



POLICY BRIEF

UNASUR & IIRSA: A 'Strategic Opportunity' for Suriname?

Khellon Quacy Roach

*Institute of International Relations
University of the West Indies*

Abstract: *Suriname, a small developing CARICOM member state situated on the northern coast of South America is a member of the Union of South American Nations (UNASUR) and consequently a benefiting country of the Initiative for the Integration of Regional Infrastructure in South America (IIRSA). This brief think piece seeks to advance some of the potential benefits that may accrue to Suriname if it effectively pursues developmental opportunities that are available as a result of both regional arrangements (UNASUR & IIRSA).*

Keywords: Suriname, IIRSA, UNASUR, Opportunities

The development of physical infrastructure and physical integration are increasingly being recognized as some of the main avenues towards sustainable development amongst South American nations. This is the case particularly with the advent of the Initiative for the Integration of the Regional Infrastructure in South America (IIRSA), a program initially conceptualized under the auspices of the Union of South American Nations (UNASUR).

It is envisaged that the improvements in physical infrastructure will increase the region's competitiveness in the global arena while simultaneously engendering a cooperative character among the countries of South America. It is also perceived to be a sustainable development tool as it may lead to the creation of jobs, reduce transport costs, increase intra-regional trade and accessibility to

markets, encourage knowledge and technology exchange and possibly create a vehicle for dialogue and cooperation among the private sector and governments.

This paper argues that the ostentatious plans to integrate all of South America via physical integration may be seen as a strategic opportunity for Suriname, mainly attributed to its geographical positioning. However, Suriname must transform its geographical proximity into a new level of networking and collaboration with its South American neighbour states.

SURINAME'S LOCATION AND TRADE PATTERN

Suriname is strategically situated on the northern coast of the South American mainland and shares borders with three countries, Guyana to the west; Brazil to the south; and French Guiana to the east. To the north of Suriname is the Atlantic Ocean. According to the Global Competitive Report 2013/14, Suriname's GDP per capita (US\$) is estimated at 8,686 and has a population of approximately half a million.¹

Table 1: Suriname's Major Import Partners (2012)

Rank	Partners	Euro (Millions)	Percentage (%)
1	United States	429	23.9
2	EU27	398	22.2
3	China	162	9.0
4	United Arab Emirates	131	7.3
5	Antigua & Barbuda	121	6.7
6	Netherlands	90	5.0
7	Japan	70	3.9
8	Brazil	52	2.9
9	South Korea	24	1.4
10	Thailand	21	1.2
	Rest of the World	298	16.5
	Total Imports	1,796	100

Source: European Union (2013)²

Given its geographic location, Suriname has been participating in regional cooperation initiatives for over a decade and is a full member of the Association of Caribbean States (ACS), the Caribbean Community (CARICOM), the Union of South American Nations (UNASUR), and is also partner to the Treaty of Amazonian

Cooperation. However, despite its key geographical location and membership in various regional cooperation initiatives, Suriname's trade relations with the rest of South America have been quite limited. In fact, the majority of Suriname's imports originate from the United States (23.9 per cent), the European Union (EU) 27 (22.2 per cent), China (9 per cent), and the United Arab Emirates (7.3 per cent) (See Table 1 above). To this end, Suriname's imports from these countries amount to over 60 per cent of their total imports, with less than 5 per cent originating from within the Latin American region.

This worrying trend is not unique to Suriname's imports, as it is also apparent in its exports. Evidence suggests that the majority of Suriname's exports in 2012 went to the EU27 (24.8 per cent), the United States (23.3 per cent), the United Arab Emirates (10.7 per cent), Canada (9.3 per cent), and to a lesser extent Caribbean countries such as Guyana (5.8 per cent), Barbados (4.2 per cent), and Trinidad and Tobago (1.8 per cent) (See Table 2 below). It can be realized that Suriname's exports to its Latin American neighbours is even less, as it accounts for less than 1 per cent of its total exports.

