

INTERNATIONAL MONETARY FUND



# Staff Country Reports

## **Belize: Selected Issues**

This Selected Issues paper for Belize was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed on August 29, 2005. The views expressed in this document are those of the staff team and do not necessarily reflect the views of the government of Belize or the Executive Board of the IMF.

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INTERNATIONAL MONETARY FUND

BELIZE

**Selected Issues**

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August 26, 2005

Contents	Page
I. Sources of Vulnerability.....	<u>3</u>
II. External Competitiveness.....	<u>7</u>
A. Introduction.....	<u>7</u>
B. Macroeconomic Indicators of Competitiveness.....	<u>7</u>
C. Sector-Specific Indicators of Competitiveness.....	<u>10</u>
III. Balance Sheet Currency Mismatch and Liquidity Analysis.....	<u>16</u>
A. Introduction.....	<u>16</u>
B. Institutional Framework.....	<u>16</u>
C. Key Concepts and Data.....	<u>18</u>
D. Domestic and External Currency Mismatches.....	<u>20</u>
E. Liquidity Risk.....	<u>25</u>
F. Policy Implications.....	<u>25</u>
IV. Public Sector Debt.....	<u>27</u>
A. Introduction.....	<u>27</u>
B. Accumulation of Public Sector Debt.....	<u>27</u>
C. Composition of Public Sector Debt.....	<u>29</u>
D. Debt Service.....	<u>32</u>
E. Consequence of High Indebtedness and Outlook.....	<u>33</u>

Tables

1. Selected Economic Indicators.....	37
2. Sectoral Origin of Real Gross Domestic Product.....	38
3. National Accounts at Current Prices.....	39
4. Savings and Investment.....	40
5. Main Agricultural Crops, Acreage, and Production.....	41
6. Agriculture and Forestry Production.....	42
7. Cane Deliveries to the Sugar Factories.....	43
8. Production and Exports of Marine Fish Products.....	44
9. Industrial Production.....	45
10. Indices of Industrial Products.....	46
11. Consumer Price Index.....	47
12. Average Prices for Selected Products and Services.....	48
13. Price Structure of Petroleum Products.....	49
14. Operations of the Central Government.....	51
15. Central Government Revenue (In percent).....	52
16. Central Government Revenue (In Belize dollars).....	53
17. Central Government Expenditure (In percent).....	54
18. Central Government Expenditure (In Belize dollars).....	55
19. Summary Accounts of the Banking System.....	56
20. Detailed Accounts of the Banking System.....	57
21. Accounts of the Development Financial Corporation.....	59
22. Interest Rates.....	60
23. Treasury Securities by Holder.....	61
24. Sectoral Distribution of Credit to the Private Sector.....	62
25. Commercial Banks' Liquidity Position.....	63
26. Balance of Payments.....	64
27. Principal Domestic Exports.....	65
28. Domestic Exports by Standard.....	66
29. Retained Imports by Standard International.....	67
30. Sugar Exports by Destination.....	68
31. Visitor Arrivals.....	69
32. Direction of Trade.....	70
33. Public and Publicly Guaranteed Debt.....	71
34. External Debt by Creditor and Borrowing Agency.....	72
35. Indices of Effective Exchange Rate.....	73

Boxes

1. Receivables Securitization Operations.....	29
2. Debt Dynamic.....	36

## I. SOURCES OF VULNERABILITY<sup>1</sup>

### 1. Belize's economy is highly vulnerable to a wide range of different types of shocks.

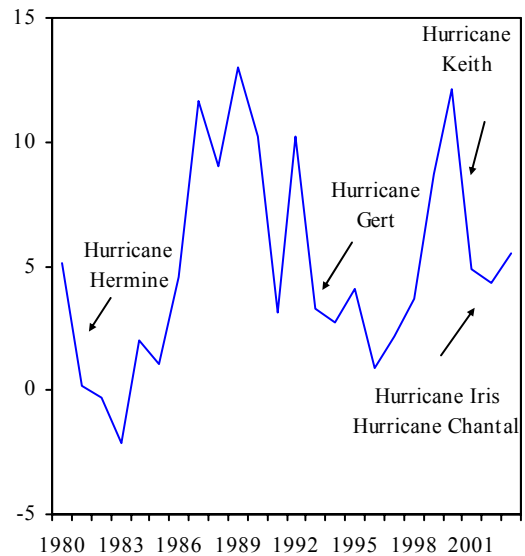
This vulnerability stems from the economy's exposure to natural disasters, as well as its economic structure. In addition, vulnerabilities have been exacerbated in recent years as a result of policy missteps, which have led to high levels of debt and debt service. The remainder of this chapter briefly reviews the main source of these vulnerabilities.

2. **Exposure to natural disaster.** Like most countries in the Caribbean, weather-related shocks represent an important vulnerability for Belize. Hurricanes and floods have inflicted repeated and significant damage on both infrastructure and export industries. Among the worst examples was hurricane Hattie, which destroyed Belize City in 1961. More recently, hurricanes Keith, Iris, and Chantal, as well as floods from tropical depressions, destroyed road infrastructures and severely affected the tourism and banana industries, requiring more than BZ\$50 million (about 2½ percent of GDP) in emergency reconstruction expenditure by the government during the 2000–03 period.

3. **Economic structure.** Belize is a small, open economy and highly dependent on external trade—exports plus imports of goods and nonfactor services amounted to 110 percent of GDP in 2004. Moreover, Belize's export base is relatively undiversified, which exacerbates the country's vulnerability to shifts in world demand or terms-of-trade shocks. Sector-specific vulnerabilities include:

- **Tourism:** The industry has grown significantly in recent years and Belize is a uniquely attractive tourism destination. However, competition for tourism within the region is fierce, and the sector is subject to shifts in tastes (e.g., toward resort tourism), changes in supply (e.g., the emergence of Cuba as a destination), and cyclical and other demand shocks (e.g., economic downturns in the United States or heightened international security concerns).

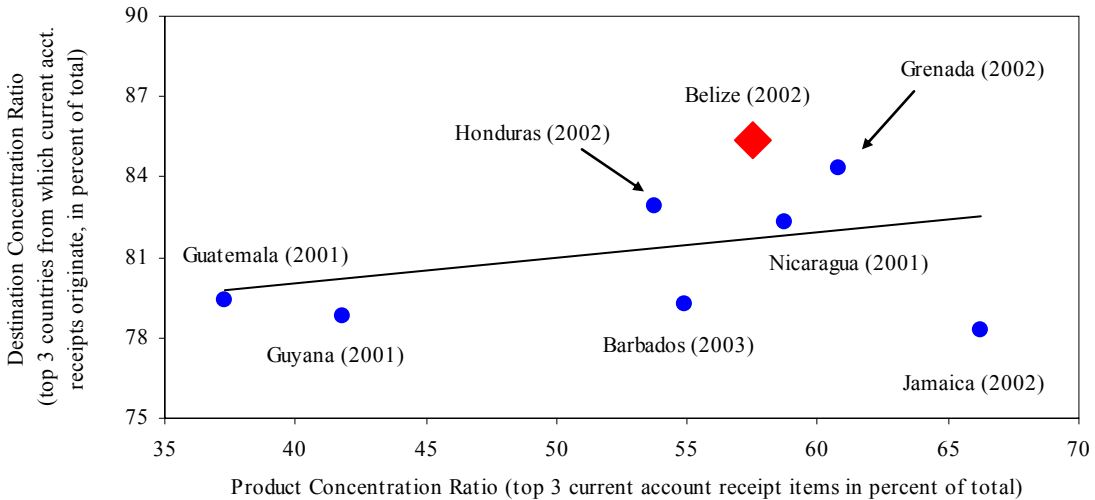
Hurricanes and Real GDP Growth, 1980-2003  
(Annual percentage change)



Source: Central Bank of Belize.

<sup>1</sup> Prepared by Bernhard Fritz-Krockow.

### Indices of Export Product and Destination Concentration



Sources: Country authorities; and Fund staff estimates. Includes tourism and remittances.

- **Shrimp farming:** This industry grew rapidly in Belize since 2000, but was affected in 2002 by a Taura-virus epidemic, while international prices have also fallen sharply by the entry of low-cost suppliers (e.g., China or Vietnam) in international markets.
- **Oil prices:** Belize is considered to be among the more vulnerable countries to oil price shocks. With fuel imports equivalent to 7 percent of GDP in 2004, the renewed rise in oil prices in 2005 is projected to cause Belize's trade balance to deteriorate by about 1 percent of GDP.
- **Belize will also have to cope with the loss of preferential market access in Europe.** To date, banana and sugar exports have relied to a large extent on preferential access to the EU market. A recent staff study ranked Belize among the most vulnerable middle-income countries—in terms of export exposure—to the expected erosion of preferential market access.<sup>2</sup> Although the banana and sugar industries have begun to prepare for the reduction in preferential access in 2006, the expected reduction in revenue will be significant and will exacerbate the industries' structural inefficiencies.

<sup>2</sup> Katerina Alexandraki and Hans Peter Lankes, "The Impact of Preference Erosion on Middle-Income Developing Countries," 2004, IMF Working Paper 4/169.

- **Regional trading arrangements will also erode Belize's relative competitiveness in U.S. markets.** Belize has tariff-free access to the U.S. market for most of its major export items under the Caribbean Basin Initiative (CBI). The establishment of the Central American Free Trade Area (CAFTA) could erode those benefits as it would grant Central American countries larger access to the U.S. market.
4. **Exchange rate policy.** The fixed exchange rate for the Belize dollar has provided the country with a valuable nominal anchor and important benefits in terms of promoting trade. However, a fixed regime also places a much larger burden on labor market conditions to respond flexibly to unforeseen events, a burden that is especially large in countries such as Belize that are exposed to shifts in the terms-of-trade and shocks to export volumes. While wages in the private sector have not moved out of line with those of its major trading partners,<sup>3</sup> wages in the public sector have risen significantly since April 2003, when a three-year wage agreement became effective. Moreover, like in many other countries, the pegged exchange rate has not exerted a significant discipline over fiscal policies, including public sector borrowing in foreign currency.
5. **Fiscal vulnerabilities.** The economy's vulnerability to shocks has been exacerbated in recent years by substantial fiscal imbalances and a rapid accumulation of public debt.
- **Fiscal deficits increased markedly in recent years.** This was the result of sharp expenditure increases, while revenue growth has been limited due to tax cuts and widespread exemptions to growth industries. The underlying fiscal problem has been compounded by the rapid expansion of credit by the Development Finance Corporation (DFC), which increased its assets by about 18 percent of 2003 GDP during 1999–2003.<sup>4</sup>
  - **Public sector debt has risen as a result.** The central government and DFC have been financed mainly by commercial external borrowing and public and publicly guaranteed debt increased by about US\$600 million during 1999–2004, exceeding 100 percent of GDP at end-2004. The high level of debt has exposed Belize to increases in global interest rates or shifts in investor sentiment. Indeed, Belize's credit rating has been downgraded significantly by S&P during the past two years from B+ to CCC-, while the risk premium that is attached to its external debt is among the highest in the region. The structure of Belize's external debt also carries inherent risks, such as maturity bunching and put options that render the government's financial planning more difficult and can threaten the central bank's reserve position.<sup>5</sup>

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<sup>3</sup> Compare also the chapter on “External Competitiveness” in this Selected Issues paper.

<sup>4</sup> At end-2004, about half of the DFC's assets (13 percent of GDP) were either unproductive physical assets or non-performing loans.

<sup>5</sup> Compare also the chapter on “Public Sector Debt” in this Selected Issues paper.



- **Debt service costs have also surged.** Payments of interest to domestic and external creditors increased from around 2½ percent of GDP in FY00/01 to around 7½ percent in FY04/05 (fiscal year ending March), eroding the government’s ability to provide basic social services and also draining the foreign currency reserves of the Central Bank of Belize.<sup>6</sup>

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<sup>6</sup> Compare also the chapter on “Balance Sheet Currency Mismatch and Liquidity Analysis” in this Selected Issues paper.

## II. EXTERNAL COMPETITIVENESS<sup>1</sup>

### A. Introduction

1. **Belize is a small, open economy, and exports and imports of goods and services accounted for 49 percent and 60 percent of GDP in 2004, respectively.** Sugar, banana, citrus products, and marine products comprised 78 percent of total exports of goods. These industries and the tourism sector play a crucial role in the domestic economy; for example, for Belize's total labor force of 96,000, the sugar industry is estimated to contribute roughly 14,000 jobs, the banana industry 12,000 jobs, and the tourism sector (hotels and tour guides) 5,000 jobs. Domestic demand, both consumption and investment, is import intensive, except for some primary commodities (e.g., rice), and the scope for import substitution is limited. The exchange rate has been pegged to the U.S. dollar since 1976 at a rate of BZ\$2 per U.S. dollar.

2. This chapter analyzes Belize's external competitiveness. Section B analyzes competitiveness using macroeconomic indicators such as exchange rates and wage levels, while Section C analyzes competitiveness from the point of view of Belize's individual export sectors, such as tourism, or the sugar and banana sectors.

### B. Macroeconomic Indicators of Competitiveness

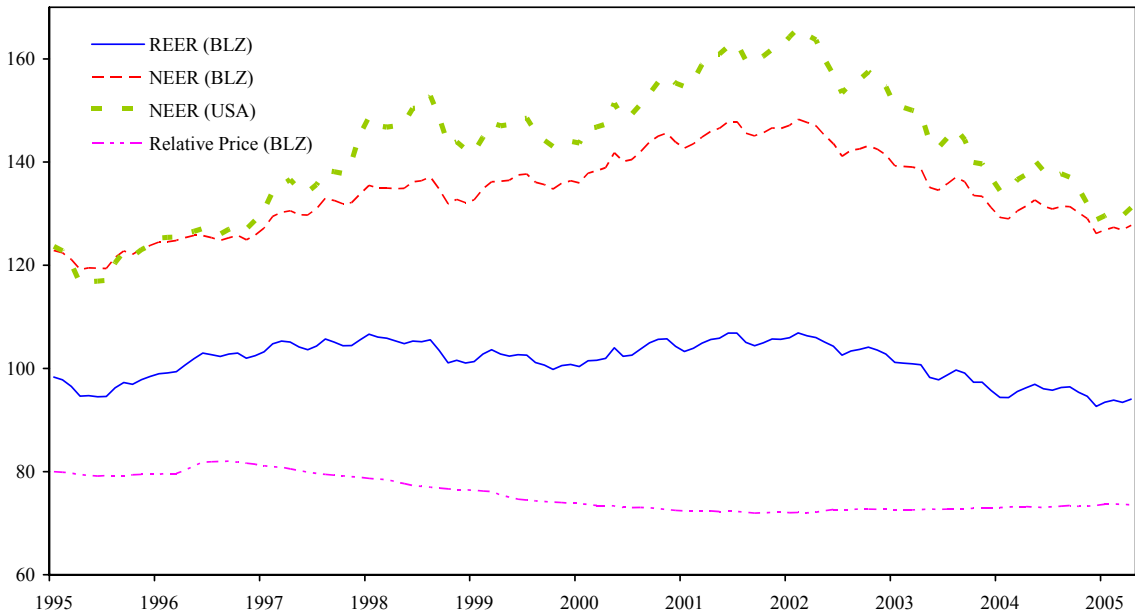
3. **The real effective exchange rate has been stable in Belize.** Reflecting the fixed exchange rate peg, the nominal effective exchange rate of the Belize dollar follows closely the nominal effective exchange rate of the U.S. dollar.<sup>2</sup> While a nominal appreciation of the U.S. dollar through 2002 led to similar nominal appreciation of the Belize dollar, the appreciation of the Belize dollar in real terms was more modest as the price level in Belize declined relative to its trade partners. Similarly, the nominal depreciation of the U.S. dollar since 2002 led to relatively small real depreciation of the Belize dollar. The negative relationship between the nominal exchange rate and the domestic price level in Belize suggests a substantial pass-through from the exchange rate to the price level.

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<sup>1</sup> Prepared by Masahiro Nozaki.

<sup>2</sup> The nominal effective exchange rate of Belize diverges from that of the U.S. because of differences in trading partner countries. The nominal effective exchange rate of Belize is less volatile than that of the U.S. because the U.S. is the largest trading partner of Belize.

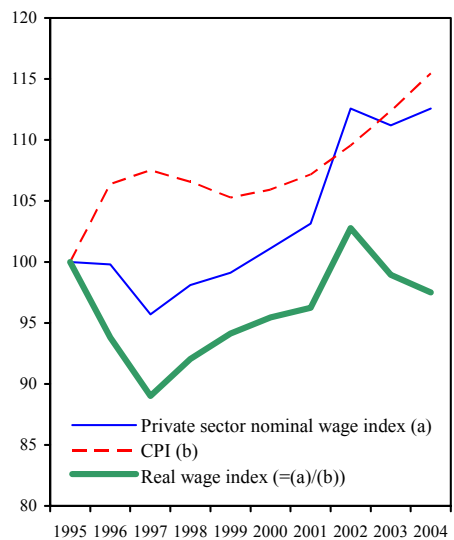
Effective Exchange Rate, 1995-2005  
(1990 = 100)



Source: IMF Information Notice System.

4. **Real wages in the private sector have increased only slightly.** The exchange rate peg has functioned effectively as a nominal anchor, with an average annual inflation rate at around 2 percent during the past 10 years. Nominal wages in the private sector increased at a pace only slightly faster than inflation during that time, and average real wages in the private sector for the period 2000–04 were only 5½ percent higher than the average for the period 1995–99. While the increases in real wages did not differ significantly across sectors, the service sector achieved marginally faster real wage growth than the primary and secondary sectors. The slow growth in real wages may reflect the need of industries to adapt to lower unit prices of export commodities as well as labor migration from neighboring countries.

Private Sector Wages, 1995-2004  
(1995 = 100)



Sources: CSO; and Fund staff estimates.

Private Sector Wages in Belize

	Average		Percentage Change
	1995-99	2000-04	
(In Belize dollars, unless otherwise indicated)			
Nominal 1/			
Primary sector	575.0	621.8	8.1
Secondary sector	817.0	893.8	9.4
Service sector	881.0	971.8	10.3
Real (constant 1995 price)			
Primary sector	547.5	559.8	2.2
Secondary sector	777.5	804.5	3.5
Service sector	838.5	874.7	4.3
<b>Memorandum items</b>			
Belize CPI (1995=100)	105.2	111.1	5.7
Belize private sector wage index, 1995=100 (a)			
Nominal	98.5	109.9	11.5
Real	93.8	98.9	5.4
U.S. manufacturing sector wage index, 1995=100 (b)			
Nominal	106.2	125.5	18.2
Real	101.2	104.8	3.5
Belize-US relative wage (= (a)/(b) )			
Nominal	93.0	87.6	...
Real	92.7	94.4	...

Sources: CSO; and Fund staff estimates.

1/ Monthly income.

5. **Belize's competitiveness vis-à-vis the United States has improved slightly since 1995.** The average real exchange rate vis-à-vis the U.S. dollar in 2000–04 was 7.3 percent more depreciated than the average level in 1995–99.<sup>3</sup> In addition, Belize's real wages relative to the U.S. manufacturing sector have been almost constant when comparing these two periods.

6. **Some important trading partners have gained competitiveness against Belize.** In particular, while the real exchange rates of the Caribbean countries did not depreciate significantly vis-à-vis the U.S. dollar, Brazil, Colombia, Indonesia, Philippines, and Thailand recorded substantial real depreciations vis-à-vis the U.S. dollar over the last five years.

<sup>3</sup> This is the ratio of Belize's domestic price level—denominated in U.S. dollars—to the U.S. price level.

Real Exchange Rate vis-à-vis U.S. dollar 1/

	1995-99 Average (1995=100)	2000-04 Average (1995=100)	Percentage Change	Major exporter of:
<b>Caribbean</b>				
Bahamas	97.5	93.8	-3.8	
Barbados	101.4	98.7	-2.7	
<b>Belize</b>	<b>100.3</b>	<b>93.0</b>	<b>-7.3</b>	
ECCU	99.8	96.9	-3.0	
Guyana	97.8	88.2	-9.8	
Haiti	129.1	119.3	-7.6	
Jamaica	134.7	128.9	-4.3	
Trinidad and Tobago	98.4	106.8	8.4	
<b>Central and Latin America</b>				
Brazil	94.1	54.1	-42.5	Sugar and citrus products
Colombia	102.4	78.8	-23.0	Banana
Costa Rica	99.9	95.9	-4.0	Banana
Ecuador	86.4	95.0	9.9	Banana and shrimp
Guatemala	105.0	108.0	2.9	Banana, sugar, and citrus products
<b>Other regions</b>				
Australia	91.3	84.5	-7.5	Sugar
China	103.1	94.0	-8.8	Shrimp
EU	87.6	90.0	2.7	Shrimp (Denmark)
India	101.6	99.8	-1.7	Shrimp
Indonesia	73.9	58.2	-21.3	Shrimp
Philippines	86.2	62.6	-27.4	Banana
South Africa	81.5	63.9	-21.6	Sugar and citrus products
Thailand	81.9	64.6	-21.2	Sugar and shrimp

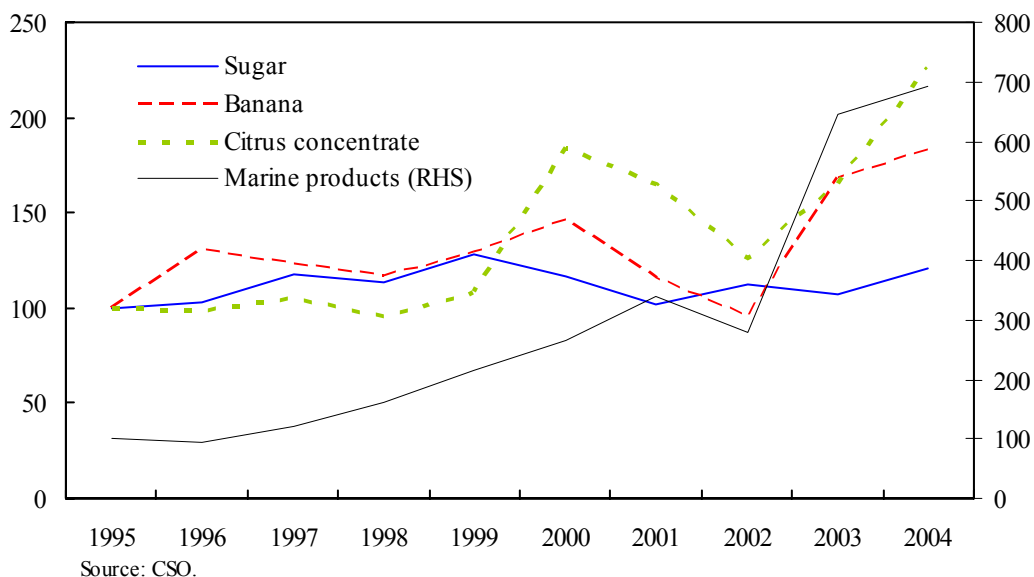
Sources: IMF, International Financial Statistics.

