has been prepared to cover the submission, processing and release of import/export requests stemming from the Negative List within a Single Window (SW). The SW will be located in MTI and operated by IUD. This would tremendously reduce the time of submission, processing and release, and improve the transparency with regard to the approval process. Since subsequent processing depends on, *inter alia*, the CED, this SW may not live up to the expectations since only one small step in the process of submitting an import or export document is covered. The incorporation of this SW into a larger one may prove to be a much more efficient and effective solution, both in terms of technology, interconnectivity, control and resources.

#### **3.3.4.7 MINISTRY OF TRANSPORT, COMMUNICATION AND TOURISM (TCT)**

TCT is a very important institute when it concerns the nationwide institutionalization of harmonized ICT systems, related standards and policy guidelines. In trade facilitation, ICT is the backbone in enabling communication and connectivity, speed of handling, transparency, but also the protection of data and information. The country has not yet established such nationwide accepted and approved system, but is within a process with international institutions such as the CTU and ITU to accomplish the so-called HIPCAR project, a global initiative by the ITU and the EU.

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<sup>41</sup>Bureau for Public Health

<sup>42</sup> The National Institute for Environmental Development in Suriname

*The HIPCAR Project*<sup>43</sup>

An important supporting issue in all aspects of trade facilitation is the use of ICT due to its speed, networking, integrating and efficiency characteristics. It will be important in the processing and movement of information, electronic ordering, sending of goods and services including payment (E-commerce) and the sharing of data/information to inform customers on the status of their merchandise (E-business).

The country and the region as a whole do not have standardized and harmonized ICT policies, rules and regulations and infrastructure. The purpose of the HIPCAR project is to enhance the competitiveness and socio-economic development in the Caribbean through the harmonization of ICT policies, legislation and regulatory procedures. This project was engendered by the ITU and the CARICOM Secretariat in response to requests from CARICOM States and other ICT stakeholders in the region recognizing the need for a more unified approach to regulating and guiding the development of the sector. The project was launched in Grenada on 15-16 December 2008 as part of a global ITU-EC project and funded by the EC.

The project eventually aims at supporting beneficiary countries to develop and promote the use of harmonized ICT policies and regulatory frameworks in relation to ICT markets in the Caribbean and provide human and institutional capacity building in the field of ICT through a range of knowledge transfer measures.

To attain these objectives, currently 4 working groups have been formed responsible for developing proposals for regional model legislation and regulations covering the following areas:

1. Working group 1 on ICT Legislative Framework – Information Society Issues dealing with e-Transactions<sup>44</sup>, e-Evidence<sup>45</sup>, freedom of information, privacy and data protection, cybercrime and interception of communication;
2. Working group 2 on revising Telecommunication Acts dealing with Universal Service Framework;
3. Working group 3 on revising Telecommunications Acts dealing with Licensing and Interconnection;
4. Working group 4 on e-Government<sup>46</sup>.

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<sup>43</sup>Derived from the ITU-EC ACP website ([http://www.itu.int/ITU-D/projects/ITU\\_EC\\_ACP/hipcar/documents.html](http://www.itu.int/ITU-D/projects/ITU_EC_ACP/hipcar/documents.html)) and interviews with representatives from the Ministry of TCT.

<sup>44</sup>Transactions done electronically such as in e-Commerce and e-Business.

<sup>45</sup>e-Evidence allows simple information retrieval to the reconstruction of a series of events using computer forensics to find legal evidence in computers and digital storage media.

<sup>46</sup>e-Government is the infrastructure and process that creates and allows a comfortable, transparent, and cheap interaction between government and citizens (G2C – government to citizens), government and business enterprises (G2B –government to business enterprises) and relationship between governments (G2G – inter-agency relationship).

The final output of the working groups should result into:

- Information, support and guidance provided to the preparation of a comprehensive situation analysis and assessment report in the relevant work area;
- Information, support and guidance in drafting provided to the preparation of harmonized draft model guidelines, legislations and regulations;
- Information, support and guidance provided to the transposition of these models at the national level, and the building up of relevant national capacities

These developments should aid the process of trade facilitation and reduce costs for both the private sector and the government in establishing virtual infrastructures necessary in the process of trade facilitation.

#### **3.3.4.8 OTHER INSTITUTIONS**

Other institutions that are part of the movement of merchandize but of which the size is small compared to the total moved by waterways, will be left out of for the remainder of this report. Their mentioning is important though, since they play an important role in the export of agricultural products and a hub to the hinterlands

Suriname Airways (SLM) is the national carrier, which frequents the Caribbean and the United States, but its main route is the Mid-Atlantic to The Netherlands. Apart from passengers, the main cargo concerns fruit and vegetables from Suriname to cater for almost 342,000 expatriates. Smaller airlines that mostly offer their services domestically and in the region are Blue Wings, Gonini and Gum Air. Even though they are not immediately part of the main supply chain, they play an important part in supplying companies in the extractive sector of investment goods and merchandise, mostly from abroad.

TLS is an important support institution to trade facilitation measures, particularly when it concerns electronic data interchange systems and the Single Window due to its Internet services. TLS lately improved its supply of communication services, in particular the access of Internet. In a joint project with GT&T, TLS initiated the SURINAME–GUYANA SUBMARINE CABLE SYSTEM (SG-SCS)<sup>47</sup>, which became operational in July 2010. This project installed a fiber glass sea cable from T&T to Suriname with a branch to Guyana. This enabled TLS to double its Internet speed, resulting in a reduction of the price per Kb (TLS, 2009).

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<sup>47</sup> TLS is also participating in the Americas-II, Columbus-III en de TAT-14.

### 3.3.5 SUMMARY OF FINDINGS

*The most important reasons why public and private sector institutions currently have a strong tendency to commit to trade facilitation improvements are the growing desire and understanding that minimizing cost of doing business is not only a consequential result of the process of trade liberalization, but also an important prerequisite to partake in that process. Furthermore, there is a growing awareness that the current regulatory measures, technological tools and techniques for engaging in international trade are outdated. There is also the awareness that the government is still very slow in making the necessary adjustments.*

Despite a number of important strides in the improvement of the trade facilitation environment, there are a number of shortcomings in the process:

- a. From a policy and trade agreement standpoint, *the process of trade facilitation is not coordinated one*: this overarching missing element is glaringly apparent, particularly the role of the GoS to provide direction, engage and coordinate;
- b. The uncoordinated process has led to fragmented and ad hoc decisions that will have a bearing on the efficiency of the utilization of resources;
- c. Given the improvements that have been taken so far, the CED appears to be the institution that is lagging behind and may prove to be an obstacle and degradation of the effectiveness and efficiency gained by other institutions. This will particularly be felt after the completion of the rehabilitation and expansion of DNH;
- d. Personal and mutual interest of all parties involved seems to be at the core of important decisions that have not yet been taken and undermine the efficiency and cost gains from investments made so far.

## 4 TRADE FACILITATION ISSUES THAT NEED TO BE ADDRESSED

### 4.1 INTRODUCTION

This chapter will depict the main trade facilitation issues that need to be addressed and the technical and institutional priorities that need to be set and implemented to take advantage of the improvements made so far and meet a number the basic WTO standards and EPA commitments in this regard.

This chapter will for a large part rely on the “Suriname’s Self-Assessment of Trade Facilitation Needs and Priorities” held in 9-12 February 2009 in Paramaribo, as well as interviews with parties involved in the process of the production and movement of goods as part of an small updating sample to this assessment.

The Chapter will first chronicle the needs and how large parts of these needs can be fulfilled, including a Single Window, transparency in the submission and processing of the Single Document and the achievement of a number of basic WTO standards/EPA commitments if the current obsolete ASYCUDA v 2.7 system is replaced by ASYCUDA World.

### 4.2 GATT RULES AND NEEDS

#### 4.2.1 NEEDS AND PRIORITY ASSESSMENT

The needs and priority assessment was organized to take stock of:

1. the current situation in Suriname relative to Basic Standards as mandated under the Doha Work Programme Decision (see paragraph 2.3) which tasks Member to clarify and improve relevant aspects of GATT Articles V (Freedom of Transit), VIII (Fees and Formalities connected with Importation/Exportation) and X (Publication and Administration of Trade Regulation) with a view to further expediting the movement, release and clearance of goods, including goods in transit;
2. the barriers to meet a basic standard as a means to measure:
  - a. local actions needed;
  - b. technical assistance required;
3. the agency responsible for meeting a specific standard;
4. assessment of stakeholders not participating in the workshop but whose involvement is critical in terms of advice or implementation;
5. the urgency of measures to be implemented;
6. the necessity for technical assistance needed to fulfill priorities.

The final objective was not just to take stock but to use the information to assist the country to negotiate trade facilitation modalities more effective and to arrive at such measures that better caters for differences in development. The assessment tried to identify what extent the current trade facilitation situation was (1) compliant, (2) partially compliant and (3) not compliant relative to the Basic Standard. **Table 7** summarizes this assessment relative to the 46 Basic Standards and also indicates what the current status of the respective measure is.

