

SURINAME

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In 2001, Suriname continued to be one of the top 10 leaders in the world in the production of bauxite and was a growing producer of crude petroleum and gold. Suriname also produced alumina, cement, clay, sand and gravel, and stone (crushed and broken). Other mineral resources included chromium, clay, copper, diamond, iron ore, manganese, nickel, platinum, and tin. In 2001, the gross domestic product was estimated on the basis of purchasing power parity to be about \$2.38 billion; leading industries were mining and agriculture. Exports in 2000 were valued at \$484 million; alumina exports of \$342 million accounted for more than 70% of all exports. Suriname's population in 2000 was estimated to be 420,000 (World Bank, 2001^{§1}; International Monetary Fund, 2002[§]).

The Geological and Mining Service is responsible for the administration of the mining sector in Suriname. The Standard Mineral Agreement allows production and sale of minerals in the open market without restriction, access to foreign exchange at competitive rates, provisions for a tax deduction on reinvestment, and guarantees the repatriation of capital and profits. The benefits include a royalty rate reduction to 2.25%, nominal license fees for exploration and production, and exemptions for mineral rights holders from import duties on equipment used for mining, milling, and future expansions. Expenditures on prospecting, exploration, and other preproduction costs can be written off during the first 5 years of operations (Alibux and Mackenzie, 1998; Alibux, 1999).

In September 2001, Alcoa, Inc., of the United States proposed a plan to invest more than \$2 billion in strengthening the bauxite industry and energy generation in Suriname. Plans included exploiting bauxite from the Bakhuis Mountains in western Suriname, construction of a new smelter, and reactivating the Paranam smelter, which had been shut down in 2000. Alcoa officials noted that the additional energy that would be required could come from a proposed Kabalebo hydroelectric project near the Van Blommenstein Lake. The Government also was considering similar proposals from BHP Billiton plc of Australia and Pechiney, Inc. of France (DeWare Tijd, 2001a[§]).

The Coermotibo bauxite mine, which was owned by Suriname Aluminum Co. (Suralco) (a subsidiary of Alcoa), produced 2 million metric tons per year (Mt/yr) and was expected to produce about 4 Mt/yr of bauxite into the next decade. The Accaribo mine, which was a joint venture of Suralco (76%) and BHP Billiton plc (24%), produced 1 Mt/yr of bauxite. After its reserves are depleted, which will be soon,

bauxite production will come from the Lelydorp III deposit, which has reserves of 19.5 million metric tons (Mt) at a grade of about 53% Al₂O₃ and will produce 2 Mt/yr of ore (Alibux and Mackenzie, 1998).

The Gross Rosebel gold property, which is located 80 kilometers (km) south of the capital of Paramaribo, was the most advanced gold development in Suriname. In 2001, Cambior, Inc., of Canada purchased the 50% holdings of Golden Star Resources Ltd. (GSRL) of the United States, thus increasing their holdings to 100%. Under the terms of the deal, Cambior agreed to give GSRL \$5 million on closing the deal, \$1 million on the second, third, and fourth anniversaries of the close, and a royalty on a portion of the production from the initial few years of production. Cambior expected to begin construction of a mine in 2002 after completion of a feasibility study. Estimated production was for about 5,500 kilograms per year of gold (reported as 177,000 ounces per year) at a cost of \$168 per ounce during a 7-year mine life (Northern Miner, 2001; Cambior, 2001[§]). The Government believed that unrecorded gold production from small-scale localized alluvial placer deposits in 2001 could be as high as 30,000 kilograms. Many of the people mining these alluvial deposits were from Brazil. Most of the nearly 40,000 Brazilians living in Suriname came during the past several years in search of gold. Overall, more than 15,000 people were employed in the gold industry (CNN, 2000[§]).

The Surinamese Government expressed concern about the magnitude of illegal gold mining, especially the impact that it was having on the environment. They noted that the use of mercury by the small-scale miners was damaging the environment and that efforts needed to be made to encourage them to shift to legal methods of operations where safer methods of mining could be developed. The National Institute for Environment and Development in Suriname and the Health Ministry were studying ways to stop the consequences of mercury pollution. One project called Mercury-Free Gold Mining was being financed by the Small Grants Program and Conservation International and being carried out by the Godolo Foundation (DeWare Tijd, 2001d[§], e[§]).

