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Belize
Country Economic Memorandum

April 14, 1992

Caribbean Division
Country Department III
Latin America and the Caribbean Region

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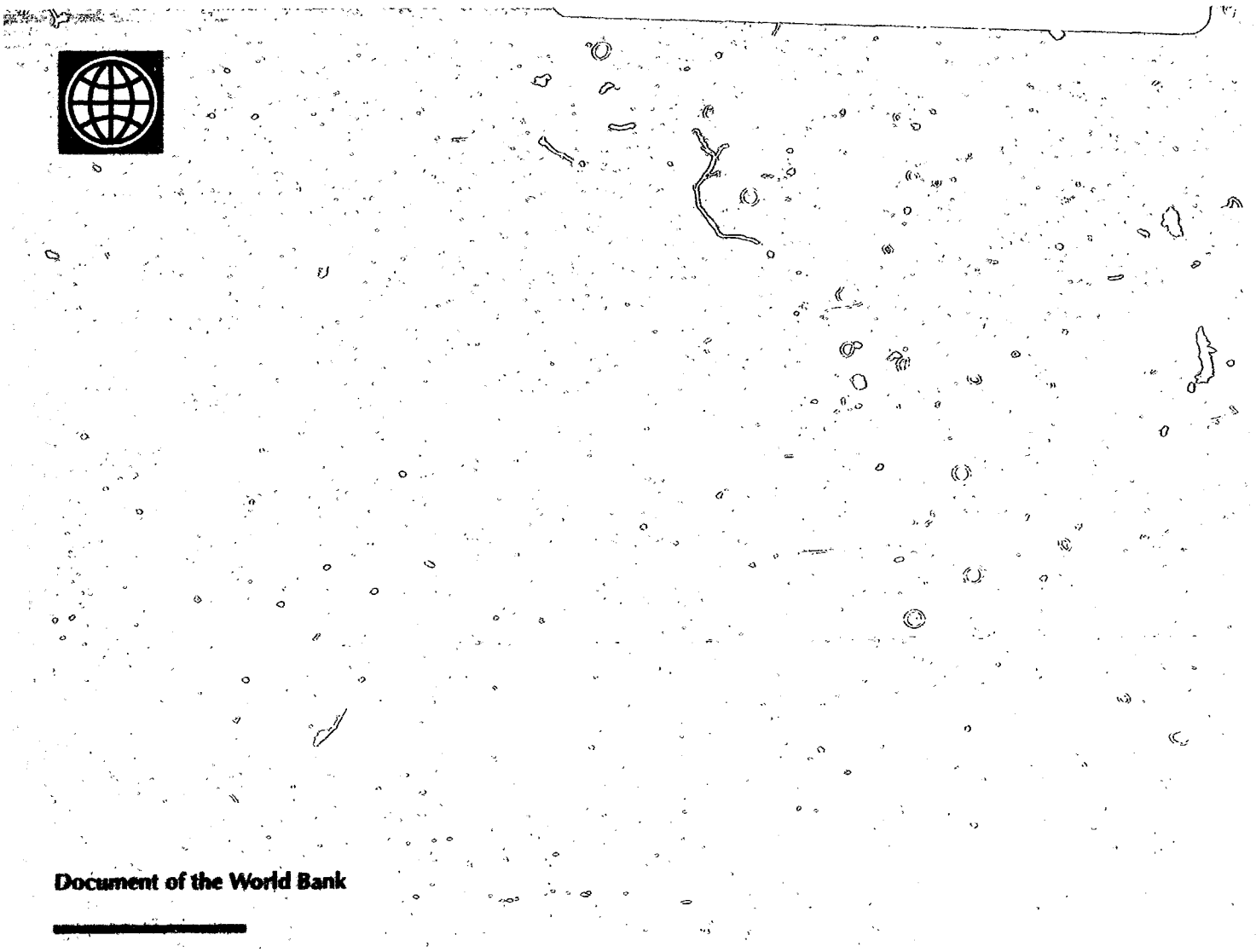

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FISCAL YEAR

April 1, 1991 - March 31, 1992

CURRENCY EQUIVALENTS

Currency Unit: Belize Dollar (BZ$)

Since its creation, the Belize dollar (formerly the British Honduras dollar) was tied to the pound sterling at the rate of £1 = BZ$4.00. In May 1976, this link was broken and the Belize dollar was aligned with the U.S. dollar at the rate of US$1.00 = BZ$2.00.

Since May 1976:

BZ$1.00 = $0.50 or
US$1.00 = BZ$2.00

GLOSSARY OF ABBREVIATIONS

ACP	African, Caribbean and Pacific
BEB	Belize Electricity Board
BCB	Banana Control Board
BGA	Banana Growers Association
BSIL	Belize Sugar Industries Limited
BTB	Belize Tourism Board
BTIA	Belize Tourism Industry Association
BTL	Belize Telecommunications Limited
CARICOM	Caribbean Community
CET	Common External Tariff
CBI	Caribbean Basin Initiative
CPI	Consumer Price Index
DFC	Development Finance Corporation
EEC	European Economic Community
EPZ	Export Processing Zone
FAO	Food and Agriculture Organization
FY	Fiscal Year
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GNFS	Goods and Non-Factor Services
GOB	Government of Belize
ILO	International Labor Organization
MED	Ministry of Economic Development
NEMOC	National Economic Mobilization Council
NFPEs	Non-Financial Public Enterprises
OECS	Organization of Eastern Caribbean States
PSIP	Public Sector Investment Program
SEM	Single European Market
UNDP	United Nations Development Program
USAID	United States Agency for International Development
WASA	Water and Sewerage Authority
WTO	World Tourism Organization

This report was based on the findings of an economic mission that visited Belize in September, 1991. The core team responsible for preparing the report comprised: Carmen Scoseria (Mission Leader); Ramon Lopez (Economist/Consultant); Alasdair Sinclair (Economist/Consultant) and Dolores Velasco (Research Assistant/Consultant). Graham Harrison (Economist - Caribbean Development Bank) prepared the Public Sector Investment Program and Marcelo Osorio (Power Engineer) contributed with the section on the Power Sector. Eleanor Dila (Senior Staff Assistant) was responsible for the administrative coordination and typing of the report.

BELIZE: COUNTRY ECONOMIC MEMORANDUM

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BELIZE: COUNTRY DATA SHEET

AREA: 22 (thous sq. km.)

POPULATION: 189 thousands (1990)
Rate of Growth: 2.5 (1980-90)

DENSITY: 8.5 per km2
15.1 per km2 of arable land

POPULATION CHARACTERISTICS

Crude birth rate (per 1000):	35
Crude death rate (per 1000):	4
Infant mortality (per 1000 live births):	20.2

HEALTH (1987)

Population per physician:	2083.0
Population per hospital bed:	300.5

INCOME DISTRIBUTION

% of national income; highest quintile:	..
lowest quintile:	..

ACCESS TO ELECTRICITY (1980)

% of population - urban:	92
- rural:	72

ACCESS TO SAFE WATER (1980)

% of population - urban:	87.5
- rural:	29.5

EDUCATION

Adult literacy rate (%):	92
Primary school enrollment (% of relevant age group):	85

NUTRITION (1977)

Calorie intake as % of requirements:	125
Per capita protein intake:	69.3

GNP per capita (US$ 1990): 2000

GROSS NATIONAL PRODUCT (1990)

	US$ Mln.	%
GNP at Market prices	362.2	100.0
Gross Domestic Investment	98.8	27.3
Gross National Saving	93.0	25.7
Current Account Balance	-18.9	-5.2
Exports of Goods, NFS	207.8	57.4
Import of Goods, NFS	230.7	63.7

	Value Added US$ Mln.	Value Added %
Agriculture	67.6	21.9
Industry & Mining	32.5	10.5
Services	208.5	67.6
GDP (factor cost)	308.5	100.0

GOVERNMENT FINANCE

	Consolidated Public Sector				Central Government			
	BZ$ million		% of GDP		BZ$ million		% of GDP	
	1988/89	1989/90	1988/89	1989/90	1988/89	1989/90	1988/89	1989/90
Current Receipts	213.9	240.2	32.5	32.2	159.7	176.6	24.2	23.6
Current Expenditures	138.9	144.6	21.1	19.4	138.8	144.2	21.1	19.3
Current Surplus	75.0	95.6	11.4	12.8	20.9	32.4	3.2	4.3
Capital Receipts	13.5	10.8	2.0	1.4	13.5	10.8	2.0	1.4
Capital Expenditures	104.9	124.8	15.9	16.7	80.2	86.5	12.2	11.6
Overall Balance	-16.4	-18.4	-2.5	-2.5	-45.8	-43.3	-7.0	-5.8

BELIZE: COUNTRY DATA SHEET

	1986	1987	1988	1989	1990
			(BZ$ millions)		
MONEY, CREDIT AND PRICES					
Money and Quasi-money	179.3	214.6	238.[illegible]	274.0	310.4
Bank Credit to Public Sector	67.5	52.3	-6.1	37.6	-67.3
Bank Credit to Private Sector	186.3	219.6	279.8	319.6	364.2
			(Percent)		
Money as % of GDP	42.2	42.0	41.4	41.6	41.6
Consumer Price Index (1980=100)	146.0	148.9	153.6	156.9	161.6
Annual percentage changes in:					
General Price Index	0.8	2.0	3.2	2.1	[illegible].0
Bank Credit to Public Sector	...	-22.5	-111.7	516.4	79.0
Bank Credit to Private Sector	...	17.9	27.4	14.2	14.0

BALANCE OF PAYMENTS

	1987	1988	1989	1990
		(US$ millions)		
Exports of Goods, NFS	[illegible]	171.7	183.5	207.8
Imports of Goods NFS	[illegible]	188.8	221.9	230.7
of which Petroleum)	[illegible]	19.0	26.9	27.2
Resource Gap	-6.[illegible]	-17.1	-38.4	-22.9
Factor Service (Net)	-7.4	[illegible]	-11.2	11.3
Net Private Transfers	15.2	14.9	16.4	15.3
Current Account Balance	1.3	-11.9	3.2	-18.9
Direct Foreign Investment	6.9	12.9	19.0	18.7
Official Transfers	15.7	10.6	11.3	13.1
Net MLT Borrowing	2.2	8.9	14.3	3.8
Disbursements	7.7	14.7	18.8	13.3
Amortization	5.5	5.8	4.5	9.5
Other Capital	-16.3	-1.7	0.0	-6.2
Capital Account	8.5	30.7	44.6	29.4
Change in Reserves (-=increase)	-9.8	-18.8	-11.4	-10.5

MERCHANDISE EXPORTS
(Avg. 1985-90)

	US$ Mln.	%
Sugar and molasses	34.0	38.7
Bananas	7.1	8.1
Citrus products	16.2	18.5
Fish products	8.2	9.3
All other commodities	22.3	25.4
TOTAL	87.8	100.0

EXTERNAL DEBT, DECEMBER 31, 1990 a/ (US$ Mln.)

Total Outstanding & Disbursed, Medium and Long-term, including IMF.	140.7

DEBT SERVICE RATIO FOR 1990 b/

Medium and Long-Term Debt, including IMF	8.3

EXCHANGE RATES

	Annual Averages				
	1986	1987	1988	1989	1990
US$1.00=BZ$	0.50	0.50	0.50	0.50	0.50
BZ$1.00=US$	2.00	2.00	2.00	2.00	2.00

IBRD/IDA LENDING, December 1990 (US$ Mln.) a/

	IBRD	IDA
Outstanding & Disbursed	17.5	...
Undisbursed	10.2	...
Including Undisbursed	27.7	...

a/ Data from World Bank's debt reporting system.

b/ Debt service as percentage of Exports of Goods, Non-factor Services and Private Transfers.

