



*A Practical Approach to the  
Economic Function  
of the  
Ministry of Foreign Affairs  
of the Republic of Suriname*

*by*

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# *Table of Contents*

## ***PART ONE***

<b>DEDICATION.....</b>	<b>II</b>
<b>WORDS OF APPRECIATION.....</b>	<b>III</b>
<b>LISTS OF FIGURES.....</b>	<b>V</b>
<b>LISTS OF TABLES.....</b>	<b>V</b>
<b>ABBREVIATIONS.....</b>	<b>VI</b>
<b>EXECUTIVE SUMMARY.....</b>	<b>VII</b>

## ***PART TWO***

<b>CHAPTER 1 INTRODUCTION.....</b>	<b>1</b>
1.1 General background	
1.2 Nature of research problem	
1.3 Research objective	
1.4 Research questions	
1.5 Scope and relevance of research project	
1.5.1 Scope	
1.5.2 Relevance	
1.6 Research methodology	
1.7 Constraints of research methodology	
1.8 Chapter overview	
<b>CHAPTER 2 THEORETICAL BACKGROUND AND ANALYTICAL FRAMEWORK</b>	
2.1 Introduction	
2.2 Defining diplomacy	
2.3 Conceptualizing economic diplomacy	
2.4 Foreign ministries: change and reform	
<b>CHAPTER 3 THE CASE OF SURINAME</b>	
3.1 Introduction	
3.2 The concept of economic diplomacy in the Surinamese context	
3.2.1 main driving forces of the Surinamese economic diplomacy	
3.3 Assessment of the economic function of the Surinamese MFA	
3.4 Conditions for a practical institutional framework	
3.5 Lessons learned	
<b>CHAPTER 4 POLICY RECOMMENDATIONS</b>	
<b>CHAPTER 5 CONCLUSION</b>	

**REFERENCES**

**APPENDIX**

# CHAPTER 1 INTRODUCTION

*Foreign policies are not built upon abstractions.*

*They are the result of practical conceptions of national interest arising from some immediate exigency or standing out vividly in historical perspective.*

*(Charles A. Beard, The Idea of National Interest, 1934)*

## 1.1 General background

In the contemporary world many foreign ministries are confronted with a wide variety of subject matters beyond their conventional span of control. This is, among others, due to the increasing economic and political globalization processes now taking place in the world that has a profound impact on the organizational aspects of the foreign ministry of a country.

Currently, many foreign ministries have adapted to these rapid changes by organizing themselves on both geographical and functional lines, also in conformity with their respective countries' needs. For example, the Dutch foreign ministry has reorganized the regional directorates, the European Commission foreign ministry has undergone three reorganizations within a decade, and the Japanese foreign ministry also reformed its organization to cope with the new political and economical challenges.

Across many developing and developed countries it is generally acknowledged that a foreign ministry needs both area specialists and experts in functional issues like economics, energy and the environment, particularly tailored to their own national development (Hill, 2003: 78-9).

For Suriname, the above-described phenomenon is no exception. As a developing country Suriname also participates in the global and regional integration processes, such as the WTO, ACP-EU, and the CARICOM. The institutional setting of the Surinamese foreign ministry is challenged by these processes and therefore demands a modern and professional mechanism to respond with alacrity. The domestic affairs also pose challenges of coordination for the foreign ministry, often resulting in structural rivalries of competence with other ministries when dealing with international issues. Nowadays, many ministries specialized in economic, financial and other matters participate in foreign affairs, leading to erosion of the “territory” of the Ministry of Foreign Affairs. A practical approach would be to strike the balance between the international diplomatic network and the domestic diplomatic system and keep the major governmental institutions in harmony with each other (Hill, 2003:85).

## **1.2 Nature of research problem**

In several policy notes and reports of the Surinamese Ministry of Foreign Affairs (MFA) “economic diplomacy” has been emphasized as an implementing tool to promote the national economic interests. This terminology has recently been used in the Multi-Annual Development Plan 2006-2011(MOP), the Government’s declarations, including the President’s annual speeches and both the policy note of the Ministry of Trade and Industry and of Planning and Development Cooperation. In this respect economic diplomacy is conceptualized as “serving certain economic interests of the country in relation to trade promotion, attracting investments through the channels of diplomacy” ( Saner, 2002).

Given this Surinamese context in which economic diplomacy is used, it is clear that through the diplomatic channels trade, investment and other economic interests should be promoted; the involvement of the private sector in this process is also acknowledged.

However, for the last decade the implementation of this objective by the MFA has been poor. In the current organizational structure<sup>1</sup> of the Ministry of Foreign Affairs the

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<sup>1</sup> See Appendix I

over-all coordination and monitoring of the international economic aspects of foreign policy cannot be envisaged, because the geo-political divisions on an occasional basis mainly handle these matters. The elements for foreign economic policy are derived from policy notes of other ministries and the MOP, however in the process of composing the foreign policy note, a close collaboration with the pertinent stakeholders in this regard is not scheduled. There is also no specific division geared to the promotion and coordination of the national economic interests within the existing institutional structure of the MFA ,which is provided with regular inputs by national stakeholders.

Following various examples in the world, such as Brazil, Trinidad and Tobago, Japan, Mauritius, Norway, the Netherlands, etc. their foreign ministries cannot perform its economic function without a specialized agency or division devoted to pursuing these goals.<sup>2</sup> The afore-mentioned countries have clearly put in place the institutional mechanism to ensure the conduct of economic diplomacy.

Another way of approaching this discourse is from an economic policy perspective, namely: Suriname is still considered a small, trade-dependent country with a recent colonial experience and a multi-cultural society (Girvan, 2006); its export performance in the regional hemisphere is lagging behind many CARICOM countries, such as Trinidad & Tobago, the Bahamas and Guyana (Girvan, 2006).

If economic diplomacy is believed to be the means through which promotion of national economic interests will be served, as mentioned earlier in the various documents, why is the infrastructure or the framework conducive to economic diplomacy still absent? What are the obstacles preventing or hampering the formation of such a framework? These are the problems that need to be addressed before effective economic diplomacy could be implemented.

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<sup>2</sup> See Appendix III: The organizational structure of their MFA

### **1.3 Research objective**

The purpose of this research is to find out the manner in which the MFA, along with its diplomatic posts, performs its economic diplomatic role, so as to advise on how the economic diplomatic role could be improved given the insights derived from a particular theoretical framework or the experiences elsewhere. Useful information about other examples of economic diplomacy will be given, not only as comparison, but also to make the whole notion of this topic clearer. For the sake of efficiency the strengths and weaknesses of economic diplomacy in the Surinamese context will also be analyzed.

### **1.4 Research questions**

This research project will try to answer the following question:

- Is the current Surinamese MFA's organizational structure aligned with the conduct of economic diplomacy? If not, why?
- To enhance the Surinamese foreign ministry's economic function what institutional framework would be appropriate and effective?

The sub questions are:

- Does the Surinamese foreign ministry have a clear vision on the concept of economic diplomacy? What are the main driving forces for economic diplomacy?
- How is economic diplomacy being conducted in the Surinamese MFA at present? What are the strengths, constraints and weaknesses of this form of diplomacy?
- What effective institutional framework for economic diplomacy other countries are using? Are there any elements of this framework that could be applied in Suriname?

### **1.5 Scope and relevance of research project**

#### *1.5.1 Scope*

Economic diplomacy is a very wide concept, which is used and interpreted differently by various countries in the world. In Suriname this terminology has also been used in several policy notes of the MFA and other state policy documents. As described in the Multi Annual Development Plan, economic diplomacy boils down to contributing to

the national social and economic development through the input or a contribution of diplomatic missions and consular representatives abroad <sup>3</sup>. However, a clear picture of the institutional framework for implementing the pertinent activities is not mentioned.

In general, foreign ministries do not deal with external economic relations (with a few exceptions such as Australia, Canada and other combined ministries). Nevertheless, in monitoring bilateral relations economic interests is vital and often a capital component (Rana, 2002:69). Understanding of economics is therefore required in the daily work of a diplomat; it also legitimizes the conduct of economic diplomacy. The theoretical and practical approach however differs in many ways. It is essential to address which practical approach would be best for the economic function of the MFA. The implementation of such a practice may have a positive effect on the pursuance of the national development goals. Although the focus will be limited to an appropriate mechanism for economic diplomacy, attention will also be given to the conditions under which it can be effective.

### *1.5.2 Relevance*

As stated earlier, it is of great importance that an appropriate framework is institutionalized to mainstream and coordinate the domestic policies and the international economic and political integration processes in favour of the national economic development. The researcher aims to give an extra impulse to the conduct of economic diplomacy to achieve better economic performance in Suriname amidst the challenges of globalization. It is not a question of whether we are able or unable to cope with these challenges but rather what institutional framework should be adopted and enforced in the best interest of the Surinamese economy.