<b>Table 7: Chart of Trade Facilitation Proposals by the WTO</b>		
<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
preamble/cross-cutting matters		
<b>A. Publication and availability of information</b>	<b>1. Publication and Notification of Trade Regulations</b>	Compliant, All laws are published in the State Gazette (Staatsblad) by the Ministry of Internal Affairs. This publication makes the law valid. Regulations are published in ARS (Advertentieblad van de Republiek Suriname). All is available for the general public. Judicial decisions are not published promptly. All customs decisions (regulations/procedures) are made available for stakeholders (not published for general public). Publication and notification but could be faster if a dedicated website is established (refer to paragraph 4.2.2 statement 1)
	<b>2. Internet Publication</b>	Partially Compliant, Existing governmental and private sector websites on trade related issues are incomplete and are not updated regularly. These websites have not yet been notified to the WTO. Could be faster if a dedicated website is established ((refer to paragraph 4.2.2 statement 1)
	a) Internet "publication" of the elements set out in Article X of GATT 1994	See above
	b) Internet "publication" of specified information setting forth the procedural sequence and other	See above

<b>Table 7: Chart of Trade Facilitation Proposals by the WTO</b>		
<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
	requirements for importing goods into a member's territory	
	<b>3. Establishment of Enquiry Points</b>	Partially Compliant, enquiry points also responsible for other tasks
<b>B. Prior publication and consultation</b>	<b>1. Interval between Publication and Entry into Force</b>	Compliant Draft legislation is available for comment by stakeholders, but these do not always comment. No customs fees and charges for transit
	<b>2. Prior Consultation and Commenting on New and Amended Rules</b>	Compliant Draft legislation is available for comments by stakeholders, but these do not always comment. There are concerns by the private sector about the quality of the interaction between the private sector and government officials. Refer to recommendations
	<b>3. Regular Consultation</b>	Partially Compliant There are regular consultations in the form of commissions and working groups, but a specific consultative body for trade related matters is still absent. There is a body called Suriname Business Forum, but this is open to all matters, not specifically towards trade.
<b>C. Advance rulings</b>	<b>Provision of Advance Rulings</b>	Partially Compliant Information is available, no special unit replying to requests & no special format of taking questions in. Customs and the Ministry



<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
		<p>of Trade &amp; Industry are open for requests either by telephone, facsimile and email; requests are dealt on a separate basis.</p> <p>No formal administrative appeal system, but appeals are possible</p>
<b>D. Appeal procedures</b>	<b>1. Right of Appeal</b>	<p>The country does not have a tribunal specifically geared towards trade related matters. Appeals are distributed over different institutions.</p> <p>By law administrative appeal procedures are de jure available on all trade related matters. In practice, however, some of the institutions are not (fully) operational to carry out their responsibilities. For customs only the first level of appeal is available, after that judicial recourse is the alternative.</p> <p>For the import and export licenses (for goods based in the State Decree Negative List 2003) there are two administrative appeal procedures: the first appeal should be directed to the Minister of Trade and Industry and the second to the President of the Republic of Suriname.</p> <p>The court has jurisdiction in cases of dispute relating to TRIPS issues. Implementation of the TRIPS agreement into the national legislation is in process.</p>

<b>Table 7: Chart of Trade Facilitation Proposals by the WTO</b>		
<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
	<b>2. Appeal Mechanism in a Customs Union</b>	Compliant There is an appeal mechanism in CARICOM, of which Suriname is a Member State and the Caribbean Court of Justice is the appeal mechanism in this Customs Union.
<b>E. Other measures to enhance impartiality, non-discrimination and exportation</b>	<b>1. Import Alerts/Rapid Alerts</b>	Compliant, Suriname does not apply an import alert/rapid alert system as a barrier to trade. Alerts could be faster if a dedicated website is established
	<b>2. Detention</b>	Compliant Importers are informed immediately when their goods have been detained. A fixed notification model for notification does not exist; yet it happens on paper. E.g. every department uses their own model.
	<b>3. Test Procedures</b>	Partially compliant Samples are taken by the Inspectors of the Food & Drug Administration as well as by the LVV and then tested at the Central Lab. Customs is the qualified authority to instruct samples to be taken from imported goods. If the importer is not satisfied a second test can be done but abroad (Netherlands & Trinidad & Tobago). There are no accredited laboratories in Suriname.
<b>F. Fees and charges connected with</b>	<b>Disciplines on Fees and Charges Imposed on or in</b>	Compliant

<b>Table 7: Chart of Trade Facilitation Proposals by the WTO</b>		
<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
importation and exportation	<b>Connection with Importation and Exportation</b>	Fees and charges available in legislation, published and available for every trader.
<b>G. Formalities connected with importation and exportation</b>	<b>Disciplines on Formalities/Procedures and Data/Documentation Requirements Connected with Importation and Exportation</b>	Partially Compliant There are informal interactions with relevant institutions, but no formal processes. Suriname does not have an established administrative review mechanism within relevant agencies. Suriname Business Forum for public and private dialogue exists and MTI is actively involved with the Business Forum. More attention would be welcomed from other Ministries and government institutions. The level of representation is not equal between the private and the public sector.
	<i>a) Periodic Review of Formalities and Requirements</i>	See above
	<i>b) Reduction/Limitation of Formalities and Documentation Requirements</i>	See above
	<i>c) Use of International Standards</i>	In some cases Suriname is guided by international standards. These are <ul style="list-style-type: none"> <li>• The Harmonized Commodity Description and Coding System (HS)</li> <li>• UNEDIFACT (Single document)</li> <li>• Customs Valuation Agreement</li> </ul> Customs procedures regarding inspection do not comply with international standards (e.g. Kyoto Convention).

<b>Table 7: Chart of Trade Facilitation Proposals by the WTO</b>		
<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
		<p>Suriname is not a full member of some organizations or signatory of conventions. The country uses international standards as the basis for regulating national quality infrastructure and has a Standard Bureau that is setting standards with the assistance of CROSQ. Suriname's participation at the international level is often through financial support of regional mechanisms.</p> <p>Although Suriname is not a member of the World Customs Organization (WCO), WCO standards for customs procedures (the KYOTO Convention) serve as a guide for drafting of modern national customs legislation.</p> <p>There is a severe shortage of man power in LVV responsible for SPS.</p>
	<i>d) Acceptance of Commercially Available Information and of Copies</i>	<p>Not Compliant</p> <p>By law only original documents are accepted by the relevant agencies, but for practical reasons copies of documents can be used initially.</p> <p>Electronically submitted documents are not accepted.</p> <p>Currently customs is utilizing ASYCUDA 2.1 for its customs processing. Refer to paragraph on ASYCUDA World</p>
	<i>e) Single Window/One-Time Submission</i>	<p>Not Compliant</p> <p>There is no single window/one time</p>

<b>Table 7: Chart of Trade Facilitation Proposals by the WTO</b>		
<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
		<p>submission.</p> <p>MTI is currently aiming to have a consultant study the possibilities of establishing a nationwide single window, and smaller one has been earmarked for IUD. Refer to paragraph on ASYCUDA World</p>
	<i>f) Elimination of Pre-shipment Inspection</i>	<p>Compliant</p> <p>Suriname does not have any legislative or administrative requirement for the use of pre-shipment inspections or equivalent measures implemented by the government.</p>
	<i>g) Phasing out of Mandatory Use of Customs Brokers</i>	<p>Compliant</p> <p>It is not mandatory to use customs brokers. Customs brokers need to be certified in Suriname.</p>
	<i>h) Same Border Procedures Within a Customs Union</i>	<p>Compliant</p> <p>The country applies the border procedures as mandated by the Treaty of Chaguaramas</p>
	<i>i) Uniform Forms and Documentation Requirements Relating to Import Clearance within a Customs Union</i>	<p>Partially Compliant</p> <p>The country is not using the same forms and documentation as other Member within the CARICOM, but the entries do comply with WCO rules</p>
	<i>j) Option to return rejected Goods to Importer</i>	<p>Compliant</p> <p>IF BOG or LVV has determined goods to be non-compliant these are either destroyed or sent back. In practice, both government agencies and the importer can reject goods,</p>

<b>Table 7: Chart of Trade Facilitation Proposals by the WTO</b>		
<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
		e.g. if the expiration date has been reached (spoiled perishable goods). This is covered in the Customs Act.
<b>H. Consularization</b>	<b>Prohibition of Consular Transaction Requirement</b>	Compliant There are no consular transaction requirements for importation into Suriname
<b>I. Border agency cooperation</b>	<b>Coordination of Activities and Requirements of all Border Agencies</b>	
	a) Intra-agency Coordination	Partially Compliant Due to the absence of an appropriate legal coordination mechanism, there is no overall institutional basis for the coordination among all the border agencies; every border agency has its own legal basis. However, there is close cooperation between MTI/IUD, MinFin/CED, Customs brokers, LVV, Shipping agencies and Ministry of Health (quarterly meetings).
	b) Cross Border Coordination	Not Applicable Suriname does not have juxtaposed customs posts.
<b>J. Release and clearance of goods</b>	<b>Expedited /Simplified Release and Clearance of Goods</b>	
	a) <i>Pre-arrival Processing</i>	Partially Compliant In practice, the lodging and processing of clearance data and documentation prior to the arrival of the goods are according to the basic standards, although there is no legal provision.
	b) <i>Expedited Shipments</i>	Not Compliant

<b>Table 7: Chart of Trade Facilitation Proposals by the WTO</b>		
<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
		There are no arrangements or legislation regarding expedited shipments.
	<i>c) Risk Management/Analysis</i>	<p>Partially Compliant</p> <p>The physical examination of cargo is currently based on the analysis of the documentation and selective evaluation of containers.</p> <p>The Customs have a container and parcel scanner available but different interests prohibits implementation.</p> <p>There is regulation related to the import and export of goods that protect plants, animals and humans, which is monitored by different agencies in collaboration with the Customs.</p> <p>In conformity with international rules and standards Suriname ratified, all vessels at all time, especially when it concerns dangerous goods, are required to provide information (The Maritime Security Act (SB 2004 no. 90) and the ISPS code.</p> <p>There is no legislation and mandatory rules to have access to the description of goods in transit.</p>
	<i>d) Authorized Traders</i>	<p>Not Compliant</p> <p>There is/ are no legislation/administrative arrangements and standards to identify “authorized traders” for import, export and transit.</p>
	<i>e) Post-clearance Audit</i>	Not Compliant