1/ Calculated as U.S. dollar denominated domestic CPI divided by the U.S. CPI.

### C. Sector-Specific Indicators of Competitiveness

7. **Belize's exports of commodities grew strongly in volume terms during the last 10 years.** This growth came despite some severe exogenous shocks, such as damage from hurricanes, tropical storms, and floods during 2000–02 and a shrimp virus epidemic in 2002. Sugar export volume increased by 21 percent from 1995 to 2004, banana by 82 percent, citrus products by 126 percent, and marine products by 690 percent. The buoyant growth in the export of marine products reflected a boom in the export of farmed shrimp, which almost tripled in volume terms from 2000 to 2004.

Volume of Main Exports, 1995-2004  
(1995=100)



8. **The tourism sector also recorded strong growth in recent years.** Arrivals of overnight tourists in Belize increased by 12 percent in 2003 and by 5 percent in 2004, mainly owing to an increase in tourists from the United States. More impressively, arrivals of cruise ship passengers grew at an average annual rate of about 100 percent during 1998–2004. This is particularly notable comparing Belize with its main competitor countries in the Caribbean and points to a strong competitiveness in this sector.

Tourism Arrivals, 1998-2004

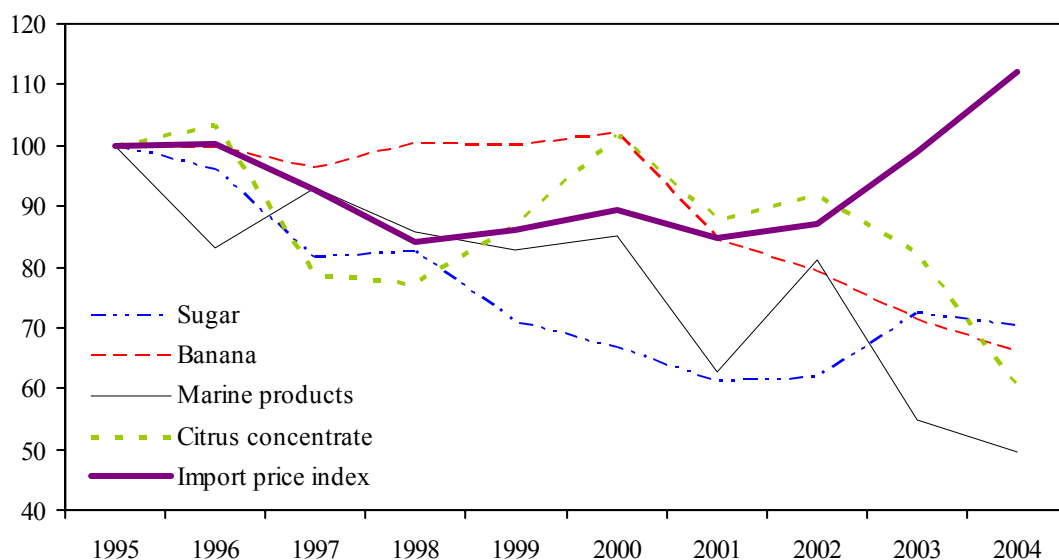
	1998	1999	2000	2001	2002	2003	2004
(In thousands of tourists)							
Overnight visitors 1/	166.7	172.3	186.9	185.7	186.1	207.9	218.5
Cruiseship visitors	14.2	34.1	58.1	48.1	319.7	575.2	851.4
(Annual percentage change)							
Overnight visitors	...	3.3	8.5	-0.6	0.2	11.7	5.1
Cruiseship visitors	...	140.6	70.3	-17.2	564.4	79.9	48.0

Source: Belize Tourism Board.

1/ Excludes visitors for business and official purposes.

9. **Unit prices of main export commodities have fallen continuously.** The unit prices of sugar export (denominated in U.S. dollars) declined by 30 percent from 1995 to 2004, banana by 34 percent, citrus products by 40 percent, and marine products by 51 percent. In a sharp contrast, Belize's import price index has risen since 2002 owing to depreciation of the U.S. dollar and a surge in energy prices. Overall, Belize has been facing an adverse terms of trade shock for a number of years, eroding the competitiveness of some key export sectors.

Price of Main Exports, 1995-2004  
(1995 = 100)



Sources: CSO; *World Economic Outlook*, IMF.

10. **Belize's banana and sugar sectors have benefited from preferential access to major markets.**<sup>4</sup> In particular, these sectors enjoy preferential access to the EU market as Belize belongs to the African, Caribbean, and Pacific (ACP) countries:

- **Sugar:** The EU Sugar Protocol provides ACP countries with country-specific quotas and guaranteed prices, which have been 3–4 times higher than world market prices. In 2004, about 45 percent of Belize's total sugar exports (in volume terms) entered the EU market under the protocol. The remainder was sold to the CARICOM market (about 44 percent) and to the United States under a duty-free quota (about

<sup>4</sup> The citrus sector enjoys duty-free access to the U.S. market under the Caribbean Basin Initiative.

10 percent).<sup>5</sup> The exports to the CARICOM market comprised raw sugar (about 24 percent) and bagged direct consumption sugar (about 19 percent). The price of sugar directed to the EU market exceeds that of CARICOM bagged direct consumption sugar by about 74 percent.

- **Bananas:** Under the current EU tariff quota scheme, bananas from ACP countries enter the European market duty free on a first-come, first-serve basis for pre-specified quotas. These are held by firms (so-called traditional operators) and Belize has sold its banana production exclusively to the European company Fyffes since 1976. Belize and Fyffes conclude a marketing agreement each year specifying, e.g., a pricing schedule, license costs, and dead freight penalties. More than 90 percent of Belize's total banana exports have been delivered to the U.K. market under the EU quota scheme.

**11. The banana and sugar sectors will have to cope with preferential access erosion.**

In June 2005, the European Commission announced a proposal to reform the EU Sugar Protocol with a 39 percent cut of the guaranteed sales price by 2009. For bananas, there is substantial uncertainty as the current EU quota scheme expires in 2005 and is to be replaced with a tariff-only regime.<sup>6</sup> According to a recent IMF study on preference erosion, Belize is ranked among the most vulnerable middle-income countries.<sup>7</sup>

**12. The industries have reduced costs and turned to more profitable niche markets.**

In order to face a severe reduction in their profitability linked to the loss in preferential market access, both industries have put in place cost cutting measures and have increased marketing efforts. The sugar sector has raised productivity through a reorganization of the cane-delivery system and is enhancing its revenue base by building a bagasse co-generation power plant. It has also made progress in diversifying products and destinations by increasing its presence in the CARICOM market, where Belize benefits from a common external tariff of 40 percent and significant cost advantages over local producers. The banana sector has increased productivity through improving drainage and irrigation and reduced costs and packing time through enhancing port capacity with a modern refrigerated storage facility. It has also embarked on a plant rehabilitation project by replacing old banana plants with tissue-cultured plants. To support these efforts, the EU has provided financial assistance since 1998.

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<sup>5</sup> Belize has additional preferential access to the EU market under the Special Preferential Sugar Agreement. However, exports under this agreement were minimal in 2004, amounting to less than 1 percent of the total export volume.

<sup>6</sup> Nine Latin American countries challenged before the WTO a proposal by the EU of a single duty of EUR 230 per ton on banana imports from non-ACP countries. In August 2005, the WTO arbitrators did not endorse the EU proposal and ruled that the proposed duty "would not result in at least maintaining total market access" for non-ACP countries.

<sup>7</sup> Katerina Alexandraki and Hans Peter Lankes, "The Impact of Preference Erosion on Middle-Income Developing Countries," 2004, IMF Working Paper 4/169.



Overnight Tourist Arrivals, 2003

Destination	Period	Tourist Arrivals	Percent Change from 2002
Anguilla	Jan-Dec	46,915	7.1
Antigua and Barbuda	Jan-Oct	182,423	12.8
Aruba	Jan-Dec	641,906	-0.1
Bahamas	Jan-Dec	1,428,599	1.8
Barbados	Jan-Dec	531,211	6.7
<b>Belize</b>	<b>Jan-Dec</b>	<b>207,930</b>	<b>11.7</b>
Bermuda	Jan-Sep	213,297	-7.1
Bonaire	Jan-Dec	64,176	23.2
British Virgin Islands	Jan-Jul	184,777	-4.3
Cancun (Mexico)	Jan-Nov	1,914,113	5.4
Cayman Islands	Jan-Dec	293,515	-3.1
Cozumel (Mexico)	Jan-Feb	62,674	37.5
Cuba	Jan-Nov	1,690,799	13.1
Curacao	Jan-Dec	221,390	1.6
Dominica	Jan-Nov	66,252	8.9
Dominican Republic	Jan-Dec	3,268,182	17.0
Grenada	Jan-Dec	142,333	7.5
Guyana	Jan-Dec	100,911	-3.3
Jamaica	Jan-Dec	1,350,284	6.6
Martinique	Jan-Nov	405,128	-0.8
Montserrat	Jan-Nov	6,578	-12.7
Puerto Rico	Jan-Sep	1,013,168	3.7
Saba	Jan-Sep	7,808	-2.3
St. Lucia	Jan-Dec	276,948	9.3
St. Maarten	Jan-Dec	427,587	12.3
St. Vincent and Grenadines	Jan-Oct	62,173	-1.4
Trinidad and Tobago	Jan-Sep	303,788	4.9
Turks and Caicos Islands	Jan-Mar	47,198	8.1
U.S. Virgin Islands	Jan-Dec	618,703	3.5
<b>Total</b>		<b>15,744,545</b>	<b>7.5</b>

Source: Caribbean Tourism Organization.

Cruise Passenger Arrivals, 2003

Destination	Period	Cruise Passenger Arrivals	Percent Change from 2002
Antigua and Barbuda	Jan-Jul	220,308	2.6
Aruba	Jan-Nov	470,049	-8.3
Bahamas	Jan-Dec	2,970,174	6.0
Barbados	Jan-Dec	559,122	5.6
<b>Belize</b>	<b>Jan-Dec</b>	<b>575,196</b>	<b>79.9</b>
Bermuda	Jan-Sep	192,648	15.0
British Virgin Islands	Jan-Jul	178,699	57.3
Cayman Islands	Jan-Dec	1,818,979	15.5
Cozumel (Mexico)	Jan only	277,516	38.4
Curacao	Jan-Dec	279,378	-12.4
Dominican Republic	Jan-May	218,993	54.3
Dominica	Jan-Jun	96,105	5.4
Grenada	Jan-Dec	146,925	8.8
Jamaica	Jan-Dec	1,132,596	30.9
Martinique	Jan-Dec	286,218	38.0
Puerto Rico	Jan-Oct	938,918	-1.8
St Lucia	Jan-Dec	393,262	1.6
St Maarten	Jan-Dec	1,171,734	11.1
St Vincent and the Grenadines	Jan-Oct	39,292	-31.8
Trinidad and Tobago	Jan-Apr	33,477	-18.2
U.S. Virgin Islands	Jan-Dec	1,773,948	2.0
<b>Total</b>		<b>13,773,537</b>	<b>10.8</b>

Source: Caribbean Tourism Organization.

### III. BALANCE SHEET CURRENCY MISMATCH AND LIQUIDITY ANALYSIS<sup>1</sup>

#### A. Introduction

1. **Balance sheet analysis is becoming increasingly important as an instrument for crisis prevention.** Attention typically is placed on the gradual build-up of balance sheet vulnerabilities, mechanisms of transmission of vulnerabilities from one sector to another, and macroeconomic, structural, and institutional policies that could help alleviate vulnerabilities. In the case of Belize, data is sufficient for a partial analysis of currency mismatches and the adequacy of reserves liquidity.<sup>2</sup>

2. This chapter provides an overview of the institutional framework in Belize (Section B) and key concepts and data used in the analysis (Section C). It discusses the main results of the currency mismatch (Section D) and liquidity risk analysis (Section E), and presents some policy implications (Section F).

#### B. Institutional Framework

3. **Monetary policy is governed by the Central Bank of Belize Act.** The Central Bank of Belize (CBB) Act—revised in 2003—defines the objectives of the CBB as those “of fostering monetary stability, especially as regards stability of the exchange rate, and promoting credit and exchange conditions conducive to the growth of the economy of Belize.”

4. **The central bank’s independence and its monetary policy instruments are limited.** The minister of finance has power to approve or withdraw bank licenses, enforce important actions and appoint most central bank employees. The main instruments used by the central bank to conduct monetary policy are cash reserve requirements, but moral suasion is also used to influence interest rates.

5. **The financial system is relatively small and undiversified.** The bulk of the financial system assets are held by five domestic commercial banks. The banking system is relatively concentrated with large single exposures given the small size of the economy, and has a low degree of financial dollarization, which reached 4 percent in 2004 as measured by the deposit dollarization ratio. Foreign exchange accounts are permitted to be held domestically and abroad, but approval is required and rarely given, and the CBB reserves the right to prohibit specific accounts.

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<sup>1</sup> Prepared by Mariana Torres and Johan Mathisen.

<sup>2</sup> Data is not available or only partially available at a sectoral level, particularly with regards to private firms and household, as well as maturities.

**Belize: Structure of the Banking System**

	2000	2001	2002	2003	2004
<b>Domestic commercial banks</b>					
Number	4	4	5	5	5
Total assets					
In millions of Belize dollars	993	1,145	1,195	1,333	1,536
In percent of GDP	60	66	64	68	74
Share of largest bank	47	46	48	46	46
Total deposits					
In millions of Belize dollars	854	970	1,002	1,107	1,200
In percent of GDP	51	56	54	56	58
Share of largest bank	47	46	47	45	42
FX deposits to total	2	3	3	3	4
<b>International banks</b>					
Number	3	4	7	8	8
Total assets					
In millions of U.S. dollars	...	102	148	193	194
In percent of GDP	...	12	16	20	19

Source: Central Bank of Belize.

6. **Belize also has developed an international banking industry.** There are eight international banks. By law, the offshore institutions engage exclusively in transactions with nonresidents. However, an amendment of the International Banking Act in 2002 enabled the largest international bank to raise deposits in foreign currency and lend in foreign currency to firms in the export processing zones (EPZ) and the Corozal Free Trade zone (CFZ). Several of the small international banks are owned by or have substantially similar ownership as banking groups from Guatemala, Honduras, and Costa Rica, and raise deposits and lend to clients of the home country parallel bank.

7. **Other offshore activities are authorized in Belize.** These include offshore trusts, insurance, mutual funds, partnerships, and limited life companies. Also, Belize's legislation allows the constitution and registration of international business companies (IBC).<sup>3</sup> Trust and IBC's account for the bulk of the nonbank international business. Incorporation of IBC's is inexpensive and efficient, and around 18,000 of these entities are registered. International financial activities are generally exempted from Belize taxation.

<sup>3</sup> According to data from BIS member banks, the IBC's registered in Belize have very substantial net foreign assets (about US\$1.8 billion by end-2004). The data, although partial, also points to a very sharp increase in foreign assets and liabilities of the IBC's in recent years. Statistics on IBC's geographical distribution of ownership and economic activity are unavailable.

8. **Belize maintains a fixed exchange rate regime.** The Belize dollar has been pegged to the U.S. dollar at the rate of BZ\$2 per U.S. dollar since May 1976. At the same time, there is a parallel foreign exchange market that trades at rates somewhat more depreciated than the official rate. The CBB maintains capital account restrictions.

### C. Key Concepts and Data

9. **The present chapter focuses narrowly on currency mismatches of financial assets and liabilities and short-term liquidity risks, specifically:**

- **Currency mismatches:** These are usually understood to be the difference in values of the foreign currency-denominated assets and liabilities of a particular sector—government, central bank, financial corporations, nonfinancial corporations or households—or of the economy as a whole. This chapter focuses on a narrow concept of stocks of financial assets and liabilities, as data is not available to expand the analysis to net present values of projected cash flows (i.e., net worth).
- **Liquidity risk:** This analysis is closely related to the economy-level currency mismatches discussed above, but focuses exclusively on short-term positions.<sup>4</sup> The concept is part of the reserve adequacy literature as it measures the relationship between a worst-case short-term demand for foreign currency and the banking system's liquid foreign reserves that can be used to stem a run on the currency. This chapter defines liquidity risk as the international reserve coverage of short-term external debt on a residual maturity basis, plus residents' foreign currency deposits in domestic banks net of domestic banks' liquid foreign currency assets.<sup>5</sup>

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<sup>4</sup> Liquidity risk is related but not identical to solvency risk, which arises when an entity's liabilities are not commensurate with its assets and the net present value of future net income streams—for example, when government debt is too high in comparison to government assets and the net present value of primary surpluses.

<sup>5</sup> Nonresidents' deposits in domestic banks are included in external debt. See *External Debt Statistics: Guide for Compilers and Users*, Chapter 2.

## 10. Data Sources:

### Belize: Data Sources for Estimating Intersectoral Foreign Currency Asset and Liability Positions

Holder of Liability (Creditor) Issuer of Liability (Debtor)							
	Central Bank	General Government	Other Depository Corporations	Other Financial Corporations	Nonfinancial Corporations	Other Resident Sectors	Nonresidents
Central Bank		Central Bank Balance Sheet (Liabilities)	Central Bank Balance Sheet (Liabilities)	Central Bank Balance Sheet (Liabilities)	Central Bank Balance Sheet (Liabilities)	Central Bank Balance Sheet (Liabilities)	Central Bank Balance Sheet (Liabilities)
General Government	Central bank Balance Sheet (Assets)		Commercial Banks' Balance Sheet (Assets)	Other Financial Corporation's Balance Sheet (Assets)	Data Unavailable	Data Unavailable	GOB: External Debt Database
Other Depository Corporations	Central bank Balance Sheet (Assets)	Commercial Banks' Balance Sheet (Liabilities)		Commercial Banks' Balance Sheet (Liabilities)	Commercial Banks' Balance Sheet (Liabilities)	Commercial Banks' Balance Sheet (Liabilities)	Commercial Banks' Balance Sheet (Liabilities)
Other Financial Corporations	Central bank Balance Sheet (Assets)	Other Financial Corporations' Balance Sheet (Liabilities)	Commercial Banks' Balance Sheet (Assets)		Other Financial Corporations' Balance Sheet (Liabilities)	Other Financial Corporations' Balance Sheet (Liabilities)	Other Financial Corporations' Balance Sheet (Liabilities)
Nonfinancial Corporations	Central bank Balance Sheet (Assets)	Data Unavailable	Commercial Banks' Balance Sheet (Assets)	Other Financial Corporation's Balance Sheet (Assets)		Data Unavailable	BIS: Nonbank Trade Credit
Other Resident Sectors	Central bank Balance Sheet (Assets)	Data Unavailable	Commercial Banks' Balance Sheet (Assets)	Other Financial Corporation's Balance Sheet (Assets)	Data Unavailable		Data Unavailable
Nonresidents	Central bank Balance Sheet (Assets)	Data Unavailable	Commercial Banks' Balance Sheet (Assets)	Other Financial Corporation's Balance Sheet (Assets)	Data Unavailable	Data Unavailable	

- **Domestic data sources:** The data are sourced from the sectoral balance sheets of the central bank, depository corporations (commercial banks), and other financial corporations. Assets and liabilities are presented by type of financial instrument,<sup>6</sup> by sector,<sup>7</sup> and by currency (national and foreign). Market prices or approximations of market prices (i.e., fair values) are used as the general valuation principle for assets and liabilities. Some data gaps remain, in particular on the inter-sectoral positions of households and nonfinancial corporations and their external positions. Data are also not available for the central government's foreign currency claims on sectors outside the banking system and liabilities to nonfinancial corporations and households, although these are believed to be minor in Belize.
- **International data sources:** External debt data is compiled in accordance with the External Debt Statistics Guide (2003). According to this methodology, "*gross external debt, at any given time, is the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest by the debtor at some point(s) in the future and that are owed to nonresidents by residents of an economy.*" Short-term external debt includes remaining maturities of long-term debt. Foreign-currency nonbank trade credit as reported by Bank for International Settlements (BIS) members are used to estimate external liabilities of nonfinancial corporations. Finally, BIS bank data are used to gauge assets and liabilities of the offshore business activities in Belize, although this data has to be treated with caution.

