

**Pork Knockers, Powder People, and a “Fully Criminalized State”:
The Dynamics of Illicit Financial Flows in the Surinamese Gold Sector****Alexander Jacobs**Department of Medicine Massachusetts General Hospital Boston, MA, USA, ORCID: 0000-0003-3713-6262
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Gold is Suriname’s largest export, accounting for more than half of total exports in recent years. Suriname’s modern history has been marked by widespread corruption, economic instability, and state collusion with transnational organized crime networks. In this context, IFFs have flourished, in particular in Suriname’s gold sector. This paper demonstrates how gold has turned Suriname into a regional hub for money laundering and tax evasion operations. While otherwise a small regional power, Suriname’s role in the illicit gold trade extends its influence throughout northern South America and the Caribbean. Estimates of the scale of IFFs in the Surinamese gold sector are provided, as is a detailed account of the various harms of unchecked financial corruption. The paper concludes with concrete policy proposals for limiting the scale of gold-related IFFs in Suriname.

Keywords:

1. Corruption
2. Financial Flows
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Available online 29 May 2024**1. Introduction****1.1. What are illicit financial flows?**

Illicit financial flows (IFFs) “are illegal movements of money or capital from one country to another,” encompassing a range of activities from money laundering and trade mis-invoicing to terrorist financing (GFI, 2023). IFFs are often enabled by, and add fuel to, official corruption. According to the World Bank (2017), IFFs are of particular concern in developing countries because they “reduce domestic resources and tax revenue needed to fund poverty-reducing programs and infrastructure.” Beyond the immediate financial challenges exacerbated by the illegal flight of capital, IFFs are “symptomatic of other issues that constrain poverty reduction and shared prosperity, such as vested interests and weak transparency and accountability” (World Bank, 2017). Thus, IFFs link many disparate risks to development. IFFs are specifically listed as a danger to Sustainable Development Goal 16, which calls for, “peaceful and inclusive societies for sustainable development...access to justice for all and...accountable and inclusive institutions at all levels” (UN, 2023).

This paper examines the role of the gold sector – both its production and trade – in enabling IFFs in Suriname. Suriname is a largely underdeveloped yet resource rich country. IFFs related to gold, its largest export by far, are a major concern in its economy and governance. In recent years, Suriname has experienced an expansion of its gold sector as well as development of unexploited oil reserves. These potential riches are not without risks; Suriname’s reliance on commodity exports makes its economy “extremely vulnerable to external shocks” (World Bank, 2023). As this paper will demonstrate, reliance on commodities also exposes Suriname to internal corruption, including state support for extensive money laundering [ML] operations on behalf of regional gold producers and transnational organized crime (TOC) groups. For the Surinamese people to benefit from their resource wealth, it is important to assess the extent of IFFs in Suriname’s extractive sector and to identify policies for combating them.

1.2. A Brief Modern History of Suriname: From Independence to a “Fully Criminalized State”

Suriname is one of the most culturally and geographically isolated countries in the western hemisphere. The country sits on the northeastern coast of South America and is the continent’s smallest country in area and population, with approximately 600,000 inhabitants (NB: Suriname’s neighbor French Guiana, an overseas department of France, is smaller in both respects). Suriname’s geography is characterized by largely undeveloped rainforest, covering more than 90% of the country’s area (ACT, 2015). The rainforest limits land access to its neighbors in Brazil, Guyana, and French Guiana. Additionally, dense forest restricts the government’s ability to interdict the illegal flow of goods and people across its borders. Suriname’s isolation is linguistic and cultural as well. As a former Dutch colony from 1667 to 1975, Dutch serves as its official language and is spoken alongside a local creole lingua franca, Sranan Tongo. The country’s population – largely of Indian, West African, and Javanese extraction – little resembles the ethnic makeup of other South American states.

Suriname is classified as an upper-middle income economy by the World Bank (2023), with a GDP of approximately US\$3.5 billion (per capita US\$5,560). Suriname is highly reliant on the extractive sector. It has emerging oil reserves and mature bauxite reserves, both overwhelmingly controlled by foreign enterprises. But gold predominates, representing approximately 80% of export value in 2022 (OEC, 2023).

As with many resource-rich countries with historically weak civic institutions and widespread corruption, mineral wealth has not resulted in widespread prosperity for Suriname. Much of the wealth generated by gold and other extractive industries tends to be siphoned by corrupt elites, TOC networks, and foreign companies. Additionally, Surinamese monetary policy has for years been tethered to the vicissitudes of the resource trade and burdened by unsustainable foreign debts. Inflation reached 52.4% in 2022 and 59.1% in 2021, respectively (World Bank, 2023). As a result, US dollars (USD) are sometimes preferred to Surinamese dollars (SRD) as a medium of exchange and, in isolated interior regions, bartering with gold is the norm. Financial instability is felt by Surinamese citizens in the form of constrained government services, power outages, medical supply shortages, and runaway inflation.