TITLE	:	BELIZE: COUNTRY ECONOMIC MEMORANDUM
COUNTRY	:	BELIZE
REGION	:	LATIN AMERICA AND THE CARIBBEAN
SECTOR	:	COUNTRY ECONOMIC

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10403-BEL	CEM	Restricted	03/92	English

PUBDATE :

ABSTRACT : Since the mid-1980s, Belize has experienced rapid economic growth in response to good economic management and a favorable external over environment. During 1986-90, real GDP growth exceeded 10% per annum on average, with strong contributions from all sectors of the economy. Sound macroeconomic policies have been a major force behind the improvement of Belize's economic performance. After the successful implementation of a stabilization program supported by an IMF arrangement in 1985, Belize continued making steady improvements in fiscal performance while expanding its investment program to improve basic services and infrastructure. The real exchange rate vis-à-vis the dollar depreciated and private sector activity and capital inflows increased. Concomitantly, the Government made efforts to improve the operating efficiency of public enterprises and rationalize the incentive framework. Privatization of the banana industry and of the Telecommunications Company also contributed to the improvement of the economic performance and of fiscal balances. Over the coming years, Belize's trade prospects seem less favorable. Despite diversification away from excessive reliance on sugar, the economy continues to be heavily dependent on three commodities: sugar, citrus and bananas--all subject to preferential trade arrangements. While a simultaneous reduction in all agreements seems unlikely, a gradual phasing out of at least some of the preferential arrangements appears to be a real possibility. Consequently, Belize's main development challenges are to maintain prudent macroeconomic management, and further improve economic efficiency through rationalization of trade and tax policies and a public sector program focused on economic and social infrastructure, so as to enable continued diversification and reduce the country's vulnerability to external shocks.

SUMMARY AND CONCLUSIONS

Overview

i. Since the mid-1980s, Belize has experienced rapid economic growth in response to good economic management and a favorable external environment. During 1986-90, real GDP growth exceeded 10% per annum on average, with strong contributions from all sectors of the economy. At the same time, sugar export receipts grew by 80%, exports of citrus nearly doubled and that of bananas and tourism tripled. Construction boomed and in turn boosted trade and transport-related activities. This performance contrasts sharply with the economic difficulties faced during the early 1980s, a period where sharp declines in export earnings, together with expansionary demand management policies, led to internal and external imbalances.

ii. Sound macroeconomic policies have been a major force behind the improvement of Belize's economic performance. After the successful implementation of a stabilization program supported by an IMF arrangement in 1985, Belize continued making steady improvements in fiscal performance while expanding its investment program to improve basic services and infrastructure. The real exchange rate vis-à-vis the dollar depreciated and private sector activity and capital inflows increased. Concomitantly, the Government made efforts to improve the operating efficiency of public enterprises and rationalize the incentive framework. Privatization of the banana industry and of the Telecommunications Company also contributed to the improvement of the economic performance and of fiscal balances. Belize also benefitted from a wide array of preferential trade agreements, improvements in its terms of trade, and the depreciation of the U.S. dollar to which its currency is pegged. Official grants provided the country technical and financial support for public sector investment and other development initiatives.

iii. Over the coming years, Belize's trade prospects seem less favorable. Despite diversification away from excessive reliance on sugar, the economy continues to be heavily dependent on three commodities: sugar, citrus and bananas--all subject to preferential trade arrangements. Together, they represent over 80% of all exports of goods and over 40% of all exports of goods and non-factor services. While a simultaneous reduction in all arrangements seems unlikely, a gradual phasing out of at least some of them appears to be a real possibility. Although Belize is more competitive than other Commonwealth Caribbean counterparts in sugar and bananas, it would face strong competition from lower cost Central and Latin American bananas and citrus producers if faced with a sudden loss in its preferential treatment. The sugar industry could also be adversely affected. Consequently, Belize's main development challenges are to maintain prudent macroeconomic management, particularly in the public finances, and further improve economic efficiency to enable continued diversification and reduce its vulnerability to external shocks.

Development Priorities

iv. The key policy priorities need to center on three areas:

(a) continuation of a stable macroeconomic framework in which prudent fiscal and monetary policies contribute to maintaining price stability, a comfortable cushion of international reserves and a favorable environment for private sector development;

(b) improvement of economic and social infrastructure to eliminate bottlenecks to exports, improve economic efficiency and the quality of education, health and other social services and;

(c) rationalization of the trade regime, tax policies and administration and fiscal incentive system to achieve a more neutral and transparent incentive framework consistent with efficient resource allocation.

Macroeconomic Framework

v. Continued fiscal discipline will be crucial to the maintenance of macroeconomic stability over the coming years. Nevertheless, emerging pressures on the fiscal system will make it very difficult to maintain suitable fiscal balances in the absence of strong expenditure containment policies. On the revenue side, receipts cannot be expected to be as buoyant as in years past since: (a) improvements in tax administration have yielded major revenue increases; (b) over 1986-90 the fiscal accounts benefitted from capital receipts accruing from the sale of government assets in telecommunications; and (c) while in the short-term, replacement of the remaining import licenses with tariffs could generate additional revenues, over the medium-term, additional increases in import revenues arising from tariffs are not likely to materialize as the region further liberalizes its trade. On the expenditure side, the Government is facing pressures to increase expenditures since: (a) despite sizable wage awards in recent years, salaries in the public sector are still an issue as it is difficult to attract qualified personnel; (b) additional personnel is required to improve health and education services; (c) further compression of expenditures in goods and services could reduce the maintenance of investment; and (d) capital expenditures to continue improving economic and social infrastructure is a crucial component of Belize's development strategy.

vi. Preliminary data on Central Government operations for the period April 1991 - February 1992 point toward an annualized deficit of -0.2% of GDP, lower than the -1.1% of GDP recorded in FY1990/91. Total expenditures rose by 1% of GDP as a result of increases in current and capital expenditures. However, in spite of an 8% surplus in the Central Government's current account operations and the improvement recorded in its overall fiscal balance, expenditure restraint will be crucial to the sustainment of viable domestic balances. In effect, (a) with the slowdown of GDP growth in recent years, current revenue eased to 27% of GDP from an average of 28% over the previous three years; (b) the government boosted its short-term revenue collections

through the sale of most of its Belize Telecommunications Limited (BTL) holdings, thus eliminating divestment in telecommunications as a significant revenue source over the coming years and; (c) grant financing to the Central Government fell to a 0.1% of GDP, its lowest level of the decade, from an average of 1% of GDP over 1986-90. From the expenditure side, a new public sector wage award of 10-12.5% per annum over three years and deferment of the previously projected increases in personnel to improve health, education and police services will increase pressures on the size of the wage bill.

vii. In sum, Belize will need to carefully balance its economic and social development needs with the key objective of preserving macroeconomic stability. Emphasis will need to be placed on increasing the efficiency of public services through improved management and rationalization and on careful expenditure prioritization.

viii. Fiscal discipline is also necessary to ensure the continued strength and stability of the monetary system. Tight control of monetary aggregates has been possible because of the strength of the Government's fiscal position. This in turn has led to a depreciation of the real effective exchange rate, enhancing the economy's competitive position. The maintenance of the surplus position in the public finances could help avoid pressures which could appreciate the real exchange rate. Improvements in the efficiency with which monetary policy operates can be achieved through eliminating some of the minimum interest rates now decreed by the Central Bank, and through improvements in the operation of the treasury bill market.

Public Sector Investment

ix. Infrastructure constitutes a major constraint to export diversification and sustained growth. In recent years, the Government has made successful efforts to focus the public sector investment program (PSIP) on areas where it complements private investment i.e., provision of economic infrastructure, research and agricultural extension services, water and sewerage, and basic health and education services. Nevertheless, Belize still faces major challenges ahead: (a) many major roads and bridges especially in the South are in disrepair and constitute a major constraint to agricultural development; (b) water and sewerage infrastructure in Belize City needs major improvements. Extension of services into coastal and rural areas is also necessary for both social and environmental reasons as well as to underpin tourism development; (c) because of the low population density, the nature of the terrain and the weather conditions, infrastructural development costs are very high on a per capita basis; (d) the provision of electrical services needs further improvements. The price of electricity is more than double that of neighboring countries and the service is still in need of enhancement; (e) over the past 5 years, the emphasis on economic growth and fiscal discipline resulted in a PSIP which directed substantial resources towards economic infrastructure and services. As a result of this and of migration from neighboring countries, the social sectors are in dire need of attention.

x. In general terms, the PSIP is well focused and centers on: (a) provision of support services and economic infrastructure necessary for private sector economic activities; and (b) improvement of the quality of health care and education services. From a macroeconomic perspective, the critical issues relate to the PSIP's level and to its financing. Capital investment for FY1991/92 is programmed at BZ$100 million (US$50 million) -- a 30% increase from 1990/91 -- and at BZ$261 million (US$130.5 million) for the period 1991/92 - 1993/94. New projects account for about 40% of the PSIP. For a number of these projects, external financing arrangements have not been finalized and funding in the order of BZ$52 million is being sought. Financing of the PSIP could also become more costly for Belize in coming years, since there is a notable shift in the financing structure of ongoing and new projects -- the proportion of grant financing falls by 12% for new projects as compared ongoing projects. Over the coming years, Belize will have to balance its investment requirements with the need for continued fiscal discipline.

Trade Policy and Regulatory Framework

xi. Protection to the import substitution sector is high, but the anti-export bias implicit in the trade legislation has been tempered by: (a) a system of income tax and import duty exemptions; (b) elimination of some import and export licensing requirements; and (c) the still relatively small size of the import substitution sector. Nevertheless, trade and regulatory framework reform is a crucial component of an agenda to improve Belize's competitiveness.

xii. The main issues in trade policy are: (a) implementation of the new Caribbean Community (CARICOM) Common External Tariff (CET) will generate negative efficiency effects on the economy; (b) in spite of improvements in recent years in reducing import and export licensing requirements, these efforts need to be stepped up; (c) CARICOM tariff rates, and hence Belize's, are out of step with the trade regimes in Latin America, reducing Belize's competitiveness vis-à-vis those competitors in the international markets; (d) trade reform needs to be coordinated with the rationalization of tax policies and administration and the fiscal incentive system.

xiii. Belize adopted the CET as part of an overall effort to harmonize the external tariff of the CARICOM. Calculations by the Ministry of Finance suggest that the net effect on revenue from the introduction of the CET will be minimal, with increases of the order of 1% to 2%. However, the protective effect of the new CET will not be minimal since there will be a notable shift towards raising revenue from food products and away from capital equipment. Since at present import duties on machinery and transportation equipment are for revenue purposes only, but import duties on animal and vegetable products could generate import substitution activity, the net effect from an efficiency perspective would be negative. Increased protection in terms of revenues collected as percent of import value will be provided for animal and vegetable products, edible fats, prepared foodstuffs, plastics, chemicals and other miscellaneous products. To prevent these negative effects, urgent

consideration should be given to dropping the stamp duty and revenue replacement duties, if applicable, on these items.

