

Trade Policy Review Body
12 and 14 July 2004

Original: English/
anglais/
inglés

TRADE POLICY REVIEW

BELIZE AND SURINAME

Minutes of Meeting

Addendum

Chairperson: H.E. Ms. Puangrat Asavapisit (Thailand)

This document contains the advance written questions, and replies provided by Belize and Suriname.¹

Organe d'examen des politiques commerciales
12 et 14 juillet 2004

EXAMEN DES POLITIQUES COMMERCIALES

BELIZE ET SURINAME

Compte rendu de la réunion

Addendum

Présidente: S.E. Mme Puangrat Asavapisit (Thaïlande)

Le présent document contient les questions écrites communiquées à l'avance et les réponses fournies par Belize et Suriname.¹

Órgano de Examen de las Políticas Comerciales
12 y 14 de julio de 2004

EXAMEN DE LAS POLÍTICAS COMERCIALES

BELICE Y SURINAME

Acta de la reunión

Addendum

Presidenta: Excma. Sra. Puangrat Asavapisit (Tailandia)

En el presente documento figuran las preguntas presentadas anticipadamente por escrito, junto con las respuestas facilitadas por Belice y Suriname.¹

¹ In English only./En anglais seulement./En inglés solamente.

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**ADVANCE WRITTEN QUESTIONS BY MEMBERS AND
REPLIES PROVIDED BY BELIZE**

United States

Monetary and Exchange Rate Policy

1. The United States believes that the existence of a fixed exchange rate can be dangerous to both a government's trade balance and to the stability of its currency. Does the government of Belize intend to maintain the current fixed exchange rate of the Belize dollar indefinitely?

The Belizean economy is small, open and in the relatively early stages of development (GDP is about 0.01% of US output and the ratio of exports and imports to GDP is roughly 120%). The country produces and exports a narrow range of goods (mainly agricultural) for the export market and is heavily dependent on a wide range of imports for consumption and investment purposes. Given its small size and narrow production base, the economy is obviously vulnerable to natural disasters, trade related and other economic shocks that have the potential to cause large movements in its exchange rate and price level if this is left entirely to market forces. The authorities therefore believe the fixed exchange rate is the best way of providing the type of stable environment that is necessary to attract investment and foster economic growth and development.

The decision to peg the value of the Belize dollar to the United States dollar 28 years ago rested on the fact that the United States was the country's major trading partner. In 2003 the United States received 55.6% of Belize's exports and supplied 42.2% of imports. Maintaining the system requires occasional interventions by the authorities to foster internal and external balance. All in all the fixed exchange rate has served Belize well providing the foundation for low inflation and steady growth. Given the nature of the Belizean economy, the government intends to maintain the fixed exchange rate indefinitely.

2. Does the Government of Belize believe the "Casas de Cambio" provide a long-term solution to the problem of incongruity between the official exchange rate and the market rate, especially in light of the pressure that Belize's large current account deficit places on its currency?

Casas de Cambio are seen as an experiment by the authorities and cannot be a long-term solution to the imbalance between demand and supply of foreign exchange in the context of a fixed exchange rate system. The solution lies in the implementation of fiscal and monetary policies geared toward restraining the growth in domestic demand while fostering an attractive investment climate that will lead to increased output for the domestic and export markets.

EU

Tourism

Would Belize inform us on how many people work in the tourism sector and what has been the evolution in the last years?

Prior to 2002, the Central Statistical Office did not isolate the tourism sector in the employment data but lumped it under the 'hotels/restaurant' heading. Direct employment in the tourism sector rose from 8,973 in 2002 to 9,400 in 2003. Growth in this category averaged 21.4% over the five-year period from 1998 to 2002 (from 5,285 persons to 9,810 persons). The CSO is now attempting to collect data on a revised classification grouping the tourism sector as a whole.

We would like to know Belize's assessment of the effect of the tourism sector in overall economic growth and employment, and in particular in other economic sectors like construction, transport, computer services, education and professional training.

Belize does not have the statistical framework that would enable it to assess the impact of the tourism sector on the economy. However, it is noted that the Central Statistical Office (CSO) is presently receiving the assistance of a consultant aimed at achieving the goal of a tourism satellite account as a component of Belize's national accounts statistics. The Central Bank and Belize Tourism Board also seek to further this project and discussions are underway to provide the terms of reference for a cooperative effort.

Distribution Services

Would Belize inform us on how many people work in the distribution sector and what has been the evolution in the last years?

The CSO estimates that some 14,687 people were employed in the 'distribution and repair services' sector in 2003, an increase of 4.6% over the 2002 level. Using the older descriptive categories, the numbers show that employment in the 'wholesale/retail' sector rose by an annual average of 4.2% between 1998 and 2002 (from 12,945 persons to 15,120 persons).

Would Belize inform us on how much of the FDI attracted by the country in the last years has been in the distribution sector?

A comprehensive database does not exist that would enable foreign direct investment to be analyzed by sector. Of the 117 foreign companies that notified the Central Bank of their intention to invest in 2003, it is estimated that 30 would be involved in distribution. Very rough estimates for 2002 and the first five months in 2004 are 16 out of 92 and 5 out of 29, respectively.

We would like to know about Belize's assessment of the effect of the distribution sector in overall economic growth, employment and social development, and also in other economic sectors like construction, transport, computer services, education and professional training?

As in the case of tourism, we are not in a position to analyze the detailed impact of the distribution sector on Belize's economy given the statistical data limitations that are currently experienced.

Would Belize inform us about existing legislation applicable to retailing services?

Belize does not have legislation that specifically targets retailing services.

Canada

8. *What range of activities can foreign bank branches and subsidiaries or representative offices engage in?*

Representative offices of foreign banks are not encouraged in Belize. However, a foreign bank branch or subsidiary that is licensed to conduct domestic banking business in Belize can offer exactly the same type of banking services that a licensed locally incorporated bank can offer. The Banks and Financial Institutions Act, 1995 defines banking business as the business of receiving money from the public through the acceptance of deposits on current account, deposit account or other similar account which may be withdrawn on demand, by cheque, draft, order or notice by customers and using that money to make advances, loans, extensions of credit, guarantees and investments authorized by law.

Other services can include sale of foreign exchange, wire transfers, issuing of credit cards, letters of credit, overdrafts and internet banking services.

According to Report, local and foreign banks licensed in Belize are required to maintain a minimum start-up capital of US\$1.5 million. Are minimum capital requirements similar for subsidiaries and branches?

Yes, branches and subsidiaries of foreign banks must have assigned or paid-up capital and unimpaired reserves totalling US\$1.5 million.

What types of activities are permitted under the Unrestricted International Banking License and the Restricted Banking License?

An International Bank holding an unrestricted A class international banking license is authorized to transact international banking business through its business office in Belize without restriction on that business.

An International Bank holding a restricted B class international banking license is authorized to transact only such international banking business that is specified in its license and is prohibited from soliciting or accepting any deposits of money or any other valuable property from the general public; and issuing to any depositor a cheque book or providing any current deposit or chequing account facilities for the transaction of his international banking business.

U.S.: Intellectual Property Rights

IPR

23. *Please comment on the development of legislation on undisclosed information and border measures and how the provisions of such legislation will enable Belize to uphold its responsibilities under the TRIPS Agreement.*

Belize is presently studying various legislative models relating to the protection of undisclosed information, with a view to enacting legislation on this subject.

Belize has enacted trademark and copyright legislation on border measures relating to imports. The trademark owner or licensee may give a written notice to the Comptroller of Customs that he or she is the proprietor or licensee of the registered trademark, that at a time and place specified in the notice infringing goods, material or articles are expected to arrive in Belize, and that he or she requests the Comptroller to treat the goods as prohibited goods (section 74(1) of the Trade Marks Act). As long as such a notice is in force, the commercial importation of the relevant goods is prohibited and the importer is liable to the forfeiture of such goods (section 74(2), *ibid*). In making such a notice to the Comptroller, the trademark owner or licensee shall comply with such conditions relating to the form of the notice, the furnishing of evidence, the payment of fees, the giving of security, the indemnification of the Comptroller, and any other incidental or supplementary matters (section 74(3), *ibid*). These provisions provided legislative cover for the recent seizure of \$600,000 worth of clothing bearing counterfeit Levi's, Dockers and Tommy Hilfiger trademarks by the Belize Customs Department. The Belize Customs Department has also seized counterfeit cigarette consignments bearing trademarks owned by Phillip Morris International Inc.

Section 51 of the Copyright Act restricts the importation of infringing copies of copyright works, and this legislative provision is very identical to section 74 of the Trade Marks Act (outlined above). Further, the Customs Regulation (Prohibited and Restricted Goods)(Consolidation) Order, 1998, states that the export of "any infringing copy of a work, whether printed, audio, video or other, in

which copyright subsists, or plates or other devices or means for making such infringing copies” is prohibited.

Nevertheless, the Government of Belize is presently studying various legislative models with a view to enacting legislation that provides for effective border measures relating to other areas of intellectual property rights.

What action is Belize taking, or planning to take, to improve its IPR enforcement?

As was indicated above, the Belize Customs Department is now actively involved in the enforcement of the provisions relating to border measures in the IPR legislation of Belize. A national seminar on IPR enforcement was held on April 1, 2004. This seminar was targeted at enforcement authorities such as the Customs Department and the Police, and was organized by Levi Strauss & Co. and Phillip Morris International Inc. The Belize Intellectual Property Office (BELIPO) has published an IPR enforcement manual, and this manual was distributed among the participants at the seminar. This manual has already been sent to the Customs Department, the Police Department, the Director of Public Prosecutions, the Chief Justice and the members of the Bar. The enforcement manual is also available to members of the public on www.belipo.bz/e_library.

The Government is also studying the following recommendations relating to the enforcement of IPRs. Firstly, that a comprehensive national enforcement strategy on IPRs should be developed. Secondly, that IPR enforcement should be integrated into the curricula of the Police and Customs Training Schools. Thirdly, that assistance should be requested from intergovernmental organizations and foreign governments in order to the host national IPR enforcement seminars for members of the judiciary, prosecutors, police and customs officers.

Canada

4. Canada understands that Belize is working hard to ensure compliance with WTO requirements, including in the area of intellectual property law, and we commend Belize on its efforts to date. However, we would seek clarification on the issue of the protection that is currently afforded in Belize to any technical, undisclosed data that is submitted during the market approval process. It is Canada's understanding that in the context of the TRIPS Council's Review, authorities in Belize indicated that this type of information is accorded the "normal protection afforded [to] all other information included in the application." Does this mean that any clinical test data that would be submitted to the Government of Belize post-patent grant would still be afforded the same 20 year term of protection? If not, could Belize please provide more details on the nature of the protection that is provided to undisclosed information relating to pharmaceutical or agricultural chemical products within its jurisdiction?

As was indicated in Belize's submission (page 25-IP/Q/BLZ/1, IP/Q2/BLZ/1, IP/Q3/BLZ/1, and IP/Q4/BLZ/1) to the TRIPS Council's review of Belize's legislation, "any technical data disclosed in the abstract during patent application is accorded the normal protection afforded to all other information included in the patent application, and protection of that information is for the life of the patent if granted, i.e. twenty years." The Belize Patent Act (CAP.253) makes provision for the filing of documents and, even amendments, relating to a patent that is in a post-grant phase. The only caveat is that the additional information shall not include any matter that was not disclosed in the initial application as filed. Thus, any clinical test data that is submitted to the Intellectual Property Office post-patent grant does not qualify for the normal protection afforded to the patent, if it does not extend the scope of the patent.

United States**Customs Valuation and Other Notifications/Customs Procedures**

3. *Does Belize plan to notify its customs valuation legislation to the WTO, and respond to the customs valuation checklist?*

No response provided.

6. *Could Belize please provide an update on the progress of this review? Has CARICOM reached a firm decision as to whether to harmonize customs legislation? If so, what is the timetable for implementation?*

Belize has participated in the harmonization of customs legislation for CARICOM. The legislation is presently at the Solicitor General for review for final approval and implementation in our legislation. The time tabled for implementation is the time it will take for the review to be completed.

7. *Why is the Customs Tariff Board non-operational? Does Belize have any plans to bring into operation?*

Due to resource constraints, the Tariff Board was non-operational. Plans are being made for the Board to commence operations.