<b>Table 7: Chart of Trade Facilitation Proposals by the WTO</b>		
<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
		No legislation or administrative arrangements for post-clearance audit.
	<i>f) Separating Release from Clearance Procedures</i>	Partially compliant There are provisions (not by law) regarding payment of taxes and duties after clearance, utilizing guarantees and sureties. This procedure is applied in an ad hoc manner.
	<i>g) Establishment and Publication of Average Release and Clearance Times</i>	Not Compliant No legislation or administrative arrangements to measure and publish average release and clearance times are in place. Time indications of when documents have been issued for processing and when goods have been released and cleared are documented, but that information is not used to manage and publish time statistics publicly. The time statistics are used internally by CED.
<b>K. Tariff classification</b>	<b>Objective Criteria for Tariff Classification</b>	Compliant, HS2007/CET effective as of August 2009
<b>L. Matters related to goods in transit</b>	<b>1. Operationalization and Clarification of Terms</b>	
	<b>2. Non-Discrimination and Policy Objectives</b>	
	<i>a) Strengthened Non-discrimination</i>	Compliant Suriname respects the principal of non-discrimination in the WTO.
	<b>3. Disciplines on Fees and Charges</b>	
	<i>a) Publication of Fees and Charges</i>	Compliant Fees and charges are settled in legislation,



<b>Table 7: Chart of Trade Facilitation Proposals by the WTO</b>		
<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
		published and available for every trader.
	<i>b) Periodic Review of Fees and Charges</i>	Compliant
	<i>c) More effective Disciplines on Charges for Transit – Reduction/Simplification</i>	Partially Compliant There are no fees and charges for transit, but existing regulation can be eliminated. Refer to recommendation on transit trade
	<b>4. Disciplines on Transit Formalities and Documentation Requirements</b>	
	<i>a) Publication</i>	Refer to A1 and B1
	<i>b) Periodic Review</i>	Refer to G (a)
	<i>c) Reduction/Limitation/Simplification/Adjustment</i>	Partially Compliant  <u>Transit from Main Port:</u> With regards to the Foreign Currency Act, a trader needs to apply for a transit license from IUD to transit goods (from the harbor to another country). Other documents needed are the Single Document, Invoice and (transit) Bill of Lading.  <u>Transport from the airport:</u> With regards to the Foreign Currency Act, a trader needs to apply for a transit license from IUD to transit goods (from the harbor to another country). Other documents needed are the Single Document, Invoice and (transit) Airway Bill (AWB).  There is no structure for risk analyses for goods in

<b>Table 7: Chart of Trade Facilitation Proposals by the WTO</b>		
<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
		transit by CED. Inspections are carried out on the basis of random sample selection.
	<i>d) Promotion of Regional Transit Agreements or Arrangements</i>	Partially Compliant Suriname is part of several regional transit agreements which are consistent with other commitments on Trade Facilitation such as: <ul style="list-style-type: none"> <li>• the CARICOM Agreement: the “Revised Treaty of Chaguaramas” (art 86), which foresees in matters regarding the freedom of transit within the CARICOM and</li> <li>• the EPA(Chapter 4 Customs and Trade Facilitation) which caters for trade and customs legislation, provisions and procedures.</li> </ul>
	<i>e) Monitoring</i>	Not Compliant Suriname does not have any bilateral agreement covering transit trade. There is a regional agreement within CARICOM but nationally no monitoring body has been established even though MTI is the focal point for all FTAs
	<i>f) Bonded Transport Regime and Guarantees/International, Regional or National Customs Guarantee System</i>	Compliant
	<b>5. Improved Coordination and Cooperation</b>	
	<i>1. Amongst Authorities</i>	Refer to I.1

<b>Table 7: Chart of Trade Facilitation Proposals by the WTO</b>		
<b>Main Areas covered</b>	<b>Groups of Measures Falling Under Those Areas</b>	<b>Current Status of the Measure</b>
	2. <i>Between Authorities and the Private Sector</i>	Refer to B2 and B3
	<b>6. Disciplines on Restrictions to Freedom of Transit</b>	Compliant Suriname does not have any restrictions on freight transport in transit
<b>M. Customs cooperation</b>	<b>Multilateral Mechanism for the Exchange and Handling of Information</b>	Partially Compliant Domestic trade related laws do not mention the exchange of information with other parties. The Customs does provide information on request based on agreements with The Netherlands, France, within the CARICOM and EPA. Only the agreement with The Netherlands and France have explicit arrangements how the provision of information should take place.

#### 4.2.2 RESULTS SMALL INQUIRY ON PERCEIVE LEVEL OF IMPLEMENTATION GATT ARTICLES V, VIII AND X

To substantiate the needs and priority assessment of February 2009, a small inquiry was done with a senior port operator, a number of senior customs brokers and a CEO of a production company who imports raw material and exports consumer products. This inquiry was done with a questionnaire used by UNESCAP to survey trade facilitation needs and priorities of the private sector in Asia<sup>48</sup>. The following will summarize their impressions by indicating whether they agree or disagree with statements. The possible answers of agreement/disagreement ranged from (1) strongly disagree, (2) disagree, (3) slightly disagree, (4) no opinion, (5) slightly agree, (6) agree and (7) strongly agree.

Even though the activities of the port operator and the senior custom brokers differ, there was not much difference in their perception of the implementation of GATT Articles V, VIII and X.

The reactions on the statements were as follows (summary)

1. *Relevant trade and custom procedures and regulations are publicly available and easily accessible.*

Agree; both parties agree on this issue indicating that procedures and regulation is available on paper and on the CED website ([www.douanesuriname.com](http://www.douanesuriname.com)). This website is intended for the officers working in the CED, but is of relevance to the public. On this website, under (“Documenten<sup>49</sup>”) all relevant information can be found such as (1) all legal documents related to trade, (2) working instructions regarding the import/export handling of certain goods, including those by certain companies, (3) service orders providing information on reimbursements, penalties and fines, changes in the administrative costs and duties, submission of original invoices, and prohibitions or removal of import bans, (4) the Negative List, (5) CITES (protected plants and animals) and (6) examples what should be paid in terms of duties and other charges if goods are imported from CARICOM Member Countries or outside this region, how the CIF value is determined, the how duties, revenue and excise tax, and statistical and consent rights are calculated.

The website also details the Single Document ad how it should be understood and filled in.

The website details the use of APC codes and provides links to important websites (such as Exchange Rates for use by CED and a number of websites of foreign CEDs.

A website called ANDA SURINAME ([www.suriname.nu](http://www.suriname.nu)) also provides detailed information on trade and trade related information.

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<sup>48</sup> The questionnaire should be completed by senior staff familiar with and/or involved in the preparation of trade documents and the completion of import/export procedures and formalities.

<sup>49</sup> Documents

*The disadvantage of both websites is that all information is presented in Dutch; no international language access such as in English.*

2. *Information about changes in regulations and procedures are made available promptly and conveniently to the public.*

Port operator slightly agrees, customs brokers disagree: changes are made public but it's not that promptly. Most of the time custom brokers are faced with changes while working.

3. *Laws, regulations and judicial decisions are applied in a uniform, impartial and reasonable manner.*

Disagree; this is one of the areas of concern especially when it concerns the CED.

4. *An independent system to appeal trade and/or customs authorities' decisions is available and operates effectively.*

Slightly agree/disagree; the Inspector of CED is the first level of appeal and the normal judicial system can be accessed if one does not find satisfaction. *The country does not have a dedicated appeal system for trade related issues, but there is access to the CCJ.*

5. *A formal and effective private sector consultation mechanism exists, which allows traders to comment on proposed changes to regulations and procedures before they are issued and implemented.*

Strongly disagree (customs brokers did not reply on this statement); there is a formal private-public sector platform called Suriname Business Forum (SBF) which has an executive office called Suriname Business Center (SBC), but to date, it's not used effectively enough particularly when it comes to this issue. The complaint from traders is that they are given a patient hearing but that their concerns are not acknowledged. Initial drafts, as proposed, are mostly passed unchanged into legal instruments.

6. *An effective advance ruling system is in place, which allows the importer, in advance of trade, to obtain binding rules in certain specific areas (e.g., tariff classification, customs valuation, origin).*

Disagree (port operator); refer to C in **Table 7**

7. *Documentation requirements for import/export are excessive and time consuming.*

Agree (custom brokers)/disagree (port operator); this is especially true for imports/exports where approval or certificates of other institutions are necessary, for instance those that relate to the Negative List.

8. *On average, fees and charges levied on export and import are reasonable (i.e., are limited to the cost of services rendered by the authorities).*

Disagree; most criticism is directed towards the way revenue tax on imports is calculated. The revenue tax base is calculated after duties have been levied on the CIF value of imports, so it results in a tax on a tax.

9. *Penalties and fines for minor breaches of customs regulation (e.g., due to typing mistakes) are small and reasonable.*

Agree; most penalties and fines relate to periods when the law was enacted and never really adjusted to present time values.

10. *Irregular and arbitrary payments are often required to expedite release of goods from Customs.*

Agree (custom brokers)/disagree (port operator): it is no secret that this sometimes happens and that a number of Customs officers give the CED a bad image. A current investigation into CED violations has not yet been resolved.

11. *It is easy to submit required trade documentation to trade/customs authorities for approval.*

Agree

12. *Computerization and automation of Customs and trade procedures have noticeably reduced average time of clearance.*

Disagree: the CED still runs an old version of the ASYCUDA system, ASYCUDA v 2.7. For more, refer to paragraph 4.2.6.

13. *The treatment of goods and vehicles in transit is non-discriminatory (i.e., imported goods are not discriminated based on origin and/or destination).*

Refer to paragraph 4.2.5. There is no discrimination based on origin and/or destination

14. *Goods in transit are subject to unreasonable transit duties or transit charges*

Refer to paragraph 4.2.5.

15. *Regulation and procedures for goods in transit are clearly defined and widely available*

Refer to paragraph 4.2.5. Not entirely true

16. *Vehicles in transit are allowed to use the most convenient routes to their destination*

Refer to paragraph 4.2.5. No impediments exist concerning routes to destinations

17. *Overall, in which of the following areas do you face the most problems (please select the 4 most problematic areas and then rank them from 1 to 4 [1 = most problematic; 4= least problematic]):*

- |   |  |
|---|--|
| a) <u>  3  </u> Obtaining an import license <sup>50</sup> | b) <u>      </u> Tariff classification                 |
| c) <u>      </u> Submission of documents for clearance    | d) <u>      </u> Identification of origin of the goods |
| e) <u>      </u> Payment of fees and penalties            | f) <u>  1  </u> Customs valuation                      |
| g) <u>  2  </u> Technical or sanitary requirements        | h) <u>  4  </u> Inspection and release of goods        |
| i) <u>      </u> Other (please specify): .....            |  |

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<sup>50</sup> This only concerns goods on the Negative List. For all other goods, no import or export license is necessary.

