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Belize: Recent Economic Developments

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BELIZE

Recent Economic Developments

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Approved by Western Hemisphere Department

July 30, 1998

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Belize: Basic Data

Social and demographic indicators

Area	2,963 km2
Population (April 1997)	229.7 thousand (est.)
Population density	9.6 per km2
Annual rate of population increase (1993-96)	2.6 percent
Crude birth rate (1995)	25.2 per 1,000
Crude death rate (1995)	4.3 per 1,000
Infant mortality rate (1995)	26.2 per 1,000 live births
Population per physician (1995)	1,546
Population per hospital bed (1987)	300
Adult literacy rate (1996)	75.1 percent
Primary school enrollment (1993)	83.2 percent
Unemployment rate (April 1997)	12.7 percent
GDP (1997)	US\$647.8 million
GDP per capita (1997)	US\$2,820

Economic indicators, 1993-97	1993	1994	1995	1996	PreL. 1997
	(In percent)				
Origin of GDP (at constant factor cost)					
Agriculture	13.2	13.3	13.8	15.6	16.8
Manufacturing	16.5	17.0	17.1	17.0	16.7
Construction	8.5	6.7	6.5	5.9	5.8
Trade and tourism	17.6	17.6	17.6	17.1	16.9
Other	44.2	45.4	45.0	44.4	43.8
Ratios to GDP (at current market prices)					
Exports of goods and nonfactor services	54.3	52.0	49.8	49.0	49.8
Imports of goods and nonfactor services	65.0	57.4	53.4	50.9	55.9
Current account of balance of payments	-8.9	-4.1	-1.7	-1.1	-5.7
Central government revenue and grants 1/	24.8	25.0	22.5	24.3	23.9
Central government expenditures 1/	31.4	30.9	25.9	26.8	27.2
Consolidated public sector savings 1/	5.7	4.4	4.1	4.0	4.2
Consolidated public sector overall surplus or deficit (before grants) (-) 1/	-7.6	-6.8	-2.8	-2.4	-6.7
External public debt (end of period)	31.8	32.7	30.3	34.9	36.4
Gross domestic investment	32.0	24.4	20.0	19.3	23.7
Money and quasi-money (end of period) 2/	45.7	47.4	51.1	50.0	52.6
Annual changes in selected economic indicators					
GDP at constant market prices	3.3	1.8	3.3	2.0	3.5
GDP at current market prices	8.9	4.6	7.4	6.6	2.7
GDP deflator	5.4	2.7	3.9	4.5	-0.8
Consumer prices (annual average)	1.4	2.5	2.9	6.3	1.0
Consumer prices (end of period)	2.3	1.8	3.9	6.4	-0.6
Central government revenue and grants	-12.6	5.9	-3.5	13.9	1.5
Central government expenditures	-8.0	3.6	-10.1	9.0	4.7
Liabilities to private sector 3/	5.1	7.3	18.0	6.2	9.6
Money	6.9	5.6	4.2	4.5	1.5
Quasi-money	3.8	9.8	23.2	4.0	11.0
Net domestic assets of banking system 4/	16.4	10.3	10.5	-2.9	12.0
Credit to the public sector (net)	11.9	5.8	7.9	-10.6	2.5
Credit to the private sector	2.8	4.2	5.8	6.5	10.5
Annual changes in selected economic indicators					
Domestic merchandise exports (f.o.b. in U.S. dollars)	2.4	7.8	12.0	9.9	3.1
Merchandise imports (f.o.b. in U.S. dollars)	4.9	-9.0	1.1	-2.7	12.0
Terms of trade (deterioration -)	2.2	1.3	-0.8	4.4	-6.9
Nominal effective exchange rate (depreciation -)	8.6	4.7	0.4	3.1	4.6
Real effective exchange rate (depreciation -)	2.3	-4.5	-2.3	5.4	3.0

	1993	1994	1995	1996	Prel. 1997
(In millions of Belizean dollars)					
Central government finances 1/					
Revenue and grants	264.9	280.5	270.8	308.6	313.2
Expenditures	335.3	347.3	312.1	340.3	356.2
Current account surplus or deficit (-)	30.6	23.2	21.1	23.0	25.1
Overall surplus or deficit (after grants) (-)	-70.3	-66.8	-41.3	-31.7	-43.0
External financing (net)	28.2	16.2	4.4	72.3	2.3
Domestic financing (net)	42.1	50.5	36.9	-40.6	40.7
(In millions of U.S. dollars)					
Balance of payments					
Current account balance	-46.7	-22.5	-9.8	-7.0	-36.7
Merchandise exports	141.8	156.4	164.4	171.3	179.2
Merchandise imports	-288.0	-261.9	-264.9	-257.7	-288.7
Services (net)	69.8	53.8	57.5	50.5	48.4
Transfers (net)	29.7	29.3	33.1	28.9	24.4
Capital account	27.0	18.0	13.2	28.1	36.3
Official capital	11.4	6.3	-2.7	32.7	18.8
Private capital (including errors and omissions)	15.7	11.7	16.0	-4.6	17.4
Overall balance (deficit -)	-19.7	-4.5	3.4	21.1	-0.4
Change in reserves (increase -)	19.7	4.5	-3.4	-21.1	0.4
International reserve position (end of period)					
Net international reserves 5/	15.1	8.0	27.0	54.0	46.2
Net official international reserves	29.1	24.7	28.1	49.2	48.8
Commercial banks' international reserves (net)	-14.0	-16.7	-1.1	4.8	-2.7
Gross official reserves	31.9	27.4	30.8	51.0	52.4
(in months of imports and nonfactor services)	1.1	1.0	1.2	1.9	1.7
External debt outstanding	167.9	180.4	179.1	219.9	235.6
IMF data (as of June 30, 1998)					
Article VIII status					
Intervention currency and rate				US\$ at BZ\$2.00 per U.S. dollar	
Quota				SDR 13.5 million	
Fund holdings of local currency				SDR 10.6 million	
As percent of quota				78.4 percent	
Total Fund credit				None	
Special Drawing Rights Department					
Cumulative SDR allocation				None	
Holdings of SDR				SDR 0.77 million	
Share of profits from gold sales				None	

Sources: Belizean authorities; and Fund staff estimates.

1/ Fiscal years (April through March).

2/ Including deposit liabilities of the credit unions.

3/ Consolidated banking system.

4/ In relation to banking system liabilities to the private sector at the beginning of the period.

5/ Includes official international reserves and those of commercial banks.

I. OVERVIEW

1. **After a number of years of good macroeconomic performance, in the early 1990s Belize's fiscal and external position weakened sharply and economic activity slowed significantly. Over the past five years, the authorities have attempted to correct the macroeconomic imbalances with only limited results.** After narrowing temporarily, the overall public sector deficit widened again in 1997 and the public sector reliance on central bank credit remained high. To stem the resulting pressures on the international reserves position the authorities tightened credit policy, increased commercial external indebtedness, and introduced some exchange restrictions. Domestic interest rates in real terms have remained high, dampening private sector investment, and the service profile of the external debt has been weakened.
2. **Economic activity slackened in 1993–97**, with a sharp slowdown in domestic investment and a sluggish performance of services following the withdrawal in 1994 of the U.K. garrison that had been stationed in Belize. Investment fell from its peak of 32 percent of GDP in 1993 to 23¾ percent of GDP in 1997 as both public and private capital formation declined, and national savings fell from 23 percent of GDP in 1993 to 18 percent of GDP in 1997. Unemployment rose steadily to 13¾ percent in 1996, but it fell to 12¾ percent in 1997.
3. **Since 1993 the authorities have implemented measures to reduce the overall public sector deficit but policies have not been sustained and central bank credit to the public sector remained relatively high.** The public sector deficit fell from 1993/94 (April to March) to 1996/97 because of a sharp decline in capital expenditures (by 6 percentage points to 8¼ percent of GDP in 1996/97). However, the fiscal deficit widened again in 1997/98 with capital outlays rising to 12 percent of GDP. Public savings weakened steadily since 1993/94 as some adjustment measures were subsequently reversed (e.g. the effect of a retrenchment of civil service in 1995/96 was more than offset by a large wage increase granted to civil servants in 1996/97) while current revenue lacked buoyancy because of weak tax administration and tax exemptions. Domestic financing of the public sector deficit rose sharply during 1993/94–1995/96, but external financing of the deficit (including on commercial terms) increased since 1996/97 allowing for a reduction in central bank financing.
4. In the absence of fiscal consolidation, the burden of the adjustment fell on credit policy. Tight credit policy was implemented since 1995 by raising liquid asset requirements on commercial bank deposits and selling treasury bills from the central bank portfolio to commercial banks. In addition, to bolster the recorded international reserves position, since 1996 the government increased its deposits at the central bank with the proceeds from extraordinary foreign loans, part of which were on commercial terms. As a result, gross international reserves recovered partially to the equivalent of 1.7 months of imports of goods and nonfactor services. Excluding such extraordinary inflows, gross reserves were the equivalent of only 1 month of imports.

5. Belize's external position improved in 1993–96 mainly reflecting a decline in imports associated with a contraction in private and public investment, and the slowdown in economic activity. The current account deficit narrowed in 1993–96, but widened again in 1997 mainly reflecting an increase in public sector related imports. Changes in the capital account surplus reflected mainly developments in the net official capital account, which after falling in 1993–96, picked up again in 1996–97. The outstanding public debt rose from 32 percent of GDP at end-1993 to 36½ percent at end-1997. The debt service increased from 6¼ percent of exports of goods and nonfactor services, or 14 percent of government current revenue, in 1993 to 9¾ percent of exports of goods and nonfactor services or about one quarter of government current revenue in 1997.

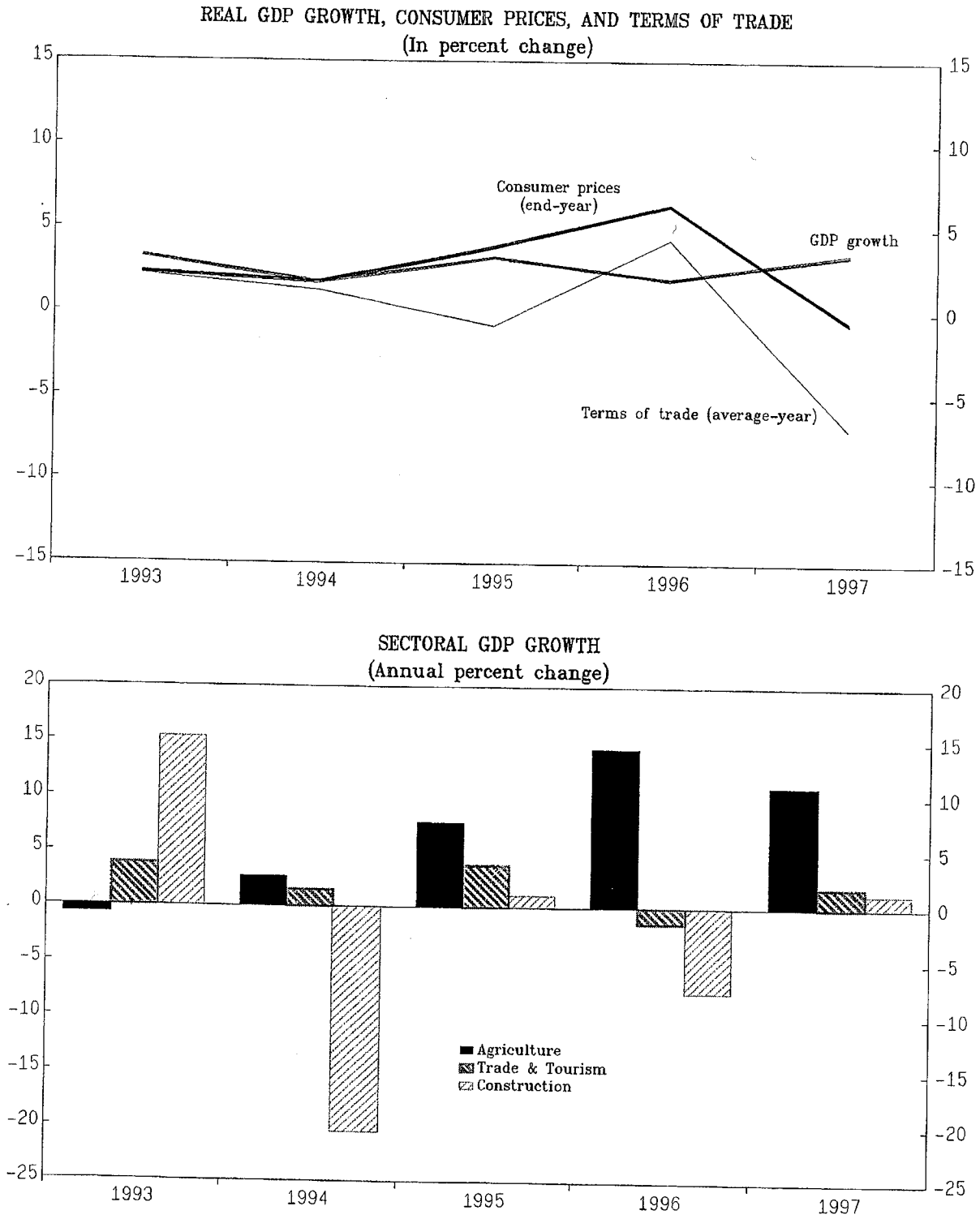
6. The authorities made progress with structural reforms during 1993–97. On *trade*, the maximum external tariff under the CARICOM Agreement was reduced in steps from 35 percent in April 1996 to 25 percent in April 1998. On *public sector reform*, the authorities have been implementing since 1996 a Financial Management Development Project (with support from the United Kingdom) to improve tax administration and public sector financial management and accountability. On *customs administration*, the authorities improved the import valuation system and the examination procedures. On the *labor market*, the authorities have maintained a liberal immigration policy in relation to labor, and are implementing programs to improve skills, mainly among the youth. On the *social and poverty areas*, the authorities have been improving the infrastructure in education and health within the context of the Social Investment Fund (with the help of the World Bank), and the Basic Needs Trust Fund (with the help of the Caribbean Development Bank).

II. REAL SECTOR

A. Recent Developments

7. Real economic growth in Belize decelerated to 2¾ percent a year during 1993–95 because of a decline in construction and a slowdown in services associated with the withdrawal in 1994 of most of the U.K. military contingent that had been stationed in Belize (Table 1). In 1996, real economic growth slackened further to 2 percent reflecting the continuing decline in construction and a fall in fishing and public administration (because of the civil service retrenchment introduced in December 1995). In 1997, real economic growth recovered to more than 3 percent on the strength of agriculture, agriculture-related manufacturing, and a recovery in fishing (Statistical Appendix Table 17 and Figure 1). Inflation in Belize has remained in line with international trends, reflecting the exchange rate peg to the U.S. dollar and the openness of the economy.

Figure 1. Belize: Real Sector Developments, 1993-97



Sources: Ministry of Finance; Central Bank; and Fund staff estimates.

8. Gross national savings fell steadily from 23 percent of GDP in 1993 to 18 percent in 1996. At the same time, investment declined from 32 percent in 1993 to about 19¼ percent in 1996 reflecting the completion of major infrastructure projects, actions by the government to cut public sector capital outlays, and tight credit conditions. Corresponding to the drop in investment (particularly foreign investment projects), Belize's reliance on external savings fell from about 9 percent of GDP in 1993 to slightly over 1 percent of GDP in 1996. In 1997 investment recovered reflecting large public sector projects in electricity and transport as well as private investment in citrus. However, gross national savings remained roughly constant and external savings increased to slightly below 6 percent of GDP.

B. Sectoral Developments

Primary sector

9. The **primary sector** accounted for an average of 21 percent of GDP and 30 percent of employment in 1993–97.¹ Production in the primary sector comprises sugarcane, banana, citrus, forestry, mining and fishing. Sugarcane and citrus are inputs for the mainly agro-based manufacturing sector.

10. **Sugarcane** accounted for an average of 6 percent of GDP in 1993–97. Following a 15 percent fall in 1995, sugarcane production recovered with an 18 percent growth in 1996 reflecting improved weather and cultivation practices. Production of sugarcane rose slightly in 1997 as an increase of 20 percent in the acreage was partially offset by a decline in productivity because small, less efficient farmers expanded production in response to improved prices in earlier years (Table 2 and Statistical Appendix Table 21). The decline in productivity in 1997 (to 20 tons per acre) reversed in part the large increase in the previous year (from 17 tons per acre in 1995 to 24 tons per acre in 1996) associated with investment in new planting techniques.

11. **Banana** production accounted for an average of 4 percent of GDP in 1993–97. Banana is primarily exported to the European Union (EU) market where it has duty free access up to a quota of 55,000 metric tons since 1993; but it was not until 1996 that Belize produced the full quota amount. In fact, in 1996 there was an overproduction that resulted in waste as Belize was unable to export the production in excess of the quota (transport, packing, and other costs exceeded the banana price in the free market). In 1997, Belize began to restructure the banana industry including the buyout of small farmers by larger, more efficient producers, resulting in an increase of about 20 percent in productivity as planted acreage was reduced by 22 percent. Belize's EU duty free quota was met again in 1997.

12. **Fishery** output includes lobster, shrimp, conch, fin fish, and fillet and accounted for an average of 3 percent of GDP in 1993–97. *Lobster* production recovered by 10 percent in

¹In this chapter employment refers to private sector employment in 1997. Unofficial information suggests that the employment distribution by sector has remained about constant during 1993–97.

1997, after falling in 1996 because of government regulations to avoid depletion of spiny lobster. *Shrimp* production fell in 1996 reflecting the negative effect of the Taura virus; but successful disease control and further farm expansion led to a production recovery of more than 40 percent in 1997 to a record level of 1.8 million pounds (Statistical Appendix Table 22).

13. **Citrus** production includes oranges and grapefruits and accounted for about an average of 2 percent of GDP in 1993–97, although with an increasing trend. After remaining about constant in 1996, in 1997 a bumper citrus crop (the largest in Belize’s history) was realized as orange production increased by more than 35 percent, and grapefruit production by more than 20 percent as acreage planted in the late 1980s came on stream.

14. **Forestry** production of sawn timber represented an average of 3 percent of GDP in 1993–97. Output growth declined in 1996–97 primarily reflecting the government’s decision to limit production to protect the environment, and a fall in demand from Mexico (the most important importer of Belize’s timber).

Secondary sector

15. The **secondary sector** (manufacturing, construction, and electricity and water) accounted for an average of 26 percent of GDP and 18 percent of employment in 1993–97. The largest subsector is manufacturing, which includes agro-based products—sugar and citrus, some textiles, and a few basic consumer goods.

16. The **sugar industry** accounted for an average of 8 percent of GDP in 1993–97 and consists of a sugar refinery—The Tower Hill factory—owned by Belizean private investors, and a molasses factory—Petrojam—owned by Jamaican investors and producing for export to Jamaica. Sugar production increased by about 4 percent to 109,000 metric tons in 1996 reflecting increased supply of sugarcane and by about 15 percent (to a record 124,000 metric tons) in 1997 because of high sugar content in the harvest, and technological improvements in the sugar refining process (Statistical Appendix Table 23).

17. Production of **citrus concentrates** and **single strength citrus juices**² increased steadily since 1993 and in particular in 1997 production rose by some 90 percent. The high rates of growth reflected the increase in fruit supply as mentioned above, and gains in productivity associated with the expansion and modernization of processing plants (Table 3).

²The production of frozen concentrate juices removes virtually all water naturally present in the citrus fruit. Single strength juices, however, maintain the natural ratio of water to fruits (citrus solids).

Service sector

18. The **service sector** accounted for an average of 53 percent of GDP and 52 percent of employment in 1993–97 (see Statistical Appendix Table 17). This sector contracted during these years, due to the negative impact of the withdrawal in 1994 of the British troops stationed in Belize. By contrast, the tourism sector has continued to grow and remained the major source of foreign exchange earnings during the 1990s (Statistical Appendix Table 24).

19. The **tourism sector** has continued to register a strong performance, notwithstanding the slowdown in tourism arrivals in 1996 due to competition associated with the Summer Olympic Games held in the United States. In 1997, tourism growth rose somewhat to 3¾ percent because of the increase in the number of visitors from Europe (the high season for European tourists is in the summer, and as such it was not affected by the unusually mild winter in the Northern Hemisphere) and from the United States because of intensified marketing efforts. The total number of guest rooms increased on average by 6 percent per year in 1993–97.

C. Prices, Wages, and Employment

20. Inflation (as measured by the change in the consumer price index) on an end-year basis averaged 2¾ percent a year in 1993–95, in line with international inflation. After increasing to 6½ percent in 1996, reflecting the introduction of the VAT, inflation fell by ½ of 1 percent in 1997 in line with import prices (Table 4 and Statistical Appendix Table 25) and the introduction of the second phase of CET tariff reduction.

21. Data from the 1997 labor survey indicate that the unemployment rate declined from 13¾ percent in 1996 to 12¾ percent in 1997. The average monthly wage in the private sector fell from Bz\$783 in 1996 to Bz\$742 in 1997, as the increase in employment was concentrated in low-wage jobs and the intensified labor immigration from neighboring countries (particularly in the agricultural sector). Belize's statutory minimum wages have remained unchanged since 1992 and, except for some agriculture workers, have been below market wages. The minimum wage for manual workers is Bz\$2.25/hour, for employees in agriculture and export industries Bz\$2.00/hour, and for domestic helpers and shop assistants, it ranges between Bz\$1.75–Bz\$2.25/hour.

D. Socioeconomic and Environmental Issues

22. Belize's population was about 230,000 (at end-1997) with a population density of less than 10 inhabitants per square kilometer. The demographic profile is that of a young population with 65 percent under 25 years of age, 44 percent under 15 years of age, and 4 percent at 65 years and older. The population is characterized by high fertility rates and high emigration and immigration. The migrant population in Belize—estimated at 30,000 or some 13 percent of the population—is concentrated in the poor, rural areas. On the one hand, migration of labor has helped to limit wage increases in the private sector and provide the

skills needed in the agriculture sector. On the other hand, however, it has begun to put pressure on public education and health services.

23. Despite the high level of recorded unemployment, extreme poverty is not a major problem in Belize.³ Nonetheless, pockets of extreme poverty are concentrated in the rural areas (about 20 percent of the population in the Cayo district and 50 percent of the population in Toledo live in extreme poverty). At the same time, almost 33 percent of the population live below the poverty line.

24. In recent years, Belize has strengthened its social programs. To that end, the government has established the Social Investment Fund (SIF), which serves as the main vehicle to improve and coordinate the delivery of social services. The SIF has been financing programs in education, health, water and sewerage, and small-scale enterprises, with the active participation of community-based organizations and NGOs. Since 1996, the government has been implementing a Primary Education Program to improve the quality of, and access to education. In the area of human resource development, the authorities established a Center for Employment Training and the Youth Enterprise Fund to provide vocational training. In addition, the Department of Women's Affairs administers a number of programs focused on skills training, education and community development. The Southern Highway project, in addition to helping integrate the southern region, which is the poorest in Belize, includes a strategy for land use and management of the environmental and social aspects of the region, with emphasis on the interests of the indigenous groups. The social and environmental aspects of the project are to be financed with resources from the IDB.

25. Sustainability of high economic growth over the medium term will depend on maintaining a healthy environment, given Belize's dependence on industries based on agriculture, fisheries, and ecotourism. Thus far, Belize has managed to preserve its environment to a great extent because of adequate environmental policies and the low density of its population. In early 1993, the government approved an Environmental Act establishing the Department of Environment, which was granted broad regulatory and enforcement authority for control and prevention of environmental pollution, and the conservation and management of natural resources. In June 1996 the government approved the National Environmental Action Plan, which will be implemented with the help of the World Bank. The plan discourages deforestation and unsustainable production practices in agriculture and fisheries. Finally, the government is implementing a Forestry Planning and Management project aimed at ensuring sustainable use of the resources in the forestry sector.

³The extreme poverty line, as defined by the World Bank, is set as the food requirement to provide 2,400 calories daily for an adult, which in Belize is calculated at about US\$380 a year for 1995 (latest available data). The poverty line is set by adding to the minimum food requirement a nonfood requirement, the latter defined as the average annual nonfood expenditure of the poorest 40 percent of the population. In Belize, the poverty line is equivalent to an income calculated at about US\$640 a year.

III. PUBLIC SECTOR DEVELOPMENTS

A. Public Sector Trends⁴

26. Following a weakening in the macroeconomic performance in the early 1990s, since 1993 the authorities have been adopting measures aimed at correcting the fiscal imbalance (Box 1). These measures helped to reduce temporarily the fiscal deficit,⁵ but fiscal performance weakened again in 1997 and early 1998. During 1993–97 the public sector relied on central bank credit to finance the deficit (Table 5 and Figure 2).

27. A sharp decline in capital outlays by 6½ percentage points of GDP contributed to reduce the fiscal deficit from 7½ percent of GDP in 1993/94 to about 3 percent of GDP in 1995/96. However, during the same period public sector savings fell from 5¾ percent of GDP in 1993/94 to 4 percent of GDP in 1995/96, as the reduction in current expenditure (including a drop in the wage bill that resulted from a civil service retrenchment program) was more than offset by the lack of buoyancy of current revenue. Despite the drop in the fiscal deficit the public sector increased its reliance on credit from the central bank, as net foreign financing was small.

28. In 1996/97, the overall public sector deficit narrowed further to 2½ percent of GDP mainly reflecting the proceeds from the citizenship program (sale of passports) that more than compensated for a further increase in capital outlays. Savings of the public sector remained broadly unchanged as a large wage increase granted to civil servants offset the increase in current revenue associated with better VAT performance. The deficit was more than covered by external financing, including a loan from the government of Taiwan, Province of China (equivalent to about 4 percent of GDP), and a bond issued in the international capital markets (slightly less than 2 percent of GDP), allowing the public sector to accumulate deposits at the central bank.

29. In 1997/98, the overall public sector deficit widened to 6¾ percent of GDP as capital expenditures rose by 3½ percentage points to 12 percent of GDP and public sector savings remained about constant. More than two thirds of the deficit was financed with external resources (including about 1½ percent of GDP in loans on commercial terms), and the remainder with a drawdown of public sector deposits at the central bank.

⁴In this report, the nonfinancial public sector includes the general government (comprising the central government and the Social Security Board), and the public enterprises (including the Belize Electricity Limited (BEL), Water and Sanitation Authority, Belize Port Authority, Belize Airport Authority, and Belize Marketing Board). There is no information on the local governments but the bulk of their operations is financed with current transfers from the central government.