8. *For purposes of consistency and transparency, the U.S. recommends the development of clear procedures and timelines for the handling of classification disputes. Does Belize currently have plans to develop such regulations?*

The Customs Department is in the process of organizing a Tariff Structure whereby questions relating to classification will be addressed in a timely manner and responses will be issued in writing.

9. *Is Belize engaged in any efforts to strengthen its abilities to combat contraband? Has Belize sought external assistance in strengthening its ability to combat contraband? If so, please describe any assistance Belize has sought or is currently seeking.*

Belize has established a Revenue Intelligence Unit to combat smuggling. It is expected that as the Unit develops its competence and capacity, the level of contraband products entering Belize will be reduced.

U.S.: Tariffs

10. *Is Belize actively seeking to diversify its sources of government revenue? Please describe any such programs.*

No response provided.

11. *Does Belize have a target date for completion of this task?*

Belize is making every effort to implement the Tariff based on the HS 2000 amendments on 1 September 2004.

12. *Does Belize plan to reduce duties on any of these lines to bound or lower-than-bound rates?*

No response provided.

Canada: Domestic Insurance

11. *Regarding establishment for the insurance sector, are branches and subsidiaries allowed?*

Branches and subsidiaries are allowed. Foreign companies are represented by either agencies or branches.

12. *What criteria does the Office of Supervisor Insurance apply in order to approve management and directors of insurance companies?*

Fit and Proper Criteria as defined within the new insurance act are applied in order to approve management and directors of the insurance companies. Complete Biographical Affidavits including a current/valid Police Report and letters of reference on the person form part of the documentation required for approval.

U.S.: Foreign Trade

5. *Do the capacity building programmes include specific measures to strengthen notification capacities?*

The GOB has indicated through its National Action Plan (NAP) the need for technical assistance in the context of the hemispheric negotiations which therefore did not cover notification measures under the WTO. Inherent financial and human constraints have hindered Belize's ability to fulfill its notification requirements under the WTO.

26. *Are the WTO Agreements self-executing in Belize?*

Like virtually all common-law jurisdictions, international treaties do not have direct effect but are incorporated through relevant domestic implementing regulations/legislation. Courts of law will always attempt where possible to interpret the rules of law coincident with Belize's international obligations. Private individuals therefore enforce their rights through legislation and the provisions of the common law.

21. *Please comment on the status of these programmes in light of the December 31, 2004.*

Belize expects to have access to the extension facilities up to 2007. The government is reviewing the entire investment regime with which the measures are connected and will be seeking further technical and financial assistance in an effort to modernize the entire investment legislation and the investment environment including its tax structure.

Canada

1. *Belize is to be commended for binding the vast majority of its tariffs. Canada is concerned, however, that bound tariffs are far in excess of applied rates, because this creates uncertainty for traders and investors. Of particular concern is the Secretariat's comment that, in a few cases, Belize has applied rates that actually exceed its bound commitments, and that some specific rates have the potential to exceed bindings, should prices fall? As you are aware, GATT Article II prohibits tariff treatment less favourable than bound commitments. What action will Belize take to correct this situation?*

The Government of Belize is aware of irregularities in our tariff structure as regards imports of firearms and jewellery. The Government is in process of reviewing this situation; we are examining possible options that could be taken to rectify this.

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EU

Sugar has contributed to over 20% of export earnings. What percentage of sugar production is used for generating energy? What are the plans and prospects in this regard?

2. The question is unclear. However, a large percentage of the by-product from the processing of the sugar cane, is used for internal generation of power for the sugar processing. Belize Sugar Industries is advanced in its plans to expand its energy production and sell power to the national grid.

Business Services

Would Belize inform us about the legislation applicable to the following activities and the measures the government is taking to ensure non-discrimination of foreign services suppliers in the fields of management consulting and services related to management consulting?

Belize recognizes that its development needs are changing and that it must integrate into the multilateral trading system. The Government's strategic development plan foresees enhanced regional integration as an important stepping stone to successful integration into the Multilateral Trading System. Belize is party to the CARICOM Single Market and Economy (CSME) initiative. The immediate challenge therefore is to liberalize services through firstly opening completely the services sector to CARICOM Community Nationals.

EU: Foreign Trade

Trade Strategy

1. *Regional trade is an important tool for improving and harvesting the benefits from trade. In the view of the EC the CARICOM liberalization plans are important for fostering continued growth. How does Belize assess the possibility of carrying out those liberalization plans, establishing a free-trade within the CARICOM within the deadline established in the Revised Treaty of Chaguaramas in 2001? Furthermore, what strategy do you have with regard to establishing national institutional mechanisms for enforcing CARICOM decisions and how do you assess the feasibility and constraints in this respect?*

The CSME is a much broader framework covering trade in goods, services and many other elements related to these two tradable products, including standards, dispute settlement, etc. and a 2005 deadline was agreed upon for full implementation. All existing restrictions were to be removed when the Treaty entered into force, and a Programme of Removal is being implemented and all restrictions are expected to be removed by 2005. Belize has already met its commitments scheduled for 2003 under the Programme, and is now examining the feasibility of fast tracking the liberalization process by implementation in 2004 some commitments initially scheduled for 2005.

Work is proceeding well on all the other elements, including the Caribbean Court of Justice (CCJ) and the Caribbean Organization for Standards and Quality (CROSQ). Much of what Belize achieves within this timeframe depends on what is actually achieved on a regional basis, led by the Community Secretariat and key community institutions. At this point Belize is satisfied with the pace and progress in the CSME initiative. Essentially, the CSME calls for both national and regional institutional arrangements and institutions, and assistance is required at both levels.

In terms of a strategy for establishing national mechanisms for implementation, Belize has already made important progress in this regard. An inter-ministerial body has been established with membership drawn from all ministries involved with Community affairs, based on the assignment of individual portfolio responsibilities. Efforts are now underway to establish a CSME Unit within the Ministry of Foreign Trade, to lead in all matters of implementation. In terms of participation in trade negotiations, Belize has established a National Trade Negotiating Commission (NTNC) to advise Government on positions to take on the various issues in all trade negotiations. The NTNC is comprised of representatives of the government, the private sector, NGOs and civil society. It is working well to ensure the meaningful participation of all stakeholders, as required by the EU under the Cotonou Agreement.

WTO members, in particular the EU and USA on whom Belize depends quite a lot, must understand clearly that meeting CSME requirements within the agreed timeframe will require substantial financial and human resources. Belize will need assistance especially with upgrading and expanding its human resource base. It will also need much financial assistance in establishing the necessary institutions and institutional arrangements at the national level. This includes upgrading its Bureau of Standards, establishment of a national Competition Commission, upgrading the legal institutions for effective functioning of the CCJ, upgrading and maintaining its SPS institution (BAHA), establishment of a national accreditation mechanism, and establishing and maintaining its own CSME Unit for effective management of CSME affairs. Belize is further pressed by the reality of its geographic separation from the rest of the CARICOM, and the undeveloped state of transportation from Belize to the rest of member States is a practical problem. Belize also must factor into its development agenda the necessary functional trade and economic relationships it must maintain with Mexico and Central America, in particular Guatemala. This is a very demanding and costly agenda, and Belize obviously must look forward to actual support from the EU and USA in this effort.

2. *The EC considers that the WTO and multilateral liberalization is the most certain way for small countries to promote their interests. How do you judge the relative importance and weight of bilateral/FTA policies and further development of the WTO system in terms of your own trade and development needs?*

Belize believes that multilateral liberalization is indeed better for the world overall, but it might not necessarily be “the most certain way for small countries to promote their interests”, largely due to the inequities of the multilateral system, and the paucity of resources to compete effectively for trade benefits, which must of necessity begin on the investment side. With dependence on FDI, liberalization is in the best interest of those members that can engage in FDI, and which are free to repatriate their profits.

CARICOM is comprised of small developing countries like Belize, the majority being recognized as Small Island Developing States with a dependence of preferential trade arrangements. They are economically vulnerable, and it is important that they have the legal right to integrate economically and otherwise, and to speak with one voice. We are fortunate that the EU places high priority on regional economic integration as a path to economic and trade development. The EU has committed to support this approach under any subsequent Economic Partnership Agreement to succeed the present Cotonou Agreement.

In this regard, the WTO ongoing negotiations on rules on regional trading arrangements is appreciated. However, the WTO system needs to evolve in responding to the special needs of small countries like Belize in terms of the application of S&D to individual members like Belize, and to groupings of small developing countries like CARICOM, which is also comprised mostly of SIDS. It is necessary to move the development of WTO policy and practice more positively in this direction so that real benefits can emerge for all members.

3. *As most LDCs the EC is truly aware of the needs that you may be facing with regard to further trade related assistance. The EC should like to ask to what extent trade has been mainstreamed in the PRSP poverty reduction strategy paper.*

Belize is not categorized in the UN system as an LDC. But because of its vulnerabilities within the CARICOM category, it is recognized as an LDC. Belize has recognized its technical assistance needs in its National Action Plan and is attempting to mainstream trade as an important component of its poverty reduction strategy.

Has the possibility of joint representation with other small countries in the region been considered?

4. The Belize office to the WTO in Geneva had to be discontinued due to financial and other related constraints. The subject of a common facility in Geneva to facilitate a joint CARICOM interaction with the WTO has been under consideration for some time, but financing remains the chief obstacle. An initiative by developed countries to assist developing countries in their Geneva presence was understood as being limited to the LLDCs, and therefore CARICOM could not benefit. The realization of this is important as the CSME matures, and technical and financial assistance from the EU, USA and other developed countries. This point raised by the EU is therefore quite appropriate and relevant to Belize and CARICOM as a whole.

EU: Finance/Contractor - General Office

Government Procurement

The EC should like to ask to receive statistics regarding awards of contracts for year 2002 or 2003, detailed by type of contracts (works, supplies, services), adjudication type (public adjudication, private agreement), procedure (open, selective) and origin (international, local)?

This office has not hitherto been compiling data on type of contracts (works, supplies, services) adjudication type (public adjudication, private agreement), procedure (open, selective) and origin (international, local). While it would be possible to research the matter with a view to extracting the required statistical data, such an exercise could certainly not be completed in less than a month at best.

Could you provide us with definition of the “exceptional” or “special” circumstances where contracting entities are authorized to purchase directly from a supplier without recourse to tendering?

The tendering procedure may be waived (on recommendation of the Tenders Committee) by the Ministry of Finance in cases when there exists only one supplier of a certain good (which is the case in some countries like Belize), in cases of emergencies (hurricanes and other natural disasters), in cases of variations of contracts (as when a contractor already has his machinery on site thereby lowering mobilization costs), cases of warranty, specifications for certain high standard quality and sensitive items (national security).

The WTO Secretariat report, paragraph 140, refers to functioning of the Office of the Contractor-General. The EC should like to enquire if the Office of the Contractor General is intending to develop and publish guidelines with respect to awards, execution and termination of contracts?

As has been stated before, the Office of the Contractor-General has issued guidelines by way of Circular Memoranda pending the completion of an on-going review of the Finance and Audit Act, 1979. This position was premised on the expectation that the revised Finance and Audit Act, 1979 would be comprehensive covering all aspects of Public Procurement thus obviating any need for duplication by the Office of the Contractor-General.

A transparent and well-working conduction of procurement is truly important for ensuring the best possible and most optimal procurement arrangements, thereby increasing the utilization of public funds. According to the report of the Secretariat, Belize does not have a central procurement office and each public entity conducts their procurements. The EC should like to enquire what steps are and will be taken by Belize in order to ensure an efficient procurement. The EC should further like to enquire if Belize is considering to become a party to the WTO agreement on public procurement, thereby benefiting from an already established outside legal framework?

Belize does not have a Central Procurement Office. However, all contracts for purchases of goods, services and works above \$20,000 are routinely submitted to the Tenders Committee for open tendering.

Belize is not a member of the GPA and a decision to join would be taken in conjunction with a regional decision by CARICOM. Belize has committed to enhance transparency and accountability in government procurement along with its CARICOM partners.

EU - Trade in Goods – Finance

Doing away with unnecessary external as well as internal impediments to trade is vital for the promotion of trade and development itself. To this end, the EC should like to pose the following questions to the three countries under review.

Belize states that "the proliferation of different taxes and duties is an unfortunate result of the implementation of regional and multilateral commitments taking into account the reality of our dependence on taxes on international trade. Trade taxes represent over 40% of total tax receipts." During the 1990s, Belize implemented several tax reforms; chief amongst them was the substitution of the value-added tax by a sales tax levied at the importer level in 1999. What has been the direction of tax reform? Why was VAT replaced? How can Belize's dependence on trade taxes be mitigated or reduced?