#### **D. Domestic and External Currency Mismatches**

11. **Domestic currency mismatches between domestic residents are modest.** This partly reflects the fact that financial dollarization is low—i.e., the amount of bank liabilities (including deposits) denominated in foreign currencies is less than 3 percent of GDP. Moreover, only commercial banks and the central bank have open foreign exchange positions vis-à-vis nonfinancial corporations (mainly subsidiaries of international corporations), and other resident sectors, respectively.

12. **External currency mismatches vis-à-vis nonresidents are substantial and growing.**<sup>8</sup> In particular, the increase in public and publicly guaranteed debt has created a

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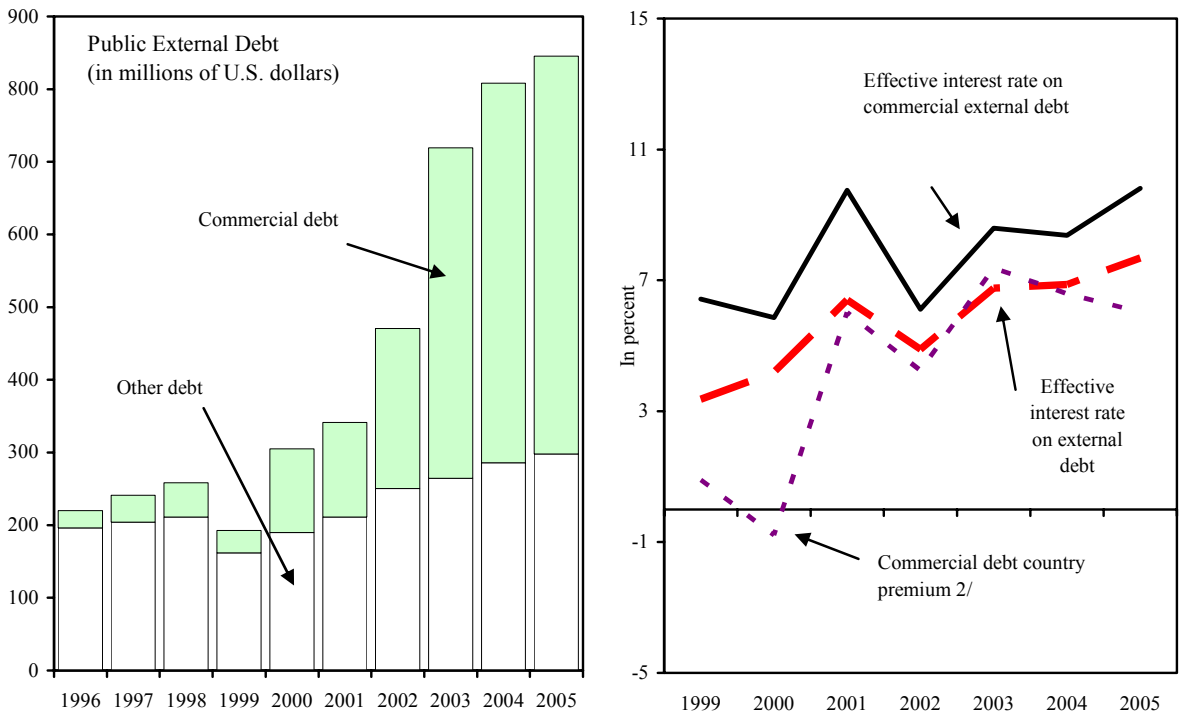
<sup>6</sup> The instruments are monetary gold and SDRs, currency and deposits, securities other than shares; loans, shares other than equity, insurance technical reserves, financial derivatives, and other accounts payable/receivable.

<sup>7</sup> The sectors are: nonresidents, central bank, other depository corporations, other financial corporations, nonfinancial corporations (public and other), general government (central, state and local government plus social security funds), and other resident sectors (households and nonprofit institutions serving households).

<sup>8</sup> This mismatch is different from net foreign assets, which is based on a residency criterion.

significant risk to the reserve position of the CBB.<sup>9</sup> This has been compounded by the rising cost of government debt, as evidenced by the growing interest rate differential between the average effective interest rate and the 6-month LIBOR (Figure 1). Other sectors in the economy face relatively smaller external currency mismatches:

Figure 1. Belize: Public External Debt and Interest Rates, 1996-2005 1/



Sources: Belize authorities, and Fund staff estimates.

1/ As at end June 2005.

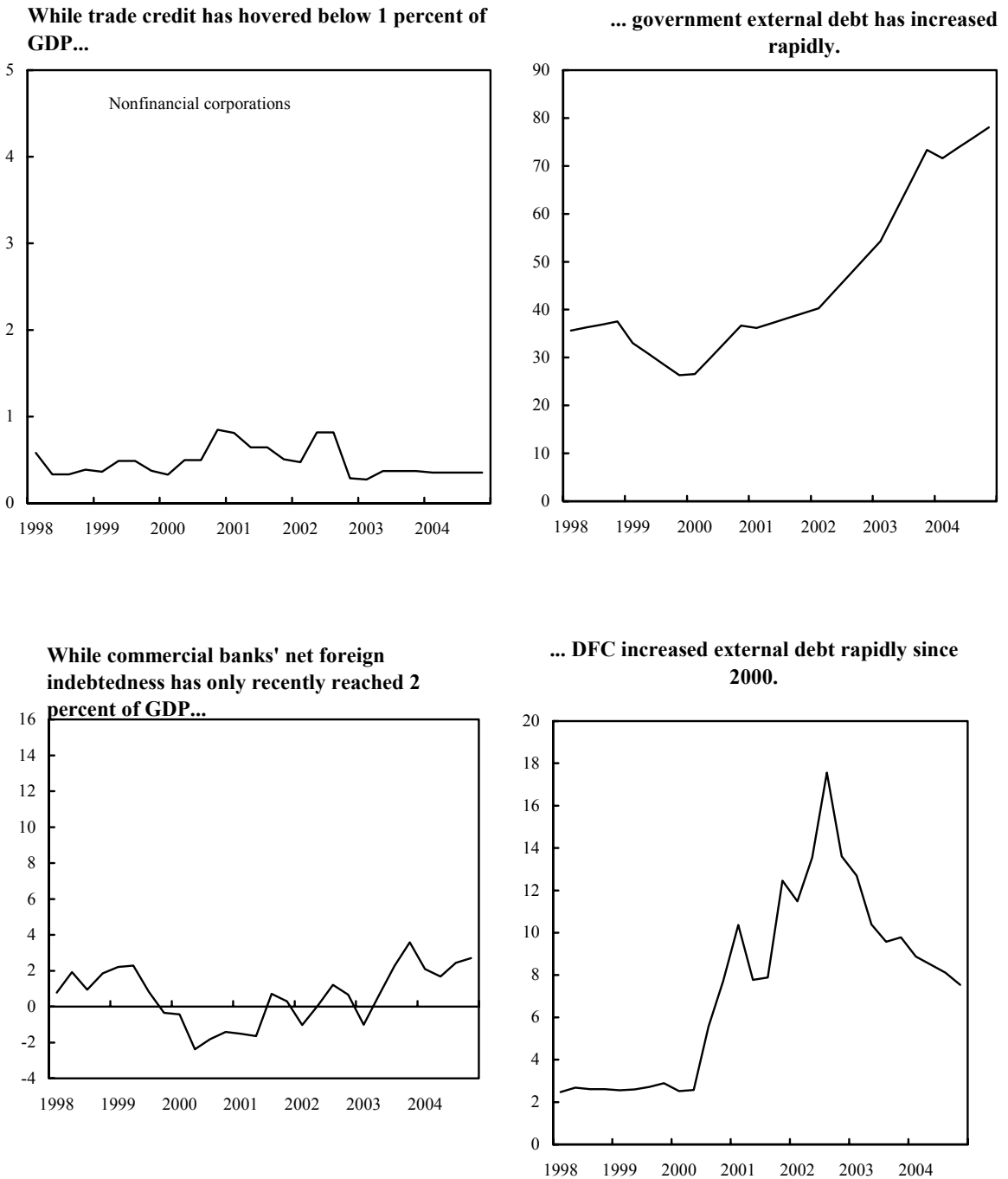
2/ Defined as the effective interest rate on commercial debt minus 6-month LIBOR.

- Nonfinancial corporations’ foreign currency exposure is very limited.** Direct trade credit provided by BIS members is very small (Figure 2). This could reflect the fact that importers rely on domestic financing in local currency, self-finance a large part of their activities, or finance themselves through subsidiaries held abroad, so that trade credit is only registered as credit to a resident in a different country.

<sup>9</sup> See also the chapter on “Public sector debt” in this Selected Issues paper.



Figure 2. Belize: Domestic Sectors' Net Foreign Currency Positions Vis-à-Vis Nonresidents, 1998-2004 (In percent of GDP)



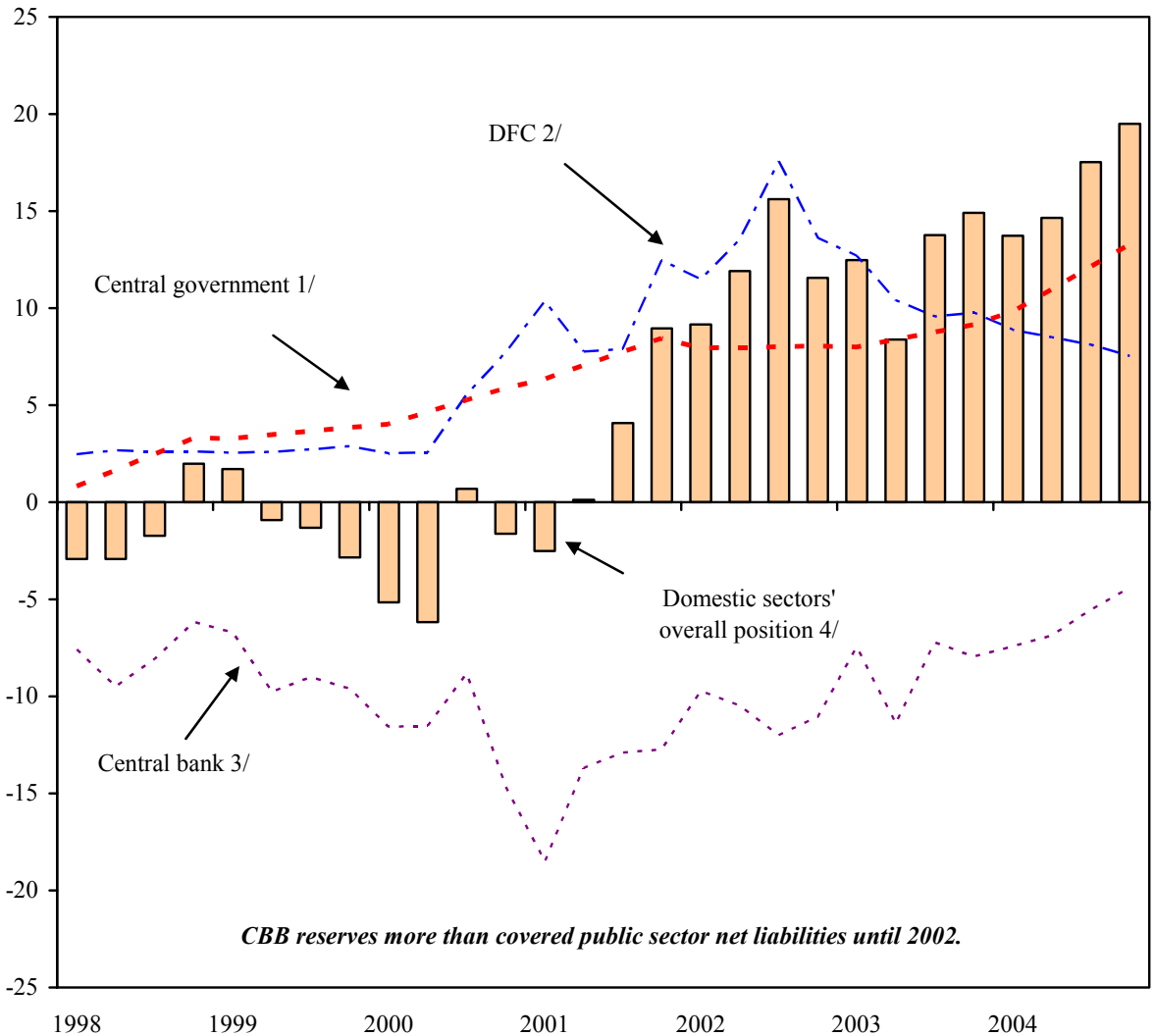
Sources: Belize authorities, BIS, and Fund staff estimates.

- **The commercial banks' net foreign currency claims on nonresidents remains modest.** It turned negative in 2003, but has remained at about 2–3½ percent of GDP. This gap—used to finance domestic credit to the private sector—implies that foreign borrowing has been largely matched by on-lending to nonresidents as the commercial banks' liquid (i.e., deposits) foreign currency position is largely balanced (see discussion of liquidity risk below).
- **Other financial corporations' net foreign currency position has been largely determined by the DFC's position.** Its net foreign indebtedness began increasing rapidly in 2001 and reached a peak in 2002 of about 18 percent of GDP. Its position began to reverse in 2002 when the government was forced to bail-out the DFC by refinancing its external liabilities.
- **The central bank's net foreign currency assets peaked in 2001 and have since declined steadily.** Excluding the central government's foreign debt, the central bank's position was sufficient to cover all the other sectors' open foreign currency positions until mid-2002. However, the central bank's reserves have been called upon to service the substantial government external debt and its net foreign currency claims on nonresidents fell to 4 percent of GDP at the end of 2004.
- **The domestic sectors' overall currency mismatch has deteriorated over time** as a result of growing public sector borrowing.<sup>10</sup> From a positive position in 1998–2000 and around balanced in 2002, it has turned negative by around 20 percent of GDP in 2004 (Figure 3).

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<sup>10</sup> For the general government sector, it includes short-term remaining maturities of long-term debt.

Figure 3. Belize: Net Foreign Currency Position vis-à-vis Nonresidents by Domestic Sectors, 1998-2004  
(In percent of GDP)



Sources: Belize authorities; and BIS.

1/ Short-term remaining maturities of long-term debt.

2/ Short- and long-term net position. Data on other financial corporations (insurance companies, pension funds) are not reported.

3/ Refers to short and long-term assets and liabilities of the CBB.

4/ Comprises CG, DF, CBB, and commercial banks. The latter is relatively minor.

### E. Liquidity Risk

13. **The level of liquid foreign currency assets falls increasingly short of the economy's foreign currency liabilities.** Pressures reflect the growing mismatch between foreign reserves of the central bank and the sharp increase in short-term liabilities to nonresidents related to the central government's short-term debt (Figure 4):

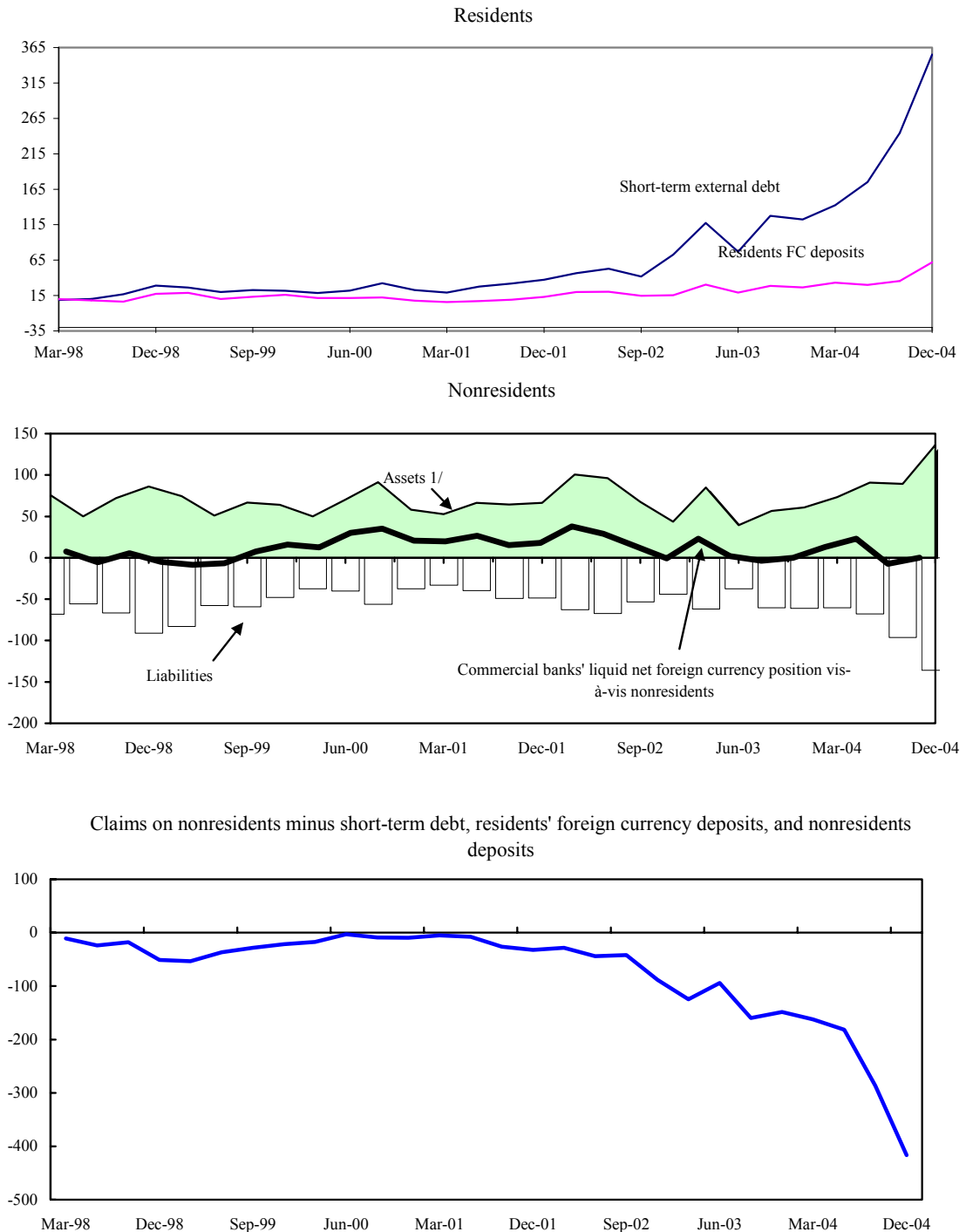
- **Short-term external liabilities:** These are mainly nonresident deposits and the central government's external short-term debt on remaining maturity basis. They reached 100 percent of the CBB foreign reserves in late 2003. Since then, and reflecting the sharp decline in the reserve position of the CBB, the ratio of short-term liabilities to reserves more than tripled during 2004. By end-March 2005, the ratio improved as reserves were boosted, reflecting the disbursement of the Bear Stearns bond.
- **Commercial banks' liquid external position:** This has remained largely balanced as nonresident deposits at domestic banks have increased at par with foreign currency deposits at correspondent banks.

### F. Policy Implications

14. **The currency mismatch and liquidity pressures point to a growing exchange rate risk.** This risk is entirely concentrated in the public sector, as other sectors in the domestic economy—for which data is available—are about balanced or only marginally exposed. The vulnerability has built up gradually and accelerated in 2004 and points to a growing risk to the stability of the exchange rate peg. The loss of the present peg would expose this vulnerability and could exacerbate the government's solvency position, with systemic repercussions for the economy as a whole.

15. **Lack of data on private sectoral balance sheets limits the identification of distress across all domestic sectors and vis-à-vis the rest of the world.** Although the compilation of assets and liabilities of private firms and households constitutes a major task, this will allow the identification and analysis of the private sector position, in particular, the extent of direct exposure to currency mismatches and its sustainability and vulnerability to shocks.

Figure 4. Belize: Liquidity Risk Analysis, 1998-2004  
(In percent of CBB Gross Reserves)



Sources: Belize authorities, and BIS.

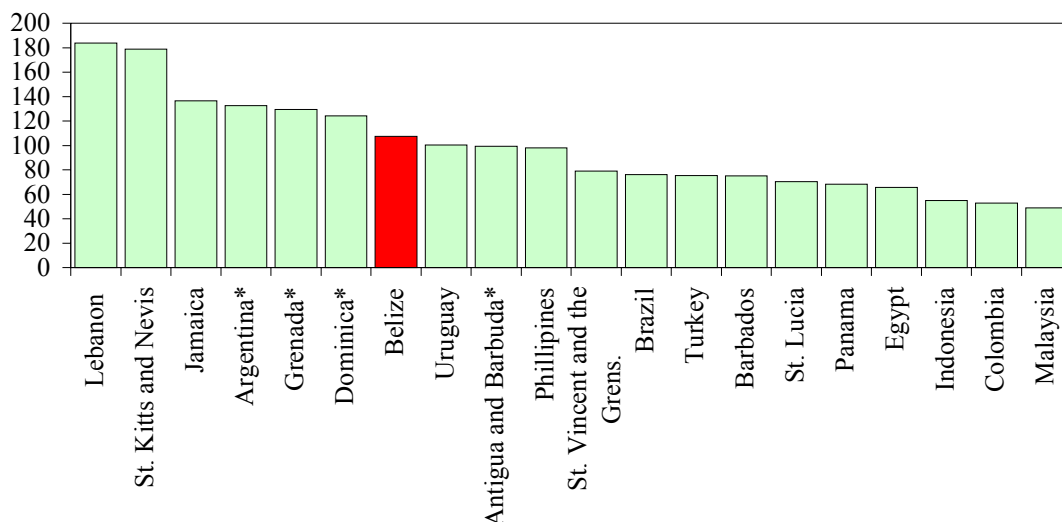
1/ Commercial banks' deposits in foreign banks (transfer and other deposits) in local and foreign currency.