## **1.6 Research methodology**

This research is designed to gather and analyze data for answering the research question and in the end to present policy recommendations. These recommendations will follow from examining the existing situation or the problem identified and compares them with other cases or with a theoretical framework.

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<sup>3</sup> [Multi-Annual Development Plan 2006-2010](#) ,p. 55

With the help of primary data such as interviews with: (ex-) Minister of Foreign Affairs; various Surinamese Ambassadors; (ex-) Permanent Secretary of the MFA; Minister of Planning and Development Cooperation; and members of different business organizations and lecturers of the Anton de Kom University .

In doing so the actual situation of economic diplomacy will be assessed and recommendations will follow on how to improve effectiveness and efficiency in the near future. The challenges which lie ahead will be identified and ways and ways to overcome them will be addressed as well as views on which mechanisms and instruments would be appropriate to add impetus to this topic.

Taking the political sensitivity into account, the interviews will be relatively unstructured, the use of secondary data and policy documents of the MFA, and other organizations will result in deductive research methodology.

## **1.7 Constraints of research methodology**

In conducting this study, the concept of economic diplomacy will be derived from the explanation given by Mr. R. Saner and Mr. L.Yiu (Saner & Liu, 2002:11). Countries where economic diplomacy is being applied is not limited to the region, as most success stories are found in the developed countries in North America, Europe and Asia and a few developing countries. Not all aspects of economic diplomacy have been highlighted since the applicability of the different variants was not relevant in this research. Interviews with some experts and governmental dignitaries have to be less structured to overcome difficulties of accessibility of information. Only those aspects /variables related with economic diplomacy will be elaborated on in relation to the Surinamese context. With the exception of some articles, access to literature on Surinamese economic diplomacy is not readily available; therefore interviews will be the main source of information.

## 1.8 Chapter overview

This project is divided into three parts. The first part consists of: table of contents, dedication, acknowledgements, abbreviations, and an executive summary. The second part is the core of this project and is divided into five chapters, namely: introduction, theoretical background and analytical framework, situational factors of Suriname, policy recommendations and conclusions. The third part consists of references and appendices.

Chapter one is the introduction that discusses the purpose, objectives, scope, limitations and methodology of the research. In chapter two a literature review on the notion of economic diplomacy is given. In chapter three the Surinamese context of economic diplomatic is discussed. Chapter four covers policy recommendations and chapter five concludes and summarizes the whole research project.

## CHAPTER 2 THEORETICAL BACKGROUND & ANALYTICAL FRAMEWORK

*There will always be room for diplomacy,*

*but in its present form, it is largely an 18<sup>th</sup> century relic*

*that badly needs rethinking and refashioning.*

*(Walter Laqueur, former Chairman, International Research Council*

*Center for Strategic and International Studies, Washington, DC.)*

### 2.1 Introduction

The focus of this research project is mainly based on the institutional approach of economic diplomacy. Economic diplomacy as an instrument of foreign policies demands a comprehensive approach when conducted by the Ministry of Foreign Affairs (MFA). In doing so, it should be clearly understood that foreign policy making as a process is about shaping the implicit or explicit definition of a country's interest (Naseer Mohamed: 10); thus economic diplomacy is all about promoting the economic interests of a country .

Although the basic orientation of a country's foreign policy is not discussed in this project, it is worthwhile to understand the values, attitudes and perceptions from a historical perspective and circumstances. This will help explaining the current structure of the state and the system of the governance of the country concerned (Ibid) and its defined domestic politics.

This study attempts to examine the role of the MFA in promoting the prioritized economic interests, also through its available diplomatic channels, taking into consideration both the domestic institutional environment and the global political and economical change. Based on the acquired data the two key questions of this research will be answered, namely: is the current Surinamese MFA's organizational structure aligned with the conduct of economic diplomacy? If not, why? , and to enhance the

Surinamese foreign ministry's economic function what institutional framework would be appropriate and effective?

This suggests or implies that taking into account influences of the ongoing complexities in the outer world that the institutional mechanism of this ministry is tailored to serve these goals. Therefore, this literature review provides the researcher with the opportunity to understand the concepts, thoughts and ideas existing on diplomacy in general and economic diplomacy in particular.

This review will also point out the importance of the Ministry of Foreign Affairs as an organization in charge of economic diplomacy and the emergence of other actors in pursuing similar goals. The internal and external factors shaping the concept of economic diplomacy are relevant to explaining what really constitutes the institutional framework of the MFA in conducting this subtype of diplomacy.

The jurisdiction of the MFA is also being challenged by the proliferation of other actors and as such claiming their rights to participate in the international arena. In particular the interplay between the international diplomatic network and the national diplomatic system is in discussion and is the crux of this framework.

In addition, examples of reform by other countries will also be incorporated in this discourse to have the lessons learned in the case of Suriname.

## **2.2 Defining Diplomacy**

An experienced British diplomat, Peter Marshall (Rana2002:17), once wrote that *foreign policy is about what to do and diplomacy is about how to do it*. In this research the word “diplomacy” refers to the way in which foreign policy, which reflects the domestic interests of a country, is executed by the MFA and conducted by its diplomats.

From several points of view diplomacy is conceptualized as a profession from an evolutionary angle <sup>4</sup>(Barston, 1997:1), as a characterization of participation by state and non-state actors<sup>5</sup> (Melissen 2005:5), or as the management of international relations by different actors as well as from the management of change due to the expanding

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<sup>4</sup> Linking it with the current global developments, thereby changing its definition, qualification and the diplomats' role expectation; meaning that the content of diplomacy evolved over time and its changing nature therefore reflects the substance of diplomacy of each particular period of time.

<sup>5</sup> *Diplomacy is the mechanism of representation, communication and negotiating through which states and other international actors conduct their business.*

agenda<sup>6</sup>((Rana 2002:74). In Satow's definition<sup>7</sup>, diplomacy is the exclusive domain of the MFA, which is being challenged by globalization processes (Saner 2002:.3).

In view of all these definitions and statements, diplomacy has to keep pace with the complexities of the global political and economic developments, and the emergence of alternative diplomatic actors acting independently from the Ministry of Foreign Affairs. In any case diplomacy is often thought of promoting the concerned interests of a country, sometimes denoting diplomacy with an adjective, such as commercial diplomacy, public diplomacy or economic diplomacy. In this study project the emphasis is on economic diplomacy.

### 2.3 Conceptualizing economic diplomacy

#### General

Economic interests were always present, even when they were mainly based on the competition for territorial expansion and less based on the competition for market shares<sup>8</sup> (Parreira, 2006:2). Through the territorial expansions<sup>9</sup> commercial diplomacy was initiated<sup>10</sup>.

Between the two world wars multilateral diplomacy emerged<sup>11</sup> with a goal to prevent world wars and to regulate and stimulate the international markets to return to a secure economic environment together with stable growth. The independence of many African and Asian countries also contributed to the transitional stages of diplomacy, and then primarily based on commercial exploitation of local possessions.

In the course of time till the 20<sup>th</sup> Century this commercial diplomacy model transformed into a more economic diplomacy variant. The acceleration of globalization and the formation of several economic regional blocs that have put the economic aspects

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<sup>6</sup> Melissen connects diplomacy with innovation by stating that: *If it is agreed that diplomacy is the management and facilitation of change in international relations by means of adaptation and innovation of the modes of diplomatic practice ... . Diplomacy could not be about anything other than innovation*

<sup>7</sup> modern diplomacy is the application of official relations between the governments of independent states.

<sup>8</sup> Parreira refers to the Roman Empire, the Mongol Empire, the French Empire till two decades of the 20<sup>th</sup> century

<sup>9</sup> also in the colonial period (Spain, the Netherlands, France, etc.) this strategy prevailed, namely the territorial expansions through military expeditions or religious means

<sup>10</sup> Trade commissioners were sent abroad, including defence of traders, support of their enterprises, security of roads and

the goods borrowed were part of foreign policy as protective fundamental mission of diplomats

<sup>11</sup> United Nations, International Monetary Fund, World Bank, GATT;

more to the fore in the political arena are actually the main source of this paradigm shift, namely from geo-politics to geo-economics (Ibid:3).

### Constituencies of economic diplomacy

The new context of economic diplomacy implies the contemporary ongoing global processes shaping and impacting greatly on the substance of economic diplomacy (the external dimension). As an intrinsic part of foreign policies, it is based on the promotion of national economic interests<sup>12</sup>, and as such the conduct of foreign policy lies at the core when establishing formal external relations (the domestic dimension).

Further, it can be observed that the domestic economic development and diplomacy are closely related, which undoubtedly presents a challenging factor for the MFA to mainstream these intertwined activities. The statement given by Rana (2002:68): *economics is a major component of contemporary 'integrated diplomacy' and thus permeates diplomacy* also confirms this interconnectivity.