xiv. In 1991, import licenses were required for 26 items, down from 48 in 1986. The import licensing system should be eliminated. Tariffs on many items subject to import licenses are already very high and provide more than sufficient protection to local producers. Many of these commodities are subject to stamp duties as well. Data are not available to estimate the average rate of nominal or effective protection provided by the system of import licenses and import duties, but both can be assumed to be high. Nominal rates of protection may well average 30-50% and effective rates are much higher on local manufacturing products protected by both licenses and duties. Very few export restrictions remain. Export restrictions that serve no conservation purposes or are part of international agreements should be eliminated.

xv. Belize should also adopt a tariff schedule consistent with those in the rest of Central America, i.e., an average tariff of about 15% with a range from 5% to 20%. Because of the dependence of the Government on revenues from trade taxes and the need to maintain macroeconomic discipline, reduction of trade taxes to the above levels would have to be combined with other revenue generating measures.

xvi. When coordinating trade policy reform with a revision of the fiscal incentive regime, emphasis needs to be given on improving the transparency and equity of the incentive structure. The fiscal incentives law was changed recently and has separated the time period for which the income tax holiday and the duty free status are granted and streamlined the procedures. Nevertheless, development concessions are negotiable case by case instead of being uniform and clearly articulated by law. In principle, the granting of concessions is based on foreign exchange earnings, job creation, technology, and location. While this framework allows the Government flexibility in providing concessions commensurate with Belize's potential benefits of an investment, it does not provide transparency.

xvii. Regarding the income tax exemption, consideration should be given to limiting the period over which the exemption applies together with a general reduction of the high 45% corporate tax rate which given the exemptions, impacts on a very small base. The 1992/93 budget has already moved in this direction by reducing the corporate tax rate to 35%. Regarding the trade duty exemptions, lower trade tariffs would eliminate the need to rely on these exemptions, i.e., an inefficient mechanism to reduce the anti-export bias. The Government is currently seeking technical assistance to develop options for a tax policy and administration reform to rationalize the system and strengthen the domestic revenue base.

Labor Markets

xviii. Labor markets in Belize have been relatively flexible in recent years. Existing government regulations do not restrict labor mobility or impose high social security costs. Minimum wages were until very recently,

limited to few sectors and relatively low. Most manual workers in these categories and throughout the economy are paid wages well above those levels. Labor-employee relations have been generally good in spite of a high degree of unionization. Unemployment statistics appear high but there is a consensus that they do not reflect developments in the labor market, since much of the "unemployment" reported in the official statistics corresponds to voluntary unemployment. In March 1992, the Government approved a general coverage minimum wage for manual workers of BZ$2.25 per hour, 80% above the previously existing limited coverage minimum wage. This rate excludes manual workers in agriculture, agro-industry and export-oriented industries for which the rate was set at BZ$2.00 per hour. An exception is also made for cases where a piece/task rate is used. In the latter case, the rate is to be set by agreement between representatives of the employers, employees and the Labor Department. The Government introduced these exceptions in an attempt to avoid the law's adverse effects on export competitiveness.

xix. In the public sector, a three-year wage contract currently in progress and already approved for non-union members provides for salary increases of 12.5% per year for junior officers and 10% per year for senior officers. Manual workers in the public sector will de facto receive an increase of about 16% in their first year through the application of the general minimum wage. Previously, the minimum wage for public sector workers stood at BZ$1.94. In addition to its budgetary implications, this large public sector award, combined with the new minimum wage law, could potentially have adverse effects on the economy in years to come. As the second year public sector wage increase is implemented, the 12.5% increase for junior officers would be applied automatically to manual workers in the public sector, raising their wages substantially, and might also generate pressures to adjust the overall minimum wage in the economy.

xx. Given the uncertainties concerning external markets and since wages in neighboring countries producing similar commodities are much lower than in Belize, it is not advisable to artificially increase wage costs. The Government will need to exercise extreme caution when considering labor demands and resist any pressures to increase minimum wage levels. Belize also needs to improve the specific skills of its labor force. To promote on-the-job training, the minimum wage should not apply to the trainees for a fixed period of time. Other initiatives to promote specific industry training should also be analyzed.

Sectoral Issues

xxi. The evolution of agriculture over the medium term will in part depend on the maintenance of the preferential agreements for the major export commodities which account for about 70% of agricultural GDP. A neutral structure of incentives and macroeconomic stability is a prerequisite for decreasing the negative effects of an eventual phasing out of these agreements and to encourage export diversification. The development of new agriculture activities will require investments in infrastructure, and research and agricultural extension.

xxii. Although tourism should continue to fare well over the medium-term, several factors could limit the development of the sector, some of which have provided the underlying rational for a "small-scale" tourism development strategy. Emphasis needs to be placed on: (a) balancing tourism development with enviromental considerations; (b) human resource development to improve the quality of the tourism service; (c) improvement of promotional efforts.

xxiii. Belize has so far been able to preserve its environmental resources to a much greater extent than other Central American and Caribbean countries. In spite of this success, several measures would contribute to rationalization of conservation policies: (a) to reduce unnecessary deforestation, a more transparent system of privatization of public forested land and a redefinition of land development measures required as a precondition for outright ownership should be implemented and their enforcement ensured; (b) to complement public sector investment in coastal areas, a basic legal framework and promotion of the coastal communities to preserve their own environment should be pursued; (c) a legal framework to evaluate environmental impact of new projects needs to be established.

Medium-Term Growth and Balance of Payments Prospects

xxiv. Given that medium-term price prospects for Belize's main export crops are not projected to be favorable, it will be difficult for Belize to replicate its strong growth performance of the late 1980s. However, predicated on the maintenance of a stable and viable macroeconomic framework and the implementation of reforms to rationalize the incentive framework, Belize could well achieve real GDP growth in the range of 4-5% per annum over the medium-term. The main sources of this growth are likely to originate from aquaculture, textiles, tourism, construction and related services. Gross domestic investment is projected to average 23% of GDP over 1991-95 and 20% thereafter. This assumes that the Government would place high priority to develop the infrastructure needed to eliminate critical bottlenecks for private sector development as well as undertake investments in the social areas to improve the welfare of the population.

xxv. Gross domestic and gross national savings are projected to remain at 16-18% of GDP based on the continuation of prudent monetary and fiscal policies and of private transfers from abroad. The current account deficit of the balance of payments is projected to widen to about 7% of GDP on average over 1991-95 because of the negative effects on output and export receipts of the fall in world prices of sugar and citrus in 1991, the possible subsequent reduction of preferential treatment to Belize's main exports and of increases in imports linked to the public sector investment program. From 1995 onwards, export diversification would contribute to an improvement of the balance of payment's current account deficit to average about 5% of GDP. Foreign direct investment is projected to continue averaging about 4-5% of GDP per annum throughout the decade and would contribute to the financing of the current account deficit and reserve build-up without recourse to excessive external debt financing. As a result, Belize would remain creditworthy for moderate amounts of non-concessional financing.

xxvi. The potential export losses for Belize of an eventual termination of the preferential agreements for its major commodities (sugar, citrus and bananas) would be sizeable. If all preferential agreements for Belize's agricultural exports were eliminated in a once and for all fashion, the economy would experience a severe shock. In this case, the weighted average price of the three agricultural exports would fall by about 35%. The value of agricultural exports, however, would decline by a much greater extent because the price fall would induce a fall in production as well. Given the estimated (short-run) price elasticity of about 0.5 for the agricultural export crops, their outputs would decrease by about 17%. The total export value of agricultural commodities would, thus, decrease by more than 48%. Given the 1990 export values, this would represent a loss of foreign exchange of about US$39 million, or 36% of the total value of exports of goods. This would certainly be a major shock to the Belizean economy at least in the short run, since the development of new export activities is a process that takes a long time. Therefore, unless the phasing out of preferential agreements is gradual, the negative effect on Belize would be sizeable.

I. RECENT ECONOMIC DEVELOPMENTS

A. Introduction

1.1 Belize, located south of Mexico's Yucatan Peninsula on the Caribbean coast of Central America, attained independence from the United Kingdom in September 1981. With a population estimated at 189,000 as of end 1990, occupying an area of about 22,000 km^2, the population density is extremely low, about 8.5 people per km^2. Belize's population is predominantly young (about 50% below the age of fifteen) and quite literate. Primary school enrollment stands at 85% and the adult literacy rate at over 90%. About one-fourth of the population lives in Belize City, the country's largest city. The country is endowed with abundant and fertile land, literate urban labor, proximity to North America and a stable currency (i.e., its exchange rate has been pegged to the US dollar at a fixed rate since 1976), all of which make it attractive to foreign investment.

1.2 The country has a small, open economy primarily based on export agriculture. The openness is reflected in a high ratio of imports and exports to GDP and causes Belize to become highly vulnerable to price changes in its principal exports. In recent years, diversification away from excessive reliance on sugar into other agricultural crops, agro-processing and tourism has taken place. Agriculture accounts for almost a fifth of GDP. About two-fifths of agricultural value added and over one-third of commodity exports are still derived from sugar. The rest of agriculture comprises citrus and banana production and fishing, mainly oriented to the export market and the production of corn, rice, beans and livestock for domestic consumption. Industry (including construction and electricity) accounts for about a quarter of GDP. The major rubrics are export oriented: sugar refining, citrus processing and garments. Tourism has become a major foreign exchange earner during the 1980s. Tourism receipts share in the exports of goods and nonfactor services rose to about 16% in 1990 from 6% in 1980.

1.3 Continued efforts to diversify the economy and improve economic efficiency will be crucial to Belize's sustained development since, under the Caribbean Basin Initiative, the Lomè Convention, and other arrangements, Belize enjoys preferential trade status in the US and EEC markets. This has contributed to the development of its main agricultural commodities: sugar, citrus and banana. However, if either a phasing out of Belize's sugar quota in the U.S., duty-free entry to citrus from Mexico under the proposed U.S./Mexico Free Trade Agreement, and/or a reduction of the preferential treatment currently enjoyed by African, Caribbean and Pacific Countries (ACP) banana producers with the creation of the Single European Market (SEM) by end 1992 were to materialize, Belize's export prospects could be severely affected. Belize is also dependent on immigrant agricultural labor for which relatively high wage rates are needed to attract it from neighboring countries. These relatively high wages, when compared to those in Belize's main Central American competitors, contribute to making the country a high-cost producer.

B. The Previous Report: A Background

1.4 The previous report on Belize (Report No. 7892-BEZ) analyzed the country's successful economic performance since the mid-1980s. Belize's success story was brought about because of the implementation of a development strategy which emphasized economic diversification and private sector development at a time where the terms of trade were favorable to the country. The report identified the continuation of prudent macroeconomic management and the maintenance of sustained economic growth through diversification as the main challenges ahead. Improvement of social and economic infrastructure to support agricultural and tourism development was identified as crucial to this outcome. Thus, the report recommended that fiscal policy focus on sustaining a sound level of public savings necessary to undertake the needed level of public investment. Also, that continued emphasis be placed on improving the selection and the implementation of public sector investment projects. Finally, the report indicated that improvement of the incentive structure through reduction of trade and labor market restrictions would also contribute to efficient resource allocation and to consolidate Belize's development strategy.

C. Macroeconomic Overview

1.5 Since the mid-1980s, Belize has experienced rapid economic growth in response to good economic management and a favorable external environment. During 1986-90, real GDP growth exceeded 10% per annum on average, with strong contributions from all sectors of the economy. Sugar export receipts grew by 80%, production and exports of citrus nearly doubled and that of bananas tripled. Tourism arrivals more than doubled and receipts tripled. Led by public infrastructure investments and tourism-related construction, construction boomed and in turn boosted trade and transport-related activities.