## IV. PUBLIC SECTOR DEBT<sup>1</sup>

### A. Introduction

1. Belize's public and publicly guaranteed debt exceeded 100 percent of GDP in 2004, one of the highest ratios among emerging market countries. This chapter discusses the factors leading to the recent increase in public sector debt (Section B), its composition and details of recent bond issues (Section C), the profile of debt service (Section D), and the consequences of the high indebtedness and outlook (Section E).

Public Sector Debt in Highly-Indebted Emerging Market Countries, end-2004  
(In percent of GDP)



Sources: IMF, World Economic Outlook; and Fund staff estimates.

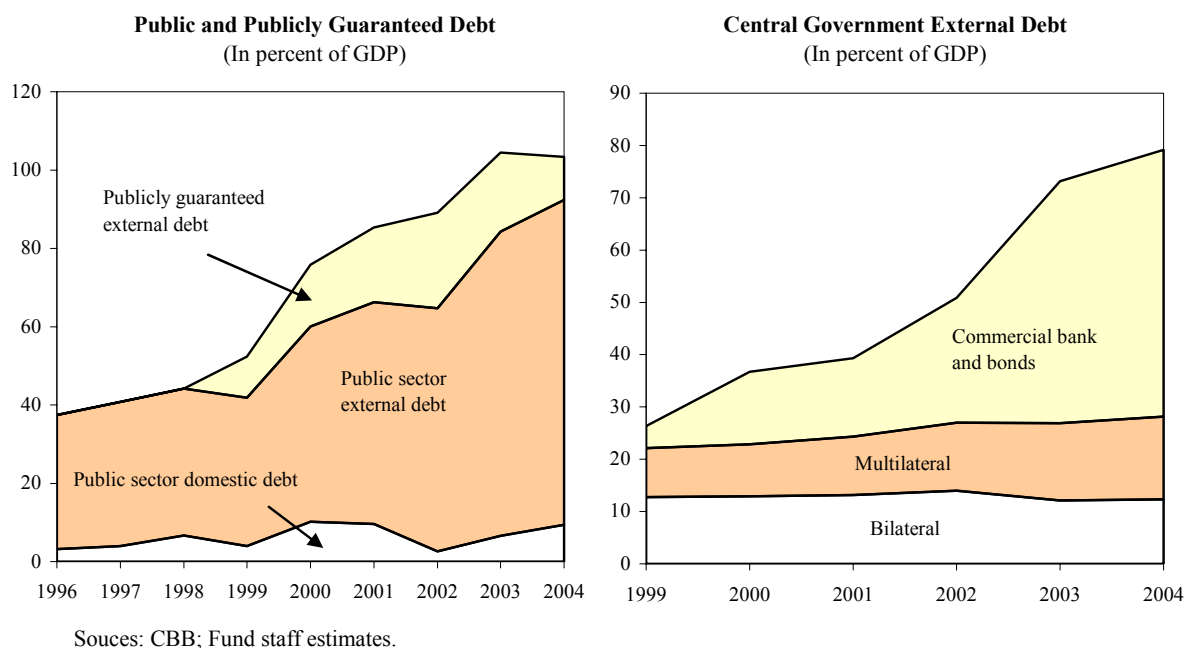
Note: Countries with asterisk (\*) initiated or concluded debt restructuring in 2004-05.

### B. Accumulation of Public Sector Debt

2. **Public sector debt has increased sharply since the early 1990s.** As a share of GDP, public and publicly guaranteed debt rose from around 30 percent in the early 1990s to 48 percent at end-1999 and to around 100 percent by end-2004. The latter surge reflected an explicit government strategy to boost growth and reduce poverty through an increase in public spending on infrastructure and housing and a reduction in taxes. As a result fiscal

<sup>1</sup> Prepared by Wes McGrew and Masahiro Nozaki.

deficits increased sharply and expenditure channeled through the Development Finance Corporation (DFC) also rose.



3. **The fiscal expansion was financed mainly externally.** The central government made two bond placements during 2000 totaling about 11 percent of GDP, in part to finance hurricane reconstruction activities and to pre-finance central government expenditure. During the same period, the government also borrowed from foreign commercial banks to finance specific projects, including for the construction of low-income housing and new schools and for purchases of road maintenance equipment.<sup>2</sup> In addition, the DFC was very active in providing loans to productive sectors and home mortgages which were financed abroad through government-guaranteed receivables securitization (Box 1), on-lending from the central bank of external loans, and project loans by the Caribbean Development Bank (CDB). The Social Security Board (BSSB) also played a role in promoting mortgage financing, through its participation in the receivables securitization programs and its funding of credit unions.

<sup>2</sup> The government also launched construction of a new city called La Democracia, and the DFC was the major investor for infrastructure and housing on the new site.

### **Box 1. Receivables Securitization Operations**

- During 1999–2000, the DFC and the BSSB were active in securitizing receivables in support of the domestic mortgage market. This involved the sale of securities to the Royal Merchant Bank of Trinidad and Tobago (RMBTT) in an amount of some US\$100 million for which they pledged on income stream from their domestic loan portfolio.
- However, since the underlying financial assets were not sold but were used as collateral, the underlying credit risk remained with the DFC or the BSSB. Moreover, these institutions agreed to swap any nonperforming collateral for a performing one, thus guaranteeing the income streams of the loan portfolios. Furthermore, the government provided a subsidiary guarantee, and the central bank guaranteed the convertibility into U.S. dollars of the income stream of the portfolios, which is in Belize dollars.
- The so-called “North American securitization” was launched in April 2002 with a securitization scheme similar to the above. Under this arrangement, Belize Mortgage Company, a special-purpose subsidiary of the DFC, was created to buy mortgages from the DFC and the BSSB and sell bonds collateralized by these mortgages through the Bank of New York. These bond sales raised US\$45 million.

## **C. Composition of Public Sector Debt**

### **External Debt**

4. **As of June 2005, about 95 percent of total public and publicly guaranteed debt was owed to external creditors.** Most of this external debt is a claim on the central government, which was forced to absorb most of the external liabilities of the DFC when the state-owned financial institution failed to meet its obligations. Roughly two thirds of central government external debt is owed to commercial creditors and about 20 percent to multilateral institutions.

- **Commercial external debt:** As of June 2005, most of this consists of uninsured bonds issued through Bear Stearns in 2002 and 2003 and maturing in 2012 and 2015, respectively; two insured bonds issued through Bear Stearns in 2005, with one maturing in 2010 and the other in 2015; and bank debt to Citicorp, the International Bank of Miami, and the Royal Merchant Bank of Trinidad and Tobago (RMBTT). The large build-up in commercial debt is recent. In 1999, commercially held external debt was only US\$31 million.



- **Multilateral debt:** As of June 2005, the largest creditor is the Inter-American Development Bank (US\$70 million), followed by the CDB (US\$46 million) and the IBRD (US\$32 million).
- **Bilateral debt:** Most bilateral debt is owed to Taiwan Province of China (US\$111 million or 82 percent of bilateral debt as of June 2005), followed by Kuwait (US\$10 million), the United Kingdom (US\$5 million), Mexico (US\$4 million), and the United States (US\$3 million).

Public and Publicly Guaranteed Debt

	December 2004	June 2005
(In millions of U.S. dollars)		
<b>Public and publicly guaranteed debt</b>	<b>1,059.1</b>	<b>1,085.3</b>
Domestic debt	103.5	59.0
External debt	955.6	1,026.3
Public sector debt	846.5	926.0
Central government	808.1	890.1
Commercial	522.2	592.8
Multilateral	161.3	161.3
Bilateral	122.9	134.8
Export credit	1.6	1.2
Rest of the nonfinancial public sector	6.1	5.5
CBB	2.3	1.0
DFC	30.0	29.4
Publicly guaranteed external debt	109.1	100.3
DFC securitization	32.1	29.9
Privatized public enterprises	77.0	70.4

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

5. **Other public sector debt is relatively minor.** As of June 2005, most of the US\$36 million of other public debt is composed of the DFC borrowing (US\$29 million), which consists primarily of on-lending of funds from the CDB (US\$21 million) and European Investment Bank (US\$6 million).

6. **Publicly guaranteed debt fell by half since 2002—with a concomitant rise in external debt directly owed by the government.** The DFC's inability to service its debt required the central government to refinance in late 2004 securitized loans granted by the RMBTT to the DFC (Box 1), via US\$75.6 million in new notes issued by the government through the RMBTT. Remaining guarantees by the central government include US\$30 million in DFC external debt related to the North American securitization operation and guarantees of about US\$70 million in debt by privatized public entities (e.g., water, electricity, and ports).

7. **Recent bond issues by the central government were extremely costly, reflecting deteriorating creditworthiness and impaired access to the international capital market.**

- **Capital Markets Financial Services:** In November 2004, the central government borrowed US\$79 million through Capital Markets Financial Services (CMFS), which acted as an intermediary for over 40 individual noteholders.<sup>3</sup> The proceeds, together with US\$18 million from international reserves of the CBB, were used to refinance US\$95 million in maturing debt to the International Bank of Miami. The new notes have a seven-year maturity and bear an interest rate of 9.25 percent. However, they contain a put option provision that allows noteholders to sell them back to the government at specified dates beginning in November 2005 at a price that rises from par in 2005 to 124 percent of par at maturity in 2011 (there is a similar call option attached). Noteholders also have the right to request that proceeds from new external debt by the government and the sale of the government's shares in Belize Telecommunications Limited be used to prepay the CMFS notes. Fees for the CMFS transactions totaled US\$2.4 million, including a 1.75 percent financial advisory fee and a 1 percent placement fee.
- **RMBTT:** The central government issued US\$76 million in ten-year bullet maturity notes carrying an interest rate of 9.95 percent in October 2004 (US\$65 million), December 2004 (US\$5 million) and January 2005 (US\$6 million). The notes provide investors with a put option exercisable after three years. The proceeds of these notes were used for early repayment in October 2004 of US\$54 million of the DFC securitization operations with RMBTT (paragraph 6), plus a prepayment penalty of US\$9.8 million and fees of US\$1.2 million.
- **Bear Stearns:** The central government issued US\$137 million in two bonds in March 2005, consisting of a US\$65 million ten-year bond and a US\$71 million five-year bond. Both bonds are amortizing, with the former carrying a two-year grace period. Net proceeds available to the government were US\$94 million after subtracting upfront fees, insurance premiums, and contributions to reserve accounts totaling US\$43 million. The government is obliged to maintain an international insurance coverage guaranteeing 95 percent of payments to bondholders, while a reserve account was established to cover 180 days of debt service and to insure the 5 percent of the principal not covered by the international insurance company. The amount required in this reserve account will diminish over time as the bonds are amortized. Taking these costs into account, the effective interest rate for Belize is estimated at about 11 percent.

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<sup>3</sup> CMFS is a new financial entity linked to the International Bank of Miami, which was ordered in 2004 to cease its foreign lending operations by the U.S. Office of the Comptroller of the Currency.

## Domestic Debt

8. **Domestic public debt is small compared to external debt, amounting to BZ\$118 million in June 2005.**<sup>4</sup> This reflects historical practice, the absence of financial instruments, and limited size and depth of the domestic banking system. Gross domestic debt as of June 2005 included BZ\$102 million in treasury bills, of which BZ\$45 million were held by the central bank and BZ\$52 million by commercial banks, and BZ\$23 million in one-year treasury notes held by commercial banks. The government may not issue additional net domestic debt without parliamentary approval to raise the ceiling on outstanding treasury bills from its current equivalent of US\$50 million or to authorize other forms of debt.

### D. Debt Service

9. **Debt service burden has increased sharply reflecting rapid debt accumulation since 1999.** As a share of GDP, the central government's interest and principal payments have risen steadily from 1.2 percent and 2.0 percent in FY99/00 to 7.6 percent and 11.8 percent in FY04/05, respectively. Debt service as a share of revenue and grants also rose sixfold since FY99/00 to reach 87 percent in FY04/05.<sup>5</sup>

Central Government External Debt Service, 1996/97–2004/05

	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
	(In percent of total revenue and grants)								
<b>Central government external debt service</b>	<b>14.8</b>	<b>14.8</b>	<b>13.7</b>	<b>14.5</b>	<b>22.2</b>	<b>24.2</b>	<b>48.0</b>	<b>41.3</b>	<b>86.8</b>
Interest payment 1/	4.3	4.5	4.9	5.5	7.3	9.6	14.2	18.4	34.0
Principal payment	10.5	10.3	8.8	9.0	14.9	14.6	33.8	22.8	52.8
	(In percent of GDP)								
<b>Central government external debt service</b>	<b>3.5</b>	<b>3.5</b>	<b>3.3</b>	<b>3.3</b>	<b>4.9</b>	<b>6.0</b>	<b>11.0</b>	<b>9.4</b>	<b>19.3</b>
Interest payment 1/	1.0	1.1	1.2	1.2	1.6	2.4	3.3	4.2	7.6
Principal payment	2.5	2.5	2.1	2.0	3.3	3.6	7.8	5.2	11.8
<b>Memorandum item:</b>									
Central government new external borrowing	8.1	2.8	4.0	6.2	15.7	9.0	23.4	27.1	32.6

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

1/ Includes fees and charges.

10. **The interest rate and maturity structure of the debt have added pressure on fiscal and external balances.** Rates of interest on external commercial debt are estimated at 10 percent per annum in 2005 (excluding upfront fees and charges), compared with the rates on bilateral and commercial debt of 4–5 percent. The mortgage receivable securitization by the DFC also carries interest rates of 11 percent. The massive buildup of commercial debt from 2000 onwards and the government's refinancing of the DFC securitization operations

<sup>4</sup> Domestic public debt is defined as debt owed by the central government to residents of Belize. It is denominated in Belize dollar.

<sup>5</sup> The interest payment includes the fees and charges of the three recent debt transactions described in paragraph 7.

raised the average interest rate for total external debt to 8 percent. The accumulation of commercial debt also significantly shortened the average maturity of central government debt.

Average Interest Rate for the Central Government External Debt 1/

	1999	2000	2001	2002	2003	2004	2005
	(In percent per annum)						
Central government external debt	3.5	6.4	6.8	5.8	8.2	7.6	8.1
<i>Of which:</i>							
Multilateral	2.5	5.1	4.5	4.3	3.6	3.5	4.2
Bilateral	3.5	4.2	4.2	4.1	4.1	5.5	4.7
Commercial	5.3	13.8	10.4	8.2	13.2	9.4	10.1
<b>Memorandum item</b>							
Interest rate for DFC securitization	...	20.9	11.6	15.9	11.2	10.6	10.9

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

1/ Calculated as interest payments of each year in percent of debt outstanding at the end of the previous year, this is an underestimation of the true interest burden as it excludes upfront fees and charges.

Maturity of Existing Central Government External Debt

	Average Maturity of Existing Debt 1/	Year of Final Principal Payments
Central government external debt	4.9	2035
<i>Of which:</i>		
Multilateral	7.1	2035
Bilateral	6.3	2026
Commercial	4.3	2015

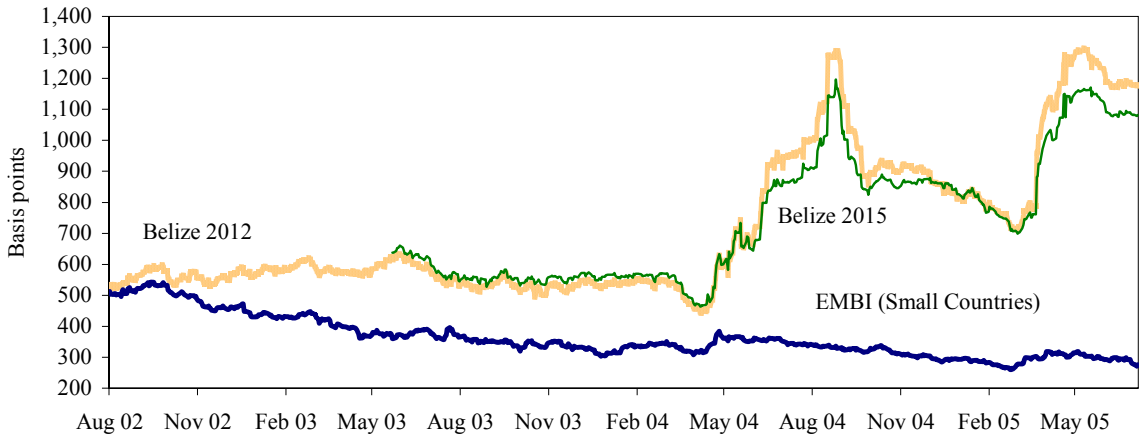
Sources: CBB and Fund staff estimates.

1/ Defined as the weighted average of the years until each payment is made, with weights proportional to the present value of the payment.

## E. Consequence of High Indebtedness and Outlook

11. **The large increase in debt and debt service has eroded Belize's creditworthiness.** Credit rating agencies have sharply lowered their assessments of Belize's sovereign debt, and the risk spread on the country's bonds in the secondary market increased concomitantly and is now among the highest in the region.

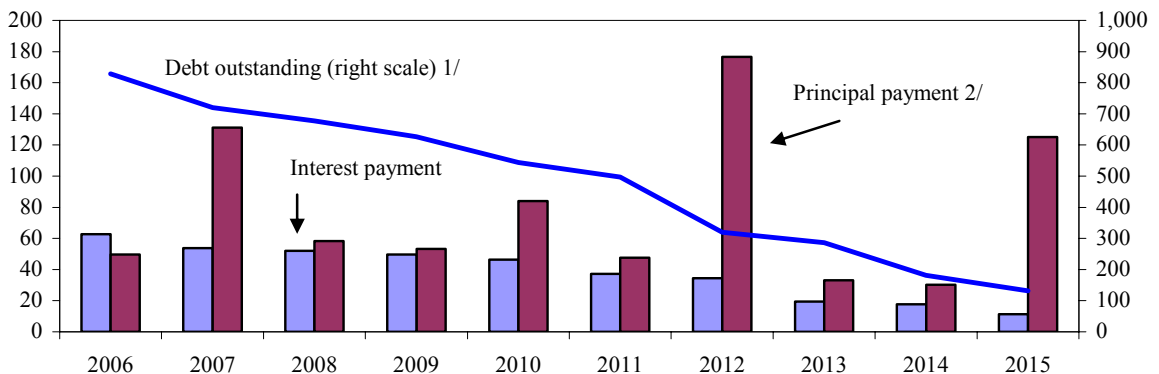
Risk Spreads Comparison, August 2002 to July 2005  
(as of July 19, 2005)



Sources: Bear Stearns; and JP Morgan.

12. **The maturity pattern of Belize’s debt could prove challenging.** In 2007, a put option for the RMBTT bond (US\$76 million) becomes exercisable, and there are also bullet repayments due on the two uninsured Bear Stearns bonds totaling US\$125 million in 2012 and US\$100 million in 2015. In addition, the government faces significant annual principal payments for other commercial debt—largely due to the insured Bear Stearns bonds contracted in March 2005—as well as for bilateral and multilateral debt. Scheduled principal payments (excluding the put option for the RMBTT bond described above) rise from US\$50 million in 2006 to US\$56 million in 2007 and US\$58 million in 2008.

Scheduled Debt Service of Existing External Debt by the Central Government, 2006-15  
(In millions of U.S. dollars)

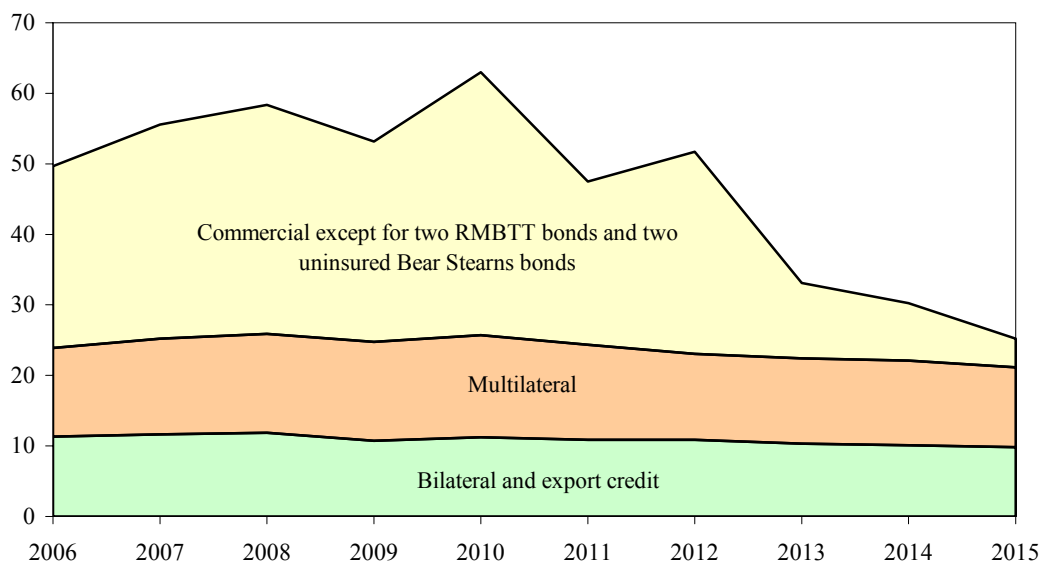


Source: CBB.

