

**FOR
INFORMATION**

FO/DIS/20/132

June 12, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Suriname—Deletions/Modifications—Technical Assistance Report on
External Sector Statistics**

Board Action:

The attached deletions from and modifications to FO/DIS/19/127 (7/31/19) have been proposed by the authorities of Suriname and agreed with staff in accordance with the policy on publication of papers:

Pages 5, 7, 8, 9, 10, 11, 13, 14, 16, 19, 20, 21, 22, 26, 28

Questions:

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agencies, such as the General Bureau of Statistics of Suriname (GBS) regarding the real sector statistics, and the Ministry of Finance (MOF) on debt statistics.

6. Against this background and in line with specific requests from the CBvS, the mission advised the authorities to focus on the following key revisions and other recommended quality enhancements:

- Some adjustments to existing source data used for prioritized balance of payments components were recommended.** The mission recommended that customs data on temporary imports and re-exports that do not involve a change of ownership should not be recorded in the balance of payments. In this regard, historical data should be revised accordingly. Freight on goods imports estimates will be enhanced by using estimates sourced from customs data developed during the mission—estimates sourced from the International Transaction Reporting System (ITRS) will be replaced. The mission recommended strengthening communication with customs and GBS to improve customs data. The mission also recommended revisions to the DI income generated by the [mining sector](#)~~gold mine Merian~~, given inconsistencies found during the mission. The mission reiterated the previous mission's recommendations on how to exercise control and verification on data reported by mining companies and provided further advice on how to address specific issues.
- The development of new data sources was also recommended to enhance the quality of other prioritized balance of payments components.** The mission recommended finalizing the compilation exercise to improve the coverage of deposits held abroad by the nonfinancial private sector—a relevant component that is currently under-covered by the business survey. The exercise combines business survey, ITRS and Bank for International Settlements' (BIS) data. This enhancement could reduce errors and omissions. To achieve full coverage of the financial sector, it was also recommended to compile data from the insurance companies and pension funds. If compilers have access to CBvS' internal information, they could quickly improve coverage. Otherwise, they will need to survey these financial corporations. The mission strongly recommended the use of household surveys and visitor surveys to enhance personal remittances and travel services estimates—ITRS is not sufficient. Coordination and support between the CBvS and the GBS are key to improve the serviceability of these surveys.
- A few data enhancements were recommended to increase the quality of QEDS.** The mission congratulated the CBvS as Suriname is among the leading Caribbean countries in producing quality QEDS. The mission provided specific recommendations to improve the compilation of the 2026 Global Bonds issued by the Government of Suriname, following international standards. The face value of the issuance is currently recorded as external debt, but resident holdings have been detected. Therefore, an adjustment should be calculated to compile only nonresident holdings as external debt. The position should also be valued at

10. The mission assisted the ESS compilers in addressing quality issues detected in some relevant balance of payments components. The next section of the report focuses on technical aspects. This section highlights the following most important recommended enhancements:

- a. **Goods:** (i) Exclude temporary imports and temporary exports (US\$14 million and US\$3 million for 2017)—an international practice that the mission encouraged the CBvS and the GBS to follow; (ii) exclude temporary imports made by an offshore oil exploration company for 2018/Q2 that were inconsistently recorded as final imports by customs (US\$111 million);² (iii) verify re-exports data (US\$41 million for 2017) as a large amount of them (US\$33 million) do not have their preceding imports recorded in the customs data and, therefore, trade on these goods could be unbalanced; (iv) compile imports of goods on a free on board (FOB) valuation basis by using the cost, insurance and freight (CIF)/FOB adjustment ratio (around 10 percent calculated from customs data during the mission); and (v) strengthen verification and control of customs data and communication with customs, and the GBS to address quality issues detected in customs records.
- b. **Services:** Replace the ITRS as source data to compile transport and insurance services by related customs data and direct reports from relevant companies (insurance companies are regulated by the CBvS so that data should be available to compilers). As recommended by the mission: (i) freight and insurance on imports will be sourced from the CIF ratios calculated from customs data, and (ii) reinsurance can be sourced from the income statements, information that should be available at the CBvS. On travel services exports, the GBS implemented a nonresident visitor exit survey (VES) in December 2016 and its results have exposed deficiencies in the ITRS data (an estimated range of US\$143–239 million was calculated for 2016 travel services exports, much large as compared with the US\$65 million compiled from the ITRS). The mission discussed with CBvS's authorities the country's need for a continuous VES to enhance travel services exports and a survey of residents returning from travels abroad to improve travel services imports. However, the GBS does not have the financial resources to conduct visitor surveys.
- c. **Primary Income:** The total net operating income generated ~~by Merian in the mining sector that is that is compiled as reinvested earnings of its direct investor (Newmont)³ should be excluded (around US\$250 million for 2017), given that it inconsistently includes the income attributable to Staatsolie resident investors should be excluded from primary income (debit) estimates of those applicable mining companies.~~ Instead, the mission recommended compiling the net operating income generated by ~~Merian mining~~