Interestingly, Saner (2002:11) depicts economic diplomacy as follows: *Economic diplomacy is concerned with economic policy issues, e.g. work of delegations at standard setting organizations such as WTO and BIS. Economic diplomats also monitor and report on economic policies in foreign countries and advise the home government on how to best influence them. Economic diplomacy employs economic resources, either as rewards or sanctions, in pursuit of a particular foreign policy objective.*

Viewing them from this point of view the external factors play a fundamental role in creating the right conditions for economic diplomacy. A practical definition of economic diplomacy is used by Henry Wai –Chung Yeung (2004:3) in the specific context of execution of economic-diplomatic activities, namely.....*as interstate economic relations manifested through firm –specific activities. While these economic activities are conducted through national firms, they “carry” with them certain distinctive elements of political and diplomatic overtures. These economic –diplomatic activities therefore cannot be conceptualized as pure market-based transactions. Instead*

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<sup>12</sup> “... there is no accepted common standard or definition of the concept of national interest, so the understanding of the role or meaning of national interest is totally different from one user of the term to another”. National interests vary. They can be classified into various types according to different standards. Based on content national interests can be classified into political interests, security interests, economic interests, and cultural interests. Economic interests are the most constant national interests. When a country's survival is reasonably secured, its foreign policy pursues economic interest as the most important interest. Therefore, economic interests may also be called a fundamental interest or ultimate interest.”(The Concept of National Interest,2006)

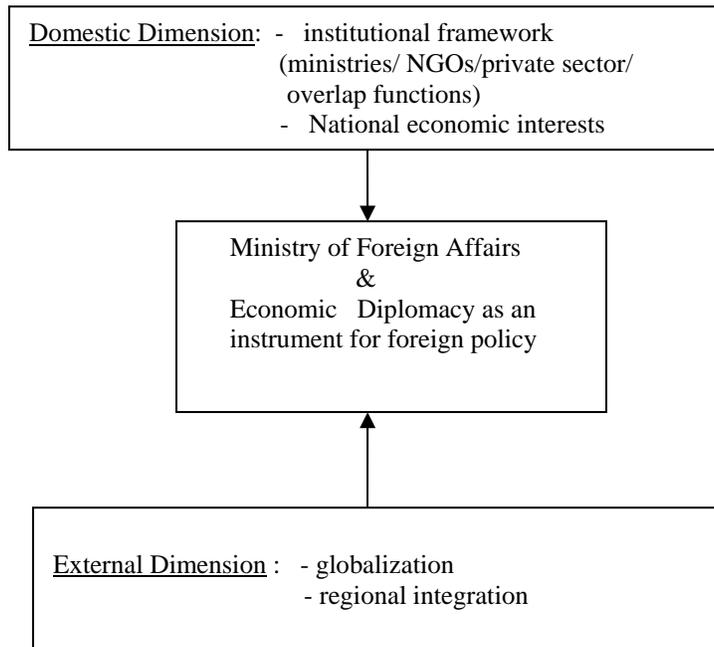
they, they should be viewed as institutionally mediated interactions between different nation-states that go beyond profit maximization and economic efficiency.

Obviously, what constitutes economic diplomacy in a country depends on its own strategies that govern the relationships with friendly nations. In general, there are two main categories of factors, domestic and external, that encircle the concept of economic diplomacy. In this research these factors are conducive to the practical approach of the economic function of the MFA.

The two driving forces explained

**Figure 1. driving forces of economic diplomacy**

Based on the ideas of Hill this researcher has developed this figure.



**Source: This researcher**

The two driving –forces are explained from a domestic dimension and from an external dimension<sup>13</sup>. These driving forces interrelate with each other aimed at serving the national interests and should be in harmony with each other. If not, complications can arise and that these two forces will sort out contrasting effects (Hill 2003:.226).

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<sup>13</sup>See below figure 1

The actors at home should know what interests are prioritized and should acquire specific knowledge to be able to negotiate on an international level; sometimes this negotiation requires technical expertise which should be at the MFA's disposal. Although national development is the core responsibility of the central government, it should bear in mind that national development has to correspond with the changes taking place in the pattern of world politics.

The challenging factors for economic diplomacy to work are to be able to address their own constituents (domestic dimension) and to face the changing international environment (external dimension) that impacts upon domestic politics (Hill 2003:219-222).

#### **A. Domestic dimension:**

*The most sweeping interpretation of the idea of domestic sources is that which sees foreign policy as primarily generated from within – das primat den innenpolitik, referred to by Kehr.* ((Hill, 2003: 220). Inspired by these words the following the researcher has chosen the following selected elements to approach economic diplomacy from its domestic inputs.

##### **a) National Economic interests**

Economic diplomacy is part of foreign policy, but in turn this policy is partly dependent on the defined national policy of a country to bring about economic development. The ultimate target of outreach by all foreign ministries is to promote the national development goals, whereas specific economic interests are to be served. . National interests depend on the country's specifically outlined interests, be it territorial integrity, economic, etc.

According to Dr. Yan Xue-Tong <sup>14</sup> there is no common definition of national interests, and thus each country should establish its own standards for defining national interests<sup>15</sup>. Economic interests are intrinsically embedded in that domain and form the reference for each diplomat to carry out the tasks to achieve economic welfare for the country represented.

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<sup>14</sup> The Concept of National Interests, 2006.

<sup>15</sup> An element of concern is that there are factors in the concept of national interests that impacts the international environment and is in conflict with other country's national interests. However, for this research this is not relevant to deal with. (The Concept of National Interests, 2006.)

## b) Actors

Throughout time alternative diplomatic actors have emerged, being active and working actively and independently in foreign economic relations, in other words those engaging in diplomatic behavior without being professionals in this field (Rana, 2002:17). Despite this proliferation of non –state actors, an ambassador remains important in relation to explaining policy at critical moments, such as political assessments involvement in economic and trade work, in participation in international conferences (Barston, 1997:5).

Interestingly, Saner (2002:10) divided the newly emerged diplomatic functions and roles of various state and non-state actors as follows:

	<b>Functions</b>	<b>Roles</b>
State actors	Economic diplomacy	Economic diplomats
	Commercial diplomacy <sup>16</sup>	Commercial diplomats
Non-state actors	Corporate diplomacy	Corporate diplomats
	Business diplomacy	Business diplomats
	National NGOs	National NGO diplomats
	Transnational NGOs	Transnational NGO Diplomats

This approach actually suggests a clear distinction between these two identified categories of actors involved in the diplomatic agenda, however it must be understood that the consequences of each actor have different impacts on international relations. But in this particular context, the distinction should be assessed on the complexity of international relations that demand a practical approach to the institutional framework in which the MFA has to perform

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<sup>16</sup> For a clear distinction, besides economic diplomacy, to some extent commercial diplomacy is cited; the other forms of diplomacy, like business or corporate diplomacy will not be discussed. According to Saner ( 2002,:12) “*commercial diplomacy is about the work of diplomatic missions in support of the home country’s business and finance sectors in their pursuit of economic success and the country’s general objective of national development. It includes the promotion of inward and outward investment as well as trade. Important aspects of a commercial diplomats’ work is the supplying of information about export and investment opportunities and organizing and helping to act as hosts to trade missions from home. In some cases, commercial diplomats could also promote economic ties through advising and support of both domestic and foreign companies for investment decisions*”. The execution of roles and functions by both types of diplomats are not binding to the given definitions. They can be combined for efficiency reasons.

efficiently to cope with the ongoing globalization processes. It is extremely important that economic diplomats influence their multilateral economic policies by coordinating specialized ministries, by negotiating with certain economic standard-setting organizations, and by working with relevant non-state actors.

Similar to commercial diplomats they can also penetrate open foreign markets for their domestic companies in collaboration with foreign governments' economies; their focus would also be on easy accessibility for their own national companies into foreign markets. If there is a conflict of interests with foreign business or non-business stakeholders (Saner, 2002:17) these diplomats should be at their disposal.

Ultimately Saner suggests that these *diplomats should influence political, economic and social policies to create the right conditions for economic development taking into account the needs and aspirations of other stakeholders work with rule making international bodies whose decisions affect international trade and financial regulations, forestall potential conflicts with foreign governments, and various economic actors to minimize political and economic risks. Also they need to be capable in interfacing with their respective stakeholders and customers (governments, companies, civil society), conduct bilateral and multilateral negotiations, coordinate international public relations campaigns, collect and analyze pertinent information emanating from host countries and international communities. They have to adopt an outward looking mindset and to enlarge their role repertoire regarding representation and diplomatic interactions* (Ibid: 19-20).

The fact that many actors play a vital role in conducting economic diplomacy suggests that the MFAs have to seek an alternative mechanism for managing the enormous responsibilities efficiently.

### **c) Interdepartmental overlap**

In today's world many domestic departments are actively engaged in international relations and therefore send their own experts to participate in specialized international organizations. In this respect most departments have their own international relations division to coordinate and handle the matters pertaining to

their jurisdiction. For example, in Japan the Ministry of International Trade and Industry with its own network of eternal contacts is more influential than the foreign ministry; in Mexico almost every ministry has an international relations division (Hill, 2003:79).