1/ End-year debt outstanding of the existing debt based on the scheduled principal payments.

2/ RMBTT loan of US\$76 million is regarded as maturing in 2007 when a put option becomes available. The remainder of the CMFS loan is assumed to be repaid by 2005.

Scheduled Principal Payment of Existing External Debt by the Central Government, 2006-15  
(In millions of U.S. dollars)



Source: CBB.

13. **Belize would have to maintain a significant primary fiscal surplus to reduce indebtedness over the medium term.** To clarify the consequences of the debt dynamics for Belize, it is useful to distinguish two elements that drive the debt-to-GDP ratio: the difference between the interest rate and the GDP growth rate and a primary fiscal balance (Box 2):

- **Interest rate and economic growth.** The debt ratio could fall if the rate of economic growth exceeds substantially the nominal interest rate. However, this appears unlikely given the effective interest rate for the central government debt of about 8 percent for 2005, the economy's average real growth in recent years, and the importance of low inflation for sustaining the exchange rate peg.<sup>6</sup>
- **Primary balance:** A substantial primary fiscal surplus could reduce indebtedness over the medium term. For example, assuming 6.6 percent growth in nominal GDP in 2005, the debt-stabilizing primary surplus equals 1.3 percent of GDP. In order to take the debt ratio down to around 70 percent of GDP by 2010, and assuming medium-term nominal GDP growth of around 7 percent, a primary surplus of around 4 percent per annum would be required.

<sup>6</sup> The estimate of interest payment excludes fees and charges of about 1.4 percent of GDP.

### Box 2. Debt Dynamics

The dynamics of the debt-to-GDP ratio can be expressed in the following equation. Let:

$D_t$  = public debt outstanding at period  $t$ ;

$PB_t$  = primary balance (a positive value implies surplus);

$I_t$  = interest payments for public debt;

$i_t$  = nominal interest rate on public debt;

$Y_t$  = nominal GDP; and

$g_t$  = growth rate of nominal GDP.

We abstract from the impact of exchange rate changes. Public debt outstanding increases by the overall deficit of the public sector:

$$D_{t+1} = D_t + (I_{t+1} - PB_{t+1}) = (1 + i_{t+1})D_t - PB_{t+1}.$$

Dividing both sides by  $Y_{t+1}$ , we have an equation that governs the dynamics of the debt-to-GDP ratio:

$$\frac{D_{t+1}}{Y_{t+1}} = \left( \frac{1 + i_{t+1}}{1 + g_{t+1}} \right) \frac{D_t}{Y_t} - \frac{PB_{t+1}}{Y_{t+1}}. \quad (*)$$

From the first term of the right hand side, the debt-to-GDP ratio increases “automatically” if the nominal interest rate exceeds the nominal GDP growth rate. In such a case, the public sector must generate primary surpluses to reduce the debt-to-GDP ratio.

The primary balance that leaves the debt-to-GDP ratio unchanged is called a *debt-stabilizing primary surplus* and can be derived from equation (\*) by replacing  $\frac{D_{t+1}}{Y_{t+1}}$  with  $\frac{D_t}{Y_t}$  (as both

are identical), and solving for  $\frac{PB_{t+1}}{Y_{t+1}}$ :

$$\frac{PB_{t+1}}{Y_{t+1}} = \left( \frac{1 + i_{t+1}}{1 + g_{t+1}} \right) \frac{D_t}{Y_t} - \frac{D_t}{Y_t} = \left( \frac{i_{t+1} - g_{t+1}}{1 + g_{t+1}} \right) \frac{D_t}{Y_t}.$$

Thus, if the nominal interest rate exceeds the nominal GDP growth rate, a country must generate a larger primary surplus to keep its debt-to-GDP ratio constant. This necessary surplus increases with a larger debt-to-GDP ratio.

Table 1. Belize: Selected Economic Indicators

	2000	2001	2002	2003	2004
(Annual percentage changes, unless otherwise specified)					
<b>National income and prices</b>					
GDP at constant prices	13.0	4.6	4.7	9.2	4.6
Consumer prices (end of period)	1.0	0.9	3.2	2.3	3.0
<b>External sector (U.S. dollars)</b>					
Exports of goods and services	8.1	-1.8	11.3	1.9	-2.7
Imports of goods and services	38.3	-1.2	4.2	5.2	-5.3
Terms of trade (deterioration -)	-6.6	4.0	0.1	-1.9	-2.2
Nominal effective exchange rate	3.9	3.2	-1.0	-5.7	-4.3
Real effective exchange rate	1.4	1.9	-0.7	-5.3	-3.6
<b>Money and credit</b>					
Net domestic assets 1/	22.0	16.1	-3.9	24.0	15.5
Credit to the private sector 2/	22.3	9.6	14.4	11.2	8.6
Money and quasi-money (M2)	11.4	11.6	2.1	4.7	7.5
(In percent of GDP)					
<b>Central government 3/</b>					
Revenue	22.3	24.7	22.9	22.7	22.3
Current expenditure	17.6	19.1	19.3	21.1	25.4
Capital expenditure	14.4	15.4	13.4	9.9	5.7
Primary balance	-7.3	-6.8	-5.8	-3.3	-0.3
Overall balance	-9.7	-9.8	-9.7	-8.3	-8.7
Privatization	3.5	0.3	2.5	-4.1	1.9
Central government borrowing requirement	6.2	9.5	7.2	12.4	6.8
Foreign financing	12.2	4.6	13.1	20.5	14.6
Domestic financing	-6.2	4.9	-5.9	-8.3	-7.8
Gross domestic investment 4/	33.3	27.2	21.6	24.8	18.3
Gross national savings 4/	10.9	6.8	1.4	2.5	0.5
External current account 5/	-20.6	-22.6	-20.2	-22.3	-17.7
Public and publicly guaranteed debt 6/	75.8	84.1	89.6	103.1	102.3
Domestic debt	10.2	8.5	3.2	5.7	10.0
External debt	65.6	75.6	86.4	97.3	92.3
Debt service 7/	7.3	10.5	23.3	14.4	24.9
In percent of exports of goods and services	13.8	20.6	43.8	28.7	50.9
In percent of government current revenue	36.8	49.1	99.9	69.2	102.5
(In millions of U.S. dollars, unless otherwise specified)					
Overall balance of payments	51.7	-10.5	2.1	-30.0	-36.3
Exports of goods and services	442.7	492.8	494.2	506.1	579.5
Imports of goods and services	609.3	603.1	628.5	661.4	626.4
Gross official reserves 8/	114.7	104.2	106.3	76.2	39.9
In percent of 12-month external public debt service	125.5	48.3	75.0	29.6	16.6
In months of imports	2.3	2.0	1.9	1.5	0.7
Nominal GDP	832.4	868.8	926.5	980.8	1035.6

Sources: Belize authorities; and Fund staff estimates and projections.

1/ In percent of liabilities to the private sector at the beginning of the period.

2/ Comprises credit by commercial banks.

3/ Fiscal year starting on April 1.

4/ Official national income accounts likely overstate saving and investment flows.

5/ Including official grants.

6/ Public and publicly guaranteed external debt.

7/ Public sector external debt.

8/ End of period.



Table 2. Belize: Sectoral Origin of Real Gross Domestic Product

(In millions of Belize dollars at constant 2000 prices)

	2000	2001	2002	2003	2004
<b>GDP at constant factor cost</b>	<b>1,456.2</b>	<b>1,501.6</b>	<b>1,561.4</b>	<b>1,706.0</b>	<b>1,793.7</b>
<b>Primary activities</b>	<b>252.8</b>	<b>252.1</b>	<b>252.9</b>	<b>348.1</b>	<b>379.9</b>
Agriculture and forestry	181.6	178.0	183.9	212.4	237.6
Fishing	62.2	64.9	60.3	126.9	133.0
Mining	9.0	9.3	8.8	8.8	9.3
<b>Secondary activities</b>	<b>300.5</b>	<b>300.7</b>	<b>307.8</b>	<b>296.6</b>	<b>318.2</b>
Manufacturing	159.2	158.1	160.5	159.8	179.1
Electricity and water supply	58.4	58.6	60.2	65.3	64.3
Construction	82.8	83.9	87.0	71.5	74.7
<b>Services</b>	<b>902.9</b>	<b>948.7</b>	<b>1,000.7</b>	<b>1,061.4</b>	<b>1,095.7</b>
Wholesale and retail trade, repairs	270.5	290.2	301.8	306.1	305.0
Hotels and restaurants	58.5	66.4	68.0	77.9	90.0
Transport and communication	141.7	152.9	163.7	177.0	187.6
Financial intermediation	103.7	103.8	131.1	172.5	178.8
Real estate, renting and business services	98.2	110.9	121.7	123.1	129.4
Community, social and personal services	100.7	102.2	106.5	110.6	113.6
General government services	164.8	174.4	181.2	191.4	192.7
Banking charges	-35.2	-52.1	-73.4	-97.3	-101.4
<b>Net indirect taxes</b>	<b>208.6</b>	<b>240.0</b>	<b>262.3</b>	<b>284.9</b>	<b>288.9</b>
<b>GDP at constant market prices</b>	<b>1,664.7</b>	<b>1,741.5</b>	<b>1,823.7</b>	<b>1,990.9</b>	<b>2,082.6</b>

Source: Central Statistical Office.

Table 3. Belize: National Accounts at Current Prices

	2000	2001	2002	2003	2004
(In millions of Belize dollars)					
<b>Gross domestic expenditure</b>	<b>2,002</b>	<b>2,058</b>	<b>2,124</b>	<b>2,296</b>	<b>2,312</b>
Consumption	1,447	1,586	1,724	1,809	1,934
Gross domestic investment	555	473	401	487	378
Fixed capital formation	504	479	378	456	341
Change in inventories	51	-6	23	31	37
Balance of goods and nonfactor services	-337	-321	-271	-334	-241
Exports	882	885	986	988	1012
Imports	1219	1206	1257	1323	1253
GDP at market prices	1,665	1,738	1,853	1,962	2,071
(In percent of GDP at market prices)					
<b>Gross domestic expenditure</b>	<b>120.2</b>	<b>118.5</b>	<b>114.6</b>	<b>117.0</b>	<b>111.6</b>
Consumption	86.9	91.3	93.0	92.2	93.4
Gross domestic investment	33.3	27.2	21.6	24.8	18.3
Fixed capital formation	30.3	27.6	20.4	23.2	16.5
Change in inventories	3.0	-0.4	1.2	1.6	1.8
Balance of goods and nonfactor services	-20.2	-18.5	-14.6	-17.0	-11.6
Exports	53.0	51.0	53.2	50.4	48.9
Imports	73.2	69.4	67.8	67.4	60.5

Source: Central Statistical Office.

Table 4. Belize: Savings and Investment

	2000	2001	2002	2003	2004
(In millions of Belize dollars at current prices)					
<b>Gross domestic investment</b>	<b>555</b>	<b>473</b>	<b>401</b>	<b>487</b>	<b>378</b>
Fixed capital formation	504	479	378	456	341
Change in inventories	51	-6	23	31	37
<b>Gross national savings</b>	<b>212</b>	<b>81</b>	<b>26</b>	<b>50</b>	<b>11</b>
<b>Foreign savings 1/</b>	<b>343</b>	<b>392</b>	<b>374</b>	<b>437</b>	<b>367</b>
(In percent of GDP)					
<b>Gross domestic investment</b>	33.3	27.2	21.6	24.8	18.3
Fixed capital formation	30.3	27.6	20.4	23.2	16.5
Change in inventories	3.0	-0.4	1.2	1.6	1.8
<b>Gross national savings</b>	12.7	4.7	1.4	2.5	0.5
<b>Foreign savings 1/</b>	20.6	22.5	20.2	22.3	17.7

Source: Central Bank of Belize

1/ Current account deficit of the balance of payments.

Table 5. Belize: Main Agricultural Crops, Acreage, and Production 1/

	2000	2001	2002	2003	2004
(Units as indicated)					
<b>Sugarcane</b>					
Acreage	58,500	57,322	59,500	64,400	64,400
Production ('000 long tons)					
Sugarcane	1,095	1,023	1,151	1,073	1,149
Sugar	120	104	111	104	117
Sugar exports ('000 long tons)	108	90	103	99	107
<b>Oranges</b>					
Planted acreage 2/	72,235	...	...	...	...
Producing acreage	...	30,418	31,724	...	...
Production ('000 90 lb. boxes)	5,630	5,589	4,119	4,046	4,947
<b>Grapefruit</b>					
Planted acreage 2/	9,735	...	...	...	...
Producing acreage	...	4,812	4,645	...	...
Production ('000 80 lb. boxes)	1,458	1,334	1,231	1,078	1,479
<b>Bananas</b>					
Acreage	4,662	5,181	4,784	5,729	6,136
Production ('000 42 lb. boxes)	3,626	2,606	2,368	4,000	4,300
<b>Corn</b>					
Acreage	35,019	30,168	35,335	35,335	35,335
Production (million lbs.)	60	81	74	78	67
<b>Rice</b>					
Acreage	8,953	9,935	10,243	...	...
Production (million lbs.)	25	27	24	28	24
<b>Red kidney beans</b>					
Acreage	13,266	17,056	11,582	...	...
Production ('000 lbs.)	9,299	12,796	4,939	9,668	6,630
(Output per acre)					
<b>Sugar</b>					
Cane per acre (long tons)	19	18	19	17	18
Cane to sugar ratio	9	10	10	10	10
Oranges (90 lbs. boxes per acre) 3/	...	184	130	...	...
Grapefruit (80 lbs. boxes per acre) 3/	...	277	265	...	...
Bananas (42 lbs boxes per acre)	778	503	495	698	701
Corn (lbs. per acre)	1,713	2,685	2,094	2,221	1,905
Rice (lbs. per acre)	2,792	2,718	2,343	...	...
Red kidney beans (lbs. per acre)	701	750	426	...	...

Sources: Central Bank of Belize; and Ministry of Agriculture.

1/ Production data on a crop year basis.

2/ Includes maturing plantings not yet producing harvestable fruit.

3/ Calculated on the basis of total producing acreage.

Table 6. Belize: Agriculture and Forestry Production

	2000	2001	2002	2003	2004
(In units as indicated)					
Sugarcane (long tons) 1/	1,095	1,023	1,151	1,073	1,149
Oranges ('000 90-lb. boxes)	5,590	5,589	4,171	4,046	4,947
Grapefruit ('000 80-lb. boxes)	1,391	1,407	1,246	1,078	1,479
Corn (million lbs.)	60	81	74	78	67
Rice paddy (million lbs.)	25	27	24	28	24
Cocoa (thousand lbs.)	82	66	60	106	87
Red kidney beans ('000 lbs.)	9,299	12,796	4,939	9,668	6,630
Honey ('000 lbs.)	143	96	105	...	...
Pork (fresh)('000 lbs.) 2/	1,532	2,403	2,149	2,280	1,719
Beef (fresh)('000 lbs.) 2/	2,074	3,233	4,066	4,896	5,859
Poultry ('000 lbs.)	16,781	22,622	30,801	29,958	29,061
Bananas ('000 42-lb boxes)	3,626	2,606	2,368	4,023	4,400
Milk ('000 lbs.)	2,203	5,580	7,796	7,568	7,975
Eggs ('000 doz.)	2,805	2,881	2,153	2,575	2,851
(Annual percentage change)					
Sugarcane 1/	-5.8	-6.6	12.5	-6.7	7.1
Oranges	25.5	-0.02	-25.4	-3.0	22.3
Grapefruit	4.7	1.2	-11.4	-13.5	37.2
Corn	-33.3	35.0	-8.6	6.0	-14.2
Rice paddy	-10.7	8.0	-11.1	17.3	-16.4
Cocoa	64.0	-19.5	-9.1	77.0	-17.7
Red kidney beans	15.6	37.6	-61.4	95.7	-31.4
Honey	-25.9	-32.9	8.9	...	...
Pork 2/	-18.2	56.9	-10.6	6.1	-24.6
Beef 2/	-17.9	55.9	25.8	20.4	19.7
Poultry	-8.8	34.8	36.2	-2.7	-3.0
Bananas	17.1	-28.1	-9.1	69.9	9.4
Milk	-24.9	153.3	39.7	-2.9	5.4
Eggs	2.6	2.7	-25.3	19.6	10.7

Source: Central Bank of Belize.

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

2/ In slaughterhouses only.

Table 7. Belize: Cane Deliveries to the Sugar Factories,  
Cane Prices, Sugar and Molasses Production 1/

(In long tons, unless otherwise specified)

	2000	2001	2002	2003	2004
<b>Cane deliveries</b>	<b>1,109,308</b>	<b>1,023,402</b>	<b>1,150,656</b>	<b>1,073,339</b>	<b>1,149,475</b>
Corozal district	546,433	531,635	575,683	528,739	556,663
Orange Walk district	542,696	479,540	554,432	531,003	579,752
Research farmers	9,642	12,227	20,541	13,506	13,060
Sugarcane prices paid to farmers (in Belize dollars per ton)	42.2	41.1	38.1	44.1	46.1
Sugar production	119,595	103,862	111,312	104,433	116,515
Molasses production	34,943	34,411	40,947	42,944	41,117
<b>Memorandum items</b>					
Sugarcane per acre	18.6	15.9	17.9	16.7	17.8
Cane to sugar ratio	9.1	10.0	10.3	10.3	9.9

Source: Belize Sugar Industry Limited.

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

Table 8. Belize: Production and Exports of Marine Fish Products

(In thousands of pounds)

	2000	2001	2002	2003	2004
<b>Total</b>					
Export volume	8,237	7,934	7,617	17,063	18,387
Local sales	3,505	3,685	933	3,685	7,602
Total production	9,689	11,160	8,275	20,748	25,989
<b>Lobsters</b>					
Export volume	603	498	529	536	538
Local sales	127	17	63	69	74
Total production	750	478	562	605	612
<b>Conch</b>					
Export volume	545	680	419	450	596
Local sales	127	...	62	42	22
Total production	691	...	547	492	618
<b>Shrimp</b>					
Export volume	6,947	6,719	6,631	16,052	16,999
Local sales	3,204	3,583	804	3,575	7,506
Total production	8,101	9,964	7,134	19,627	24,505
<b>Others</b>					
Export volume	142	37	38	25	254
Local sales	47	85	4	0	0
Total production	148	718	32	25	254

Sources: Department of Fisheries; Ministry of Agriculture, and Fund staff estimates.

Table 9. Belize: Industrial Production

	2000	2001	2002	2003	2004
Sugar (long tons) 1/	119,595	103,862	111,492	104,433	116,515
Molasses (long tons) 1/ 2/	34,943	34,291	41,337	42,944	41,117
Flour ('000 lbs.)	25,204	26,122	26,078	26,952	27,783
Fertilizer (short tons)	23,277	23,749	27,775	30,866	26,898
Cigarettes (millions)	84	88	84	86	84
Beer ('000 gals.)	2,033	2,385	2,388	2,313	2,156
Soft drinks ('000 cases)	2,174	2,350	2,439	2,528	2,432
Batteries (units)	7,808	5,397	4,297	2,998	470
Garments ('000 units)	1,674	1,172	985	1,074	1,158
Citrus concentrates ('000 gals)	5,359	6,504	4,079	3,942	5,120
Single strength juices ('000 gals)	987	1,688	637	575	1,099
(Annual percentage change)					
Sugar 1/	3.8	-13.2	7.3	-6.3	11.6
Molasses 1/	-13.3	-1.9	20.5	3.9	-4.3
Flour	41.8	3.6	-0.2	3.4	3.1
Fertilizer	-7.8	2.0	17.0	11.1	-12.9
Cigarettes	-8.7	4.8	-4.5	2.9	-3.1
Beer	39.7	17.3	0.1	-3.1	-6.8
Soft drinks	25.8	8.1	3.8	3.6	-3.8
Batteries	4.9	-30.9	-20.4	-30.2	-84.3
Garments	-17.5	-30.0	-16.0	9.1	7.8
Citrus concentrates	72.5	21.4	-37.3	-3.4	29.9
Single strength juices	1.5	71.0	-62.3	-9.7	91.0

Source: Central Bank of Belize.

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

2/ Data refers to Tower Hill factory.



Table 10. Belize: Indices of Industrial Products

(1984 = 100)

	Weight (percent)	2000	2001	2002	2003	2004
Sugar 1/	53.4	118	102	103	97	108
Molasses 1/	1.9	107	105	117	121	116
Flour	1.5	997	1033	1015	1049	1081
Fertilizer	2.0	502	512	586	651	568
Cigarettes	4.9	131	136	133	137	132
Beer	6.0	323	379	385	373	348
Soft drinks	11.5	243	262	274	284	273
Batteries	0.3	141	97	78	54	8
Nails and roofing	1.2	0	0	0	0	0
Garments	6.1	90	77	60	66	71
Citrus concentrates	11.3	496	555	428	414	537
Single strength juices 2/	...	848	853	857	900	945
Industrial production 3/ (percentage change)	100.0	205.6 19.7	209.7 2.0	197.8 -5.7	195.5 -1.2	211.5 8.2

Source: Central Statistical Office.