² This revision has already been introduced in the quarterly data released at the end of November 2018.

³ ~~Newmont, a company incorporated in the United States, has 75 percent of ownership of Merian. Staatsolie, a state-owned enterprise, has the other 25 percent of ownership, on behalf of the Government of Suriname.~~

companies that is only attributable to Newmont ~~their direct investors (around US\$188 million)~~, following the approach used during the mission to calculate distributed profits and reinvested earnings (see paragraph 36 in this report). The mission also recommended that compilers require the Suralco ~~mining companies~~⁴ to report data on their ~~its hydroelectric~~ operational establishments ~~sions~~ separately from ~~its those~~ transactions related to the closure of ~~its alumina refinery and bauxite mines~~ other establishments, which should not affect its company's primary income estimates.

- d. **The financial account and IIP:** the mission recommended that compilers focus on (i) finalizing the compilation exercise to compile deposits abroad by the nonfinancial sector not covered by business surveys; (ii) compiling investments abroad by insurance companies and pension funds; and (iii) compiling the 2026 Global Bonds at market value and obtaining data on resident/nonresident holdings. Debt securities should be reported at market value in the IIP. When debt securities are reported at market value in the *BPM6* QEDS template tables, the nominal value is also provided as a memorandum item in Table 6.

DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

A. Action Plan

11. The below action plan includes steps to accomplish relevant milestones. Actions are prioritized as high (H), medium (M) and priority recommendations (PR).

Priority	Action/Milestone	Target Completion Date
Outcome: <u>Balance of Payments, IIP and QEDS</u> : Data are compiled and disseminated using the classification of the latest manual/guide		
PR	Publish BOP and IIP in <i>BPM6</i> format.	June 2019
PR	Use the <i>BPM6</i> template to submit enhanced QEDS to World Bank.	April 2019
Outcome: <u>CDIS</u> : A new data set has been compiled and/or disseminated internally and/or to the public		
PR	Submit CDIS data to STA and publish them on the CBvS's website.	August 2019

⁴Suralco is a mining company owned by Alcoa Corporation, a company incorporated in the United States. Suralco's mining operations were closed by the end of 2016. The hydroelectric facility that supplied power to the Suralco alumina refinery would continue to operate and supply power to the Government of the Republic of Suriname. Source: Alcoa Corporation's financial reports published on its website.

Priority	Action/Milestone	Target Completion Date
Outcome: Balance of Payments, IIP and QEDS: Source data are adequate.		
H	Obtain insurance companies and pension funds data from internal sources. Otherwise, conduct a survey of insurance companies and pension funds.	May 2019
H	Further engage with the Suriname Debt Management Office (SDMO) to obtain information on resident and nonresident holdings of the 2026 Global Bonds.	September 2019
H	Improve transport services estimates by using alternative sources to ITRS, including survey of international transport services where necessary.	May 2019
H	Improve the VES questionnaire form by including questions on the payment instruments used by visitors for the acquisition of goods and services in Suriname.	September 2019
H	Conduct monthly or quarterly VES.	2020
H	Obtain resident arrivals data from the relevant government agency.	March 2020
M	Introduce some minor changes to questions on direct investment-primary income included in the business survey form to ensure that BPM6 reporting requirements are fully met. For instance, revise related questions on distributed earnings to ensure that <i>dividends and withdrawals from income of quasi-corporations</i> data are captured by the business survey forms used for direct investment enterprises (DIENTs).	May 2019
M	<u>Require mining companies to report cash inflows from and cash outflows to direct investors and use the approach proposed by the mission as an alternative measure of withdrawals from income, in those cases where of withdrawals from income estimates are not properly captured by the survey form.</u> Require Newmont Suriname to report Merian's cash outflows for payments to Newmont and use the approach proposed by the mission as an alternative measure of withdrawals from income.	May 2019
M	Follow up with the GBS on the provision of information on remittances collected from its household surveys.	December 2019
Outcome: Balance of Payments, IIP and QEDS: Data are compiled using appropriate statistical techniques		
H	Revise Merian's mining sector primary income estimates by excluding income attributable to <u>resident investors</u> Staatsolie (the resident Merian's co-owner).	June 2019