Challenged by the acceleration of diplomatic work by other ministries, the traditional role of the MFA needs rethinking and demands another outlook for handling international relations. Some MFAs have been successful in transforming their role from being monopolistic to more coordinative and facilitative, and some have not; instead they block the access of other ministries into the international arena (Saner, 2003:4).

## **B. External dimension**

The assumption here is that economic diplomacy is not only internally driven, but externally managed. The results of such successful diplomacy in this respect are very much dependent on the acknowledgement of these driving forces: how to cope with the challenges coming from the outer environment, and simultaneously transforming and fitting them into national economic interests. The most important elements are:

### **a) Globalization**

Friedman's words on this phenomenon (Saner 2003:2)<sup>17</sup> are very much the realities of engaging the domain of diplomacy. Globalization has drawn the whole world closer together in economic, social and political sense. This entails interconnectivities and interdependencies, together with the multiplicity of actors that present many challenges in these relationships, such as the risk of global warming, international terrorism, new and resurgent infectious diseases and financial crises. In addition, the outcomes of those processes lead to competition, supra-territorial relations, cross-territorial alliances (Ibid: 2). The latter poses huge challenges for nations and therefore forces them to cooperate together in various regional or sub-regional organizations, involving also non-state actors in the sway of economic policy debates. In the current global environment, characterized by fragmented relationships and growing complexities, it is deemed necessary that

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<sup>17</sup> Friedman: "*Globalization is not a phenomenon. It is not just some passing trend. Today it is an overarching international system shaping the domestic politics and foreign relations to virtually every country, and we need to understand it as such.*"

governments, transnational NGOs and enterprises alike have constructive diplomatic expertise in order to cope with these uncertainties (Ibid:3). However, with the increase of economic globalization, that has accelerated in the last years, the regional trade agreements and the loss of several traditional trade instruments, the frontiers between national and international economy have become more blurred. (Parreira, 2006: 6)

#### **b) Competition**

Competition is one of the consequences of globalization, in which states are engaged for large economic gains; they also look for partnerships with like-minded countries, by maintaining their positions in the markets and gaining market access for their national companies, and protecting their domestic markets through elimination of trade barriers (Ibid:2).

The rules of competition are mainly driven by the WTO to prevent unfair trade, or are being set within the context of economic integration, e.g. NAFTA, EU, MERCOSUR, and CSME. Parreira (2006:10-11) discussed this reality of competitiveness against the background of local or regional areas as a result of economic global competition, *meaning that even inside of the political boundaries of the countries all regions such as big cities or local towns are competing with each other to be the centre of attention for the best and biggest investments and market operating models. To do this, the most proactive regions are using 'diplomatic' strategies that often rival with their own central state diplomacy.*

However, many small countries have not been able to internalize these strategies and face the negative consequences of globalization because of the asymmetries of information and technology.

#### **c) New agenda**

Especially within the context of economic integration globalization creates new agenda items and new working methods that pose challenges to the diplomats and civil servants of MFAs. This reality has to be adapted in the organizational structure of the MFA, by which the handling of subject matters could be done effectively and adequately.

The new agenda items include security, environment and information technology. The consequences of globalization together with the proliferation of diplomatic activities by other ministries need rethinking and of the traditional role of the MFA needs redefining. It requires a transformation of their role from being solely responsible for foreign economic policy formulation to becoming the overarching coordinator of inter-ministerial foreign economic policies (Ibid: 4).

Given the constituencies of economic diplomacy at present stage, the great majority of literature emphasized the world circumstances, the new competitiveness' paradigm, the new relevance of public and non-state actors and foremost the way of doing economic diplomacy.(Ibid:5). This is a challenging reality for all foreign ministries to deal with.

## **2.4 Foreign Ministries: change and reform**

### Introduction

The origin of establishing an office to coordinate and monitor the work of embassies abroad stems from the 15<sup>th</sup> Century when the French Ministry of External Affairs was known as Quai d'Orsay. Every MFA is categorized into two main sections: the territorial divisions handling bilateral affairs and the functional divisions capturing specific tasks, such as administration, multilateral affairs, protocol, consular affairs, etc. (Rana, 2002: 115).

Over time foreign ministries have gained new responsibilities and have shared the domain of international relations with other agencies. In this respect, foreign ministries all over the world are constantly involved in the complexities of change and reform processes to an unpredictable and volatile international environment<sup>18</sup>. As described by Rana (2006) the foreign ministry together with its working arms, such as the embassies, permanent missions and consulates, is in charge of handling external relations, but as Hocking notes *the MFA is no longer the 'gatekeeper of external affairs; it cannot ask other agencies to use it as exclusive foreign contact channel.*(Rana,2006).

Albeit, the important assumption still is that the MFA is the primary actor in world politics. During a conference held in Geneva in 2006, it was mentioned that the

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<sup>18</sup> Summary of discussion: 'Challenges for Foreign Ministries', Geneva, 2006

nature of the MFA as an organization should be recognized in the distinctive environments where it is located; a critical factor remains the changing nature of the international systemic agenda.

In relation to its closeness with the state sovereignty and the international environment it should be noted that the impact on the foreign policy of a state is tremendous, at least in the way it should cope with the processes of globalization and regionalization<sup>19</sup>. The organizational structure of the MFA is challenged by these phenomena and demands change and reform of each foreign ministry; it has to keep in touch with all aspects of foreign policy and be up-to-date with all significant global events.

#### Why change and reform?

Since the end of the Cold War, accelerating globalization processes, IT revolutions, new international threats and possibilities have changed the prerequisites for conducting foreign policy. Therefore, a proactive stance would improve the service in society and enhance the achievement of international deeds. Hence, change and reform cannot occur overnight. The MFAs should adapt themselves to the changing world politics and at the same time become attuned to its countries' needs (Rana, 2005). A set of reasons for reform to understand 'why ultimately the transformation' suggested are:

- the multiplicity of actors (non-state and state) participating in the domestic politics of foreign affairs,
- a heterogeneity of subjects in bilateral , regional and global dialogue; changes in communications and information technology
- a sudden transformation in the tasks of professional diplomats
- a coherent pattern in facilitating and harmonizing information as a responsible MFA, especially in terms of networking with both national and international actors
- the involvement of the public with foreign affairs
- the pressure of a small public service together with high performance
- the increased interdependence among states as a result of globalization

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<sup>19</sup> Challenges for Foreign Ministries: Managing Diplomatic Networks and Optimising Value; International Conference, Geneva, May 31- June 1 2006.

### The reform environment

According to Rana (2005:3) the reform environment is influenced by the following factors:

- Public sector reform as a priority tool of good governance, e.g. Thailand has established 'public sector divisions' in each ministry, focusing only on implementing new management methods; these methods demand continual adaptation by MFAs; some countries such as Ireland and the United Arab Emirates have used management consultants to reach the needed standards, hence not always to the desired results.
- Domestic public diplomacy coming to the fore: parliamentary involvement, the media and civil society gaining momentum and thus demanding greater transparency and information. Canada and the Bahamas for instance organize on regular basis town-hall meetings with citizens across the country to acquire support for domestic politics of the country's foreign policy.
- Networking with a wide scope of official and non-official actors and sharing the interest of foreign affairs requires the MFA to identify a variety of low diplomacy issues in order to facilitate the engaged parties on their agendas.
- Human resource management requirements are highly demanded. MFAs need officials with skills that are both generalist and specialist; they are required to handle multiple tasks. The conviction that skills are accumulated on the job no longer hold for countries such as India, Brazil and Japan. These countries involve also updated methods for promotions and career planning to ensure high motivation.
- Budgetary constraints lead to reduced financial and human resources. This is manifest in western countries, and even more acutely in developing countries; this can partly be ascribed to the accountability norms in democratic societies. Smaller embassies or issue ambassadors are options when MFAs face budget cutbacks, e.g. USA, Japan, Mauritius.
- Innovative communications technology is paving the way for the MFAs to enhance networking with their embassies. For example, Germany opted to set up

- a seamless single diplomatic network, that represents a significant transformation in the operational sphere of its MFA and missions.
- Benchmarking study before the process of reform: Australia and Canada carried out this study and engaged into a series of reform, including the MFA. China has carried out low profile surveys and has reformed evolutionary.

Obviously, these factors are not limited, but are the prime factors to look at when assessing the reform processes. Most of the reforms that have taken place in the world have been an integral part of the existing public administration.

### Examples of transformation processes within the MFAs

A very important point is that the foreign ministry and its operational units abroad remain the centre of the diplomatic system (Rana, 2005:6). To further elaborate on this aspect, the rationale for closer integration between HQ and the embassy is that the latter is the only agency that has the all-encompassing view of the interplay of all issues, in particular, in countries where the engagement is multifaceted, and also where international dialogue takes place, for instance at the permanent mission (Ibid).