⁵In this section the deficit refers to the overall balance before grants. In addition, the construction costs of the central bank building are included in the central government capital outlays. The data are for fiscal years starting on April 1.

**Box 1. Measures to Correct the Fiscal Imbalance
During 1993/94–1996/1997**

Upon taking office in 1993, the administration of Prime Minister Esquivel took a set of revenue and expenditure measures aimed at correcting the fiscal imbalance. These measures included increasing stamp duties on imports, excise on alcoholic beverages, and fees for registration of vehicles and corporations. It also introduced a withholding tax of 5 percent on interest income from time deposits and curtailed domestically financed capital expenditures. Thereafter the government adopted the following measures:

1994/95

- Introduced a gross receipts tax as a minimum income tax on corporations and the self-employed at the rate of 1 percent beginning in October 1994.
- Scaled down the wage increase for civil servants for the year from 10 percent to 6¼ percent.

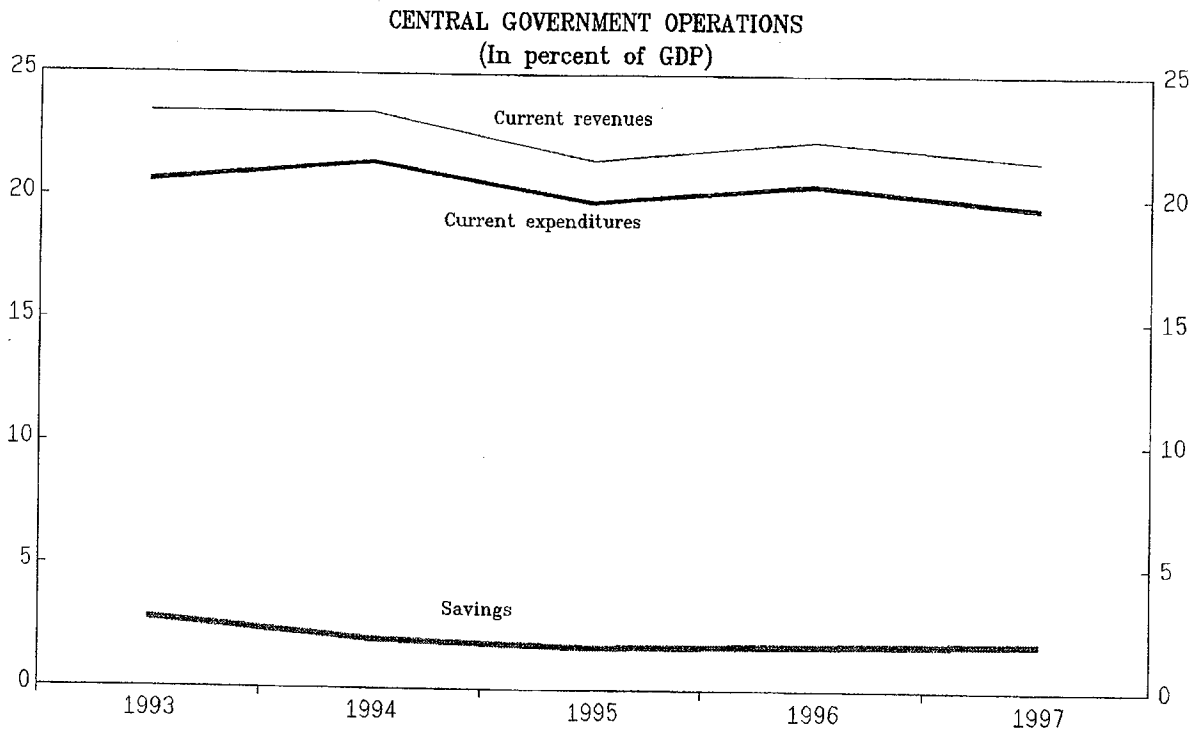
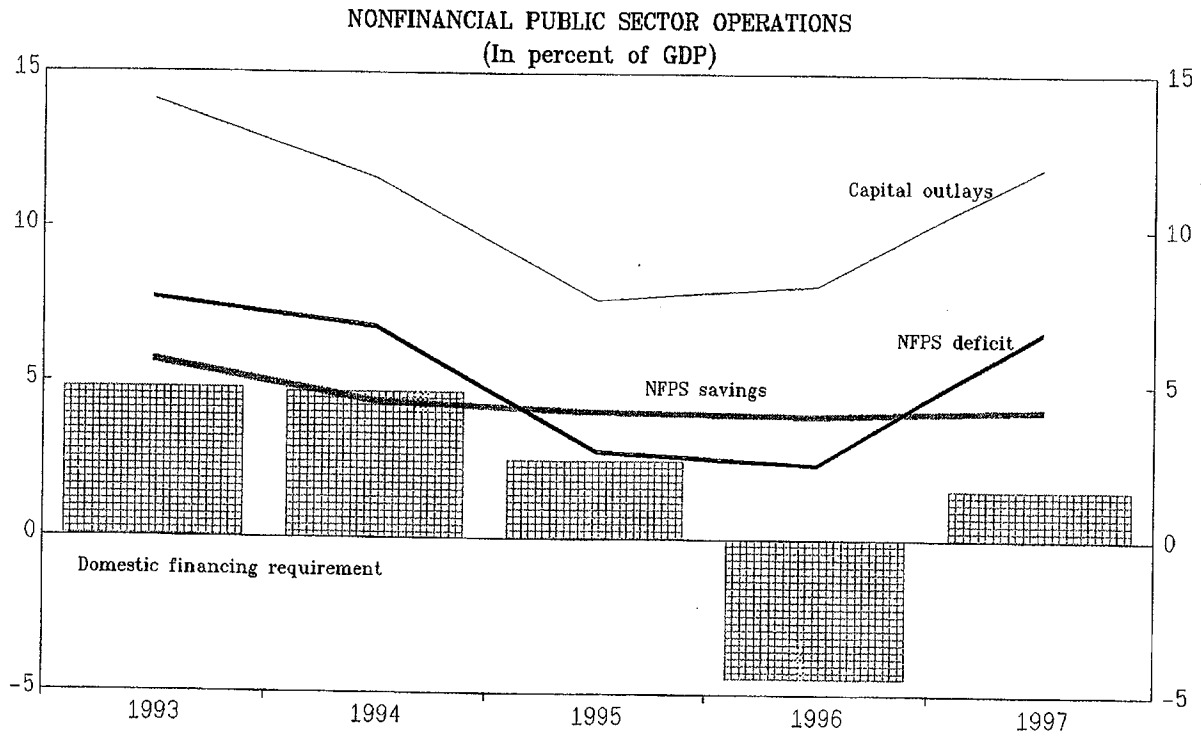
1995/96

- Reintroduced the Economic Citizenship Program (sale of passports) at a cost of US\$40,000 for an individual or US\$50,000 for a family.
- Increased the excise on beer by 28 percent, alcoholic beverages by 47 percent and cigarettes by 100 percent. Increased import duties and surcharges on beer by 20 percent, cigarettes by between 36 and 60 percent (depending on the type of cigarette), and gasoline by 10 percent.
- Froze civil service wages, reduced nonwage current outlays, and curtailed domestically financed capital outlays.
- Reduced the number of civil servants by close to 9 percent in early December 1995 (the savings were estimated at 0.9 percent of GDP on an annual basis).

1996/97

- Introduced a value-added tax at the rate of 15 percent to compensate for the potential loss that might result from the tariff reductions under the first two stages of the CARICOM agreement.

Figure 2. Belize: Public Sector Operations, 1993-97 1/



Sources: Ministry of Finance; Central Bank; and Fund staff estimates.
1/ Fiscal year begins on April 1.

B. Central Government

30. Public sector developments in 1993–97 reflected mainly those of the central government. Accordingly, the deficit of the central government fell during 1993/94–1996/97 and widened again in 1997/98 reflecting developments in capital outlays. Central government savings dropped in the period through 1995/96, and remained about constant thereafter (Table 6 and Figure 2).

Revenues

31. Tax collection in relation to GDP weakened somewhat in the period through 1995/96 reflecting mainly the intensive use of exemptions allowed in the tax system. In 1996/97 tax collection rose a little to 19¾ percent of GDP following the introduction of the VAT in April 1996, but it fell again to 19¼ percent in 1997/98 because of weak performance of the VAT and excises (Table 7).

32. **Income tax revenue has declined steadily during 1993–97** because of weak tax administration and the effect of tax holidays and duty exemptions granted under the Fiscal Incentives Act (FIA) of 1990. This effect was compounded in 1996/97 by a fall in the corporate income tax collection reflecting lower revenues of the telephone company, Belize Telecommunications Limited (BTL),⁶ associated with a reduction in the fee paid by American Telephone and Telegraph (AT&T) to BTL for the use of the Belizean network (to be made in stages during 1997–2002).

33. Collection of taxes on *goods and services* (VAT and excises) increased by about 5½ percentage points to 8 percent of GDP in 1996/97 reflecting the implementation of the VAT. The 1996/97 budget introduced the VAT at a rate of 15 percent to compensate for the potential loss in tax collection that might result from reduction of import duties under the first two stages of the CARICOM agreement, the reduction of some excise taxes and the elimination of a gross receipt tax.⁷ However, the collection fell to 7½ percent of GDP in 1997/98 mainly because of the erosion of the VAT base after the list of zero-rated items was extended to include some items of food, personal care, and construction materials, and the effect of a reported increase in smuggling on the VAT and some excise taxes (Statistical Appendix Table 28).

⁶Income tax paid by BTL accounts for about 75 percent of the total corporate income tax in Belize.

⁷See SM/96/90, pp.13–14, and SM/97/100, p.17.

34. *Revenue from international trade taxes* include mainly the collection of import and revenue replacement duties (RRD).⁸ As a consequence of the implementation of the trade reform under the CARICOM, import duty collection fell by about 5 percentage points to 3¾ percent of GDP in 1996/97. Import duty collection increased somewhat in 1997/98 because of higher recorded imports and efforts to improve customs administration.⁹

35. *Nontax revenue* includes fees collected by different ministries, rents and royalties, and the repayment of debt service due to the central government by the rest of the public sector. During 1993/94–1996/97 it declined to 2¼ percent of GDP mainly due to the outdated system of assessing fees and royalties, and weak enforcement.

36. During 1995/96–1997/98 the largest item of *capital revenue* has been the citizenship program. This program was re-introduced in 1995/96 and involves granting of citizenship and passport (see Box 1). As a result, capital revenue increased from 1 percent of GDP in 1995/96 to 1¾ percent of GDP in 1996/97, but weakened somewhat to 1 percent in 1997/98 as the number of applications declined.

Expenditures

37. Total expenditure fell from 31½ percent of GDP in 1993/94 to 26 percent of GDP in 1995/96 because of a decline in capital outlays. In 1996/97 total expenditure rose to 26¾ percent of GDP, mainly reflecting an increase in current expenditure, and to 27¼ percent of GDP in 1997/98 with an increase in capital outlays.

38. The increase in current expenditure in 1996/97 (to 20½ percent of GDP) resulted from higher expenditure in goods and services (including a one-time cash payment of pending electricity bills) which more than offset a drop in the wage bill. The wage bill fell to 10½ percent in 1996/97 (11 percent in 1995/96) notwithstanding a large wage increase to civil servants in November 1996 (Box 2). In 1997/98, current expenditure fell to 19½ percent of GDP reflecting a further drop in the wage bill to 9¾ percent of GDP (Table 8 and Statistical Appendix Table 29).

⁸The RRD is a tax levied on imports of gasoline, diesel, kerosene, and motor vehicles. In the case of petroleum products the RRD is levied to offset the effect of changes in international prices on the fuel price at pump level (Statistical Appendix Table 26). The RRD for motor vehicles is a surcharge ranging between 10 and 15 percent.

⁹In particular, the authorities implemented a more accurate import valuation system, introduced a customs declaration form at the border and in the airport, and improved procedures with better classification practices and more qualified staff.

Box 2. Central Government Wage Bill 1995/96–1996/97

- In December 1995 the authorities took steps to reduce over staffing in the central government by reducing the size by about 9 percent (see SM/96/90). The savings from the retrenchment program (including the nonrecurrent severance payments) was estimated at 0.9 percent of GDP for 1996/97.
- In November 1996, the authorities granted a wage increase at a fiscal cost estimated at 1¼ percent of GDP offsetting part of the expected savings resulting from the retrenchment program of the year before. As a result, the central government wage bill (in percent of GDP) in Belize remained high as compared with other Central American countries.

39. Following the completion of several large projects and cuts in capital outlays because of the lack of external financing, capital expenditure fell to 6¾ percent of GDP in 1996/97. Capital expenditure rebounded in 1997/98 to 7½ percent of GDP because of the bulk of the construction of the new central bank building and the implementation of other infrastructure projects such as the Southern Highway Part I, and projects in the social and primary education areas.

C. Social Security Board

40. The Social Security Board (SSB) provides insurance against temporary disability and work-related injury as well as maternity, disability, retirement pensions, and survivors' benefits. Since 1991 the contribution to the SSB has been 7 percent of wages and salaries (1 percent is paid by the employee and 6 percent by the employer) up to a wage equivalent of Bz\$130 per week (this ceiling was set in 1981). The SSB recorded cash deficits in the early 1990s because of purchases of BTL's equity, transfers for housing construction, and net lending to development financing institutions. Since 1994/95 the SSB has recorded a small surplus that has allowed the board to resume accumulation of deposits at commercial banks and to provide loans to the central government for rural electricity projects, and to the electric company (BEL) for amortization of debentures held by the private sector (Table 9).

D. Nonfinancial Public Enterprises

41. The operations of the nonfinancial public enterprises reflect mostly the current operations and investment program of BEL.¹⁰ The overall deficit of the nonfinancial public enterprises rose from ¼ of 1 percent of GDP in 1996/97 to 2¾ percent of GDP in 1997/98 mainly because of an increase in capital expenditure. The operating surplus of the nonfinancial public enterprises has fallen since 1993/94 reflecting both higher cost of fuel and lubricants of

¹⁰In 1997/98 the BEL accounted for about two thirds of total current revenue of the nonfinancial public enterprises and about three quarters of the capital expenditures.

BEL associated with the more intensive use of thermal power, and rates of water and sewerage that lagged behind increases in operating costs (Table 10).

42. BEL's capital expenditures rose to 1 percent of GDP in 1996/97 and to 2¾ percent of GDP in 1997/98 (Statistical Appendix Table 27) as part of a major effort to improve the provision of power in Belize; BEL's investments include the expansion of electricity lines and the construction of transmission lines connecting the system in Belize to the Mexican power grid (Power II Project). The Power II Project, which is expected to be concluded before end-1998, has been financed by the World Bank, Caribbean Development Bank, European Investment Bank, BANCOMEX, and BEL resources.

43. The results of the rest of the nonfinancial enterprises during 1996/97–1997/98 reflected development in capital outlays. In 1996/97 the surplus rose as major investments in the water sector in San Pedro and Belize City were completed in June 1996, but shifted to a deficit of ½ of 1 percent of GDP in 1997/98 reflecting important investments in expansion and modernization of ports and airports. In particular, with financial help from the Caribbean Development Bank (CDB), the port authority improved the lighting system and traffic facility, and expanded the storage area of the Belize City Port. The airport authority upgraded the San Pedro airport, and constructed a parallel taxiway, expanded the arrival and departure lounges and the aircraft parking area at the Belize international airport.

IV. FINANCIAL SECTOR DEVELOPMENTS

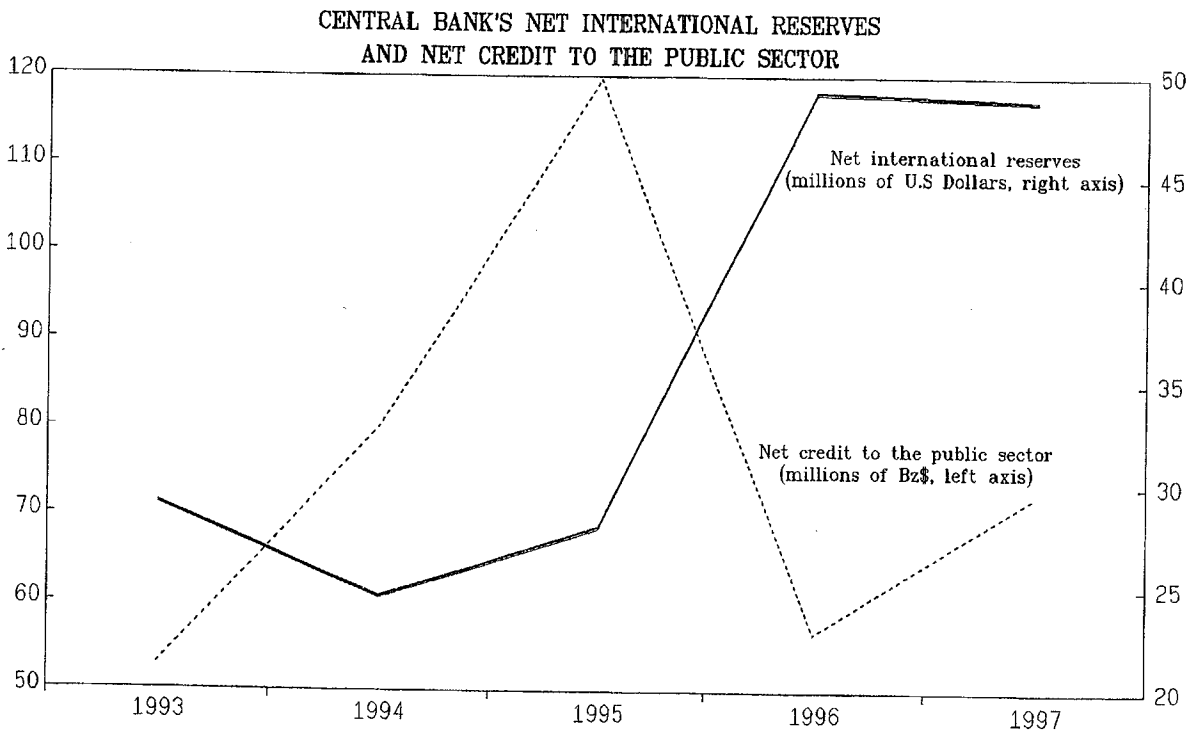
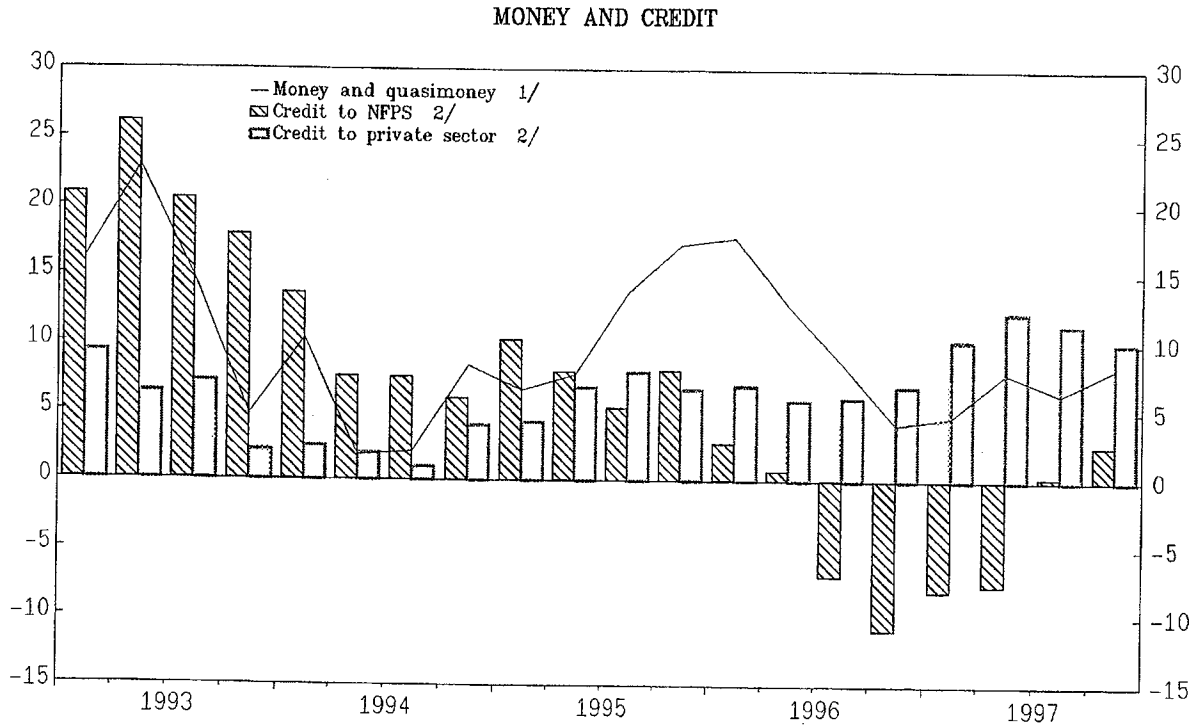
A. Overall Developments

44. In the absence of fiscal consolidation the public sector relied on credit from the central bank which put pressure on its net domestic assets. As Belize is a small, open economy with a fixed exchange rate, this put stress on the international reserve position. To stem pressures on international reserves, tight credit policy has been implemented since 1995 by raising and maintaining high liquid asset requirements and by the central bank selling treasury bills from its own portfolio to commercial banks (Table 11 and Figure 3). The resulting high interest rates in real terms in 1995, contributed to a fall in private sector investment (in relation to GDP) and a lower rate of economic growth.

45. After a number of years in which Belize's financial system deepened, the growth of financial savings of the private sector slowed to about 5¼ percent in 1996¹¹ as economic growth slackened and real interest rates fell. At the same time, the financial system credit fell by some 3¼ percent following an increase in public sector deposits at the central bank with the proceeds from foreign borrowing of the public sector. As a result, the net foreign assets of the financial system doubled to US\$54 million while the net official international reserves

¹¹Rates of growth in this section are relative to financial system liabilities to the private sector, at the beginning of the period.

Figure 3. Belize: Monetary Developments, 1993-97



Sources: Ministry of Finance; Central Bank; and Fund staff estimates.

1/ 12-month percent change.

2/ In percent of liabilities to the private sector at beginning of year.

increased by US\$21 million to a stock of US\$49 million at end-1996 (Table 11). Gross reserves stood at the equivalent of two months of imports of goods and nonfactor services (see Table 1).

46. Growth of financial savings of the private sector picked up to 9 percent in 1997, reflecting the recovery in economic activity. At the same time, financial system credit rebounded by 12 percent because of an increase in credit to the private sector (by about 12 percent) and, to a lower extent, to the public sector, and the net foreign assets of the financial sector declined to US\$46 million. However, the loss in official reserves was limited to a small amount as commercial banks reduced their foreign assets to buy treasury bills from the central bank portfolio (by the equivalent of 1½ percent of GDP).

B. Monetary Policy Instruments

47. Minimum liquid asset requirements on commercial bank deposits have been the main instrument of monetary policy in Belize. However, at times the authorities adopted alternate actions. This was the case in early 1995, when the authorities transferred government deposits from commercial banks to the central bank as a measure to tighten credit conditions. Also, the central bank, in a mechanism that resembles open-market operations, has occasionally affected its credit conditions by purchasing treasury bills from commercial banks (1996) or selling them to commercial banks (1997). Moreover, credit conditions are affected when, as was the case in 1996–97, the government increased its deposits at the central bank with the proceeds from external loans secured by the government to specifically prop up temporarily the recorded international reserves.

48. Liquidity requirements in Belize are relatively high. In December 1995, the central bank raised the liquid asset requirements from 24 to 26 percent,¹² and has maintained it at that level thereafter. Because of the central bank's vigilance and the high penalty imposed on the liquidity requirement deficit,¹³ the banks' actual liquid assets at year end exceeded the minimum requirement by 2–3 percentage points during 1993–97.

49. Treasury bills are the only interest-bearing domestic assets available to commercial banks to satisfy the liquidity requirements and the authorities have taken advantage of this captive market to fix the yield of the treasury bills below market levels. By end-1997 the interest rate of the treasury bills was at 3½ percent, 6 percentage points below the interest rates offered by commercial banks on three-month time deposits (Table 12). The stock of treasury bills has been constant at Bz\$70 million since end-1993 (Statistical Appendix Table 31), and the proportion of commercial bank liquid assets held as treasury bills has fallen from 37¼ percent at end-1993 to 28¼ percent at end-1997 (Table 13).

¹²The equivalent of 7 percent of banks' deposits must be held in noninterest bearing deposits at the central bank. The rest can be satisfied by holding deposits abroad or treasury bills.

¹³The 1996 Banks and Other Financial Institutions Act established a penalty on the deficit of the liquidity requirement equivalent to an annual rate of over 200 percent.

C. Interest Rates

50. **Interest rates in Belize have been largely market determined** for the past three years; the exemption being the yield of the treasury bill that remains fixed at 4 percent. In the early 1990s, the central bank set minimum interest rates on deposits and maximum rates on loans;¹⁴ but as of early 1994, the central bank began to liberalize the system and since 1995 all interest rate ceilings and floors were eliminated, except for a statutory limit on passbook savings of 4½ percent. Average deposit interest rates rose from 6 percent in 1993 to 7 percent by end-1995 reflecting both the interest liberalization and tight credit conditions. During 1996 loanable funds increased considerably as the central bank eased credit conditions by purchasing treasury bills from commercial banks, and by year end the average deposit rate fell to 6¼ percent. In 1997, as mentioned below, private sector credit demand strengthened again; and part of the increase in demand was accommodated by commercial banks borrowing overseas, which limited the increase in average deposit interest rates to 6¾ percent by end-1997 (see Table 12).

51. Commercial banks deposit and lending rates rose during 1993–97 while the spread between the average lending interest rate and the average deposit interest rate widened (Appendix I). At the same time, the spread between domestic interest rates (as defined by the 90-day time deposits) and international rates has remained at an average of about 3½ percent through the period.

D. Liabilities to the Private Sector

52. Following a sharp increase in the previous three years, private sector financial savings¹⁵ stabilized at about 56 percent of GDP in 1996 because of a slowdown in economic activity and a fall in real interest rates. In 1997, private sector financial savings rose to about 60 percent of GDP as economic activity recovered, inflation declined, and domestic interest rates rose. Developments in real interest rates might explain shifts in the composition of private sector financial savings during 1996–97. The fall in real interest rates in 1996 arrested the shift observed in the previous years, in the composition of private sector financial savings from money to interest-bearing deposits (quasi-money). By contrast, in 1997, when real interest rates rose again quasi-money rose to 41 percent of GDP (38 percent in 1996) and money fell slightly to 12 percent of GDP.