18. *Have problems and inefficiencies related to trade and Customs regulations and procedures in the country resulted in significant costs (or losses) to your business?*

Yes, but these are not related to trade and customs regulations

*If yes, please elaborate (what is the cost trade documentation and complying with trade/customs regulations as a percentage of transaction value? Which trade/customs regulations or procedures are the most costly for your business? How could they be improved?)*

It concerns those moments when the CED goes on strike, sometimes even in cases where the strike does not concern matters of the CED, but to support sister organizations associated with the overarching trade union.

19. *Overall, would you say that most of the difficulties you face in exporting from (importing to) the country stem from domestic trade procedures/regulations or from procedures/regulations in the countries of your buyers (suppliers)?*

◇ Mostly from domestic procedures/regulations

In particular obtaining the certificate from the Ministry of Health for the import of goods on the Negative List, for which a H03 form should be filled in: the certificate takes too long.

◇ Mostly from foreign procedures/regulations.

No suitable reply to this question

#### 4.2.3 IDENTIFYING TRADE FACILITATION NEEDS AND PRIORITIES

When answering the questions on trade facilitation needs and priorities, the interviewed was asked to indicate what **level of priority** should be accorded by the Government to each of the following measures to facilitate international trade and reduce your [the interviewed business] cost of doing business, and decide on the level of priority for each as follows: 0 = lowest priority; 1 = low priority; 2 = medium priority; 3 = high priority; 4 = very high priority; 5 = highest priority.

A producer of consumer goods, who imports inputs and exports part of the consumer goods, was asked to answer these questions. The presented needs and priorities are as follows:

1. Timely and comprehensive publication and dissemination of trade rules and regulations (e.g., through the Internet).

*Highest Priority 5. Also refer to A1, A2 in Table 7*

2. Establishment (or improvement in the effectiveness) of enquiry points and/or call centers for up-to-date information on trade procedures

*Highest Priority 5. Also refer to A3 in Table 7*

3. Establishment (or improvement in the effectiveness) of a consultation mechanism through which traders can provide inputs on proposed new or amended rules and regulations  
*Highest Priority 5. Also refer to B2 in Table 7*
4. Establishment (or improvement in the effectiveness) of an appeal mechanism outside of the authority of customs or related agencies for traders to dispute customs and other authorities' decisions  
*Highest Priority 5. Also refer to D1 in Table 7*
5. Establishment (or improvement in the effectiveness) of an advance ruling system, which allows the importer, in advance of trade, to obtain binding rules in certain specific areas (e.g., tariff classification, customs valuation, origin)
6. *Highest Priority 5. Also refer to C in Table 7*
7. Beginning and, if possible, completing clearance of goods before they have arrived physically in the Customs territory (based on advance submission of good declaration and other documents)
8. *Highest Priority 5. Also refer to J1a and J1d in Table 7*
9. Separating release from clearance procedures, i.e., allowing goods to be released before all clearance formalities have been completed (this may be subject to providing a financial guarantee to customs and/or post-release audit)  
*Highest Priority 5. Also refer to J1e in Table 7*
10. Reduction and simplification of the documentation requirements for import and export procedures  
*Low priority 1: Also refer to G1b in Table 7*
11. Harmonization and standardization of documentation requirements based on international standards  
*Low priority 1: Also refer to G1i in Table 7*
12. Improvement of coordination between relevant agencies, particularly on document requirement, e.g., through the establishment of a single window for one-time submission and collection of all trade documents  
*Highest Priority 5. Also refer to G1e in Table 7 and paragraph 4.2.6*
13. Computerization and automation of trade procedures, e.g., online submission and approval of customs declarations, cargo manifests, including electronic payment of fees and customs duties.  
*Highest Priority 5. Also refer to G1e in Table 7 and paragraph 4.2.6*
14. Improvement in customs inspection and control procedures, e.g., systematic use of risk analysis to determine which good should be examined, clearer criteria for "green" and "red" channels and special channels for authorized traders and express shipments.



*Highest Priority 5. Also refer to J1c in Table 7 and paragraph 4.2.6*

15. Elimination of bribery and other corrupt practices of officials involved in the clearance and release of imported goods.

*Highest Priority 5. Also refer to basic standards under G and J Table 7 and paragraph 4.2.6*

16. Implementation of international and regional transit systems based on international standards and practices

*Highest Priority 5. Also refer to basic standards under L in Table 7 and paragraph 4.2.5.*

#### **4.2.4 PROBLEMS ASSOCIATED WITH TRADE/CUSTOMS REGULATION AND PROCEDURES IN FOREIGN COUNTRIES**

1. Have you faced problems in obtaining relevant information regarding trade documentation requirements and procedures applicable in other countries (e.g., your main export markets)?

Yes

*If yes, please elaborate:*

Problems obtaining information on which rules and regulations apply and import procedures differ from Member State to Member State, especially when it comes to obtaining certification from Health institutes or sanitary inspection in CARICOM. It's difficult in Jamaica but easy in St. Lucia.

2. Have you incurred significant costs because of the trade/customs regulations and procedures enforced by governments in your main export or import markets?

Yes, both in the domestic market and markets in CARICOM Member States.

*If yes, please specify the nature of the problems (e.g., misclassification of goods, customs overvaluation, determination of origin, sanitary and phytosanitary regulations, inspections, unreasonable fees, excessive delays at border-crossings, transit issues...):*

- The BOG charges Sr\$150 for every sample. Even if the produce is from the same run, the institute may take more than one sample. On 1 TUE (approx. 9 ton of produce), BOG may charge Sr\$4.500 (approx. US\$1600) or nearly 7% of the production value.
- In Trinidad and Tobago (T&T), Jamaica, St. Vincent and Curaçao, the health and sanitary procedures differ. In T&T sanitary inspection, CARICOM Area Invoice (CI) and Certificate of Origin (CO) are necessary. In Jamaica apart from sanitary inspection and CI and CO, also a health certificate is necessary. In St. Vincent only a CI suffices and in Curaçao the same documents as in T&T are required, but the procedure is easy and not expensive.

#### 4.2.5 ABOLISHMENT OF TRANSIT COMMISSION IN TRANSIT TRADE

Transit trade from Paramaribo to Cayenne, in French Guyana, is estimated at 10,000 TEU annually. With the rehabilitation of the road and quay in Albina, financed by the EU, this traffic will increase. With the geo-economic expansion plans of the current administration, led by his Excellency President Desiré Bouterse, transit trade with both neighbors in the east and west, may increase due to plans of building permanent cross-river connections in the form of bridges.

The French increasingly want to use DNH to import and export goods from French Guyana, since keeping the estuary open from mud deposited by the Amazon stream is becoming more expensive. Information from a CED delegation that visited Cayenne in the beginning of 2010 indicated that the French have estimated the current annual costs of daily dredging the local port at €25m.

The Bulletin of Acts<sup>51</sup> No.84 of 29 January 1958 stipulates that the DDC should receive a minimum commission from transit trade to the order of 15% of the CIF value. This commission is not a charge or levy but a mandatory conversion of 15% of the CIF value in ForEx into the local currency; the trader receives the 15% “levy” in local currency. This is a way for the government to keep foreign reserves up to standards.

However, this measure is experienced as an impediment to trade; increase in paperwork, transport time and cost. Traders on both ends of the border are of the opinion that this measure should be abolished. Abolishment will reduce time and cost, and consequently increased trade. Increase trade will allow the government to increase its revenues by way of other taxes and charges within the value chain such as duties, increased government take on increased consumption of fuel, etc.

Abolishment of this arrangement will put Suriname in full compliance with Article V of the GATT: Freedom of Transit.

#### 4.2.6 MODERNIZATION OF FUNCTIONING CED: PROCEDURES, MANAGEMENT AND EQUIPMENT

##### 4.2.6.1 THE CURRENT SITUATION

In 1994 the CED decided to automate its customs clearance, duty accounting and statistical collection procedures with ASYCUDA, and introduced ASYCUDA v 2.7 in 1996<sup>52</sup>. The system was installed in 3 border locations with de-centralized architecture, each having its own server and local area network (LAN). In 2000 some servers were renovated and in 2004 and 2007 workstations were replaced. Overall, the CED sites where computers are used are still using outdated equipment and there is no backup system. This system does not allow, among others, input facilities to trade operators (declaration processes are still paper-

<sup>51</sup> Advertentieblad (A.B) no.84 dd 29 januari 1958.

<sup>52</sup> Information on the current ASYCUDA system as well as on ASYCYDA World are excerpted from the document “Assessment of the Customs Modernization Process and Identification of Needs”, Mr. Jaime Mendoza, UNCTAD Assistance RLA/OT/3AD-BANDES/AP05, October 2008, and information from the head of ASYCUDA at CED.

based) or other end-users to electronically submit data or transact with the CED. Declaration processing normally takes 3 working days on average and may increase to 5 days if CED decides to subject shipments to a full physical examination. The system does allow cashiers to record payments for declarations assessed in the system. However, it is particularly challenging to deal with unpaid declarations. The distribution of trade data to institutions such as the General Bureau of Statistics and MTI, happens either by compact disc or is stashed on a standalone computer.

But the lack of timely innovations does not only concern physical infrastructure and software, it also concerns limited procedural changes made in the course of time and the limited use of the functionality of the existing system such as the release of order printouts (a release indicating that the cargo has been examined) and the ability to capture manifest data.

With regard to human development, the gap created when many highly trained staff on CEO level emigrated after the assassination of political opponents in 1982, left a void nationally that was never really refilled; the country has not yet really recovered from this exodus of intellect. Instead, lower level staff moved up the organizational ladder resulting in routine performance and less attention to modernization in terms of digital processing, communication, procedures and management. The CED was no exception. Furthermore, no significant efforts were made to train CED officers to use the existing system, now heavily relying on the head to run the system.

