

IMF Mission Visits Suriname for First Review of Stand By Arrangement

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An International Monetary Fund (IMF) staff mission, led by Mr. Daniel Leigh, visited Paramaribo from August 8 to 18, to initiate discussions on the first review under Suriname's Stand-By Arrangement (SBA) with the IMF.

At the conclusion of the visit, Mr. Leigh issued the following statement:

“The IMF mission had constructive discussions with the authorities on policies needed to meet the objectives of Suriname's economic program supported by the SBA. We agreed with the authorities to continue discussions with a follow-up visit once further progress has been made in implementing the program.

“Performance under the program has been mixed. The government has kept the fiscal deficit close to the programmed path by restraining spending, and the authorities implemented a number of the planned reforms, including preparations for the introduction of the value added tax. However, the decisions to freeze fuel pump prices and partially reverse the increase in electricity prices, despite rising energy costs, have significantly reduced available government resources, and spending on social cash transfers has undershot envisaged levels. Finally, the limited nominal interest rate increases, despite a substantial rise in inflation, pose a risk to price stability.

“Restoring macroeconomic stability will require great efforts from the Surinamese authorities as well as society as a whole. The decision in recent days to support tax revenues by assessing customs duties at the market exchange rate, and the restoration of SRD 0.2 in taxes per liter of fuel, are steps in the right direction. Nevertheless, significant additional increases in fuel taxes and electricity tariffs, as planned in the program, are essential to improve the fiscal situation and make space for better-targeted social spending.

“On the monetary policy front, supporting a rise in local currency interest rates to positive levels in real terms is essential for stabilizing prices and exchange rate expectations, including through the use of the Central Bank of Suriname's upgraded monetary policy toolkit. Maintaining a flexible exchange rate remains vital to achieving the program's reserve accumulation objectives.

“The team will now return to Washington DC to continue the technical work. Together with our Resident Representative in Paramaribo, we will remain in close contact with the Surinamese authorities throughout this process. The mission team is grateful for the authorities’ close cooperation.”