¹⁴The central bank is authorized by law to set minimum deposit and maximum lending interest rates.

¹⁵Defined in this section as money and quasi-money plus capital and reserves of the commercial banks.

E. Credit Developments

53. As noted earlier, during 1993–95 **public sector borrowing from the banking system** resulted in a slowdown of the private sector credit and in a fall in private investment, but in 1996 the liquidity situation eased as the government increased its deposits at the central bank and credit to the private sector rose by some 8 percent. In 1997, growth of credit to the private sector accelerated further to 13½ percent as the demand for personal loans and working capital for agriculture-related activities increased. This led commercial banks to complement their domestic resources with external short-term credit lines (see Table 11).

54. **The sectoral destination of credit of the financial system to the private sector continued to change during 1996–97.** Of the total credit to the private sector, the share of loans to households increased from 29 percent in 1996 to 31 percent in 1997 boosted by mortgage and consumer loans (including credit card loans which were introduced in 1997). Credit to the agricultural sector increased slightly to 12½ percent in 1997 (see Statistical Appendix Table 32). This figure, however, does not reflect direct foreign financing to the citrus sector (estimated at US\$10 million) that substituted for credit that traditionally was extended by domestic commercial banks.

55. **Participation of different types of financial institutions (Box 3) in providing credit to the private sector remained relatively stable in recent years.** Of the credit to the private sector, commercial banks accounted for about 77–79 percent, credit unions for 13–14 percent, and the Development Finance Corporation (DFC) for 8–9 percent. The largest credit union in Belize accounts for 11 percent of the financial system credit to the private sector (more than the smallest commercial bank). Despite the size of some of the credit unions, they are not under the supervision and prudential regulations of the central bank.¹⁶

Box 3. Structure of the Financial System

The financial system of Belize comprises the central bank, four private commercial banks (two of which are branches of foreign banks) and a number of nonbank financial institutions. The central bank conducts monetary policy, establishes prudential regulations, and supervises bank operations. The nonbank financial institutions comprise ten credit unions that serve small savers by providing mortgage and small business loans, but are outside the prudential regulation and supervision of the central bank; the government-owned Development Finance Corporation, which on-lends to the private sector funds from medium-term foreign loans; and the government savings bank, which accepts passbook deposits and lends to small savers. As of end-1997, the banking sector accounted for about 85 percent of the financial system's liabilities to the private sector and 78 percent of credit to the private sector.

¹⁶In Belize credit unions are regulated and supervised by the Ministry of Economic Development.

F. Prudential Controls and the Financial Situation of Banks

56. The Bank and Financial Institutions Act of 1995 (BFIA), the Offshore Banking Act of 1996, and the Money Laundering Prevention Act of 1996 constitute the core legal framework for banking supervision and regulation in Belize. This set of laws is thorough in content, and promotes the soundness and stability of the banking system;¹⁷ in particular the BFIA established prudential regulations in line with the Basle Core Principles of effective banking supervision and strengthened the central bank's mandate to regulate and supervise banks.

57. There is nonetheless, a lack of experienced staff and of timely and reliable information to facilitate supervisory oversight, particularly in the context of rapidly increasing lending operations and international borrowing by the commercial banks. The authorities plan to allocate resources to strengthen bank supervision by hiring staff with experience and competency and increasing staff training. This would allow for improved analysis of solvency and of portfolio profile of commercial banks within the context of off-site follow up and on-site inspections.

58. The Offshore Banking Act was approved in 1996 but the central bank does not have yet a formal system to deal with licenses and supervision of offshore banking activity. There are a number of applications, but no license has been granted as the authorities intend to refrain from approving licenses for offshore banking activities until the supervisory oversight and prudential standards are implemented.

V. EXTERNAL SECTOR

A. Overall Developments

59. The overall balance of payments position improved during 1993–96 reflecting a narrowing of the external current account deficit resulting from a decline in imports associated with the contraction in investment (both private and public) and a slowdown in economic activity. In 1997, the current account deficit widened again with the increase in public sector imports but capital inflows limited the deterioration of the overall balance of payments position.

60. During 1993–95, the overall balance of payments improved steadily from a deficit of 3¾ percent of GDP in 1993 to a small surplus in 1995, as the narrowing of the current account deficit more than offset a fall in the capital account surplus. The narrowing in the current account deficit reflected mainly a reduction in investment-related imported goods and services and the slowdown in economic growth while the capital account surplus reflected a reduction in the net official flows. In 1996, the overall balance of payments improved further to a surplus of 3¼ percent of GDP as the current account deficit continued to narrow and the capital account surplus rose on the strength of official borrowing. In 1997, however, the

¹⁷SM/96/89 and SM/97/100.

overall balance of payments shifted to a small deficit as the increase in the current account deficit resulting from the deterioration in the fiscal imbalance more than offset the rise in the capital account surplus (associated with a rebound in private capital inflows) (Table 14 and Figure 4).

B. Current Transactions

Current account

*Exports*¹⁸

61. Belize's major exports consist of sugar (31 percent total exports in 1993–97); citrus concentrates and single strength (18 percent of total exports); and bananas (17 percent of total exports). Seafood exports have become a major export item in recent years and by 1997 had reached 11 percent of total exports (Statistical Appendix Table 34).

62. During 1993–97 **sugar exports** remained highly dependent on access to preferential markets in the European Union and the United States as the price in the free market was significantly below the price in the preferential markets (Table 15) and below the average cost of sugar production in Belize. In 1997, about half of the export volume (109,000 metric tons) was sold to the EU preferential market and 20 percent went to the U.S. preferential market. In 1996, export earnings remained about constant (US\$48 million) as the impact of somewhat lower prices was compensated by higher export volume. In 1997, export earnings fell as an increase in export volume was more than offset by a fall in sugar prices. A fall in prices in the United Kingdom¹⁹ was more than compensated by a strengthening of the pound sterling vis-à-vis the U.S. dollar.

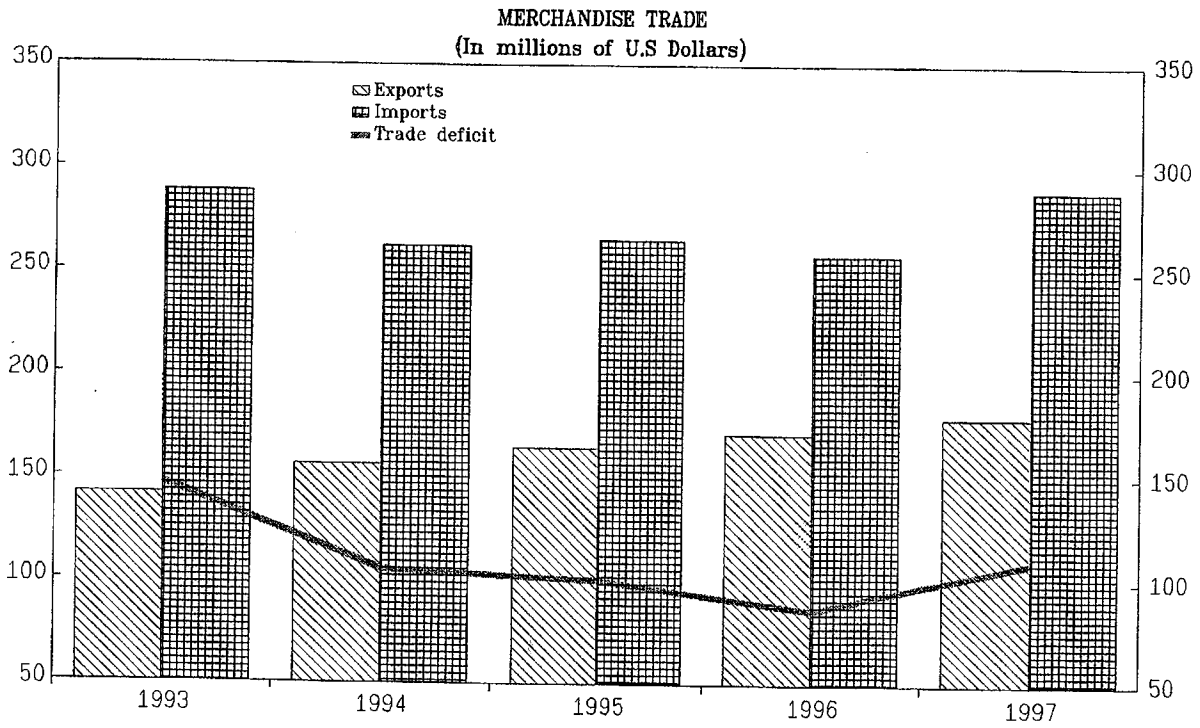
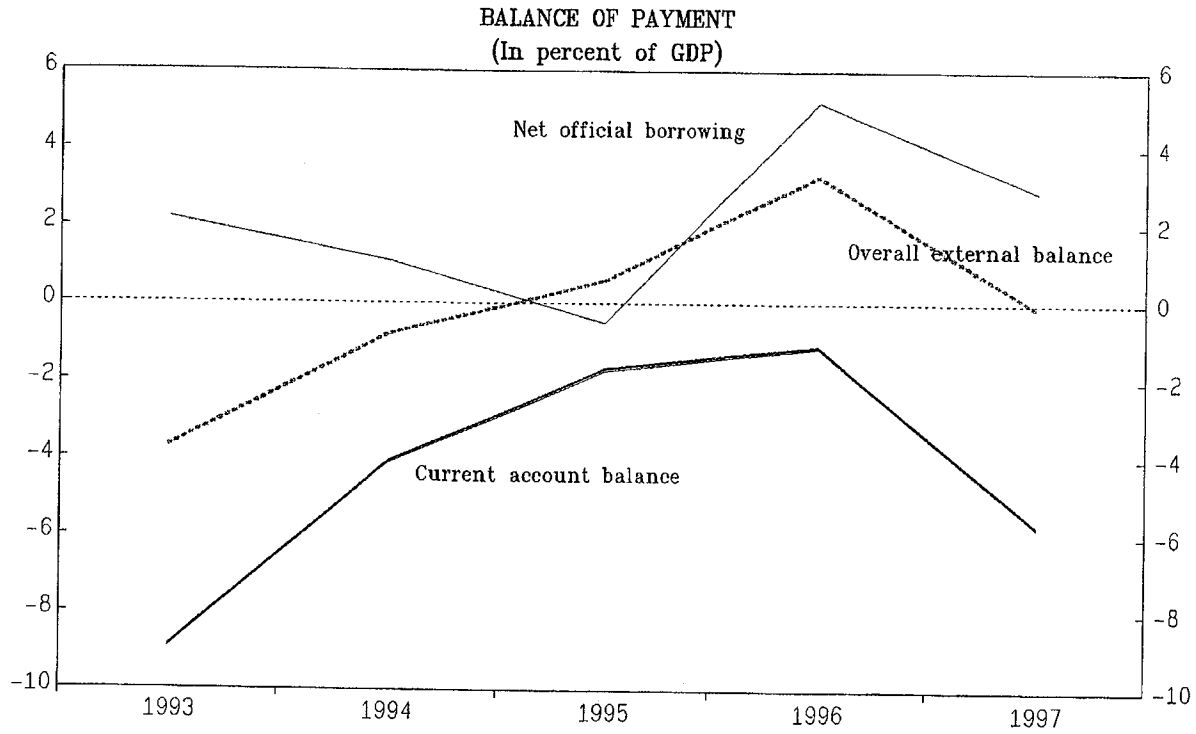
63. Export volume of **citrus concentrates and single strength juices** rebounded during 1995–97 and in particular in 1997, reached record levels (3.6 million gallons of concentrates and 4.5 million gallons of single strength). Moreover, since 1997 Belize has been substituting production of single strength juices for citrus concentrates, which would increase the average profitability of the industry.²⁰ The sharp increase in exported volume in 1997 more than compensated the fall in international prices because of increased supply from other producers and thus, export receipts rose by 11 percent.

¹⁸In this section, exports are defined as gross exports minus re-exports.

¹⁹The United Kingdom purchased 83 percent of Belize's EU quota in 1997.

²⁰The profit per orange box used to produce single strength juice is US\$4.9 and to produce juice concentrate is only US\$2.6.

Figure 4. Belize: External Sector Developments, 1993-97



Sources: Ministry of Finance; Central Bank; and Fund staff estimates.

64. Inefficiencies and high production cost prevent Belize from competing against banana exports from low-cost Latin American countries in the free market. Thus, Belize's **banana** exports are exclusively oriented to the EU market where they benefit from preferential access (Belize's quota is 55,000 metric tons). Belize exported its full EU banana quota for the first time in 1996 when volume rose by 30 percent and prices remained high because of improvements in quality. In 1997, the banana quota was met but earnings declined as prices fell because of an increase in the quota for Latin American suppliers in the EU market (see Statistical Appendix Table 34).

65. Export earnings from **seafood products** (mainly shrimp, lobsters, and conch) increased strongly during the last years because of higher volume, while prices remained high and stable. In 1996, however, there was a drawback in seafood exports as lobster catch fell by 25 percent, and shrimp production fell by 11 percent. At the same time, international prices weakened (lobster prices fell by 20 percent and shrimp prices by 2 percent in 1996) because of increased supply from competitors in the international market. In 1997, export revenue rebounded to a record level of about US\$18 million as shrimp volume increased by about 50 percent reflecting the coming on stream of new investments in shrimp farms, a bumper harvest of lobster, and a recovery in lobster prices.

Imports

66. Import payments fell during 1993–96 reflecting a fall in the imports of machinery and manufactured goods associated with the completion of major infrastructure projects, a slow-down in economic activity and the withdrawal of U.K. troops stationed in Belize. By contrast, in 1997 import expenditure surged by 11½ percent on the strength of imports of machinery and fuel mainly because of the firming up of investment while imports of manufacturing goods and consumer goods increased reflecting the first full-year effect of the opening up of the trade system initiated in April 1996 (Statistical Appendix Table 36).

67. **Belize's major trading partners** are the United States (49 percent of total trade in 1997); United Kingdom (14 percent); Mexico (9 percent); other EU countries (6 percent); and CARICOM countries (4 percent). The large shares of the United States and the United Kingdom reflect the preferential access provided to exports from Belize as well as proximity to the United States (Statistical Appendix Table 37).

68. **The terms of trade** (excluding tourism) improved between 1993–96 reflecting mainly a strong rise in prices of its major exports, particularly of bananas and citrus. By contrast, in 1997 the terms of trade deteriorated markedly as the international prices of Belize's major crops declined, more than offsetting a fall in prices of fuel and other imports (see Statistical Appendix Tables 34 and 38).

Service account

69. The **surplus of the net service account** fell from 10 percent of GDP in 1995 to 8 percent of GDP in 1996,²¹ mainly reflecting the withdrawal of the remaining contingent of U.K. troops stationed in Belize. In 1997, the services account surplus fell further to 7½ percent of GDP, largely because of lower receipts from telecommunications services, offsetting an 8½ percent increase in tourism earnings. Tourism has remained Belize's single most important foreign exchange earner and in 1996, tourism earnings reached US\$84 million (13½ percent of GDP) despite a slowdown in the growth of tourist arrivals. In 1997, tourism earnings increased further to US\$91 million (14 percent of GDP) as the growth of tourist arrivals rose (see Statistical Appendix Table 24). **Net transfers** continued to fall to 3¾ percent of GDP in 1997 associated with both a decline in workers' remittances and in grants from bilateral and multilateral creditors (see Table 14 and Statistical Appendix Table 33).

C. Capital Account

70. After falling for a number of years, the capital account surplus rose slightly to 4½ percent of GDP in 1996 reflecting a rebound of net official capital flows to 5¼ percent of GDP associated with the disbursement of a loan (4 percent of GDP) from Taiwan Province of China (POC) and proceeds from a bond issued by the central bank (2 percent of GDP). In 1997 the capital account surplus rose further to 5½ percent of GDP on the strength of private capital inflows associated with private investment in the citrus industry and foreign borrowing by domestic commercial banks; however net official capital flows (part of which were on commercial terms) remained the largest item in the capital account surplus (about 3 percent of GDP) (see Table 14).

D. External Public Debt

71. The outstanding external debt of the public sector rose from 32 percent of GDP at end-1993 to 36½ percent of GDP at end-1997 (Table 16). Of the total debt at end-1997, 79 percent is owed to multilateral and bilateral creditors including to the CDB (19 percent), the World Bank (17 percent), Taiwan POC (15 percent), United States (9 percent), the United Kingdom (8 percent), and the European Union (5 percent). As the external debt on commercial terms has increased strongly since 1996, **debt service** increased from 6¼ percent of exports of goods and nonfactor services in 1993 to 9¾ percent in 1997 (see Table 14) or from 14 percent of central government revenue in 1993 to 22½ percent in 1997.

²¹Beginning in 1995 residents began making payments of travel expenditures using international credit cards that are recorded as debit in the service account (travel); previously these travel expenditures were likely made in part with foreign currency bought in the parallel market and as such they appeared as part of the unclassified capital transactions.

E. Exchange and Trade System

72. Since 1976 the Belize dollar has remained pegged to the U.S. dollar at a rate of Bz\$2 per U.S. dollar. On June 1, 1998, the buying and selling rates were Bz\$1.9825 and Bz\$2.0175, respectively, per U.S. dollar. A stamp duty of 1.25 percent is levied on the sale of foreign exchange.

73. The real effective exchange rate of the Belize dollar appreciated by 1¼ percent during 1993–97 but the real appreciation was more pronounced between 1995–97 at 8½ percent, mainly because of a large devaluation of the Mexican peso against the U.S. dollar by about 25 percent (Statistical Appendix Table 40 and Figure 5). However, the effect of the real appreciation of the Belize dollar on external competitiveness seems to have been offset by a fall in real wages, and improved efficiency in key economic sectors and in infrastructure as suggested by the increase in foreign currency earnings from exports and tourism recorded in 1993–97 (Appendix II).

74. To protect its foreign exchange position, the central bank has resorted to the direct purchase of foreign exchange from **sugar exporters** (about 12 percent of foreign exchange inflows), and to rationing of foreign exchange to commercial banks on an ad hoc basis (except for a number of essential products such as fuel, medicines, and insurance) since 1995. The spread between the exchange rates in the official and parallel markets remained in the range of 5½–7½ percent since 1995.

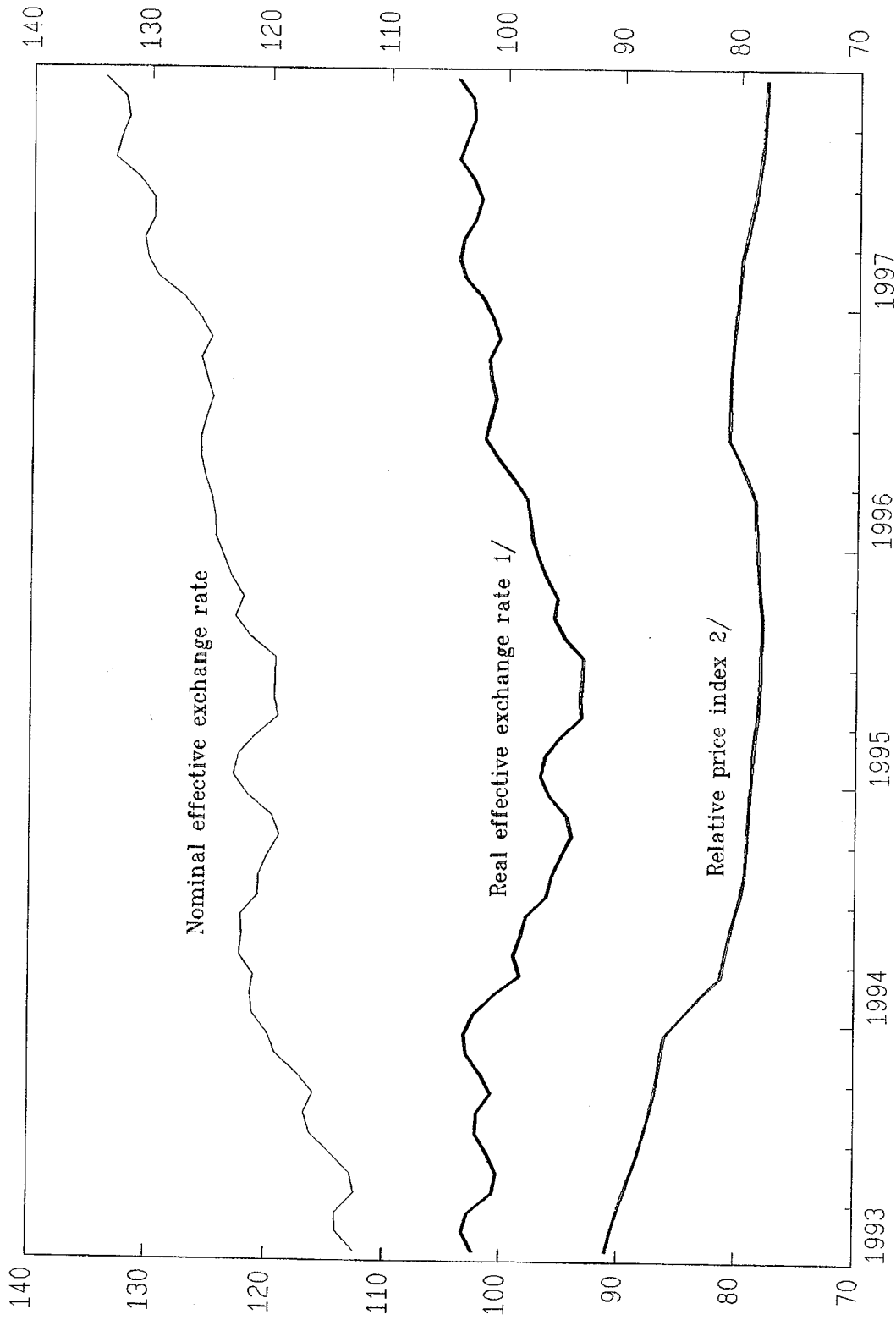
75. The central bank is responsible for administering exchange control. In this area, no change has been introduced to the regulations reported to the Board in the last Recent Economic Developments document on Belize.²²

76. Belize has undertaken to reduce duty imports within the framework of the CARICOM Agreement (Appendix II). In addition to import duties, some imports are also subject to a revenue replacement duty, as mentioned in chapter III. Moreover, six export items are subject to licensing (beans, citrus fruits, fish, live animals, crustaceans and mollusks, and lumber and logs) and 26 items, mostly consumer goods, are subject to quantitative import restrictions.²³

²²SM/96/98 p. 28.

²³See IMF, *Exchange Arrangements and Exchange Restrictions*, Annual Report 1997, pp. 90–94.

Figure 5. Belize: Exchange Rate Developments, 1993-97
(1990 = 100)



Source: IMF, Information Notice System.

1/ Trade-weighted index of nominal exchange rates deflated by seasonally adjusted relative consumer prices. An increase indicates appreciation.
2/ Seasonally adjusted.

Table 1. Belize: Selected Economic Indicators

	1993	1994	1995	1996	Prel. 1997
(Annual percentage change)					
Real GDP at market prices	3.3	1.8	3.3	2.0	3.5
Consumer price index					
Average	1.4	2.5	2.9	6.3	1.0
End of period	2.3	1.8	3.9	6.4	-0.6
Terms of trade 1/	2.2	1.3	-0.8	4.4	-6.9
Export prices 1/	3.4	2.8	9.8	3.7	-8.8
Import prices	1.2	1.5	10.6	-0.7	-1.9
(In percent of GDP, unless otherwise specified)					
Nonfinancial public sector deficit (before grants) 2/	7.6	6.8	2.8	2.4	6.7
External financing 3/	2.8	2.1	0.3	6.9	5.1
Domestic financing	4.8	4.7	2.5	-4.5	1.6
Investment	32.0	24.4	20.0	19.3	23.7
Private	18.4	13.3	12.1	12.8	13.2
Public 4/	13.5	11.1	7.9	6.6	10.5
External savings	8.9	4.1	1.7	1.1	5.7
Gross national savings	23.1	20.3	18.3	18.2	18.0
Private	16.7	15.6	14.2	14.2	13.9
Public	6.4	4.7	4.1	4.0	4.1
Net official international reserves (millions of U.S. dollars)	29.1	24.7	28.1	49.2	48.8
Gross reserves (months of imports and nonfactor services)	1.1	1.0	1.2	1.9	1.7

Sources: Central Bank of Belize; and Fund staff estimates.

1/ Includes tourism.

2/ Fiscal year starts in April.

3/ Includes grants and as such differs from the information presented in Tables 5 and Statistical Appendix Table 27.

4/ Includes expenditures related to the construction of the central bank building in 1993-1997.

Table 2. Belize: Main Agricultural Crops, Acreage, and Production 1/

	1993	1994	1995	1996	Prel. 1997
(Units as indicated)					
Sugarcane					
Acreage	65,000	65,000	60,000	50,000	60,000
Production ('000 long tons)					
Sugarcane	1,141	1,199	1,025	1,205	1,215
Sugar	100	105	105	109	124
Sugar exports ('000 long tons)	90	93	92	95	109
Oranges					
Planted acreage 2/	55,403	60,483	47,907	47,907	48,441
Producing acreage	16,900	19,150	24,366	29,851	34,942
Production ('000 90-lb. boxes)	1,793	2,020	3,133	3,186	4,375
Grapefruit					
Planted acreage 2/	13,671	13,671	8,281	8,281	8,497
Producing acreage	4,450	4,975	6,015	6,640	6,828
Production ('000 80-lb. boxes)	1,015	833	1,214	1,152	1,410
Bananas					
Acreage	4,353	5,300	4,847	5,389	4,200
Production ('000 42-lb. boxes)	2,140	2,642	2,453	2,981	2,761
Corn					
Acreage	32,199	29,910	39,061	36,402	41,700
Production (million lbs.)	60	51	62	82	82
Rice					
Acreage	11,003	11,117	12,181	14,318	15,435
Production paddy (million lbs.)	21	14	21	28	37
Red kidney beans					
Acreage	9,917	7,166	9,572	10,299	10,428
Production	7,988	7,071	6,925	7,526	9,337
(Output per acre, unless otherwise specified)					
Cane per acre (long tons)	18	18	17	24	20
Cane to sugar ratio	11	11	10	11	10
Oranges (90-lb. boxes per planted acre) 3/	106	105	129	107	125
Grapefruit (80-lb. boxes per planted acre) 3/	228	167	202	173	207
Bananas (42-lb. boxes per planted acre)	492	498	506	553	657
Corn (lbs. per acre)	1,862	1,715	1,592	2,253	1,966
Rice (lbs. per acre)	1,953	1,286	1,743	1,956	2,397
Red kidney beans (lbs. per acre)	805	987	723	731	895

Sources: Central Statistical Office; and Ministry of Agriculture.