This integration can be promoted through technology, in particular by the intranet or the virtual private network. Many western countries now actually use a single, dynamic communications network to become integrated, e.g. the U.K has reduced staff in the territorial departments and has reorganized themselves on a thematic basis, such as task force on cultural diplomacy or on environmental issues; Germany has gradually decreased its territorial units using the concept of ongoing dialogue with embassies as if embassy staff are the same as staff at home).

Rana (2005:7) also addresses the risks involved in this transformation method, decreasing staff at the home base imposes greater burdens on the embassy and the process is solely dependent on a reliable 24 hour communications network, whereby the embassy is inherent in the MFA decision process. That is why countries like Japan, China and India still hesitate to shift to such communications network for security reasons.

Because of the continuous emergence of new topics in the international scene, another way of transforming the MFA structures would be splitting old departments and

creating new ones scene. The UK has used the thematic approach that cannot be captured in to bilateral units, but involves cross-cutting issues, such as EU budget, public diplomacy. Sweden has appointed issue ambassadors dealing with disarmament issues, global environment issues; the US has traditionally dealt with home-based ambassadors covering war crime issues, HIV/AIDS and regional themes; India has appointed special envoys based in New Delhi to handle different regions.

Occasionally changes in the MFA occur together with a plausible alternative to combine ministries as time demands in certain circumstances, also when feasible. For example, Australia, Mauritius, Sweden, among others; on the other hand Canada separated its MFA that was unified earlier. Japan, Denmark and France for instance have inserted foreign-aid activities into the MFA. In the case of India, what seemed as interrelated areas – the overseas Indians division – within the Ministry of External Affairs (MEA) transformed in 2004 into a Ministry of Overseas Indians without any connection with the MEA. The latter ministry will set up overseas offices, which will actually duplicate the ethnic diplomacy now conducted by embassies. Noteworthy is that some of the MFA structure are set by decree or law, like in Japan and the US, but are constantly in flux.

Other kinds of transformation processes (Rana, 2005:10-12 ) are taking place are as follows:

- closing down of embassies in places of low importance ,e.g. Colombia closed 16 of 60 embassies
- shifting selected ambassadors to HQ, with the aim to travel from time to time to receiving state where a small office is headed by a junior diplomat ,e.g. the hub –and – spoke method used by Finland and Croatia.
- the non-resident ambassador model used by Singapore and Malta where representation from home base is handled on a part-time basis.
- joint- ambassadors model used by eight Eastern Caribbean states
- conversion of consulates into local staff posts done by the UK
- handing over jobs of trade commissioners in consulates to qualified local personnel who best know how to promote exports, e.g. Australia
- in pursuance of the Right to Information Act the US State Department places on its

websites parts of the reports of the Foreign Service Inspectorate ; the reason is that performance reporting is now the mantra for public services.

- creating an economic department in the MFA that networks with major industrial and financial actors and facilitates them with external markets ,e.g. France, Japan, Brazil The Indian MEA created in 2005 its first advisory committee consisting of former envoys, journalists, academics and others to meet the Minister monthly.
- setting up an eminent persons group with the aim to bring together businessmen, scientists , scholars and others for regular discussions, either bilaterally or in regional clusters, e.g. the UK-Germany Königswinter Group, Germany-US Atlantic Bridge.
- dialogue partnership with the NGOs as representatives in civil society on several human rights issues, etc. In the Western countries, in the developing countries this type of reform is not popular yet
- to make the operating system efficient continuous training of personnel and adaptation to modern management techniques are essential,. In this respect China, Japan and Germany have introduced systems for evaluating performance , Singapore has an official fast track promotion policy ,Brazil uses a highly selective procedures including in-service exams and rigorous interviews. Some countries use the principle of seniority as the main standard with unsatisfactory results e.g. India. Even training courses for ambassadors are imperative as another value enhancement tool, namely in Canada, China, Malaysia , the US. The prime area of reform is the human resource management for existing needs and required competence.

The above-mentioned examples of transformation areas for the foreign ministries exemplify the practical dimension of the structures which are constantly in flux owing to the complex global environments. A key need is to strike the right balance between the objectives to be met by the MFA and the structure of this ministry to function accordingly. The reforms and the changes are a reflection of the dynamics between these two aspects. It needs to be stressed that irrespective of the proliferation of other actors in relation to external affairs the foreign ministry remains central to advancing the country's external interests(Ibid ).

## CHAPTER 3 THE CASE OF SURINAME

*“States are like old trees, hollow in the middle, showing signs*

*of weakness and vulnerability to storm , drought, or disease,*

*yet continuing to grow leaves , new shoots , and branches”*

*(Strange, 1995: p.57)*

### 3.1. Introduction

The current organizational structure of the MFA of the Republic of Suriname, which was adopted in 1988<sup>20</sup>, is not aligned to the contemporary global and domestic environment. This 18 years’ old chart poses two fundamental observations: first, that significant change is occurring around the world and domestically and second, that this change is largely visible in practice not formally. Whilst not contesting the first point, it has been debated on several forums over the years to query the second. However, it invites a question: namely, why should the MFA be the centre of discussions on its nature as gatekeeper and its patterns of evolution. Would it not be appropriate to adopt and enforce an institutional framework in the best interest of the Surinamese economy?

The perceived problems<sup>21</sup> can be better appreciated through the recognition that this organization is located in distinctive environments. The impact of the globalization and regionalization is greatly felt on national level and requires the MFA to play a critical coordinating role in protecting the national interests through skillful negotiations with the outer world. These national interests are embedded in the Surinamese Multi –Annual Plan 2006-2011 (MOP) and should therefore be an intrinsic part of the foreign policy note 2005-2010.

However, reality check shows a wide gap between theory and practice in promoting the national interests. If the proclaimed economic diplomacy in aforementioned documents is to be implemented, would it be better that the organizational structure of the foreign ministry would be harmonized into a practical

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<sup>20</sup> Ministerial Order ,dated 20 August 1988 , See organization chart in Appendix I

<sup>21</sup> whether these are observed from within the foreign ministry or from outside

model that reflects the national interests that should be promoted. What framework would be more effective to also cope with the continuous changing global environment impacting greatly on Suriname's small economy?

### **3.2 The concept of economic diplomacy in the Surinamese context**

Economic diplomacy is an important tool for the execution of the Surinamese foreign policy as to contribute to the national socio- economic development via the overseas diplomatic and consular missions and the Honorary Corps<sup>22</sup>.

But what is economic diplomacy was the question of Mr. Udenhout<sup>23</sup>. According to him diplomacy in general has always been about promoting your countries' interests. So, what is this new phenomenon about diplomacy in the Surinamese context? In his view an intellectual approach on this phenomenon would be appropriate, namely by involving all those elements that constitute sustainable economic development<sup>24</sup>. If this fashion word has to be used it is of great importance that the word 'economy' would be clearly defined, from which a diplomat can deduct what his or her task is. Since this is not the case, why should we talk about economic diplomacy, Mr. Udenhout uttered.

The current MOP of the Government of Suriname is the only comprehensive document that, among others, describes the strategic outlook of the Surinamese economy for the next five years. Its main objective is to achieve a 6 % economic growth annually. According to this plan the real GDP per capita should be doubled by the year 2020 and an equitable income distribution should be achieved. Moreover, these objectives can be achieved if the following sectors such as mining, forestry, agriculture, services and manufacturing are transformed into capital intensive production.

However, what specific activities are conducted through the proclaimed economic diplomacy are not conceptualized in a white paper; also there are not any seminars or workshops held between the MFA and the national stakeholders as to arrive at a vision and strategy for how to promote the national interests .Mr. Meyer <sup>25</sup>emphasized the fact

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<sup>22</sup> See the Foreign Policy Note 2005-2010 of the MFA ,p.4 and the MOP 2006 – 2011 of the Republic of Suriname, p.55.

<sup>23</sup> See Appendix V: List of Informants

<sup>24</sup> Mr. Udenhout used this term in the context of the Johannesburg Declaration on sustainable development, whereby international issues , such as water, energy , health , agriculture and biodiversity were discussed.

<sup>25</sup> See Appendix V: List of Informants

that transparency is vital for the level of participation by stakeholders. In his rhetoric he recommended to define the national interest first, before talking about economic diplomacy. For Mr. Alimahomed<sup>26</sup> economic diplomacy should be part of a more general policy or focused policy with clear coordination, since it cannot be operational on its own.

The above suggests that the concept of economic diplomacy in the Surinamese context is deduced from the contents of the MOP. The manner in which this concept is currently used poses more questions on its operational definition, its contents, its objectives, etc. A clear vision and strategy on what constitutes economic diplomacy should be written in a white paper for having a more coherent, transparent and measurable foreign policy.

### 3.2.1 The main driving forces of the Surinamese economic diplomacy

Economic diplomacy is all about promoting the economic interests of a country. From a domestic dimension, what are the interests that should be promoted by the Surinamese diplomatic representatives and the Honorary Consuls abroad as mentioned in the MOP?. Also, what are the external forces that Suriname has to face in this regard? These are vital questions that need to be answered, thereby taking into account the coordinating role of the MFA. As been stated in chapter two, an integrated approach on economic diplomacy is necessarily to be effective.