Since gaining independence in 1975, Suriname has weathered coups, civil wars, and multiple economic crises. In 1980, during the so-called “Sergeants’ Coup,” Suriname’s first prime minister, Henck Arron was violently overthrown by a group of military officers headed by Dési Bouterse, then a Surinamese Army sergeant. Bouterse would go on to exert control over Surinamese political life for the next forty years, as military dictator (1980-1987), uninterrupted leader of the National Democratic Party (1987-present), and later as democratically-elected president (2010-2020) (BBC, 2012). Internationally, Bouterse is most noted for his role in the

1982 “December Murders,” when fifteen prominent members of civil society were tortured and murdered by Bouterse’s regime, with multiple sources alleging his personal involvement in the slayings. The Surinamese government under his rule has been found liable (IACHR, 2005), in international court, for the 1986 Moiwana massacre, during which nearly forty non-combatant villagers from the country’s Maroon community (descendants of escaped slaves) were murdered in a government reprisal during the Surinamese Interior War (1986-1992).

Bouterse has leveraged his preeminent position in Suriname to subvert the mechanisms of civil society for the purposes of self-enrichment. This extends beyond garden variety corruption and entails overt alliances with TOC enterprises. As one report (Farah & Babineau, 2017) describes Bouterse’s criminal involvement:

Bouterse spent much of the 1990s building a major international trafficking empire, sometimes called the Suri Cartel, whose operations centered on exchanging weapons for cocaine with the FARC, using Brazilian gangs as intermediaries. In 1999 Bouterse was convicted in absentia in Amsterdam of trafficking 474 kilos of cocaine to Holland and sentenced to 16 years in prison. By then he had converted drug trafficking into something of a family business. His eldest son Dino was given a diplomatic post in Brazil in the late 1990s but was expelled by the Brazilian government for using the diplomatic pouch for cocaine trafficking.

The report’s authors conclude that, because of the incorporation of criminal elements into the government apparatus, Suriname represents a new “paradigm of a fully criminalized state...the state has become a vertically integrated criminal enterprise, operating in equal partnership with TOC groups.”

Under Bouterse, Suriname’s model of state criminality is enabled by its ready access to gold and the gold trade, which makes the country a hub of IFFs. Per Farah and Babineau (2017), “the use of gold to accommodate the flow of illicit funds and to launder money has become an attractive vehicle for transnational organized crime groups and some terrorist organizations. The nature of the gold market readily allows actors to convert bullion into exchangeable assets.” Moreover, as gold prices increased after 2010, organizations such as the FARC benefited from moving from “high risk/high reward business of cocaine production” to lower risk activities such as illegal gold mining, with Suriname under Bouterse facilitating the laundering of extracted bullion (Farah & Babineau, 2017).

Despite its small size and relative isolation, Suriname’s close ties with the Netherlands and a historic permissiveness to organized criminal activity make it a key hub for the transshipment of drugs and illicit funds. Gold, owing to its fungibility and universal value, is a critical medium for enabling IFFs. As one observer remarked, “there is no better mechanism in the world for laundering money than gold” (Gurney, 2020). And Suriname, though small in area and population, possesses gold in abundance.

2. The Scope of Gold-Related IFFs and Conditions Enabling their Persistence

2.1. Scale of Challenges

Gold’s near-universal value and fungibility make it ideal for corrupt state actors and transnational criminal organizations to covertly move money. Additionally, in some cases, simply the idea gold is sufficient to provide cover for illicit flows: “Gold does not have to exist or be moved physically to be traded...citing ‘gold’ as the traded good on an invoice can be used to

justify large movements of money, either domestically or across borders” (FATF, 2015). This makes gold “an extremely attractive vehicle for laundering money,” providing the means “to convert illicit cash into a stable, anonymous, transformable and easily exchangeable asset or realize or reinvest the profits of their criminal activities.” While much of the gold used in IFFs is produced domestically, it is estimated that 30-60% of Suriname’s exported gold originates in neighboring countries, from which it is smuggled to Suriname for purposes of laundering criminal proceeds or evading gold duties in neighboring countries (OAS-DTOC, 2023).

In a report by the United National Development Programme (UNDP, 2015), corruption in Suriname is described as “a systemic problem that is embedded in almost all structures, institutions, sectors, and transactions conducted among business organizations both domestic and foreign, as well as among citizens and the government.” The report lists Suriname’s extractive industries, especially gold mining, as “vulnerable to corruption,” adding:

Gold is the country’s main export, but gold mining lacks regulation, resulting in a substantial informal economy. It is estimated that illegal mining accounts for over two-thirds of gold extraction. Around 30,000-40,000 illegal gold miners are active in Suriname’s interior, and this is seemingly tolerated by the government. The lack of regulation and a consequent lack of transparency facilitate corruption and serious environmental damage, which, in turn, threatens public health.