Priority	Action/Milestone	Target Completion Date
H	Compile withdrawals from income by direct investors as part of the <i>BPM6</i> component of <i>dividends and withdrawals from income of quasi-corporations</i> (debit) (e.g., withdrawals of <u>Merian's mining companies'</u> income by <u>Newmont</u> direct investors).	June 2019
H	Compile reinvested earnings exclusive of withdrawals from income by direct investors.	June 2019
H	Exclude temporary imports and temporary exports from trade in goods statistics.	May 2019
H	Introduce a sound coverage adjustment to deposits assets held by the nonfinancial sector.	June 2019
H	Revise the CIF/FOB adjustment to goods imports by using CIF ratios calculated from customs data.	May 2019
H	Revise <u>Merian's-relevant mining companies'</u> primary income estimates.	May 2019
H	Revise the compilation of nonresident holdings of the 2026 Global Bonds by excluding resident holdings and calculating positions at market value.	March 2020
H	Compile insurance services following <i>BPM6</i> guidelines.	September 2019
H	Compile nonlife insurance claims (credit) and net nonlife insurance premiums (debit).	September 2019
H	Compile financial account and IIP estimates for insurance companies, pension funds and Suriname's Social Security.	September 2019
M	Review re-exports and goods under merchanting estimates.	June 2019
M	Review data reported by <u>Suratco mining companies</u> to ensure that transactions and other flows related to the closure of <u>their</u> s mining operations are not affecting <u>their</u> s primary income estimates.	September 2019
M	Review and revise as necessary social benefits estimates (credit) and estimates compiled as the adjustment for change in pension entitlements (credit and debit).	September 2019
M	Compile debt interest on an accrual basis.	June 2020
M	Assess coverage of trade credits and advances by using a mix of customs data, ITRS and business survey.	June 2020
M	Improve the recording of travel services in the ITRS.	September 2020
M	Strengthen control and verifications to ensure that, when applicable, distributed earnings other than dividends are also reported by DIENTs.	Ongoing

B. Detailed Assessment and Recommendations

Goods Account

12. **The compilation process has remained without significant changes since the balance of payments statistics were upgraded to *BPM5*.** The CBvS receives a monthly imports and exports database from customs and follows a similar procedure established by the GBS to calculate goods imports and exports data.³ The CBvS replaces customs data on fuel imports and main mineral products exports by using direct reports provided by relevant State oil companies and ~~main~~ mining companies—there is a lack of good quality for the customs records for these commodities.

13. **Most relevant changes from *BPM5* have been addressed in the *BPM6*-based balance of payments prepared by CBvS compilers.** Table 2 presents classification changes in the goods account from *BPM5*. On methodological changes, exceptions to the change of ownership principle are eliminated (such as goods for processing and repair on goods). Changes have been addressed by compilers. The mission recommended that the CBvS compilers continue elaborating the reconciliation with IMTS.⁴ Table 10.2 of *BPM6* can be a useful reference on how to elaborate the reconciliation. Some relevant data quality issues are discussed in the following paragraphs.