1.6 Macroeconomic policies played a key role in the improvement of Belize's economic performance. After the successful implementation of a stabilization program supported by an IMF arrangement in 1985, Belize made steady improvements in the fiscal performance while expanding its infrastructure investment. The real exchange rate vis-à-vis the dollar depreciated and private sector activity and capital inflows increased. Concomitantly, the banana industry and the telecommunications company were privatized and incentives for new investment were introduced. On the external front, Belize benefitted from a wide array of preferential trade agreements and improvements in the terms of trade; as well as the depreciation of the U.S. dollar. Official grants also provided the country technical and financial support for public investment and other development initiatives.

1.7 The performance since the mid-1980s contrasts sharply with the economic difficulties faced by Belize during the early 1980s, a period where sharp declines in export earnings and the Government's efforts to stimulate the economy by running fiscal deficits led to a deterioration of internal and external imbalances. Table I-1 below presents selected macroeconomic

indicators on Belize during the 1980s. Real GDP growth was over 8 percentage points higher during 1986-1990 than in 1981-1985; inflation, as measured by changes in the CPI, was almost 4 percentage points lower during the same period; the current account of the balance of payments improved; and international reserves increased sharply. In addition, the real exchange rate vis-à-vis the U.S. dollar depreciated in real terms. The contrast in economic performance between the first half and the second half of the 1980s points toward the favorable overall macroeconomic framework as a main factor that provided the growth impetus from 1986-90.

1.8 External accounts show the same cyclical pattern. While exports of goods and non-factor services increased by about 3% in nominal terms from 1981-85, exports of goods fell by 15%. Declines in sugar export earnings from US$43 million in 1981 to US$23 million in 1985 dominated the drop in exports, but most sectors apart from citrus stagnated. An appreciation of the real effective exchange rate by 14% between 1982 and 1985 affected all export activity. Imports fell along with exports and the balance on current account did not change much. Accompanied by a sharp depreciation in the real effective exchange rate, exports boomed in the latter half of the 1980s. Beginning in 1985, the real effective exchange rate depreciated up to 28% by the last quarter of 1990, owing to the low domestic inflation during the period. Exports in nominal dollar terms increased by 68% from 1986-90, fueled by increases in tourism, sugar, citrus and bananas. While imports increased even faster than exports, the current account balance remained manageable in view of sizeable inflows of official grants and of direct foreign investment. Foreign exchange reserves, after falling during 1981-85, grew rapidly during 1986-90 by US$12 million per year on average.

1.9 Gross domestic investment as a ratio to GDP remained high throughout the decade, averaging 23% from 1981-85 and 27% from 1986-90. Gross domestic savings were more variable, averaging only 11% during the first period and 21% during the second, largely because of increased public sector savings during the latter. Since private transfers from abroad, an important component of gross national savings, tended to fall as a percent of GDP over the decade, gross national savings were slightly more stable than gross domestic savings, averaging 16% in 1981-85 and 23% in 1986-90.

Table I-1: SELECTED MACROECONOMIC INDICATORS, 1981-90
(averages)

	1981-85	1986-90	1990
		Annual Growth Rates	
Gross Domestic Product m.p.	1.3	10.6	8.4
Agriculture	-0.1	6.7	13.0
Industry	-1.7	13.8	8.7
Services	2.0	9.5	7.4
Consumption	3.4	14.3	16.2
Exports (GNFS)	0.2	15.9	4.0
Imports (GNFS)	0.7	13.9	13.2
Consumer Price Index	6.1	2.2	3.0
		As Shares of GDP (%)	
Gross Domestic Investment	23.0	26.9	26.4
Gross National Savings	15.4	22.9	21.4
Direct Foreign Investment	0.2	4.2	5.0
Balance of Payments Current Account	-6.9	-4.0	-5.1
Public Sector Balance	-10.3	0.9	-2.5
		US$ Million	
Change in Reserves (increase = +)	-1.7	12.3	10.5
External Debt Indicators a/	1980	1985	1990
Debt (DOD)/GDP	27.0	49.3	37.7
Debt Service/XGS b/	1.3	15.0	7.2
Debt Service/Government Revenue c/	3.5	29.2	13.9

a/ IBRD, Debt Reporting System, Medium and Long Term Debt, Public and Publicly Guaranteed.
b/ Debt Service Payments as percent of Exports of Goods and Non Factor Services.
c/ General Government, includes social security.

Source: Statistical Appendix Tables.

1.10 As Belize is a bridge between the Caribbean and Central America, it is useful to compare its performance with countries from each area. Table I-2 below compares macroeconomic performance with Costa Rica and Barbados. Barbados' economy has tourism and sugar in common with Belize. Costa Rica produces bananas, sugar and other primary products in common, and has the most stable political and economic structure in Central America. Both of these countries improved their economic performance in the latter half of the 1980s, Belize, however, did better. Real growth rates in Barbados and Costa Rica were much lower, inflation was higher (especially in Costa Rica), and the growth of direct foreign investment was lower. Costa Rica's real effective exchange rate behaved similarly as Belize's, but over the period the nominal value of the Costa Rica colon fell from 36 to the U.S. dollar in 1981 to 94 to the U.S. dollar in 1990. While deficits in Belize's balance of payments current account remained high, they were more than covered by official grants and direct private investment. Direct private investment increased sharply since 1985 (see Table I-1). In sum, Belize's economic performance in the latter half of the 1980s was noteworthy.

1.11 In 1991, real GDP growth at factor cost is estimated to have slowed down to 4.3%, mainly as a result of setbacks in banana -- (affected by the sigatoka disease) and citrus production (as a consequence of bad weather conditions during the blossoming period). Tourism inflows also slowed down because of the recession in the U.S. economy. The balance of trade is estimated to have deteriorated in 1991 to about 30% of GDP from 16% in 1990. Domestic exports fell by 10% as exports of citrus and bananas declined while those of sugar remained roughly constant. Retained imports rose by 15% as public investment expenditure expanded and boosted demand for imported capital and intermediate goods. With tourism earnings depressed, the current account of the balance of payments recorded a deficit estimated at 15% of GDP, up from 5% of GDP in 1990. A significant increase in net capital inflows linked to project related borrowing and to direct foreign investment -- particularly in the tourism sector -- contributed to the financing of the balance of payments deficit. Net official international reserves fell by US$19 million to US$58 million at the end of 1991, equivalent to ten weeks of imports.

Table I-2: INTER-COUNTRY COMPARISON OF SELECTED MACROECONOMIC INDICATORS, 1981 - 1990
(averages of annual rates)

	Belize	Barbados	Costa Rica	Belize	Barbados	Costa Rica	Belize	Barbados	Costa Rica
		1981-85			1986-90			1990	
Annual Growth Rates									
Real GDP at factor cost	0.5	-0.5	0.4	10.6	2.4	4.9	8.9	-3.5	3.5
Consumer price index	6.1	7.8	37.3	2.2	3.8	16.5	3.0	3.0	19.0
Share of GDP (%)									
Balance of payment current acct.	-6.9	-2.6	-10.4	-4.0	-1.2	-7.4	-5.1	-1.2	-2.4
Direct foreign investment	0.2	0.3	1.8	4.2	0.4	2.1	5.0	---	3.6
Central Govt. current account	-1.0	1.2	-1.4	6.2	1.5	-0.6	9.7	-0.7	-2.5
Central Govt. overall balance	-10.1	-5.8	-4.7	-0.6	-4.5	-3.4	-1.1	-8.3	-4.6
Real Effective Exchange Rate a/	105.3	103.3	98.6	123.7	114.3	124.8	134.8	120.0	130.0

a/ REER is from International Finance Statistics and covers 1983 to June 1990 only. An increase indicates a real depreciation. 1985 = 100.

D. The Public Finances

1.12 Tight monetary and fiscal policies have been important contributing factors to Belize's growth performance over 1986-90. Net Central Bank international reserves increased from a negative BZ$5 million in 1984 to BZ$130 million in 1990, but the currency issue increased only from BZ$28 million to BZ$53 million over this period, owing to a sharp fall in the net domestic assets of the Central Bank. The strong financial position of the Central Government was largely responsible for this performance since on a net basis the Central Government turned from being a net Central Bank borrower in 1984 to a net lender in 1990. This, in turn, reflected a dramatic improvement in the current account and overall balance of the Central Government and of the Consolidated Public Sector, which enabled an expansion of credit to the private sector while avoiding an excessive growth of monetary aggregates. The Central Government ran a current account surplus in every year from 1986/87 to 1990/91, averaging 6.2% of GDP. This reduced the Central Government's financing requirements especially from domestic sources. External financing of the overall balance also fell as a per cent of GDP, from about 6% in the

early years of the decade to 3% in the latter years, of which about one-third consisted of grants.

1.13 Despite relying on a tax base heavily dependent on international trade taxes, the Central Government managed to increase total revenue as a share of GDP. Total revenue averaged 24% of GDP during 1981-85 and 30% of GDP during 1986-90. The latter ratio benefitted from capital receipts arising from the privatization of the telephone system, which combined with transfers from non-financial public enterprises, accounted for an increase in total revenue of 2.5% of GDP between the two periods. The tax system generated rising revenue levels for the Central Government. Most of the increased tax revenue originated from the revenue replacement duty and the stamp duty. All other taxes with minor exceptions stagnated or declined relative to GDP. Since capital receipts from privatization are unlikely to remain a steady component of revenue, and since future trade liberalization will reduce the ability to increase revenue replacement duties and stamp duties, the revenue position of the Central Government in future years may not be as favorable as in the past. Therefore, expenditure restraint will be crucial to ensure continued macroeconomic stability.

1.14 Total expenditures of the Central Government decreased from an average of 34% of GDP during 1981-85 to 30% of GDP during 1986-90. Some of the expenditures decreases originated from reductions in subsidies and current transfers as the financial performance of public enterprises strengthened (from 3% of GDP in the first period to 2% in the second). However, most came about from decreases in goods and services expenditures (from 7% of GDP in the first period to 5% in the second), as some repairs and maintenance were postponed. Excluding capital expenditures, where the share of wages and salaries is not known, wages and salaries as a proportion of current expenditure increased from 46% during 1981-85 to 51% during 1986-90. The ratio in FY1990/91 was 55%. These increases resulted from wage awards aimed at retaining qualified personnel in the public sector and increases in employment.[1/] This is a trend that needs to be monitored, since a rising proportion of wages and salaries in current expenditures will squeeze out the purchase of goods and services on which much of government productivity depends.

1.15 The consolidated non-financial public sector includes, in addition to the Central Government, the Social Security Board and the public enterprises. Each of these has shown improved financial performance in the 1980s. The current account balance surplus of the Social Security Board increased from an average of 1.7% of GDP during 1981-1985 to 2.1% of GDP during 1986-1990. Some of this surplus was used to purchase BTL shares.

1/ Over 1986-90, wages were raised on several occasions; by 12% on average in July 1986, by 4% in July 1987, by 12% in September 1988 and by 4% in July 1990. In early 1992 a 10-12.5% increase per annum for a three-year period for non union public workers, to be extended to all public workers was approved (see section on labor markets).

Similarly, the current account balance of the non-financial public enterprises increased from an average of 0.4% of GDP over 1981-85 to 3% of GDP during 1986-90. Both of these contributed to improving the overall fiscal position of the Government.