This swirl of permissiveness – in which illegal gold mining and TOC activity thrive, bolstered by state complicity in ML efforts – creates an atmosphere in which IFFs flourish. However, the exact scale of gold-related IFFs in Suriname is difficult to determine. A Global Financial Integrity report (Yansura et al., 2021) puts the range of total criminal proceeds (including, but not limited to those related to gold) at “two to five percent of GDP,” or “US\$80 million to US\$199 million annually.” Of this range, approximately “US\$56 million to US\$139 million is related to ML” for which gold serves as a primary medium of exchange.

Owing to their illegal nature, IFFs are impossible to quantify with precision – as the wide range of the above GFI estimate makes clear. There are no published reports estimating, in detail, the proportion of Surinamese IFFs that are related to gold mining and the gold trade. However, there are methods that allow one to estimate the order of magnitude, if not the exact dollar amount of gold-related IFFs in Suriname.

One such method is to compare reported Surinamese gold exports to a specific destination country against the destination country’s imports of Surinamese gold. In theory, there should be little difference in the reported amounts. If a significant gap exists between reported imports and exports, it represents a reasonable – though imprecise – estimate of illicitly traded gold.

For instance, in 2021, the year for which complete data are most recently available, the UAE reported bringing in US\$648,913,528 of gold from Suriname, whereas Suriname reported shipping US\$597,099,095 (UN Comtrade, 2023). The difference US\$51,814,433 – or 9% of estimated exports – approximates the scale of gold that is smuggled, mis-invoiced, or otherwise unaccounted for in Suriname’s exports to the UAE. The UAE is a known hub of international ML in the gold trade; Switzerland, the largest destination for Surinamese gold, does not report similar discrepancies.

Table 1 below summarizes export-import discrepancies between Suriname and the UAE from 2018-2021 (the most recent year with available data), with discrepant totals ranging from 9% to over 90% of reported gold exports. Using these figures, one can estimate that gold-related IFFs originating in Suriname total in the tens to hundreds of millions of dollars annually. This method has significant overlap with the GFI estimates discussed above, reinforcing both

findings. Using either estimate, the projected range of gold-derived IFFs – from tens to low-hundreds of millions of USD – is quite significant when compared to the country’s GDP of approximately US\$3.5 billion.

Table 1. Export-import discrepancies between Suriname and the UAE from 2018-2021

Year	Suri Gold Exports to UAE	UAE Gold Imports from Suri	Dollar difference	Percent Difference
2018	\$291,892,842	\$398,768,673	\$106,875,831	37%
2019	\$534,992,619	\$1,033,604,485	\$498,611,866	93%
2020	\$401,065,593	\$703,726,892	\$302,661,299	75%
2021	\$597,099,095	\$648,913,528	\$51,814,433	9%

Source: author compilation from UN Comtrade; Currency: USD.

An Organization for Economic Cooperation and Development (Hunter, 2020) working paper, from which this methodology was borrowed, lists several caveats to estimating IFFs with this approach, all of which apply to the Surinamese-UAE case as well: “[T]here may be other explanations [for import-export discrepancies]...re-routing of exports through intermediary jurisdictions may result in difference in import/export records in producing and destination countries...This estimation is a best guess, based on the interviews and discussions with experts in the field and is used here for enabling a discussion on amounts of IFF...This report acknowledges the debates on robustness of figures and methodologies in this area and does not suggest that this figure is definitive, given the difficulties with data in this topic.”

In addition to export-import discrepancies, Suriname often reports discrepancies between the total amount of gold in produces and exports. For the decade ending in 2021, Suriname reported exports exceeding production values in seven out of ten years (OAS-DTOC, 2023). The most common explanation for this discrepancy is that gold is illicitly trafficked from Guyana, Brazil, and French Guiana and then laundered into cash or exported to take advantage of Suriname’s comparatively lower gold export tax (OAS-DTOC, 2023). Although exact estimates do not exist for the degree of tax evasion, it appears that Suriname acts as a regional hub for small-scale miners to avoid taxes in their home countries by smuggling bullion across an under-poled border. Of course, as when comparing export-import discrepancies, similar caveats apply to using export-production discrepancies to estimate smuggling activity, in particular that the informal nature of Suriname’s gold mining sector may contribute to nonstandard record-keeping standards, undercounting domestically-produced gold.

Regardless of the exact figures in question, it is apparent that IFFs in the gold sector are enabled by a weak domestic financial system. Suriname’s financial sector is unable to regulate IFFs either due to inadequate infrastructure, lack of will, complicity in ML, or a combination of all three. For a recent example of the country’s enfeebled financial infrastructure and corrupt governance, consider the recent scandal at the Central Bank of Suriname. In 2020, Suriname’s finance minister and Central Bank governor were charged with fraud and embezzlement after it was revealed that nearly US\$200 million of deposits went missing (Yansura et al., 2021).