Tax reform has been reducing the dependence on taxes on importation and moving towards taxes on consumption, strengthening of income and business tax collection and the introduction of a speculation tax on undeveloped land for parcels of land greater than 300 acres as well as valuing land depending on location for tax purposes.

The Value Added Tax at the rate of 15% was replaced with a one time Sales Tax of 8% for almost all goods, except basic foods items, and 12% for tobacco, alcoholic and fuel products (increased to 9% and 13% respectively) as the Value Added Tax was a cascading tax considered to be high and so a hindrance to economic development. The Sales Tax has a broader base limiting exceptions to basic food items.

As stated in the first paragraph some additional taxes on land have been introduced and strengthening of income and business tax collection have been made. Mitigation of trade taxes could be made by the imposition of taxes on other areas, for example, introduction of toll fees for use of highways, introduction of minimal charges for health services (which are free) but there are no immediate plans for the introduction of these measures. Other measures include increasing licences for operating motor vehicles, drivers licence and other official services.

Canada**III. Trade Policies and Practices by Measure: (2) Measures directly affecting imports: (iii) Tariffs: (b) Bindings in the WTO: paragraphs 34-35**

Belize is to be commended for binding the vast majority of its tariffs. Canada is concerned, however, that bound tariffs are far in excess of applied rates, because this creates uncertainty for traders and investors. Of particular concern is the Secretariat's comment that, in a few cases, Belize has applied rates that actually exceed its bound commitments, and that some specific rates have the potential to exceed bindings, should prices fall. As you are aware, GATT Article II prohibits tariff treatment less favourable than bound commitments. What action will Belize take to correct this situation?

The lower applied rates are those committed under regional (CARICOM) arrangements that involve the application of the Common External Tariff with exceptions that are in Lists A, C and D. The applied rates that are higher than the bound rates are only for jewellery and arms and ammunition. As stated in the questions for the U.S., a sensitivity analysis will be carried out to determine the feasibility of reducing the rates to bound rates for jewellery and guns and ammunition. In the event that specific rates are greater than bound rates a sensitivity analysis will also be undertaken.

III. Trade Policies and Practices by Measure: (2) Measures directly affecting imports: (iv) Other charges affecting imports: (c) Revenue replacement duty (RRD): paragraphs 43- 44

Canada would appreciate receiving more information about the Revenue Replacement Duty. The Secretariat reports that the Customs and Excise Duties Act requires that the RRD not discriminate between domestic and imported goods but that, in practice, the RRD is levied on imported goods only. GATT Article III prohibits this type of discrimination, and Canada would like to know what steps Belize will take to correct the situation.

U.S.

17. Please provide the rationale for this discrimination between domestic and imported goods in its application of the RRD. Please describe any plans Belize may have to apply this duty more equitably.

Local products like cigarettes, rum, whiskey, gin, brandy, beer attract Excise Duties which are not applied to imported products. Other products that attract RRD are not produced in Belize (Fuel, motor-vehicles, perfumes cameras, watches, storm shutters). In the case of other domestically produced items import duty is applied to inputs and the RRD is introduced to compensate for items imported duty free. There are no immediate plans to lower or remove the RRD for other items but, in view of the concerns raised, a sensitivity analysis will be made to determine the loss to revenue loss of removing the RRD on those certain items before a decision is taken.

III. Trade Policies and Practices by Measure: (2) Measures directly affecting imports: (iv) Other charges affecting imports: (d) Environmental tax: paragraph 45

The Secretariat reports that Belize's environmental tax is intended to mitigate the effects of imported products, for example their plastic packaging. However, this tax seems to be applied indiscriminately, assuming that all imports have adverse environmental effects and that all domestic products have no adverse environmental effects. It would appear that the administration of this tax is inconsistent with GATT Article III, and we would like to receive further clarification from Belize.

The Environmental Tax Act was amended to remove its application only or especially to plastic packaging. The Tax was amended and applied across the Board except for basic food items and the

proceeds are used to assist municipalities for garbage collection and disposal, to develop a central garbage disposal site to finance the operations of the Environmental Department. The Environmental Tax is applied to inputs used in domestic production and so is already included in the cost of domestically produced items.

U.S.

18. The United States understands and commends Belize's efforts to protect its natural environment. However, the United States notes with concern the application of an environmental tax applied to imports but not on domestic goods. It appears that this tax may violate Article III.2 of the GATT. Is Belize considering applying the environmental tax in a non-discriminatory fashion to domestic as well as imported goods.

No response provided.

U.S. – Belize Marketing Board/Agriculture

22. BMDC appears to possess quasi-governmental powers. Why has Belize chosen not to classify BMDC as a government enterprise? In addition, please comment on the structure of the BMDC and its ability to function free of government influence, especially in the case of rice.

The BMDC is a Corporation governed through an Act and led by a Board of Directors headed by a Chairman, who is appointed by the Minister of Agriculture & Fisheries from among the members of the board of directors;

- i. One member from the Chamber of Commerce & Industry;
- ii. The Financial Secretary (ex-officio);
- iii. One member from the Ministry of Agriculture;
- iv. One member from the Ministry of Industry;
- v. Two members from a producers or farmers Organizations;
- vi. One member from a financial development institution;
- vii. One member appointed by the Minister of Agriculture; and
- viii. One member from the Ministry responsible for Trade;

The day to day management of the Corporation is conducted by a Managing Director who is the principal executive officer of the company and his staff.

The BMDC operates without any government subsidy in its daily business transactions. Funds necessary for operations are obtained from earnings in the trading of rice and other commodities.

Rice is currently 60% of the business of the BMDC; it operates a rice mill in the Toledo District which purchases rice paddy from some 1,500 small farmers who otherwise would not have a market for their product because of their geographic location. The BMDC distributes rice for the Belize Rice Producers Association which comprises 7 mills (including the one from BMDC) and which by agreement contracts with the BMDC to distribute rice through the BMDC nation-wide distribution network. In addition, the BMDC markets other non-traditional commodities produced by small farmers such as onions, peppers, ginger, and a few other products who otherwise would have limited opportunity to market their products due to limited transportation and storage. However, the BMDC does not monopolize the marketing of any commodity (including rice) since producers are free to sell any commodity to wholesalers or retailers or distribute to the public themselves. The BMDC does not fix prices but simply markets at prices which are a result of supply and demand.

Belize has not notified the WTO that BMDC is a state trading enterprise. The Government is reviewing this in light of the Uruguay Round Understanding on the Interpretation of Article XVII of the GATT 1994.

U.S.: Beltraide

Export Promotion

19. *Does the Belize Trade and Investment Development Service (BELTRAIDE) provide any type of financing to exporting companies?*

No.

20. *What qualifies as a “non-traditional” product within the meaning of Beltraide’s mandate?*

Anything that is not sugar, banana or citrus.

U.S.: Sales Tax

Other Charges Affecting Imports

Section 3.2(iv) on page 35 of the Secretariat Report notes that, “Local purchases or imports of goods and services deemed “essential” for the production of final goods ... are not subject to sales tax.”

15. *What criteria does Belize use to determine whether goods and services are “essential” for the production of final goods.”*

Goods that are absolutely required for the production of the final goods and are therefore deemed essential.

The Secretariat Report also notes on page 35, “no regulations for the administration of the sales tax... appear to have been issued.”

16. *Does Belize plan to introduce any such regulations? If so, please describe them, and please indicate the timeframe for their implementation.*

Administrative procedures are all in place.

U.S.: Industry

Import Prohibitions

4. *Does Belize plan to submit notifications on its import licensing system to the import licensing committee?*

13. *Please tell us more about the use of import licensing in Belize. What is the purpose of these licensing requirements? What procedures are in place to ensure that import licensing is not employed as an arbitrary barrier to trade?*

14. *Does the GoB intend to lift or reduce the scope of its import licensing system? If so, for what products? What is the timetable?*

Canada: 5. We seek clarification with respect to the compliance of Belize’s import licensing regime. Indeed, Belize has yet to fulfill its notification of obligations under the WTO Agreement on Import

Licensing Procedures, nor has it replied to the questionnaire on import licensing procedures. We look forward to Belize's fulfillment of its obligations in the near future, with assistance from the Secretariat as necessary. We would welcome the opportunity to review Belize's import licensing regulations to help us better understand how its import permit system works.

6. We note from the Report by the Secretariat that Belize subjects certain imports, mostly agricultural products, to non-automatic licensing requirements, in some cases amounting to outright prohibitions. Furthermore, the decision to grant non-automatic licences appears to be discretionary, as no published criteria exist for the evaluation of licence applications. Could Belize clarify how this is compliant with its WTO obligations to ensure that import licences are not used for the purposes of restricting or distorting trade and are implemented in a transparent and predictable manner? In particular, we would like to know what the criteria are for the evaluation of licence applications.

Japan – 1. The Secretariat Report states that as a matter of policy, licenses are not issued for wheat flour and citrus products. Such a measure seems to be discretionary import licensing, the kind of measure which has been required to be converted into ordinary customs duties, and is prohibited to maintain, according to Article 4-2 of the WTO Agreement on Agriculture. Although the reasons the Government of Belize maintains such a license regime, are listed on page 69, para.16 of the Secretariat Report, we recognize that such political reasons do not compensate for not implementing of the legal obligation under the Agreement.

Please explain how such a license regime is legally in compliance with the WTO Agreement on Agriculture.

Government of Belize is reviewing the present import licensing regime with a view to enhancing transparency and predictability in keeping with WTO rules, in a manner that promotes Government's strategic development objectives and is supportive of WTO objectives, i.e. raising standards of living, full employment, growing real income, increased production/trade in goods and sustainable development.

The last review of the productive sector revealed that Belize's support for the sector was limited to market access – tariffs (0-40%) and an import licensing regime that provides a limited level of comfort/ stability to a vulnerable sector; the sector is characterized as being a very insignificant producer in world markets which means that any practical or even exponential change in real output has no impact on world markets but the reverse is not true. In other words an insignificant change in the world market or even among our main trading partners, may have structural destabilizing and permanent repercussion for our domestic producers.

Belize as a micro-state (defined in terms of population, size of GDP and Government of Belize Annual budget), is faced with a number of challenges that have traditionally defined our trade policies. It is not technically nor financially and economically feasible to introduce WTO-compatible trade defence mechanisms such as safeguards, dumping & countervailing duty to protect against wide variations in domestic prices linked to external import surges which could cause serious injury to vulnerable domestic enterprises. The ongoing negotiations, review of S&D treatment and work programme on small economies offer avenues for greater understanding and the adoption of new rules addressing the particular circumstances of small vulnerable developing economies such as Belize. Additionally, Government Support programs such as price support (aggregate measure of support), payments linked to acreage limitation, decoupled income support, income insurance, disaster relief, retirement schemes, and safety net programmes that could possibly be - designed to provide some level of comfort (income and stability) to our productive sector do not exist. Many of the competing imports are beneficiaries of various support measures, including subsidies (*direct export subsidies, disposal of stock, producer-financed subsidies, cost reduction measures, internal transport subsidies and subsidies on agricultural products incorporated in exported products*) as declared by the 25

respective contracting parties/Members; Belize does not retain the policy flexibility to utilize such measures. Belize is reviewing its trade policies in an attempt to remain competitive in an imperfect global agriculture market.

Other constraints to implementation of the tariffication process are linked to an assessment of the practical feasibility. Smuggling continues to be a major problem and is on the increase given the nature of our extensive contiguous border with Mexico and Guatemala. Existing practices were developed in view of our geographical circumstances in an attempt to stem increased informal imports, particularly, from Mexico and Guatemala.

Other factors which have been taken into account in having an import licensing regime relate to the enforcement of sanitary and phytosanitary measures and food security. Proposals that have been advanced in the context of the Government's review of the regime suggest that effective mechanisms be developed so as to ensure that imports meet certain standards and that the country's food security interests are secured in the area of imported agriculture inputs and basic food items.

In summary, Belize is fully cognizant of and committed to fulfilling its legal obligations with respect to Import Licensing in accordance with WTO rules and it is in the process of fully reviewing the subject matter.

EU: Tourism

Would Belize inform us on how much of the FDI attracted by the country in the last years has been in the tourism sector?

Currently this data is not being compiled.

Would Belize inform us about their existing plans to promote the tourism sector, and what measures the government is taking to ensure non-discrimination of foreign services suppliers?