E. Public Enterprises

1.16 The public enterprises include the Electricity Board, the Port Authority, the Water and Sewerage Authority, and the Airport Authority. The Telephone Company, Belize Telecommunications Limited (BTL), became a public company on January 1, 1988, with the Government owning 49% of the shares. In 1992, the Government sold most of its shares in BTL. For statistical purposes, BTL continues to be treated as a non-financial public sector enterprise. BTL and the Electricity Board account for about 70% of the revenues of all non-financial public sector enterprises.

1.17 The Belize Electricity Board faces major challenges, which can have a significant impact on the economy as a whole. The price of electricity is high by international standards. Reliability is also a problem, given the frequency of fluctuations in voltage. Several firms have been forced into high cost self-generation. While international price comparisons of electricity can be misleading because of a general tendency to underprice electricity, the price in Belize is high. The Macal River Project, combined with a substantial increase in the grid system (including better links with Mexico), may provide some relief, but the potential overhead costs are high for such a small population base and care will be required to ensure the eventual profitability of the system.

1.18 In terms of their impact on the public finances, non-financial public sector enterprises as a group have turned from being a net loss to a net benefit. Net transfers to non-financial public enterprises (NFPEs) were as high as 3.5% of GDP in FY1985/86, but since FY1989/90 the NFPEs have been net contributors to the Central Government by about 1% of GDP (see Table II-2).

Table I-3: INTERGOVERNMENTAL TRANSFERS, FY1981/82 TO FY1991/92
(BZ$ millions)

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91	1991/92
Current Transfers from CG to NFPEs	-	5.7	4.7	2.8	5.8	2.1	2.1	2.6	1.2	1.0	1.9
Capital Transfers from CG to NFPEs	2.7	9.2	3.3	1.0	11.8	6.3	7.5	3.1	4.2	5.0	7.1
Transfers from NFPEs to Central Gov't	-	-	-	0.3	4.2	1.8	1.6	4.2	13.0	18.1	19.4
Net Transfers to NFPEs (+) or from NFPEs (-)	2.7	14.9	5.0	3.5	13.4	6.6	8.0	1.5	-7.6	-12.1	-10.4
Memorandum Item:											
Net Transfers as % of GDP	1.1	4.4	2.3	0.9	3.5	1.6	1.6	0.3	-1.2	-1.6	-1.3

Source: Statistical Appendix

F. Balance of Payments and External Debt

1.19 The economy experienced a favorable shift in both exports and imports and a strong increase in private capital inflows over the decade and became less dependent on private transfers and public sector loans.The deficit on the current account of the balance of payments averaged 6.9% of GDP in 1981-85 and 4.0% in 1986-90. This improvement resulted from significant and favorable shifts within both the current and capital accounts. On the current account side, exports of goods and non-factor services increased from 55% of GDP to 57% of GDP between the two periods, while imports fell from 66% to 63%. Exports of non-factor services (i.e., tourism) showed strong growth, increasing from 18% of GDP in 1981-85 to 25% in 1986-90. Private transfers were roughly constant in dollar terms over the decade but fell as a percent of GDP from 8% to 5%. On the capital account, the major swing was in private capital which increased from virtually zero in 1981-85 to 4% of GDP in 1986-90. The overall public capital account, including grants and net disbursements, fell from 9% of GDP in 1981-85 to 7% in 1986-90. Overall, the balance of payments improved to the extent that foreign exchange reserves, which declined slightly from 1981-85, increased by 4% of GDP from 1986-90.

1.20 At the end of 1990, Belize's total public and publicly guaranteed external debt outstanding and disbursed amounted to U.S.$140 million. The bulk of this debt consisted of multilateral loans (U.S.$57 million, largely from the CDB and IBRD) and bilateral loans (U.S.$66.9 million, largely from the U.K. and the U.S.). Interest rates, especially on bilateral loans, have been highly concessional. Between 1980 and 1985, the level of disbursed debt more than doubled; which brought the debt to GDP ratio from 27% to 49%. With the sharp turnaround of the economic performance since the mid 1980s external debt indicators improved substantially. The debt to GDP ratio fell to 38% in 1990, while the external debt service ratio fell from 15% in 1985 to 7% in 1990. The ratio of debt service to central government revenues stood at 13% in 1990, down from 32% in 1985. Despite these favorable indicators, Belize's vulnerability to rapid terms of trade shifts would suggest a cautious approach to increasing its external indebtedness.

G. Selected Social Indicators

1.21 The lack of extensive information regarding social indicators makes it difficult to assess Belize's social performance and to make comprehensive comparisons with other countries from the region. However, the indicators available show that Belize compares well with neighboring Central American and some Caribbean countries in regard to income distribution, education and health.

1.22 Population growth during the 1980s averaged about 2.5% per annum. Population density is low, at 8.5 people per sq. km. Approximately 45% of the population lives in urban centers. Emigration and immigration flows are important demographic forces in Belize; a shift to rural areas has occurred recently. During the 1970s and early 1980s an estimated average of 2,000 Belizeans annually emigrated to the United States, and it is generally held that the numbers of emigrants have increased in more recent years. The

accepted estimate for the number of Belizeans living in the United States is 40,000 to 50,000. The instability of the Central American Region has generated a flow of refugees to Belize from neighboring countries such as El Salvador, Guatemala and Honduras. The official estimate of the refugee population in mid-1989 was 5,100 with an additional 25,000 economic migrants and displaced persons. The large size of the migrant population represents additional pressures on the education and health services.

1.23 Health indicators have improved during the 1980s. The recorded infant mortality rate fell from 29 (per thousand live births) in 1980 to 20 in 1990 and compares well with the average of 40 for the Caribbean and 53 for other low middle income countries. Life expectancy at birth has improved from 65 years in the early 1980s to 68 years in 1990, a figure comparable to the Caribbean average and above other low-middle income countries in the region. The ratio of population per physician stands at about 2,000, a rate which compares well with the rate of 940 in Latin America and the Caribbean, and of 1,550 in other low middle income countries; immunization coverage and access to primary health facilities have also improved in recent years, and also compare well within the Region. However, a recent study on the primary health sector of Belize concludes that the sector will face major challenges in the years ahead. While an additional burden is placed on the system by the resources needed for the Belize City Hospital, the Ministry of Health is facing declining financial support by external donors which will result in increasing demands on the budget. Furthermore, primary health services, while extensive, are not cost-effective and in need of urgent rationalization[2/]. Finally, the above-mentioned large inflow of refugees will substantially increase demand for primary health services.

1.24 The illiteracy rate (as a percent of the population 15 years and over) stood at 8.8% in 1970; and is estimated to have fallen to about 5% in recent years. This ratio places Belize close to the average of middle-income countries in the region. As in the case of health, Belize is entering a demographic transition towards indicators similar to those of more developed countries, but migration from neighboring countries is placing an additional burden on the system. Enrollment at the primary level also compares favorably with that in other Central American and Caribbean countries. An estimated 46,023 pupils were enrolled in government and government-aided primary schools in the school year 1990-91. This means that about 90% of the estimated total population aged 5-14 attended school. Half of all young children go on to secondary school, and between two-thirds and three-quarters of these complete their studies. Male and female enrollments are about evenly distributed. The evidence suggests that 80% of children beginning primary school reach the eight grade. This relatively low drop-out rate may mask the fact that students leaving the system are being replaced by the growing immigrant student population. Because of Belize's widely dispersed population, 160 (68%) of the 235 government and government-aided primary schools are classified as rural, 34 of which are in remote outlying areas of the country.

2/ See Belize: Primary Health Study, USAID, draft November 1991.

Rural schools account for 47% of total enrollment. About a fourth of all rural primary schools (41) have fewer than 50 pupils enrolled, and an additional fourth includes enrollment of 50 to 100 pupils. The aggregate student teacher ratio is about 23 to 1. This includes teachers receiving training full-time. If these teachers were excluded, the ratio of students to active teachers would be 26 to 1, which is reasonable in view of geographic factors and compares well within the region.

II. DEVELOPMENT STRATEGIES AND POLICIES

A. Introduction

2.1 This Chapter reviews the various aspects of the overall government development strategy and identifies issues that need to be addressed to continue Belize's growth performance during the 1990s. The emphasis is on policies that affect the macroeconomic framework and incentive structure, namely fiscal, monetary, trade, and labor market policies. Major external factors that may affect the performance of the economy are also considered.

2.2 During the 1990s, the challenge for Belize is to continue its prudent macroeconomic management and successful diversification in light of possible adverse changes in the favorable trade status of its agricultural exports. Whatever the developments with respect to the preferential trading arrangements, Belize will benefit from maintenance of a competitive real exchange rate to ensure continued export growth and to attract foreign capital inflows. Tight fiscal and monetary policies are critical to the maintenance of this competitiveness. Belize needs to maintain the high rates of domestic saving and private investment to sustain growth while preserving price stability and a comfortable cushion of international reserves.

2.3 Overall, economic policies are conducive to promote economic development and private investment. The Government has pursued conservative fiscal policies, made efforts to improve the operating efficiency of public enterprises, and is taking steps to rationalize the incentive structure and to simplify the regulatory environment. The role of the Government is seen as one of providing basic services and infrastructure rather than engaging in productive activities. In this connection, Belize's privatization of the banana industry resulted in increased production and exports, and the sale of government-owned shares in the Belize Telecommunications Company resulted in a success story of mixed stock ownership under private management.

2.4 After several years where the main focus of the development strategy centered on re-establishing macroeconomic balances and expanding economic infrastructure, the Government is increasing its emphasis on human resource development. The Development Plan has identified the need to improve the quality of basic and vocational education, strengthen primary health services, and improve access to social services such as water and sewerage, as basic priorities over the coming years.

B. Macroeconomic Framework

Fiscal Policy

2.5 Current pressures on the fiscal system arise both from a projected reduction in the rate of increase of tax revenues following tax administration improvements, and from pressures on government expenditure, mainly because of a rising wage bill. The FY1991/92 budget had projected a 16.5% increase in the wage bill, owing to 725 new positions in the areas of education and health and of police services. Wage pressures are likely to increase given the need

to attract qualified personnel into the civil service and since increased immigration will further strain the social welfare system. Fiscal policies therefore are likely to face a more difficult environment in the next five years than in the last five. Adding to the restraint required in the recurrent budget operations, is the need to address infrastructure bottlenecks which hamper private sector development and to enhance the quality of health care and education services.

2.6 Revenue and Expenditure Policy. Preliminary data on Central Government operations for the period April 1991 - February 1992 point toward an annualized deficit of -0.2% of GDP, lower than the -1.1% of GDP recorded in FY1990/91. Total expenditures rose by 1% of GDP as a result of increases in current and capital expenditures. However, in spite of an 8% surplus in the Central Government's current account operations and the improvement recorded in its overall fiscal balance, expenditure restraint will be crucial to the sustainment of viable domestic balances. In effect, the preliminary FY91/92 fiscal data shows that: (a) with the slowdown of GDP growth in recent years, current revenue eased to 27% of GDP from an average of 28% over the previous three fiscal years; (b) the government boosted its revenue performance through the sale of most of its BTL holdings, thus eliminating divestment in telecommunications as a significant revenue source over the coming years and; (c) grant financing to the Central Government fell to a 0.1% of GDP, its lowest level of the decade, from an average of 1% of GDP over 1986-90. From the expenditure side, a new public sector wage award of 10-12.5% per annum over three years and deferment of the previously projected increases in personnel to improve education, health and police services will increase pressures on the size of the wage bill.