When such extensive corruption is coupled with the volatility of the Surinamese dollar, the domestic banking sector is placed at risk of isolation from the world financial system, driving consumers to an informal economy that prefers bartering with gold or cash-based exchange, often in foreign currency (Yansura et al., 2021). In turn, this increases local demand for gold and illegal gold mining. According to the US State Department (2020), much of the money in the gold

mining and refining sector “does not pass through the formal banking system...In Suriname’s undeveloped interior, bartering with gold is the norm.” The largely unregulated Surinamese gold sector serves as a beacon to regional gold producers seeking avenues for mineral trafficking. There are reports of Venezuelan gangs and small-scale miners smuggling gold into Suriname, which is then “laundered into Suriname’s exports” (Yansura et al., 2021).

Suriname faces challenges related to gold and IFFs from multiple fronts. Weak institutions, inadequate enforcement of local laws, monetary incentives for small-scale miners, and elite support of ML activities drive local demand for illegal gold mining and trafficking. Corrupt officials and TOC organizations work in concert to launder tens-to-hundreds of millions of dollars of illicit funds, using gold as a medium. In turn, other regional gold producers see Suriname as a hospitable laundering hub. And because the officials with oversight of exports, banking, and policing benefit from this arrangement, the state remains committed to subverting the public interest on behalf of TOC groups and a small cadre of corrupt elites.

2.2. A Brief Case Study Illustrating the Conditions Enabling the Persistence of Gold IFFs

The UAE is Suriname’s second largest export destination, primarily as a recipient of gold, and is the home of Dubai-based Kaloti Precious Metals (KPM), one of the largest gold traders in the world (OEC, 2023). KPM has been extensively investigated for its suspected role in international ML activities. The story of KPM’s Surinamese operations provide a powerful illustration of the conditions that enable the persistence of IFFs. The interdependence of the Surinamese government and KPM substantiates claims that Suriname is a model of a “fully criminalized” state.

KPM has global operations touching nearly every step of the gold supply chain, from mining to refining to trading. Reporting on the “FinCEN Files,” a 2020 leak of nearly 3,000 documents from the U.S. Treasury’s Financial Crimes Enforcement Network (FinCEN), brought to light three years of investigations into KPM’s allegedly illegal activities. The FinCEN Files reveal that the U.S. government identified approximately US\$9.3 billion in KPM transactions that were suspicious for ML, including such red flags as “cash payments worth millions of dollars to KPM’s suppliers and cash withdrawals from KPM’s Dubai bank account so large they had to be carried out in wheelbarrows” (Sayari, 2020). Additional investigations by the BBC alleged that KPM laundered funds on behalf of international drug rings (Verity & Robinson, 2019). While the U.S. government labeled KPM a “primary money laundering concern” under Section 311 of the PATRIOT Act, they reportedly did not pursue enforcement for fear of jeopardizing Emirati-American relations (Sayani, 2020).

Among the numerous areas pursued by investigators were KPM’s activities in Suriname. In 2013, the Surinamese government under Bouterse announced a joint venture with KPM, Kaloti Suriname Mint House (KSMH). KSMH’s purpose was to build and operate Suriname’s first gold refinery (Gurney, 2020). Several years after the project was announced, it was reported that 30% of KSMH’s shares were controlled by Bouterse frontmen (Farah and Babineau, 2017). In 2015, when KSMH announced the refinery was open for operation, the Central Bank of Suriname transferred all responsibilities for valuing and collecting gold export taxes to KSMH. Overnight, KSMH was transformed into an appendage of the state itself, with regulatory oversight of 80% of Suriname’s exports by dollar value.

These circumstances by themselves represent a striking example of state capture and official corruption. However, there was another wrinkle: according to one well-publicized account, the KSMH refinery did not exist. Farah and Babineau (2017), who visited the purported refinery site in 2016, found no physical evidence of a refinery, findings corroborated in interviews with local

gold dealers who confirmed that there was no local refining operation. The reporters concluded that the refinery “exists only on paper,” serving as a cover for the state’s real business. “For a price,” they conclude, “TOC groups can use the state certification to launder almost unlimited amounts of cash as if it were gold, thereby giving the transactions the appearance of legality.” As of 2023, the website for KSMH consists solely of a slickly-produced video insisting that “there is a misconception in the Surinamese community regarding the services provided” by KSMH, and that the mint house “does not purchase or sell...[or] export gold” (Kaloti Mint House, 2023). Rather, the video describes a limited role in refining gold on behalf of producers from Suriname and across South America and the Caribbean. The video reassures viewers that their purpose is to assess accurate taxes on behalf of the Central Bank of Suriname and the Surinamese people.

Ultimately, whether or not KSMH physically exists does not undermine claims about KSMH’s role in ML. And the fact that KSMH’s non-existence can be credibly alleged speaks to the baseline levels of corruption in Suriname. The preponderance of evidence suggests that the refinery was established (on paper at least) as a cover for the government to certify gold shipments – real and illusory – on behalf of customers seeking to legitimize ill-gotten gains. Moreover, the fact that KSMH serves international customers indirectly buttresses the case that it is involved in ML. Why would Peruvian, Colombian, or Venezuelan producers send gold to Suriname when they have their own streamlined mining, processing, and exporting ecosystems? From a cost standpoint, it only makes sense to pursue a disaggregated supply chain and send a portion of exports through Surinamese processing facilities if KSMH is able to provide an additional benefit, such as state-sponsored ML services. Otherwise, Suriname’s neighbors would have little economic rationale to send legally sourced gold to a new facility in an underdeveloped country: “whatever gold moves through KSMH is unlikely to be legally produced in other South American countries, but is ideal for accommodating illicit flows of resources and the accompanying laundering at a high level” (Farah & Babineau, 2017).