Table 2. Changes from *BPM5*: Goods Account

<i>BPM5</i>		<i>BPM6</i>
Goods		Goods
1. General merchandise	→	1. General merchandise of which: Re-exports
2. Goods for processing	→	
3. Repair on goods	→	2. Net exports of goods under merchanting
4. Goods procured in ports by carriers	→	
5. Nonmonetary gold	→	3. Nonmonetary gold
Services		
Other business services – Merchanting	→	

14. **The mission clarified concepts and definitions for some dimensions of the database provided by customs.** The mission noted that there is not sufficient information available at the CBvS to guide compilers in the use of the customs database (e.g., a catalog that has full

³ The GBS is the national agency in charge of compiling the international merchandise trade statistics (IMTS).

⁴ The breakdown by adjustments (coverage, classification, valuation, timing) presented in the *BPM5* standard presentation are not part of the *BPM6* standard presentation.

Statistics Manual (2010IMTS).⁸ The mission learned from CBvS compilers of an outlier compiled as temporary imports made by an offshore oil exploration company. As per compilers' verifications with the company, these imports were inconsistently recorded by customs as final imports instead of temporary imports. The CBvS has already flagged this issue with customs and requested further controls to avoid this kind of misclassification. The outlier is currently compiled in the balance of payments and visibly affects the current account, but it will be excluded in the next data release.

16. The compilation of re-exports in the balance of payments was clarified. Data from customs show re-exports for US\$41.7 million for 2017. The mission explained that customs data may also include re-exports of goods that were admitted as temporary imports. As indicated in paragraph 10.37 of the *BPM6*, for goods to be included as re-exports in the balance of payments statistics, a resident should purchase the product from and then resell it to nonresidents. As per verification at a trading company level elaborated by compilers, it was noted that there are three companies reporting re-exports for US\$31.8 million for 2017 (76 percent of the re-exports), while their total imports value is negligible (US\$4.8 million). The mission recommended checking the time series if the unbalanced trade in re-exports is explained by differences at the time of recording precedent imports or if the issue is also present in other years. If the inconsistency is confirmed, it will be necessary to follow up with customs and introduce appropriate adjustments to the trade in goods data.

17. Treatment of goods for processing were also reviewed. Goods for processing are no longer included as trade in goods in the *BPM6* balance of payments (an exception to the general principle of change of ownership established in *BPM5*). The topic is relevant for the Staatsole's relevant oil company's estimates as the company refines crude oil abroad. However, the value of crude oil for refining abroad and the value of subsequent refined products have not been recorded, separately as a service, in the *BPM5* balance of payments. Therefore, no adjustments have been introduced to the trade in goods data compiled in the *BPM6* format. If data become available,⁹ the mission recommended compiling them as memorandum items to manufacturing services (debit)—under goods for processing abroad. CBvS compilers receive data from Staatsole-the oil company on the refining services fees paid abroad, which has been compiled under goods imports in the *BPM5* balance of payments. These fees should be reclassified as manufacturing services on physical inputs owned by others (debit). Compilers have not identified

⁸ Paragraph 10.22 of *BPM6* recommends the exclusion of goods temporarily imported without a change of ownership. Paragraph 1.43 of 2010 IMTS also recommends their exclusion indicating that "goods are considered as temporarily admitted/dispatched if at the time of admission/dispatch it is known that their intended stay in the receiving country is temporary and after their stay they can be withdrawn/returned in the same state."

⁹ The processing fees is the relevant value to be compiled as debit rather than the value of goods for processing. However, this information is useful for completeness or conciliation with the IMTS, given that goods for processing values are recommended to be compiled as trade in goods in the IMTS by the 2010 IMTS.

any companies providing manufacturing services on physical inputs owned by nonresidents, which means that goods received for processing in Suriname are not currently relevant.

18. Data on goods under merchanting¹⁰ need to be further verified. Estimates currently compiled are sourced from ~~Staatsoilethe aforementioned oil company~~. According to the CBvS compilers, ~~Staatsoile's the oil company's~~ ships usually buy and sell fuel abroad when they are returning from delivering exports of oil products. Net exports under merchanting is expected to be positive assuming that wholesale margins are higher than the trading cost. ~~However, this is not the case for 2017, when fuel acquired under merchanting (US\$9.1 million) is higher than fuel sold under merchanting (US\$2.2 million), with a negative net export under merchanting (-US\$6.9 million).~~¹³ ~~A possible explanation could be that a portion of the fuel may be stored abroad until it is sold in subsequent periods. However, t~~The mission recommended that the compilers conduct verifications with ~~Staatsoilethe relevant oil company~~.