Aware of the shortcomings of the current system, CED requested UNCTAD to conduct an assessment of the customs modernization process including the identification of needs. The assessment was undertaken by Mr. Jaime Mendoza, ASYCUDA Regional Advisor from UNCTAD, during the period 09-20 October 2008.

The needs identified, spurred by international agreed standards, included risk management, selectivity controls, the provision of direct trader input (DTI) tools and electronic data interchange (EDI) links with the trading community, as well as with other trade related government agencies(as part of a Single Window).

An enhanced management information system is also needed and this and the above can only be achieved through the full automation of Customs procedures. In this regard, ASYCUDA WORLD was one of the recommendations.

#### 4.2.6.2 ASYCUDA WORLD

The introduction of ASYCUDA World would allow the GoS and the agents involved in the process of movement, release and clearance of goods, to achieve a number of objectives important in reducing processing time and cost.

##### ASYCUDA WORLD AND MAJOR TRADE RELATED GOALS

The major goals to be achieved by the GoS are:

- i. Establishing the interconnectivity among all customs clearing posts;
- ii. Reduction of the time and processing to apply for an import or export license for goods on the “Negative List”;
- iii. Accommodate all stakeholders/end users communicating with CED:
  - a) Online declaration processing;
  - b) Workflow tracking for imports and exports by one process (currently there are separate flows that are not automated and interconnected);
  - c) Interconnectivity between computer systems of the DNH (these will establish an EDI system), the non-intrusive X-ray and parcel scanning systems and the ASYCUDA World system (can be lodged onto ASYCUDA World);
  - d) Increase the ease and speed of processing manifest information as desired by the Shipper’s Association;
  - e) Enabling online approval by institutions involved in advising on imports/exports on the “Negative List” such as the Department of Health (canned food, tyres, etc.), LVV (plants, fish and meat products, chemicals used in the sector, etc.), NIMOS (substances posing a danger for health and environment);
  - f) Online access and retrieval of trade data to enable MTI and other government institutions, such as the GBS, to prepare policy decisions regarding trade or prepare trade statistics;
- iv. Single Window and One-Stop-Shop;
- v. Improvement in the security of government procedures and assets such as the licensing process for goods on the “Negative List”, the collection and accounting of trade revenues;
- vi. Improve risk management and analysis of incoming and outgoing cargo and parcels.

##### ASYCUDA WORLD AND MEETING BASIC WTO TRADE FACILITATION STANDARDS

Apart from the above, the introduction of ASYCUDA World may create an environment, which can assist the GoS in **meeting a number of trade facilitation Basic Standards** the country still needs to meet or can improve upon. These are, among others:

- ii. **A3: Establishment of Enquiry Points:** the availability of trade data online will assist established Enquiry Points to provide the necessary information as detailed in the Basic Standard A.3: Establishment of Enquiry Points;

- iii. **E2: Detention:** importers or authorized agents will have the opportunity to log on into the system and inquire about the status of their cargo, including the instance of Detention;
- iv. **F1: Disciplines on Fees and Charges imposed on or in connection with Importation and Exportation:** importers or authorized agents will have the opportunity to log on into the system and inquire about the fees and charges imposed and convince themselves that these do not exceed the approximate costs of services rendered and are in direct connection with a specific importation, exportation or transit formality;
- v. **G.1(c): Use of International Standards:** ASYCUDA World supports the implementation of ISO, UN, and WTO relevant standards, including WCO Data Model sets;
- vi. **G.1(e): Single Window/One-Time Submission:** the intension is to have CED as the Single Window for the One-Time Submission. Currently the existing system does not allow such, but ASYCUDA World will create the opportunity for online input and input from third parties necessary for approval [also refer to (23e)];
- vii. **G.1(g): Phasing out Mandatory Use of Customs Brokers:** Suriname uses custom brokers, which are subject to licensing and thus in accordance with this basic standard. However, online submission of Single Administrative Documents will further implement this standard, allowing any agent to submit the SD guided by required fields and alerts;
- viii. **I.1: Coordination of Activities and Requirements of All Border Agencies:** as indicated under 4.2.6.1, the GoS and the CED are stepping away from the current decentralized and unconnected system of border posts, and are envisioning an interconnected system that is accessible for all border posts. ASYCUDA World has the physical capacity to connect all border posts;
- ix. **J.1(a): Pre-Arrival Processing:** this basic standard is already operational, but will greatly improve in the time needed for processing if ASYCUDA World is introduced;
- x. **J.1(b): Expedited Shipments:** in practice, this standard is partially in place [see **Table 7**], since legislation and administrative arrangements of electronic processing is missing. With ASYCUDA World, full implementation of this standard can be established;
- xi. **J.1(c)(a): Risk Management/Analysis:** this standard tasks a Member to conduct examinations and inspections based on the application of risk management; ASYCUDA World can provide CED with additional information on trade and on individual traders to institute risk management and post clearance audit measures, particularly in connection with the scanning systems, which can be lodged onto ASYCUDA World. Furthermore, the USA are requires that all US-bound containers by screened using X-ray and other non-invasive technology by 2014. This policy measure has been postponed from its 2012 deadline<sup>53</sup>;

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<sup>53</sup> World Cargo News, February 2010.

- xii. **J.1(c)(b): Authorized Traders:** there are no legislation and administrative arrangements yet in place to identify Authorized Traders. Yet, CED already applies a system where some traders who are in good standing, receive a “simplified treatment”. With ASYCUDA World the placement of provisional standards for identifying such traders will ease the process, while the necessary institutional arrangements are set in place to fully meet this standard:
- xiii. **J.1(f): Establishment and Publication of Average Release and Clearance Times:** the CED uses a manual system for internal use to track when an agent has submitted a request and when it has finished clearance so that the payment process can start. But trade agents have no direct access to this information. This information can/should be made available to anyone moving cargo through the CED system and ASYCUDA World can provide this information;
- xiv. **M: Customs Cooperation:** the interconnectivity of CED data and information may and should extend to other CEDs in the region. CARICOM Members have already undertaken steps to harmonize Customs procedures, tariffs and statistics. With ASYCUDA World, this exchange of information concerning specific import and export transactions and statistics would be possible.

#### MAJOR FUNCTIONAL AND TECHNICAL ADVANTAGES

The **major functional advantages** of ASYCUDA World are as follows:

- a) The upgrading of the existing data processing system into the Customs clearance process will bring about faster clearance of cargo, improve revenue control, and provide up-to-date, accurate information on trade in goods. Linked to an associated program of trade facilitation and administrative reform, the new computerized system will be the cornerstone of the program to continue the improved performance of the CED.
- b) ASYCUDA is a computer based program for reforming customs administration. It aims at speeding up customs clearance through the introduction of computerization and simplification of procedures and thus minimizing administrative costs to the business community and the economies of countries. It also aims at increasing customs revenue by ensuring that all goods are declared, that duty/tax calculations are correct and that duty/exemptions, preference regimes, etc. are correctly applied and managed.
- c) The system generates customs and trade statistics for informing policy decisions and has been successfully installed or is being implemented in more than 80 countries. It incorporates international best practices and standards as defined by UNECE and the WCO, and is designed in such a way so as to allow the further configuration to suit the national characteristics of individual customs regimes and customs legislation. Promoting the use of norms and standards is part of the objectives of UNCTAD incorporated in ASYCUDA World, of which the basics are those of the WCO - 153 member states, including all EU countries - the United Nations (in particular UNTDED and UN/EDIFACT) and the European Union.
- d) The latest reliable IT technologies have been deployed.

Major advantages of ASYCUDA are summarized below:

○ **Functional**

- Automation of all customs procedures and regimes (e.g. cargo control, full declaration processing, in-transit operations monitoring), as well as accounting, risk management and selectivity.
- Possibility to attach digital images to a customs declaration (e.g. picture of the truck, driver, registration numbers, scanned documents, scanned image of truck, etc.), which bridges the gap between physical goods and the supporting documents, facilitates goods identification, inspection and tracking, and assists post-clearance verification.
- Accurate automatic calculation of duties and taxes, and accounting processing, which is a pre-requisite of timely and reliable statistics. Easier aggregation and processing of data regionally and nationally and, consequently, a sound basis for better and faster economic decision-making.
- Fully supported trade facilitation, including increased services for trade community, e.g. Internet access, simplified procedures, and documentation.
- Enabling environment to provide e-Government services and access to on-line external/governmental systems and databases.
- Complete Customs work flow design to automate the Declaration Processing Path.
- Implementation of ISO, UN, and WTO relevant standards, including WCO Data Model sets.
- Full built-in capability to support specific national requirements and frequent changes, in an integrated system environment.
- Comprehensive document changes tracking, including extensive audit history.

○ **Technical**

- Independent of operating system and RDBMS, which ensures implementation on a wide range of software and hardware platforms, from mainframes to stand-alone equipment (PCs) and portable equipment (PDAs, mobile phones, tablet PCs etc.). Scalability is therefore limited only by the hardware (servers & telecomms) available for the implementation of the system.
- Possibility for several types of clients: thick clients (stand-alone clients), thin clients (with major Web Browsers), and ultra-thin clients (for mobile devices).
- Multi-language/alphabet (user-interface & data), Unicode, E-documents (documents ownership management)
- Robust built-in security features, including user authentication (group, name and password), asymmetric encryption, PKI, electronic signature, biometrics,

etc. - Changes & updates of the reference data completed without programming.

- Communications: Web, Internet and Intranet. Independence of telecoms infrastructure. Resilience to telecom breakdowns.
- Minimized installation and maintenance costs.

e) One of the most important advantages of the latest ASYCUDA version is the total ownership of the beneficiary countries, which could implement the e-Documents provided by UNCTAD, adapt them according to national requirements, and/or develop new ones by derivation from the existing one. The software ensures that all new versions/developments will be compliant with the internal ASYCUDA standards aforementioned.