Currently Belize has a number of avenues in promoting the tourism sector. Increasing the awareness level is done through selected consumer and trade magazines that serve its niche markets. Television ad campaign, targeted educational presentations to the trade and consumers, inclusive of airline reservation agents. A strong internet presence strong relationship with the international press, family trips and attendance at selected trade shows. There are currently no discriminatory regulations in relation the provision of services by foreign suppliers.

Would Belize inform us about their plans for improving professional education and training related to the tourism sector?

The Belize Tourism Board has a two prong approach in addressing professional education and training needs of the sector. Firstly, with the assistance of the IDB the BTB embarked on the Tourism Training Unit project to address the training needs of the tourism industry. Once this project is completed the TTU will become a new department within the BTB and will continue to provide the required training the industry needs. Secondly, the University of Belize has recently started a Bachelor Degree program in Tourism & Hospitality Management and tourism programs are now being offered in secondary schools.

What is the approach of Belize to the regulation of tourism-related aspects of general interests such as environment, wildlife, urban planning, etc?

Belize's approach is to utilize the existing laws and regulations that relate to the environment, wildlife and urban planning etc. in any tourism related activity. Secondly, Belize is promoting a sustainable

tourism product. The BTB provides support to the industry by lobbying Central Government about certain environmental issues and we sit on several environmental committees.

What is Belize's viewpoint about the tourism sector and promotion of local cultures, development of water supply and sanitation services, and public security?

Belize recognizes that tourism and culture share important synergies and that is why the National Institute of Culture & History and the Belize Tourism Board are under the responsibility of one Minister. Under the Product Development portfolio the BTB has focused on key areas such as the Tourism Police Unit (Security), National Anti-litter program (sanitation) and the development of Community based tourism. In short our mission is to ensure meaningful and sustainable development of our tourism industry. Belize has invested in the improvement and expansion of our water supplies to accommodate domestic and tourism growth.

Would Belize inform us about the existing legislation applicable to tour managers (professionals accompanying groups of tourists in their travel through the country) and tourist guides? Would Belize inform us about the plans that the government is considering to reduce or eliminate discrimination of foreign services suppliers in these fields?

Currently, there are two legislations that govern the tour sector in the tourism industry: the Tour Operators & the Tour Guide SI's. In both these legislations, an individual must be a born or naturalized Belizean to obtain a license. If a foreigner wants to become a tour operator he must work through a licensed Belizean operator or be in partnership with a Belizean.

Canada: Telecommunications

7. *Canada welcomes the efforts that Belize has undertaken in the past several years to reform its financial sector regulatory regime. Belize made only a few GATS commitments during the Uruguay Round, such that Belize's GATS commitments cover only two sub-sectors, namely professional services and telecommunications, and no commitments have been made in financial services.*

- a. *Does Belize intend to table an offer on financial services in the current round?*
- b. *Does Belize intend to seek further liberalization in the services sector?*

The proposed assessment of trade in services on overall terms and on a sectoral basis with reference to the objectives of GATS would have greatly assisted Belize in tabling an offer in the ongoing GATS negotiations. However, such assessment has not been undertaken. Additionally, due to financial and other resource constraints Belize has not undertaken sufficient consultations with stakeholders and the private sector in order to identify specific sectors that it would be in our interest to liberalize. Nevertheless, Belize has undertaken significant autonomous liberalization measures.

With respect to telecommunications, the commitments in Communications Sector made by Belize (GATS/SC/10/Supplement 1) in the Uruguay Round circa 1997 were pretty much across the board for all subsectors as follows: Cross border Supply - reserved to existing exclusive operator; Consumption abroad - none; commercial presence unbound; presence of natural persons - unbound except as indicated in the horizontal section. Belize has made great steps in going beyond these commitments. In 2002 the telecommunications sector was liberalized through the enactment of the Belize Telecommunications Act, 2002 following a policy framework document issued by the GOB earlier in the year. The PUC the new regulator for telecoms subsequently issued three individual (all services) licenses to the incumbent BTL, Intelco, and Speednet along with the issuance of 13 class licenses for internet and radio trunking services. Intelco is currently providing services and Speednet is expected to start providing service within the next three months.

Canada/13,14,15/Telecommunications:

13. *Could Belize provide Canada with a copy of the Belize Telecommunications Act Cap. 229, 2003?*

A copy of the Telecommunications Act is available at the offices of the PUC in Belize City or can be easily accessed on the website: www.puc.bz.

14. *Canada notes that the tax on telecommunication services is 19%, which is one of the highest rates. Could Belize explain why it takes telecommunications services at such a high rate?*

The 19% Business Tax presently placed on the telecommunications sector was done so at the time of the introduction of Business tax as the tax regime applied to businesses in Belize. The rate of 19 % on gross receipts was set at that level to recover to the government the level of tax revenue from BTL enjoyed under the previous tax regime. With the introduction of competition and the desire to lower telecommunication rates to consumers the Government is presently reviewing this level of tax. At present the tax applies to any telecommunication service provider and as such is non-discriminatory among the providers.

15. *Canada notes that Belize Telecommunications Ltd. (BTL) has exclusive rights to provide telecommunications services through modes 1 and 3 until 2007, as stipulated in Belize's services schedule in the GATS. Could Belize provide an update on the liberalization of this market and the end of BTL's exclusive rights?*

As mentioned above, the GATS commitments have been surpassed as there is presently no exclusive rights given to any service provider since December 30, 2002. There are currently three individual licenses and thirteen class licenses issued by the PUC. Internet, cellular, and international long distance tariffs have decreased in the past two years following the enactment of the new Act.

16. *According to Belize's services schedule, it has not made any commitments for any of the computer and related services listed 1B(a)-(e) in the Sectoral Classification List. Does Belize anticipate being in a position to make commitments for this sector in the current negotiating round of the GATS?*

No response provided.

What are the reasons for having only two suppliers of telecom services (in effect only one additional to be incumbent?) Do you consider that this may be linked to the number of conditions put on licenses?

In your opinion, how would a new entrant undermine competition in the market, as indicated in the PUC's Telecom regulations in 2002?

How is "universal service" defined when applied to the telecommunication sector? How is it enforced where the two operators are competing?

EU/Telecommunications: There are three individual (total service) licenses issued to BTL, Intelco, and Speednet. Two are operational and the third Speednet, is expected to begin operations shortly. There are also twelve internet class licenses and one radio trunking class license. The conditions on the licenses have not been raised in any instance with the PUC as being limiting. The PUC's regulations states that if the number of licenses were to be restricted then the PUC would have to go through a transparent process with the public to explain the reasons for such restrictions. However this mechanism was put in place as there are concerns within the government and the PUC that given

the small market size, the widespread and sparse population centers, the requirement for quality service, expansion requirements, etc. consideration will have to be given that competition may focus on urban and profitable areas reducing penetration and placing pressure on universal service objectives. At present universal service is a condition of any individual (total service) license issued. There are also provisions made for the establishment of a Universal access Fund to which the licensees would contribute. The specifics of the universal service mechanisms are still being worked out as liberalization is only two years old and regulatory capacity/institutional building of the PUC to deal with these issues is ongoing.

According to the report of the WTO Secretariat, electricity rates are high compared to other countries in the region. Energy is an important ingredient in most production-process.' It seems that further liberalization in the energy field could yield great benefits to Belize and that such liberalization could be sought in the framework of the GATS. Does Belize share this view? Does Belize foresee entering into additional commitments in order to achieve such lowering of energy prices?

EU/Energy: During the consultation phase of the WTO Secretariat report, the PUC on every occasion attempted to explain to the WTO consultants that comparison of electricity rates across the region was a very difficult and intricate process as many countries have subsidy programs that are not necessarily transparent in the rates published. Notwithstanding that a general statement could be made that rates in Belize are low when compared to the Caribbean region and relatively higher when compared with the Central American region. We consider our electricity sector to be more closely modelled with countries in the Caribbean and not Central America. In fact recent increases in international oil prices have caused significant increases in electricity costs in several Central American countries. Belize is presently focusing on the unbundling of generation from transmission and distribution. In this regard, we are presently concluding an international bidding process that will see the introduction of two new players in the generation market. Except for the owning of peaking, emergency backup, and black start need the wholesale purchaser, BEL, will not be allowed to participate in any future generation needs. Current supply is diverse in that energy is purchased from CFE in Mexico and BECOI (hydroelectricity). The PUC is presently working to issue a distribution license to a small supplier in a rural setting which would see the introduction of a second licensee in distribution. Transmission is expected to stay a monopoly. Belize will seek to introduce competition in the electricity sector wherever it is proved feasible to do so. However the special characteristics of the Belize market will dictate the level of such liberalization. There is no exclusivity provided in any licenses issued by the PUC.

EU – Trade In Goods

According to the WTO Secretariat's report, paragraphs 62-74, Belize has made efforts to implement its obligations under the WTO Technical Barriers to Trade Agreement, mainly strengthening its institutional capacity for the development of standards and technical regulations. However, Belize has not, to the knowledge of the EC, submitted its statement on the implementation of the TBT Agreement nor notified the adoption of the Code of Good Practice for the development of standards or notified draft technical regulations or conformity assessment procedures. The procedures laid down in the TBT agreements are essential for ensuring transparency. When does Belize foresee to notify to the WTO its draft technical regulations and conformity assessment procedures? What measures are envisaged in order to fulfil the TBT obligations on transparency?

Furthermore, the report of the WTO Secretariat stipulates that the Bureau of Standards is authorised to examine imported goods for which technical regulations exist. According to the TBT Agreement, Belize should ensure that imported products are "accorded treatment no less favourable than that accorded to domestically produced products" (Arts 2.1 TBT). Does the requirement for market surveillance of imported products also apply to domestic products?

Belize is committed to employing its best endeavours to fulfill its notification obligations to the WTO. However, we are faced with significant resource constraints that have precluded timely implementation.

Market surveillance applies to both imported and domestic products.

ADVANCE WRITTEN QUESTIONS BY MEMBERS AND REPLIES PROVIDED BY SURINAME

United States of America

The United States commends Suriname on the improvements it has made to its trade and economic development policies in recent years. The U.S. is encouraged by Suriname's progress in liberalizing its trade regime, including by reducing its average applied tariffs, and in making its customs and investment processes more transparent. We believe these steps are essential to encouraging greater trade, economic growth, and development, and we encourage Suriname to continue them.

ECONOMIC ENVIRONMENT

Monetary and Exchange Rate Policy

The Secretariat Report notes that Suriname is reviewing the Central Bank's authority to limit financing to the Government. The United States believes that a Central Bank independent of political influence and the currency stability that such a bank can engender are the building blocks of a strong trade regime.

1. *What is the status of the review of the Central Bank's responsibilities?*

Answer:

The draft Amendment to the Bank Act contains provisions to further strengthening the independence of the Central Bank of Suriname.

The Secretariat Report notes that Suriname maintains multiple foreign exchange rates. "All exports are subject to fees amounting to 0.6% of their value, except in the case of bauxite, for which the fees are 2.1%. Foreign exchange surrender requirements still affect exports of mineral-related products, including petroleum and alumina. These requirements are equivalent to an export tax, because they are applied using an exchange rate lower than the rate used by commercial banks."

2. *What plans, if any, are underway to consolidate the foreign exchange regime around a single, universal foreign exchange rate?*

Answer:

The monetary policy of the Surinamese Government aims to bring stability in the economy. The official exchange rate in Suriname is being determined by market forces, however the Central Bank quotes general indicative exchange rates based on those market forces.

In 2003, the monetary authorities announced that the Surinamese guilder would be replaced by a new currency, the Surinamese dollar. The Surinamese dollar (SRD) became the new legal tender as of 1 January 2004.

3. *Please comment on Suriname's experience with the new currency since its inception*

Answer:

The new currency was widely accepted with enthusiasm and the introduction was a success.

TRADE POLICY BY MEASURE

Customs Procedures

The United States is encouraged by Suriname's preparation of a new customs code.

4. *When does Suriname expect to adopt and implement the new code?*

Answer:

The intention of Suriname is to implement the new code in January 2005.

Tariffs

The Secretariat Report observes, on page 36, that "some 30% of applied tariff lines that are bound and that correspond exactly to the HS 92 classification exceed their bindings by between 1.5 and 30 percentage points."