The Surinamese state’s historically active role in ML and drug-smuggling activities under Bouterse offers further reasons to suspect the legality of KSMH’s operations. While Bouterse left office in 2020, he is still widely seen as the country’s dominating political figure. KSMH’s operations were not merely tolerated by easily bribed officials, but partially owned by the President, and subsidized through the delegation of the central bank’s authority. The symbiosis between the government and TOC has deep roots in Suriname and, as long as the culture of criminality nourished by Bouterse persists, that influence remains. If the state remains an integral orchestrator of ML activity, TOC actors will be able to operate with relative impunity and will present significant challenges to attempts to resolve the issue of IFFs and official corruption.

3. The Social, Economic, and Environmental Impact of Gold-Related IFFs in Suriname

According to GFI (2023), IFFs in developing countries “result in a loss of what are often desperately needed resources to fund public initiatives or critical investments.” IFFs misdirect funds that might otherwise have been deployed on behalf of economic growth, poverty elimination, and sustainable development. The following section provides a detailed summary of the social, political, economic, social, and environmental harms of IFFs in Suriname.

3.1. Political and Economic Harms

IFFs erode Surinamese state capacity and national sovereignty. With barely-concealed corruption reaching the highest echelons of power, public distrust of government and financial institutions is high (Boejoekoe, 2021). Public distrust erodes the integrity of governmental

structures and diminishes the state's ability to act in the public interest. Furthermore, the state's historic partnering with TOC and foreign enterprises to finance and operate major components of the gold supply chain undermines local control over the country's largest resource by export value. Through their influence over corrupt officials, TOC groups exert substantial influence over internal affairs. In leafier districts of Paramaribo, for instance, neighbors describe the foreign absentee owners of new mansions as “powder people” – drug lords encouraged under the Bouterse regime to establish roots in the capital. These new neighbors, through control of construction projects and jobs, exert considerable sway over local leaders and residents. Even more explicitly, the government delegation of tax assessment duties to an international enterprise, as in the case of the Emirati-controlled KSMH, demonstrates a deliberate diminution of state power. The large scale of ML and the international nature of IFFs leads to undue influence over Suriname's political sphere, threatening its sovereignty and compromising national interests.

All of this contributes to political instability. In some respects, the 2020 election of President Chandrikapersad Santokhi – who in a prior role as Minister of Justice had led criminal investigations into the Bouterse regime – can be seen as an expression of public will for political change. But Bouterse, as a major party leader, retains the role of political kingmaker and his acolytes hold positions of influence throughout government (Farah and Babineau, 2017). The culture of impunity and corruption that he built up over decades remains largely undiminished, and while it is not uncommon for the current Santokhi administration to acknowledge the graft and ineptitude of the preceding regime, it has been unable – or unwilling – to transform Suriname's political culture. One frustrated citizen summarized national sentiment when he wrote in 2022, “the current [Santokhi] coalition has only made promises to the people of Suriname...Poverty has risen alarmingly, while, for example, corruption, patronage and/or nepotism are rampant” (MacDonald, 2022).

Unsurprisingly, the harms of gold IFFs also affect Suriname's economy. While Suriname's substantial gold reserves have the potential to boost its economy, the industry's attendant violence, lawlessness, and widespread ML activities threaten the country's overall development and stability. The Surinamese government loses out on significant revenues due to illicit gold trading. In 2022, the government's gold royalty increased from 2.75% to 4.5%; IFFs in the gold sector result in increasing millions of lost revenue (OAS-DTOC, 2023). Taxes and royalties from legitimate gold exports could be reinvested into public infrastructure, health, education, and other critical areas. Such lost revenue widens the development gap.

Additionally, Suriname's associations with illegal gold trading and IFFs tarnish its reputation on the global stage. This can deter foreign investments and lead to stricter trade regulations, further stifling the nation's economic growth potential. As part of a greater trend in de-risking from countries historically associated with ML, foreign banks have largely abandoned Suriname and cut it out of the global banking sector. One report from 2019 (MacDonald, 2019) noted that only a single private bank in the country, of Trinidadian origin, maintained correspondent accounts for foreign banks – a measure of systemic trust between institutions, and a reflection of the banking sector's distrust of Surinamese banks. The costs of economic isolation are felt by everyday Surinamers. The 2019 report describes how isolation from global banking “greatly complicates economic activity in countries like Suriname, hitting everything from tourism to the ability for young Surinamers studying in North America and Europe to pay university fees there.”