Table 2: Suriname's Major Export Partners (2012)

Rank	Partners	Euro (Millions)	Percentage (%)
1	EU27	240	24.8
2	United States	226	23.3
3	United Arab Emirates	104	10.7
4	Canada	90	9.3
5	Guyana	56	5.8
6	Barbados	41	4.2
7	Norway	24	2.5
8	Trinidad & Tobago	17	1.8
9	China	17	1.7
10	Jamaica	7	0.8
	Rest of the World	148	15.1
	Total Exports	970	100

Source: European Union (2013)

From these data sets, therefore, it is quite clear that Suriname has not yet been able to capitalize on its geographical proximity, neither its regional cooperation membership to enhance its trade capacity with South America. This must be seen as a worrying

trend, as like any other small and open economy, Suriname's trade is an important factor which can determine its rate of growth and development. Thus, poor trade performance with the rest of South America undeniably signal the need for Suriname to review its strategy to ensure a more sustained trade development agenda into the future. Consequently, infrastructure development and physical integration across South America through the IIRSA initiative can provide an excellent platform on which Suriname can advance its intra-regional trade agenda.

UNASUR, IIRSA AND ITS BENEFICIARIES

The Union of South American Nations (UNASUR) was conceived in April 2007, at the first South American Energy Summit. Its aim is to integrate in a holistic manner the countries of South America through the convergence of the South American Community of Nations (MERCOSUR) and the Andean Community (CAN). Conceptualized by the former Brazilian President, Luiz Inácio Lula da Silva, UNASUR has economic development high on its agenda, with the Initiative for the Integration of Regional Infrastructure in South America (IIRSA) project considered as one of the most lucrative investments.

The IIRSA project was officially launched in the year 2000, and is intended to build links between all South American countries by creating an integrated continental economy, based on the physical integration of the transport, energy and telecommunication sectors.³ The IIRSA project therefore operates within the spirit of new regionalism, thereby conforming to a region-wide strategy of development benefiting all 12 South American countries. IIRSA operations are mainly supported and financed by the Inter-American Development Bank (IADB), the Financial Fund for the Development of the Rio de la Plata Basin (FONPLATA), the Andean Promotional Corporation (CAF) and to a lesser extent the Brazilian Development Bank (BNDES).⁴ In order to achieve the multi-sectoral mandate of IIRSA, ten Integration and Development Hubs are identified (See Table 3 below).

Of the ten Integration and Development Hubs, the Guianese Shield Hub is the only one that includes Suriname. The areas of influence defined for the Guianese Shield Hub covers 1,664,613 km² and include Brazil's northern arc, the eastern region of Venezuela and all of the territory of Guyana and Suriname⁵. Its total population is estimated to be just over 15 million inhabitants.

Table 3: IIRSA - Development Hubs and Country Beneficiaries

Hub	Beneficiaries (Country)
Andean Hub	Venezuela, Colombia, Ecuador, Peru, Bolivia
Southern Andean Hub	Chile, Argentina, Bolivia
Capricorn Hub	Brazil, Argentina, Paraguay, Bolivia, Chile
Paraguay-Paraná Waterway Hub	Paraguay, Uruguay
Amazon Hub	Colombia, Ecuador, Peru, Brazil
Southern Hub	Argentina, Chile
Central Interoceanic Hub	Bolivia, Brazil, Chile, Paraguay, Peru
MERCOSUR-Chile Hub	Uruguay, Chile, Argentina, Brazil, Paraguay
Peru-Brazil-Bolivia Hub	Peru, Brazil, Bolivia
Guianese Shield Hub	Venezuela, Brazil, Guyana, Suriname

Source: Extracted from the Initiative for the Integration of Regional Infrastructure in South America (IIRSA) website

With regards to trade, over 90 per cent of the exports from the countries that make up the Guianese Shield Hub were extra-regional, while exports intra-regionally represented just over 2 per cent.⁶ This clearly indicates the need for South America to enhance its intra-regional trade. The hub's economic activities are dominated by forestry, agro-industry, fishing, steel and aluminum production, hydroelectricity generation, the assembly of electromechanical equipment, manufacturing, and mineral extraction (iron, bauxite, gold among others). Venezuela and Brazil account for 51 per cent and 36 per cent respectively of the hub's economic activity, which is almost 90 per cent of total economic activity.⁷

However, the Guianese Shield Hub alone represents a market of almost 16 million people and thus has great development potential for its encompassing countries. Notwithstanding, the isolation of Suriname from the rest of South America and the poor and in some instances non-existent physical infrastructure between Suriname and Brazil, Suriname and French Guiana, and Suriname and Guyana hinders Suriname from capitalizing on its geographical proximity.

It is against this backdrop that IIRSA and the Guianese Shield Hub can be seen as a strategic opportunity for the development of Suriname. In other words, what was once considered traditional limitations for Suriname can now be converted into contemporary opportunities.