#### The domestic forces

##### a) National interests

According to the MOP<sup>27</sup> the main objectives for sustainable economic development are: to double the GDP per capita in 2020 together with an average real GDP growth of 6% annually and an equitable welfare distribution. To achieve these objectives the MOP states that besides the traditional sectors, such as mining, preference will be given to production related activities, such as manufacturing industries. Further more, the various important production sectors for sustainable economic development are listed, namely: agro-industry, tourism,

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<sup>26</sup> See Appendix V: List of Informants

<sup>27</sup> See MOP 2006-2011 ,p. 62

transport, services, industrialization, mineral production, forestry and wood industry. But, what are the specific tasks for each embassy and consulate? Is each of them responsible for all the identified sectors in the process of economic development in Suriname? Mr. Meyer gave an interesting view on the structure of the business community of Suriname, thereby stating that the latter can be split into three main categories, namely the social and economic partners, the domestic private sector and the civil society<sup>28</sup>. According to him the focus of economic diplomacy should be foremost on the second category, the domestic private sector which undoubtedly will instigate economic growth and job employment. Therefore, it is pivotal to put an effective institutional framework for dialogue and participation in place by the government along this structure which creates a conducive and reflective atmosphere for economic development.

b) Institutional framework

As much as the many aspects of economic development are mentioned in this MOP, a clear link is not made with economic diplomacy, which is supposed to be an integral part of foreign policy and the latter a reflection of the domestic policy. This assumption poses the following questions: Is there an institutional framework on domestic level for discussing foreign policy issues in relation to economic diplomacy? How are decisions made on critical issues concerning the promotion of national interests? Are there evaluation mechanisms as to measure the deliverables against its contribution to a higher economic growth level?

All of the informants undoubtedly acknowledged the fact that on national level major foreign policy decisions are based less on an interaction between the MFA and all stakeholders concerned and more on the personal knowledge of some experts involved. In any case the President is involved by the MFA, for he is the Head of the foreign policy<sup>29</sup>. There is not any institutional framework, both on national level as well as within the organization chart of the Surinamese foreign ministry. Another observation is that the MOP does not outline the manner in which economic diplomacy would serve to promote the national interests.

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<sup>28</sup> See appendix VII chart of the business community

<sup>29</sup>This is according to article 101 of the Constitution of the Republic of Suriname.

Without doing so, the risk that economic diplomacy would remain an illusionary instrument is great<sup>30</sup>.

c) Overlap

It is assumed that the foreign ministry plays the gatekeeper role<sup>31</sup> vis-a-vis the outside world, thereby claiming a legitimate historical basis for such a role. In this respect the MFA is mainly responsible for maintaining relations with foreign countries, as well as coordinating the contacts of other ministries with foreign countries<sup>32</sup>. As much as this is true, in reality new kinds of state and non-state actors, new types of communication, new international issues and new modes of international cooperation have come to exert pressure on the current organizational chart of the MFA. To name some of the ministries dealing with foreign related issues under their direct jurisdiction:

- Ministry of Trade and Industry has for instance the following divisions :  
CARICOM & WTO .
- Ministry of Planning and Development Cooperation covering CARIFORUM issues, development cooperation with the EU , EPAs.
- Ministry of Agriculture, Animal Husbandry & Fisheries having direct contact with several international organizations, such as IICA and FAO.

The internet also provides direct communications between some embassies and other ministries and national actors, posing challenges for the current communication structure in the MFA; this is not necessarily negative, because in times of urgency responses from other ministries are provided directly. However, this causes disturbances when the MFA is neglected and such as it cannot get aligned with the central themes that are being coordinated by the ministry. The proliferation of international issues (most of the times cross cutting issues such as youth, gender , security , human rights and environment) requires a new dimension of coordinating these issues that often require expertise and technical knowledge from other ministries and private sector.

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<sup>30</sup> Economic diplomacy is not new in the Surinamese domestic policy; it has been mentioned in previous policy documents of former governments and has delivered poor economic results compared to the enormous operational costs of an embassy or consulates .

<sup>31</sup> Moses,p.9

<sup>32</sup> Statute book 1991,no 58, article 10 (Staatsbesluit van 10 oktober 1991)

What could be the reason why various policies with an overlapping character are not coordinated as such, especially when it comes to economic diplomacy which is carried out by the MFA and its missions abroad? A simple answer could be the absence of an institutional framework on national level in which the role of the MFA is clearly envisaged when promoting the national economic interests, whereby economic diplomacy is instrumental. This assumption is underscored by most of the informants, suggesting that change has to occur, in particular in setting up a dialogue mechanism between the several national actors as to promote the national interests aiming at achieving a 6% economic growth per capita annually.

### The external forces

According to the Surinamese foreign policy note 2005-2010 the execution of foreign policy is interlinked with the new international order that is characterized by –among others- the changing international political and economic climate as result of the globalization process , differing positions on the issue of security by on the one hand the developed countries and on the other the developing countries, and the upcoming of the newly industrialized countries, such as India, Brazil, China and Russia. In light of economic diplomacy Suriname as a small country<sup>33</sup> faces on international level two major challenges. These challenges stem predominantly from the participation in the WTO (World Trade Organization) negotiations and in the regional integration processes, such as in the CSME (CARICOM Single Market & Economy) and the SACN (South American Community of Nations).

#### a) Globalization

On the multilateral forum participation in the UN , the NAM and the WTO<sup>34</sup> is a prerequisite , since the rules and procedures are discussed and set for all countries , therefore causing great effects on domestic policies and world politics.

This conspicuous fact puts great pressure on the conceptual and organizational

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<sup>33</sup> Suriname is a small, trade- dependent country with a recent colonial experience and a multi-cultural society; internal cohesion-social and political- is a critical success factor in goal attainment and the management of development challenges and effective management of external relations is another critical success factor. These are some observations made by Norman Girvan during a seminar in May 2006.

<sup>34</sup> For this discourse , focus will be on WTO , since the framework within which economic diplomacy is practiced is established by multilateral treaties (esp. WTO regulations), by regional arrangements , and by bilateral treaties.(Rana, 2006)

setup of the Surinamese foreign ministry .According to its portfolio, the MFA is assumed to be responsible for channeling the international interactions, but the relics of the present time have created new kinds of political and business actors, new types of communication, new international issues and new modes of international cooperation. Will the MFA in its present form be able to cope with these challenges and to anticipate on the crucial economic opportunities? According to all informants this is certainly not the case, for the MFA needs to be reformed for a better performance and output.

b) Regional integration

As a small vulnerable economy<sup>35</sup> , Suriname participates in the regional processes to protect its national interests. Most of the technical issues concerning the WTO and CSME are handled by the ministries of Trade and Industry, Labour, Technological Development and Environment, Agriculture, Animal Husbandry and Fisheries, etc. But the MFA is also coordinating these issues from a political perspective. Problems arise when feedback and interaction between the MFA and other actors are lacking, especially when agreements are signed without a close collaboration and without having consensus on issues that will impact parts of the community negatively. By all of the informants it is emphasized that due to a lack of a medium or long term development vision and lack of political will in the best interest of Suriname, many opportunities are lost.

### **3.3 Assessment of the economic function of the Surinamese MFA**

#### General background

On 25 November 1975 Suriname gained Independence from the Netherlands and accordingly became a Republic. Against this background Suriname as a sovereign state established the Bureau of Foreign Relations as part of the Ministry of General and Foreign Affairs. The establishment of the Ministry of Foreign Affairs was on 15 August 1980. The organization structure was based on the then existing political and socio-

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<sup>35</sup> - See Suriname's Foreign Policy Note 2005-2010 :8

- The vulnerabilities and constraints are small domestic markets, small firms, limited technology, limited power of retaliation, transnational crime (Girvan,2006), weak institutional and human resource capacity

economic conditions and was respectively changed in 1988. Till date this chart<sup>36</sup> is legally the basic structure to operate in the globally and domestically changed environment; however in practice many of the listed units are not operational now, such as Cabinet of the Minister, Migration Institute, Coordinator International Development Cooperation. It should be mentioned that the organization chart is based on a mix of functional and geographical criteria, which resulted in geo-political divisions, protocol and other supporting divisions. It must be emphasized that the MFA is an integral part of the total Surinamese bureaucracy and should therefore contribute to the national development. Establishing embassies abroad can be interpreted from the point of interests and factors of importance in international politics. Further, Suriname's foreign policy is the result of its history, geographical location and culture (Alihusain, 2003). In total Suriname established sixteen missions abroad, both diplomatic and consular.<sup>37</sup> With regard to International Organizations Suriname is also member of significant number organizations, such as WTO, World Bank, WIPO, UNDP, UNICEF, PAHO, OAS, NAM, ILO, IDB, IMF, G77, FAO, CARICOM, ACP, etc. Participation in various regional forums is nowadays the core of the latest foreign policy note, which puts great pressure on the current organization chart of the foreign ministry. Given this reality the scope and function of the ministry should be aligned with the objectives of foreign policy, in turn to promote the national interests. But, what are the conditions for bringing about the implicit demanded change and reform and what are strengths, weaknesses, constraints and opportunities?