#### DATA ACCESS

The country never really had the opportunity to build a trade database for analytical and negotiating purposes. Apart from trade data needed by GBS, there are a number of departments within MTI that produce and use data to do their work. These are the department of Trade, the department of Industry, the division of Market Supervision and the division of General Economic Policy. Within the departments, there are divisions that are very important, since they serve the community in certain aspects. Prominent in this regard are the division of Business Licensing, the division of IUD, the division of Market Intervention and the related Quick Response Team. The latter are responsible for consumer protection.

As was indicated when addressing the advantages of ASYCUDA World, the department of Trade would have online access to trade data stored on this system, without creating its own physical environment to achieve such. The department of Trade is responsible for preparing and conducting trade negotiations and granting import suspensions. Furthermore the department is responsible for trade analysis, currently directed towards the impact trade liberalization has on the development of domestic sectors. The same would apply for IUD responsible for recording, processing and issuing licenses related to goods indicated on the "Negative List" and related institutions IUD depends upon before issuing a license.

The division of Market Supervision is tasked with monitoring the behavior of retail businesses in order to protect consumers. They monitor whether these businesses keep to the law and regulations applying to them. This division has a working arm called the Quick Response Team that physically surveys these businesses. Market Supervision also has another subdivision called Market Intervention that keeps track of violators and issues the warnings and warrants. Market Supervision and its subdivisions do not have a database to record their work or access to the data managed by the division of Business Licensing. Having access to a database and selected information from Business Licensing, would, *inter alia*, allow Market Supervision to categorize retail business to bona fide retailers and those



that often violate regulations, and organize work by trade categories and geographical dispersal.

### **4.3 PRIORITIES**

This paragraph will summarize the most important priorities that should be implemented in the short to medium term to improve doing business with Suriname when it regards the movement of merchandise. Some of the priorities are linked to one another and when implemented, will provide a more integrated system generating more power and improvement than when implemented separately. Some of these priorities have not been mentioned before.

#### **4.3.1 IMMEDIATE OPERATIONALIZATION OF SCANNERS**

##### *Operationalization of Scanners*

The first and foremost decision that should be taken immediately is the operationalization of the non-intrusive X-Ray scanner and the parcel scanner. Some legislation needs to be created that mandates that all imported and exported cargo, be it in containers or bulk or otherwise, be scanned. Also, modalities need to be devised detailing how the payment for scanning should take place and which part will accrue to the government. There are some issues to be resolved, especially with the parcel shipping agencies, but those are not of such a magnitude. Some agreement can be made to compensate these agencies, even though the CED has the right to revoke the opportunity given to these shipping companies based on the Shipping Act (refer to 3.3.4.3).

The necessity for more than one non-intrusive X-Ray scanner should be evaluated, preferably after the implementation of the TRS study, where it can be included as part of the TOR.

An additional non-intrusive X-Ray scanner for the wharf in Nieuw Nickerie would be highly desired since it's the second largest public wharf where rice and bananas are loaded on and mostly inputs, investment and consumer goods are off-loaded. Furthermore it would improve the risk management of freight to and from Guyana)

#### **4.3.2 MEMBERSHIP REVISED KYOTO CONVENTION<sup>54</sup>**

##### *Ratify and Accede to RKC*

The Revised Kyoto Convention (RKC) is developed to simplify and harmonize of Customs procedures. In its revised form the Kyoto Convention is widely regarded as the blueprint for modern and efficient Customs procedures in the 21<sup>st</sup> century. Once implemented widely, it will provide international commerce with the predictability and efficiency that modern trade requires. Furthermore, it will stand as a sign of quality standard for a modern well-

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<sup>54</sup> Parts are excerpted from the FAQ concerning the Revised Kyoto Convention.

functioning Customs Administration. As of 31 May 2010, 69 Contracting Parties have ratified and acceded to the Convention<sup>55</sup>.

Suriname is not a contracting party at the RKC, nor is it a member of the WCO (refer to 4.3.3). Given the improvement so far in the trade facilitation process and the future expansion of trade, it is almost a necessity that the country ratifies and accedes to RKC. The economic benefits from a predictable and efficient trade environment, whereby the cross-border movement of goods is cleared in a swift and efficient manner by the Customs based on a comprehensive set of uniform principles internationally acknowledged for simple, effective and predictable Customs procedures with effective Customs control, would result in greater benefits than the investment and annual contributions necessary. Membership of the WCO or the UN or one of its affiliates suffices to accede to the Convention.

An alternative to accede RKC, is to become a member of WCO (refer to 4.3.3) and use the capacity building opportunities to establish a world class Customs Administration and, as a sign of reassurance, have its procedures ISO 9001 certified. This certification is not mandatory once the country or the CED has become a WCO member. The ISO 9001 standard, however, specifies requirements for a quality management system where an organization needs to demonstrate its ability to consistently provide a product or a service that meets customer and applicable statutory and regulatory requirements, and aims to enhance customer satisfaction through the effective application of the system, including processes for continual improvement and the assurance of conformity to customer and applicable statutory and regulatory requirements<sup>56</sup>.

Prominent Customs Administrations have certified their operations ISO 9001. For instance, the Singapore Customs, which, since 1989, has been administering the world's first national single window for trade declaration, called the TradeNet system and one of the leading Customs administrations in the world, is ISO 9001:2000 certified. Also the Hong Kong Anti-Internet Piracy Teams, which are established to fight against piracy activities on the Internet, which is part of the Customs operations, has been awarded ISO 9001 on quality management and ISO 27001 on information security. Singapore and Hong Kong are not contracting parties to RKC.

### **4.3.3 MEMBERSHIP WCO**

*Become a Member of the WCO.*

The country is not a member of the WCO, an anomaly for a country that, through the different FTA's it's signatory to, has the obligation to adjust and harmonize administrative processes and procedures in line with regional and international developments and agreed commitments. The WCO is noted for its work in the areas covering the development of global standards, the simplification and harmonization of Customs procedures, trade supply chain security, the facilitation of international trade, the enhancement of Customs

<sup>55</sup> The list does not contain Member States of CARICOM

<sup>56</sup> [www.iso.org](http://www.iso.org)

enforcement and compliance activities, anti-counterfeiting and piracy initiatives, public-private partnerships, integrity promotion, and sustainable global Customs capacity building programs. The WCO also maintains the international Harmonized System for goods nomenclature and administers the technical aspects of the WTO Agreements on Customs Valuation and Rules of Origin<sup>57</sup>.

This organization is a necessity for any national CED and the country has not taken advantage of the opportunities to upgrade both the staff of CED as well as organization, legislation and procedures to evolve with the innovations taking place in the movement of goods.

The WCO membership will become more adamant when discussing the opportunity to migrate to a more state-of-the-art border management modernization as captured in ASYCUDA World (refer to 4.3.5).

#### 4.3.4 TIME RELEASE STUDY (TRS)<sup>58</sup>

*Commission a TRS.*

Apart from cost reduction, time required to release goods has become the measure by which the international trading community is assessing the effectiveness of Customs administrations. As can be witnessed from the changes taking place in the TF environment in Suriname, CED had to and still is adjusting to these changes. The adjustment of the CED should be such that there is no hold up of goods in the course of Customs processing while protecting the revenue from risk. To provide insight into the trade chain and improve on reducing the complexity and cost of the trade transaction process and to ensure that all of these activities take place in an efficient, transparent and predictable manner, the GoS should commission a **Time Release Study** (TRS). A TRS is a systematic and standard way to measure the time taken to release cargo and can substantially help Customs, other government agencies and the private sector to measure effectiveness, identify bottlenecks and find possible solutions for improvement in clearance and logistics. It can be used at any time in the process of modernization and helps to evaluate the impact of reform or modernization initiatives taken by the public or private sector. A TRS provides guidance to Customs on the best way to apply this method for internal review. The use of TRS is strongly promoted by the WCO<sup>59</sup> and the latter can assist in carrying out this study. A TRS will also provide another opportunity of addressing the concerns of the trading community regarding long delays in the clearance process and recommends ways to respond to them. Recommendations from the TRS may be used as an important input to request capacity building courses for the CED at the WCO (refer to 4.3.1).

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<sup>57</sup> [www.wcoomd.org/home\\_about-us.htm](http://www.wcoomd.org/home_about-us.htm)

<sup>58</sup> Sources: Zhang, Shuji. TRS as a Measurement of Trade Facilitation: the Experience of Customs in the Asian Pacific Region. The WCO website under Tools and Instruments.

<sup>59</sup> The WCO offers TRS software to Members through the Internet to create a database, develop questionnaires and analyze data. The use of the software is free of charge.

#### 4.3.5 INTRODUCTION OF ASYCUDA WORLD INCLUDING SINGLE WINDOW

##### *Introduce ASYCUDA World including usage as a Single Window*

In line with the priorities under 4.3.1 and 4.3.2, and the detail advantages in ASYCUDA World in 4.2.6, the introduction of this system will be the cornerstone for modernization of the clearance and release of goods and capitalize/maximize the investments that has been done so far in the movement of goods (refer to Chapter 3). Furthermore, the modernization of the cross-border management of goods is the most pressing problem that should currently be resolved.

In correspondence with Mr. Jaime Mendoza, ASYCUDA Regional Adviser at UNCTAD/DTL, he indicated that the standard version of the system is provided with the functionality to allow:

- direct trade input for customs brokers and other trade operators;
- functionality to allow other Government agencies to carry out their duties (IUD, Health, Agriculture, etc.);
- interfacing with Terminal Operators, NVHB, etc.

The country may decide to incorporate additional functionality, customize the standard version or have the project team develop specific functionality during implementation.