3.2. Social Harms

Illegal gold mining thrives in an atmosphere of general lawlessness and violence. In a 2022 interview, President Santokhi acknowledged the difficulties in governing the gold industry. In

response to a query about the gold sector's vulnerability to organized crime, Santokhi implicated the government's own historical role in enabling social disorder: "The Bouterse government gave out concessions across the entire interior, so there's no free space anymore. And on all those concessions, you see informal Surinamese, Brazilian, and Chinese gold miners operating... There's a lot of violent crime. There are often shootings in these areas... Right now, the army is blowing up illegal gold dredges, but that's generating a lot of unhappiness in the local community" (Ford & den Held, 2022). Santokhi links the government's historic tolerance of illegal mining to violence, while also acknowledging efforts to curtail mining operations are bound to conflict with vested interests.

As Santokhi's reference to "unhappiness in the local community" makes clear, many Surinamese benefit from illegal gold mining, which serves as a major source of income for both indigenous and Maroon communities. Indeed, one anthropologist working with Maroon communities reports that 70-80% of Maroon households receive a portion of their income from relatives in the mines (ACT, 2015). However, financial gains from industry are unevenly distributed between and within tribal groups and the environmental destruction that follows mining poses a threat to long-term ways of life for all living in the interior. One team of researchers found that deforestation activity related to gold mining is more intense in Maroon-controlled lands than in neighboring concessions (ACT, 2015). While this reflects Maroon involvement in a mining industry from which many financially benefit, it also underlines the risks Maroon communities run by placing long-held lands at risk of environmental degradation. In the long run, deforestation of tribal lands risks forced displacement and tensions between and within tribal groups.

3.3. Environmental Harms

For gold to be used in ML, it must first be mined. Suriname's role as a broker of gold-related IFFs stimulates the local mining industry, much of which operates informally. Both foreign gold smuggled by TOC groups and illegally-mined domestic gold require laundering before entering global markets. Suriname's role as a conduit for gold-fueled IFFs drives unregulated gold mining and its attendant environmental harms.

Suriname's interior is dominated by largely pristine rainforest; the environmental risks of unregulated mining pose a threat to one of the country's most significant resources. By one estimate, approximately 95% of Suriname is forested, the second highest proportion of forest cover in the world (ACT, 2015). However, in recent years, according to the UNDP (UNDP, 2017), "deforestation and forest degradation have increased dramatically," driven largely by mining and extractive industries: "If deforestation risks are not addressed promptly, the loss of trees and other vegetation can cause climate change, desertification, soil erosion, fewer crops, flooding, [and] increased greenhouse gases in the atmosphere."

An additional challenge is the widespread and illicit use of mercury in artisanal and small-scale gold mining. Throughout Suriname's interior, small-scale miners – sometimes called "pork knockers" after their diet of pickled wild pork – combine mercury with gold-containing sediment harvested from river dredges. The resulting mixture is heated, vaporizing the mercury and leaving behind gold. Although since 2018 Suriname is signatory to the Minamata Convention on Mercury, even Suriname's current president has acknowledged that the government is unable to stop mercury from being smuggled into the country by small-scale miners (Ford & den Held, 2022). One report estimates that in Suriname, for every kilogram of gold extracted, one kilogram of mercury was released into local waterways – meaning "at least 20,000 kilograms of mercury have entered Suriname's river system for at least the last two decades" (OAS-DTOC, 2023).

Recurrent exposures to mercury are toxic to small-scale miners and to the local environment. The sequelae of mercury poisoning are evident in many long-term miners including peripheral neuropathy, muscular weakness, psychosis, and, in extreme cases, coma and death. As small-scale mines are typically built into river dredges, the surrounding wildlife and local communities dependent on rivers for food and water are also subject to dangerous mercury exposures (Gerson, 2022). In certain villages of the Matawai Maroon community, for instance, residents acknowledge that no local fish are safe to eat (ACT, 2015). Mercury can remain in rainwater, groundwater, plant life, and wildlife for decades. Because most dredging occurs within the watershed containing Suriname’s capital Paramaribo, it is estimated that close to 75% of the country’s population lives at risk of exposure to dangerous levels of mercury (ACT, 2015). Even if the government developed the will and capacity to enforce anti-mercury measures, the risks to health and environment will be felt for years to come.

4. Policy Approaches to Limiting IFFs in the Gold Sector

There are several policies that the Surinamese government could pursue as first steps toward combatting the scale and influence of IFFs in the gold sector.

4.1. Upholding EITI Standards

The Extractive Industries Transparency Initiative (EITI) is a set of global standards for transparency and accountability in the management of extractive sectors, such as oil, gas, and minerals, including gold. As a signatory member since 2017, Suriname has pledged to uphold these standards, including transparency in reporting revenues, making public data widely available, and continuously measuring the impact of policy interventions intended to improve accountability. To better align with EITI guidelines, Suriname can bolster its institutional capacities by investing in regular training for public and private sector stakeholders on the latest reporting mechanisms and standards.