2.7 In sum, over the coming years, Belize will need to carefully balance its economic and social development needs with the key objective of preserving macroeconomic stability. Emphasis will need to be placed on increasing the efficiency of public services through improved management and rationalization and on careful expenditure prioritization.

2.8 Taxes on international trade and transactions, including import duties, revenue replacement duties, stamp duties and miscellaneous other items, constitute slightly over 50% of current tax revenue. Such heavy reliance on international trade taxes would result in a strong anti-export bias if not moderated by an extensive system of exemptions for export oriented activity (see Chapter IV). However, recent changes in the CET will increase the anti-export bias since they increase protection to processing of domestic food products, among other items.

2.9 In part, Belize relies on international trade taxes since the corporate tax base has been reduced by various fiscal incentives, and since the personal tax base has also recently been reduced. However, reform of tariffs and other taxes on trade because of efficiency concerns and trade liberalization in other parts of the region could possibly strain the revenue generating capacity of the current tax system. In addition, revenue growth is projected to slow down owing to fewer improvements in tax administration. A tax reform needs to be undertaken to both rationalize the system and strengthen the domestic revenue base. The Government is currently seeking

technical assistance to develop options for a tax policy and administration reform.

2.10 Public Sector Investment. Infrastructure constitutes a major constraint to export diversification and sustained growth. In recent years, the Government has made successful efforts to focus the public investment program on areas where it complements private investment, i.e., provision of economic infrastructure, research and agricultural extension services, water and sewerage, and basic health and education services. Nevertheless, Belize still faces major challenges ahead: (a) many major roads and bridges especially in the South are in disrepair and constitute a major constraint to agricultural development; (b) water and sewerage infrastructure in Belize City needs major improvements. Extension of services into coastal and rural areas is also necessary for both social and environmental reasons as well as to underpin tourism development; (c) because of the low population density, the nature of the terrain and the weather conditions, infrastructural development costs are very high on a per capita basis; (d) electrical services require further improvement; (e) over the past five years, the emphasis on economic growth and fiscal discipline resulted in a Public Sector Investment Program (PSIP) which directed substantial resources towards economic infrastructure and services. As a result of this and of migratory inflows from neighboring countries, the social sectors are in dire need of attention.

2.11 The detailed FY91/92-93/94 PSIP is discussed in Chapter VI. In general terms, the PSIP is well focused and centers on: (a) provision of support services and economic infrastructure necessary for private sector economic activities and (b) improvement of the quality of health care and education services. From a macroeconomic perspective, the critical issues relate to the PSIP's level and to its financing. Capital investment for 1991/92 is programmed at BZ$100 million, a 30% increase from 1990/91. Over the coming years, Belize will have to balance its investment requirements with the need for continued fiscal discipline. Furthermore, a high level of external financing is assumed in the projections, amounting to 71% for 1991/92 to 1993/94. The interest and repayment implications of this level of borrowing, if it is not on concessionary terms, require careful monitoring. It is also important to note that the PSIP projections do not include any provision for the large scale Macal River Hydro-electric project past 1991/92, since it would be financed by private investment from abroad. If the Macal River Project is not developed by private investors, interconnection to purchase electricity from Mexico would have to be accelerated.

2.12 The Power Sector. The Government's objectives for the power sector are to secure a reliable and sustainable electricity service across the country and to lower electricity costs.

2.13 Reliability and coverage of the electricity service have substantially improved in the last five years. Installed capacity has increased from 22.5 MW in 1986 to 33 MW in 1991 and Mexico has agreed to supply electricity to the Belize Electricity Board (BEB) up to 5 MW peak for the border area with Mexico. Distribution networks in main towns have been rehabilitated and expanded, and new networks have been built to provide service to small villages. Despite these improvements, several issues need to be addressed. One issue is the high cost of electricity. Although it is

comparable with that in other Commonwealth Caribbean countries, it is substantially more expensive (more than double) than in its neighboring countries, Mexico and Guatemala. Electricity is costly in Belize because the market is small and dispersed. Consequently, it has to be generated by small diesel units disseminated all over the country. Small diesel units are inefficient; the final price of diesel is expensive; operation costs of a large number of small units are high; and finally, capacity reserve costs are considerably higher than for an interconnected system. To reduce costs of electricity, the Government's strategy is: (a) to interconnect the main power markets with a transmission system, and interconnect the Belize and Mexico power systems; and (b) to promote the development of the country's hydro power resources.

2.14 A second issue is financial. BEB does not have the financial capability to afford the expansion of the system. Belize has relatively abundant hydro power resources whose development would reduce its dependency on imported oil. But hydro power developments require large initial investments. To overcome this constraint, the Government's strategy is to promote the participation of private investors in the development of its hydro power resources.

2.15 A third issue is institutional. Belize lacks a regulatory body for the power sector and BEB's institutional framework is inadequate. Establishment of a regulatory body is necessary to clarify the role of BEB, develop an accountable management of the sector and lay down the rules for private sector participation. Incorporation of BEB was recommended by the consultants that performed a 1988 organizational study as a mean to isolate its operations from political influence and establish management accountability. Technical Assistance from the World Bank has been requested to assist the Government in the above.

2.16 Another issue is the lack of qualified managers. The few available are recruited by the private sector. As a consequence, BEB's management is weak. The organization's study recommendations to improve BEB's structure, planning and financial management, have not been implemented for lack of qualified staff to fill management positions.

Monetary Policy

2.17 Monetary policy has been effective in containing domestic inflation to about 2% to 3% per year. The Central Bank of Belize has not been required to purchase government bonds to finance fiscal deficits, but rather the Government has been a net lender to the Central Bank in recent years. This enabled private sector credit to expand in spite of slow growth of monetary aggregates. The private financial sector, including banks and credit unions, has tended to serve all sectors of the economy, and bank officials routinely indicate that they place no unusual restrictions on lending to any particular sector. In 1990, about 25% of credit to the private sector was classified as personal loans, which include home improvements. The rest was distributed among primary sectors (19%), secondary sectors (25%) and services (31%). Over time, loans to the personal sector have increased, while loans to the primary sectors have decreased in relative terms (see Table 6.2, Statistical

Appendix). The main monetary issues are: (a) the regulation of minimum deposit and loan interest rates; and (b) the shortage of treasury bills.

2.18 Minimum Deposit and Loan Interest Rates. The Central Bank of Belize has the power to set minimum savings deposit, time deposit and lending rates, and has exercised this power. These rates have changed over time, and at present have been set at 5-6%, 7-8.5% and 10% respectively. Currently, these rates are not a constraint, since market rates exceed the minimum rates. However, there is consensus that minimum rates on time deposits and lending should be abolished as a form of Central Bank control and replaced by open market operations over the medium-term. In the past, minimum rates have been used to restrain the demand for credit in times of economic crises, since they can be altered quickly and do not require the framework necessary to bring about the same result by the use of open market operations by the Central Bank. Should the minimum interest rate on savings deposits be considered as a necessary monetary policy tool for the immediate future, a phased program for its reversal should be considered. The minimum lending rate and the minimum rates on time deposits on the other hand, should be eliminated immediately.

2.19 The "Shortage" of Treasury Bills. Commercial banks compete with each other and with the Social Security Fund for a supply which has not changed from BZ$62.2 million in several years. Banks are required to maintain certain assets in their secondary reserved ratio, the most convenient one being treasury bills. The Social Security Fund is currently running substantial cash flow surpluses and uses treasury bills as one form of investment. Bankers in Belize argue that the present situation is unsatisfactory, since the treasury bill market is erratic and causes uncertainty. However, the Central Bank and the Social Security Fund have sharply reduced their own holdings of treasury bills to increase the supply available to commercial banks. Other short-term expedients have included a reduction in the secondary reserve requirements and the payment of interest by the Central Bank on Social Security Fund deposits. Longer term solutions should include elimination of the secondary reserve requirements, an improved treasury bill auction with greater frequency of sales and a system of staggered bidding by banks and others with different offers for different amounts of treasury bills, and diversification of Social Security Fund holdings abroad or towards less liquid domestic investments, as part of an opening up of the capital market to allow for a more efficient intermediation process.

C. Trade Policy and Preferential Agreements

Trade Policy

2.20 A favorable external environment, conservative macroeconomic management and a fiscal incentives system which tempered some of the anti-export bias implicit in the trade regime encouraged a strong export expansion in recent years. This section will focus on those areas where additional benefits might accrue from a more liberal trade policy, or where recent changes in the trade regime may have increased the level of protection for some commodities.

2.21 Belize adopted the Common External Tariff (CET) as part of an overall effort to harmonize the external tariff of the Caribbean Community (CARICOM). Implementation of the CET will cause some tariff rates to be increased and others to be lowered. The maximum tariff rate will fall from 70% to 45%. Calculations by the Ministry of Finance suggest that the net effect on revenue from the introduction of the CET will be minimal, with increases in the order of 1% to 2%. However, the protective effect of the new CET is not minimal, since there will be a notable shift toward raising revenue from food products and away from capital equipment. For example, revenue from import duties collected on animal products is expected to increase by 114%, whereas revenue from machinery appliances is expected to fall by 27%. Increased protection will be provided for animal and vegetable products, edible fats, prepared foodstuffs, plastics, chemicals and other miscellaneous products. Since import duties on machinery and transportation equipment are for revenue purposes only, but import duties on animal and vegetable products could generate import substitution activity, the net effect from an efficiency perspective would be negative. To prevent increased protection, consideration should be given to dropping the stamp duty on these food products.

2.22 The new CET increases the rate of duty on some items that are import substitutes, and reduces it on others. Table II-1 below presents selected examples, which demonstrate the variability of changes between the old and the new rates. On balance, rates are increased on food products, and reduced on non-food items, but many of the rates that are reduced remain very high (i.e., on chocolate, bay rum, furniture). In addition, some of the increased rates are also quite high (dried fish, wheat flour, sausage and macaroni).

Table II-1: SELECTED DUTY RATES ON IMPORT SUBSTITUTE PRODUCTS
(in percent)

Product	Old Rate	New Rate
Dried fish	0	45
Butter	5	10
Cereal flours (wheat)	10	45
Lard	1	10
Sausage	15	45
Macaroni	30	45
Poultry feed	0	30
Candles	10	45
Chocolate	65	45
Laundry blue	45	10
Paint	60	10
Bay rum	70	45
Leather	15	5
Furniture	60	30
Paper bags	35	30

Source: Belize Customs and Excise Tariff and Trade Classification and mission estimates.

2.23 Based on 1989 import values, the duties assessed on imports of BZ$359 million were BZ$92 million, or 26%, but duties collected were only BZ$42 million, or 12%[3/]. Under the proposed new CET, the overall totals are virtually the same. Duties collected differ from duties assessed owing to tariff and other concessions. Textiles, for example, which are imported and re-exported, to a large degree, had assessed duties of BZ$14 million but actual duties collected of only BZ$2 million in 1989. Other product groups where concessions represent at least 50% of duties assessed are prepared foodstuffs, mineral products, wood articles, wood pulp, transport equipment and precision instruments. Exemptions under the Fiscal Incentives Act are a major factor in reducing the actual duty collected below the duty assessed using the existing tariff rate. In addition to tariffs, some imports are subject to a stamp duties (normally 12%), and a Revenue Replacement Duty, which have not been affected by the change in the CET. The high and variable nominal rates of protection on imports generate high levels of effective protection on some products, which will be increased by the change in the CET, especially on prepared foodstuffs.