#### Constraints and weaknesses

As quoted earlier in chapter two the MFA is no longer the gatekeeper of external relations. It only plays a coordinating role on agreed principles with other government agencies. In practice, the enabling environment of the MFA for coordination faces lots of constraints<sup>38</sup>, namely:

- absence of a special economic unit: With the focus on economic diplomacy , the MFA lacks a competent unit that is entitled to coordinate all derived economic activities .

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<sup>36</sup> See Appendix I

<sup>37</sup> See Appendix II

<sup>38</sup> these constraints are informed by the interviewees

Further, it has an outdated organization chart that needs to be changed. As Mr Rudge<sup>39</sup> stated *issues regarding economic diplomacy are dealt with on an ad hoc basis and not as part of a policy or concept adopted by the government or the MFA*<sup>40</sup>. Without this special unit economy diplomacy will certainly not sort out effective and positive economic results.

- Poor use of communication technology: A unified communications network is absent and causes delay in critical decision-making and loss of valuable time. It also hampers good teamwork<sup>41</sup> and lacks vital information in a timely manner.
- lack of a Human Resources policy: the MFA has not yet implemented such a policy, which damages the optimal use of available talent and which could contribute to a more effective and qualified team. Economic diplomacy especially required skilled personnel. Mr. Alimahomed remarked that capacity building is impeded by political decisions, referring to great influence of party politics when recruiting and training personnel.
- Lack of a medium or long term development vision and strategy that leaves room for inconsistency and ineffectiveness.
- Lack of political will which impedes a coherent execution of foreign policy was a dominant obstacle in Mr. Rudge's opinion. In contrast, Mr. Mungra stressed that political willingness exists, but cannot be enforced. In his view *people act only by force not by invitation*, thus a law enforcement mechanism should come into being.
- No institutionalized interdepartmental dialogue mechanism: This would enhance the streamlining process of overlapping foreign affairs issues and would be beneficial for an effective economic diplomacy
- Great involvement of politics infringes the decision –making process ; also lack of a transparent decision making process based on the foreign policy note is also responsible for ineffective decisions ,as inferred by Mr. Alimahomed.
- Absence of economic and political benchmarking system for the embassies and consulates show the ineffectiveness of economic diplomacy. To be successful in

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<sup>39</sup> See appendix IV

<sup>40</sup> This is a shared view among all the informants.

<sup>41</sup> Good teamwork actually demands effective internal communication vice versa(Rana, 2006)

diplomacy all economic activities should be measured and evaluated against the background of the MOP.

### Strengths

The only strengths that can be recorded according to, respectively, Mr. Alimahomed and Mr. Mungra are:

- The simplicity of the organizational chart enables less competent people to manage foreign affairs;
- The existing geopolitical divisions have a good coverage on the bilateral relations from a historical, political and economic perspective. There is no need for creating an extra division on economic relations.

### **3.4 Conditions for a practical institutional framework**

The assumption is that the old institutional framework is outdated, redundant and to some extent ineffective for economic diplomacy. What are the most practical conditions for restructuring this old apparatus of the Surinamese MFA into an even more effective one? The researcher will draw on the attained data from the interviews and since this study is at an exploratory stage, it will provide information based on the perceptions and experiences of the interviewees.

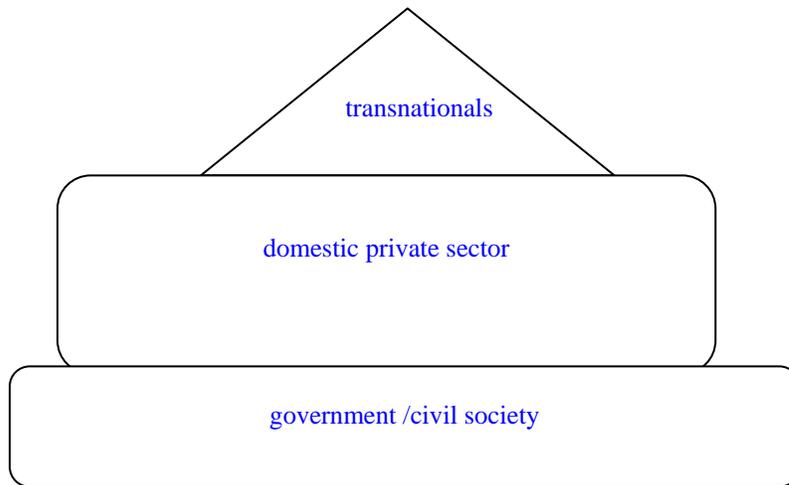
Restructuring the current institutional arrangement of the Surinamese foreign ministry needs to be conducted from a vision and strategy on the economic development of Suriname as envisaged in the MOP. An alternative model<sup>42</sup> was suggested by Mr. Meyer, whereby the organizational structure of the MFA would be a more reflective and harmonized system based on the economic reality of the country. For instance, on the basis of a business structure<sup>43</sup> the economic intelligence unit of the MFA would be staffed, whereby focal points of each business and civil society organization are represented. The primary target strategy should be on the second category, since it will enhance economic development and create job opportunities.

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<sup>42</sup> See Appendix VII :chart of the alternative model

<sup>43</sup> Ibid

**Figure 3: Levels of participation by the business community with the Government; the second group is the most important one and largest one**



**Source: Mr. Meyer**

The concept of economic diplomacy thus must be based on the merits, structure , and contents of the Surinamese economy. Without this ideological fact, economic diplomacy as mentioned in the MOP and the foreign policy note is a myth and an illusion, underscored by Mr. Udenhout. Understanding the economic reality in the broadest sense should be mirrored in every walk of the Surinamese diplomat. According to Mr. Rudge ,this is far from the reality and said: *I honestly do not believe that currently there is a clear policy or concept regarding economic development at the MFA. If there is one, it is not shown!*

The reform of the foreign ministry should be based on law, preferably by ministerial order, as argued by Mr. Mungra and Mr. Alimahomed .This point was raised as to eliminate this weakness and obstacle of the current operational system and also to protect the jurisdiction of the MFA. In this manner national consensus is gained as well as unanimity on promoting the specific national interests. In like fashion harmonization of cooperation with other government bodies and non-state actors will be attained. A crucial element should be included, namely that the coordination of the targeted foreign policy goals , thus national interests, is under the President of the Republic of Suriname.

For the sake of execution of these aimed goals it is considered very important to have a well-skilled and trained team in the ministry of foreign affairs and its overseas missions. This was a critical point of reference made by all informants. Good performance demands par excellence and has become a mantra for every successful organization. A total package of Human Resources management is therefore indispensable for a successful management of economic diplomacy.

Last but not least, according to the majority of the interviewees the political will is considered to be one of the biggest hampering factors for a practical conduct of economic diplomacy. If this is acknowledged by all political parties and thereby willing to change their attitude towards a consensual mode on promoting the national interests in the interests of achieving an equitable welfare for all, economic diplomacy could be an effective instrument for the foreign policy.

### **3.5 Lessons learned**

What lessons can be learned from other countries! The reforms taken place elsewhere in the world have not occurred overnight. The aspect of reform for the Surinamese foreign ministry cannot take place without looking at its history of politics. As many countries did, the point of departure is looking at the critical factors for reform.

In the literature review<sup>44</sup> the human resources management is considered the prime area of reform. In almost every country this aspect has been effectively managed. Furthermore, budgetary constraints are also a concern for Suriname; alternatives for embassies are issue ambassadors, non –resident ambassadors. Setting up a network system with all domestic partners is crucial, especially with the help of internet and law. Benchmarking is also an option, which undoubtedly will provide vital information on reform processes.

Before setting up a economic unit in the MFA, national consensus on the highest political level is a must. Foreign policy making cannot be detached from the total public sector. All overlapping areas should be harmonized and be made transparent.

A practical approach on the economic function of the MFA is only feasible when political willingness is demonstrated and a substantial level of political interference is

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<sup>44</sup> Chapter 2, pages 13-16

absent . In many countries successful economic diplomacy is based on the principles of merits , norms and values, not on political preference.

## **CHAPTER 4      POLICY RECOMMENDATIONS**

In previous chapters economic diplomacy has been discussed from a domestic and an external dimension for it is challenged by those elements. In the case of Suriname, this concept leaves much to be desired for a number of reasons as seen in chapter three. From this point of view, the researcher will give some recommendations as to elicit further discussions and actions by the government.