19. CIF/FOB adjustment will be improved. The mission assisted the CBvS compilers in calculating the CIF/FOB adjustment ratios by using customs data for 2017 that were found to be of an acceptable quality. The calculations were made for imports and aggregated by commodity and country of origin and mode of transport (sea, air, others). Calculations can also be made on a quarterly basis if there are sufficient acceptable quality data. Otherwise, the annual ratios for the preceding year can be used for current periods. Regarding exports, the mission also recommended verifications to ensure that goods export values are provided on a FOB basis (i.e., international transport services should not be added to the export value even if covered by exporters).

20. Coordination between GBS, customs, and CBvS is key to improving the quality of customs records. The mission, together with the CBvS compilers, met with the GBS to discuss issues in customs data. The mission suggested a systematic revision policy for customs data.

Recommended Actions

- Exclude temporary imports and temporary exports from trade in goods statistics and revise historical series.
- Review estimates for re-exports and goods under merchanting.
- Revise the CIF/FOB adjustment to goods imports by using CIF ratios calculated from customs data.

¹⁰ Merchanting is defined in *BPM6* (paragraph 10.41) as "the purchase of goods by a resident (of the compiling economy) from a nonresident combined with the subsequent resale of the same goods to another nonresident without the goods being present in the compiling economy. Merchanting occurs for transactions involving goods where physical possession of the goods by the owner is unnecessary for the process to occur."

¹³ ~~Goods acquired under merchanting are recorded as a negative credit.~~

Freight Services by Sea Transport

- **Exports should include:** (1) data on international freight provided by ~~Staatsole~~ a relevant oil company to nonresident purchasers of its petroleum products exports; and (2) direct reports or survey data from relevant resident shipping companies providing international freight on exported goods (if any case becomes relevant). The mission strongly recommended discontinuing the use of ITRS for this component as it could include freight on imports, for instance. Adjustments should be made as discussed by the mission.
- **Imports should include:** (1) the component of cost of freight from the CIF/FOB adjustment on goods imports calculated from customs data (ITRS should no longer be used); and (2) cost of freight on imported goods that are sourced from direct reports provided by companies, if the international freight is provided by a nonresident shipping company. If ~~Staatsole~~ a relevant oil company transports their own goods, the cost of freight should not be included as imports.

Freight Services by Air Transport

- **Exports should include:** freight on exported goods provided by ~~Suriname Airways~~ the resident air transport sector. Data on freight revenue should be available from the ~~company~~ resident air transport sector. If data are not separately available from freight revenue on imports, compilers will need to calculate a ratio based on volumes or values of trade carried by the ~~company~~ resident air transport sector. The ratio can be calculated as goods exports divided by exports plus imports. The ratio would be applied to the total freight revenue reported by ~~Suriname Airways~~ the resident transport sector.
- **Imports should include:** the component of the cost of freight from the CIF/FOB adjustment on goods imports calculated from customs data, deducting the cost of freight provided by ~~Suriname Airways~~ the resident air transport sector on imported goods. If the latter is not available, the freight revenue on imports earned by ~~Suriname Airways~~ the resident transport sector can be calculated as the difference between total freight revenue minus freight services on goods exports.

Freight Services by Land Transport

23. Customs records on international trade by land transport mode are negligible. The mission recommended that compilers take initial actions by approaching the regulating authorities and transport business associations to identify the main players and survey them. The *BPM6* CG provides examples of survey forms that can be modified to the compilers' needs. Specific questions on value of imports and exports goods carried by these companies should be added to address the lack of source data on informal trade.

- Conduct monthly or quarterly visitor surveys.
- Improve the VES questionnaire form by including questions on the payment instruments used by visitors for the acquisition of goods and services in Suriname.
- Obtain resident arrivals data from the relevant government agency.
- Improve the recording of travel services in the ITRS.