SURINAME AND THE GUIANESE SHIELD HUB OF IIRSA

According to the Indicative Territorial Planning – Project Portfolio of IIRSA, the hub will include 12 road projects, 3 maritime projects, 2 river projects, 1 railroad project, 1 communication interconnection project, 3 energy generation projects and 3 energy interconnection projects. Among these components of the Guianese Shield Hub, international interconnecting roads and bridges are among the most significant for Suriname. This is because roads and bridges play a key role in stimulating economic growth as it facilitates for increased intra-regional trade, creates jobs and employment and generates income. Two roads will connect Suriname with neighbouring countries Guyana, French Guiana and Brazil. The first road is referred to as the northern east-west coastal road connection which was initially opened in the 1960s, but is now being upgraded and improved. This area is populated with most of the country's inhabitants and their economic activities, mainly agriculture as the coastal area is very fertile. The second road is referred to as the southern east-west road connection which travels through the forested area and thus has great potential for wood-cultivation and eco-tourism.⁸

It can also be argued that better roads and bridges between Suriname, Brazil, Guyana and French Guiana will lead to improved cross-border time which by extension has the potential to increase freight supply. The IADB, in its 2006 publication entitled *Building a New Continent*, captures this scenario by using the following example:

A typical trip by truck from Sao Paulo to Santiago can take 300 hours, of which only 200 hours will actually be spent to cover the 3,500 kilometers separating the two cities. The remaining third of the trip is often spent at borders (Brazil-Argentina-Chile).⁹

This is not a unique scenario with regards to road transport routes. It is indeed a common trend for road cargo traffic to be delayed for days at various border crossings across South America, including the Suriname-Guyana border, the Suriname-Brazil border and the

Suriname-French Guiana border. However, with the construction and/or rehabilitation of the proposed roads in the Guianese Shield Hub, idle time is likely to be reduced, and can increase the productivity of trucks. Improved road networks between these countries can also reduce the risks of goods being destroyed because of uneven roads or stolen as a result of desolate areas.¹⁰

In another instance, better interconnecting roads for Suriname and neighbouring countries can also lead to greater returns on investments for local and international investors. This is because; a decline in wear and tear of trucks and a decline in accident rates as well are associated with better road conditions.¹¹ Thus, the implementation of these road projects has the potential to attract and increase the inflow of foreign investment, as investors will now feel a greater sense of security that attractive returns will be derived from their investments. Further, an improved road network within the Guianese Shield Hub will also help to reduce the cost of transportation, which is one of the major impediments to intra-regional trade within Latin America and the Caribbean.

It is also interesting to note that Suriname is the only Caribbean country that shares a physical border with France through French Guiana. As a result, Suriname not only has direct access to Europe in the east but Suriname's common border with Europe provides great trade and investment opportunities that should be explored by investors and the business community who intend to focus on access to major markets. However, in order to fully exploit this geographic location Suriname must aggressively pursue the necessary roads and infrastructure networks encompassed in the IIRSA project.

Another fortunate and promising prospect of improving Suriname's physical infrastructure (particularly international interconnecting roads and bridges) is that Suriname will also have access to Brazil one of the largest markets in Latin America. Through Brazil, Suriname can also gain access to the rest of South America, which has an estimated GDP of 4.2 trillion US dollars.¹² These interconnecting roads and bridges that will connect Suriname to South American countries such as Brazil can therefore be seen as physical connections that can expand economic benefits to Suriname. In other words, these roads and bridges will help make available a trade route which will facilitate trade between Suriname and the rest of South America.

With the development of Suriname's physical infrastructure there is also the likelihood of increased cultural and eco-tourism;

as cross border tourism will also be encouraged. Suriname is extremely rich in culture and is known for its 19 languages¹³ that are spoken which reflect its diverse national personality, civilization, history and distinctive heritage. The city of Paramaribo is now on the world heritage list of UNESCO, with one of the biggest natural reserves sites in the region.¹⁴ Thus, the building and, or improvement in bridges and roads can also help to boost the tourism sector of Suriname, particularly its cultural and eco-tourism.

Notwithstanding the probable benefits of interconnecting roads and bridges to the economy of Suriname and by extension to the people of Suriname, failure to take into consideration the full social and ecological implications of this investment can perhaps result in irreversible environmental destruction, particularly in the context of climate change¹⁵ and a loss of livelihood particularly for the inhabitants of the interior. Thus, it is absolutely essential that Suriname and all other South American nations guard against the potential negative impacts which could arise from the construction and rehabilitation of roads, including the destruction of the ecosystem, the possible sociocultural and economic consequences to the inhabitants of the interior and criminal activity among others.