Adherence to EITI standards would directly address many of the challenges presented by IFFs in the Surinamese extractive sector. EITI standards provide guidelines for companies and countries to create transparent and accountable systems that minimize opportunities for ML. More than anything, EITI standards seek to improve transparency of finances in extractive industries; when revenue streams are transparent and well-documented, it becomes challenging for corrupt officials and other entities to siphon funds illicitly. Moreover, enhanced public awareness and understanding of the extractive sector empowers civil society to hold the government and industry players accountable. By integrating the principles and guidelines of EITI into its gold sector management, Suriname can reduce vulnerabilities to corruption in its single largest industry.

Unfortunately, although signatory to EITI, Suriname has made little progress in upholding its standards. In an EITI report (EITI, 2022) for fiscal years 2018, 2019, and 2020, Suriname was said to have made “no progress” on achieving EITI goals such as having the government and industry “fully, actively and effectively engaged in the EITI process” and ensuring the public release of “comprehensive information about the recipients of mining, oil and gas licenses.” Most pertinent to the scope of this essay, the EITI reports no progress toward the goal of ensuring that “all material payments and revenues are comprehensively disclosed by government entities and extractive companies.” For EITI standards to have their intended influence, the Surinamese government will need to demonstrate a willingness to implement them.

4.2. Implementing a Single-Window System for Facilitating Cross Border Trade

By implementing a single-window system for the gold trade, the Surinamese government can impose structural reforms that create a regulatory environment less hospitable to IFFs. In brief, a single-window system is an integrated clearinghouse that allows traders to provide standardized information and documents on a single platform to fulfill all import, export, and transit-related regulatory requirements. A single-window system limits the inefficiencies, human touch points, and other opportunities for corruption that allow IFFs to persist. A primary benefit of a standardized single-window system is to reduce human intervention in various processes that might otherwise lend themselves to official graft. Furthermore, by increasing the transparency in trade and traceability of currency exchanged, single-window systems allow for public oversight over historically shadowy processes. By streamlining procedures and creating a centralized point for trade-related activities, this system can reduce the opportunities for corruption and in turn reduce avenues for IFFs. In its 2017 Corruption Risk Assessment For Suriname (UNDP, 2017), the UNDP specifically lists the implementation of single-window system as a concrete step the government can take to reduce financial corruption.

4.3. Egmont Group and Other International Mentoring Opportunities

The Egmont Group is an international organization of financial intelligence units (FIUs) from various countries, including every country in South America except for Suriname and its neighbors Guyana and French Guiana (an overseas department of France). The group's primary objective is to foster cooperation and information exchange between FIUs internationally. These units typically gather and analyze financial intelligence related to ML, terrorist financing, and other financial crimes.

By joining the Egmont Group, Suriname could amplify its capabilities to combat IFFs in the gold sector. This cooperative framework offers multiple avenues for Suriname to enhance its anti-money laundering (AML) and counter-financing of terrorism (CFT) efforts. In particular, cooperation with international allies could provide Suriname with AML tools that it cannot, as a small developing nation, otherwise access. Suriname suffers from low state capacity and its government is often a less sophisticated technological actor than the TOC groups which drive many of its IFFs. If the Santokhi administration is to successfully implement the anti-corruption efforts it claims to support, it can partner with more advanced FIUs to enhance the state's capabilities in tracking and interdicting IFFs. As of 2023, Suriname is actively seeking membership to the Egmont Group, with a particular aim to partake in Egmont's Technical Assistance and Working Group (Zagaris, 2020).

Participation in the Egmont Group would enhance Suriname's international credibility in the financial sector. As discussed above, Suriname's current lack of credibility in this regard has led to abandonment by much of the international banking system. Joining organizations such as the Egmont Group would help Suriname in the slow process of building an international reputation as a trustworthy AML partner and potential target for foreign investment.

The Egmont Group is but one example of various international partnerships that Suriname could avail itself of in anti-IFF efforts. For instance, the United States Department of Justice offers mentorship to foreign governments to improve their ability to investigate ML and terrorist financing and assist in asset recovery (Yansura et al., 2021). Such focused partnership would, similar to participation in the Egmont Group, augment Suriname's capacity to combat IFFs in the gold sector. Other examples of international technical and financial assistance that Suriname can participate in include the UN Office for Drugs and Crime Regional Programme in support of CARICOM [Caribbean Community] Crime and Strategy (UNODC, 2013), assistance from the Inter-American Development Bank with financial sector reform, and participation in

international preceptorships such as the Basel Institute on Governance’s courses to help partner states with financial crime investigations and asset recovery (Basel Institute on Governance, 2023).