Suriname as a small economy participates in several international forum primarily to secure the national interests. In this respect, the foreign ministry as the coordinator of international relations cannot act otherwise and has to fulfill its role in a practical and effective manner. As was observed, the performance of the foreign ministry in relation to economic diplomacy is very low.

The first recommendation from the interviewees is that an assessment on the concept and perception of economic diplomacy has to be conducted on national level. This is the first step to arrive at the contents of economic diplomacy and which will bear national consensus and might overcome the obstacle of political unwillingness. A vision and strategy has to be adopted and might lead to a plan of actions on the basis of the MOP.

To succeed in this plan, the organizational structure of the MFA has to be restructured according to vision and strategy of achieving economic growth and equitable welfare, and in line with the structure of the Surinamese business community. Because of the specific economic interests that will be promoted by the diplomatic representatives. A national dialogue on the economic function of the MFA can bring about a SWOT analysis and integrated approach of this function within the whole public sector.

To overcome the problem of decision making by government officials and ministers, some of the interviewees suggested creating a high level dialogue on foreign policy issues under supervision of the President. According the Surinamese Constitution he is the head of the foreign policy and therefore can supervise important foreign policy issues with the pertinent ministries, such as the foreign ministry , the

trade and industry ministry, the ministry of agriculture, animal husbandry and fisheries, the ministry of labour, technological development and environment, etc. In like fashion the problem of overlap and rivalry will be eliminated, because issues will be discussed from each specific jurisdiction. It will be clear what the competencies of each ministry are and what areas, technical or political of the cross-cutting issues will be covered by them. Also the exchange of information will be more constructively, transparent and effectively.

On political level, it is recommended that party politics should be left out at the operational level of the MFA. Recruitment of personnel for the foreign ministry should be based on merits of professionalism, since experience has shown that political nominees who do not comply with the profile of a skillful diplomat are destructive for economic diplomacy, the outcome of economic diplomacy therefore is poor. If political parties strategize their political interests by cultivating their own candidates in a professional manner and thereby complying with the required profiles, a win – win situation would be created.

In the same line, the adoption of a good human resources management policy is recommended by the interviewees to strengthen the capacity building of the foreign ministry. At the same time, other ministries that have their own international division should be more attuned to the organizational structure of the foreign ministry. This will enhance the communication between these ministries and will be more effective .

As suggested by Mr. Meyer a good public- private dialogue on economic diplomacy starts with a centralized communication mechanism from the MFA. An economic intelligence unit as discussed in chapter three might entail effective results for the economic development of Suriname.

A practical approach on the economic function of the MFA can only be successful if the agreed principles of communication, coordination, negotiation and implementation of foreign policies are embedded in a legal and regulatory framework. The challenge hereby is to enforce these regulations effectively. Enforcement and supervision may lead to a more effective system of implementing economic diplomacy. It is the government that should take lead in this process of harmonization and synchronization.

## **CHAPTER 5 CONCLUSION**

Economic diplomacy as an instrument for foreign policy in Suriname has been used in the conviction of promoting the national interests. It has been in ‘discussion’ occasionally for more than a decade, and was mentioned in several policy and government documents, but lost its meaning in time and context.

In the Surinamese context, a white paper on economic diplomacy does not exist. At least, the researcher did not succeed in finding one and from several informants it was confirmed that such a document was never written. There were several approaches discussed by some officials and former foreign ministers, but have not resulted in a transparent plan of action from which economic diplomacy can be assessed and measured.

This research shows that economy diplomacy is not something that exists on itself and cannot be performed by the foreign ministry if the organization structure is not aligned with the economic reality of Suriname. The organization chart is outdated, but due to the changed environment, domestically and globally, the functioning of the ministry in practice gradually shifted towards this reality on an ad hoc basis. The obstacles on management level as well as on political level account for the current situation. Through a good conduct and understanding of the principles of management and political norms and values a practical and integrated framework for the economic function of the Ministry of Foreign Affairs is feasible.

To promote the economic interests of Suriname through economic diplomacy all national stakeholders must contribute to the awareness, implementation and enforcement of the institutional framework for economic diplomacy. There is great need for restructuring the organization of the foreign ministry via a judicial framework together with strengthening its institutional and human resources capacities, for creating high level dialogue mechanism on foreign issues under supervision of the President and for establishing an economic intelligence unit in collaboration with non-state actors.

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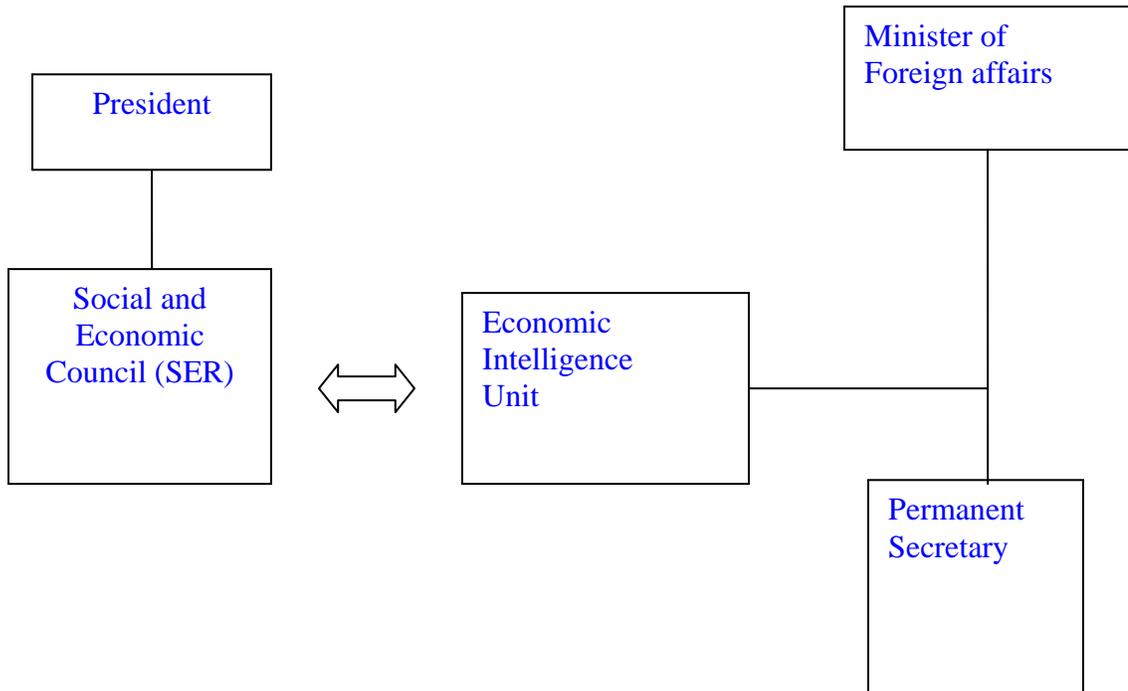
## APPENDIX II

## LIST OF INFORMANTS

1. Mr. Henk Alimahomed  
Present function: policy advisor& lecturer at Anton de Kom University of Suriname  
Previous function : Permanent Secretary of the MFA  
Specialized in: international relations
2. Mr. Marcel Meyer  
Present function: President of the Suriname Trade and Industry  
Other functions: Member of CEATAL (Business Advisory Council to the OAS),  
Employers’/ workers’ representative in the Regional Preparatory  
Task-Force for EPAs  
Specialized in: private sector development
3. Mr. Subhas Mungra  
Present function: lecturer Development Economics & Public Finance at Anton de  
Kom University of Suriname  
Previous function: Minister of Foreign Affairs, Minister of Finance, Ambassador  
Specialized in: development economics and banking, public finance
4. Mr. R. van Ravenswaay  
Present function: Minister of Planning and Development Cooperation  
Previous function: Director of the Centre for Agricultural Research  
Specialized in: food science and technology
5. Mr. Wim Udenhout  
Present function: executive Director Conservation International Suriname  
Previous function: Lecturer, Minister, Prime-Minister, Ambassador, Advisor to  
the Head of Government  
Specialized in: international relations

## Appendix VII

### Alternative Model for coordinating economic diplomacy suggested by Mr.Meyer



#### **Some ideas on the function of the Economic Intelligence Unit:**

- to monitor and evaluate economic development strategies
- to have close collaboration with SER
- to be staffed with experts and representatives of civil society , Suriname Business Forum(SBF) , other private sector agencies (aligned with the business structure mentioned here beneath)and qualified personnel of the MFA
- to give feedback to embassies and receive and assess information from them
- to have a network with all government bodies
- to report to the Minister regularly
- to organize seminars, workshops, etc and present reports
- relevance for establishing such a unit within the MFA is to create a win-win situation for all sectors
- this unit should be established upon law to guarantee continuity

#### **The structure of the business community is as follows:**

- A. the social and economic partners (multinationals, large enterprises with more than 50 workers, etc)
- B. the domestic private sector( Small-Medium enterprises with 5-50 workers)
- C. the civil society (micro-enterprises with 1-5 workers)



