

# INVESTMENT PROJECTS SURINAME

## AGRO INDUSTRIAL DEVELOPMENT: PALM OIL PRODUCTION & REFINERY

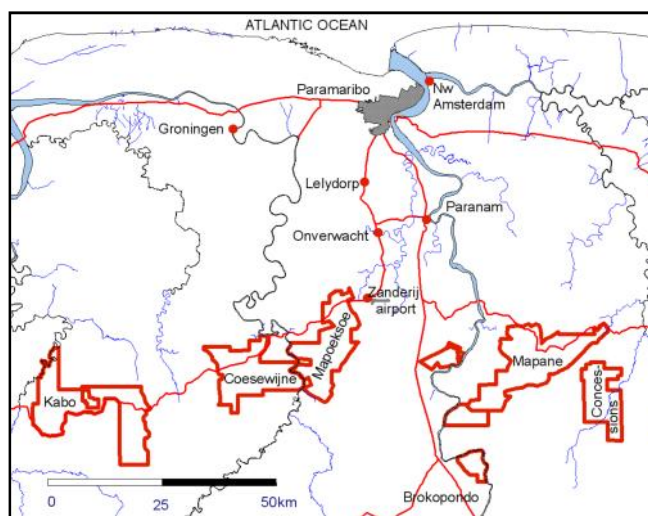
### 1. Overview

Suriname offers sound and attractive opportunities in sustainable agro industrial development. One of the investment opportunities or economic development sectors entails large-scale agricultural production for commercial cultivation of oil palm, production of crude palm oil, refining and down streaming.

The proposed project is the development of 20,000 ha oil palm plantation in 2012 for crude palm oil (CPO) and palm kernels (PK), including acquisition and clearing of land, establishment of plantations, processing mills for crude palm oil and palm kernel production, and support facilities for offices, housing, etc.

In the National Development Plan 2012 - 2016 (Republic of Suriname, pg. 129), development of the palm oil industry is mentioned as high priority.

Plantation locations are in the old coastal area; 80 - 120 kilometers South from the capital city Paramaribo.



The net investment volume of this project in the period 2012 - 2022 is US\$ 102 Million.

## **2. Detailed Description of Project**

### *Historic background*

The government started with agricultural palm oil research in the period 1960-1970, with validation trials of several varieties at agricultural research stations in the district Brokopondo. The first palm oil company Victoria N.V. was established in 1969 as a Joint Venture of the Republic of Suriname (72% of shares) and the Dutch private company H.V.A. International (28% of shares). The Victoria project was implemented and managed successfully, but came to a halt in 1987 due to insurgency by rebels in the interior.

Marketing and sales of the crude palm oil, kernels is possible in preferential markets (EU, Caricom), offering substantial earning potential and a favorable Return on Investment (ROI). There are opportunities for joint ventures with the government and/or domestic private enterprises, available for interested parties.

## **3. Competitive Advantages of palm oil production in Suriname**

1. Low costs of and easy acquisition: land rent of US\$ 8 per hectare per year
2. Relatively low cost of water and electricity compared
3. Substantial revenues from (commercial) timber from land clearing), which help to cover initial investment costs
4. Relative low level of investments: US\$ 5.100 per hectare including establishments of plantations and factory for processing into crude palm oil and kernels
5. Availability of renewable energy from using palm oil waste (bio fuel)
6. Suriname has access to preferential market treatment in the European Union and Caricom market (reduced or omission of import duties)
7. Recent rehabilitation of the port capacity in Paramaribo (with support from the EU), providing excellent facilities
8. Favorable climate conditions (rainfall & sunshine) Sufficient climatologically circumstances and absence of natural disasters
9. Carbon fixation remains in place due to replacement of natural forest by palm oil plantation, with a good forest cover (canopy)
10. The Suriname labour policy is abiding to the rules of the ILO (International Labour Organization) convention.

#### 4. Incentives

1. Acquisition of land through joint-ventures with the government of Suriname
2. 90% of reduction of import duties on capital goods and inputs
3. Exemption on import duties is allowed for all investment equipment and for operational cost for inputs such as fertilizer and pesticides.
4. No taxes on exports, only a 3% charge for statistical duties and concise duties per ha.
5. Schedules for depreciation cost can be agreed upon for taxation purposes (free depreciation of according Investment Law 2001).
6. Land taxes are very low, while the government provides land and external infrastructure.
7. Palm oil producers are allowed to generate their own electricity, also using waste from oil palm as fuel.

#### 5. Type of Investment Required (Desired Participation)

Equity investment 20- 45 % of total investment.

Joint ventures program possible with IDCS (state owned Investment & Development Corporation) and domestic private sector are open for foreign investors or partners.

Total initial investment: 20,000 ha x US\$ 5,100 - **US\$ 102 Million**

#### 6. Contact Information



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