5. *Is Suriname actively planning to reduce the tariffs applied to these lines to bound rates? Please describe any such plans, including their timeframe for implementation.*

Answer:

In preparation for the new national tariff, the bound rates will be taken into consideration. Suriname has requested renegotiations of the bound rates according to Art XXVIII of the GATT.

The Secretariat Report further notes, on pages 36-37, that "Suriname requested authorization to enter into negotiations to modify its binding concessions in accordance with Article XXVIII of GATT 1994. Suriname stated that this responded to an overall objective of restructuring its economy for the purpose of increasing employment opportunities, reducing poverty and ensuring food and income security. These negotiations are not yet completed."

6. *Please describe Suriname's progress in these negotiations. In particular, please indicate:*

a. *The parties with whom Suriname is negotiating.*

Answer:

Countries which have reacted are: The European Community, Thailand, Australia and Canada.

b. *The products for which Suriname is renegotiating concessions.*

Answer:

See document No. G/SECRET/17.

c. *The target date for completion of these negotiations.*

Answer:

Suriname is now in the process to prepare the renegotiations. As soon as possible we will enter into negotiations.

The Secretariat Report notes that, "Suriname is working towards incorporating into its tariff schedule the changes made to the HS in 1996 and 2002. They indicate that this work will be finalized by the end of 2004."

7. *Please describe progress to date on incorporation of updated HS nomenclature.*

Answer:

The HS nomenclature is now under review and comments of the customs authorities. Afterwards it will be finalized by the working group, which is especially set up for this reason.

a. *Does Suriname intend to convert its entire tariff schedule to HS 2002 nomenclature?*

Answer:

National tariff will be based on the CET which is based on the H.S. 2002.

Import Prohibitions, Restrictions, and Licensing

With respect to business licenses, the Secretariat Report notes that "although the legal requirement on importers (and exporters) to obtain a business license to operate remains in effect, the authorities noted that in practice business licenses for importers and exporters are no longer required."

8. *In light of this practice, and in order to promote transparency and consistency in the application of government regulations, has Suriname considered eliminating the requirement from official statutes?*

Answer:

Yes, Suriname will eliminate the requirement from official statutes.

The Secretariat Report notes that Surinamese law mandates pre-shipment inspection for imports, but that this requirement is no longer enforced.

9. *Does Suriname intend to officially abolish this legislation? If so, when?*

Answer:

Suriname does not intend to abolish the pre-shipment inspection for imports.

Secretariat Report describes a Negative List of goods that remain subject to import restrictions.

10. *Could Suriname please describe the procedures by which this list is updated or modified? Is the list reviewed and modified on a regular basis?*

Answer:

The procedure to modify the negative list is: the Minister of Trade can, after having consulted the President, make immediate changes to the list through a ministerial resolution. Within 4 months, this ministerial resolution should be followed by a presidential resolution with the same content. The negative list is modified on a regular basis and updated in consultation with other ministers.

Intellectual Property Rights

The United States notes and appreciates Suriname's continued attention to intellectual property rights (IPRs) issues. Suriname is a signatory to various international IPR treaties and has been a member of the World Intellectual Property Organization (WIPO) since 1975.

According to Government authorities, Suriname has not yet implemented the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). They indicated that, to remedy this situation, new legislation pertaining to IPRs has been drafted with the assistance of the International Bureau of WIPO and is awaiting the approval of Suriname's National Assembly.¹

11. *What is the status of this legislation?*

Answer:

The Surinamese legislation pertaining to industrial property rights, which would implement the WTO-TRIPS Agreement, has yet to receive approval from the Surinamese Parliament. At this time, it is difficult to indicate the actual time when this legislation will come into force. What we can state however is, that every effort is being made to have this legislation approved on time for it to come into force before January 2005.

With regard to the issue of copyright protection in Suriname, we are in fact working on the modification of our Copyright Law and a Draft Law on Related Rights. These regulations will be based on the model that was drafted by the WIPO, so we are confident that most of the obligations under the TRIPS Agreement have already been considered. Basically, we will make every effort to shortly have a TRIPS compliant draft ready for approval by Parliament.

Sanitary and Phytosanitary Measures

The Secretariat Report notes that Suriname is preparing legislation to "allow Suriname to use the precautionary principle to adopt measures against risks associated with genetically modified organisms in the food chain. They also informed the Secretariat that controls are in place on imports of corn and soybeans."

Answer:

In the Secretariat Report there was a misunderstanding. What the Surinamese authority mentioned to the WTO Secretariat was that Suriname is preparing policy in which precautionary measures are taken against GMO in the food chain, and not legislation. So we cannot give an answer to the questions 12 and 13.

12. *Please indicate the scientific principles on which the legislation under preparation is based.*

13. *Please describe in further detail the legislation under preparation. If possible, please provide a copy of the draft legislation to the Secretariat. What is the timetable for implementing the draft legislation?*

14. *Please describe in further detail the controls in place on corn and soybean imports.*

¹ WTO document IP/C/W/283/Add.3, 8 January 2003.

Answer:

As mentioned in the Secretariat Report, the imports on corn and soybean meals are so far controlled on GMO on the basis of good practice.

European Union

Trade in Goods

Doing away with unnecessary external as well as internal impediments to trade is vital for the promotion of trade and development itself. To this end, the EC should like to pose the following questions to the three countries under review.

According to the WTO Secretariat's report Suriname has made efforts to implement its obligations under the WTO Technical Barriers to Trade Agreement, mainly strengthening its institutional capacity for the development of standards and technical regulations. However, Suriname has not, to the knowledge of the EC, submitted its statement on the implementation of the TBT Agreement nor notified the adoption of the Code of Good Practice for the development of standards or notified draft technical regulations or conformity assessment procedures. The procedures laid down in the TBT agreements are essential for ensuring transparency. When does Suriname expect to notify to the WTO its draft technical regulations and conformity assessment procedures? What measures are envisaged in order to fulfil the TBT obligations on transparency?

Answer:

In the process of strengthening its institutional capacity for the development of standards and technical regulations, Suriname reaches its final stage by setting up a National Bureau of Standards. Legislation for the establishment of the Bureau has already been approved by the National Assembly of Suriname.

Trade in Services

The EC notes that the services sections of the Government's report generally focus on services which have a key role in development such as financial services, transport services and tourism services. The EC supports the view that these sectors are important. In the view of the EC these and other sectors are important for improving development.

Tourism

Would Suriname inform us on how many people work in the tourism sector and what has been the evolution in the last years?

Answer:

Direct employment in the tourism sector is 6,000. Indirect employed in the tourism sector is also 6,000. The sector experienced a growth in recent years in investment in new companies and accompanied by this a growth in employment. Because of the spin-off effects the indirect employment also increases. Compared to the employment in 2000 the increase in 2003 was 25%.

Would Suriname inform us on how much of the FDI attracted by the country in the last years has been in the tourism sector?

Answer:

Investment in the tourism sector is mostly done by domestic investors. Foreign participation is mostly limited to the gambling sector, more specifically Casinos, river cruises, lodges in the interior, tour operators etc. These foreigners operate in a joint venture with the local entrepreneurs or through companies established by domestic law. We are unable to provide exact figures, but with the introduction of the Management Information System for Tourism (MIST) it will be possible to provide this information soon. The ITDP in cooperation with STS (the foundation for tourism in Suriname) has with the support of the CTO implemented the MITS (Management Information System for Tourism). This system has made it possible for STS to produce reliable statistics since June 2003 with the introduction of embarkation and disembarkation forms.

Would Suriname inform us about their existing plans to promote the tourism sector, and what measures the government is taking to ensure non-discrimination of foreign services suppliers?

Answer:

The plans are: setting up the Suriname Tourism Authority with the specific task of marketing and promotion of Suriname as a tourist destination; developing and implementing an integral marketing strategy containing the following activities; developing an official tourism website (www.suriname-tourism.org) which will be launched in August 2004; participation in international promotion activities as tourism fairs, seminars, conferences and other activities in the identified markets; strengthen cooperation with other organizations in the field of promotion; regular production and distribution of sufficient tourism brochures, maps and other information; ample time will be spent on the product development and diversification before implementing the market strategy. There are no restrictions in foreign participation. The Government is in the process of drafting legislation in the tourism sector, which will regulate the sector and provide for transparency.

Would Suriname inform us about their plans for improving professional education and training related to the tourism sector?

Answer:

Preparations have already been made for the establishment and exploitation of a tourism and hotel trainings centre (THTC) for offering training for personnel in the sector. The curricula and the necessary training manuals have, for the most part, already been developed. The trainers for the different courses are ready. The housing of this institute is an activity that needs to be taken care of. The last preparations are made for construction/renovation of the building. The ministries that are jointly responsible for this institute have already signed an MOU for cooperation. These are the ministries of transport communication and tourism, labour, environment and technology, education and community development and the ministry of planning and development cooperation.

Tourism training will also be provided through formal education. By introducing the catering industry in the secondary education, a pre-vocational certificate programme will be implemented by 2004/2005.

Provisions are also made for a pre-employment diploma course of a three years duration in the area of tour and travel operations, hotel front office operations, and hospitality industry services.

The Minister of education has also installed a tourism education commission to advise him on the necessary steps for the introduction of tourism education.

Cooperation with regional and international organisations and training institutions for the development of expertise in the tourism sector.

What is the approach of Suriname to the regulation of tourism-related aspects of general interests such as environment, wildlife, urban planning, etc?

Answer:

Suriname is in the process of developing an effective system for the protection of the environment and the preservation of the eco-system. The institutional framework consists of local institutions as well as international organisations. The NIMOS is an authority that has been established for environmental protection. STINASU, C.I. and the departments of the different ministries take special interest in the wildlife preservation and the prevention of environmental damage. The legal system is not sufficient yet but is taken into account.

What is Suriname's viewpoint about the tourism sector and promotion of local cultures, development of water supply and sanitation services, and public security?

Answer:

For the development of the tourism sector the development and preservation of local cultures, de availability of healthy potable water, and water for recreational purposes, hygiene sanitary provisions and security are essential. These basic necessities are also important for the local population. In the promotion of tourism the government is keen on preventing damage to the culture and the customs of the local population.

We would like to know about Suriname's assessment of the effect of the tourism sector in overall economic growth and employment, and in particular in other economic sectors like construction, transport, computer services, education and professional training.

Answer:

The STS statistics (CTO-MIST) indicate that during the period June 2003 to February 2004 a total of more than 90,000 international tourists arrived in Suriname. Extrapolating this figure brings us to a year total of 130,000.

Two types of tourists visit Suriname. Tourists visiting family members and the tourists that just comes for the attractions of the country (the tourists). The number of real tourists visiting Suriname is not very high. 20% fall in the category real tourists.

As already mentioned, direct employment in the tourist sector is 6,000. Indirect employed in the tourist sector is also 6,000. Because of the spin-off effects the indirect employment also increased. Compared to the employment in 2000 the increase in 2003 was 25%.

The annual income is US\$60 million. This figure is the result of an exit-survey done in 1999-2000 that was executed together with the CTO. The calculations are as follows;

Tourists expenditure: the amount of tourists x the average expenditure on each visit (average stay x average expenditure for a day).

For the year 2003 the estimate is: 130,000 x US\$1,000 (25 days x US\$40) = US\$130 million. In the expenditure the ticket expenses are not included.

The assessment of the effects of the sector on the total economy has not been made yet. The effects will not be that evident because the sector is still in an infancy stage and is just now being transformed, with the help of the EU, into a sector with great growth potential.

Would Suriname inform us about the existing legislation applicable to tour managers (professionals accompanying groups of tourists in their travel through the country) and tourist guides? Would Suriname inform us about the plans that the government is considering to reduce or eliminate discrimination of foreign services suppliers in these fields?

Answer:

The tour operator service is a licensed service. To apply for a license certain licensing conditions need to be satisfied as:

- credit worthiness;
- skill and commercial practice etc.

The tour operator employs the tourist guide. There is no licensing requirement for this service provider. The operator has the obligation to recruit an experienced guide though. There are no restrictions to foreign tour operators.

Distribution services

Would Suriname inform us on how many people work in the distribution sector and what has been the evolution in the last years?

Answer:

There's no exact figure available on how many people are working in this sector. According to the companies registered at the Trade Register of K.K.F. we can say that nowadays there are about 20,000 people working in the distribution sector.

For example: transport sector 6,200; computer service 1,000; construction sector 3,500; education and professional training 6,500; security services 2,500.

Would Suriname inform us on how much of the FDI attracted by the country in the last years has been in the distribution sector?