With regard to the implementation of ASYCUDA World in the region and the formal efforts to harmonize and standardize Customs administration, procedures and trade data, Mr. Mendoza, upon request, indicated that the CED of T&T did not try any other system different to ASYCUDA. Before starting implementation of ASYCUDA World, the Government and UNCTAD had a project signed to implement ASYCUDA++, the previous version of ASYCUDA World. However, based on the needs of the Customs, they decided to stop the implementation of ASYCUDA++ and have ASYCUDA World implemented instead after looking at the extended capabilities and functionalities of the system, as well as other countries successful programs. Since 2008, ASYCUDA World is the system being implemented at the Customs in T&T. The Government of T&T had other companies offering systems similar to ASYCUDA but never committed or signed contract with to implement them. One of those was TRIPS from Crown Agents.

Mr. Mendoza also mentioned that many countries have similar questions and concerns as those of Suriname, and have gone through extensive evaluations to make their decision as to which system is the most appropriate one. It is very important that decisions are made considering cost/effectiveness and experience. Some countries that had turned to use other software solutions had to go back to ASYCUDA, paying overall a much higher cost than initially envisaged.

One advantage of introducing ASYCUDA World is that the UNCTAD will conduct a feasibility study that will allow the GoS to take an informed decision on the base system and any other modules it wishes to include before deciding on its implementation. The feasibility study is at no expense.

*Plans in October 2009 by MTI to introduce ASYCUDA World into the CED system were foiled by MinFin.* In the revision of the TSSP project, MTI was tasked to find a limited number of projects such that their impact would deliver a major contribution to the economy, with specific reference to the private sector. After ample analysis of the developments that took place in the supply chain, MTI identified one of such proposals to be the modernization of CED by way of ASYCUDA World and use the system as a portal for a Single Window, a data anchor for data users and producers, such as MTI and GBS, and meet a number of commitments stemming from the WTO and EPA agreements.

MTI created a project proposal, had it tentatively approved by the IDB to introduce the system and submitted a letter, dated 20 October 2009 and coded 2836/Min, to MinFin for joint approval since the ASYCUDA system would resort under the CED. The letter was never replied upon, an often used political gesture of disapproval. The reserved resources within the TSSP project were reallocated to other proposals with lesser economic impacts than foreseen with the ASYCUDA World proposal.

#### **4.3.6 TRAINING OF CED STAFF**

##### *The training of CED staff and adjustment of clearance and release procedures*

The current CED management in Suriname acknowledged that clearance and release procedures should be adjusted to move goods faster from the port, have more transparency and ease in clearing and releasing goods, and stem corruption, which is still taking place but which cannot be fully controlled due to the existing systems and vested interests.

In the past, the GoS had already tried to change the way the CED works and manages the flow of goods, commissioning Crown Agencies to draft new working procedures. This was not a great success, due to internal resistance and what was termed as the “non-professional” approach of Crown Agencies. However, some of the recommendations were implemented, which has led to more understanding and acknowledgement of shortcomings.

With the TRS and identified bottlenecks in, among others, its management system, training programs can be devised for CED, which can be implemented with the assistance of WCO if the country becomes a member.

#### **4.3.7 IMPROVEMENT OF THE MANAGEMENT OF CED<sup>60</sup>**

##### *Trained Higher Ranking Customs Officers*

It has also been indicated by the higher ranking officers of CED that perceived weaknesses in the management and understanding how to manage a cross-border agency, with all new innovations that are taking place, is mostly due to the fact that the top of the CED does not consist of Customs officers that have been formally trained on an academic level.

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<sup>60</sup> One of the pillars of the Global Competitiveness Report 2009-2010 is Higher Education and Training. The Report contents that “Quality higher education and training is crucial for economies that want to move up the value chain beyond simple production processes and products.

This aspect and the ones mentioned in 4.3.2, 4.3.5 and 4.3.6 become even more demanding if, in particular, the security and facilitation of legitimate trade from the threats posed by terrorism, trans-national organized crime with special attention to drugs and arms trafficking, commercial fraud, counterfeiting and piracy are taken into account. More advanced, innovative, policy integrating and technological knowledgeable Customs officers are needed that understand the developments in trade, security and the evolution of trade, and can look into the future and implement these developments in a proactive manner.

Also related to 4.3.5, 4.3.6 and 4.3.7 is the physical accommodation of CED; the Customs Administration needs to be accommodated in a building suited for the improved implementation of procedures and modernization. The current physical accommodation by far does not meet the requirements of a modern day CED.

***The points indicated in 4.3.5, 4.3.6 and 4.3.7 should not be taken lightly, since the introduction of equipment and infrastructure alone will not suffice. It's the creation of a totally new environment and attitude towards development and the use of trade to achieve that, whereby regulatory, institutional, virtual and human resource changes are carefully combined and attuned to attain the desired advantages and benefits.***

#### **4.3.8 DREDGING OF THE CHANNEL OF THE SURINAME RIVER**

##### *Deepening the Channel of the Suriname River*<sup>61</sup>

The MAS is charged with the task to oversee the tendering and total monitoring of dredging the channel of the Suriname River. The Suriname River is the most important waterway in the country since almost 100% if all trade is transported through this river. However, the Suriname River is a tidal river which silts up due to mud from the Amazon River. For this reason, the ships with a draught of more than 6 meter (20 foot) cannot moor DNH.

In 2004, the MAS started a study into the possibilities of dredging the channel of the Suriname River, starting from the estuary till Paranam, where the Suralco wharf is situated. The dredging would have been to a depth of 2 meter (6.5 foot). In May 2008, the feasibility study with regard to the "Suriname River Dredging Project" was completed. Because the dredging of the Suriname River will contribute substantially to the economic development of Suriname, the GoS granted permission to start the tender procedure, which officially started in June 2008.

Due to the economic recession, 2 of 3 sponsors, Suriname Aluminum Company LLC (Suralco LLC) and BHP Billinton Suriname LLC withdrew and the tendering had to be reevaluated. Because of financial concerns, it has been decided to dredge from the estuary to DNH to a depth of 1 to almost 2 meter (3 to 6 foot). The initial dredging project was estimated at

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<sup>61</sup>Information from MAS website and Mr. Delshot, MAS executive involved in the "Suriname River Dredging Project".

US\$80m and would be completed in 6 to 9 months. Currently, the MAS awaits further instructions from the new government<sup>62</sup>.

#### 4.3.9 IMPROVED ROAD CONNECTIONS TO MAIN PORT

##### *Improving the supply and discharge connections to DNH*

As mentioned in 3.3.4.3, improvements were made in rerouting traffic on DNH emplacement. However, there are a number of constraining factors that inhibit a smooth flow of traffic on and off the DNH emplacement.

First of all, the entrance of DNH is intensely impeded by a section of the southern police headquarters; *operations involving traffic licensing*. The southern police headquarters runs an office responsible for taking exams for traffic licenses, both on paper and in practice. Especially in the morning, the only supply route of cargo and containers, is heavily clogged by vehicles of all sorts taking part in these exams. This part of the police operations should be reallocated as quickly as possible (**Picture 8**).

Two other aspects regarding traffic are related to the crossing to DNH and another entry and exit route.

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<sup>62</sup>Bouterse-Ameerali administration.

Picture 8: Training Cars Parked in the Entrance of DNH and the Exit for the Reefer Station





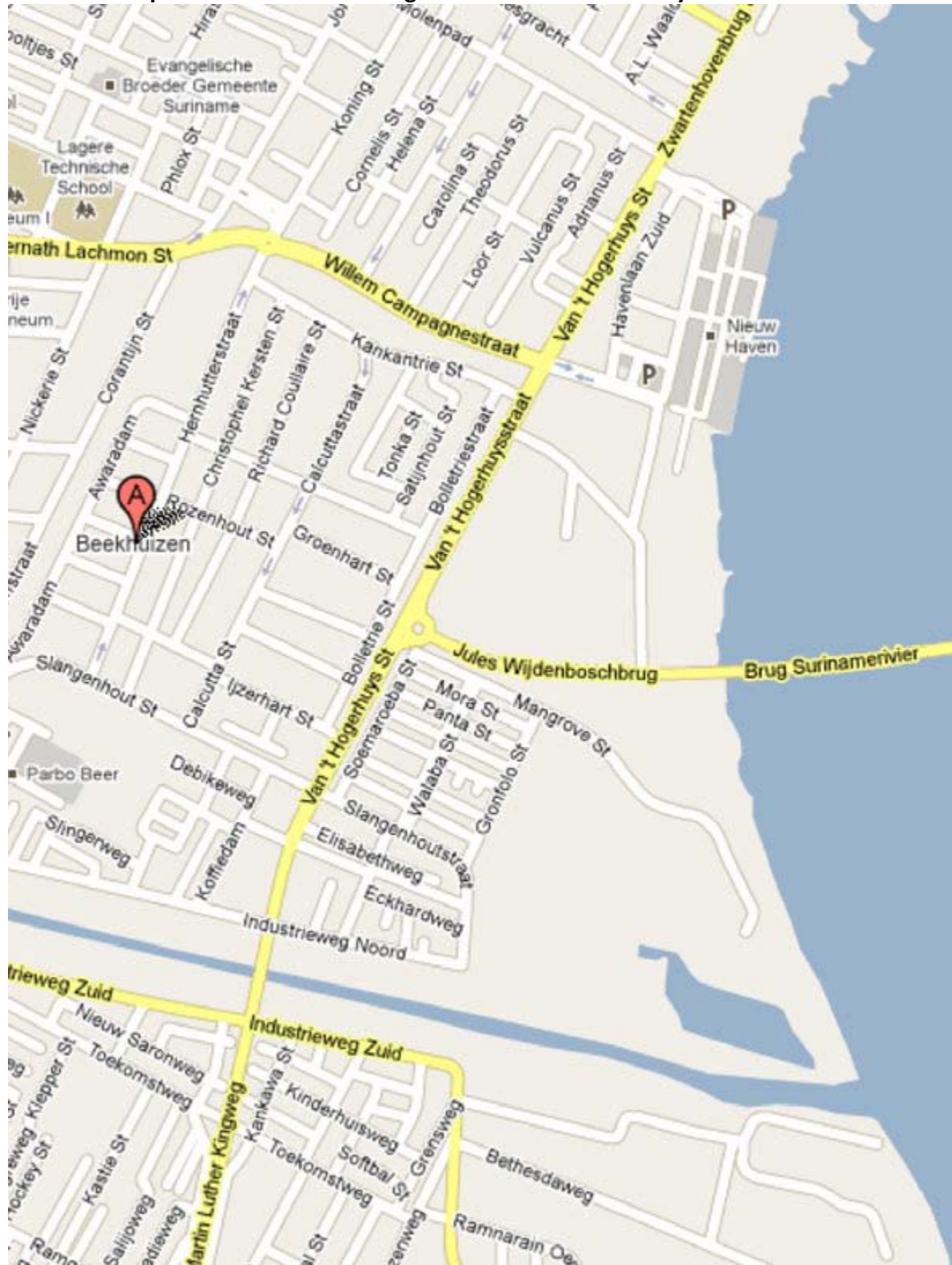


Photo: drs Imro San A Jong

The projected plans are to create a small bridge from the Willem Campagnestraat over the van 't Hogerhuysstraat so that supply of cargo can flow freely. The other solution concerns a supply and discharge route planned to the south of DNH running under the Wijdenbosch Brug and connecting with existing roads in the vicinity.