Primary Income Account

32. Changes from *BPM5* ensure further consistency with the financial account and, more broadly, with the national accounts statistics. The term “primary income” is introduced in *BPM6*. A more detailed breakdown of investment income facilitates linkages with the financial account and IIP categories. Income on reserve assets are shown separately. Rent and taxes and subsidies on products and production are explicitly shown as primary income items as well. The term distributed income from quasi-corporations (distributed branch profits in *BPM5*) is also introduced as part of the heading *dividends and withdrawals from income of quasi-corporations*.¹³ This item is a very important balance of payments components for Suriname.

33. Relevant issues on primary income paid to direct investors by mining companies were addressed during the mission. Issues related to data reported by ~~Merian and Surakore~~relevant mining companies were presented to the mission for its assessment and advice.

~~Merian~~

34. ~~Construction of Merian commenced in August 2014, and commercial production was achieved in October 2016. Merian~~ Certain relevant transactions under ~~was set up through a contractual agreements between Newmont direct investors and the Government of Suriname~~ resident investors were addressed during the mission. Newmont has 75 percent of economic interest in Merian. Staatsolie (on behalf of the Government of Suriname) has the other 25 percent.¹⁷ ~~As Under certain contracts, partner investors, both parties agreed to share, in proportion of their economic interest, Merian's mine's profits and losses as well as the capital formation and the contribution of operating costs. CBvS cCompilers receive information on Merian's activities from its operating mining companies to identify relevant balance of payments transactionsy (Newmont Suriname, which is wholly owned by Newmont).~~

35. Compilation issues were discussed with the mission. There were some miscommunications between the CBvS compilers and ~~a mining company~~the accountants of

¹³ The definition and examples of quasi-corporations are provided in paragraph 4.16 and 4.17 of *BPM6*.

¹⁷ ~~Newmont's interest in Merian was acquired through a right of exploitation as defined in the Mineral Agreement. The right of exploitation spans a period of 25 years. Merian's proceeds are subject to a 6% net smelter return royalty to the Republic of Suriname payable in gold bullion or cash distributions at the election of the government.~~

~~Newmont Suriname~~ on the way that primary income estimates should be reported, which intended to address ~~the~~ particularities of the partnership between direct investors and resident investors. As a result, Merian's-the mine direct investment-primary income (debit) estimates have been compiled inclusive of the income attributable to Staatsolie-resident investors in the balance of payments. Furthermore, dividends and distributed branch profits have been compiled as zero given that the survey form only asks about dividends paid, which is not the mechanism of the distribution of earnings chosen by the investor partners.

36. The mission recommended revising Merian's mining sector direct investment estimates. The CBvS compilers will have further communications with some Newmont Suriname relevant mining companies to ensure proper reporting. If ~~Newmont Suriname relevant mining companies~~ will continue reporting Merian's-mine's total net operating income,¹⁴ ~~this~~ it should be adjusted by excluding the income attributable to Staatsolie-resident investors to compile ~~Merian's~~ direct investment-primary income (debit) in the balance of payments. If distributed earnings cannot be easily calculated and reported in the survey form, the mission proposed using Merian's-mine's cash flows data to calculate withdrawals from income by direct investors (distributed branch profits in *BPM5*). For instance, Newmont Suriname a relevant mining company provides CBvS compilers with additional information on cash inflows received by Merian from ~~both direct investors and resident partner~~ investors (so-called "cash calls") and Merian's cash outflows for payments to Staatsolie-resident investors. The mission recommended that, in this case, the Newmont Suriname mining company also start to reports Merian's cash outflows for payments to Newmont direct investors. Subsequently, the Merian's net cash flow with Newmont direct investors—cash outflows minus cash inflows—could be used as the withdrawals from income (debit) estimates to be compiled in the balance of payments. The reinvested earnings (debit) can be calculated as residual between the net operating income attributable to Newmont direct investors minus withdrawals from income. This approach was used during the mission to review ~~2017~~ data for a particular mining company-, for which The revised estimates will ~~also~~ be more consistent with mirror data reported by the Newmont direct investors in its published financial reports.