2.24 In 1991, import licenses were required for 26 items prior to importation, down 48 items in 1986. Gasoline was added to the list in mid-1991. Items removed from the list since 1987 include rice, cement tiles and blocks, fertilizer and disinfectants. The Belize Marketing Board, however, has a monopoly on rice imports. The operation of the import licensing system is as important as the number of items on the list. In some cases, import licenses are granted when an item becomes scarce (i.e., beans and poultry). In some cases, no licenses are authorized, and in others licenses are issued on a very restricted basis (i.e., flour, meats, citrus and beverages containing citrus products, jams, jellies and pepper sauce, dry pasta products, matches and peanut butter). Of the 26 items which require an import license, 16 are agriculture based. Most if not all of these products are locally produced or processed, and many are competitive exports (molasses and sugar, citrus, pepper sauce). The other 12 items are, for the most part, consumer goods which are locally produced (see Table II-2). The removal of cement tiles and blocks and fertilizer from the import licensing system led to a lowering of their prices.

2.25 The import licensing system should be eliminated. Tariffs on many items subject to import licenses are already very high and provide more than sufficient protection to local producers of most commodities -- i.e., rates of 30% on bleaching agents, 60% on furniture, a range of 15-60% on lumber and wood articles, 45% on T-shirts and 30% on beverages.[4/] Many of these commodities are subject to stamp duties as well. Data are not available to

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3/ All figures are based on Ministry of Finance calculations dated July 1991 relating to the assessment of the possible revenue impact of the CET.

4/ From Table II-2. In the case of furniture the new CET lowers the rate to 30%.

estimate the average rate of nominal or effective protection provided by the system of import licenses and import duties, but both can be assumed to be high. Nominal rates of protection may well average 50%, and effective rates about 100%, on local manufacturing products protected by both licenses and duties.

Table II-2: GOODS SUBJECT TO IMPORT LICENSES, 1991 2/

Goods subject to Import Licenses	Import Duties Tariff	Import Duties Stamp	Local Production Exists
Beans	30%	12%	yes
Eggs in shell	20%	12%	yes
Flour	10%	12%	yes
Fresh fruits & vegetables	30%	12%	yes
Meats & meat preparations	5-30%	12%	yes
Molasses & sugar	45%	12%	yes
Beer and beverages	30%	12%	yes
Maize	0%	12%	yes
Milk (excludes powdered)	0%	0%	yes
Poultry	15%	12%	yes
Citrus & citrus beverages	45%	12%	yes
Jams, jellies & pepper sauce	30%	12%	yes
Macaroni, dry pasta	30%	12%	yes
Animal feed	0-30%	12% a/	yes
Peanuts & peanut butter	45%	12%	yes
Soaps	45%	10%	yes
Bleaching agents	30%	12%	yes
Furniture	60%	12%	yes
Lumber & wood articles	15-60%	12%	yes
T-shirts	45%	12%	yes
Matches	43¢/box	12%	yes
Toilet paper & paper bags	45%	12%	yes
Boats of wood or fiberglass	25%	12%	yes
Brooms	30%	12%	yes
Gases (butane, etc.)	5%	12%	yes
Gasoline	54¢/gallon	12%	no

n.a. = Not available.

1/ Excluding poultry feed.
2/ Import tariffs from CET before implementation of new tariff structure.

Source: Ministry of Finance.

2.26 Export licenses are required for a number of commodities. Some of the licensing requirements were introduced to monitor exports of forestry and fish products for conservation purposes. However, their main purpose is to collect export tariffs. Table II-3 below shows the commodities which are subjected to export taxes. In addition, export licenses are required, but no tariff is assessed on exports of live animals (excluding wild animals), logs and lumber (excluding mahogany and wood products), citrus fruits and beans. Some of the tariffs are not assessed on exports to CARICOM countries. The rationale for the existing licensing requirements and export tariff rates is

not clear. Export licenses which serve no conservation purposes in light of existing environmental legislation or that are not part of international agreements should be eliminated.

2.27 Price controls are linked to the import licensing system to prevent monopolistic profits in those commodities subjected to import licenses. Price controls are applied both at the wholesale and retail level, and generally take the form of maximum mark-ups over landed cost or wholesale price for imported goods. For locally produced goods, specific retail prices tend to be specified. In recent years, a number of commodities have been dropped from the price control list. Price controls on imported goods are restricted to 8 basic food products (cheese, powdered milk, cooking oil, rice, etc.) plus medical and fuel products. On locally produced goods, price controls remain for beer, rice, flour, other fish, sugar and bread. Further elimination of price controls on a phased basis should be undertaken.

Table II-3: EXPORT TARIFFS, 1991

Export Commodities	Tariff
Mahogany and wood products	5 percent ad valorem
Fish	5 percent ad valorem except for farm shrimp
Sugar	2 percent ad valorem
Chewing-gum	5 cents per pound
Coconut	$5.00 per 1000 or 5 percent ad valorem, whichever is greater
Sponge	6 cents per pound
Wild animals	25 percent ad valorem
Plants in general	50 cents per plant
Spices	5 percent ad valorem
Products of wild animals	10 percent ad valorem
Seeds for planting	5 percent ad valorem
Unprocessed gum or resin from any forest plant	5 percent ad valorem

Source: Ministry of Finance.

2.28 Belize has adopted its new CET after prolonged discussion within CARICOM. However, as shown in Table II-4, CARICOM, and hence Belize, are out of step with trade regimes in Latin America. The unweighted mean tariff for Belize is 25% excluding stamp duties, a much higher rate than for any other country listed. Belize is more dependent on taxes on international trade for government revenue than other countries, and to that extent it cannot reduce trade taxes sharply without raising taxes elsewhere. Nevertheless, over the next few years, Belize should adopt a tariff schedule consistent with those in the rest of Latin America i.e., an average tariff of about 15% with a range

from 5% to 20%. Eliminating tariff exemptions and replacing QRs with tariffs would generate additional revenue as an offset to the revenue losses. If all tariff exemptions were eliminated the offset would be considerable.

Table II-4: TRADE REGIMES IN LATIN AMERICA AND THE CARIBBEAN

Country	Year	Imports Subject to Quantitative Restrictions	Unweighted Mean Tariff including Surcharges	Range of Tariffs including Surcharges
CARICOM MEMBERS				
CARICOM	1991-92	QRs vary across countries	20%	0 - 45%
Belize a/	1991	b/	25%	0 - 45% c/
CENTRAL AMERICA				
Mexico	1991	20% of local production	4%	0 - 20%
Costa Rica	1992	QRs removed	16%	5 - 20%
El Salvador	1992	QRs removed	16%	5 - 20%
Guatemala	1992		16%	5 - 20%
Honduras	1992	QRs removed	16%	5 - 20%
Nicaragua	1992		16%	5 - 20%
SOUTH AMERICA				
Argentina	1991	8% of local production	15%	0,5,13,22%
Bolivia	1991	QRs removed	8%	5 - 10%
Brazil	1990	10% of tariff items	41%	0 - 85%
	1994		14%	0 - 40%
Chile	1991	QRs removed	11%	11%
Colombia	1991	1% of imports	7%	0,5,10,15%
Ecuador	1991		18%	2 - 40%
Paraguay d/	1991	QRs removed	16%	3 - 86%
Peru	1992	QRs removed	15%	15%
Uruguay	1991	QRs removed	12%	10,20,30%
Venezuela	1993	5% of local production	15%	10 - 20%

Notes: n.a. = not available.

a/ Excluding surcharges/stamp duties.
b/ These are listed in Table II-3.
c/ The revised CET for Belize contains a very few rates above 45% (i.e., pineapple, pearls, jewelry and firearms).
d/ Special import regimes enable actual tariffs to be below 15%.

Source: IBRD staff estimates.

Preferential Trade Agreements

2.29 Issues. A large proportion of Belize's exports of goods is linked to some form of preferential trade agreement. From a worldwide perspective these can generate distortions and inefficiency in trade patterns, but from the perspective of the country which benefits from them, they generate domestic income and employment. Belize's concern is that its preferential trade arrangements not be eroded either by unilateral action by the countries offering them (i.e., the reduction in U.S. sugar quotas) or by trade negotiations that reduce their importance by allowing easier access to competitors (i.e., the GATT negotiations which, by lowering tariffs generally, tend to reduce the value of existing preferential trade arrangements). Although these are real concerns, it is unlikely that all four preferential arrangements would be eliminated in a short period of time. For the reasons explained below, a more likely scenario is a gradual phasing out of at least some of the arrangements.

2.30 Impact. Total domestic exports of goods from Belize in 1990 reached US$108.4 million, of which exports of sugar, citrus, bananas and garments amounted to US$89.3 million or 82%. Most of the exports of these products were affected by preferential trade arrangements of one sort or another.

(a) Sugar. Belize exports sugar to the United States under the US sugar quota arrangement, and to the European Community under the Sugar Protocol to the Lomé Agreement. Quota rights under both of these arrangements are extremely valuable.[5/] In recent years a market for sugar has been provided by Petrojam, a Jamaican company which produces molasses in Belize as feedstock for its ethanol plant in Jamaica. Jamaica's market for ethanol owes its existence to the preferential trade arrangements contained in the Caribbean Basin Initiative (CBI). Molasses exports from Belize amounted to US$3.3 million in 1990, up sharply from previous years. If part of these molasses exports were included in the exports favored by preferential agreements, Belize's reliance on these agreements would be close to 85% of the total exports of goods.

(b) Citrus. Exports of citrus concentrates from Belize to the United States are exempt from a tariff duty of US$2.50 per gallon as a result of the CBI, signed in 1983. The industry has shown strong growth throughout the 1980s from US$6.4 million in 1980 to US$21.4 million in 1990.

5/ In 1989, for example, sugar sold to the US generated an average return of US$0.172 per pound, and sugar sold to the European Community US$0.26 per pound. In earlier years the differentials were even larger--in 1985, the free market return was only US$0.047 per pound as compared to US$0.155 from the US quota market and US$0.146 from the European Community.

(c) Bananas. Bananas are exported to the United Kingdom under a preferential access arrangement that provides large benefits to Belize and some other Caribbean producers. Banana imports into the UK are controlled on a month-by-month basis by a government policy which keeps banana prices in the UK well above banana prices in the United States or Germany, by controlling the imports of so-called dollar bananas. Banana exports from Belize have tripled in value since 1985 as a result of the incentive provided by the UK market and the privatization of the industry in Belize.

(d) Garments. The garment industry is dependent upon two very different types of trade preferences. First, under US Tariff Schedule 807, garments assembled in Belize from cloth produced in the US are subject to duty on entry into the US only on the proportion of the import price that represents value-added in Belize. Since tariff rates are typically high on garments, this is an important preference. Second, garment exports to the US are controlled on a quota basis under the Multi-Fibre Agreement, for countries which are significant exporters. To date, Belize has been so small a factor in the garment market that no quota has been placed on its exports to the US, resulting in the movement of some firms from Far East countries to Belize to export garments to the US, owing to the fact that their own country quotas are completely utilized. Apart from a dip during the recession years of the early 1980s, garment exports have been relatively constant around US$15 million since 1980, and have therefore declined as a share of total domestic exports from over 20% in the mid-80s to 14% in 1990. The garment industry is linked to foreign direct investment which only recently has shown renewed interest in this industry. Garment exports are expected to expand in the near future.