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 11. Belize: Consumer Price Index 1/

	Weights	2000	2001	2002	2003	2004
(Index numbers: November 1990 = 100)						
<b>End of period 2/</b>	<b>100.0</b>	<b>119.4</b>	<b>120.5</b>	<b>124.4</b>	<b>127.3</b>	<b>131.2</b>
Food, beverages, and tobacco	34.7	119.8	120.0	122.3	125.0	129.2
Clothing and footwear	9.2	91.0	89.2	88.7	89.2	89.6
Household goods and maintenance	8.5	112.5	111.4	112.1	112.0	112.1
Rent, water, fuel, and power	16.7	133.9	134.7	136.8	143.1	148.0
Medical care	1.9	136.4	137.5	140.6	141.9	143.5
Transportation and communication	17.2	116.7	123.1	136.1	140.5	148.6
Recreation, education, and culture	8.0	125.6	124.6	129.0	129.5	130.9
Personal care	3.8	120.0	121.0	122.7	121.6	121.3
<b>Average</b>	<b>100.0</b>	<b>118.8</b>	<b>120.2</b>	<b>122.9</b>	<b>126.0</b>	<b>129.9</b>
Food, beverages, and tobacco	34.7	119.3	119.8	121.2	124.3	127.5
Clothing and footwear	9.2	93.0	89.8	89.0	89.6	90.0
Household goods and maintenance	8.5	112.6	111.6	112.1	112.1	112.3
Rent, water, fuel, and power	16.7	132.9	135.7	135.0	139.1	146.4
Medical care	1.9	134.4	137.0	140.4	141.4	142.8
Transportation and communication	17.2	114.2	120.2	132.0	138.7	146.3
Recreation, education, and culture	8.0	125.5	125.1	127.5	128.8	130.5
Personal care	3.8	120.6	121.0	121.9	122.2	121.1
(Annual percentage change)						
<b>End of period 2/</b>	<b>100.0</b>	<b>1.0</b>	<b>0.9</b>	<b>3.2</b>	<b>2.3</b>	<b>3.1</b>
Food, beverages, and tobacco	34.7	0.6	0.2	1.9	2.2	3.4
Clothing and footwear	9.2	-4.0	-2.0	-0.6	0.6	0.4
Household goods and maintenance	8.5	0.1	-1.0	0.6	-0.1	0.1
Rent, water, fuel, and power	16.7	1.8	0.6	1.6	4.6	3.4
Medical care	1.9	3.9	0.8	2.3	0.9	1.1
Transportation and communication	17.2	3.6	5.5	10.6	3.2	5.8
Recreation, education, and culture	8.0	0.4	-0.8	3.5	0.4	1.1
Personal care	3.8	1.1	0.8	1.4	-0.9	-0.2
<b>Average</b>	<b>100.0</b>	<b>0.6</b>	<b>1.2</b>	<b>2.2</b>	<b>2.5</b>	<b>3.1</b>
Food, beverages, and tobacco	34.7	0.6	0.4	1.2	2.6	2.6
Clothing and footwear	9.2	-3.7	-3.4	-0.9	0.7	0.4
Household goods and maintenance	8.5	-0.6	-0.9	0.4	0.0	0.2
Rent, water, fuel, and power	16.7	1.6	2.1	-0.5	3.0	5.2
Medical care	1.9	2.7	1.9	2.5	0.7	1.0
Transportation and communication	17.2	1.9	5.3	9.8	5.1	5.5
Recreation, education, and culture	8.0	0.4	-0.3	1.9	1.0	1.3
Personal care	3.8	1.2	0.3	0.7	0.2	-0.9

Source: Central Bank of Belize.

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

2/ November of each year.

Table 12. Belize: Average Prices for Selected Products and Services

(Annual percentage changes)

	2000	2001	2002	2003	2004
Food, beverages, and tobacco	0.6	0.2	1.9	2.2	3.4
Clothing and footwear	-4.0	-2.0	-0.6	0.6	0.4
Household goods and maintenance	0.1	-1.0	0.6	-0.1	0.1
Rent, water, fuel, and power	1.8	0.6	1.6	4.6	3.4
Medical care	3.9	0.8	2.3	0.9	1.1
Transportation and communication	3.6	5.5	10.6	3.2	5.8
Recreation, education, and culture	0.4	-0.8	3.5	0.4	1.1
Personal care	1.1	0.8	1.4	-0.9	-0.2
Premium gasoline	11.4	1.9	16.1	5.9	14.5
Regular gasoline	12.0	3.0	17.2	7.3	11.4
Kerosene	11.1	0.7	24.2	10.2	11.4
Diesel	17.5	18.1	15.3	9.7	8.0

Source: Central Statistical Office.

Table 13. Belize: Price Structure of Petroleum Products

(Belize dollars per gallon)

	December 2000				December 2001				December 2002			
	Premium	Regular	Kerosene	Diesel	Premium	Regular	Kerosene	Diesel	Premium	Regular	Kerosene	Diesel
<b>Retail price</b>	<b>5.85</b>	<b>5.60</b>	<b>3.37</b>	<b>3.64</b>	<b>5.96</b>	<b>5.77</b>	<b>3.39</b>	<b>4.30</b>	<b>6.92</b>	<b>6.76</b>	<b>4.21</b>	<b>4.96</b>
<b>Total landed cost</b>	<b>2.05</b>	<b>1.99</b>	<b>2.46</b>	<b>1.66</b>	<b>1.39</b>	<b>1.34</b>	<b>1.46</b>	<b>1.41</b>	<b>2.06</b>	<b>1.98</b>	<b>2.09</b>	<b>2.07</b>
Acquisition cost	1.90	1.84	2.31	1.51	1.24	1.19	1.31	1.26	1.91	1.83	1.94	1.92
Handling charges	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Port Dues	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Remittance charge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Government charges</b>	<b>2.87</b>	<b>2.71</b>	<b>0.29</b>	<b>1.29</b>	<b>3.64</b>	<b>3.53</b>	<b>1.31</b>	<b>2.20</b>	<b>3.83</b>	<b>3.78</b>	<b>1.40</b>	<b>2.10</b>
Stamp duty	0.02	0.02	0.02	0.02	0.02	0.01	0.02	0.02	0.02	0.02	0.02	0.02
Value-added tax	0.29	0.28	0.27	0.30	0.21	0.20	0.16	0.19	0.28	0.28	0.24	0.27
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
Environmental tax	0.00	0.00	0.00	0.00	0.01	0.01	0.01	0.01	0.01	0.02	0.02	0.02
Revenue replacement tax	2.11	1.96	0.00	0.70	2.95	2.86	1.12	1.71	3.07	3.01	1.12	1.52
<b>Commercial charges</b>	<b>0.93</b>	<b>0.90</b>	<b>0.62</b>	<b>0.69</b>	<b>0.93</b>	<b>0.90</b>	<b>0.62</b>	<b>0.69</b>	<b>1.03</b>	<b>1.00</b>	<b>0.72</b>	<b>0.79</b>
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
Wholesaler Margin	0.41	0.38	0.23	0.28	0.41	0.38	0.23	0.28	0.41	0.38	0.23	0.28
Gross margin-dealer	0.45	0.45	0.33	0.35	0.45	0.45	0.33	0.35	0.55	0.55	0.43	0.45

Table 13. Belize: Price Structure of Petroleum Products

(Belize dollars per gallon)

	December 2003				December 2004			
	Premium	Regular	Kerosene	Diesel	Premium	Regular	Kerosene	Diesel
<b>Retail price</b>	<b>7.33</b>	<b>7.25</b>	<b>4.64</b>	<b>5.44</b>	<b>8.39</b>	<b>8.08</b>	<b>5.17</b>	<b>5.87</b>
<b>Total landed cost</b>	<b>2.13</b>	<b>2.08</b>	<b>2.20</b>	<b>2.14</b>	<b>2.66</b>	<b>2.62</b>	<b>2.91</b>	<b>2.85</b>
Acquisition cost	1.98	1.93	2.05	1.99	2.51	2.47	2.76	2.70
Handling charges	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
Port Dues	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Remittance charge	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Government charges</b>	<b>4.17</b>	<b>4.17</b>	<b>1.72</b>	<b>2.41</b>	<b>4.51</b>	<b>4.27</b>	<b>1.51</b>	<b>2.11</b>
Stamp duty	0.02	0.02	0.02	0.02	0.03	0.03	0.03	0.03
Value-added tax	0.29	0.29	0.25	0.27	0.38	0.38	0.36	0.39
Import duty	0.45	0.45	0.00	0.27	0.45	0.45	0.00	0.27
Environmental tax	0.02	0.02	0.02	0.02	0.03	0.02	0.03	0.03
Revenue replacement tax	3.39	3.39	1.43	1.83	3.62	3.39	1.09	1.39
<b>Commercial charges</b>	<b>1.03</b>	<b>1.00</b>	<b>0.72</b>	<b>0.89</b>	<b>1.22</b>	<b>1.19</b>	<b>0.75</b>	<b>0.91</b>
Delivery cost to service station	0.07	0.07	0.06	0.06	0.07	0.07	0.07	0.07
Wholesaler Margin	0.41	0.38	0.23	0.28	0.41	0.38	0.23	0.28
Gross margin-dealer	0.55	0.55	0.43	0.55	0.74	0.74	0.45	0.56

Source: Esso Standard Oil Co. Ltd. (Belize).

Table 14. Belize: Operations of the Central Government 1/

	2000/01	2001/02	2002/03	2003/04	2004/05
(In percent of GDP)					
<b>Revenue and grants</b>	<b>22.3</b>	<b>24.7</b>	<b>22.9</b>	<b>22.7</b>	<b>22.3</b>
Revenue	20.9	23.7	21.9	21.5	21.6
Current revenue	20.1	22.8	21.6	21.2	21.2
Tax	17.6	18.5	19.1	18.9	19.4
Nontax	2.5	4.3	2.5	2.3	1.9
Capital revenue	0.7	0.9	0.3	0.3	0.4
Grants	1.4	1.0	1.0	1.2	0.7
<b>Expenditure</b>	<b>31.3</b>	<b>34.3</b>	<b>32.0</b>	<b>31.4</b>	<b>31.3</b>
Current expenditure	17.6	19.1	19.3	21.1	25.4
Wages and salaries	9.0	9.3	9.2	9.6	10.1
Interest payments	2.4	3.0	3.9	5.0	8.4
Goods and services	3.6	3.8	3.4	3.7	3.7
Other	2.6	3.1	2.7	2.8	3.1
Capital expenditure	13.8	15.2	12.7	10.3	5.9
Capital expenditure	13.8	13.1	11.8	8.1	5.9
Capital II expenditure	3.2	6.0	4.9	3.3	2.2
Environmental Expenditure	0.0	0.0	0.3	0.3	0.2
Capital III expenditure	7.4	5.0	5.7	4.5	3.5
Emergency expenditure	3.1	2.1	0.9	0.0	0.0
Net lending	0.0	2.1	0.9	2.2	0.0
<b>Unidentified expenditure</b>	<b>0.7</b>	<b>0.2</b>	<b>0.7</b>	<b>-0.4</b>	<b>-0.2</b>
<b>Overall balance</b>	<b>-9.7</b>	<b>-9.8</b>	<b>-9.7</b>	<b>-8.3</b>	<b>-8.7</b>
Privatization	3.5	0.3	2.5	-4.1	1.9
<b>Central government borrowing requirement</b>	<b>6.2</b>	<b>9.5</b>	<b>7.2</b>	<b>12.2</b>	<b>6.8</b>
External (net)	12.2	4.6	13.1	20.5	14.6
Domestic	-6.2	4.9	-5.9	-8.3	-7.8
Banking system	-6.2	4.7	-5.9	-8.2	-7.8
Nonbank	0.0	0.2	0.0	-0.1	0.0
Exceptional financing	0.2	0.0	0.0	0.0	0.0
(Annual percentage change)					
<b>Revenue and grants</b>	<b>9.8</b>	<b>16.4</b>	<b>-1.2</b>	<b>4.8</b>	<b>3.8</b>
Revenue	10.5	19.1	-1.4	3.8	6.2
<b>Total expenditure</b>	<b>23.5</b>	<b>15.0</b>	<b>-0.9</b>	<b>3.9</b>	<b>5.5</b>
Current expenditure	1.6	14.3	7.1	15.7	27.6
Capital expenditure	28.2	15.8	-10.9	-13.9	-39.5

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year starting April.

Table 15. Belize: Central Government Revenue 1/

	2000/01	2001/02	2002/03	2003/04	2004/05
(In percent of GDP)					
<b>Total revenue and grants</b>	<b>22.3</b>	<b>24.7</b>	<b>22.9</b>	<b>22.7</b>	<b>22.3</b>
Total revenue	20.9	23.7	21.9	21.5	21.6
Tax revenue	17.6	18.5	19.1	18.9	19.4
Income tax	4.5	4.4	4.2	4.5	4.7
Property tax	0.1	0.2	0.1	0.1	0.2
Taxes on goods and services	6.1	6.1	6.0	6.0	6.7
Taxes on international trade	6.9	7.8	8.8	8.3	7.7
Nontax revenue	2.5	4.3	2.5	2.3	1.9
Capital revenue	0.7	0.9	0.3	0.3	0.4
Grants	1.4	1.0	1.0	1.2	0.7
(In percent of total revenue)					
Income tax	21.7	18.4	19.1	20.8	21.9
Property tax	0.6	0.7	0.6	0.7	1.0
Taxes on goods and services	29.0	25.8	27.5	28.0	31.0
Taxes on international trade	33.1	33.1	40.0	38.4	35.8
Nontax revenue	12.0	18.2	11.3	10.6	8.6
Capital revenue	3.5	3.8	1.6	1.5	1.7
(Annual percentage change)					
Tax revenue	11.9	9.9	10.3	4.7	8.4
Income tax	18.3	0.9	2.5	12.9	11.8
Taxes on goods and services	-1.5	27.5	-11.7	19.0	56.1
Taxes on international trade	2.4	6.0	5.0	5.9	17.5
Nontax revenue	-6.8	81.1	-39.1	-2.5	-13.9

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year starting April.

Table 16. Belize: Central Government Revenue 1/

(In millions of Belize dollars)

	2000/01	2001/02	2002/03	2003/04	2004/05
<b>Total revenue and grants</b>	<b>375.1</b>	<b>436.5</b>	<b>431.3</b>	<b>452.1</b>	<b>469.4</b>
<b>Total revenue</b>	<b>351.2</b>	<b>418.3</b>	<b>412.5</b>	<b>428.4</b>	<b>454.8</b>
<b>Current revenue</b>	338.8	402.4	406.0	421.8	447.0
Tax revenue	296.7	326.1	359.6	376.6	408.1
Income tax	76.3	77.0	78.9	89.1	99.6
Taxes on property	2.2	2.8	2.4	2.9	4.5
Taxes on goods and services	101.8	107.9	113.3	120.0	141.0
Taxes on international transactions	116.3	138.4	164.9	164.5	162.9
<i>Of which</i>					
Revenue replacement duty	38.8	58.9	74.8	78.2	74.6
Nontax revenue	42.1	76.3	46.4	45.2	39.0
<b>Capital revenue</b>	<b>12.4</b>	<b>15.9</b>	<b>6.5</b>	<b>6.6</b>	<b>7.8</b>
<b>Grants</b>	<b>23.8</b>	<b>18.2</b>	<b>18.8</b>	<b>23.7</b>	<b>14.6</b>

(In percent of total revenue)

Income tax	21.7	18.4	19.1	20.8	21.9
Taxes on property	0.6	0.7	0.6	0.7	1.0
Taxes on goods and services	29.0	25.8	27.5	28.0	31.0
Taxes on international transactions	33.1	33.1	40.0	38.4	35.8
Nontax revenue	12.0	18.2	11.3	10.6	8.6
Capital revenue	3.5	3.8	1.6	1.5	1.7

(Annual percentage change)

Tax revenue	11.9	9.9	10.3	4.7	8.4
Income tax	18.3	0.9	2.5	12.9	11.8
Taxes on goods and services	-1.5	27.5	-11.7	19.0	56.1
Taxes on international transactions	2.4	6.0	5.0	5.9	17.5
Nontax revenue	-6.8	81.1	-39.1	-2.5	-13.9

Sources: Belize authorities; and Fund staff estimates.

1/ Fiscal year starting April.



Table 17. Belize: Central Government Expenditure 1/

	2000/01	2001/02	2002/03	2003/04	2004/05
(In percent of GDP)					
<b>Total explained expenditure</b>	<b>31.3</b>	<b>34.3</b>	<b>32.0</b>	<b>31.4</b>	<b>31.3</b>
<b>Current expenditure</b>	<b>17.6</b>	<b>19.1</b>	<b>19.3</b>	<b>21.1</b>	<b>25.4</b>
Wages and salaries	9.0	9.3	9.2	9.6	10.1
Pensions	1.1	1.4	1.4	1.3	1.5
Goods and services	3.6	3.8	3.4	3.7	3.7
Interest payments	2.4	3.0	3.9	5.0	8.4
Domestic	0.7	0.7	0.6	0.8	0.8
Foreign	1.6	2.4	3.3	4.2	7.6
Subsidies and current transfers	1.5	1.6	1.4	1.5	1.6
<b>Capital expenditure and net lending</b>	<b>13.8</b>	<b>15.2</b>	<b>12.7</b>	<b>10.3</b>	<b>5.9</b>
Capital expenditure	13.8	13.1	11.8	8.1	5.9
Capital II expenditure	3.2	6.0	4.9	3.3	2.2
Environmental expenditure	0.0	0.0	0.3	0.3	0.2
Capital III expenditure	7.4	5.0	5.7	4.5	3.5
Emergency expenditure	3.1	2.1	0.9	0.0	0.0
Net lending	0.0	2.1	0.9	2.2	0.0
<b>Unexplained expenditure 2/</b>	<b>0.7</b>	<b>0.2</b>	<b>0.7</b>	<b>-0.4</b>	<b>-0.2</b>
(In percent of total expenditure)					
<b>Current expenditure</b>	<b>56.1</b>	<b>55.8</b>	<b>60.2</b>	<b>67.1</b>	<b>81.1</b>
Wages and salaries	28.8	27.0	28.8	30.5	32.3
Goods and services	11.5	11.0	10.8	11.8	11.9
Interest payments	7.6	8.8	12.2	15.9	26.9
Subsidies and current transfers	4.8	4.8	4.3	4.6	5.1
<b>Capital expenditure and net lending</b>	<b>43.9</b>	<b>44.2</b>	<b>39.8</b>	<b>32.9</b>	<b>18.9</b>
Capital expenditure	43.9	38.1	37.0	25.9	18.9
Capital II expenditure	10.3	17.4	15.3	10.4	7.2
Environmental expenditure	0.0	0.0	1.0	1.1	0.6
Capital III expenditure	23.5	14.6	17.8	14.4	11.1
Emergency expenditure	10.0	6.1	2.8	0.0	0.0
Net lending	0.0	6.1	2.8	7.0	0.0
(Annual percentage change)					
<b>Total expenditure</b>	<b>23.5</b>	<b>15.0</b>	<b>-0.9</b>	<b>3.9</b>	<b>5.5</b>
Current expenditure	1.6	14.3	7.1	15.7	27.6
Wages and salaries	2.0	7.8	5.7	10.3	11.4
Goods and services	-2.6	10.0	-3.3	13.6	6.7
Subsidies and current transfers	-11.6	13.6	-11.7	12.7	17.3
Capital expenditure and transfers	28.2	15.8	-10.9	-13.9	-39.5

Sources: Ministry of Finance; and IMF staff estimates.

1/ Fiscal year starting April.

2/ Residual between identified financing and revenue and expenditure.

Table 18. Belize: Central Government Expenditure 1/

(In millions of Belize dollars)

	2000/01	2001/02	2002/03	2003/04	2004/05
<b>Total expenditure</b>	<b>527.2</b>	<b>606.1</b>	<b>600.9</b>	<b>624.5</b>	<b>658.7</b>
<b>Current expenditure</b>	<b>295.8</b>	<b>338.1</b>	<b>362.0</b>	<b>418.8</b>	<b>534.4</b>
Wages and salaries	151.7	163.6	172.9	190.7	212.6
Pensions	17.8	25.0	25.6	26.7	32.3
Goods and services	60.8	66.9	64.6	73.4	78.3
Interest payments	40.0	53.6	73.3	99.1	177.3
Domestic	12.5	11.6	11.9	15.8	17.7
Foreign	27.4	42.0	61.3	83.3	159.6
Subsidies and current transfers	25.6	29.0	25.6	28.9	33.9
<b>Capital expenditure and net lending</b>	<b>231.4</b>	<b>268.0</b>	<b>238.9</b>	<b>205.7</b>	<b>124.4</b>
Capital expenditure	231.4	231.0	222.2	161.7	124.4
Capital II expenditure	54.4	105.7	92.2	65.1	47.3
Environmental expenditure	0.0	0.0	6.1	6.6	3.7
Capital III expenditure	124.1	88.3	107.2	90.0	73.4
Emergency expenditure	52.9	37.0	16.7	0.0	0.0
Net lending	0.0	37.0	16.7	43.9	0.0

Sources: Ministry of Finance; and Fund staff estimates.

1/ Fiscal year starting April.