Another bridge/channel has been projected to ease traffic coming from the south leading up to the vicinity of DNH (refer to **Picture 9**)

Picture 9: Map of DNH and Connecting Roads and Possible Entry and Exit Routes



Source: Google Maps

#### 4.3.10 IMPLEMENTATION OF INTER-DEPARTMENTAL TRADE COMMISSION

##### *Trade Facilitation Monitoring Unit*

Even though the trade facilitation developments have been encouraging, the process has been one implemented in an ad hoc, uncoordinated and non-integrating manner. The very fact that so many changes have been taken place, but that the CED has been left out of the innovative processes, is a testimony to this statement.

Trade policy, trade agreements and their implementation demand a multi-institutional approach. As such, in the studies called “A National Trade Strategy for Suriname”<sup>63</sup> and “Capacity Building In Support of Preparation of Economic Partnership Agreement”<sup>64</sup>, agencies were recommended that would have a coordinating role. In “A National Trade Strategy for Suriname” it is recommended that the country establishes an Inter-Ministerial Trade Committee (IMTC) to encourage communication and coordination among all of the governmental agencies that have responsibility for the development or execution of trade policy. The output would be 3 central policy documents; Annual Trade Agenda, Annual Trade Capacity Building Plan and an Annual Marketing Plan. The study outlines the institute, details how it should operate and the main tasks and responsibilities. One practical recommendation is the practice to second one or more staffers from other line ministries (i.e., lend) to MTI for defined periods of time.

In the METRA document, it is recommended to establish a Suriname Trade Coordinating Team (STCT) and details the formation of the institute, which rather has similar tasks and responsibilities: coordination of trade negotiations, preparations of positions on trade issues, upgrading of the national negotiating capacity, intensification of the dialogue between the public, private and civil society on trade-related issues, liaison with the regional negotiating body.

Within this body, a special division can be devoted to the entire spectrum of trade facilitation; the various aspects, negotiating positions and implementation. The division should consist of representatives from CED, NVHB, the port operators, Customs brokers, shipping agencies, MTI, LVV, VZ and JUSPOL and representatives of the trading community, possibly in the form of business organizations. The different tasks, and responsibilities and accountability need to be worked out.

Assistance in setting up this body can be rendered from within the EPA, but also international institutions mentioned in this study such as the ITC, UNECE, etc.

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<sup>63</sup> Dr. Craig van Grastek, 2006.

<sup>64</sup> METRA Economic Consulting, 2005.

#### 4.4 TENTATIVE COST AND BENEFITS

As was indicated in paragraph 1.4, quantification of the economic benefits associated with trade facilitation represents a major challenge due to the lack of reliable and precise data and the complexity of the underlying issues.

It was not possible to estimate the investments made so far by the various institutions in the trade facilitation process. What will be presented is a rough minimal estimate, since not all institutes kept an accurate account and it was difficult to delineate what would be incorporated or left out. Furthermore, given the time available, not all institutions in the trade facilitation process were consulted. **Table 8** provides a limited overview of the costs involved so far for the 2005-2009 periods.

<b>Institution</b>	<b>Description of Investment</b>	<b>Invested Amount</b>
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
NV Havenbeheer	Expansion and rehabilitation DNH	56.3
	Expansion and rehabilitation NwNickerie	16.3
	Non-Intrusive X-Ray Scanner	3.3
	Parcel scanner	0.1
Customs and Excise Department		N.A
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
Other Institutions		N.A
<b>Subtotal Tentative Total</b>		<b>517.4</b>
Customs and Excise Department	Perceived Investment ASYCUDA World	2.5
<b>Tentative Total</b>		<b>520.0</b>
Composition: drs Imro San A Jong		

With respect to the “Perceived Investment ASYCUDA World” of the CED, the estimated cost proposed in the Needs Assessment document prepared by Mr Mendoza of the UNCTAD, contemplates the technical assistance required to configure and customize the system, the actual implementation, and capacity building. It also describes the IT infrastructure required to have the system operational at all ports of entry. The estimated budget is not final, but

provides a good approximation to what may be a final project proposal. The assessment requires fine tuning and can be met when Suriname officially applies for this assessment.

UNCTAD does not have a price list based on modular options. All technical assistance projects are designed taking into consideration country requirements, available IT infrastructure, implementation strategy, funding constraints, and past experience. A project budget may or may not consider IT infrastructure, which means it may be left outside of the agreement with UNCTAD but implemented under Government's responsibility to procure and make it available based on UNCTAD's technical advice and requirements.

## 5 CONCLUSION

This study detailed the developments of trade facilitation in the world, in particular in Suriname. The main focus was to indicate what the innovations that took place were, where the main bottlenecks are and made recommendations, based on priorities, how, in the short term, bottlenecks could be solved. The study also attempted to make an approximation of the costs involved during the 2005-2009 periods, even though it is recognized that this appreciation is minimal and not exhaustive. The benefits still need to be measured in a separate study.

Between the 2000-2009 periods, a number of major changes took place in the trade facilitation process in Suriname, in particular in 2005-2009 periods. The part of the process that concerned the expansion and rehabilitation of roads and bridges improved the accessibility of existing and the more remote regions in Greater Paramaribo and a number of districts, which greatly eased to flow of traffic.

Even though improvements took place such as the certification of a number of institutes, modernization of on and off-loading, the rehabilitation and expansion of DNH, and the installation of scanners, the entire process was not a coordinated one. Matter of fact, it is still not coordinated. The study indicated that currently the CED forms the major bottleneck in taking full advantage of the improvements made so far. MTI, in attempt to alleviate this bottleneck and, at the same time, meet a number of goals and commitments under the WTO and EPA, had taken measures to introduce ASYCUDA World into the CED. However, this attempt was foiled by MinFin.

Recommendations to, among others, establish trade coordination agencies, have been not heeded to and the trade facilitation process became a “victim” of this disinterest. This conclusion equally applies to monitoring the implementation of the trade facilitation commitments made under the WTO and the EPA.

Given the improvements that have taken place so far, the study foresees problems in the movement of goods in the near future if mentioned priorities are not quickly implemented.

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## **ANNEX I: LEGISLATION IMPACTING INTERNATIONAL TRADE**

Currently there are 9 pieces of legislation that have a direct bearing on international trade and the way the government collects rights from it. These are:

1. The Shipping Act of 25 April 1908; this Act details Customs procedures of inspection, administration including applying for the import and export of goods, clearance, etc.
2. The Customs Duty Act of 28 December 1995 (Customs Duty Act 1996); it details how duties are levied, the value and the reasons for duty exemptions, restitution, and complaints and appeals. It also includes the CET in a separate law of 27 December 2002 called "Adjustment of the List of Tariffs 2002". This law has been replaced by that of 22 December 2008 catering for HS2007/CET.
3. The Order on Statistical Rights of 1973; currently this right is at 0.5% of the CIF value, but is not levied on CARICOM imports and a number of exempted imports/exports. The Ministry of Finance has a law in the making that will abolish this Right altogether.
4. The Order on Consent Right of 1973; currently this right is at 1.5% of the CIF value, but a number of imports/exports are exempted. The Ministry of Finance has a law in the making that will abolish this Right altogether.
5. The Law on the Movement of Goods of 08 July 2003; recommends changes in domestic laws due to the fact that Suriname is signatory to a number of international trade agreements. This Law expresses the intension of Suriname to follow the standards as they are set by international trade agreements such as sanitary and phyto-sanitary rules, technical standards for goods, anti-dumping measures and the protection of sectors as captured in the so-called Negative List. Of these only efforts regarding the technical standards for goods (the establishment of a Bureau of Standards in 2007) and the Negative List have materialized. The Negative List enumerates goods which pose a threat to the environment, national security or health and for which a license from the Import-Export and Foreign Exchange Agency (IUD) is required.
6. The Resolution on Raw Material of 29 May 1997; this Resolution is a by-law derived from the Customs Duty Act 1996 which grants exemption of import duties on raw material, intermediate goods and packing material for a number of sectors. This Resolution was created after ascension into CARICOM and the need to protect a number of vulnerable sectors. The implementation of this Resolution happens in full accord with the List of Commodities Ineligible for Conditional Duty Exemption.
7. The Investment Law of 3 June 2002; this law aimed to promote investments by providing tax provisions on international trade, but these have been suspended pending an evaluation of these provisions and how they are congruent with current international trade agreements.

8. Excise Tax on Tobacco/Cigarettes and Alcohol; indicates the levy percentages on tobacco/cigarettes and alcohol beverages.
9. The Excise Tax on Motor Fuel of 1981, adjusted in 1984 has been changed. Previously, this tax was a percentage of the FOB price of motor fuel, but that has been changed into a fixed amount of US\$0.30/liter<sup>65</sup>, to be paid by the importing agency.

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<sup>65</sup> Approximately Sr\$0.98/litre