37. The statistical treatment of depreciations and corporate taxes were also clarified. The net operating income of any DI enterprise should be reported after deducting provisions for depreciation¹⁵ and for local corporate taxes (see paragraph A4.72 of *BPM6 CG*). The *BPM6 CG* (paragraph 13.48) also clarifies that any special tax allowances for depreciation, such as accelerated depreciation allowances should not be deducted from the operating income. This was confirmed to be the current reporting practice by Newmont Suriname a relevant mining company visited during the mission. The accelerated depreciation allowance was reported for the

¹⁴ It is advisable to simplify reporting and keep consistency with the other current account items reported in the survey form, which are sourced from Merian's-mine's income statements.

¹⁵ In macroeconomic statistics, consumption of fixed capital should be calculated based on current replacement cost (*BPM6*, paragraph 11.45). Given that this information is not always available, the depreciation based on historical costs calculated by accountants are more frequently used.

fourth quarter of 2016, but the CBvS compilers have reverted it from the calculation of the net operating income.¹⁶

Suralco

38. Compilers have also been dealing with data issues related to the closure of ~~Suralco's alumina refinery and bauxite mines~~ mining operations. The mission recommended that the compilers check whether ~~Suralco~~ a relevant mining company reports its ~~hydroelectric operating establishment's~~ operations separately from transactions and other flows related to the closure of ~~its its other establishments~~ mining operations, which should not affect ~~Suralco's mining company's~~ primary income estimates. For instance, capital gains or losses on disposals of nonfinancial assets should not be compiled as primary income. The mission also advised verifying with ~~Suralco~~ that relevant mining company if its machinery and equipment have been sent abroad as part of the closure of operations. Customs data should include these registers. Compilers will need to investigate whether these goods have been sold abroad or returned to the parent company or other related party with no payments. If the latter, a DI equity withdrawal (debit) can be considered as an offsetting entry to the exports of machinery and equipment (credit).¹⁷

Recommended Actions

- Introduce some minor changes to questions on direct investment-primary income included in the business survey form to ensure that *BPM6* reporting requirements are fully met (e.g., revise related questions on distributed earnings to ensure that *dividends and withdrawals from income of quasi-corporations* data are captured by the business survey forms used for DIENTs).¹⁸
- Strengthen control and verifications to ensure that, where applicable, distributed earnings other than dividends are also reported by direct investment enterprises (DIENTs).
- Revise ~~Merian's mining sector~~ primary income estimates by excluding income attributable to ~~Staatsolie resident investors~~ (the resident co-owner).

¹⁶ If capitalized, accelerated depreciations should not be compiled as an increase of DI equity liability in the financial account. They would affect the equity liability position in the IIP, which is currently registered at book value. But they should be recorded as other flows in the integrated IIP, instead of a transaction in the balance of payment.

¹⁷ The possibility of imputed direct investment flows arising from goods, services, or other items supplied above or below value or with no payment is discussed in paragraph 8.17.

¹⁸ The August 2016 mission report provided some recommendations on aspects of the business survey forms that can be improved. The mission also advised that for partnerships such as ~~those~~ one established for ~~the mining sector~~ Merian, it would be preferable to use alternative approaches for the compilation of distributed earnings other than dividends.

- Compile withdrawals from income by direct investors as part of the *BPM6* component of *dividends and withdrawals from income of quasi-corporations* (debit) (e.g., withdrawals of Merian's mine's income by Newmont direct investors).
- Compile reinvested earnings exclusive of withdrawals from income by direct investors.
- Require Newmont Surinam mining companies to report cash inflows from and Merian's cash outflows ~~for payments to Newmont direct investors~~ and use the approach proposed by the mission as an alternative measure of withdrawals from income, in those cases where of withdrawals from income estimates are not properly captured by the survey form.
- Review data reported by Suralco mining companies to ensure that transactions and other flows related to the closure of its mining operations are not affecting its primary income estimates.
- Insure quality of mining companies' estimates by crosschecking financial reports published by their parent companies.