1/ Figures based on a crop year basis (December-November).

2/ Include trees not yet producing harvestable fruit.

3/ Calculated on the basis of total producing acreage.

Table 3. Belize: Indices of Industrial Products

(1984 = 100)

	Weight (percent)	1993	1994	1995	1996	Prel. 1997
Sugar 1/	53.4	99	104	104	107	122
Molasses 1/	1.9	164	173	141	181	159
Flour	1.5	1,071	1,051	1,005	1,098	1,014
Fertilizer	2.0	385	591	573	533	464
Cigarettes	4.9	163	156	146	122	136
Beer	6.0	239	196	172	143	130
Soft drinks	11.5	141	181	193	183	149
Batteries	0.3	179	172	200	251	143
Nails and roofing	1.2	7	5	4	3	2
Garments	6.1	217	168	118	101	100
Citrus concentrates	11.3	181	191	313	314	352
Single strength juices 2/	...	...	100	269	384	1,503
Industrial production 3/ (change in percentage)	100.0	153 4.4	159 4.2	167 5.4	166 -0.9	171 2.8

Source: Statistical Appendix Table 23.

1/ Production data are on a crop-year basis (December-November).

2/ Index 1994 = 100.

3/ Based on value added of the manufacturing sector.

Table 4. Belize: Average Prices for Selected Products and Services

(Annual percentage changes)

	1993	1994	1995	1996	Prel. 1997
Food, beverages, and tobacco	1.7	0.7	4.0	6.6	-0.1
Clothing and footwear	0.6	-2.3	0.8	3.3	-3.5
Household goods and maintenance	3.2	2.3	-0.5	6.1	-1.0
Rent, water, fuel, and power	1.4	7.1	7.6	8.8	0.5
Medical care	1.7	1.5	9.1	4.6	1.8
Transportation and communication	0.2	1.9	2.7	5.7	-2.2
Recreation, education, and culture	10.5	1.3	4.5	5.9	2.1
Personal care	4.6	-0.3	4.8	5.9	-2.1
Premium gasoline	-2.2	4.4	5.3	1.4	-1.8
Regular gasoline	-2.2	3.4	6.8	0.0	-0.4
Kerosene	2.0	2.0	8.3	14.2	-1.9
Diesel	2.7	2.3	9.3	10.6	-1.9

Sources: Statistical Appendix Tables 25 and 26.

Table 5. Belize: Consolidated Operations of the Nonfinancial Public Sector

(In percent of GDP)

	1993/94	1994/95	1995/96	1996/97	Prel. 1997/98
Total revenue and grants	29.0	28.6	26.2	27.7	27.4
Current revenue	27.6	27.1	25.2	25.7	24.9
Central government	23.4	23.4	21.5	22.3	21.5
Social Security Board	2.3	2.1	2.4	2.3	2.4
NFPE's current surplus	1.8	1.6	1.3	1.1	1.1
Grants and capital revenue	1.4	1.6	1.0	2.0	2.4
Total expenditure	36.0	34.3	28.9	29.8	32.8
Current expenditure	21.9	22.7	21.2	21.6	20.8
General government	21.9	22.7	21.2	21.6	20.8
Central government	20.6	21.4	19.8	20.5	19.6
Social Security Board	1.4	1.3	1.4	1.2	1.2
Capital expenditure	14.1	11.6	7.7	8.2	12.0
General government	12.8	10.3	6.5	6.8	8.1
Central government	10.9	9.6	6.1	6.3	7.6
Social Security Board	1.9	0.7	0.4	0.5	0.5
Public enterprises	1.3	1.3	1.2	1.4	3.9
Current account surplus	5.7	4.4	4.1	4.0	4.2
Central government	2.9	2.1	1.8	1.8	1.9
Social Security Board	1.0	0.8	1.0	1.2	1.2
Nonfinancial public enterprises	1.8	1.6	1.3	1.1	1.1
Overall balance (before grants)	-7.6	-6.8	-2.8	-2.4	-6.7
Overall balance (after grants)	-7.0	-5.6	-2.7	-2.1	-5.4
Financing	7.0	5.6	2.7	2.1	5.4
External 1/	2.2	0.9	0.2	6.6	3.8
Domestic	4.8	4.7	2.5	-4.5	1.6
Banking system	5.4	3.4	1.7	-4.5	1.7
Central bank	2.1	1.2	0.8	-2.8	1.2
Commercial banks	3.3	2.2	0.9	-1.7	0.5
Nonbanking					
Private sector 2/	0.5	0.0	0.0	0.0	-0.4
Other 3/	-1.1	1.3	0.8	0.0	0.3

Sources: Ministry of Finance; Statutory Boards; and Fund staff estimates and projections.

1/ Includes bonds equivalent to 1.9 percent of GDP issued in 1996/97 to finance the construction of the central bank building.

2/ Includes bonds (equivalent to 0.5 percent of GDP) issued to finance the construction of the central bank building in 1993/94 (and their full amortization in 1997/98) and a bond (equivalent to 0.7 percent of GDP) that was part of the wage adjustment in 1996/97. In 1996/97 it also includes payment amortization of BEL debentures by the private sector (equivalent to 0.7 percent of GDP) and placement of new debentures (equivalent to 0.6 percent of GDP) in 1998/99.

3/ Statistical discrepancy.

Table 6. Belize: Operations of the Central Government

	1993/94	1994/95	1995/96	1996/97	Prel. 1997/98
(In percent of GDP)					
Revenue and grants	24.8	25.0	22.5	24.3	23.9
Revenue	24.2	23.8	22.4	24.0	22.6
Current revenue	23.4	23.4	21.5	22.3	21.5
Tax	20.6	20.6	19.4	19.8	19.3
Nontax	2.9	2.8	2.2	2.5	2.2
Capital	0.8	0.4	0.9	1.7	1.1
Grants	0.7	1.2	0.1	0.3	1.3
Total expenditure	31.4	30.9	25.9	26.8	27.2
Current expenditure 1/	20.6	21.4	19.8	20.5	19.6
<i>Of which</i>					
Wage bill	11.3	11.7	11.0	10.5	9.8
Domestic private transfers	1.6	1.8	1.7	1.6	1.7
Capital expenditure	10.9	9.6	6.1	6.3	7.6
Current account surplus 1/	2.9	2.1	1.8	1.8	1.9
Overall deficit (before grants)	-7.2	-7.1	-3.5	-2.8	-4.6
Overall deficit (after grants)	-6.6	-6.0	-3.4	-2.5	-3.3
Financing					
External (net) 2/	2.6	1.4	0.4	5.7	0.2
Domestic 3/	3.9	4.5	3.1	-3.2	3.1
Banking system	4.1	3.5	2.5	-4.9	3.1
Other 4/	-0.1	1.0	0.6	1.7	0.0
(Annual percentage change)					
Revenue and grants	-12.6	5.9	-3.5	13.9	1.5
<i>Of which</i>					
Revenue	-8.9	3.6	0.9	12.9	-2.8
Total expenditure	-8.0	3.6	-10.1	9.0	4.7
Current expenditure	15.9	9.4	-0.7	9.2	-1.4
Capital expenditure	-33.8	-7.4	-31.2	8.5	24.4

Sources: Ministry of Finance; and Fund staff estimates and projections.

1/ In 1996/97 wages and salaries include a one-time bonus (equivalent to 1.0 percent of GDP), of which 0.7 percent of GDP was paid with bonds and 0.3 percent of GDP with cash. Goods and services include a one-time payment of electricity bills from past years to BEL (equivalent to 0.3 percent of GDP).

2/ Includes bonds equivalent to 1.9 percent of GDP issued in 1996/97 to finance the construction of the central bank building.

3/ Includes bonds (equivalent to 0.5 percent of GDP) issued to finance the construction of the central bank building in 1993/94 (and their full amortization in 1997/98) and a bond (equivalent to 0.7 percent of GDP) issued to pay most of the one-time bonus that was part of the wage adjustment in FY 1996/97.

4/ Statistical discrepancy.

Table 7. Belize: Central Government Revenue

	1993/94	1994/95	1995/96	1996/97	Prel. 1997/98
(In percent of GDP)					
Total revenue and grants	24.8	25.0	22.5	24.3	23.9
Total revenue	24.2	23.8	22.4	24.0	22.6
Tax revenue	20.6	20.6	19.4	19.8	19.3
Income tax	5.6	5.7	4.9	4.4	4.1
Property tax	0.1	0.1	0.1	0.1	0.1
Taxes on goods and services	2.8	2.6	2.4	8.0	7.4
Taxes on international trade	11.6	11.6	11.4	6.7	7.1
Nontax revenue	2.9	2.8	2.2	2.5	2.2
Capital revenue	0.8	0.4	0.9	1.7	1.1
Grants	0.7	1.2	0.1	0.3	1.3
(In percent of total revenue)					
Income tax	23.3	23.8	21.9	18.4	17.9
Property tax	0.5	0.6	0.4	0.5	0.5
Taxes on goods and services	11.4	10.9	10.6	33.3	32.9
Taxes on international trade	47.8	48.9	50.9	27.7	31.5
Nontax revenue	11.9	11.7	9.7	10.3	9.9
Capital revenue	3.1	1.6	3.9	7.1	4.9
(Annual percentage change)					
Tax revenue	5.8	5.7	0.6	7.9	0.2
Income tax	0.2	5.8	-7.2	-5.4	-5.0
Taxes on goods and services	40.0	-0.9	-1.9	254.6	-3.8
Taxes on international trade	4.8	6.1	5.0	-38.4	10.3
Nontax revenue	-25.5	1.9	-16.6	20.6	-6.4

Sources: Ministry of Finance; and Fund staff estimates.

Table 8. Belize: Central Government Expenditure

	1993/94	1994/95	1995/96	1996/97	Prel. 1997/98
(In percent of GDP)					
Total expenditure	31.4	30.9	25.9	26.8	27.2
Current expenditure	20.6	21.4	19.8	20.5	19.6
Wages and salaries 1/	11.3	11.7	11.0	10.5	9.8
Goods and services 2/	4.2	4.1	3.5	4.4	4.3
Interest payments	2.0	1.9	1.9	2.0	1.9
Subsidies and current transfers	1.9	2.3	2.1	2.3	2.2
Capital expenditure	10.9	9.6	6.1	6.3	7.6
Capital expenditure (excluding central bank building)	10.6	9.3	5.8	5.4	6.1
Central bank building	0.0	0.0	0.1	0.5	1.3
Transfers to nonfinancial public enterprises	0.2	0.3	0.3	0.4	0.3
(In percent of total expenditure)					
Current expenditure	65.4	69.1	76.3	76.4	72.0
Wages and salaries	36.0	38.0	42.3	39.3	36.2
Goods and services	13.4	13.3	13.5	16.5	15.7
Interest payments	6.2	6.3	7.4	7.3	7.0
Subsidies and current transfers	6.0	7.4	8.0	8.6	8.2
Capita expenditure and transfers	34.6	30.9	23.7	23.6	28.0
Capital expenditure (excluding central bank building)	33.9	30.0	22.3	20.2	22.3
Central bank building	0.0	0.0	0.4	1.9	4.6
Transfers to nonfinancial public enterprises	0.7	0.9	1.0	1.4	1.1
(Annual percentage change)					
Total expenditure	-8.0	3.6	-10.1	9.0	4.7
Current expenditure	15.9	9.4	-0.7	9.2	-1.4
Wages and salaries	15.2	9.4	0.2	1.1	-3.5
Goods and services	8.3	2.3	-8.7	33.1	0.0
Subsidies and current transfers	7.0	26.5	-2.6	17.1	0.2
Capital expenditure and transfers	-33.8	-7.4	-31.2	8.5	24.4

Sources: Ministry of Finance; and Fund staff estimates.

1/ In 1996/97 includes a one-time bonus equivalent to 1.0 percent of GDP of which 0.7 percent of GDP was paid with bonds and 0.3 percent of GDP with cash.

2/ In 1996/97 includes a one-time payment of electricity bills from past years to the electricity company (equivalent to 0.3 percent of GDP).

Table 9. Belize: Operations of the Social Security Board

(In percent of GDP)

	1993/94	1994/95	1995/96	1996/97	Prel. 1997/98
Current revenue	2.3	2.1	2.4	2.3	2.4
Contributions	1.4	1.3	1.3	1.2	1.2
Interest and other income	1.0	0.8	1.1	1.1	1.1
Total expenditure	3.3	2.0	1.7	1.7	1.7
Current expenditure	1.4	1.3	1.4	1.2	1.2
Benefit payments	0.9	0.8	0.8	0.8	0.8
Administration	0.5	0.5	0.6	0.4	0.4
<i>Of which</i>					
Wages and salaries	0.2	0.2	0.2	0.2	0.2
Capital	0.1	0.1	0.0	0.1	0.1
Shares and other long-term investments	1.8	0.6	0.4	0.4	0.4
Current balance	1.0	0.8	1.0	1.2	1.2
Overall balance	-0.9	0.1	0.6	0.6	0.7

Sources: Belize authorities; and Fund staff estimates.

Table 10. Belize: Operations of the Nonfinancial Public Enterprises 1/

(In percent of GDP)

	1993/94	1994/95	1995/96	1996/97	Prel. 1997/98
Revenue and grants	8.4	8.1	7.5	7.4	7.6
Current revenue	8.4	8.0	7.5	7.4	7.6
Operating revenue	8.2	7.9	7.4	7.2	7.4
Non-operating revenue	0.2	0.1	0.1	0.1	0.1
Expenditure	7.9	7.8	7.4	7.6	10.3
Current expenditure	6.6	6.5	6.2	6.3	6.5
Operating expenditure	5.8	5.8	5.5	5.8	6.0
Non-operating expenditure	0.8	0.7	0.7	0.5	0.5
Transfers to government 1/	0.1	0.0	0.0	0.0	0.0
Interest and dividend expenses	0.7	0.6	0.6	0.4	0.5
Capital expenditure 2/	1.3	1.3	1.2	1.4	3.9
Operating surplus	2.4	2.1	1.9	1.4	1.5
Current surplus	1.8	1.6	1.3	1.1	1.1
Overall balance (deficit-)	0.5	0.3	0.1	-0.3	-2.8

Sources: Ministry of Finance; Statutory Boards; and Fund staff estimates.

1/ Includes dividend payments and other transfers.

2/ Includes transfers to the central government.

Table 11. Belize: Summary Accounts of the Financial Sector

	1993	1994	1995	1996	Prel. 1997
(In millions of Belize dollars)					
International reserves (net)	28.4	16.0	53.9	108.0	92.4
<i>Of which</i>					
Net official reserves	58.3	49.3	56.1	98.4	97.7
Domestic credit	543.6	593.7	653.3	631.5	717.0
Credit to the public sector	58.5	79.0	117.7	55.5	71.6
Central government (net) 1/	80.4	105.0	139.0	81.9	115.0
Rest of public sector (net)	-22.0	-26.0	-21.4	-26.4	-43.4
Credit to private sector	504.6	536.8	574.8	626.3	710.0
Other assets (net)	-19.5	-22.1	-39.2	-50.2	-64.6
Foreign liabilities (medium and long term)	36.3	34.9	34.3	31.7	38.0
Liabilities to private sector	535.6	574.7	672.9	707.9	771.3
Money and quasi-money	482.1	523.0	605.5	631.2	681.8
Money	134.1	142.0	146.5	154.7	154.8
Quasi-money 2/	348.0	381.0	458.9	476.5	527.0
Capital and reserves	53.5	51.7	67.4	76.7	89.5
Memorandum items:					
Monetary base	91.4	90.7	104.1	104.4	111.2
Foreign reserve coverage	63.8	54.3	53.9	94.2	87.8
(Annual change, as percent of liabilities to the private sector, at the beginning of the period)					
Domestic credit	16.6	9.4	10.4	-3.2	12.1
Credit to the public sector	10.5	3.8	6.7	-9.2	2.3
Central government (net)	6.2	4.6	5.9	-8.5	4.7
Rest of public sector (net)	4.3	-0.7	0.8	-0.7	-2.4
Credit to the private sector	6.3	6.0	6.6	7.6	11.8
Other assets (net)	-0.2	-0.5	-3.0	-1.6	-2.0
(Annual percentage change)					
Liabilities to the private sector	7.0	7.3	17.1	5.2	9.0
Money and quasi-money	5.8	8.5	15.8	4.2	8.0
Money	6.5	5.9	3.2	5.5	0.1
Quasi-money 2/	5.5	9.5	20.5	3.8	10.6
Capital and reserves	20.1	-3.4	30.5	13.8	16.7
(In percent of GDP)					
Domestic credit	51.6	53.8	55.2	50.1	55.3
Credit to the public sector	5.5	7.2	9.9	4.4	5.5
Central government (net) 1/	7.6	9.5	11.7	6.5	8.9
Rest of public sector (net)	-2.1	-2.4	-1.8	-2.1	-3.4
Credit to the private sector	47.9	48.7	48.6	49.6	54.8
Other assets (net)	-1.8	-2.0	-3.3	-4.0	-5.0
Liabilities to the private sector	50.8	52.1	56.8	56.1	59.5
Money and quasi-money	45.7	47.4	51.1	50.0	52.6
Money	12.7	12.9	12.4	12.3	11.9
Quasi-money 2/	33.0	34.6	38.8	37.8	40.7
Capital and reserves	5.1	4.7	5.7	6.1	6.9
(Annual percentage change)					
Memorandum items:					
Monetary base	-0.4	-0.8	14.8	0.2	6.6
Credit to the private sector	6.8	6.4	7.1	8.9	13.4

Source: Statistical Appendix Table 30.

1/ Includes expenditure and financing related to the construction of the central bank building (1995-97).

2/ Includes membership shares in credit unions.

Table 12. Belize: Interest Rates 1/
(Annual percent)

	Treasury Bill		Central Bank		Commercial Bank Rates				Weighted Average		US\$ Libor		Difference	
	Discount Rate	Lending Rate	Saving Deposits	Time Deposits 2/	Personal Loans	Commercial Loans	Mortgage Loans	Deposits	Loans	90-Day	Lending - Deposits	Spread	Between Belize and International 3/	
1993														
I	4.8	12.0	5.4	8.0	14.9	14.1	14.1	14.1	6.0	14.4	3.3	8.4	4.8	
II	4.7	12.0	5.4	8.1	14.8	14.0	14.2	14.2	6.0	14.3	3.2	8.3	4.9	
III	4.5	12.0	5.4	8.2	14.5	14.1	14.2	14.2	6.0	14.2	3.3	8.3	4.9	
IV	4.4	12.0	5.4	8.2	14.9	14.4	14.0	14.0	6.0	14.5	3.4	8.5	4.8	
1994														
I	4.4	11.7	5.3	8.4	15.1	14.5	14.1	14.1	6.0	14.7	3.6	8.7	4.8	
II	4.3	11.0	5.3	8.5	15.3	14.5	14.2	14.2	6.0	14.7	4.5	8.7	4.0	
III	4.3	11.0	5.3	8.6	15.2	14.6	13.6	13.6	6.0	14.8	5.0	8.8	3.6	
IV	4.2	12.0	5.3	8.7	15.5	14.8	13.6	13.6	6.1	14.9	6.0	8.8	2.7	
1995														
I	4.1	12.0	5.3	8.8	16.0	15.2	13.9	13.9	6.1	15.3	6.3	9.2	2.5	
II	4.1	12.0	5.3	9.3	16.0	15.6	14.3	14.3	6.4	15.6	6.1	9.2	3.1	
III	4.1	12.0	5.3	9.6	16.1	15.8	14.4	14.4	6.8	15.7	5.9	9.0	3.7	
IV	4.0	12.0	5.3	9.9	16.6	16.1	14.4	14.4	7.1	16.1	5.9	9.0	4.0	
1996														
I	4.0	12.0	5.3	10.0	17.0	16.3	14.9	14.9	7.2	16.3	5.4	9.2	4.6	
II	3.9	12.0	5.3	9.3	17.1	16.2	14.9	14.9	6.6	16.3	5.5	9.7	3.7	
III	3.7	12.0	5.3	8.5	17.1	16.3	14.8	14.8	6.1	16.5	5.6	10.4	2.9	
IV	3.7	12.0	5.3	8.5	17.0	16.2	14.9	14.9	6.2	16.3	5.5	10.0	3.0	
1997														
I	3.7	12.0	5.3	9.0	16.8	16.1	14.9	14.9	6.5	16.2	5.6	9.7	3.5	
II	3.5	12.0	5.3	9.3	16.8	15.9	14.9	14.9	6.7	16.1	5.8	9.4	3.4	
III	3.5	12.0	5.4	9.2	17.0	16.0	15.1	15.1	6.7	16.3	5.7	9.6	3.5	
IV	3.4	12.0	5.4	9.3	17.3	16.3	15.4	15.4	6.7	16.5	5.8	9.8	3.5	

Source: Central Bank of Belize.

1/ Quarterly averages.

2/ 90-day time deposits.

3/ Domestic rate compared with U.S. dollar LIBOR, both for 90-day deposits.

Table 13. Belize: Commercial Banks' Liquidity Position

	December					1997			
	1993	1994	1995	1996	Mar.	Jun.	Sep.	Dec.	
Minimum liquid assets requirement 1/	28.0	28.0	26.0	26.0	26.0	26.0	26.0	26.0	26.0
Reserve requirement 2/	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Other liquid assets requirement 3/	21.0	21.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Actual liquid assets	30.3	31.2	29.2	28.0	31.8	31.1	30.7	27.9	27.9
Reserves at central bank 2/	8.0	7.3	7.6	7.3	7.7	7.4	7.2	7.2	7.2
Other liquid assets 3/	22.3	23.9	21.6	20.7	24.1	23.7	23.5	20.7	20.7
<i>Of which</i>									
Foreign assets	8.6	8.9	7.8	11.3	13.8	12.8	12.0	10.0	10.0
Treasury bills	11.3	9.5	10.0	6.0	7.2	7.9	8.8	7.9	7.9
Excess liquidity	2.3	3.2	3.2	2.0	5.8	5.1	4.7	1.9	1.9
Memorandum items:									
Average deposit liabilities	456.6	489.7	560.9	607.3	610.0	639.6	664.0	672.0	672.0
Total deposits (end of period)	459.3	495.5	572.4	607.9	645.0	665.8	670.5	675.0	675.0
<i>Of which</i>									
Central government	29.4	22.6	3.9	4.0	4.5	4.3	5.3	5.0	5.0
Social Security Board	20.0	18.6	19.7	23.8	17.9	19.5	26.0	21.9	21.9
Total loans and advances	398.0	417.6	446.9	485.6	504.3	520.8	532.8	547.3	547.3
Credit/deposit ratio	86.6	84.3	78.1	79.9	78.2	78.2	79.5	81.1	81.1

Source: Central Bank of Belize.

1/ The minimum liquid assets requirement was increased in October 1993, reduced in January 1995, and increased in December 1995.

2/ Deposits at the central bank.

3/ Includes cash in vault, Belize government treasury bills, foreign assets, and other approved assets.

Table 14. Belize: Balance of Payments

	1993	1994	1995	1996	Prel. 1997
(In millions of U.S. dollars)					
Current account balance	-46.7	-22.5	-9.8	-7.0	-36.7
Trade balance	-146.2	-105.5	-100.5	-86.4	-109.5
Exports, f.o.b.	141.8	156.4	164.4	171.3	179.2
<i>Of which</i>					
Re-exports	23.2	28.6	21.2	14.1	17.2
Imports, c.i.f. 1/	-288.0	-261.9	-264.9	-257.7	-288.7
Services (net)	69.8	53.8	57.5	50.5	48.4
Nonfactor services	89.6	75.6	79.0	74.3	70.3
Tourism	50.8	54.2	62.6	57.4	56.9
Embassy and military	26.7	16.1	9.6	9.2	9.4
Other	12.1	5.3	6.7	7.7	4.0
Factor services	-19.8	-21.9	-21.4	-23.8	-21.9
Interest on public debt	-5.4	-6.7	-7.7	-8.1	-11.1
Other	-14.4	-15.1	-13.8	-15.7	-10.8
Transfers	29.7	29.3	33.1	28.9	24.4
Private (net)	15.5	14.5	19.7	18.9	17.4
Official (net) 2/	14.1	14.8	13.4	10.0	7.0
Capital account balance	27.0	18.0	13.2	28.1	36.3
Public sector	11.4	6.3	-2.7	32.7	18.8
Drawings	25.3	26.6	20.4	54.0	39.0
Amortization	-12.2	-17.7	-21.7	-21.6	-20.6
Other	-1.7	-2.6	-1.5	0.3	0.4
Private capital 3/	15.7	11.7	16.0	-4.6	17.5
Overall balance	-19.7	-4.5	3.4	21.1	-0.4
Change in reserves (- increase)	19.7	4.5	-3.4	-21.1	0.4
(In percent of GDP)					
Current account balance	-8.9	-4.1	-1.7	-1.1	-5.7
Trade balance	-27.7	-19.1	-17.0	-13.7	-16.9
Capital account	5.1	3.3	2.2	4.5	5.6
Public sector	2.2	1.1	-0.5	5.2	2.9
Private sector 3/	3.0	2.1	2.7	-0.7	2.7
Overall balance	-3.7	-0.8	0.6	3.3	-0.1
Public external debt (end of period)	31.8	32.7	30.3	34.9	36.4
(Percentage changes, unless otherwise indicated)					
Real GDP	3.3	1.8	3.3	2.0	3.5
Export volume	-1.5	4.8	0.5	5.8	13.7
Import volume	3.6	-10.4	-8.6	-2.0	14.2
Terms of trade	2.2	1.3	-0.8	4.4	-6.9
Public debt-service ratio (in percent of (exports of goods and nonfactor services)	6.2	8.5	10.0	9.6	9.8
Gross reserves (in months of imports of goods and nonfactor services)	1.1	1.0	1.2	1.9	1.7

Sources: Central Bank of Belize; Ministry of Finance; Central Statistical Office; and Fund staff estimates.