CONCLUSION

Suriname now stands at a crossroads in search for sustainable development and the process of physical integration in the context of UNASUR and IIRSA presents several opportunities in the near future. If physical integration is completed, Suriname will be connected by roadway to Venezuela, Brazil, French Guiana and Guyana. Transportation between these countries will become cheaper, quicker and more efficient which will certainly redound in a number of benefits (creation of jobs, reduction in transport costs, increased foreign investments, intra-regional trade and tourism and accessibility to markets among others) consequently creating opportunities for a higher standard of living for the peoples of Suriname. However, for Suriname to benefit from these opportunities it must go beyond the multilateral framework of IIRSA, and pursue bilateral agreements with neighbouring countries to advance the processes ahead of the completion of IIRSA projects.

NOTES ON CONTRIBUTOR

Mr. Khellon Q. Roach has several years of experience in research on national, regional and international development issues including maritime transport, regionalism, integration, south-south cooperation and higher education research and policy. In 2012, he received a Leadership Award from the Institute for the Study of International Development, McGill University, Canada in recognition of his outstanding leadership and commitment to international development. He has presented in a number of international conferences and has published in several well recognized International Journals, such as *Global Development Studies (GDS) Journal* and the *World Journal of Science, Technology and Sustainable Development (WJSTSD)*. Mr. Khellon Q. Roach is employed as Research Officer in the Office of the Campus Principal, UWI St. Augustine. In this capacity, he plays an essential supportive role to the Pro Vice Chancellor and Campus Principal for key internal and external communications and speaking engagements. He is currently reading for a doctoral degree in International Relations with the Institute of International Relations, UWI St. Augustine. Mr. Roach holds a Bachelor's Degree (Government) from UWI St. Augustine; a Post Graduate Diploma and a Master's Degree (International Relations) from the Institute of International Relations, UWI St. Augustine. In addition, he holds an Executive Certificate in International Development from the Institute for the Study of International Development, McGill University, Canada. Email: khellon.roach@sta.uwi.edu

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- ¹ Klaus Schwab (Eds) 'Suriname – Country/Economic Profile,' in *The Global Competitiveness Report 2013–2014*, ed. Klaus Schwab (Geneva: World Economic Forum 2013), 352-353.
- ² See *Trade Statistics of the EU: Suriname – EU Bilateral Trade and Trade with the World 2013*
- ³ See Alan Wright and Priscilla Yeon 'Infrastructure Integration and Environmental Preservation in the Amazon' in *Brazil Institute Special Report. Woodrow Wilson International Center for Scholars, Brazil Institute, Washington, DC. April, 2008.*
- ⁴ Pitou van Dijck 'Troublesome Construction: The Rationale and Risks of IIRSA', *European Review of Latin America and Caribbean Studies*, October 2008, 101-120.
- ⁵ See IIRSA 'Indicative Territorial Planning: Project Portfolio', 2009. pg. 153 at <http://www.iadb.org/intal/intalcdi/PE/2009/04494en.pdf>
- ⁶ *Ibid.* pg. 155
- ⁷ *Ibid.* pg. 156
- ⁸ Pitou van Dijck 'The IIRSA Guyana Shield Hub: The Case of Suriname – Towards a Strategic Assessment of IIRSA Road Infrastructure in South America', 2010, pg. 2-3.
- ⁹ See IADB 'Building a New Continent – A Regional Approach to Strengthening South American Infrastructure' IADB New York Avenue, N.W. Washington, D.C. October, 2006.
- ¹⁰ *Ibid.*

¹¹ Ibid.

¹² See Fernando Filho Ferrari 'A Regional Arrangement Proposal for the UNASUR', 2012, available at http://www.ufrgs.br/PPGE/pcientifica/2012_10.pdf

¹³ See Jacques Arends and Eithne Carlin 'Atlas of the Languages of Suriname'. Leiden and Kingston: KITLV Press and Ian Randle Publishers, 2002.

¹⁴ See Maria Levens 'Statement by the Minister of Foreign Affairs of the Republic of Suriname on the occasion of the 9th Annual Leadership Dialogue and Caribbean Heritage Awards Gala', Washington D.C., November 15, 2002.

¹⁵ See Alan Wright and Priscilla Yeon 'Infrastructure Integration and Environmental Preservation in the Amazon' in Brazil Institute Special Report. Woodrow Wilson International Center for Scholars, Brazil Institute, Washington, DC. April, 2008.