Table 19. Belize: Summary Accounts of the Banking System

	2000	2001	2002	2003	2004
(In millions of Belize dollars)					
<b>Net foreign assets</b>	<b>235.9</b>	<b>213.5</b>	<b>197.1</b>	<b>82.7</b>	<b>22.2</b>
<i>Of which</i> : international reserves	227.7	205.5	206.5	146.6	76.8
<b>Domestic credit</b>	<b>820.6</b>	<b>977.0</b>	<b>934.3</b>	<b>1,158.3</b>	<b>1,337.5</b>
Credit to the public sector	124.1	162.3	36.6	98.7	158.9
Central government (net)	57.3	142.7	47.2	107.6	202.3
Rest of public sector (net)	66.8	19.7	-10.6	-8.8	-43.4
Credit to private sector	726.9	820.6	978.5	1,107.7	1,214.2
Other assets (net)	-30.3	-6.0	-80.8	-48.1	-35.5
<b>Foreign liabilities of CBB</b>	<b>84.0</b>	<b>93.5</b>	<b>18.5</b>	<b>7.5</b>	<b>2.5</b>
<b>Liabilities to private sector</b>	<b>972.5</b>	<b>1,097.0</b>	<b>1,149.8</b>	<b>1,233.5</b>	<b>1,357.3</b>
Money and quasi-money	840.0	937.5	957.3	1,002.8	1,078.0
Currency in circulation	96.0	105.2	106.8	103.3	115.3
Deposits	744.0	832.3	850.5	899.5	962.7
Foreign currency deposits	18.7	26.8	31.1	38.1	46.5
Capital and reserves	113.8	132.7	161.4	192.7	232.7
<b>Memorandum item</b>					
Monetary base	197.4	208.4	191.2	203.6	230.0
(Annual change, as percent of liabilities to the private sector, at the beginning of the period)					
<b>Domestic credit</b>	<b>22.0</b>	<b>16.1</b>	<b>-3.9</b>	<b>24.0</b>	<b>15.5</b>
Credit to the public sector	-5.9	3.9	-11.5	5.4	4.9
Central government (net)	-6.3	8.8	-8.7	5.2	7.7
Rest of public sector (net)	0.5	-4.8	-2.8	0.2	-2.8
Credit to the private sector	22.3	9.6	14.4	11.2	8.6
(Annual percentage change)					
<b>Liabilities to the private sector</b>					
Money and quasi-money	11.4	11.6	2.1	4.7	7.5
Currency in circulation	14.0	9.6	1.6	-3.3	11.7
Deposits	11.1	11.9	2.2	5.8	7.0
Capital and reserves	26.2	16.7	21.6	19.4	20.8
(In percent of GDP)					
<b>Domestic credit</b>	<b>49.3</b>	<b>56.2</b>	<b>50.4</b>	<b>59.0</b>	<b>64.6</b>
Credit to the public sector	7.5	9.3	2.0	5.0	7.7
Central government (net)	3.4	8.2	2.5	5.5	9.8
Rest of public sector (net)	4.0	1.1	-0.6	-0.4	-2.1
Credit to the private sector	43.7	47.2	52.8	56.5	58.6
Other assets (net)	-1.8	-0.3	-4.4	-2.5	-1.7
<b>Liabilities to the private sector</b>	<b>58.4</b>	<b>63.1</b>	<b>62.1</b>	<b>62.9</b>	<b>65.5</b>
Money and quasi-money	50.5	54.0	51.7	51.1	52.1
Money	5.8	6.1	5.8	5.3	5.6
Quasi-money	44.7	47.9	45.9	45.9	46.5
Foreign currency deposits	1.1	1.5	1.7	1.9	2.2
Capital and reserves	6.8	7.6	8.7	9.8	11.2
(Annual percentage change)					
<b>Memorandum items</b>					
Monetary base	37.9	5.6	-8.3	6.5	13.0
Credit to the private sector	5.9	12.9	19.2	13.2	9.6

Sources: Central Bank of Belize; Fund staff estimates.

Table 20. Belize: Detailed Accounts of the Banking System

(In millions of Belize dollars)

	2000	2001	2002	2003	2004
<b>I. Central Bank</b>					
<b>International reserves (net)</b>	<b>227.7</b>	<b>205.5</b>	<b>206.5</b>	<b>146.6</b>	<b>76.8</b>
Assets	229.3	208.4	212.5	152.4	79.6
Liabilities (-)	-1.7	-2.9	-6.0	-5.8	-2.8
<b>Net domestic assets</b>	<b>-112.5</b>	<b>-80.2</b>	<b>-73.9</b>	<b>-19.0</b>	<b>65.2</b>
Credit to nonfinancial public sector (net)	65.9	97.2	4.5	65.8	163.9
Central government (net)	-13.0	62.9	-3.0	59.3	134.0
Loans and advances	45.0	65.5	0.0	74.1	82.5
Securities	17.7	12.7	63.8	91.4	82.8
Treasury bills	5.5	0.5	53.8	81.4	72.8
Other securities	12.2	12.2	10.0	10.0	10.0
Deposits (-)	-75.7	-15.3	-66.8	-106.3	-31.3
Rest of nonfinancial public sector	78.8	34.3	7.5	6.5	29.9
Loans and advances	84.2	84.0	15.0	10.0	32.5
Deposits	-5.4	-49.7	-7.5	-3.5	-2.6
Net position of commercial banks	-81.8	-83.0	-58.6	-70.9	-88.1
Advances	0.4	0.2	0.0	5.1	0.0
Deposits (-)	-82.2	-83.2	-58.6	-76.0	-88.1
Other assets	6.6	32.9	31.9	34.1	33.0
Fixed assets	2.6	30.6	30.3	31.8	31.2
Local bank clearing	4.0	2.4	1.6	2.3	1.8
Other liabilities	-19.1	-33.8	-33.2	-40.5	-41.1
Capital and reserves	-23.8	-21.7	-22.2	-22.5	-22.8
Undistributed profits	-4.8	-4.8	-4.8	-4.8	-4.8
Other liabilities, residual	9.5	-7.3	-6.2	-13.2	-13.5
Medium-term external liabilities 1/	-84.0	-93.5	-18.5	-7.5	-2.5
<b>Currency issue</b>	<b>115.2</b>	<b>125.3</b>	<b>132.7</b>	<b>127.6</b>	<b>142.0</b>
<b>II. Commercial Banks</b>					
<b>Net foreign assets</b>	<b>8.2</b>	<b>8.0</b>	<b>-9.5</b>	<b>-63.9</b>	<b>-54.6</b>
Foreign assets	138.7	133.7	113.5	118.7	129.3
Foreign liabilities	-130.5	-125.7	-122.9	-182.6	-183.8
<b>Net claims on central bank</b>	<b>101.0</b>	<b>103.1</b>	<b>84.4</b>	<b>95.2</b>	<b>114.7</b>
Cash in vault	19.2	20.1	25.9	24.4	26.6
Reserve deposits	82.2	83.2	58.6	75.9	88.0
Advances (-)	-0.4	-0.2	0.0	-5.1	0.0
<b>Net domestic credit</b>	<b>767.3</b>	<b>880.7</b>	<b>968.1</b>	<b>1,099.0</b>	<b>1,181.8</b>
Nonfinancial public sector (net)	58.3	65.1	32.2	33.0	-4.9
Central government (net)	70.3	79.8	50.2	48.3	68.3
Treasury bills and other securities	86.1	87.9	63.0	55.0	81.5
Deposits (-)	-15.9	-8.1	-12.8	-6.7	-13.2
Rest of public sector (net)	-12.0	-14.6	-18.1	-15.3	-73.2
Loans and advances	10.2	12.9	9.4	8.6	12.9
Securities	0.1	0.1	5.1	2.6	1.6
Deposits (-)	-22.3	-27.6	-32.6	-26.5	-87.7
Social Security Board	-8.3	-12.8	-14.7	-13.8	-75.2
Statutory bodies	-12.8	-1.9	-3.6	-3.1	-2.7
Other	-1.1	-12.9	-14.2	-9.6	-9.8
Credit to private sector	726.9	820.6	978.5	1,107.7	1,214.2
Other assets net 2/	-17.8	-5.1	-42.6	-41.7	-27.4
<b>Liabilities to the private sector</b>	<b>876.5</b>	<b>991.8</b>	<b>1,043.0</b>	<b>1,130.3</b>	<b>1,242.0</b>
Deposits	762.8	859.1	881.6	937.6	1,009.2
Domestic currency	744.0	832.3	850.5	899.5	962.7
Demand deposits	184.2	227.5	213.3	215.6	239.1
Savings deposits	173.5	208.7	207.0	199.3	193.7
Time deposits	386.3	396.2	430.3	484.7	529.9
Foreign currency	18.7	26.8	31.1	38.1	46.5
Capital and reserves	113.8	132.7	161.4	192.7	232.7

Table 20. Belize: Detailed Accounts of the Banking System

(In millions of Belize dollars)

	2000	2001	2002	2003	2004
<b>III. Consolidated Banking System (I+II)</b>					
<b>Net foreign assets</b>	<b>235.9</b>	<b>213.4</b>	<b>197.1</b>	<b>82.7</b>	<b>22.2</b>
Assets	368.1	342.1	326.0	271.1	208.9
Liabilities	-132.2	-128.7	-128.9	-188.4	-186.6
<b>Net domestic assets</b>	<b>736.6</b>	<b>883.6</b>	<b>952.7</b>	<b>1,150.8</b>	<b>1,335.0</b>
Nonfinancial public sector (net)	124.1	162.3	36.6	98.8	158.9
Central government (net)	57.3	142.7	47.2	107.6	202.3
Claims	148.8	166.0	126.8	220.5	246.8
Deposits (-)	-91.5	-23.4	-79.5	-113.0	-44.6
Rest of the nonfinancial public sector	66.8	19.7	-10.6	-8.8	-43.4
Claims	94.5	97.0	29.5	21.2	47.0
Deposits (-)	-27.7	-77.3	-40.1	-30.0	-90.4
Social Security Board	-10.0	-13.5	-15.6	-14.1	-75.5
Other public agencies	-17.7	-63.8	-24.5	-15.9	-14.9
Credit to private sector	726.9	820.6	978.5	1,107.7	1,214.2
Deposits of private financial institutions	138.7	-24.1	-32.5	-32.6	-60.7
Other assets (net)	-253.1	-75.3	-29.8	-23.1	22.6
<b>Liabilities to the private sector</b>	<b>972.5</b>	<b>1,097.0</b>	<b>1,149.8</b>	<b>1,233.5</b>	<b>1,357.3</b>
Money and quasi-money	840.0	937.5	957.3	1,002.8	1,078.0
Money	280.2	332.6	320.1	318.8	354.4
Currency in circulation	96.0	105.2	106.8	103.3	115.3
Demand deposits	184.2	227.5	213.3	215.6	239.1
Quasi money	559.8	604.8	637.3	683.9	723.6
Savings deposits	173.5	208.7	207.0	199.3	193.7
Time deposits	386.3	396.2	430.3	484.7	529.9
Foreign currency deposits	18.7	26.8	31.1	38.1	46.5
Bank capital and reserves	113.8	132.7	161.4	192.7	232.7

Sources: Central Bank of Belize.

Table 21. Belize: Accounts of the Development Financial Corporation 1/

(In millions of Belize dollars)

	2000	2001	2002	2003	2004
<b>Assets</b>	<b>378.6</b>	<b>584.9</b>	<b>636.5</b>	<b>602.0</b>	<b>638.9</b>
Current assets	49.4	94.5	98.4	89.5	129.5
Cash and claims on banks - unrestricted	10.2	21.3	8.6	5.9	5.3
Cash and claims on banks - restricted	-	-	13.8	9.3	7.8
Accounts receivable and prepayments	36.4	68.7	72.8	71.0	112.8
Interest receivable, net of provisions	2.8	4.5	3.1	3.4	3.6
Long term assets	329.2	490.4	538.1	512.5	509.3
Credit to the private sector	165.7	240.6	277.5	219.0	220.3
Loan to borrowers (restricted)	...	...	70.8	61.3	55.0
Loan to borrowers	...	...	211.6	168.7	182.3
Less: provision for bad debt	...	...	-5.1	-11.0	-17.0
Assets held for resale	85.7	159.7	167.8	156.4	137.7
Santa Cruz lodge and Libertad land	6.0	6.0	5.2	5.3	5.3
Reserves and retained interests	0.0	0.0	0.0	39.1	46.4
Investments	1.6	5.6	6.3	4.3	4.4
Sinking funds	64.0	70.9	73.4	81.4	88.5
Agency accounts, net	0.3	1.1	1.5	1.8	1.9
Fixed assets, net of depreciation	5.8	6.4	6.4	5.2	4.8
<b>Liabilities</b>	<b>348.4</b>	<b>548.5</b>	<b>599.2</b>	<b>561.4</b>	<b>598.1</b>
Current liabilities	23.1	87.4	71.9	47.5	90.5
Accounts payable and accrued expenses	8.1	21.0	27.4	22.0	40.1
Current repayments long-term loans and bonds	15.0	26.3	39.5	25.5	50.4
Short-term liability	0.0	40.2	5.0	0.0	0.0
Long-term liabilities	183.6	320.4	385.4	371.6	363.9
CDB loans	38.2	38.9	37.7	36.5	42.0
CBB loans	84.0	85.3	16.0	10.7	5.5
Other loans	61.5	196.2	331.7	324.3	316.5
Other liabilities	141.7	140.7	141.8	142.3	143.6
Sinking fund	77.7	70.9	73.4	81.4	88.5
Deferred income - Securitization	64.0	69.8	68.4	60.9	55.2
<b>Capital</b>	<b>30.2</b>	<b>36.4</b>	<b>37.5</b>	<b>40.6</b>	<b>40.8</b>
Share capital	29.1	29.1	29.1	34.5	34.5
Capital grants	6.3	6.5	6.6	4.5	4.5
Accumulated deficit	-5.2	-2.4	-1.8	-0.5	-0.2
Other capital	0.0	3.2	3.6	2.0	2.0

Source: Belize authorities.

1/ Data for 2003-04 are based on unaudited statements.

Table 22. Belize: Interest Rates 1/

(Annual percentage)

	Treasury Bill Discount rate	Central Bank Lending rate	Commercial Bank Rates					Weighted Average Deposits	Loans	US\$LIBOR 90-Day	Spread lending minus deposits interest rates	Difference between Belize and international interest rates 3/
			Saving deposits	Time deposits 2/	Personal loans	Commercial loans	Mortgage loans					
<b>2000</b>												
I	5.9	12.0	5.4	7.9	17.0	16.1	15.0	5.5	16.2	6.3	10.7	1.6
II	5.9	12.0	5.5	7.8	16.8	15.6	15.0	5.4	16.0	6.8	10.6	1.1
III	5.9	12.0	5.4	7.6	16.8	15.5	14.7	5.3	15.9	6.8	10.6	0.8
IV	5.9	12.0	5.4	7.2	16.5	15.5	14.7	5.0	15.8	6.4	10.8	0.8
<b>2001</b>												
I	5.9	12.0	5.5	6.6	16.6	15.6	14.5	4.4	15.6	4.9	11.2	1.7
II	5.9	12.0	5.5	6.4	16.5	15.1	14.1	4.3	15.3	3.8	11.0	2.6
III	5.9	12.0	5.4	6.1	16.4	15.0	14.0	4.2	15.3	2.6	11.1	3.5
IV	5.9	12.0	5.4	6.1	16.8	14.8	14.0	4.3	15.4	1.9	11.1	4.2
<b>2002</b>												
I	3.7	12.0	5.2	6.1	16.8	14.9	13.9	4.2	15.4	1.9	11.2	4.2
II	3.5	12.0	5.1	6.2	16.6	14.9	13.9	4.2	15.3	1.9	11.1	4.3
III	3.3	12.0	5.1	6.2	16.4	14.8	13.8	4.2	15.1	1.8	10.9	4.4
IV	3.2	12.0	5.1	6.2	16.1	14.7	13.7	4.3	14.9	1.5	10.6	4.7
<b>2003</b>												
I	3.2	12.0	5.1	6.8	16.0	14.2	13.2	4.7	14.4	1.4	9.7	5.4
II	3.2	12.0	5.2	6.9	15.7	14.2	13.0	4.7	14.3	1.2	9.6	5.7
III	3.2	12.0	5.1	6.9	15.8	14.2	12.9	4.8	14.4	1.1	9.6	5.8
IV	3.2	12.0	5.1	7.2	15.7	13.9	12.4	4.9	14.2	1.2	9.3	6.0
<b>2004</b>												
I	3.2	12.0	5.1	7.3	15.5	13.8	12.5	5.0	14.0	1.1	9.0	6.2
II	3.2	12.0	5.0	7.5	15.6	13.9	12.6	5.3	13.9	1.3	8.7	6.2
III	3.2	12.0	5.1	7.5	15.4	13.9	12.6	5.3	13.8	1.8	8.5	5.8
IV	3.2	12.0	5.1	7.6	15.5	13.9	12.6	5.2	14.0	2.2	8.8	5.4

Source: Central Bank of Belize.

1/ Quarterly averages.

2/ 90-day time deposits.

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

Table 23. Belize: Treasury Securities by Holder

(In millions of Belize dollars, end of period)

	2000	2001	2002	2003	2004
<b>Total holdings</b>	<b>93.3</b>	<b>93.3</b>	<b>123.3</b>	<b>123.3</b>	<b>123.3</b>
Treasury bills	70.0	70.0	100.0	100.0	100.0
Central Bank of Belize	5.6	0.5	54.1	81.4	72.6
Commercial banks	63.1	64.9	33.2	13.9	24.9
Other 1/	1.3	4.6	12.6	4.7	2.5
Treasury notes at commercial banks	23.3	23.3	23.3	23.3	23.3

Source: Central Bank of Belize.

1/ Includes Caribbean Development Bank.



Table 24. Belize: Sectoral Distribution of Credit to the Private Sector

	2000	2001	2002	2003	2004
(In millions of Belize dollars)					
<b>By source</b>	<b>1,033.2</b>	<b>1,215.6</b>	<b>1,315.7</b>	<b>1,487.2</b>	<b>1,751.3</b>
Commercial banks 1/	695.4	788.5	904.5	1,041.7	1,176.0
Development Finance Corporation	199.3	266.6	216.4	224.3	330.6
Credit unions	138.5	160.5	194.8	221.2	244.7
<b>By destination</b>	<b>1,033.2</b>	<b>1,215.6</b>	<b>1,315.5</b>	<b>1,487.2</b>	<b>1,751.3</b>
Primary sectors	114.7	139.5	131.9	153.3	177.7
Agriculture	88.1	98.1	88.6	101.5	118.9
Sugar	19.6	20.6	15.1	13.0	14.2
Citrus	26.7	23.6	20.5	25.2	27.6
Bananas	22.4	32.1	38.4	52.6	60.6
Grains	9.2	10.0	4.3	6.9	10.2
Other agriculture	10.2	11.8	10.3	10.6	13.2
Other primary	26.6	41.4	43.3	51.8	58.8
Secondary sectors	281.3	318.2	318.3	341.0	404.1
Manufacturing	50.1	49.3	25.2	14.7	19.0
Construction	231.2	268.9	293.1	326.3	385.1
Services	316.4	405.0	459.6	543.4	707.5
Transportation	35.6	73.0	58.5	50.5	64.6
Tourism	45.3	71.4	66.1	106.7	120.9
Trade and commerce	133.0	136.3	150.9	162.8	165.5
Other services	102.5	124.3	184.1	223.4	356.5
Personal 2/	320.8	352.9	405.7	449.5	462.0
(In percent of total)					
<b>By source</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Commercial banks 1/	67.3	64.9	64.4	70.0	67.1
Development Finance Corporation	19.3	21.9	21.7	15.1	18.9
Credit unions	13.4	13.2	13.9	14.9	14.0
<b>By destination</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Primary sectors	11.1	11.5	9.4	10.3	10.1
Agriculture	8.5	8.1	6.3	6.8	6.8
Sugar	1.9	1.7	1.1	0.9	0.8
Citrus	2.6	1.9	1.5	1.7	1.6
Bananas	2.2	2.6	2.7	3.5	3.5
Rice	0.9	0.8	0.3	0.5	0.6
Other agriculture	1.0	1.0	0.7	0.7	0.8
Other primary	2.6	3.4	3.1	3.5	3.4
Secondary sectors	27.2	26.2	22.7	22.9	23.1
Manufacturing	4.8	4.1	1.8	1.0	1.1
Construction	22.4	22.1	20.9	21.9	22.0
Services	30.6	33.3	32.7	36.5	40.4
Transportation	3.4	6.0	4.2	3.4	3.7
Tourism	4.4	5.9	4.7	7.2	6.9
Trade and commerce	12.9	11.2	10.7	10.9	9.5
Other services	9.9	10.2	13.1	15.0	20.4
Personal 2/	31.0	29.0	35.2	30.2	26.4

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 25. Belize: Commercial Banks' Liquidity Position

	2000	2001	2002	2003	2004
(In percent of average deposit liabilities)					
<b>Minimum liquid assets requirement</b>	<b>24.0</b>	<b>24.0</b>	<b>24.0</b>	<b>25.0</b>	<b>27.0</b>
Cash reserve requirement 1/	5.0	5.0	6.0	6.0	7.0
Other liquid assets requirement 2/	19.0	19.0	18.0	19.0	20.0
<b>Actual liquid assets</b>	<b>38.6</b>	<b>36.6</b>	<b>30.0</b>	<b>30.4</b>	<b>39.2</b>
Reserves at central bank 1/	8.0	8.9	6.4	7.9	9.3
Other liquid assets 2/	30.6	27.7	23.6	22.5	29.9
<i>Of which</i>					
Foreign assets	14.0	10.9	9.0	7.3	11.7
Treasury bills	7.2	6.9	3.3	2.0	2.9
Excess liquidity	14.6	12.6	6.0	5.4	12.2
(In millions of Belize dollars)					
<b>Memorandum items:</b>					
Average deposit liabilities	903.3	968.6	1,014.1	1,050.9	1,189.6
Total deposits (end-of-period)	931.0	988.1	1,020.9	1,061.7	1,215.7
<i>Of which</i>					
Central government	15.9	7.7	7.7	5.6	11.8
Social Security Board	8.3	12.8	12.8	13.8	75.2
Total loans and advances	726.9	818.2	904.5	1,041.7	1,176.0
Credit/deposit ratio	78.1	82.8	88.6	98.1	96.7

Source: Central Bank of Belize.