Staatsolie Maatschappij Suriname N.V. (Staatsolie), which was the state-owned oil company, reported that 5 million barrels per year (Mbb/yr) [or 14,000 barrels per day (bbl/d)] of crude oil were produced from 524 wells in 2001; this was an increase of about 10% compared with production of 4.4 million barrels (Mbb) in 2000. Oil from the Tambaredjo field was estimated to contain net reserves of more than 150 Mbb. Staatsolie noted that \$32 million was invested in production increases and various projects in 2001 and an additional \$35 million would be

¹References that include a section twist (§) are found in the Internet References Cited section.

invested in 2002. The company's goal was to achieve production of 7.3 Mbbl/yr (reported as 20,000 bbl/d) by 2004. Staatsolie also began operations at a new oil refinery in Tambaredjo; processing capacity was about 2.6 Mbbl/yr (reported as 7,000 bbl/d) (DeWare Tijd, 2002§; Staatsolie, undated§).

Because infrastructure remained an obstacle to economic growth in Suriname, efforts were underway in 2001 to improve conditions. A new electricity transmission line from the city of Afobakka to Paramaribo was approved for construction starting in early 2002. The total cost of the project was estimated to be \$16 million and would be financed by the Chinese Government; the Central Bank of Suriname was expected to repay the loan during an 8-year period. Two Chinese companies would build the line that would become operational in 2003 (DeWare Tijd, 2001a§, b§).

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Major Sources of Information

Geological and Mining Service

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Paramaribo, Suriname

Ministry of Finance

Tamarindelaan 3
Paramaribo, Suriname
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Suriname Trade and Industry Association

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TABLE 1
SURINAME: ESTIMATED PRODUCTION OF MINERAL COMMODITIES 1/ 2/

(Thousand metric tons unless otherwise specified)

Commodity	1997	1998	1999	2000	2001
Aluminum:					
Bauxite, gross weight	3,877 3/	3,931 r/ 3/	3,714 r/ 3/	3,610 r/ 3/	4,512 3/
Alumina	1,600	1,600	1,600 r/	1,800 r/	1,900 3/
Metal, primary	32	29 3/	6	--	--
Cement, hydraulic	60	60 r/	60 r/	60 r/	60
Clays, common	20	20	20	20	20
Gold, mine output, Au content kilograms	300	300	300	300 4/	300 4/
Petroleum, crude 42-gallon barrels	2,000,000	3,832,000 3/	4,400,000 r/ 3/	4,500,000 r/ 3/	5,000,000 3/
Petroleum products do.	--	--	--	--	2,550,000 3/
Sand and gravel:					
Gravel	35	35	35	35	35
Sand, common	160	160	160	160	160
Stone, crushed and broken	50	50	50	50	50

r/ Revised. -- Zero.

1/ Includes data available through July 2002.

2/ Estimated data are rounded to no more than three significant digits.

3/ Reported figure.

4/ Government estimates of unrecorded production are as high as 30,000 kilograms.

TABLE 2
SURINAME: STRUCTURE OF THE MINERAL INDUSTRY IN 2001

(Thousand metric tons unless otherwise specified)

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity
Alumina	Suriname Aluminum Co. (Suralco) [Alcoa, Inc. (55%) and BHP Billiton plc (45%)]	Refinery at Paranam	2,000
Aluminum	Suralco (55%) and BHP Billiton plc (45%)	Smelter at Paranam	50 1/
Bauxite	do.	Mines at Accaribo, Coermotibo, and Lelydorp III, District of Marowijne	4,000
do.	Suralco (76%) and BHP Billiton plc (24%)	Accaribo Mine, District of Para	1,000
Cement	Vensur N.V. (private, 100%)	Paramaribo, District of Para	60
Gold	No major operating companies	South and east Suriname	NA
Petroleum	Staatsolie Maatschappij Suriname NV (Government, 100%)	Tambaredjo, District of Saramacca	5,000 2/
Petroleum products	do.	do.	2,600 2/

NA Not available.

1/ Closed in 2000.

2/ Thousand 42-gallon barrels.