Answer:

There are no figures available.

We would like to know about Suriname's assessment of the effect of the distribution sector in overall economic growth, employment and social development, and also in other economic sectors like construction, transport, computer services, education and professional training.

Answer:

Although we do not have statistics to base our statement, we believe that the overall effect this sector has on the other sectors is positive.

Would Suriname inform us about existing legislation applicable to retailing services?

Answer:

The applicable rules on services is the Law Licenses Businesses and Professions S.B 1981 no. 145, which prescribes the licensing procedure.

The Resolution Licensing Requirement Businesses and Professions S.B. 1998 no. 147 and S.B. 1985 no. 40 prescribe which kind of businesses need a license.

There is also a law regarding opening hours for stores, as amended by S.B 2002 no. 99.

To establish a company in Suriname, one will have to wait two years for approval.

One also needs to apply for a distribution license at the Ministry of Trade and Industry if such is required.

A service company also needs to take the relevant labor laws into account, such as for laying off employees E-39 S.B. 1983 no. 10 and S.B. 1984 no. 102.

Business services

Would Suriname inform us about the legislation applicable to the following activities and the measures the government is taking to ensure non-discrimination of foreign services suppliers in the areas of management consulting and services related to management consulting?

Answer:

The applicable rules on services is the Law Licenses Businesses and Professions S.B 1981 no. 145, which prescribes the licensing procedure.

The Resolution Licensing Requirement Businesses and Professions S.B. 1998 no 147 and S.B. 1985 no. 40 prescribe which kind of businesses need a license.

Telecommunications

What are the objectives that the government is intending when limit foreign ownership in telecommunications?

Answer:

We would like to stress that the limitation on foreign participation is only for setting up and maintaining basic infrastructure. Provision of services through the existing infrastructure is open for 100% foreign participation.

Regarding the setting up of basic infrastructure, the Government believes that opening up the market straightaway to foreign participation can limit opportunities for domestic potential operators in the sector. The Government has as one of its first responsibilities offering broad investment opportunities to its domestic producers/suppliers, and creating the conditions that domestic consumers are offered the best services available. Because of this gradual liberalization strategy the best way to go is opening up foreign participation for 40% as a start and then in the future based on evidence, surveys of the market, increase the percentage for foreign participation. Telecommunication is a sector controlled by providers mostly from the developed countries. Because the high importance of physical infrastructure, technology and the ability to reinvest in technological development, smaller suppliers have difficulties surviving. The financial implications for investments are also considerable. Opening up for 100% foreign participation would create the situation where the domestic potential

suppliers would not get a fair change of competing with the big players (economies of scale) already on the international market.

What are the reasons for not fixing the conditions on interconnection with Telesur?

Answer:

The interconnection will not be a problem in the future because in the new telecommunication law this aspect is duly taken care of. The operators are obliged to fix the interconnection between providers. The TAS has the task of examining the contracts that are signed between parties and if they are in conformity with the licensing obligations. The articles 11 and 12 address the interconnection issues.

Article 11

1. Every concession holder is, in the interest of efficient supply of telecommunication, obliged to supply interconnection if another concession holder or license holder makes a request to that end.
2. Every concession holder is obliged to fix an interconnection offer assisted by a model agreement indicated by TAS, which must be published and submitted by TAS.
3. The interconnection agreement forms the basis for the granting of interconnection.
4. With the granting of interconnection every concession holder shall see to the following:
 - a. The conditions for linking are non-discriminatory
 - b. The conditions for linking are transparent and the rates for linking are not bundled
 - c. Remunerations for linking as part of the conditions are cost-oriented.
5. By or in virtue of government resolution, further rules can be set concerning obligations with regard to bringing into effect the interconnection and the supervision of TAS of the same.

Article 12

Interconnection agreement

1. Every concession holder is obliged to start negotiations with applicants of interconnections to come to agreements on the basis of which the interconnection comes into being; TAS can, in case an agreement is not realized, set a term in which this can be realized.
2. By or in virtue of government resolution further rules can be set concerning the creation of interconnection.
3. The costs for establishing an interconnection shall be to the account of the one that submits a request to that end.
4. Copies of agreements as referred to in subsection 1 shall be sent to TAS as soon as possible; the agreements referred to shall be made in accordance with the government resolution as referred to in subsection 2 of Article 12.
5. In case TAS holds the view that an agreement is contrary to what has been stipulated by or by virtue of this Act, the parties shall be informed by the same, thereby stating the provisions of the agreement which in his opinion need amendment; as long as these amendments have not been

brought about, the concession holders concerned will not have met the obligations with regard to interconnection.

6. If the parties that are obliged to conclude an interconnection agreement are not able to do so, TAS at the request of one or more of them shall set rules which will be valid among them.

Article 19 and Resolution for concession holders

TAS can set rules with regard to tariffs and the amendments of the same by a concession holder.

What is the rationale for limiting the number of alternative operators to two?

Answer:

Because the study done by PriceWaterhouse Coopers has indicated that the market can only take two to three additional suppliers, the Government has decided to issue initially two more concessions for setting up basic infrastructure. In this regard, the Government is gradually liberalising the sector. The government believes that this is for the benefit of the suppliers as well as the consumers. By gradually liberalizing the sector the market gets the change to transform on its own pace into a free market situation.

Financial services

Ensuring a strong financial sector is of great importance in terms of anchoring economic development and laying a foundation for continued growth. The report of the WTO Secretariat seems to indicate that the Surinamese banking system has a great level of concentration with a significant element of state-participation. Considering the benefits that could be derived by greater external participation in this sector, the EC should like enquire if Suriname foresees to use commitments in the framework of the GATS, thereby using external participation in this sector to strengthen local competitiveness, laying an even stronger financial foundation?

Answer:

On February 19, 2004 Suriname has notified an initial offer list to the WTO with regard to the financial sector only.

- (A) Insurance and Insurance related services
- (C) Reinsurance and retrocession (CPC 81299*)

With regard to the banking sector there are no commitments in the foreseeable future.

Government Procurement

Ensuring the best possible procurement is an important part of the strengthening of markets as well as producers and for optimising the utilisation of public funds. Furthermore tough and transparent procurement policies and regulations will assist in reducing corruption and mismanagement. In this light the EC should like to ask Suriname the following questions.

The EC should like to ask to receive statistics regarding awards of contracts for year 2003 or 2002, detailed by type of contracts (works, supplies, services), adjudication type (public adjudication, private agreement), procedure (open, selective) and origin (international, local)?

Answer:

Types of Contracts	2002	2003	2004
Public Works	190	82	44
Delivery	3	3	5
Service	3	5	2
Total	196	91	51

55 % of total contracts are awarded through a public tender.

The majority of contracts are done by national companies.

The following two contracts were awarded to foreign companies: a street rehabilitation project, namely Dalian from China and the delivery of pumps by the Indian Kirloskar Brothers.

The report from the WTO Secretariat, paragraph 126, examines the developments in the field of public procurement. Further to the information provided by the Secretariat, the EC should like to enquire if there are there plan for having other ministries like the Ministry of Public Works adopting specific regulatory provisions on procurement? Has the Ministry of Public Works new regulations on procurement of works, services and execution of works entered into force (paragraph 126)?

Answer:

The Government is preparing new guidelines for the following two areas:

Guide for public works and delivery conditions for public works.

A transparent and well-working conduction of procurement is truly important for ensuring the best possible and most optimal procurement arrangements, thereby increasing the utilisation of public funds. According to the report of the Secretariat, Suriname has a vast public sector. The EC should like to enquire: what steps are and will be taken by Belize in order to ensure efficient procurement? The EC should further like to enquire if Suriname supports the EC view that the use of a multilateral framework, especially in this area, can play an important role for increasing procurement efficiency?

Answer:

Suriname takes the same position as CARICOM regarding government procurement, being one of the Singapore issues. We will limit the discussion about government procurement to transparency issues. As such, we do not see at this time that a multilateral approach will increase efficiency.

Trade Strategy

Trade relations with neighbouring French Guyana appear limited at present. Would Suriname be interested in developing this relationship in the context of the Economic Partnership Agreement currently negotiated between the EU and CARIFORUM countries? Would Suriname have any views on the prospects for mutually beneficial trade and cooperation in goods, services and trade-related areas with regard to French Guyana?

Answer:

Suriname is very interested in developing trade in services with French Guyana. As mentioned, before transport is one of the main sectors for improving development. In this regard, Suriname is interested in signing road and maritime transport agreements with French Guyana to facilitate trade

and tourism development between Brazil, French Guyana and Suriname. It is important to note that the IIRSA (Integration of Regional Infrastructure in South America) developments of integration of physical infrastructure are very important to Suriname, as trade with the countries on the South-American continent is very marginal. Suriname issued a request to the IIRSA secretariat to invite France to take the observer states in this integration movement. This will greatly facilitate the infrastructure development on the continent and will simplify the negotiations. The CARICOM Single Market and Economy is also integration development is essential. The free movement of services between the CARICOM countries must be sufficiently facilitated with "border crossing agreements" between French Guyana, Suriname and Guyana.

Suriname is also very much interested in further developing economic relations with its neighbours. In this respect, taking into consideration the geographic reality, it is expected that the Economic partnership agreement will contain special provisions in order to facilitate the European OCT's and Dom's to develop closer economic ties with the countries in their vicinity. In this regard, both Suriname and French Guyana should seek to unlock the potential that close economic cooperation holds. It is desirable to undertake a study aimed at identifying those areas suitable for immediate cooperation.

The EC considers that the WTO and multilateral liberalization is the most certain way for small countries to promote their interests. How do you judge the relative importance and weight of bilateral/FTA policies and further development of the WTO system in terms of your own trade and development needs?

Answer:

Suriname is yet to ratify the following CARICOM Bilateral Agreements: CARICOM-Costa Rica, CARICOM-Cuba, CARICOM-Dominican Republic and CARICOM-Venezuela and CARICOM-Colombia. Negotiation for a possible CARICOM-Canada are now on the way.

As most MDC's the EC is truly aware of the needs that you may be facing with regard to further trade-related assistance. The EC should like to ask to what extent trade has been mainstreamed in the PRSP and national development policy? Furthermore, the need for trade related assistance has been further assessed such as to provide an overview and a plan of areas are to be further boosted by Technical Assistance and how much TA is required in each of these areas?

Answer:

Trade is one of the main focal areas of the sectoral production policy (see chapter 8 Multi Annual Development Plan 2000-2005).

Technical assistance is necessary in the following areas:

- Industrial Restructuring; Master plan Industry
- Development of the legal framework for Export Processing Zones
- Institutional capacity building for planning, policy development and implementation: management, monitoring and evaluation of trade policy and sub sector policies and cross-cutting issues such as transport policy and environment
- Regional Integration
- Trade negotiations
- WTO compatibility requirements
- Bureau of Standards
- Businesses Development
- Trade Promotion

- Quality, Procurement and regulations
- Investment Law and facilities

Also reference is made to:

Joint Annual Review 2004 (Calendar year 2003) and policy interventions.

In support of the trade sector development a transport sector study was executed and will be discussed in the Council of Ministers for approval and implementation soon. TA is needed for the implementation of the transport-sector policy among others the modernization and upgrading of the harbour.

TA is also needed for the privatization of the state owned enterprises in the transport sector.

The Government indicates that it has no adequate representation in Geneva. Has the possibility of joint representation with other small countries in the region been considered?

Answer:

Because of financial constraint at this moment in time Suriname is not in the possibility to have a Mission in Geneva. CARICOM is exploring the possibilities for a representation by the Regional Negotiating Machinery.

Canada

**II. Trade Policy Regime – Framework and Objectives: (4) International Relations:
(ii) Preferential agreements: paragraph 71**

1. The Report notes that Suriname has not yet completed the administrative procedures required to implement the Costa Rica-CARICOM Free Trade Agreement. Does Suriname have an estimated date for implementation?

Answer:

The CARICOM – Costa Rica Free Trade Agreement was just signed in March 2004. Suriname has just begun the ratification process. An estimated time for ratification cannot be given.

**II. Trade Policy Regime – Framework and Objectives: (4) International Relations:
(iii) Other arrangements: paragraph 75**

2. The Report states that Suriname has not applied for preferences offered by the United States under the Caribbean Basin Initiative and the Caribbean Basin Trade Preferences Act. Is Suriname planning on applying for these preferences and if not, why not?

Answer:

The Government of Suriname still has to decide on applying for these preferences.

