



## TIMBER MANUFACTURING — OPPORTUNITIES IN SURINAME

### Veneer and Dimensional Timber processing plant in Suriname

A veneer and dimensional timber processing plant has been planned through collaboration between a local Sawmill in Suriname and foreign company. Investors are currently being sought to support the development of this project.

The project will implement sustainable production methods to process exotic timber species, not yet known in the targeted markets, for the growing veneer and dimensional timber market. This highly efficient operation will adopt high standards for the environment by upholding sustainable forest management regulations.

The project will involve the development of a 30 hectare site (25 hectare veneer plant area, 5 hectare dimensional timber plant area). The proposed site is situated at the left bank of the Nickerie River, facing the estuary, and is navigable for container ships and log barges. The site is also accessible by a paved road. However there are also other locations in the country where this project or similar projects can be established.

Annual production will reach 12,500 m<sup>3</sup> of veneer and 22,500 m<sup>3</sup> of dimensional timber as output (35,000 m<sup>3</sup> round log input, annual, 250 working days). The residuals of these two plants can be used as raw material, in another stadium/project, to produce Oriented Strand board (OSB). OSB investment is not

included in this project proposal, but pre-feasibility has been carried out. Project elements include timber concession, chemical compounds, round logs, electricity, water and water treatment, administrative offices, storage areas, roads, infrastructure, equipment and machinery, man power and vehicles.

A total investment of US\$ 46,152,711 is required to complete this project. US\$ 36,922,169 (80%) of this investment is being sought in the form of a loan. The project is expected to have an internal rate of return of 12% and a payback period of 15.33 years. The project life cycle is expected to be 30 years.

## Timber Production in Suriname

- ❖ Forestry is a relatively small part of the Surinamese economy in terms of economic contribution. Around 30,000 cubic meters wood are produced in the country annually. With a fragile ecology, the government has tried to preserve the natural environment by opting against large-scale logging operations in favor of sustainable harvesting.
- ❖ However, with approximately 90% of Suriname’s land area consisting of forest and wood land, there is still considerable potential for development in a sustainable way. Recent research has shown that annual production levels can be increased to 1.2 million cubic meters annually without causing harm to the forest.



## Testimonials

*“KPMG sees Suriname as a country full of potential. Suriname has proven to realize economic growth while the world was in the financial and economic crisis. There are all the ingredients to accommodate long term growth: abundant natural resources, safe working environment, improving investment climate and a motivated and skilled workforce.”*

Victor Bergisch, Managing Director of KPMG Assurance Services N.V.

## Incentives

Suriname offers a wide range of incentives for foreign investors. These include:

- ❖ Tax based incentives under the Suriname Investment Act include a nine year tax holiday that can be extended for an additional year for large investments of at least US\$ 13 million: results in reduction of corporate income tax, accelerated depreciation on assets: results in an extension of corporate income tax, or tax consolidation which results in reduction of corporate income tax due, if any.
- ❖ In terms of non-tax incentives a license can be granted by the authorized institution regarding the repayment of the equity capital obtained from abroad to finance the investments as meant in this act, the payment of profit and/or dividend, the payment of interest and amortization for money borrowed from abroad to finance investments as meant in this act, and the payment of remunerations for management, technical assistance, knowhow, patent and such.
- ❖ Licenses will also be granted to investors by the authorized institution for residence and settlement of foreign personnel, occupation of foreign personnel, establishment of a company and import and export of goods and services

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