4.4. Who Has the Power to Effect Change?

It must be acknowledged that even if all of the suggested recommendations were adopted, the challenge of IFFs would persist if public will and state capacity remain in their current attenuated form. While these recommendations are intended to suggest concrete policies the government may take to reduce the challenge of IFFs in the gold sector, they are also aimed at signaling a cultural shift from the attitude of state criminality that defined the Bouterse era. This shift would require buy-in from elites, public engagement with the political process, and investments in state capacity. A review of member-states in EITI and the Egmont Group reveals many countries with suboptimal records in achieving those organizations’ goals; belonging to these groups alone does not guarantee ideal anti-IFF practices. Suriname’s success in tackling IFFs in the gold sector hinges on a broader crackdown on corruption, which will require the support of the Surinamese state and its associated elites.

Specifically, the state will need to invest in able and independent administrators throughout government, especially within the Central Bank of Suriname. Given the importance of the Central Bank and its history of poor management, the government need not limit its search to native-born administrators. Private banks in Suriname routinely draw from the Netherlands for financial talent and the Surinamese government might similarly benefit from the employ of foreign technocratic expertise, which has the benefit of being removed from the country’s endemic self-dealing political culture (Kurmanaev, 2020). In various parts of the English-speaking Caribbean, for instance, it is common practice that public administrators are drawn from the broader Commonwealth (Griffith, 2023).

The Central Bank is of such importance because in addition to monetary policy it has responsibility for tax assessment, financial sector regulation, and export controls – the areas most subject to manipulation by parties engaged in IFFs. Given the Bank’s wide regulatory powers, the UNDP (UNDP, 2017) has identified significant potential for a well-run Central Bank in Suriname: “[the Bank] can play a vital role by developing its ability to more effectively identify, trace, and suppress money laundering and the financing of terrorism; prevent the informal economy; and enhance its financial investigations, especially in the mining and forestry sectors, by promoting stolen asset recovery initiatives and strengthening international cooperation.” This potential, however, is far from a reality. A report (IMF, 2019) on the Surinamese economy and Central Bank found multiple “challenges facing the economy,” including “a weak fiscal position and rising public debt, monetary and financial supervision frameworks that need to be enhanced, a low degree of economic diversification, and other structural impediments to growth.”

Since 2020, President Santokhi’s administration has made limited progress in achieving its anticorruption goals and financial sector reform. Of course, the administration’s efforts have been slowed by its poor luck to take power during the height of the coronavirus pandemic. It would be overambitious for a single administration to simultaneously undertake financial sector reform, the transformation of a civic culture, and the reorientation of the entire economy. Yet, in a country suffering from decades of political lassitude, ambition is what Suriname needs.

5. Conclusion

The Surinamese economy is dominated by gold. And because gold serves as a primary medium of ML, the Surinamese economy is in turn influenced by its relationship to IFFs in the gold sector. If Venezuela or Saudi Arabia are termed “petrostates” to describe their society-wide orientation toward the extraction and distribution of a single predominant resource, then Suriname can fairly be considered a “gold state” or even a “laundering state.”

Together, Suriname’s economic reliance on gold exports and its historic alliances with TOC groups weaken the state’s ability to serve its citizens’ interests. IFFs in the gold sector lead to loss of government revenue, social disorder, increased public distrust, and environmental harms. As long as IFFs persist to their current degree, Suriname’s path to development will be an arduous one.

In the past decade, the French oil giant TotalEnergies has led the development of major new oil fields off the Surinamese coast. More foreign players, including Apache, based in the U.S., and QatarEnergy, have followed (Cavcic, 2023). Hotel lobbies in Paramaribo, once the sphere of sunburned Dutch tourists, increasingly host ad hoc gatherings of foreign engineers seeking a steady Wi-Fi connection to attend video conferences with executives in Houston, La Défense, and Doha. Suriname is on the cusp of an oil boom. The country’s long history of foreign economic exploitation – from the colonial era to the present – appears to be repeating itself. If the lessons of gold are any guide, the benefits of “black gold” will need to be weighed against its risks, including the potential for official graft, the prospect of new avenues for ML, and the dangers of environmental degradation.

Despite all these concerns, Suriname has great promise. It is a young country with large resource reserves relative to its small population. It possesses a largely pristine, biodiverse rainforest. It has great potential as a tourist destination, especially for eco-tourists looking to visit one of the few remaining unspoiled sections of the Amazon. Its close historical connections to the Netherlands and large diasporic community in that country allow many young Surinamese to pursue advanced training in medicine, engineering, and other valuable disciplines – even if, in the current economic climate, many professionals are reluctant to return. In their pursuit of resource riches, Surinamese elites are in danger of squandering the possibility of economic diversification and harnessing their population’s significant human capital.

The persistence of IFFs in the Surinamese gold sector raises fundamental questions about Surinamese society as a whole. To what extent does corruption determine who succeeds in economic and political life? What influence do TOC groups and foreign extractive enterprises maintain over the Surinamese economy? How sustainable is an economy overwhelmingly tethered to a single resource? Most of all, what are the costs to everyday people when they are born into a country where opportunity is constrained by such economic, social, and civic distortions? How Surinamese leaders and citizens choose to respond to these questions will play a major part in determining their country’s path to sustainable development.

Award information

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