1/ Include imports through parcel post.

2/ Includes subscription to international organizations.

3/ Includes errors and omissions.

Table 15. Belize: Sugar Exports by Market

(In millions of U.S. dollars; volume in thousands of long tons; prices in U.S. cents per pound)

	1993	1994	1995	1996	Prel. 1997
Total sugar exports					
Value	41.5	40.3	47.7	47.1	46.0
Volume	90.3	92.8	92.3	94.8	109.0
Unit Value (U.S. cents/lb.)	20.5	19.4	23.1	22.2	18.8
United States					
Value	5.4	4.6	6.3	10.7	9.5
Volume	12.1	10.2	14.1	23.2	21.0
Unit Value (U.S. cents/lb.)	19.9	19.9	19.9	20.6	20.2
European Union					
Value	28.2	25.7	34.8	31.0	27.1
Volume	42.2	42.6	54.5	50.3	50.7
Unit Value (U.S. cents/lb.)	29.8	26.9	28.5	27.5	23.9
Free market					
Value	7.9	10.1	6.7	5.4	9.4
Volume	35.9	40.1	23.7	21.3	37.3
Unit Value (U.S. cents/lb.)	9.8	11.2	12.6	11.3	11.3
Memorandum item:					
Share of sugar exports in domestic exports (in percent)	29.2	27.9	29.0	27.5	25.7

Sources: Central Statistical Office; and Fund staff estimates.

Table 16. Belize: External Public Debt

	1993	1994	1995	1996	Prel. 1997
(In millions of U.S. dollars)					
Debt outstanding (end-of-period) 1/ 2/	167.9	180.4	179.1	219.9	235.6
Central government	126.6	143.2	144.6	171.2	168.8
Rest of the public sector	20.4	18.3	17.1	17.7	33.7
Financial public sector	20.9	18.9	17.5	31.0	33.1
Transactions during the period					
Drawings	25.3	26.6	20.4	54.0	39.0
Debt service 2/	17.6	24.4	29.4	29.7	31.7
Amortization	12.2	17.7	21.7	21.6	20.6
Interest	5.5	6.7	7.7	8.1	11.1
(In percent of GDP)					
External debt	31.8	32.7	30.3	34.9	36.4
External debt (excluding IMF)	31.8	32.7	30.3	34.9	36.4
Debt service	3.3	4.4	5.0	4.7	4.9
Amortization	2.3	3.2	3.7	3.4	3.2
Interest	1.0	1.2	1.3	1.3	1.7
(In percent of exports of goods and nonfactor services)					
External debt	58.7	62.9	60.7	71.2	73.0
Debt service	6.2	8.5	10.0	9.6	9.8
Amortization	4.3	6.2	7.4	7.0	6.4
Interest	1.9	2.3	2.6	2.6	3.4

Source: Central Bank of Belize.

1/ Includes valuation adjustments for changes in the stock of debt resulting from changes in the exchange rates.

2/ From 1993-97, no debt or debt service due to the IMF.

Table 17. Belize: Sectoral Origin of Real Gross Domestic Product

	1993	1994	1995	1996	Prel. 1997
(In millions of Belize dollars at constant 1984 prices)					
GDP at constant market prices	792.4	806.7	833.3	849.9	879.6
Primary activities	131.8	138.6	147.4	157.5	171.6
Agriculture	89.1	91.5	98.5	112.7	125.1
Forestry	18.1	20.5	17.7	16.2	15.6
Fishing	19.2	21.6	25.9	23.6	26.0
Mining	5.4	4.9	5.3	5.1	4.9
Secondary activities	184.2	178.7	184.8	182.1	185.2
Manufacturing	111.5	116.8	121.9	122.5	124.8
Electricity and water supply	15.0	16.0	16.5	16.8	17.0
Construction	57.7	45.8	46.3	42.8	43.3
Services	360.3	369.4	380.6	383.2	389.5
Trade and tourism	118.8	120.6	125.2	123.5	125.8
Transport and communication	98.2	99.4	102.4	106.7	107.1
Finance and insurance	31.8	33.2	34.4	34.1	35.1
Real estate	33.0	34.4	36.1	37.6	37.7
Public administration	54.9	57.1	57.5	55.4	55.4
Other services	46.2	47.5	48.8	50.0	51.0
Banking charges 1/	-22.6	-22.8	-23.7	-24.1	-22.7
Net indirect taxes	116.1	120.1	120.5	127.2	133.4
GDP at constant factor cost	676.3	686.6	712.8	722.7	746.2
GDP per capita	3,893.3	3,838.8	3,867.2	3,843.7	3,846.3
(Annual percentage change)					
GDP at constant market prices	3.3	1.8	3.3	2.0	3.5
Primary activities	-0.7	5.2	6.4	6.8	8.9
Agriculture	-0.7	2.7	7.7	14.4	11.0
Forestry	-5.1	13.4	-13.6	-8.9	-3.5
Fishing	2.1	12.7	19.7	-9.0	10.5
Mining	5.0	-9.1	7.5	-3.9	-4.2
Secondary activities	6.7	-3.0	3.4	-1.4	1.7
Manufacturing	2.2	4.8	4.4	0.5	1.9
Electricity and water supply	10.6	6.4	3.2	1.8	1.1
Construction	15.3	-20.5	1.1	-7.7	1.3
Services	3.3	2.5	3.0	0.7	1.6
Trade and tourism	3.8	1.5	3.8	-1.4	1.9
Transport and communication	3.5	1.3	3.0	4.2	0.4
Finance	3.2	4.1	3.8	-1.0	3.0
Real estate	3.7	4.4	4.7	4.3	0.3
Public administration	2.4	4.0	0.7	-3.8	0.0
Other services	2.6	2.9	2.6	2.5	2.0
Banking charges 1/	-3.0	1.1	3.8	1.4	-5.8
Net indirect taxes	2.8	3.4	0.3	5.5	4.9
GDP at constant factor cost	3.4	1.5	3.8	1.4	3.2
GDP per capita	1.0	-1.4	0.7	-0.6	0.1

Table 17. Belize: Sectoral Origin of Real Gross Domestic Product

	1993	1994	1995	1996	Prel. 1997
(Percentage distribution) 2/					
Primary activities	19.5	20.2	20.7	21.8	23.0
Agriculture	13.2	13.3	13.8	15.6	16.8
Forestry	2.7	3.0	2.5	2.2	2.1
Fishing	2.8	3.1	3.6	3.3	3.5
Mining	0.8	0.7	0.7	0.7	0.7
Secondary activities	27.2	26.0	25.9	25.2	24.8
Manufacturing	16.5	17.0	17.1	17.0	16.7
Electricity and water supply	2.2	2.3	2.3	2.3	2.3
Construction	8.5	6.7	6.5	5.9	5.8
Services	53.3	53.8	53.4	53.0	52.2
Trade and tourism	17.6	17.6	17.6	17.1	16.9
Transport and communication	14.5	14.5	14.4	14.8	14.4
Finance	4.7	4.8	4.8	4.7	4.7
Real estate	4.9	5.0	5.1	5.2	5.1
Public administration	8.1	8.3	8.1	7.7	7.4
Other services	6.8	6.9	6.8	6.9	6.8
Banking charges (-) 1/	-3.3	-3.3	-3.3	-3.3	-3.0
GDP at constant factor cost	100.0	100.0	100.0	100.0	100.0

Sources: Central Bank of Belize; and Fund staff estimates.

1/ Adjustment for double counting of bank service charges already considered as part of finance and insurance.

2/ At constant factor cost.

Table 18. Belize: National Accounts at Current Prices

	1993	1994	1995	1996	Prel. 1997
(In millions of Belize dollars)					
Gross domestic expenditure	1,167.6	1,162.5	1,226.5	1,286.0	1,373.9
Consumption	830.5	893.4	989.8	1,042.1	1,066.9
Private sector	669.8	718.6	814.5	856.3	880.8
Public sector	160.7	174.9	175.2	185.8	186.1
Gross domestic investment	337.1	269.1	236.8	243.9	307.0
Fixed capital formation	314.4	265.6	244.2	236.9	302.0
Private sector	171.8	143.6	150.4	153.9	165.8
Public sector	142.7	122.0	93.8	83.0	136.2
<i>Of which</i>					
Nonfinancial public enterprises	14.1	14.5	14.4	12.0	43.9
Change in inventories	22.7	3.5	-7.4	7.0	5.0
Balance of goods and nonfactor services	-113.2	-59.8	-42.6	-24.2	-78.4
Exports	572.0	573.5	589.7	617.8	645.2
Imports	685.2	633.3	632.3	642.0	723.6
GDP at market prices	1,054.4	1,102.7	1,183.9	1,261.8	1,295.5
Net factor income payments abroad	-39.6	-43.7	-42.9	-47.6	-43.8
GNP at market prices	1,014.7	1,059.0	1,141.0	1,214.2	1,251.7
Net indirect taxes	-154.5	-164.2	-171.3	-188.8	-196.5
GNP at factor cost	860.2	894.8	969.8	1,025.4	1,055.2
Consumption of fixed capital	-71.4	-74.2	-76.8	-81.0	-83.0
National income	788.7	820.6	893.0	944.4	972.2
(In percent of GDP at market prices)					
Gross domestic expenditure	110.7	105.4	103.6	101.9	106.1
Consumption	78.8	81.0	83.6	82.6	82.4
Private sector	63.5	65.2	68.8	67.9	68.0
Public sector	15.2	15.9	14.8	14.7	14.4
Gross domestic investment	32.0	24.4	20.0	19.3	23.7
Fixed capital formation	29.8	24.1	20.6	18.8	23.3
Private sector	16.3	13.0	12.7	12.2	12.8
Public sector	13.5	11.1	7.9	6.6	10.5
<i>Of which</i>					
Nonfinancial public enterprises	1.3	1.3	1.2	1.0	3.4
Change in inventories	2.2	0.3	-0.6	0.6	0.4
Balance of goods and nonfactor services	-10.7	-5.4	-3.6	-1.9	-6.1
Exports	54.3	52.0	49.8	49.0	49.8
Imports	65.0	57.4	53.4	50.9	55.9
GDP at market prices	100.0	100.0	100.0	100.0	100.0
Net factor income payments abroad	-3.8	-4.0	-3.6	-3.8	-3.4
GNP at market prices	96.2	96.0	96.4	96.2	96.6
Net indirect tax	-14.7	-14.9	-14.5	-15.0	-15.2
GNP at factor cost	81.6	81.1	81.9	81.3	81.5
Consumption of fixed capital	-6.8	-6.7	-6.5	-6.4	-6.4
National income	74.8	74.4	75.4	74.8	75.0
Ratio of private consumption to national income	84.9	87.6	91.2	90.7	90.6

Sources: Central Statistical Office; Central Bank of Belize; and Fund staff estimates.

Table 19. Belize: Savings and Investment

	1993	1994	1995	1996	Prel. 1997
(In millions of Belize dollars at current prices)					
Gross domestic investment	337.1	269.1	236.8	243.9	307.0
Fixed capital formation	314.4	265.6	244.2	236.9	302.0
Private sector	171.8	143.6	150.4	153.9	165.8
Public sector 1/	142.7	122.0	93.8	83.0	136.2
<i>Of which</i>					
Nonfinancial public enterprises	14.1	14.5	14.4	12.0	43.9
Change in inventories	22.7	3.5	-7.4	7.0	5.0
Gross national savings	243.6	224.1	217.1	229.9	233.6
Private sector	176.1	172.1	168.1	179.1	179.9
Public sector	67.5	52.0	49.0	50.8	53.7
<i>Of which</i>					
Nonfinancial public enterprises	18.6	17.9	16.2	14.3	14.1
Foreign savings 2/	93.5	45.0	19.7	14.0	73.4
(In percent of GDP at market prices)					
Gross domestic investment	32.0	24.4	20.0	19.3	23.7
Fixed capital formation	29.8	24.1	20.6	18.8	23.3
Private sector	16.3	13.0	12.7	12.2	12.8
Public sector 1/	13.5	11.1	7.9	6.6	10.5
<i>Of which</i>					
Nonfinancial public enterprises	1.3	1.3	1.2	1.0	3.4
Change in inventories	2.2	0.3	-0.6	0.6	0.4
Gross national savings	23.1	20.3	18.3	18.2	18.0
Private sector	16.7	15.6	14.2	14.2	13.9
Public sector	6.4	4.7	4.1	4.0	4.1
<i>Of which</i>					
Nonfinancial public enterprises	1.8	1.6	1.4	1.1	1.1
Foreign savings 2/	8.9	4.1	1.7	1.1	5.7
Savings minus investment	-8.9	-4.1	-1.7	-1.1	-5.7
Private sector	-1.7	2.3	2.1	1.4	0.7
Public sector	-7.1	-6.3	-3.8	-2.6	-6.4

Sources: Central Statistical Office; Central Bank of Belize; and Fund staff estimates.

1/ Includes expenditure related to the construction of the central bank building.

2/ Current account deficit of the balance of payments.

Table 20. Belize: Agricultural Production

	1993	1994	1995	1996	Prel. 1997
(In units as indicated)					
Sugarcane (long tons) 1/	1,141	1,199	1,025	1,205	1,215
Oranges ('000 90-lb. boxes)	1,793	2,020	3,133	3,186	4,375
Grapefruit ('000 80-lb. boxes)	1,015	833	1,214	1,152	1,410
Corn (million lbs.)	60	51	62	82	82
Rice paddy (million lbs.)	21	14	21	28	37
Cocoa (thousand lbs.)	159	53	75	40	185
Red kidney beans ('000 lbs.)	7,988	7,071	6,925	7,526	9,337
Honey ('000 lbs.)	122	158	213	197	133
Pork (fresh)('000 lbs.) 2/	1,273	1,702	1,526	1,445	1,686
Beef (fresh)('000 lbs.) 2/	3,007	3,184	3,022	2,934	3,326
Poultry ('000 lbs.)	16,743	14,970	15,548	16,713	16,521
Timber ('000 bd. ft.)	22,144	30,448	22,200	19,711	18,427
Bananas ('000 42-lb. boxes)	2,140	2,642	2,453	2,981	2,761
Milk ('000 lbs.)	2,868	3,019	3,075	2,504	2,511
Eggs ('000 doz.)	2,298	2,370	2,431	2,493	2,583
(Annual percentage change)					
Sugarcane 1/	3.4	5.1	-14.5	17.6	0.8
Oranges	-25.5	12.7	55.1	1.7	37.3
Grapefruit	-14.8	-17.9	45.7	-5.1	22.4
Corn	6.6	-14.4	21.2	31.9	0.0
Rice paddy	46.7	-33.4	48.3	31.9	32.1
Cocoa	-49.7	-66.6	41.5	-46.7	362.5
Red kidney beans	44.8	-11.5	-2.1	8.7	24.1
Honey	-10.3	29.5	34.8	-7.5	-32.5
Pork 2/	1.4	33.7	-10.3	-5.3	16.7
Beef 2/	-10.0	5.9	-5.1	-2.9	13.4
Poultry	-2.8	-10.6	3.9	7.5	-1.1
Timber ('000 bd. ft.)	-1.8	37.5	-27.1	-11.2	-6.5
Bananas	38.5	23.5	-7.2	21.5	-7.4
Milk	14.5	5.3	1.9	-18.6	0.3
Eggs	3.0	3.1	2.6	2.6	3.6

Source: Central Statistical Office.

1/ Production data on a crop year basis (December-November).

2/ In slaughter houses only.

Table 21. Belize: Cane Deliveries to the Sugar Factories,
Cane Prices, Sugar and Molasses Production 1/

(In long tons; unless otherwise specified)

	1993	1994	1995	1996	Prel. 1997
Cane deliveries	962,516	1,026,719	952,764	1,093,450	1,134,041
By Corozal district	484,800	517,138	477,414	544,716	566,689
By Orange Walk district	475,416	507,128	473,389	545,540	561,664
By research farmers	2,300	2,453	1,961	3,193	5,687
 Sugar production	 100,231	 105,397	 105,344	 108,784	 123,782
 Molasses production	 53,492	 56,471	 45,814	 59,074	 51,773
Memorandum items:					
Sugarcane per acre	18	18	17	24	20
Cane to sugar ratio	11	11	10	11	10
 Sugarcane prices paid to farmers (in Belize dollars per ton)	 53.2	 52.0	 65.0	 60.1	 55.7

Sources: Belize Sugar Industry Limited; and Fund staff estimates

1/ Figures based on a crop year basis (December-November).

Table 22. Belize: Production and Exports of Marine Fish Products
(In thousands of pounds)

	1993	1994	1995	1996	Prel. 1997
Lobsters					
Export volume	429	574	800	583	641
Local sales	42	61	64	60	65
Total production	471	634	864	643	706
Conch					
Export volume	424	328	366	304	539
Local sales	40	88	40	40	62
Total production	464	416	406	344	601
Shrimp					
Export volume	1,167	1,338	1,335	1,184	1,690
Local sales	233	271	64	60	85
Total production	1,400	1,609	1,399	1,244	1,775
Fin fish and fillet					
Export volume	150	85	150	399	314
Local sales	270	175	175	170	162
Total production	420	260	325	569	476
Others					
Export volume	2	1	10	5	10
Local sales	7	11	7	7	13
Total production	9	12	17	12	23
Total					
Export volume	2,173	2,325	2,547	2,475	3,194
Local sales	592	606	350	337	387
Total production	2,764	2,931	2,897	2,812	3,581

Sources: Department of Fisheries; and Ministry of Agriculture.

Table 23. Belize: Industrial Production

	1993	1994	1995	1996	Prel. 1997
(In units indicated)					
Sugar (long tons) 1/	100,231	105,397	105,344	108,784	123,782
Molasses (long tons) 1/2/	53,492	56,471	45,814	59,074	51,773
Flour ('000 lbs.)	27,072	26,572	25,400	27,768	25,623
Fertilizer (short tons)	17,879	27,436	26,606	24,734	21,525
Cigarettes (millions)	105	101	94	79	88
Beer ('000 gals.)	1,504	1,232	1,086	902	817
Soft drinks ('000 cases)	1,261	1,619	1,724	1,640	1,330
Batteries (units)	9,930	9,558	11,097	13,942	7,967
Roofing ('000 lbs.)	35	25	19	15	12
Garments ('000 units)	4,276	3,302	2,311	1,990	1,968
Citrus concentrates ('000 gals)	1,934	2,033	3,335	3,346	3,756
Single strength juices ('000 gals)	...	328	882	1,259	4,929
(Annual percentage change)					
Sugar 1/	-0.3	5.2	-0.1	3.3	13.8
Molasses 1/2/	17.9	5.6	-18.9	28.9	-12.4
Flour	4.6	-1.8	-4.4	9.3	-7.7
Fertilizer	27.0	53.5	-3.0	-7.0	-13.0
Cigarettes	1.0	-3.8	-6.9	-16.0	11.4
Beer	49.1	-18.1	-11.9	-16.9	-9.4
Soft drinks	13.4	28.4	6.5	-4.9	-18.9
Batteries	-11.5	-3.7	16.1	25.6	-42.9
Roofing	-26.6	-27.5	-24.0	-21.1	-20.0
Garments	5.0	-22.8	-30.0	-13.9	-1.1
Citrus concentrates	-14.5	5.1	64.0	0.3	12.3
Single strength juices	...	...	168.9	42.7	291.5

Source: Central Statistical Office.

1/ Production data are on a crop year basis (December-November).

2/ Data refers to Tower Hill factory.

Table 24. Belize: Visitor Arrivals 1/

	1993	1994	1995	1996	Prel. 1997
Total arrivals	315,562	340,837	349,488	344,025	374,413
<i>Of which</i>					
Tourists	94,825	98,635	104,553	108,189	112,191
Origin					
United States	91,199	93,809	99,375	97,953	101,977
Continental Europe	24,296	29,310	31,643	19,895	32,119
Canada	10,760	11,796	13,654	10,609	13,113
United Kingdom	13,035	11,389	10,241	8,651	11,069
Central America	168,636	189,871	184,334	135,534	145,020
Other	7,636	4,662	10,241	71,383	71,115
Arrivals					
By air	92,937	85,012	90,512	95,295	95,337
By land	215,724	246,352	246,225	238,409	273,626
By sea	6,901	9,473	12,751	10,321	5,450
 Tourism receipts (US\$ million)	 67.3	 71.4	 77.6	 83.6	 90.7
	(Annual percentage change)				
Total arrivals	16.2	8.0	2.5	-1.6	8.8
<i>Of which</i>					
Tourists	12.2	4.0	6.0	3.5	3.7
Tourism receipts	12.7	6.1	8.7	7.7	8.5

Sources: Belize Tourist Board; Immigration Department; and Fund staff estimates.

1/ Includes migrant labor, returning Belizeans, and tourists.

Table 25. Belize: Consumer Price Index 1/

	Weights	1993	1994	1995	1996	Prel. 1997
(Index numbers: November 1990=100)						
End of period 2/	100.0	107.6	109.6	113.9	121.2	120.5
Food, beverages, and tobacco	34.7	109.2	110.0	114.4	121.9	121.8
Clothing and footwear	9.2	106.5	104.1	104.9	108.3	104.5
Household goods and maintenance	8.5	109.2	111.7	111.1	117.9	116.7
Rent, water, fuel, and power	16.7	102.5	109.8	118.2	128.6	129.3
Medical care	1.9	109.9	111.6	121.8	127.3	129.6
Transportation and communication	17.2	104.8	106.8	109.7	115.9	113.3
Recreation, education, and culture	8.0	112.8	114.3	119.4	126.5	129.2
Personal care	3.8	112.6	112.3	117.6	124.6	122.0
Average	100.0	106.2	108.8	112.0	119.1	120.3
Food, beverages, and tobacco	34.7	108.3	109.5	112.5	119.7	121.8
Clothing and footwear	9.2	105.6	105.1	104.8	107.9	106.0
Household goods and maintenance	8.5	108.6	110.5	111.1	116.2	116.6
Rent, water, fuel, and power	16.7	102.0	108.0	115.0	125.9	129.1
Medical care	1.9	110.3	111.1	119.6	127.3	128.6
Transportation and communication	17.2	104.7	106.3	108.2	114.2	113.4
Recreation, education, and culture	8.0	104.4	113.4	116.8	124.9	127.9
Personal care	3.8	108.9	112.5	116.2	122.8	122.5
(Annual percentage change)						
End of period 2/	100.0	2.3	1.8	3.9	6.4	-0.6
Food, beverages, and tobacco	34.7	1.7	0.7	4.0	6.6	-0.1
Clothing and footwear	9.2	0.6	-2.3	0.8	3.3	-3.5
Household goods and maintenance	8.5	3.2	2.3	-0.5	6.1	-1.0
Rent, water, fuel, and power	16.7	1.4	7.1	7.6	8.8	0.5
Medical care	1.9	1.7	1.5	9.1	4.6	1.8
Transportation and communication	17.2	0.2	1.9	2.7	5.7	-2.2
Recreation, education, and culture	8.0	10.5	1.3	4.5	5.9	2.1
Personal care	3.8	4.6	-0.3	4.8	5.9	-2.1
Average	100.0	1.4	2.5	2.9	6.3	1.0
Food, beverages, and tobacco	34.7	1.6	1.1	2.7	6.4	1.8
Clothing and footwear	9.2	1.3	-0.5	-0.3	2.9	-1.8
Household goods and maintenance	8.5	3.6	1.8	0.5	4.6	0.4
Rent, water, fuel, and power	16.7	2.9	5.8	6.5	9.4	2.6
Medical care	1.9	3.0	0.7	7.7	6.4	1.1
Transportation and communication	17.2	0.5	1.6	1.8	5.5	-0.7
Recreation, education, and culture	8.0	2.1	8.7	2.9	7.0	2.5
Personal care	3.8	0.5	3.3	3.3	5.7	-0.2

Sources: Central Statistical Office; and Fund staff estimates.

1/ Based on the household expenditure survey conducted four times a year: February, May, August, and November.

2/ November of each year.

Table 26. Belize: Price Structure of Petroleum Products
(Belize dollars per gallon)

	December 1995				December 1996				December 1997			
	Premium	Regular	Kerosene	Diesel	Premium	Regular	Kerosene	Diesel	Premium	Regular	Kerosene	Diesel
Retail price	4.98	4.88	2.75	3.40	5.05	4.88	3.14	3.76	4.96	4.86	3.08	3.69
Total landed cost	1.42	1.28	1.46	1.41	1.67	1.67	1.87	1.68	1.52	1.48	1.56	1.53
Acquisition cost	1.29	1.15	1.33	1.28	1.51	1.54	1.73	1.55	1.38	1.34	1.41	1.38
Handling charges	0.11	0.11	0.11	0.11	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Remittance charge	0.02	0.02	0.02	0.02	0.03	0.00	0.01	0.00	0.02	0.02	0.02	0.02
Government charges	2.81	2.90	0.67	1.37	2.61	2.51	0.65	1.46	2.67	2.68	0.90	1.54
Stamp duty	0.18	0.16	0.00	0.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Value-added tax	0.00	0.00	0.00	0.00	0.43	0.43	0.00	0.39	0.40	0.39	0.00	0.36
Import duty	0.45	0.45	0.00	0.27	0.45	0.45	0.00	0.27	0.45	0.45	0.00	0.27
Revenue replacement value	2.14	2.26	0.63	0.89	1.69	1.60	0.61	0.77	1.80	1.82	0.88	0.90
Other 1/	0.03	0.03	0.04	0.04	0.04	0.03	0.04	0.03	0.02	0.02	0.02	0.02
Commercial charges	0.75	0.70	0.62	0.62	0.77	0.70	0.62	0.62	0.77	0.70	0.62	0.62
Delivery cost to service station	0.07	0.07	0.06	0.06	0.07	0.07	0.06	0.06	0.07	0.07	0.06	0.06
Gross margin-company	0.33	0.32	0.23	0.28	0.35	0.32	0.23	0.28	0.35	0.32	0.23	0.28
Gross margin-dealer	0.35	0.31	0.33	0.28	0.35	0.31	0.33	0.28	0.35	0.31	0.33	0.28

Source: Esso Standard Oil Company Limited (Belize).

1/ Tonnage dues and foreign exchange tax.