1/ Deposits at the central bank.

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

Table 26. Belize: Balance of Payments

	2000	2001	2002	2003	2004
(In millions of U.S. dollars)					
<b>Current account balance</b>	<b>-171.7</b>	<b>-195.8</b>	<b>-187.2</b>	<b>-218.4</b>	<b>-183.5</b>
Trade balance	-202.6	-212.8	-188.2	-206.8	-173.8
Exports, f.o.b.	281.8	269.1	309.7	315.5	306.9
Imports, f.o.b.	-484.4	-481.9	-497.9	-522.3	-480.8
Services	34.1	52.5	52.6	39.6	53.5
<i>Of which:</i> Travel	76.6	78.5	86.6	73.0	91.8
Embassy and military	9.0	14.7	6.2	7.0	3.7
Income	-63.0	-84.6	-98.1	-96.4	-117.0
Public sector interest payments	-27.8	-43.8	-54.3	-57.7	-66.7
Interest on public debt	-18.4	-30.9	-26.6	-41.5	-54.0
Central government	-12.3	-20.8	-19.8	-38.6	-52.3
Other public sector	-6.1	-10.2	-6.7	-2.9	-1.7
Interest on mortgage and other securitization	-9.5	-12.8	-27.8	-16.2	-12.7
Public sector interest receipt	7.5	9.7	5.7	6.0	5.0
Profits, dividends, reinvestment earnings	-30.5	-33.3	-33.0	-31.0	-42.4
Other	-12.1	-17.3	-16.5	-13.7	-13.0
Current transfers	59.7	49.2	46.6	45.3	53.9
Private (net)	51.5	40.2	35.8	42.6	38.5
Official (net)	8.2	9.0	10.8	2.7	15.4
<b>Capital and financial account balance</b>	<b>230.0</b>	<b>159.9</b>	<b>203.6</b>	<b>194.6</b>	<b>166.5</b>
Capital transfers	3.3	-2.2	1.2	11.4	1.5
Public sector	82.1	208.2	112.2	136.1	113.7
Change in assets	0.0	0.0	0.0	0.0	-1.8
Change in liabilities	59.8	208.2	87.4	136.1	165.7
Disbursements	45.6	204.7	116.4	305.4	253.9
Amortization	-19.4	-33.0	-47.7	-169.3	-88.2
Privatization proceeds	22.3	0.0	24.8	0.0	-50.2
Private sector 1/	29.1	22.8	46.6	56.1	66.9
<b>Errors and omissions</b>	<b>-6.7</b>	<b>25.4</b>	<b>-14.4</b>	<b>-6.2</b>	<b>-19.3</b>
<b>Overall balance</b>	<b>51.7</b>	<b>-10.5</b>	<b>2.1</b>	<b>-30.0</b>	<b>-36.3</b>
(In percent of GDP)					
Current account balance	-20.6	-22.6	-20.2	-22.3	-17.7
Trade balance	-24.4	-24.5	-20.3	-21.1	-16.8
Capital and financial account	27.5	18.4	22.0	18.6	16.1
Public sector	25.3	13.3	15.0	11.7	4.5
Private sector 2/	2.2	5.1	7.0	6.9	11.6
Overall balance	6.1	-1.2	0.2	-3.1	-3.5
Public and publicly guaranteed external debt (end of period)	65.6	75.6	86.4	97.3	92.3
(Annual percentage change)					
Public debt service ratio 3/	13.5	20.6	43.0	28.7	50.9
Gross official reserves 4/	2.3	2.0	1.9	1.5	0.7

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

1/ Detailed data on private sector flows are not available.

2/ Includes errors and omissions.

3/ In percent of exports of goods and nonfactor services.

4/ In percent of imports of goods and nonfactor services of the following year.

Table 27. Belize: Principal Domestic Exports 1/

(In millions of U.S. dollars, volume as indicated, unit value in U.S. dollars)

	2000	2001	2002	2003	2004
<b>Total exports (value)</b>	<b>259.7</b>	<b>255.1</b>	<b>309.7</b>	<b>315.5</b>	<b>306.9</b>
Total domestic exports (value)	170.5	161.0	165.6	196.9	205.4
Main exports (value)	156.9	147.6	135.8	164.4	165.2
Other exports (value)	15.1	13.3	17.2	12.6	40.2
Reexports, f.o.b.	89.0	93.9	143.9	118.4	101.3
Coverage adjustments 2/	0.2	0.2	0.2	0.2	0.2
<b>Sugar</b>	21.8	18.4	20.3	18.1	19.4
Value	37.1	29.7	33.7	35.6	39.9
Volume ('000 long tons)	107.6	90.1	102.5	98.6	107.1
Unit value (U.S. cents/lb.)	15.0	14.8	14.6	16.1	16.6
<b>Molasses</b>					
Value	0.1	0.8	1.3	1.2	0.9
Volume (million gallons)	5.1	4.8	5.6	5.6	5.0
Unit value (U.S. cents/gallon)	2.6	17.1	23.8	22.1	17.5
<b>Seafood products</b>					
Value	34.8	35.0	34.9	55.1	53.7
Volume (million pounds)	8.1	9.1	7.6	17.1	18.4
Unit value (U.S. dollars/pound)	4.3	3.9	4.6	3.2	2.9
<b>Banana</b>				16.6	
Value	32.9	21.4	20.5	26.3	26.5
Volume (million boxes of 42 lbs.)	3.1	2.3	2.4	3.1	3.4
Unit value (U.S. cents/lb.)	21.2	20.1	17.3	20.2	18.7
<b>Citrus concentrates 3/</b>					
Value	25.0	38.8	27.2	27.6	22.8
Volume (million gallons)	5.6	5.8	3.7	3.9	3.6
Unit value (U.S. dollars/gallon)	8.5	6.7	7.3	6.3	6.3
<b>Single strength juices 3/</b>					
Value	4.7	5.5	1.7	1.4	1.4
Volume (million gallons)	5.0	2.7	0.7	0.6	0.6
Unit value (U.S. dollars/gallon)	2.4	2.1	2.3	2.2	2.3
<b>Sawn wood</b>					
Value	2.4	1.2	1.3	1.8	1.5
Volume (million board feet)	2.4	1.0	1.0	0.8	0.8
Unit value (U.S. cents/bd. foot)	98.1	111.7	133.9	179.7	187.5
<b>Garments</b>					
Value	19.9	15.2	15.3	15.5	18.6
Volume ('000 dozens)	219.0	166.7	334.0	-	-
Unit value (U.S. dollars/doz.)	90.9	91.2	44.3	-	-
<b>Memorandum items:</b>					
Total exports (percent change)	8.1	-1.8	21.4	1.9	-2.7
Total exports (percent of GDP)	31.2	29.4	33.4	32.2	29.6

Sources: Central Statistical Office; and Fund staff estimates.

1/ Domestic exports defined as total exports minus reexports.

2/ Exports through parcel post.

3/ Comprises actual sales abroad, net of inventory accumulation abroad.

Table 28. Belize: Domestic Exports by Standard  
International Trade Classification Category

	2000	2001	2002	2003	2004
(In thousands of U.S. dollars)					
<b>Total domestic exports, f.o.b. 1/</b>	<b>199.5</b>	<b>162.7</b>	<b>158.3</b>	<b>196.9</b>	<b>205.4</b>
Food	175.8	144.2	134.3	167.2	165.1
Crude material	2.7	1.6	1.7	1.8	1.5
Chemicals	0.2	0.3	0.9	0.9	1.0
Manufactured goods	0.3	0.4	5.8	6.0	6.2
Machinery and equipment	0.3	0.7	0.5	0.5	0.5
Miscellaneous manufactures	20.2	15.5	15.2	20.6	31.1
(In percent of total exports)					
<b>Total domestic exports, f.o.b. 1/</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Food	88.1	88.6	84.8	84.9	80.4
Crude material	1.4	1.0	1.1	0.9	0.7
Chemicals	0.1	0.2	0.6	0.5	0.5
Manufactured goods	0.2	0.2	3.7	3.0	3.0
Machinery and equipment	0.2	0.4	0.3	0.3	0.3
Miscellaneous manufactures	10.1	9.5	9.6	10.5	15.2
<b>Memorandum item</b>					
Domestic exports as percent of GDP	24.0	18.7	17.1	20.1	19.8

Sources: Central Statistical Office; and Fund staff estimates.

1/ Domestic exports defined as total exports minus reexports.

Table 29. Belize: Retained Imports by Standard International Trade Classification Category

	2000	2001	2002	2003	2004
(In millions of U.S. dollars)					
<b>Gross imports, c.i.f. 1/</b>	<b>532.4</b>	<b>525.9</b>	<b>537.3</b>	<b>566.3</b>	<b>529.0</b>
Temporary imports 2/	13.2	8.1	12.1	12.1	12.1
<b>Retained imports, c.i.f. 1/</b>	<b>468.0</b>	<b>454.4</b>	<b>416.7</b>	<b>462.2</b>	<b>445.9</b>
Food and live animals	51.2	58.7	53.5	59.4	54.6
Beverages and tobacco	3.2	3.8	4.1	4.5	4.9
Crude materials	4.0	5.7	3.7	3.4	3.7
Mineral, fuels and lubricants	85.9	75.8	57.6	80.6	92.1
Animal and vegetable oils	1.9	1.6	1.5	1.7	1.6
Chemicals and related products	41.8	35.5	42.3	41.4	38.2
Manufactured goods: materials	71.7	67.9	63.9	64.4	68.4
Machinery and transport equipment	117.2	113.7	96.6	101.9	88.0
Miscellaneous manufactured articles	32.2	37.4	39.9	51.6	40.9
Commodities and transactions N.E.C. 3/	58.9	54.3	53.6	53.6	53.6
(In percent of total retained imports)					
<b>Retained imports, c.i.f. 1/</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Food and live animals	10.9	12.9	12.8	14.2	13.1
Beverages and tobacco	0.7	0.8	1.0	1.1	1.2
Crude materials	<b>0.8</b>	<b>1.2</b>	0.9	0.8	0.9
Mineral, fuels and lubricants	18.4	16.7	13.8	19.3	22.1
Animal and vegetable oils	0.4	0.4	0.4	0.4	0.4
Chemicals and related products	8.9	7.8	10.1	9.9	9.2
Manufactured goods: materials	15.3	14.9	15.3	15.4	16.4
Machinery and transport equipment	25.1	25.0	23.2	24.4	21.1
Miscellaneous manufactured articles	6.9	8.2	9.6	12.4	9.8
Commodities and transactions N.E.C. 3/	12.6	12.0	12.9	12.9	12.9
<b>Memorandum items</b>					
Retained imports					
Percentage change	0.5	0.0	-0.1	0.1	0.0
In percent of GDP	56.2	52.3	45.0	47.1	43.1
Gross imports					
Percentage change	1.4	1.0	1.0	1.1	0.9
In percent of GDP	64.0	60.5	58.0	57.7	51.1

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

1/ Includes imports through parcel post and electricity.

2/ Starting in 1997 with the opening of the Corozal free trade zone discrepancies arose between temporary imports and reexports.

3/ Commodities & Transactions N.E.C. includes some transactions for Export Processing Zones and electricity purchased from Mexico.

Table 30. Belize: Sugar Exports by Destination

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

	2000	2001	2002	2003	2004
<b>Total sugar exports</b>					
Value	37.1	29.7	32.9	35.6	39.85
Volume	107.6	90.1	102.5	98.6	107.1
Unit Value (U.S. cents/lb.)	15.0	15.0	14.1	16.1	16.6
<b>United States</b>					
Value	4.1	4.4	4.8	5.4	4.2
Volume	11.0	10.9	11.0	9.8	10.9
Unit Value (U.S. cents/lb.)	17.0	18.2	19.4	24.8	17.2
<b>European Union</b>					
Value	25.8	18.8	21.9	22.6	23.7
Volume	54.9	44.6	48.9	46.4	48.0
Unit Value (U.S. cents/lb.)	21.0	20.0	20.0	21.7	22.0
<b>Free market</b>					
Value	7.2	7.0	7.0	7.3	12.0
Volume	41.7	34.6	42.6	37.6	48.2
Unit Value (U.S. cents/lb.)	7.9	9.1	7.3	8.7	11.1
<b>Memorandum item</b>					
Share of sugar exports in domestic exports (in percent)	21.7	18.4	20.3	18.1	19.4

Source: Central Statistical Office.

Table 31. Belize: Visitor Arrivals

(In persons, unless otherwise indicated)

	2000	2001	2002	2003	2004
<b>Stay-over tourist arrivals by origin</b>	<b>195,766</b>	<b>195,955</b>	<b>199,521</b>	<b>220,574</b>	<b>230,832</b>
Annual percentage change	8.3	0.1	1.8	10.6	4.7
By origin					
North America	122,610	123,523	123,201	143,431	156,143
United States	104,717	106,292	104,603	127,288	137,367
Canada	9,205	9,492	9,185	9,831	11,925
Mexico	8,688	7,739	9,413	6,312	6,851
Europe	27,674	28,736	29,115	33,530	32,770
United Kingdom	8,007	8,313	9,444	9,318	9,991
Holland	3,555	3,906	3,656	4,212	3,585
Germany	3,757	3,841	3,602	4,146	4,269
Italy	2,606	3,093	3,122	3,847	2,851
France	1,921	1,829	2,218	3,115	3,308
Spain	1,211	1,510	1,377	1,737	1,402
Switzerland	1,009	988	974	1,019	1,028
Other European	5,608	5,256	4,722	6,136	6,336
Central America	24,093	21,904	28,619	27,514	24,955
Caribbean countries	1,686	1,760	1,941	2,055	2,211
South America	1,703	1,793	1,560	1,784	1,941
Other	18,000	18,239	15,085	12,260	12,812
<b>Cruise ship arrivals</b>	<b>58,131</b>	<b>48,116</b>	<b>319,690</b>	<b>575,196</b>	<b>851,436</b>
Annual percentage change	70.3	-17.2	564.4	79.9	48.0
<b>Tourism receipts (US\$ million)</b>	<b>117.1</b>	<b>119.2</b>	<b>129.1</b>	<b>117.2</b>	<b>133.0</b>
Annual percentage change	10.8	1.9	8.3	-9.2	13.5

Sources: Belize Tourist Board; and Central Bank of Belize.



Table 32. Belize: Direction of Trade

	2000	2001	2002	2003	2004
(In millions of U.S. dollars)					
<b>Domestic exports, f.o.b. 1/</b>	<b>210.4</b>	<b>162.7</b>	<b>158.3</b>	<b>190.7</b>	<b>204.2</b>
United States	104.2	84.3	84.1	105.8	112.5
United Kingdom	60.5	39.0	39.0	46.7	39.6
Other European Union	22.0	11.4	14.8	10.3	20.6
Canada	0.4	1.2	0.9	0.4	0.4
Mexico	1.4	1.2	1.9	2.9	2.9
CARICOM	9.0	10.8	11.2	16.0	23.3
Other	12.8	14.9	6.5	8.6	4.9
<b>Total imports, c.i.f.</b>	<b>524.3</b>	<b>516.8</b>	<b>524.5</b>	<b>552.1</b>	<b>514.1</b>
United States	261.8	237.0	226.9	234.8	199.0
United Kingdom	12.7	11.0	14.1	14.0	12.0
Other European Union	26.1	26.4	27.2	28.2	19.9
Canada	9.5	5.3	16.1	6.8	6.2
Mexico	42.9	43.5	40.9	43.6	53.0
CARICOM	14.9	20.8	15.9	15.1	13.2
Other	156.4	172.8	183.4	209.5	210.8
(In percent of total)					
<b>Domestic exports, f.o.b. 1/</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
United States	49.5	51.8	53.1	55.5	55.1
United Kingdom	28.8	24.0	24.6	24.5	19.4
Other European Union	10.5	7.0	9.4	5.4	10.1
Canada	0.2	0.7	0.6	0.2	0.2
Mexico	0.7	0.7	1.2	1.5	1.4
CARICOM	4.3	6.6	7.1	8.4	11.4
Other	6.1	9.1	4.1	4.5	2.4
<b>Total imports, c.i.f.</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
United States	49.9	45.9	43.3	42.5	38.7
United Kingdom	2.4	2.1	2.7	2.5	2.3
Other European Union	5.0	5.1	5.2	5.1	3.9
Canada	1.8	1.0	3.1	1.2	1.2
Mexico	8.2	8.4	7.8	7.9	10.3
CARICOM	2.8	4.0	3.0	2.7	2.6
Other	29.8	33.4	35.0	38.0	41.0

Source: Central Bank of Belize.

1/ Domestic exports defined as total exports minus reexports.

Table 33. Belize: Public and Publicly Guaranteed Debt

	2000	2001	2002	2003	2004
(In millions of U.S. dollars)					
<b>Debt outstanding (end-of-period)</b>	<b>630.8</b>	<b>730.7</b>	<b>830.0</b>	<b>1,010.8</b>	<b>1,059.1</b>
Domestic debt 1/	84.8	73.6	29.9	56.1	103.5
External debt	546.0	657.1	800.1	954.6	955.6
Public sector debt	414.6	491.1	574.5	763.4	846.5
Central government	305.2	341.3	470.6	719.2	808.1
Rest of the public sector	17.2	24.2	8.1	7.1	6.1
CBB	52.8	48.4	10.7	5.0	2.3
DFC 2/	39.4	77.3	85.1	32.0	30.0
Publicly guaranteed external debt	131.4	165.9	225.5	191.2	109.1
DFC Securitization	102.0	124.1	169.5	135.8	32.1
Privatized public enterprises	29.4	41.8	56.0	55.4	77.0
(In percent of GDP)					
<b>Debt outstanding (end-of-period)</b>	<b>75.8</b>	<b>84.1</b>	<b>89.6</b>	<b>103.1</b>	<b>102.3</b>
Domestic debt 1/	10.2	8.5	3.2	5.7	10.0
External debt	65.6	75.6	86.4	97.3	92.3
Public sector debt	49.8	56.5	62.0	77.8	81.7
Central government	36.7	39.3	50.8	73.3	78.0
Rest of the public sector	2.1	2.8	0.9	0.7	0.6
CBB	6.3	5.6	1.2	0.5	0.2
DFC 2/	4.7	8.9	9.2	3.3	2.9
Publicly guaranteed external debt	15.8	19.1	24.3	19.5	10.5
DFC Securitization	12.3	14.3	18.3	13.8	3.1
Privatized public enterprises	3.5	4.8	6.0	5.6	7.4

Source: Central Bank of Belize.

1/ Refers to central government.

2/ Multilateral debt.

Table 34. Belize: External Debt by Creditor and Borrowing Agency

	2000	2001	2002	2003	2004
(In millions of U.S. dollars)					
External debt outstanding (end-of-period)	546.0	657.1	800.1	954.6	955.6
Public sector debt	414.6	491.1	574.5	763.4	846.5
Central government	305.2	341.3	470.6	719.2	808.1
Commercial	115.2	130.2	220.4	454.9	522.2
Multilateral	82.4	97.1	121.1	145.2	161.3
Bilateral	90.4	96.8	117.6	116.7	122.9
Export credit	17.1	17.2	11.5	2.4	1.6
Rest of the nonfinancial public sector	17.2	24.2	8.1	7.1	6.1
CBB	52.8	48.4	10.7	5.0	2.3
DFC	39.4	77.3	85.1	32.0	30.0
Publicly guaranteed debt	131.4	165.9	225.5	191.2	109.1
DFC securitization	102.0	124.1	169.5	135.8	32.1
Privatized public enterprises	29.4	41.8	56.0	55.4	77.0
(In percent of total)					
Central government debt by creditor	100.0	100.0	100.0	100.0	100.0
Commercial	37.7	38.2	46.8	63.2	64.6
Multilateral	27.0	28.4	25.7	20.2	20.0
Bilateral	29.6	28.4	25.0	16.2	15.2
Export credit	5.6	5.0	2.4	0.3	0.2
External debt outstanding	100.0	100.0	100.0	100.0	100.0
Public sector debt	75.9	74.7	71.8	80.0	88.6
Nonfinancial public sector	59.0	55.6	59.8	76.1	85.2
Central government	55.9	51.9	58.8	75.3	84.6
Rest of nonfinancial public sector	3.1	3.7	1.0	0.7	0.6
Financial public sector 1/	16.9	19.1	12.0	3.9	3.4
Publicly guaranteed debt	24.1	25.3	28.2	20.0	11.4

Source: Central Bank of Belize.

1/ Includes the Central Bank of Belize.

Table 35. Belize: Indices of Effective Exchange Rate 1/

(Indices 1990 = 100)

	Nominal effective exchange rate	Real effective exchange rate 2/
Quarterly averages		
<b>2000</b>		
I	137.4	100.5
II	140.3	102.1
III	142.1	103.1
IV	144.8	104.5
<b>2001</b>		
I	143.7	103.3
II	146.8	105.4
III	146.2	104.7
IV	146.3	104.7
<b>2002</b>		
I	147.7	105.7
II	145.3	104.5
III	142.0	102.5
IV	142.4	102.8
<b>2003</b>		
I	139.1	100.3
II	136.1	98.3
III	136.4	98.5
IV	132.7	96.2
<b>2004</b>		
I	129.6	94.1
II	131.8	95.8
III	131.2	95.5
IV	128.4	93.6
Annual averages		
2000	141.2	102.5
2001	145.7	104.5
2002	144.3	103.9
2003	136.1	98.3
2004	130.3	94.8

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.