Secondary Income Account

39. Relevant changes from *BPM5* were discussed with compilers. The term "secondary income" is introduced in *BPM6*. More detailed classification of types of current transfers for institutional sectors other than the general government is presented on a supplementary basis (*BPM6*, paragraphs 12.20–12.58). Personal transfers, international cooperation, social contributions and benefits, and net nonlife insurance premiums and nonlife insurance claims are relevant categories for Suriname. The category of personal transfers is introduced as a broader category than workers' remittances.¹⁹ Personal remittances, total remittances, and total remittances and transfers to nonprofit organizations serving households are also introduced as accumulative measures of remittances (see Table A5.2 of *BPM6*). ITRS remains the primary data source. However, some components need to be strengthened by using other sources.

40. Data from household surveys conducted by the GBS could help to improve personal transfers inflows and outflows that are carried out through informal channels. Source data on personal transfers carried out through formal channels (banks, money transfers operators) are compiled from ITRS. The major challenge for compilers is to obtain information to properly measure the informal channels. The CBvS compilers followed up with the GBS on relevant information that can be sourced from recent household surveys. The GBS agreed to review household survey data and provide them if they have an acceptable quality.

41. Insurance-related current transfers should be compiled. Given the lack of available source data, nonlife insurance premiums and noninsurance claims are not currently compiled in

¹⁹ Personal transfers consist of all current transfers made or received by resident households to or from nonresident households. Personal transfers replaced the item "workers' remittances" in *BPM5*. However, workers' remittances are included as a supplementary item in *BPM6*.

market value in the IIP. When debt securities are reported at market value in the *BPM6* QEDS template tables, the nominal value is also provided as a memorandum item in Table 6.

- Compile debt interest on an accrual basis.

C. Officials Met During the Mission

49. The mission thanked the Honorable Mr. Glenn Gersie, former Governor of the CBvS, for his support to the activities conducted during its visit. The mission presented its main findings and main recommendations to the Governor of the CBvS and Executive and Senior Management of the CBvS in a wrap-up meeting held at the end of the mission's visit.

Table 4. Officials Met During the Mission

Name	Institution
Mr. William M.M. Orie Coordinator Monetary and Economic Affairs Directorate	CBvS
Ms. Saira Jahangir-Abdoelrahman Head of the Statistics Department	CBvS
Mr. Satnarain Boejhawan, Head; and staff of the External Sector Division at the Statistics Department	CBvS
Mr. U. Chandy Controller, Accounting Department	Newmont Suriname
Ms. A.H. Wijnerman: General Manager	SDMO
Ms. S.M. Omouth Debt Manager Junior Middle Office	SDMO
Ms. E. Groenfelt Deputy Director	GBS
Mr. G. Koornaar Manager Economic Division	GBS
Mr. Ch. Rampersad Head of Trade Statistics	GBS
Ms. D. Sjahkit Head of National Account	GBS
Ms. J. Fung A Loi Manager Social Division	GBS

Corr.	Priority	Outcomes Description	Institution in Charge	Completion Date	Status as at end October 2018
		be implemented in coordination with Staatsolie <u>the relevant regulator</u> .			
5.	M	Collect and compile DI outward data from identified relevant Surinamese direct investors abroad.	CBvS	February 2018	Rescheduled for June 2020
6.	M	Collect and compile data on transactions with nonresident shipping transport operators through a survey of shipping agents.	CBvS	December 2017	Rescheduled for June 2019.
7.	M	Investigate with the insurance regulator whether local insurance companies provide direct insurance to nonresidents and if residents acquire direct insurance from nonresident insurance companies.	CBvS	June 2017	In progress.
8.	M	Work with the CBvS information technology office on database systems designed for development of surveys. Conduct surveys using online resources where possible, initiating the process with those companies with which the ESD has already built a strong relationship.	CBvS	July 2017	Ongoing.
9.	H	Require banks to include the importer (exporter) identification number used in the CDD in all ITRS transactions of imports (exports) and the date of shipment.	CBvS	September 2017	Not viable.
10.	H	Improve the coverage of travel through well targeted surveys, which should be at the top of CBvS' priorities.	CBvS	December 2017	Good progress.
(DQAF 3.3) Data are compiled using appropriate statistical techniques					
11.	H	Follow up with DI mining companies on differences between data provided to CBvS' compilers and financial reports published by their direct investor.	CBvS	Immediate	Completed and ongoing.
12.					