Table 27. Belize: Consolidated Operations of the Nonfinancial Public Sector

(In millions of Belize dollars)

	1993/94	1994/95	1995/96	1996/97	Prel. 1997/98
I. Consolidated Nonfinancial Public Sector					
Total revenue and grants	309.6	321.5	315.1	351.9	358.2
Revenue	302.5	308.1	314.0	347.9	341.0
Current revenue	294.4	303.9	303.5	326.4	326.4
Central government (budgetary)	249.9	263.0	259.2	283.0	281.4
Social Security Board	25.0	23.4	28.4	29.6	30.8
NFPE's current surplus	19.5	17.4	15.8	13.8	14.2
Capital revenue	8.1	4.2	10.5	21.5	14.6
Grants	7.1	13.4	1.2	4.1	17.2
Total expenditure	384.2	384.7	347.3	378.8	428.7
Current expenditure	234.0	254.7	254.5	274.9	271.9
General government	234.0	254.7	254.5	274.9	271.9
Central government 1/	219.2	239.9	238.1	260.0	256.3
Social Security Board	14.7	14.8	16.4	15.0	15.6
Capital expenditure	150.2	130.0	92.7	103.8	156.7
General government	136.2	115.4	78.4	86.7	106.3
Central government	116.0	107.5	74.0	80.3	99.9
Social Security Board	20.2	7.9	4.5	6.4	6.4
Public enterprises	14.0	14.7	14.3	17.2	50.5
Current balance	60.4	49.2	48.9	51.4	54.5
Central government	30.6	23.2	21.1	23.0	25.1
Social Security Board	10.3	8.6	12.0	14.6	15.1
Nonfinancial public enterprises	19.5	17.4	15.8	13.8	14.2
Overall balance (before grants)	-81.5	-76.5	-33.2	-30.9	-87.6
Overall balance (after grants)	-74.6	-63.3	-32.1	-26.9	-70.4
Financing	74.6	63.3	32.1	26.9	70.4
External 2/	23.4	10.6	2.3	83.5	49.6
Domestic	51.2	52.7	29.8	-56.6	20.9
Banking system	57.5	38.2	20.5	-56.6	22.2
Central bank	22.6	13.8	9.6	-35.2	16.2
Commercial banks	34.9	24.4	10.9	-21.4	6.0
Nonbanking system					
Private sector 3/	5.0	0.0	0.0	0.3	-5.0
Other 4/	-11.4	14.5	9.3	-0.3	3.7
II. General Government					
Revenue and grants	290.0	304.0	299.2	338.1	344.0
Revenue	283.0	290.7	298.2	334.1	326.8
Central government (budgetary)	258.0	267.2	269.7	304.5	296.0
Social Security Board	25.0	23.4	28.4	29.6	30.8
Grants	7.0	13.3	1.1	4.1	17.2
Total expenditure	370.1	370.0	333.0	361.6	378.2
Current expenditure 1/	234.0	254.7	254.5	274.9	271.9
Capital expenditure and transfers	136.2	115.4	78.4	86.7	106.3
<i>Of which</i>					
Central bank building	0.0	0.1	1.1	6.6	16.4
Overall balance (deficit -)	-80.2	-66.1	-33.7	-23.5	-34.2
Financing	80.2	66.1	33.7	23.5	34.2
External 2/	28.2	16.2	4.4	72.3	2.3
Domestic	52.0	49.9	29.3	-48.8	31.9
Banking system	60.3	39.5	27.0	-62.1	39.0
Central bank	23.5	14.6	9.6	-34.3	19.9
Commercial banks	36.8	24.9	17.4	-27.8	19.1
Nonbanking system					
Private sector 5/	5.0	0.0	0.0	9.0	-5.0
Other 4/	-13.3	10.4	2.4	4.3	-2.1

Table 27. Belize: Consolidated Operations of the Nonfinancial Public Sector

	1993/94	1994/95	1995/96	1996/97	Prel. 1997/98
Ia. Central Government					
Revenue and grants	264.9	280.5	270.8	308.6	313.2
Revenue	258.0	267.2	269.7	304.5	296.0
Current	249.9	263.0	259.2	283.0	281.4
Tax	219.2	231.8	233.1	251.6	252.0
Nontax	30.7	31.2	26.1	31.4	29.4
Capital	8.1	4.2	10.5	21.5	14.6
Grants	7.0	13.3	1.1	4.1	17.2
Total expenditure	335.3	347.3	312.1	340.3	356.2
Current expenditure 1/	219.2	239.9	238.1	260.0	256.3
Capital expenditure and transfers	116.0	107.5	74.0	80.3	99.9
<i>Of which</i>					
Central bank building	0.0	0.1	1.1	6.6	16.4
Current account balance	30.6	23.2	21.1	23.0	25.1
Overall deficit	-70.3	-66.8	-41.3	-31.7	-43.0
Financing	70.3	66.8	41.3	31.7	43.0
External	28.2	16.2	4.4	72.3	2.3
External borrowing 2/	29.9	16.1	3.0	72.3	2.3
Disbursements	46.6	43.6	35.8	104.6	34.8
Amortization	-16.7	-27.5	-32.8	-32.3	-32.5
Change in deposits abroad	-1.7	0.1	1.4	0.0	0.0
Domestic	42.1	50.6	36.9	-40.6	40.7
Banking system	43.5	39.3	29.7	-62.1	41.2
Central bank	23.5	14.6	9.6	-34.3	19.9
Commercial banks	20.0	24.7	20.1	-27.8	21.3
Nonbanking system					
Social security board loans	5.4	2.5	0.0	2.5	4.5
Private sector 5/	5.0	0.0	0.0	9.0	-5.0
Other 4/	-11.8	8.8	7.2	10.0	0.0
Iib. Social Security Board					
Current revenue	25.0	23.4	28.4	29.6	30.8
Contributions	14.8	14.9	15.1	15.0	15.9
Investment income	10.2	8.5	13.4	14.6	14.9
Total expenditure	34.9	22.7	20.9	21.3	22.0
Current expenditure	14.7	14.8	16.4	15.0	15.6
Benefit payments	9.8	9.1	9.4	9.7	9.8
Administration	4.9	5.7	7.0	5.3	5.8
<i>Of which</i>					
Wages and salaries	2.2	2.5	2.8	2.8	3.1
Capital	1.3	0.8	0.1	1.8	1.3
Purchase of shares and net lending	18.9	7.1	4.4	4.6	5.1
Current balance (deficit-)	10.3	8.6	12.0	14.6	15.1
Overall balance (deficit-)	-9.9	0.7	7.6	8.2	8.8

Table 27. Belize: Consolidated Operations of the Nonfinancial Public Sector

	1992/93	1993/94	1994/95	1995/96	1996/97	Prel. 1997/98
III. Nonfinancial public enterprises						
Revenue and grants	89.4	89.9	90.4	90.2	93.4	99.0
Current revenue	81.5	89.7	90.3	90.1	93.4	98.9
Operating revenue	76.4	87.4	89.0	89.0	91.8	97.4
Non-operating revenue	5.1	2.4	1.4	1.1	1.6	1.5
Transfers from government	2.2	0.1	0.1	0.0	0.2	0.2
Other	2.9	2.3	1.3	1.1	1.4	1.3
Grants	0.6	0.1	0.1	0.1	0.0	0.0
Expenditure	94.9	84.2	87.6	88.6	96.8	135.1
Current expenditure	65.7	70.2	72.9	74.3	79.6	84.7
Operating expenditure	56.3	61.8	65.2	66.5	73.6	77.9
Non-operating expenditure	9.4	8.4	7.8	7.9	6.1	6.8
Transfers to government	4.7	1.4	0.5	0.5	0.6	0.0
Interest and dividend expenses	4.7	7.0	7.3	7.4	5.5	6.8
Capital expenditure	14.4	14.0	14.7	14.3	17.2	50.5
Operating surplus	20.1	25.5	23.8	22.6	18.2	19.5
Current surplus	15.8	19.5	17.4	15.8	13.8	14.2
Overall balance (deficit-)	-5.5	5.6	2.8	1.6	-3.4	-36.2
IIIa. Operations of the Belize Electricity Board						
Revenue and grants	50.2	57.8	59.5	60.9	62.7	66.0
Current revenue	50.2	57.8	59.5	60.9	62.7	66.0
Operating revenue	48.2	57.0	59.4	60.9	62.7	66.0
<i>Of which</i>	45.8					
Sale of electricity		53.7	56.4	58.3	59.9	62.7
Non-operating revenue	2.0	0.8	0.1	0.0	0.0	0.0
Total expenditure	48.2	51.8	56.3	59.5	67.1	94.2
Current expenditure	38.3	45.2	48.9	51.3	55.3	58.0
Operating expenditure	35.5	39.9	43.2	45.4	51.5	53.2
Wages and salaries	10.0	10.4	10.7	9.3	9.6	9.9
Fuel and lubricants	14.9	18.1	19.5	24.2	29.5	33.6
Maintenance	4.4	6.1	7.1	5.0	6.0	6.3
Other	6.2	5.3	5.9	6.9	3.6	3.4
Interest	2.8	5.3	5.7	5.8	3.8	4.8
Capital expenditure	9.9	6.6	7.4	8.2	11.8	36.2
Operating surplus	12.7	17.1	16.2	15.5	11.2	12.8
Current surplus	11.9	12.6	10.6	9.7	7.4	8.0
Overall balance (deficit-)	-12.8	6.0	3.2	1.5	-4.4	-28.2

Table 27. Belize: Consolidated Operations of the Nonfinancial Public Sector

	1992/93	1993/94	1994/95	1995/96	1996/97	Prel. 1997/98
III.c. Rest III.b Rest of the Nonfinancial Public Enterprises						
Revenue and grants	39.2	32.1	30.9	29.3	30.7	33.0
Current revenue	31.3	31.9	30.8	29.2	30.7	32.9
Operating revenue	28.2	30.4	29.6	28.1	29.1	31.4
Non-operating revenue	3.1	1.6	1.3	1.1	1.6	1.5
Transfers from government	2.2	0.1	0.1	0.0	0.2	0.2
Other	0.9	1.5	1.2	1.1	1.4	1.3
Grants	0.6	0.1	0.1	0.1	0.0	0.0
Expenditure	46.7	32.4	31.3	29.2	29.8	41.0
Current expenditure	27.4	25.0	24.0	23.1	24.4	26.7
Operating expenditure	20.8	21.9	22.0	21.0	22.1	24.7
Non-operating expenditure	6.6	3.1	2.1	2.0	2.3	2.0
Capital expenditure	4.5	7.4	7.3	6.1	5.4	14.3
Operating surplus	7.4	8.4	7.6	7.1	7.0	6.7
Current surplus	3.9	6.9	6.8	6.2	6.4	6.2
Overall balance (deficit-)	7.3	-0.4	-0.4	0.2	1.0	-8.0

Sources: Ministry of Finance; and Fund staff estimates.

1/ In 1996/97 includes a one-time bonus paid by the central government of about Bz\$13.2 million. It also includes a one-time payment of electricity bills from past years by the central government to the electricity company of about Bz\$4.3 million.

2/ Includes the equivalent to US\$12 million bonds issued in 1996/97 to finance the construction of the central bank building.

3/ Includes Bz\$5 million bonds issued to finance the construction of the central bank building in 1993/94 (and their full amortization in 1997/98) and a Bz\$9 million bond issued to pay most of the one-time bonus that was part of the wage adjustment in 1996/97. In 1996/97, it also includes amortization of BEL debentures held by the private sector in the amount of Bz\$8.7 million and placement of new debentures by the same amount in 1998/99.

4/ Statistical discrepancy.

5/ Includes Bz\$5 million bonds issued to finance the construction of the central bank building in 1993/94 (and their full amortization in 1997/98) and a Bz\$9 million bond issued to pay most of the one-time bonus that was part of the wage adjustment in 1996/97.

Table 28. Belize: Detailed Central Government Revenue
(In millions of Belize dollars)

	1993/94	1994/95	1995/96	1996/97	Prel. 1997/98
Total revenue and grants	264.9	280.5	270.8	308.6	313.2
Total revenue	258.0	267.2	269.7	304.5	296.0
Current revenue	249.9	263.0	259.2	283.0	281.4
Tax revenue	219.2	231.8	233.1	251.6	252.0
Income tax	60.2	63.7	59.1	55.9	53.1
Taxes on property	1.2	1.7	1.2	1.6	1.6
Taxes on goods and services	29.4	29.1	28.6	101.3	97.5
Excise on spirits and beer	16.9	16.6	14.6	14.6	11.4
Excise on cigarettes	2.6	2.6	2.9	1.8	2.2
Excise on soft drinks	4.7	5.0	5.8	2.2	3.3
Licenses	5.1	4.7	4.7	4.9	4.9
Other	0.1	0.4	0.6	1.5	0.1
VAT	...	...	...	76.4	75.6
Taxes on international transactions	123.3	130.7	137.3	84.5	93.2
Import duty	50.8	51.8	55.5	48.4	51.5
Revenue replacement duty	32.7	36.2	37.6	29.7	35.6
Stamp duties (customs)	30.3	33.4	35.5	0.7	0.0
Goods in transit charge	1.7	1.3	0.8	0.5	0.5
Export duties	2.5	2.4	2.7	0.0	0.0
Taxes on foreign currency transactions	5.4	5.5	5.1	5.2	5.6
Other taxes (stamp duties)	5.2	6.5	7.0	8.3	6.6
Nontax revenue	30.7	31.2	26.1	31.4	29.4
Central bank profits	1.4	3.6	1.7	3.2	4.5
Contributions to pension fund	0.3	0.3	0.5	0.3	0.3
Other	24.4	21.7	18.5	21.3	18.9
<i>Of which</i>					
Rents and royalties	2.9	2.9	3.1	3.3	3.7
Other	21.5	18.8	15.4	18.0	0.0
Extrabudgetary revenue (charities fund)	2.0	2.4	1.9	2.2	2.2
Transfers from statutory bodies	1.4	1.7	2.0	3.4	1.9
Interest on deposits	1.2	1.4	1.5	1.0	1.6
Capital revenue	8.1	4.2	10.5	21.5	14.6
Citizenship bonds	0.3	0.1	0.0	0.0	0.0
Sale of crown land	2.2	1.4	1.8	2.8	3.0
Sale of equity	5.2	2.7	0.3	0.0	0.3
Economic citizenship program	0.0	0.0	8.2	11.7	10.2
Other	0.3	0.1	0.3	7.0	1.1
Grants	7.0	13.3	1.1	4.1	17.2

Sources: Belize authorities; and Fund staff estimates.

Table 29. Detailed Central Government Expenditure

(In millions of Belize dollars)

	1993/94	1994/95	1995/96	1996/97	Prel. 1997/98
Total expenditure	335.3	347.3	312.1	340.3	356.2
Current expenditure	219.2	239.9	238.1	260.0	256.3
Wages and salaries 1/ <i>Of which</i>	120.5	131.9	132.2	133.6	128.9
Severance payments	0.0	0.0	5.2	0.4	0.0
Pensions	12.7	14.5	15.8	16.3	17.2
Goods and services 2/	45.0	46.1	42.1	56.0	56.0
Interest payments	20.8	21.8	23.2	24.9	25.0
Domestic	9.3	9.5	11.0	11.6	11.8
Foreign	11.5	12.4	12.2	13.3	13.2
Subsidies and current transfers	20.2	25.5	24.9	29.2	29.2
Foreign	2.5	3.3	2.3	4.1	4.3
Domestic private sector	16.9	20.8	20.6	20.8	21.8
Nonfinancial public enterprises	0.8	1.5	1.9	4.2	3.1
Capital expenditure and transfers	116.0	107.5	74.0	80.3	99.9
Capital expenditure (excluding central bank building)	113.5	104.2	69.6	68.8	79.6
Central bank building	0.0	0.1	1.1	6.6	16.4
Transfers to nonfinancial public enterprises	2.5	3.2	3.3	4.9	3.9
Memorandum items:					
Capital expenditure (excluding central bank building)	113.5	104.2	69.6	68.8	79.6
Financed with domestic resources (Cap II)	59.9	47.4	33.6	41.4	47.6
Financed with external resources (Cap III)	53.6	56.8	36.1	27.4	32.0
Loans	46.6	43.6	35.8	23.3	14.8
Grants	7.0	13.3	1.1	4.1	17.2

Sources: Ministry of Finance; and Fund staff estimates.

1/ In 1996/97 includes a one-time bonus of about Bz\$13.2 million, of which Bz\$9 million was paid with bonds and Bz\$4.2 million with cash.

2/ In 1996/97 includes a one-time payment of electricity bills from past years to the electricity company of about BzZ\$4.3 million.

Table 30. Belize: Detailed Accounts of the Financial Sector 1/
(In millions of Belize dollars)

	1993	1994	1995	1996	Prel. 1997
I. Central Bank					
International reserves (net)	58.3	49.3	56.1	98.4	97.7
Assets	63.8	54.8	61.1	101.9	105.0
Liabilities (-)	-5.5	-5.5	-5.0	-3.5	-7.3
Net domestic assets	3.1	17.0	15.2	-22.1	-18.5
Credit to nonfinancial public sector (net)	63.6	66.2	79.0	43.6	53.6
Central government (net)	55.3	59.0	72.7	38.5	50.1
Loans and advances	42.4	42.0	47.2	48.2	49.7
Securities	19.1	25.9	34.8	63.8	40.5
Treasury bills	14.5	21.3	10.3	31.5	7.9
Other securities	4.7	4.7	24.4	32.3	32.7
Deposits (-) 2/	-6.2	-8.9	-9.4	-73.5	-40.1
Rest of nonfinancial public sector	8.3	7.2	6.3	5.1	3.4
Loans and advances	8.5	7.8	7.1	6.4	4.2
Deposits	-0.2	-0.6	-0.7	-1.3	-0.7
Net position of commercial banks	-37.3	-34.0	-42.7	-40.8	-44.8
Advances	5.3	1.7	1.5	1.3	1.1
Deposits (-)	-42.6	-35.6	-44.2	-42.0	-45.9
Other assets	8.8	11.3	9.0	8.2	6.5
Fixed assets	2.6	3.0	3.0	2.9	2.6
Local bank clearing	6.2	8.3	6.0	5.3	3.9
Other liabilities	-23.6	-19.7	-24.5	-28.8	-30.6
Capital and reserves	-17.2	-17.8	-18.5	-19.3	-20.2
Undistributed profits	-3.6	-3.5	-3.2	-5.2	-6.8
Other liabilities, residual	-2.8	1.6	-2.8	-4.3	-3.6
Medium-term external liabilities 2/	-8.1	-6.9	-5.6	-4.4	-3.1
Currency issue	61.4	66.3	71.3	76.3	79.2
II. Commercial Banks					
Net foreign position	-28.0	-33.3	-2.2	9.6	-5.3
Foreign assets	46.4	47.5	50.9	75.3	69.6
Foreign liabilities	-74.4	-80.8	-53.1	-65.6	-74.9
Net claims on central bank	44.6	43.5	52.3	53.4	57.6
Cash in vault	7.3	9.5	9.9	12.7	12.8
Reserve deposits	42.6	35.6	43.9	42.0	45.9
Advances (-)	-5.3	-1.7	-1.5	-1.3	-1.1
Net domestic credit	398.8	436.6	483.0	504.5	572.9
Nonfinancial public sector (net)	-10.8	13.8	40.6	12.9	18.7
Central government (net)	19.5	40.3	60.0	35.8	57.0
Treasury bills and other securities	48.9	62.9	63.9	39.8	61.9
Deposits (-)	-29.4	-22.6	-3.9	-4.0	-4.9
Rest of public sector (net)	-30.3	-26.5	-19.4	-22.9	-38.3
Loans and advances	0.3	0.4	2.7	2.9	5.2
Securities	1.4	0.0	9.5	9.5	0.1
Deposits (-)	-32.0	-26.9	-31.6	-35.2	-43.6
Social Security Board	-20.0	-18.6	-19.7	-23.8	-22.0
Statutory bodies	-12.0	-8.2	-9.4	-8.9	-18.1
Other	0.0	0.0	-3.4	-2.5	-3.6
Credit to private sector 3/	398.0	417.6	446.9	485.6	552.1
Other assets, net 3/	11.6	5.2	-4.5	5.9	2.0
Liabilities to the private sector	415.4	446.8	533.0	567.6	625.1
Deposits	372.9	408.7	481.6	509.6	557.1
Domestic currency	369.5	402.5	476.8	497.0	540.7
Demand deposits	83.5	88.6	90.0	94.6	94.2
Savings deposits	95.3	104.4	108.8	116.4	123.0
Time deposits	190.7	209.5	278.1	286.0	323.5
Foreign currency	3.5	6.3	4.7	12.6	16.4
Capital and reserves	42.5	38.1	51.5	58.0	68.1

Table 30. Belize: Detailed Accounts of the Financial Sector

(In millions of Belize dollars)

	1993	1994	1995	1996	Prel. 1997
III. Consolidated Banking System (I+II)					
International reserves (net)	30.3	16.0	53.9	108.0	92.4
Assets	110.2	102.4	112.0	177.2	174.5
Liabilities	-79.9	-86.3	-58.1	-69.2	-82.2
Net domestic assets	439.2	487.6	540.6	523.2	599.2
Nonfinancial public sector (net)	52.9	80.0	119.6	56.6	72.3
Central government (net)	74.8	99.3	132.7	74.4	107.1
Claims	110.4	130.9	145.9	151.8	152.1
Deposits (-) 1/	-35.6	-31.5	-13.3	-77.4	-45.0
Rest of the nonfinancial public sector	-22.0	-19.3	-13.1	-17.8	-34.8
Claims	10.2	8.2	19.3	18.7	9.5
Deposits (-)	-32.2	-27.5	-32.4	-36.5	-44.3
Social Security Board	-20.0	-18.6	-19.7	-23.8	-22.0
Other public agencies	-12.3	-8.9	-12.7	-12.7	-22.4
Credit to private sector	398.0	417.6	446.9	485.6	552.1
Deposits of private financial institutions	0.0	0.0	-3.3	-3.9	-12.3
Other assets (net) 3/	-11.6	-10.1	-22.3	-15.1	-12.9
Liabilities to the private sector	469.5	503.6	594.5	631.2	691.6
Money and quasi-money	423.6	459.2	538.3	560.6	607.1
Money	137.6	145.3	151.4	158.2	160.6
Currency in circulation	54.1	56.7	61.4	63.6	66.4
Demand deposits	83.5	88.6	90.0	94.6	94.2
Quasi money	285.9	313.9	386.9	402.4	446.5
Savings deposits	95.3	104.4	108.8	116.4	123.0
Time deposits	190.7	209.5	278.1	286.0	323.5
Foreign currency deposits	3.5	6.3	4.7	12.6	16.4
Bank capital and reserves	42.5	38.1	51.5	58.0	68.1
IV. Development Finance Corporation					
Net international reserves	-1.9	0.0	0.0	0.0	0.0
Short-term foreign liabilities (-)	-1.9	0.0	0.0	0.0	0.0
Claims on banks	0.9	1.1	2.0	0.6	2.5
Deposits	0.9	1.1	2.0	0.6	2.5
Net claims on central bank	-2.7	-3.0	-3.6	-6.0	-5.4
Cash and deposits	0.4	0.3	0.5	0.3	0.7
Advances (-)	-3.1	-3.4	-4.1	-6.3	-6.0
Net domestic credit	31.5	30.0	30.3	32.7	37.8
Credit to nonfinancial public sector	-0.8	-7.9	-9.7	-9.9	-10.0
Central government (net)	-0.8	-1.2	-1.4	-1.3	-1.3
Rest of public sector (net)	0.0	-6.7	-8.3	-8.6	-8.6
Credit to private sector	40.8	45.7	47.0	53.8	60.8
Capital and reserves	0.3	-1.2	-3.5	-8.7	-10.7
Other assets (net)	-8.8	-6.6	-3.6	-2.5	-2.4
Foreign liabilities (medium and long term)	28.2	28.0	28.7	27.3	34.9

Table 30. Belize: Detailed Accounts of the Financial Sector

(In millions of Belize dollars)

	1993	1994	1995	1996	Prel. 1997
V. Government Savings Bank					
Net domestic credit	5.8	6.3	7.2	8.2	8.7
Credit to nonfinancial public sector	6.4	6.9	7.8	8.8	9.3
<i>Of which</i>					
Central government (net)	6.4	6.9	7.8	8.8	9.3
Official capital and reserves	-0.6	-0.6	-0.6	-0.6	-0.6
Liabilities to private sector	5.8	6.3	7.2	8.2	8.7
<i>Of which</i>					
Savings deposits	5.8	6.3	7.2	8.2	8.7
VI. Credit Unions					
Claims on banks	7.0	8.0	10.7	12.5	13.3
Demand deposits	1.9	1.5	2.1	2.4	2.4
Time deposits	5.1	6.5	8.6	10.1	10.9
Net claims on central bank	0.3	0.4	0.3	0.3	0.3
<i>Of which</i>					
Cash in vault	0.3	0.4	0.3	0.3	0.3
Net domestic credit	65.1	72.5	78.5	82.0	90.7
Credit to private sector	65.8	73.5	80.9	86.9	97.1
Other assets (net)	0.7	1.0	2.4	4.9	6.4
Liabilities to private sector	72.4	80.9	89.4	94.7	104.2
Share capital	61.3	67.3	73.5	76.0	82.8
Reserves	11.0	13.6	16.0	18.8	21.5
VII. Consolidated Rest of the Financial System (IV+V+VI)					
International reserves (net)	-1.9	0.0	0.0	0.0	0.0
Short-term liabilities (-)	-1.9	0.0	0.0	0.0	0.0
Claims on banks	7.9	9.1	12.7	13.1	15.8
Demand deposits	2.8	2.6	4.1	3.0	4.9
Time deposits	5.1	6.5	8.6	10.1	10.9
Net claims on central bank	-2.4	-2.7	-3.3	-5.7	-5.1
Cash in vault	0.7	0.7	0.7	0.6	0.9
Advances (-)	-3.1	-3.4	-4.1	-6.3	-6.0
Domestic credit	102.4	108.8	115.9	122.9	137.1
Credit to nonfinancial public sector (net)	5.6	-1.0	-1.9	-1.1	-0.7
Central government (net)	5.6	5.7	6.4	7.5	7.9
Rest of the public sector	0.0	-6.7	-8.3	-8.6	-8.6
Credit to private sector	106.6	119.2	127.9	140.7	157.9
Official capital and reserves	-0.3	-1.8	-4.1	-9.3	-11.3
Unclassified assets (net)	-8.0	-5.6	-1.2	2.4	4.0
Liabilities to private sector	78.2	87.2	96.6	103.0	112.9
Share capital	61.3	67.3	73.5	76.0	82.8
Savings deposits	5.8	6.3	7.2	8.2	8.7
Other reserves	11.0	13.6	16.0	18.8	21.5
Foreign liabilities (medium and long term)	28.2	28.0	28.7	27.3	34.9

Table 30. Belize: Detailed Accounts of the Financial Sector

(In millions of Belize dollars)

	1993	1994	1995	1996	Prel. 1997
VIII. Consolidated Financial System (III+VII)					
International reserves (net)	28.4	16.0	53.9	108.0	92.4
Assets	110.2	102.4	112.0	177.2	174.5
Liabilities (-)	-81.8	-86.3	-58.1	-69.2	-82.2
Domestic credit	543.6	593.7	653.3	631.5	717.0
Credit to nonfinancial public sector (net)	58.5	79.0	117.7	55.5	71.6
Central government (net)	80.4	105.0	139.0	81.9	115.0
Claims	116.0	136.5	152.3	159.3	160.1
Deposits (-) 1/	-35.6	-31.5	-13.3	-77.4	-45.0
Rest of the public sector (net)	-22.0	-26.0	-21.4	-26.4	-43.4
Credit to private sector	504.6	536.8	574.8	626.3	710.0
Official capital and reserves	-17.2	-17.8	-18.5	-19.3	-20.2
Other assets (net) 4/	-2.3	-4.3	-20.7	-30.9	-44.4
Foreign liabilities (medium and long term)	36.3	34.9	34.3	31.7	38.0
Liabilities to private sector	535.6	574.7	672.9	707.9	771.3
Currency in circulation	53.4	56.0	60.7	63.0	65.5
Demand deposits	80.7	86.0	85.9	91.6	89.3
Time deposits	90.2	97.9	100.2	106.3	112.1
Savings deposits	196.5	215.8	285.3	294.2	332.2
Share capital	61.3	67.3	73.5	76.0	82.8
Capital and reserves	53.5	51.7	67.4	76.7	89.5

Sources: Central Bank of Belize; credit unions; Development Finance Corporation; and Fund staff estimates.