**III. Trade Policies and Practices by Measure: (2) Measures directly affecting imports:
(vi) Intellectual Property Rights: paragraph 157**

3. Canada commends Suriname on its efforts to ensure compliance with WTO requirements, including in the area of intellectual property law. It is our understanding that the Surinamese legislation pertaining to intellectual property rights which would implement the WTO-TRIPS

Agreement has yet to receive approval from Suriname's National Assembly. When will this legislation come into force?

Answer:

The Surinamese legislation pertaining to industrial property rights, which would implement the WTO-TRIPS Agreement has yet to receive approval from the Surinamese Parliament. At this time, it is difficult to indicate the actual time when this legislation will come into force. What we can state however is, that every effort is being made to have this legislation approved on time for it to come into force before January 2005.

4. Canada understands that implementing this legislation does not speak to the issue of copyright protection in Suriname, but that changes to the existing laws on copyright are envisaged by the Government. When will these changes be tabled? What will these changes entail?

Answer:

With regard to the issue of copyright protection in Suriname, we are in fact working on a **new Law** on Copyright and Related Rights. This Draft will be based on the model that was drafted by the WIPO, so we are confident that most of the obligations under the TRIPS Agreement have already been considered. Basically, we will make every effort to shortly have a TRIPS compliant draft ready for approval by Parliament.

IV. Trade Policies by Sector: (4) Mining and Mineral Processing: (i) Regulatory Framework: paragraph 77

5. The Government of Suriname proposes to transform the existing Geological and Mineral Service (GMS) so that it has "far-reaching powers to grant, renew, and withdraw mining rights."

a. Under what circumstances will the Government of Suriname consider it appropriate to withdraw mining rights?

Answer:

The draft mining law states the following about withdraw of mining rights:

Article 15

Suspension and revocation

1. The Minister can suspend or revoke a mining right if the holder of that right:

- a. barring force majeure does not comply with legal provisions and conditions imposed or agreed upon which pertains to the right;
- b. has failed to pay any amount payable to the State within three months after having been in default;
- c. has been sentenced after found guilty of offences;
- d. has refused to implement an arbitral judgment issued;
- e. has not fulfilled his obligation to contribute.

2. Suspension or revocation referred to in paragraph 1 of this article shall not take place before the Minister has placed the holder of the mining right in default, notifying what is specifically required from him and of a term, not exceeding thirty days, to remedy the breach specified.

With the exception of the case mentioned in paragraph 1 under c above, the Minister shall before revoking, decide to suspend the mining right for a period not longer than 6 months depending on the seriousness of the breach. If after the term of suspension, the reasons for suspension still exist, the Minister shall revoke the mining right permanently.

3. On revocation the right terminates, with the understanding that any obligations arising out of the mining right concerned prior to termination shall remain.

b. To what level of government will the authorization to withdraw mining rights be delegated?

Answer:

The authorization to revoke mining rights is delegated to the Minister responsible for Natural Resources.

**IV. Trade Policies by Sector: (4) Mining and Mineral Processing: (ii) Main Products:
(a) Bauxite: paragraph 81**

6. A statistical fee of 2% is levied on the free on board (f.o.b.) value of bauxite exports and also on the cost-insurance-freight (c.i.f.) value of bauxite companies' imports. Why is this fee, in both instances, 1.5% higher than the rate which is normally applied to other exports and imports?

Answer:

The 2 % is an agreed upon amount between the Government and the bauxite companies. The agreement stems from 1919 and parties see no reason to change things.

The law of 4 July, 1994 reduced the statistics and consent right for all sectors except the bauxite sector. The reason for this is the Bauxite Agreement of 15 January 1993 between the Republic of Suriname and the bauxite companies. This is a special agreement for an unlimited time about exchange rates as a result of which the Government of Suriname lost large amounts of revenues. The contribution of the bauxite sector to the state revenues and the foreign exchange transfers was reduced by more than 25 % in 1993 compared to 1992. The size of the bauxite transfers today do not differ much from those of 1993. The Surinamese economy depends for a large degree on revenues from the bauxite sector.

**IV. Trade Policies by Sector: (4) Mining and Mineral Processing: (ii) Main Products:
(c) Gold: paragraph 94**

7. As stated, a key objective of the Suriname Government is to bring about a more orderly regulation of the informal small-scale mining sector.

a. What institutional, regulatory or legislative provisions is the Government going to implement specifically with respect to formalizing this sector?

Answer:

The Government will implement the following regulatory and legislative provisions with respect to formalizing the informal small-scale mining sector. The following rules will be implemented to formalize the sector:

Article 51

The application

1. The application for a right of small-scale mining shall be done in the Dutch language and sent to the Minister in three copies.

The application shall contain all necessary data of the applicant, in any case:

- a. For a natural person: name and first name(s), date and place of birth, nationality, residency of Suriname and address; for legal person: corporate name, type of company, applicable law, place of establishment and seat as well as name and address of the director;
 - a. the form of the area for which the application is made as further indicated on a map drawn by a surveyor in Suriname on a scale of 1:50,000, derived from the topographic map of the CBL scale 1:50,000, if available of the region where the area is situated and showing the borders in geographic coordinates of the corners in the SURTM system and/or bearing in relation to the true north and/or natural or artificial boundaries; this map shall be submitted in three copies. If maps on the scale of 1:50,000 of that area are not available, use can be made of a map derived from a CBL map on scale 1:40,000. In that case the coordinates must also be given in the SURTM system; if the land for which the application is done, is subject to a real or personal property right as referred to in article 50 paragraph 3, a property map drawn by a surveyor in Suriname in three copies is acceptable;
 - b. the mineral for which the application is made;
 - c. a work program, including the mining method, the level of production and number of workers to be employed and if contemplated, also an exploration program.
3. The following shall be added to the application:
- a. for a natural person, an excerpt of the Civil Registry or a document establishing his identity, nationality and residency as well as three recent photos taken not longer than a year ago;
 - b. for a legal person an excerpt from the Chamber of Commerce;
 - c. a receipt of the payment of the application fee referred to in article 82 paragraph 8.

Article 52

Award of the right

1. If all conditions of the application, the Minister shall grant the right of small-scale mining within sixty days after submission of the application.

2. During the term of the right of small-scale mining, no mining right for the same mineral and area shall be granted to third parties except in case of co-existence pursuant.

3. The ministerial order granting the right shall state the following:

- a. the identification of the grantee;
- b. the delineation and the size of the area;
- c. the mineral for which the right is granted;
- d. the term and conditions for granting;
- e. the royalty;

- f. the rental charges;
- g. the format for reporting;
- h. the mining method.

4. By Government order further regulations can be given to protect public health and safety, the interest of third parties as well as the preservation of the environment.

Article 53

Term

The right of small-scale mining is granted for a period up to three years. Prolongation of the right for another period up to three years can each time be done sixty days prior to termination of the right. To the application for prolongation shall be appended the receipt of payment of the application fee. Prolongation shall be granted within sixty days after submission of the application, if the applicant has fulfilled all obligations.

Article 54

Size of the area

The right of small-scale mining is granted for an area not larger than 100 hectares.

Article 55

Rights

1. The right of small-scale mining confers on the holder thereof an exclusive right to carry out in or on the area subject to the right, exploration for and exploitation of the mineral to which his right relates.
2. The holder is further entitled to:
 - a. to erect works and buildings in or on the area for his activities;
 - b. to use mineral masses and timber which occur in the exploitation area to construct and maintain the works referred to in this paragraph under a, taking into account existing timber concessions, licenses for temporary wood cutting and timber exploration permits, if the exploitation area is State land. The Minister may set conditions;
 - c. to grow vegetables and fruit for personnel if the exploitation area is State land; Commercial farming on the exploitation area is forbidden without approval of the Minister and without regard to existing conditions and conditions as may be set by the Minister.

Article 56

Obligations

1. The holder of the right of small-scale mining is obliged:
 - a. to submit semi annually reports to the Minister stating:
 - the invested amount of capital;

- the operating costs;
 - the number of persons working in his area, their nationality and residency and wages paid;
 - the tonnage of earth moved and mineral mined;
- a. the amount of royalty paid;
 - b. to keep weekly records of tonnage of earth moved and mineral mined;
 - c. to pay the royalty;
 - d. to pay the rental charges;
 - e. to strictly abide by the environmental rules given by the Minister.

Regarding the Institutional provisions the Minister of Natural Resources signed an agreement with WWF-Guianas in October 2003 for a project that is being carried out by the GMD in collaboration with WWF-Guianas, the goal of this project is to contribute to the improved management of the small to the medium scale gold mining sector in order to reduce pressure exerted on priority ecosystems in Suriname. The overall objectives of this agreement are the strengthening of the Mines Inspection Department of the GMD to monitor the impact on the environment after introduction of improved mining techniques and education of the relevant stakeholders groups, and contribute to the development, adoption and enforcement of new environmental regulations and policy for the gold mining industry. This project is being carried as an introduction of the transformation of the GMD into a Minerals Institute.

7.b. How and by whom will these provisions be monitored and enforced?

Answer:

These provisions will be monitored and enforced by the G.M.D. (Ministry of Natural Resources).

7.c. Will the proposed provisions include a component of capacity building for small-scale miners, or the formation of cooperatives?

Answer:

Yes, the proposed provisions will include a component of capacity building for small-scale gold miners and the formation of cooperatives.

8. One measure of reducing the activity of the informal mining sector proposed by the Government of Suriname is to prohibit the importation of mercury. Does the Mining Decree currently prohibit the use of mercury? If not, is the Government going to introduce legislation that would prohibit the use of mercury?

Answer:

No, the Mining Decree currently does not prohibit the use of mercury. To our knowledge, the Government is not going to introduce legislation that would prohibit the use of mercury. However, environmental concerns could change policy reforming the use of mercury.

IV. Trade Policies by Sector: (5) Services: (i) Features: paragraph 106

9. The Report notes that Suriname has undertaken few international services commitments which, under the GATS, are limited to tourism and travel services, transportation services, and telecommunications services. Could the Government of Suriname please comment on whether it intends to seek further liberalization in the services sector as part of on-going GATS negotiations?

Answer:

The Government of Suriname needs to formulate a specific services trade policy in order to identify which services sectors could gain comparative advantage. Capacity constraints and the lack of a services data base system are more or less hurdles to seek further liberalization as part of on-going GATS negotiations.

With regard to the transport, communication and tourism sector the Government of Suriname will only make further commitments if the benefits of liberalization for the specific sectors and for the country as a whole are proven, based on surveys of the market and sector studies. The transport sector policy study that has been executed recently will be followed up by further study in the specific transport (road, maritime and air) sectors. If the results of these studies indicate that liberalization will prove to be beneficial to the development of the sector and will have a spin-off effect on other sectors than further liberalization, in conformity with our CARICOM Single Market & Economy obligations will be taken into account.

IV. Trade Policies by Sector: (7) Services: (iii) Financial services: (a) GATS: paragraph 111

10. Suriname has not made GATS commitments in financial services. Does Suriname intend to table an offer on financial services in the current round?

Answer:

On February 19, 2004 Suriname has notified an initial offer list to the WTO with regard to the financial sector only.

- (A) Insurance and Insurance related services
- (C) Reinsurance and retrocession (CPC 81299*)

IV. Trade Policies by Sector: (7) Services: (iii) Financial Services: (a) Banking services: paragraphs 118-124

11. The Report notes that a draft law on supervision of the financial sector has been prepared but not yet adopted. Would Suriname please indicate whether it has a timeline for passage of this law, and if so what is the target date?

Answer:

The new financial institutional law regarding Pension funds and Insurance companies will be discussed in the Parliament this year. The target date of adoption depends on the approval by the Parliament.

12. In terms of establishment for the banking sector, can foreign firms establish subsidiaries, branches or representative offices? Does the regulatory framework provide for the establishment of bank holding companies? What is the range of activities these entities can engage in?

Answer:

A foreign bank can establish subsidiaries, branches and representative offices in Suriname. There are no requirements or restrictions on the establishment of bank holding companies. Notwithstanding no

structure will be allowed that hinders effective supervision. Banks are allowed to do regular banking business like deposit taking business and loans/ credit and related activities.

13. *What criteria does the Ministry of Trade and Industry apply to renew banking licenses after three years?*

Answer:

Renewal of a Banking license requires a Letter of no Objection from the Central Bank of Suriname which has supervisory authority. As such, issues like solvability and liquidity are checked. Once the Letter of No Objection is issued, the Ministry of Trade checks some administrative matters.