1/ Presentation does not correspond exactly to that in SM/97/101 because here the financing and unspent balances related to the construction of the central bank building are classified as central government operations.

2/ Financing and expenditure related to the construction of the central bank building included in the central government accounts

3/ Letters of credit, bank acceptances, and bank guarantees included in credit to the private sector.

4/ Includes official capital and reserves and medium-term external liabilities.

Table 31. Belize: Treasury Bills by Holder
(In millions of Belize dollars, end of period)

	December				1997			
	1993	1994	1995	1996	Mar.	Jun.	Sep.	Dec.
Total holdings	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0
Central Bank of Belize	14.6	21.5	10.4	31.7	31.3	14.5	10.4	7.9
Commercial banks	49.1	48.1	59.1	37.8	38.4	55.2	59.4	61.9
Other 1/	6.3	0.4	0.5	0.5	0.3	0.3	0.2	0.2

Source: Central Bank of Belize.

1/ Includes Caribbean Development Bank.

Table 32. Belize: Sectoral Distribution of Credit to the Private Sector

	December				Prel. 1997
	1993	1994	1995	1996	
(In millions of Belize dollars)					
By source	492.6	524.4	568.7	623.5	703.4
Commercial banks 1/	386.0	405.2	440.7	480.9	547.3
Development Finance Corporation	40.8	45.7	47.1	55.7	59.0
Credit unions	65.8	73.5	80.9	86.9	97.1
By destination	492.6	524.4	568.7	623.5	703.4
Primary sectors	83.2	73.5	81.1	79.5	93.6
Agriculture	74.3	67.4	73.2	75.0	87.2
Sugar	16.3	17.4	18.1	20.9	21.3
Citrus	27.7	26.0	30.0	27.0	36.8
Bananas	21.5	16.3	16.1	15.1	13.6
Rice	0.9	1.1	2.2	3.5	5.0
Other agriculture	7.9	6.6	6.8	8.5	10.5
Other Primary	8.9	6.1	7.9	4.5	6.4
Secondary sectors	130.6	151.8	162.8	169.8	181.6
Manufacturing	33.4	40.6	40.0	42.4	45.9
Construction	97.2	111.3	122.8	127.4	135.7
Services	151.5	160.8	169.1	191.8	210.3
Transportation	15.1	15.0	13.0	12.7	16.2
Tourism	25.4	25.0	22.9	22.9	25.3
Trade and commerce	83.3	85.2	91.0	103.3	103.5
Other services	27.8	35.7	42.2	52.9	65.3
Personal 2/	127.3	138.2	155.7	182.4	217.9
(In percent of total)					
By source	100.0	100.0	100.0	100.0	100.0
Commercial banks 1/	78.4	77.3	77.5	77.1	77.8
Development Finance Corporation	8.3	8.7	8.3	8.9	8.4
Credit unions	13.4	14.0	14.2	13.9	13.8
By destination	100.0	100.0	100.0	100.0	100.0
Primary sectors	16.9	14.0	14.3	12.8	13.3
Agriculture	15.1	12.8	12.9	12.0	12.4
Sugar	3.3	3.3	3.2	3.4	3.0
Citrus	5.6	5.0	5.3	4.3	5.2
Bananas	4.4	3.1	2.8	2.4	1.9
Rice	0.2	0.2	0.4	0.6	0.7
Other agriculture	1.6	1.3	1.2	1.4	1.5
Other primary	1.8	1.2	1.4	0.7	0.9
Secondary sectors	26.5	29.0	28.6	27.2	25.8
Manufacturing	6.8	7.7	7.0	6.8	6.5
Construction	19.7	21.2	21.6	20.4	19.3
Services	30.8	30.7	29.7	30.8	29.9
Transportation	3.1	2.9	2.3	2.0	2.3
Tourism	5.2	4.8	4.0	3.7	3.6
Trade and commerce	16.9	16.2	16.0	16.6	14.7
Other services	5.6	6.8	7.4	8.5	9.3
Personal 2/	25.8	26.4	27.4	29.3	31.0

Sources: Central Bank of Belize; Development Finance Corporation; and credit unions.

1/ Loans and advances only.

2/ Includes mortgage loans, credit card balances and credit union loans.

Table 33. Belize: Detailed Balance of Payments
(In millions of U.S. dollars)

	1993			1994			1995			1996			1997		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
Current account	326.1	372.8	-46.7	327.7	350.2	-22.5	339.9	349.8	-9.8	351.6	358.6	-7.0	363.4	400.1	-36.7
Trade balance	141.8	288.0	-146.2	156.4	261.9	-105.5	164.4	264.9	-100.5	171.3	257.7	-86.4	179.2	288.7	-109.5
Exports, f.o.b.	141.8	0.0	141.8	156.4	0.0	156.4	164.4	0.0	164.4	171.3	0.0	171.3	179.2	0.0	179.2
Domestic exports	118.3	0.0	118.3	127.6	0.0	127.6	143.0	0.0	143.0	157.2	0.0	157.2	162.0	0.0	162.0
Re-exports	23.2	0.0	23.2	28.6	0.0	28.6	21.2	0.0	21.2	14.1	0.0	14.1	17.2	0.0	17.2
Imports, c.i.f.	0.0	288.0	-288.0	0.0	261.9	-261.9	0.0	264.9	-264.9	0.0	257.7	-257.7	0.0	288.7	-288.7
Services	150.3	80.4	69.8	136.9	83.1	53.8	137.3	79.8	57.5	146.1	95.6	50.5	153.0	104.6	48.4
Nonfactor services	144.2	54.6	89.6	130.3	54.7	75.6	130.5	51.5	79.0	137.6	63.3	74.3	143.4	73.1	70.3
Travel	67.3	16.5	50.8	71.4	17.1	54.2	77.6	15.0	62.6	83.6	26.2	57.4	90.7	33.8	56.9
Transportation	6.3	10.7	-4.4	6.4	11.0	-4.6	4.2	11.7	-7.5	5.9	12.3	-6.4	6.1	11.6	-5.5
Other government services	35.2	8.5	26.7	22.0	5.9	16.1	16.0	6.4	9.6	12.9	3.7	9.2	13.6	4.2	9.4
<i>Of which:</i>															
Embassy transactions	11.3	1.9	9.4	11.5	2.1	9.4	11.7	2.3	9.4	12.0	2.3	9.7	12.2	2.6	9.6
Military transactions	22.5	0.1	22.5	9.4	0.0	9.4	3.1	0.0	3.1	0.4	0.0	0.4	1.0	0.0	1.0
Other private services	35.5	19.0	16.5	30.6	20.7	9.9	32.7	18.4	14.3	35.2	21.1	14.1	33.0	23.5	9.5
<i>Of which</i>															
Communication	12.4	4.4	8.0	7.4	4.0	3.4	9.0	0.1	8.9	10.9	0.1	10.8	7.9	0.1	7.8
Factor services	6.0	25.8	-19.8	6.6	28.4	-21.9	6.9	28.3	-21.4	8.5	32.3	-23.8	9.6	31.5	-21.9
Investment income	2.5	21.0	-18.5	2.9	22.9	-20.1	2.8	22.1	-19.3	4.4	26.2	-21.8	5.5	24.7	-19.2
Income from DFI	0.0	14.8	-14.8	0.0	13.1	-13.1	0.0	10.1	-10.1	0.0	14.7	-14.7	0.0	11.5	-11.5
Public sector interest	1.7	5.4	-3.7	2.0	6.7	-4.7	1.4	7.7	-6.2	2.2	8.1	-5.9	3.0	11.1	-8.1
Private sector interest	0.8	0.8	0.0	0.9	3.1	-2.2	1.4	4.3	-3.0	2.2	3.4	-1.2	2.5	2.1	0.4
Other factor services	3.5	4.8	-1.3	3.7	5.5	-1.8	4.1	6.2	-2.1	4.1	6.1	-2.0	4.1	6.8	-2.7
Labor income	3.4	4.7	-1.2	3.7	5.3	-1.6	4.1	5.7	-1.7	4.1	6.1	-2.0	4.1	6.8	-2.7
Property income	0.1	0.1	-0.1	0.0	0.2	-0.2	0.0	0.5	-0.5	0.0	0.0	0.0	0.0	0.0	0.0
Transfers	34.1	4.4	29.7	34.4	5.2	29.3	38.2	5.1	33.1	34.2	5.3	28.9	31.2	6.8	24.4
Private transfers	18.5	2.9	15.5	18.4	3.9	14.5	23.3	3.6	19.7	21.6	2.7	18.9	21.0	3.6	17.4
Official transfers	15.6	1.5	14.1	16.0	1.2	14.8	14.8	1.5	13.4	12.6	2.6	10.0	10.2	3.2	7.0
Capital account	71.8	41.6	30.2	60.3	44.9	15.4	66.1	56.1	10.0	81.6	51.0	30.6	70.7	39.3	31.4
Public sector	25.3	13.9	11.4	26.6	20.3	6.3	20.4	23.2	-2.7	54.3	21.6	32.7	39.4	20.6	18.8
Official borrowing	25.3	12.2	13.1	26.6	17.7	8.9	20.4	21.7	-1.2	54.0	21.6	32.4	39.0	20.6	18.4
Central government	23.9	7.5	16.4	22.2	12.4	9.8	18.3	16.9	1.4	40.0	18.2	21.8	18.6	16.6	2.0
Rest of non-financial public sector	0.7	2.6	-1.9	0.1	2.8	-2.7	1.1	2.3	-1.2	1.3	0.8	0.5	18.9	2.4	16.5
Financial public sector	0.7	2.1	-1.4	4.3	2.5	1.8	1.1	2.5	-1.4	12.7	2.6	10.1	1.5	1.6	-0.1
Other official capital flows	0.0	1.7	-1.7	0.0	2.6	-2.6	0.0	1.5	-1.5	0.3	0.0	0.3	0.4	0.0	0.4
Private capital	46.6	27.7	18.9	33.7	24.6	9.1	45.7	33.0	12.7	27.3	29.4	-2.1	31.3	18.7	12.6
Direct investment	13.6	2.1	11.6	12.0	4.5	7.5	14.8	2.5	12.2	16.6	0.0	16.6	11.9	0.0	11.9
Portfolio investment	7.0	0.0	7.0	6.1	0.0	6.1	8.1	0.0	8.1	2.1	4.2	-2.1	0.0	0.0	0.0
Commercial banks	17.3	11.6	5.7	3.2	0.5	2.7	0.0	7.8	-7.8	-12.2	-6.3	-5.9	2.9	-4.7	7.6
Other private capital	8.7	14.1	-5.4	12.4	19.5	-7.2	22.9	22.7	0.1	20.8	31.5	-10.7	16.5	23.4	-6.9
Errors and omissions			-3.2			2.7			3.3			-2.5			4.9
Overall balance			-19.7			-4.5			3.4			21.1			-0.4
Change in net official reserves			19.7			4.5			-3.4			-21.1			0.4

Sources: Central Bank of Belize; Ministry of Finance; Central Statistical Office; and Fund staff estimates.

Table 34. Belize: Principal Domestic Exports
(In millions of U.S. dollars, volume as indicated, unit value in U.S. dollars)

	1993	1994	1995	1996	Prel. 1997
Total exports (value)	141.8	156.4	164.4	171.3	179.2
Total domestic exports (value)	118.4	127.7	143.0	157.2	162.0
Main exports (value)	111.9	121.0	135.8	144.6	149.6
Other exports (value)	6.5	6.7	7.2	12.6	12.4
Re-exports, f.o.b.	23.2	28.6	21.2	14.1	17.2
Coverage adjustments 1/	0.2	0.2	0.2	0.0	0.0
Sugar					
Value	41.5	40.3	47.7	47.1	46.0
Volume ('000 long tons)	90.3	92.8	92.3	94.8	109.0
Unit value (U.S. cents/lb.)	20.5	19.4	23.1	22.2	18.8
Molasses					
Value	4.0	5.2	2.8	5.5	3.3
Volume (million gallons)	9.6	8.0	6.4	9.6	7.5
Unit value (U.S. cents/gallon)	41.9	65.2	43.5	57.5	44.3
Seafood products					
Value	12.4	13.5	15.6	12.2	17.7
Volume (million pounds)	2.2	2.2	2.6	2.5	3.2
Unit value (U.S. dollars/pound)	5.6	6.0	5.9	4.9	5.5
Banana					
Value	17.4	23.0	22.1	28.7	26.1
Volume (million boxes of 42 lbs.)	2.0	2.5	2.3	3.0	2.8
Unit value (U.S. cents/lb.)	20.4	21.7	23.0	23.1	22.5
Citrus concentrates					
Value	13.9	16.7	29.1	29.6	24.1
Volume (million gallons)	2.0	2.1	3.5	3.4	3.6
Unit value (U.S. dollars/gallon)	7.0	8.0	8.4	8.7	6.7
Single strength juices					
Value	...	0.3	1.9	2.4	11.4
Volume (million gallons)	...	0.1	0.8	0.8	4.5
Unit value (U.S. dollars/gallon)	...	2.1	2.3	3.1	2.5
Sawn wood					
Value	2.3	3.8	2.0	1.4	2.6
Volume (million board feet)	3.2	4.4	2.7	1.6	3.2
Unit value (U.S. cents/bd. foot)	71.4	86.0	73.9	87.6	82.7
Garments					
Value	20.3	18.3	14.6	17.8	18.5
Volume ('000 dozens)	354.0	275.2	192.6	165.8	164.0
Unit value (U.S. dollars/doz.)	57.4	66.3	75.5	107.5	112.8
Memorandum items:					
Total exports (percent change)	-4.2	10.3	5.1	4.2	4.6
Total exports (percent of GDP)	26.9	28.4	27.8	27.2	27.7

Sources: Central Statistical Office; and Fund staff estimates.

1/ Exports through parcel post.

Table 35. Belize: Domestic Exports by Standard International
Trade Classification Category

	1993	1994	1995	1996	Prel. 1997
(In thousands of U.S. dollars)					
Total domestic exports, f.o.b.	118.3	127.6	143.0	157.2	162.0
Food	92.5	102.0	123.7	132.9	136.9
Crude material	3.0	4.6	2.3	3.0	3.1
Chemicals	0.3	0.3	1.5	1.5	1.4
Manufactured goods	1.3	1.5	0.4	0.9	1.0
Machinery and equipment	0.4	0.1	0.0	0.0	0.0
Miscellaneous manufactures	21.0	19.1	15.1	18.9	19.6
(In percent of total exports)					
Total domestic exports, f.o.b.	100.0	100.0	100.0	100.0	100.0
Food	78.2	79.9	86.5	84.5	84.5
Crude material	2.5	3.6	1.6	1.9	1.9
Chemicals	0.2	0.2	1.1	1.0	0.9
Manufactured goods	1.1	1.2	0.3	0.6	0.6
Machinery and equipment	0.3	0.1	0.0	0.0	0.0
Miscellaneous manufactures	17.8	15.0	10.5	12.0	12.1
Memorandum item:					
Domestic exports as percent of GDP	22.4	23.1	24.2	24.9	25.0

Sources: Central Statistical Office; and Fund staff estimates.

Table 36. Belize: Retained Imports by Standard International Trade Classification Category

	1993	1994	1995	1996	Prel. 1997
(In millions of U.S. dollars)					
Gross imports, c.i.f. 1/	288.0	261.9	264.9	257.7	288.7
Re-exports	23.2	28.6	21.2	14.1	17.2
Retained imports, c.i.f. 1/	264.8	233.3	243.7	243.6	271.5
Food	36.4	35.7	40.7	44.3	47.6
Beverages and tobacco	3.9	3.7	2.6	2.4	2.4
Crude material	2.7	2.3	1.7	1.2	1.5
Mineral fuel	22.8	20.8	22.7	21.2	22.6
Oils and fats	1.5	1.6	1.8	2.0	2.1
Chemicals	31.4	26.1	28.0	30.3	32.9
Manufactured goods	56.0	51.5	46.0	47.4	55.4
Machinery	70.2	58.3	63.5	62.1	73.2
Miscellaneous manufactures	39.2	33.3	36.5	32.0	33.0
Miscellaneous	0.7	0.1	0.1	0.7	0.9
(In percent of total retained imports)					
Retained imports, c.i.f. 1/	100.0	100.0	100.0	100.0	100.0
Food	13.8	15.3	16.7	18.2	17.5
Beverages and tobacco	1.5	1.6	1.1	1.0	0.9
Crude material	1.0	1.0	0.7	0.5	0.5
Mineral fuel	8.6	8.9	9.3	8.7	8.3
Oils and fats	0.6	0.7	0.7	0.8	0.8
Chemicals	11.9	11.2	11.5	12.4	12.1
Manufactured goods	21.2	22.1	18.9	19.5	20.4
Machinery	26.5	25.0	26.1	25.5	27.0
Miscellaneous manufactures	14.8	14.3	15.0	13.1	12.1
Miscellaneous	0.3	0.0	0.0	0.3	0.3
Memorandum items:					
Retained imports					
Percent change	9.3	-11.9	4.4	0.0	11.5
Ratio to GDP (percent)	50.2	42.3	41.2	38.6	41.9
Gross imports					
Percent change	4.9	-9.0	1.1	-2.7	12.0
Ratio to GDP (percent)	54.6	47.5	44.7	40.8	44.6

Sources: Central Bank of Belize; and Fund staff estimates.

1/ Includes imports through parcel post and unrecorded imports.

Table 37. Belize: Direction of Trade

	1993	1994	1995	1996	Prel. 1997
(In millions of U.S. dollars)					
Domestic exports, f.o.b.	118.3	127.6	143.0	157.2	162.0
United States	51.3	51.1	47.1	65.9	73.7
United Kingdom	45.0	48.8	65.9	65.9	48.7
Other European Union	4.3	6.1	14.3	8.5	16.1
Canada	7.9	10.2	6.7	4.1	5.4
Mexico	3.1	4.8	0.7	5.5	5.4
CARICOM	5.5	4.9	5.2	4.4	6.9
Other	1.4	1.7	3.1	2.9	5.8
Total imports, c.i.f.	288.0	261.9	264.9	257.7	288.7
United States	164.4	139.4	143.2	141.5	148.6
United Kingdom	20.7	19.9	16.2	11.9	15.4
Other European Union	12.8	10.8	10.6	8.6	11.2
Canada	5.8	6.0	6.1	4.0	7.9
Mexico	27.0	24.9	28.9	31.5	36.5
CARICOM	10.9	11.3	11.3	10.8	11.1
Other	46.6	49.6	48.7	49.3	57.9
(In percent of total)					
Domestic exports, f.o.b.	100.0	100.0	100.0	100.0	100.0
United States	43.4	40.1	33.0	41.9	45.5
United Kingdom	38.0	38.3	46.1	41.9	30.0
Other European Union	3.6	4.8	10.0	5.4	10.0
Canada	6.7	8.0	4.7	2.6	3.3
Mexico	2.6	3.8	0.5	3.5	3.4
CARICOM	4.6	3.8	3.6	2.8	4.2
Other	1.1	1.3	2.2	1.9	3.6
Total imports, c.i.f.	100.0	100.0	100.0	100.0	100.0
United States	57.1	53.2	54.1	54.9	51.5
United Kingdom	7.2	7.6	6.1	4.6	5.3
Other European Union	4.4	4.1	4.0	3.3	3.9
Canada	2.0	2.3	2.3	1.6	2.7
Mexico	9.4	9.5	10.9	12.2	12.7
CARICOM	3.8	4.3	4.3	4.2	3.9
Other	16.2	18.9	18.4	19.1	20.1

Sources: Central Bank of Belize; and Fund staff estimates.

Table 38. Belize: Terms of Trade

	1993	1994	1995	1996	Prel. 1997
(1984 = 100)					
Domestic exports 1/					
Value	162.7	175.5	196.6	216.1	222.7
Volume	150.8	157.9	158.7	167.8	190.7
Export unit value 2/	107.9	111.1	123.9	128.8	116.8
Tourism					
Value	425.8	451.8	491.1	528.9	573.9
Volume	319.2	332.0	351.9	364.2	377.7
Unit value	133.4	136.1	139.6	145.2	151.9
Imports					
Value	221.2	201.2	203.5	197.9	221.7
Volume	192.0	172.0	157.3	154.1	176.0
Unit value 3/	115.2	116.9	129.3	128.4	126.0
Terms of trade 4/ (including tourism)	93.7 96.1	95.0 97.4	95.8 96.7	100.3 100.9	92.7 94.0
(Annual percentage change)					
Domestic exports					
Value	2.4	7.8	12.0	9.9	3.1
Volume	-1.5	4.8	0.5	5.8	13.7
Unit value	3.9	2.9	11.5	3.9	-9.3
Tourism					
Value	12.7	6.1	8.7	7.7	8.5
Volume	12.2	4.0	6.0	3.5	3.7
Unit value	0.5	2.1	2.7	4.2	4.8
Imports					
Value	4.9	-9.1	1.1	-2.7	12.0
Volume	3.6	-10.4	-8.6	-2.0	14.2
Unit value	1.2	1.5	10.6	-0.7	-1.9
Terms of trade (including tourism)	2.7 2.2	1.4 1.3	0.8 -0.8	4.7 4.4	-7.6 -6.9

Sources: Central Bank of Belize; and Fund staff estimates.

1/ Defined as total exports minus re-exports.

2/ A Laspeyres index of major exports which account for 90 percent of domestic exports.

3/ Import prices were calculated using import deflators.

4/ Export unit value divided by import unit value.

Table 39. Belize: External Debt by Creditor and Borrowing Agencies

	1993	1994	1995	1996	Prel. 1997
(In millions of U.S. dollars)					
Amount outstanding (end-of-period)	167.9	180.4	179.1	219.9	235.6
By creditor					
Multi and bilateral total	124.0	137.6	139.3	176.6	185.9
Caribbean Development Bank	27.5	27.3	29.5	36.4	44.5
European Union	9.9	14.0	13.4	13.1	12.8
World Bank	20.0	25.2	28.0	33.3	40.1
United Kingdom Government	22.8	25.1	23.5	22.5	19.6
United States Government	26.1	25.9	25.5	23.4	22.0
Commonwealth Development Corporation	2.1	1.6	1.0	0.5	0.2
Venezuela (FIVEN and FINEXPO)	3.5	4.7	3.5	3.6	3.0
OPEC	1.2	1.1	1.0	1.2	1.5
China	0.4	0.4	0.4	0.4	0.3
International Fund for Agricultural Development	1.4	1.5	1.4	1.2	1.2
Government of Spain	0.0	3.1	2.9	2.5	1.9
Government of Taiwan (POC)	9.0	7.8	9.2	36.6	35.1
Government of Kuwait	0.0	0.0	0.0	1.9	3.7
Other	43.9	42.7	39.8	43.3	49.7
Banks	22.2	19.2	19.1	23.7	37.2
Suppliers	21.7	23.5	20.7	19.6	12.5
By debtor					
Nonfinancial public sector	147.0	161.5	161.6	188.9	202.5
Central government	126.6	143.2	144.6	171.2	168.8
Rest of nonfinancial public sector	20.4	18.3	17.1	17.7	33.7
Belize Electricity Board	9.2	8.4	7.6	10.1	19.9
Port Authority	4.8	4.4	3.9	3.4	4.1
Other	6.4	5.5	5.5	4.2	9.7
Financial Public Sector	20.9	18.9	17.5	31.0	33.1
(In percent of total)					
By multilateral creditor					
Multilateral and bilateral	73.9	76.3	77.8	80.3	78.9
Other	26.1	23.7	22.2	19.7	21.1
By debtor					
Nonfinancial public sector	87.6	89.5	90.2	85.9	85.9
Central government	75.4	79.4	80.7	77.8	71.6
Rest of nonfinancial public sector	12.2	10.1	9.5	8.0	14.3
Financial public sector	12.4	10.5	9.8	14.1	14.0

Source: Central Bank of Belize.

Table 40. Belize: Indices of Effective Exchange Rate 1/
(Indices 1990 = 100)

	Nominal effective exchange rate	Real effective exchange rate 2/
Quarterly averages		
1992		
I	104.9	100.0
II	105.8	99.9
III	103.5	96.6
IV	109.2	100.3
1993		
I	113.0	102.3
II	112.7	100.3
III	115.8	101.2
IV	118.3	102.2
1994		
I	120.6	100.0
II	121.6	98.0
III	119.9	95.2
IV	119.5	94.4
1995		
I	121.6	95.7
II	118.8	92.9
III	120.7	94.1
IV	122.5	95.9
1996		
I	124.1	97.4
II	125.1	100.2
III	124.6	100.7
IV	125.0	100.7
1997		
I	128.4	102.7
II	129.4	102.5
III	131.6	103.1
IV	132.0	102.9
Annual average		
1992	105.9	99.2
1993	115.0	101.5
1994	120.4	96.9
1995	120.9	94.7
1996	124.7	99.8
1997	130.4	102.8

Sources: IMF *Information Notice System*; and Fund staff estimates.

1/ Trade weighted, an increase (decrease) indicates appreciation (depreciation).

2/ Nominal exchange rate deflated by seasonally adjusted relative consumer prices.

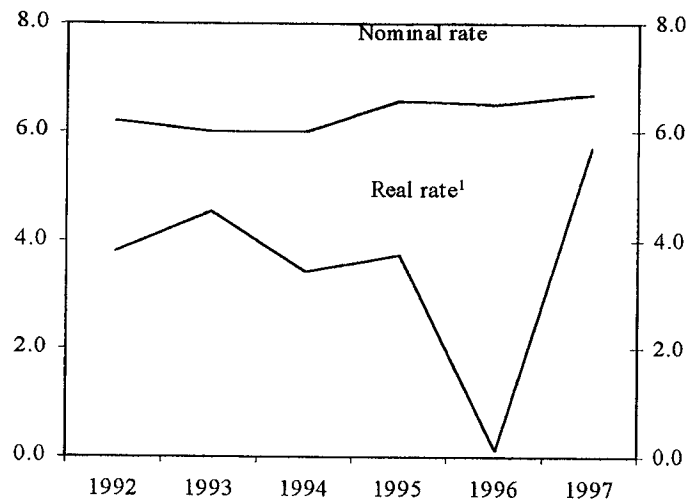
BELIZE: INTEREST RATE SPREADS¹

1. This note examines and seeks to explain interest rates spreads in Belize, which in recent years have been high by comparison with other noninflationary economies, including other small, open economies with a pegged exchange rate.

2. Background

Since 1993, the Belizean authorities introduced some measures to arrest the fiscal deterioration but they have not been sufficient to improve the external position on a lasting basis. The authorities have adopted a tight credit policy by maintaining a high liquidity requirement and this policy has resulted in relatively high domestic interest rates in real terms (Figure 1), affecting negatively economic growth.

Figure 1. Nominal and Real Deposit Interest Rates
(In percent per year, annual average)



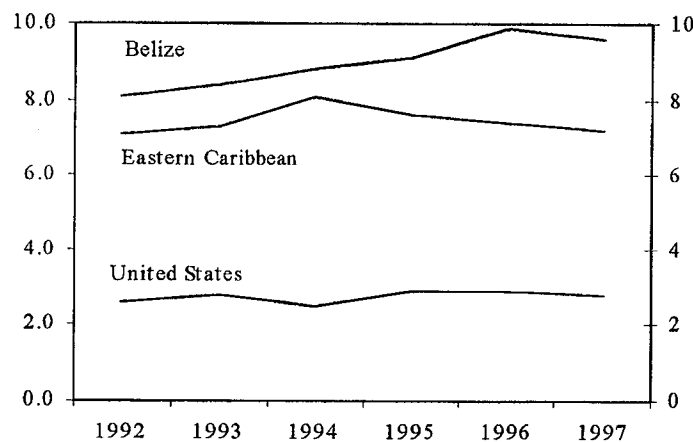
Source: Central Bank of Belize

¹Nominal rate scaled down by the percentage change in CPI.

¹Prepared by Toma Gudac.

During 1992–95 real average deposit interest rates in Belize hovered around the 3½–4½ percent range and in 1996 the real interest rate plummeted to almost nil reflecting the effect on inflation of the introduction of the VAT. In 1997, the real interest rate increased to about 5½ percent as inflation was low and a surge in credit demand from the private sector led commercial banks to increase deposit rates somewhat. The average spread between domestic deposit and lending rates has widened during 1993–97 and it remains well above those for low inflation countries, such as the Eastern Caribbean countries and the United States (Figure 2).

Figure 2. Interest Rate Spreads¹
(In percentage points)



Sources: Central Bank of Belize; SM/98/59, April 1998; and IFS.
¹Difference between the weighted average lending and deposit interest rates.

3. Determinants of the spread

Using the income statement and balance sheet data of commercial banks, the interest rate spread can be decomposed² as:

$$II - IP = OC + Prov + P - NII \quad (1)$$

Where:

- II* = interest income
- IP* = interest expenses
- OC* = operating costs
- Prov* = provision for loan losses
- P* = profits
- NII* = noninterest income

²Interest Rate Spreads in the Eastern Caribbean by Ruby Randall (WP/98/59)

Dividing equation (1) by average deposits (D), and using average loans (L) and assets (A), the financial margin is:

$$i_L - i_D \equiv \rho_{i_L} + \frac{OC}{D} + \frac{Prov}{D} + ROA * \frac{A}{D} - \frac{NII}{D} + \frac{\epsilon}{D} \quad (2)$$

Where:

ρ_{i_L} = cost of liquidity requirement

$ROA = \frac{P}{A}$ = Return on Assets

$\frac{II}{L} \equiv i_L$

$\frac{IP}{D} \equiv i_D$

$\frac{L}{D} = (1-\rho)$

ϵ = residual

The residual, reflects errors that result from combining data from the income statements (flow data) and stock data from the consolidated balance sheet as well as the simplifying assumption that loanable funds are comprised of deposits net of required reserves. The result of the decomposition of the Belize interest rate spread into its various components according to equation (1) is contained in the table below.

Components of Interest Rate Spreads

(In percent)

	1993	1994	1995	1996	1997
Interest/loans (i_L) 1/	13.5	14.3	14.6	14.9	15.1
Interest/deposits (i_D) 1/	5.6	6.2	6.8	5.3	5.8
Spread	7.9	8.1	7.8	9.5	9.3
Noninterest earnings/deposits	3.3	3.7	3.3	3.0	2.7
Cost of liquidity requirement/deposits 2/	1.3	1.3	1.2	1.6	1.5
OC/D	4.8	5.0	5.2	5.1	5.4
ROA* (A/D)	3.8	3.8	2.6	3.6	3.4
Residual 3/	1.4	1.7	1.9	2.2	1.7
Memorandum items:					
P/A= ROA	3.1	3.3	2.3	3.1	2.9
Assets /deposits (A/D)	6.1	6.5	10.7	8.8	10.4

Source: Central Bank of Belize.

1/ These are interest rates implicit in the balance sheet and income statement of the consolidated commercial banks.

2/ Calculated as the sum of the weighted average of the:

- (i) Difference between i_D and yield of commercial bank deposits at the central bank (which is zero).
- (ii) Difference between i_D and the yield of deposits at foreign banks on account of reserve requirements.
- (iii) Difference between i_D and interest rate of treasury bills.

3/ Reflects the cost of holding non-interest-bearing deposits at foreign correspondent banks, and errors due to combining data from income statements (flows) and balance sheets.

The table indicates that (i) more than half of the spread was attributable to the operating costs; (ii) the cost resulting from the liquidity requirements increased during the period under analysis, in particular following the increase in the minimum liquidity requirement at end-1995. This cost is higher than in other small, open and low inflation economies.³ Among the elements that explain the interest rate spreads in Belize, is the cost of liquidity requirements that seems to be higher than in similar economies.

³For example the average cost of liquidity requirement in the ECCB area is about half of that in Belize (Ruby Randall, op.cit, Pg.16).

BELIZE: EXTERNAL COMPETITIVENESS¹

1. The issue of external competitiveness is key in view of the potential weakening of preferential access to export markets in the European Union and the United States. This appendix discusses external competitiveness in Belize. First, it describes factors underlying a traditionally high cost of doing business in Belize. Second, it focuses on factors that have led to recent changes in competitiveness, namely, real exchange rate and wage developments, the degree of protection in the economy, and improvements in infrastructure. Information available suggests that the potential loss in competitiveness resulting from the real appreciation of the Belize dollar might have been offset in part by a fall in real wages.

A. Cost of Doing Business in Belize

2. **The cost of doing business in Belize is high** with respect to other countries in the region in part because of **lack of economies of scale** in the production of certain services but also because **public tariffs and fuel taxes have been kept high because of their importance to public sector revenue**, and because of high interest rates resulting from tight monetary policy.

a. *Interest rates*

3. **Domestic interest rates in Belize are higher than international interest rates.** As mentioned in the main text, tight credit policy has resulted in relatively high real interest rates.

b. *Utility rates and fuel prices*

4. **Relatively high prices for electricity and petroleum products have adversely affected external competitiveness in Belize.** *Electricity rates* are among the highest in the Caribbean (Appendix Table 41) and reflect the Belize Electricity Limited policy of financing an important part of its capital outlays through electricity rates. As of 1997, the average electricity rates were about 125 to 160 percent of the long-run marginal cost. The authorities are of the view that after completion of an important project to link the Belizean electricity network to the Mexican grid by end-1998, there will be room to reduce electricity rates.

5. The *retail price of fuel* in Belize is about 50 percent higher than in other Central American countries (Appendix Table 42), but it reflects **an important tax component**. The retail price of gasoline in December 1997 was equivalent to US\$2.38 a gallon with a tax component in excess of 55 percent.²

¹Prepared by Ms. Mayra Zermeño.

²It includes a specific import duty (US\$ 0.22 a gallon), VAT of 15 percent on total landed cost plus import duty, plus commercial charges (US\$ 0.20 a gallon), and the revenue replacement duty (US\$ 0.9 a gallon).

6. Regarding other costs, *telephone rates* to several destinations, including the U.S., are lower in Belize than in other Caribbean countries (Appendix Table 43). Nonetheless, telephone rates in Belize also have an important tax component as the rates are agreed with the government so as to allow the company to pay a high amount of corporate income tax (1 percent of GDP in 1997/98) and dividends to the government ($\frac{1}{2}$ of 1 percent of GDP in 1997/98).³ *Shipping costs* in Belize are high relative to other Latin American countries reflecting mainly high wages of unionized workers hired to load and unload cargo. For example, the cost of loading a box of bananas in the Belize City port is about four times that in Ecuador ports, two times that in Honduras ports, and one and a half times that in Costa Rica ports.

B. Developments on External Competitiveness

7. Belize's tradable sector comprises mainly the agricultural, agro-based manufacturing, and tourism sectors that are highly integrated in international markets and operate with few restrictions; some textile assembly, and a few industries producing basic consumer goods. In 1993–97, agricultural, agro-based manufacturing products, and tourism accounted on average for about 60 percent of exports of goods and nonfactor services, 45 percent of GDP and 50–60 percent of private employment in Belize.

a. Real exchange rates

8. The Belize dollar appreciated moderately in real effective terms during 1993–97 (1¼ percent) but the real appreciation was more pronounced between 1995–97 at 8½ percent, mostly reflecting the large real depreciation of the Mexican peso against the U.S. dollar by about 25 percent. Moreover, the internal real exchange rate⁴ appreciated by some 16½ percent during 1993–97 (Appendix Table 44), suggesting that the fall in the real cost of labor (see below) was more than offset by increasing prices of other nontradables. In fact, existing information suggests that during 1993–97 transport costs rose by 8 percent, and rent, water, and power by about 25 percent (Statistical Appendix Tables 26).

9. Despite the real appreciation of the Belize dollar in 1993–97, exports and tourism increased slightly in relation to GDP while import expenditure fell substantially from about 55 percent of GDP in 1993 to about 45 percent of GDP in 1997 (Appendix Table 45). Export revenue reflected a strong growth in export volume, particularly during 1996–97, that resulted from productivity gains in the citrus, sugar, and banana industries (Table 2), while the fall in imports reflected mostly a decline in (public and private) investment during the period (Chapter II).

³The government and the Social Security Board together own 25 percent of the total shares of Belize Telecommunications Limited.

⁴Defined as the ratio of nontradables prices to tradables prices.

b. Developments in wages

10. **In Belize, the average real wage fell** at an average annual rate of 3½ percent during 1993–97 reflecting mainly the effect of falling real wages in the private sector. Private sector real wages fell at an annual rate of 4¼ percent (Appendix Table 46) during the period, reflecting a fall in demand derived from rather sluggish economic activity (Chapter II), and an increase in labor supply associated with immigration from neighboring countries, particularly on the low end of the wage scale. By contrast, civil service real wages rose by an annual rate of 1¼ percent.

c. Degree of domestic protection

11. As a member of the CARICOM, Belize is committed to a staged reduction of the Common External Tariff (CET) to a range of 5 to 20 percent by April 1999. Within this scheme, the CET was reduced to 35 percent in April 1996, to 30 in April 1997 and to 25 percent in April 1998. At the same time, duty exemptions for some items of food, medicine, and semi-processed material were maintained, as allowed by the CARICOM agreement.

12. While lack of data preclude a computation of the real effective rates of protection in Belize, **the trade reform under the CARICOM has reduced both the maximum tariff rate and the tariff dispersion** (Appendix Table 47). The latter resulted from a decline in the proportion of imports benefiting from duty exemptions from 58 percent of total imports in 1996 to 52 percent in 1998 and an increase in the proportion of imports subject to a maximum duty of 35 percent (the ceiling at the beginning of the trade reform) from 86 percent of total imports in 1996 to 95 percent in 1998.

d. Improvements in infrastructure

13. **During 1993–97, efforts were made to upgrade Belize's infrastructure in electricity, and water and sewerage.** Electricity connections rose at an annual average rate of more than 8 percent, and water and sewerage connectors at more than 6 percent while telephone lines increased at an average annual rate of about 2 percent. In addition, the ports and airports facilities have been improved to facilitate trade and promote tourism. In the Belize City port, improvement of the berth and signal system, and expansion of the loading area are expected to allow an increase in traffic. In the Belize City airport, new turning loop and parallel taxiway would allow an increase in the frequency of flights while facilitating the landing of larger aircrafts. The airport of San Pedro City (a major tourist destination) was upgraded by expanding the runway and airplane parking area.

C. Conclusions

14. Given the traditionally high cost of doing business in Belize, the real exchange rate has appreciated in recent years, with adverse effects on the country's external competitiveness. However, this may have been offset by a fall in the real cost of labor, and by improved infrastructure, which together with the observed productivity gains in agricultural and agro-based manufacturing (Chapter II), allowed certain export and tourism growth as well as improvement in the trade balance during 1993–97.

Table 41. Belize: International Comparison of Electricity Rates

(U.S. cents per kwh)

	Residential		Industrial	
	1995	1996	1995	1996
Barbados	15.1	15.1	15.4	15.7
Belize (1997)	...	15.0	...	20.0
Cuba	12.5	12.6	8.1	7.9
Grenada	19.3	19.3	17.0	16.3
Guyana	7.7	7.9	10.4	10.5
Jamaica	13.4	13.9	10.6	10.6
Suriname	17.1	17.1	13.1	13.1
Trinidad	2.9	2.9	2.5	2.4

Sources: Organizacion Latinoamericana de Energia (OLADE), December 1997; Belize Electricity Limited; and Fund staff estimates.

Table 42. Belize: Retail Gasoline Prices 1/

	U.S. dollar per gallon
Belize	
Regular	2.38
Premium	2.43
Costa Rica	
	1.62
El Salvador	
	1.54
Honduras	
Regular	1.84
Unleaded	1.78
Mexico in-land	
Regular	1.52
Premium	1.68
Mexico at the border	
Regular	1.46
Premium	1.60

Sources: Data from the authorities of the corresponding country;
and Fund staff estimates.

1/ As of March 1998.

Table 43. Belize: International Comparison of Telephone Rates as of 1997

(U.S. dollar per one-minute call)

Service From/To	United States	Western Europe		South America	
		Highest	Lowest	Highest	Lowest
Antigua	1.64	2.94	1.76	1.64	0.98
Bahamas	0.99	4.00	4.00	3.00	2.75
Barbados	2.65	5.70	4.75	5.00	4.20
Belize	1-1.6	3.00	3.00	1.60	1.60
Cuba	2.45	5.85	5.81	4.45	4.41
Grenada	1.65	3.31	3.31	2.57	2.57
Guyana	0.80	2.06	0.47	2.01	0.45
Jamaica	0.81	1.10	1.97	0.41	...
St. Lucia	5.00	6.25	...	5.00	...
Average (excluding Belize)	1.78	3.47	2.45	2.68	1.71

Sources: Caribbean Association of National Telecommunications (CANTO) 1996/97 Annual Directory; and Fund staff estimates.

Table 44. Belize: Real Effective Exchange Rate, Prices, and Trade Volume, 1984=100

	REER 1/	RERN 2/	CPI 3/	Prices		Terms of Trade 4/	Import Volume	Export Volume
				Import	Export			
1989	106.4	114.6	96.2	104.0	107.8	103.6	159.3	120.0
1990	101.5	96.3	99.1	111.7	110.3	98.8	145.3	135.1
1991	101.7	112.4	102.2	111.0	105.5	95.0	173.8	128.4
1992	99.2	112.0	104.7	113.8	103.8	91.2	185.4	153.0
1993	101.5	113.4	106.3	115.2	107.9	93.7	192.0	150.8
1994	96.5	118.5	109.0	116.9	111.1	95.0	172.0	157.9
1995	94.7	87.5	112.1	129.3	123.9	95.8	157.3	158.7
1996	99.8	117.1	119.4	128.4	128.8	100.3	154.1	167.8
1997	102.8	132.1	120.6	126.0	116.8	92.7	176.0	190.7
Annual average growth rate (1990-97)	-0.4	1.8	2.9	2.4	1.0	-1.4	1.3	6.0
Annual average growth rate (1994-97)	0.3	3.9	3.2	2.3	2.0	-0.3	-2.2	6.0

Sources: Central Statistical Office; and Fund staff estimates

1/ The base year is 1990.

2/ The internal exchange rate (RERN) = $(CPI/P_m)^{1/(1-y)}$; where CPI is a proxy for the price of nontradeables, P_m (import price index) is the proxy for the price of tradeables and the average share of imports in total consumption is a proxy for y the share of tradeables in the CPI.

3/ The base is November 1990.

4/ Excluding tourism.

Table 45. Belize: Export and Tourism, and Imports

(As percent of GDP, unless otherwise specified)

	1990	1991	1992	1993	1994	1995	1996	1997
Export and tourism revenue/GDP	41.0	40.3	42.9	39.7	41.3	40.9	40.4	41.7
Imports/GDP	60.4	58.3	56.7	54.7	47.5	44.8	40.9	44.6
Export volume (rate of growth)	12.6	-4.9	19.1	-1.5	4.8	0.5	5.8	14.3
Tourism arrivals (rate of growth)	-6.4	-3.4	30.9	12.2	4.0	6.0	3.5	3.7

Source: Fund staff estimates; and Table 14 and Statistical Appendix Table 24.

Table 46. Belize: Monthly Wages and CPI 1/
(In Belize dollars, unless otherwise specified)

	1993	1994	1995	1996	1997	Annual Average Growth Rate (In percent)
Private sector						
Primary sector						
Mean	565.0	615.0	595.0	565.0	560.0	-0.2
Median	465.0	505.0	460.0	450.0	435.0	-1.7
Secondary sector						
Mean	815.0	785.0	815.0	835.0	805.0	-0.3
Median	670.0	675.0	685.0	675.0	680.0	0.4
Service sector						
Mean	830.0	835.0	885.0	890.0	850.0	0.6
Median	660.0	670.0	700.0	710.0	685.0	0.9
Average private sector labor cost (1993=100)						
	100.0	100.4	103.8	103.6	95.9	-1.0
Real average private sector labor cost (1993=100)						
	100.0	97.5	98.0	91.4	84.3	-4.2
Public sector						
Head of department	2,583.0	2,713.0	2,713.0	2,794.0	3,144.0	5.0
Doctor						
Medical office 1	2,066.0	2,170.0	2,170.0	2,235.0	2,280.0	2.5
Medical office 2	1,940.0	2,037.0	2,037.0	2,098.0	2,140.0	2.5
Executive engineer	1,636.0	1,718.0	1,718.0	1,770.0	1,805.0	2.5
Economist	1,636.0	1,718.0	1,718.0	1,770.0	1,805.0	2.5
Police constable	646.0	679.0	679.0	709.0	723.0	2.9
Teacher	962.0	1,011.0	1,011.0	1,058.0	1,079.0	2.9
Secretary	867.0	911.0	911.0	953.0	972.0	2.9
Practical nurse	646.0	679.0	679.0	709.0	723.0	2.9
Janitor	478.0	502.0	502.0	524.0	534.0	2.8
Public sector 2/						
Head of department	2,660.5	2,878.2	2,878.2	2,964.2	3,435.5	6.6
Doctor						
Medical office 1	2,128.0	2,302.2	2,302.2	2,371.1	2,491.4	4.0
Medical office 2	1,998.2	2,161.1	2,161.1	2,225.8	2,338.4	4.0
Executive engineer	1,685.1	1,822.6	1,822.6	1,877.8	1,972.4	4.0
Economist	1,685.1	1,822.6	1,822.6	1,877.8	1,972.4	4.0
Police constable	665.4	720.4	720.4	752.2	790.0	4.4
Teacher	990.9	1,072.6	1,072.6	1,122.4	1,179.1	4.4
Secretary	893.0	996.5	996.5	1,011.0	1,062.1	4.4
Practical nurse	665.4	720.4	720.4	752.2	790.0	4.4
Janitor	492.3	532.6	532.6	555.9	583.5	4.4
CPI (1990=100)						
	105.8	109.0	112.0	119.9	120.4	3.3

Sources: Central Statistical Office (CSO); and Fund staff estimates

1/ Data as provided by the Central Statistical Office.

2/ Calculated from Central Statistical Office data but including a 3 percent merit increase each year.

Table 47. Belize: Change in the Tariff Structure

Before CARICOM (Jan.-Mar. 1996)		CARICOM STAGE I (Apr. 1996-Mar. 1997)		CARICOM STAGE II (Apr. 1997-Mar. 1998)	
Tariff rate	Import share	Tariff rate	Import share	Tariff rate	Import share
0	57.4	0	51.8	0	51.4
1	1.0	1	0.9	1	0.9
3	0.1	3	0.4	3	0.1
5	2.0	5	17.5	5	18.9
10	14.9	6	0.0	6	0.0
12	0.0	10	2.9	10	2.5
15	0.8	12	0.0	12	0.0
20	1.6	15	0.8	15	3.8
25	1.4	20	2.0	20	4.3
30	6.7	25	7.7	25	4.3
35	0.0	30	2.8	30	7.9
36	0.0	32	0.0	35	1.4
37	0.0	35	4.7	36	0.0
45	7.0	36	0.0	37	0.0
50	0.0	37	0.0	40	0.3
51	0.0	40	0.1	45	1.3
60	0.0	45	2.9	50	0.3
70	0.0	50	0.0	51	0.0
90	0.0	51	0.0	60	0.0
91	0.0	60	0.0	70	0.0
		70	0.0	90	0.0
		90	0.0	91	0.0
		91	0		
Memorandum items:					
Import weighted average					
tariff rate	7.6		7.6		8.6
Share of imports below					
35 percent tariff rate	85.8		86.8		94.1

Sources: Customs Department; Ministry of Finance; and Fund staff estimates.

I. BELIZE: TAX SYSTEM CHANGES DURING 1996-1998¹

A. Changes in 1996/97

Trade taxes

As a member of CARICOM, Belize has undertaken to implement a customs union by the year 1999. The CARICOM agreement calls for a phased reduction of the Common External Tariff (CET) to a range of 5 to 20 percent by April 1999. However, agricultural products will remain relatively more protected through the year 1999, as final agricultural products will be subject to a 40 percent rate and inputs will remain duty exempted.

Belize implemented the first stage of the tariff reductions in April 1996, when the maximum tariff was reduced to 35 percent. At the same time, the stamp duty on imports, the gross receipt tax, and most export taxes were eliminated. Exports of lobster, shrimp, conch, fish, turtles, wild animals, and mahogany remained subject to a 5 percent export tax, and exports of sugar to a 2 percent export tax.

VAT

The Belizean authorities introduced a value-added tax at a rate of 15 percent in April 1996 to compensate for the potential loss in fiscal revenue that might result from the implementation of the first two stages of the CARICOM agreement. The VAT applies to all businesses with an annual turnover of at least Bz\$100,000, but with provisions for zero-rating and exemptions. Goods subject to a zero-rate regime include: basic foods; most outputs from agriculture; inputs and equipment for agriculture; medicines and medical equipment; transportation; crude oil, gas, water, and related equipment; and educational material. Services exempted from the VAT include: medical; travel; education; utilities; rental and leases; public postal services, betting, gambling and lotteries; banking, and hotel-like accommodations.

B. Changes in 1997/98

Trade taxes

The authorities implemented the second stage of the CARICOM agreement by reducing the CET to 30 percent as of April 1997.

VAT

The list of zero-rated goods was increased by including a number of food items, agriculture inputs, transport equipment, and building material.

¹This appendix covers changes up to July 1998.

C. Changes in 1998/99²

Trade taxes

The authorities implemented the third stage of the CARICOM agreement by reducing the CET to 25 percent as of April 1998.

VAT

Telephone service was exempted from the VAT as of mid-July 1998.

Income tax

The Income Tax (Amendment) Act of 1998:

- Raised the threshold of the **personal income tax** from Bz\$10,400 to Bz\$20,000 and the basic allowance from Bz\$8,000 to Bz\$19,600.
- Reduced the number of **income tax brackets** and the rates were changed as follows:

Prior to July 1998

Chargeable income³ (Belize dollars)	Marginal Rates
Less than 12,001	15 percent
12,001 to 17,000	20 percent
17,001 to 25,000	25 percent
25,001 to 37,000	30 percent
37,001 to 60,000	35 percent
60,001 and above	45 percent

As of July 1998

Chargeable income³ (Belize dollars)	Marginal Rates
Up to 5,000	25 percent
5,000 to 35,000	30 percent
35,000 to 55,000	40 percent
55,000 and above	45 percent

- Eliminated the **corporate income tax**.

²Covers up to July 1998.

³Defined as gross earnings less basic deduction.

In addition, the Income Tax (Amendment) Act introduced the **gross receipt tax** at a rate of 19 percent for the telephone company (BTL); 12 percent for financial institutions (with interest receipts defined on a net basis) except for those whose parent company is an off-shore holding, which will be subject to a 4 percent rate; 3 percent for self-employed professionals; and 1½ percent for other corporations (including those that were exempted from the corporate income tax).