14. *What criteria does the Foreign Exchange Commission apply to grant permission to Suriname resident persons or firms to perform cross-border operations?*

Answer:

At this moment there are no specific criteria from the Foreign Exchange Commission with regards to Surinamese residents or companies to perform cross border operations. Residents are free to open foreign currency accounts at the local banks and also in foreign countries. Funding accounts in a foreign country is possible through transactions from the local banks, which banks are under supervision of the Central Bank of Suriname.

Futhermore, residents are free to travel with amounts not exceeding US\$10,000. Amounts exceeding US\$10,000 need to be registered before departure. A special form from the F.E. Board is available at the Military Police at the Airport.

15. *According to the Report, banks and other credit institutions licensed to operate in Suriname are prohibited from "having a lasting participation in other credit institutions or credit unions, unless they obtain a certificate of no objection for this purpose from the Central Bank." Would Suriname please explain what is meant by "a lasting participation"?*

Answer:

A lasting participation in this regard means participation through equity in other credit institutions which might disturb the structural balance in the particular sector.

16. *According to the Report, foreign banks are allowed to establish in Suriname if they have a legal form that is acceptable to the Central Bank. Would Suriname please explain what is meant by "a legal form that is acceptable to the Central Bank?"*

Answer:

The Central Bank of Suriname prefers the legal form of a limited liability company. However we realize that a bank can have a different legal form in the country of origin. A branch of such a bank can be allowed, provided that the structure does not hinder effective supervision.

17. *According to the Report, non-residents wishing to incorporate a bank in Suriname must also obtain a permit from the Foreign Exchange Commission.*

a. *Would Suriname please indicate what factors the Foreign Exchange Commission considers in granting a permit? Is the review based solely on prudential considerations?*

Answer:

To operate as a bank in Suriname, a permit is required from the Ministry of Trade and Industry. Furthermore, the bank needs to comply with the rules applied by the Central bank of Suriname. But to operate as a bank with foreign currency transactions a permit is required from the F.E. Board. This permit will be approved after a positive judgment from the Central bank of Suriname. To operate as a foreign exchange bank, a permit is required from the Foreign Exchange Commission. This permit will be approved after a letter of no objection from the Central Bank of Suriname.

b. What is the timeline for a foreign bank to obtain all the certificates and licences in order to operate in Suriname?

Answer:

The timeline for a foreign bank to obtain all the certificates and licenses in order to operate in Suriname, depends on the approval procedures from the Central Bank of Suriname, Foreign Exchange Commission and the Ministry of Trade and Industry.

IV. Trade Policies by Sector: (7) Services: (iii) Financial Services: (a) Insurance services: paragraph 134

18. The Report indicates that foreign life insurance companies are allowed to establish branches if the legal form of the parent company fits the Surinamese legal system. Would Suriname please describe the factors it will take into consideration to allow foreign life insurance companies to establish branches? Are branches of foreign insurance companies allowed in the case of general insurance?

Answer:

The Central Bank of Suriname takes into consideration amongst other factors the company's legal structure, operation plan, know how of the management, structure of the supervision practice of the mother company to allow foreign insurance companies to establish branches in Suriname.

In connection with the third party liability, the insurance company should be structured as a public limited company (incorporated).

The existing guidelines regarding the assessment of statutes and the declaration of no objection are being reviewed to be incorporated in a new insurance act.

IV. Trade Policies by Sector: (7) Services: (iv) Telecommunications: paragraph 140-141

19. The Report notes that Telesur is currently the only telecommunications services provider in Suriname. Canada understands that the license of the other telecommunications provider, International Communication and Management Services (ICMS), was revoked in October of 2002 due to interconnection problems. Canada also notes, however, that Suriname's GATS schedule states that there will be a duopoly in the Suriname telecommunications market. Does Suriname intend to rectify this difference between its services schedule and market conditions? Would it, for example, license another supplier?

Answer:

The new telecommunication act provides for the issuing of licenses for the supply of services in the telecommunication sector and for the issuing of concessions for setting up basic infrastructure. This new law also addresses the legal basis for the Telecommunication Authority Suriname.

There was a duopoly in the past but when the new act comes in to effect there will be a more or less open market situation because:

- The provision of telecommunication services will be open to all (foreigners as well as domestic companies) as long as they are in compliance with the licensing requirements;
- The issuing of concessions for the setting up of basic telecommunication infrastructure will be open to foreigners with the limitation that 60% of the equity interest of the legal entity is beneficially owned by Surinamese natural persons.

The study done by PriceWaterhouse Coopers consultants for the government of Suriname has indicated that the Surinamese market (450,000 inhabitants) cannot take more than two additional suppliers. The Government has decided that on the basis of the results of this study, under the new act, no more than two additional concessions will be issued. Based on studies by the TAS the Government will decide to issue more concessions in the future. The sector and the market will be frequently studied. When study shows that for the benefit of the service providers, service consumers and the total economy more concessions can be issued the market will be opened for additional players.

20. *Canada notes that an independent regulatory body was established on a provisional basis in 2002. Could Suriname provide an update on the work of Telecommunication Authority Suriname? Is TAS encountering any particular challenges with respect to the regulation of the telecommunications market in Suriname?*

Answer:

This depends on the approval of the act. TAS has not as yet been able to function properly as a regulator.

The problem the TAS is encountering at this time is a lack of staff (technical, legal), a lack of finances to recruit the necessary expertise needed to start the regulatory work. Assistance is offered by the IDB but the availability of this financial assistance is dependent on approval of the new act by Parliament.

21. *Canada is pleased to see that Suriname is developing a new Telecommunications Act along the lines described in the WTO Secretariat Report. Could Suriname provide an update on the drafting process? When does Suriname expect this new act to come into force?*

Answer:

The act has already been drafted. It has also been submitted to the national assemble. We are now awaiting approval of this act. Attached is the act (in Dutch). The national assembly hopes to have the act approved before the end of 2004.

Suriname's Services Schedule

22. *According to Suriname's services schedule, it has not made any commitments for any of the computer and related services listed IB (a)-(e) in the Sectoral Classification List. Does Suriname*

intend to offer any commitments for these services in the current negotiating round of the GATS? If not, what prevents Suriname from making such commitments?

Answer:

Suriname will only be able to make any commitments for the computer and related services listed 1B (a) – (e), when the legislative and regulatory framework are in place and the local service providers are in the position to compete multilaterally.

Japan

II. TRADE POLICY REGIME: FRAMEWORK AND OBJECTIVES

(2) TRADE POLICY FORMULATION AND IMPLEMENTATION

(ii) Trade policy objectives and implementation (WT/TPR/S/135, page 17, para. 21)

According to the Secretariat Report, the Government of Suriname adopted the Multi-annual Development Plan (MOP 2001 – 2005). We are interested in how Suriname can realize the development of its trade and economy concretely under the MOP.

Answer:

As contained in the MOP the Republic of Suriname is in the process of undertaking trade measures:

- Simplifying licensing policy
- The evaluation of transit trade in order to gain better insight into the structure of this type of trade
- More effective involvement of Suriname's Embassies in the promotion of exports and obtaining market information for the business community
- The stimulation of trade agreements and agreements on scientific and technical co-operation
- Effective control of markets and national and international economy through trade liberalization, export promotion, improvement of investment climate, good market information with regard to opportunities for the business community abroad, adequate contribution to international treaties, etc.

Institutionalized partnership between the Government and the private sector requires the following:

- An institutionalized platform for dialogue on ways to arrive at a national policy on the development of the private sector
- A central Government body that is to both fine-tune policies by the various Ministries and serve as a catalyst for continuous dialogue between the Government and the private sector
- A central medium of contact, that would enable dialogue among the sector's various interest groups with the aim of formulating a common development vision for the private sector and the organization and development of the sector, which in turn may result in a re-positioning of the entire sector
- In order to guarantee a successful development of both sectors, the measures mentioned should be implemented simultaneously with an awareness program aimed at bringing the entire society into the right frame of mind.

Material facilitating and support for the private sector by the Government are to materialize through:

- The creation of structures for dialogue, enabling a continuous exchange of ideas between the public and private sector on the execution of policies aimed at stimulating production

- The identification of potential markets, with the Ministry of Foreign Affairs playing a key role through its physical presence at export markets
- The development of local and foreign strategic alliances, that would improve both the export sector and competitive potentials
- The adjustment of physical and institutional infrastructure in accordance with the ever changing international environment
- The realization of permanent correlation between education and the labor market, enabling interaction between the market and export production
- The improvement of air and water ways as well as ports
- The development of export production funds
- The provision of fiscal and non-fiscal facilities and incentives through the adjustment of investment legalization, which may also encourage the repatriation of Foreign exchange
- The development of zoning plans, with a focus on the identification and creation of industrial zones, which would also serve efficient environmental planning.

Please indicate the specific plans to utilize aids from foreign countries in order to develop the economy and to promote its industries under the MOP.

Answer:

Information about these plans are mentioned in the executive summary MOP by National Planning Office, par 3.3.3.t/m 3.3.8 from the Joint Annual Review 2004. Additional information regards:

Following the MOP Suriname can realize the development of its trade and economy by:

- Government support to the private sector; development of an enabling environment; development of a sound positive enabling environment
- Determining the selection of potential sectors for long term strategic production
- Promoting foreign investments
- Public sector reform: management of state budget + civil sector reform + realization of public enterprises

The MOP takes into account the several areas in which liberalization, modifications, removal of barriers, and implementation of requirements is to take place.

Please indicate the specific prospects for Suriname's economic relationship to CARICOM, the EU and other areas under the MOP.

Answer:

European Union

Within the context of the ACP-EU Partnership Agreement as contained in the Cotonou Agreement, Suriname as ACP country would receive special preferences, aid, technical assistance from the EU. The Economic Partnership Agreements were just launched and will last until the end of 2007. The purpose of these negotiations is to secure markets for products in de EU after 2008.

The MOP takes into account the development of these potential products destined for the EU market after 3 years.

Non-focal sector area: capacity building of state and none state actors (total EUR 41,849,000: (6th 9th EDF).

Suriname Business Forum: Support to the private/public partnership: EUR 2.4 mio (Financing Proposal is in discussion by the EC).

Trade and regional Integration Program: EUR 300,000 (see also ad 3.3.3 t/m 3.3.8 from Joint Annual Review 2004).

Technical Cooperation Facility EUR 1,129,000.

Development Aid from Dutch:

Investment Fund (IFONS): EUR 75 million; Technical Assistance Fund: EUR 4 million: (Fund for Technical Assistance for private sector development).

CARICOM:

In 1989 the Caribbean Community determined that it needed a new global development strategy of deepening, widening and coordinated engagement in negotiations for effective participation in the multilateral trading system. The first and pivotal element to deepen the regional integration was through the establishment and the operation of a Single Market and Economy.

For this transformation to succeed the Treaty of Chaquaramas establishing the Caribbean Community and the Common Market needed to be amended. The revision was conducted in two stages; the first was through the drafting and negotiating of nine protocols.

Secondly the nine protocols were then integrated into a single undertaking agreement which now constitute the "Revised Treaty, establishing the Caribbean Community, including the CARICOM Single Market and Economy."

Suriname became a full member of the Community in 1995. At that time the preparations for the establishing of the Caribbean Single Market and Economy were on their way. Suriname signed the Revised Treaty in July 2001 and ratified it in February 2003.

Suriname has committed itself to ensure implementation of the obligations, commitments, responsibilities, policies, rules and disciplines contained in the Revised Treaty generally and the CSME in particular. Suriname has not only agreed these but had participated in negotiating the revision of the Treaty. Suriname has committed itself particularly in the decision of the Thirteenth Special Meeting of the Conference of Heads of Government to implement critical obligations and commitments relating to establishment, provision of services, movement of capital and certain categories of skills by the year 2005. Suriname had successfully notified its non confirming measures under Chapter Three of the Revised Treaty in 2001 and had negotiated its schedule of specific commitments which then were included in the decision of the Thirteenth Inter Sessional Meeting of the Conference.

The effect of what Suriname committed itself to is the removal of all restrictions against CARICOM nationals starting 1 March 2002. The process of removing the restrictive measures must be completed on 31 December 2005 in three trenches, short term: 31 December 2003, mid-long term: 31 December 2004 and long term: 31 December 2005.

This inter alia means revision of national policies, legislation, regulations and administratively enforced restrictions.