2.31 In addition to preferential trade arrangements affecting trade with Europe and North America, Belize as a member of CARICOM has preferential market access to CARICOM markets. Exports to CARICOM markets have been very unstable for Belize as for other CARICOM states, owing to changing economic fortunes of CARICOM members and especially to the frequent resort to trade restrictions by some CARICOM members against other members. From 1987 to 1990 exports to CARICOM were close to US$8 million annually, consisting of shrimp, beans, citrus concentrate, peanuts and lumber.

2.32 In sum, Belize's exports of sugar, citrus, bananas and garments constitute over 80% of total domestic exports, most of which are sold under one form or other under preferential trade arrangements. In addition, exports to CARICOM account for about 8% of total exports in recent years, suggesting that almost 90% of domestic exports from Belize depend on preferential market arrangements.

2.33 Prospects. Prospects for traditional exports are reasonably good over the medium term, and selected nontraditional exports may over time become significant revenue generators (i.e., papaya, ginger). Reliance on preferential trade agreements poses a risk, since they can be unilaterally altered and Belize's market share could be eroded as other exporters are subject to competitors are also given preferential access. In this section an

assessment is made of the risk factor in Belize's existing preferential trade arrangements.

(a) Sugar. Apart from the preferential trade arrangements with the US and the EEC, the sugar industry in Belize faces some potential internal problems which need to be addressed. The leasing of the Corozal Factory to Petrojam was expected to provide a market for domestic sugar producers, but this arrangement appears to be in jeopardy and some restructuring may be required. The Tower Hill Factory is in the process of being purchased by Belize Sugar Industry Limited (BSIL) employees through BSIL Employee Holdings, through an arrangement whereby 81.29% of the shares in BSIL are to be purchased out of profits over a 10-year period ending September 30, 1994. At that date the shares will be deemed to be paid in full whatever the level of payments actually made, up to the limit of the value of the shares. The arrangement has been greatly facilitated by exempting BSIL profits from corporate tax over the period. It is important that the management structure that will be in place on October 1, 1994 be one that allows BSIL to operate as a profit-making firm. The industry has been subject to sharp cyclical swings in the past, and will continue to experience shocks resulting from disease, weather and harvesting problems, as well as foreign influences. An experienced and strong management will be required to adapt with flexibility to these changes.

The US sugar quota was reduced sharply up to 1987, and sugar exports from Belize fell from 62,000 metric tons in 1980 to 8,500 metric tons in 1987 (see Table 7.6 in Statistical Appendix) Since 1987 the quota has tended to increase again, and in 1991 Belize benefitted from a reallocation of Guyana's quota which had not been filled. It is difficult to make an assessment of Belize's further sugar quotas in the US. On the one hand, the US has developed strong vested interests in the sugar quotas, not only from sugar producers but from producers of high fructose corn syrup. The US sugar industry has been able to influence US trade policy with respect to sugar in order to protect its interests. On the other hand, the Uruguay Round negotiations are attempting to liberalize trade in agricultural products, and sugar is a potential candidate for reform (in both Europe and the US). In the short run, Belize might lose from a liberalized trading regime in sugar, since a rising free market price as a result of presumed output declines in the US and Europe might not compensate for the loss of the higher prices provided under the protected markets. In the long run, however, sugar producers in Belize would probably gain from an expansion of output. However, the Uruguay Round has not been successful to date and the most likely scenario is that US sugar policy will change very little in the near future. (These predictions are subject to substantial uncertainties. If the price of wheat were to rise as a result of the Uruguay Round, US sugar output might fall substantially on this ground alone, independent

of any change in sugar policy.[6/]) Hence, Belize can probably count on a fluctuating US sugar quota in the future as in the past.

The sugar quota available to Belize under the Lomé Agreement with the European Community has, in contrast to that of the US, been very stable. Export volumes since 1980 have ranged from 35,000 metric tons to 49,000 metric tons, and in 9 of 11 years they have been 42,000 metric tons plus or minus 1,000 metric tons (see Table 7.6 in Statistical Appendix). The Sugar Protocol to the Lomé Agreement is not likely to be directly affected by the movement to a Single European Market (SEM) at the end of 1992, but indirect effects are possible. One possibility is that cane sugar refineries in the UK will not be competitive with continental sugar beet refineries and cane sugar sales will therefore be at risk. This potential threat is discounted by officials in Belize on the grounds that Tate and Lyle can continue to compete in the UK. On the other hand, the Lomé Agreement relates only to quantities, not to prices, and sugar prices may be squeezed in Europe by internal cost considerations or by the Uruguay Round negotiations. However, as noted above, the probability of this does not appear to be great, given the pattern of negotiations to date.

If existing preferential sugar markets are maintained, the long-term future of the sugar industry in Belize will probably turn on its ability to attract labor at wage rates to allow it to remain competitive. In recent years, labor has been available from Mexico, Guatemala and Honduras at rates which have changed very little, and work permit fees have been waived. Other problems the industry faces include high cost transportation to offshore vessels by barge, and a farming community that does not adopt new varieties of disease-resistant sugar cane quickly. Government policy with respect to immigration, infrastructure and in-service training will be important in meeting these problems.

(b) Citrus. The production of citrus concentrate has been subject to sharp swings since 1980, but revenue from export sales of citrus products has been much less volatile, presumably because of offsetting price effects (see Tables 3.3 and 7.3 in Statistical Appendix). Export sales show a strong upward trend, and citrus products have increased over time as a share of total domestic exports to about 20% in recent years. Sales are mostly to the US, but there is some CARICOM trade. Exports of fresh fruit to the US appear to be ruled out at present because of problems with the fruit fly. Continued duty free entry to the US market is now assured since the Caribbean Basin Initiative (CBI) agreement has

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6/ See B. Borrell and R. Duncan, A survey of the Costs of World Sugar Policies, PRE Working Papers, World Bank, October 1990, WPS 522. U.S. sugar output has increased because the low price of wheat has resulted in a substitution of sugar for wheat. A high wheat price would probably cause a displacement of sugar output.

been extended indefinitely. The main external factors that might impact on the preferential position of Belize and other CBI country citrus exports to the US would appear to be a Free Trade Agreement between Mexico and the US, the Enterprise for the Americas program (especially as related to Brazil), and the potential re-emergence of Cuba as a trading partner with the US. If any or all of these three countries were also to receive preferential access to US citrus markets, or if any of them simply began to access the US market, citrus prices would tend to fall. Of these three factors, the most probable is the Free Trade Agreement between Mexico and the US. While this Agreement might impact negatively on Belize citrus exports, in the longer run, an economically (and politically) stronger Mexico would be of benefit to Belize as a market and source of investment capital. However, citrus exports will probably slow down owing to increased competition from Mexico. Brazil and Uruguay are also expanding their citrus acreage very quickly, independent of any U.S. agreement.

(c) Bananas. Since the industry was privatized in the mid-1980s, banana exports have risen sharply in absolute terms and as a percent of total domestic exports (see Table 3.3 in Statistical Appendix). Most of these exports are to the UK, making the situation vulnerable to the SEM by 1993 since banana sales in the U.K. from Caribbean countries enjoy substantial price advantages over other banana exporters. Belize exporters, as noted below, receive a lower subsidy than other Caribbean exporters, but still enjoy a substantial premium over free markets prices of about 33%. Despite intense discussion over the past four years, there is still no resolution of the issue in sight. The issue is so complex in its ramifications for many countries that a resolution of all the issues is not expected until the last moment i.e., in late 1992. If the EEC becomes a single banana market in 1992, the impact on Belize will be considerable. However, Belize does not appear to be nearly as vulnerable as some of the OEECS countries, especially Dominica and St. Lucia. Even at 10% of total domestic exports, Belize's reliance on bananas is much less than several other countries. Also, Belize has more accessible land than the island producers, and has therefore better productivity potential. The industry in Belize has been developed by the private sector, with Fyffes providing shipping services and apparently some finance for the transportation facilities on shore. Fyffes has a long history in shipping bananas from the region, including dollar area bananas, and is therefore familiar with the problem of competition with low cost, high quality banana producers. Also, unit prices received by Belize exporters in 1988 averaged £333 per ton, compared to £519 per ton for Windward Island producers.[7/] While the reasons for this large differential of over 50% are not clear, the fact that

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7/ D. Gibran and R. Duncan, The Impact of EC-92 on Export Prospects for the Caribbean Region with Particular Reference to Bananas and Sugar, no date, p. 10.

the industry in Belize has developed under this low unit price scenario means that it would have less to fear from a single EEC banana market, should one materialize after 1992. While the future of banana exports from Belize is clouded, it does not seem likely that the industry will disappear, even assuming the worst-case scenario of a total elimination of a preferential market. However, the rate of growth of sales would clearly be affected by a move to a single EEC banana market.

(d) Garments. The 807 arrangements under which garments are re-exported back to the US with duty payable on value added in Belize are possibly the most secure and least vulnerable of the country's preferential trading arrangements. They are long-standing exemptions which give direct benefits to US cloth producers and to US clothing firms as well as to producers in Belize. They are also widely accessible, so Belize is not likely to suffer from an upsurge in competitors in the near future. The main problems garment firms face are internal in origin. Import restrictions on inputs other than those imported from the US and subsequently re-exported are sometimes expensive to garment producers, bleach being an example. More generally, rising real wages in Belize over time will reduce the competitiveness of the industry, as has happened elsewhere. Already there is some difficulty in attracting labor, most of which is female. On the positive side, the 50% tax exemption for exporters reduces some of the anti-export bias in the import restrictions, and export-processing zones may provide some reduction in the administrative difficulties associated with international trade.

The future of firms attracted to Belize because the country has no MFA quota limits is by its nature limited. If too many firms come in, the country will attract a quota. However, this point may be some time away, since the absolute amounts involved are very small in a world context. On the other hand, the MFA itself may be altered by the Uruguay Round negotiations in ways that reduce the attractiveness of Belize to Far East manufacturers (i.e., if their quotas are increased substantially, or a new system evolves to liberalize trade in garments).

2.34 Conclusions. Belize relies heavily on preferential market access, but does not appear to be exposed to a major short-term shock since the sheer number of different arrangements suggests that a simultaneous reduction in most benefits is unlikely. However, production of export products is highly concentrated in selected localities within Belize, especially for sugar, citrus and bananas. The regional impact within the country from a reduction in any one preferential arrangements could therefore be severe. Given the current profitability of these products, exhortations to diversify are likely to continue to be met with an indifferent response from existing producers. In the long run the economy will diversify further with growth, but in the medium term the country appears to be set with its existing lineup of exports.

D. The Labor Market

Main Features

2.35 Labor markets in Belize have been relatively flexible in recent years. The existing government regulations do not restrict labor mobility, or impose high social security costs on employers and in general do not restrict layoffs. Minimum wages were, until very recently, almost non-existent and only limited to shop assistants, domestic help and government manual workers. Furthermore, ranging from BZ$1.10 to 1.25 per hour, the minimum wage for shop assistants and domestic help was relatively low. Most manual workers in these categories and throughout the economy are paid wages well above these levels. Although a high proportion of workers are unionized, labor-employer relations have been, in general, good. Collective agreements are routinely signed in an environment characterized by little confrontation as most agreements are signed without Labor Department intervention. This is reflected in a relatively low level of strike activity despite the high degree of unionization.

2.36 Available statistics show a high rate of unemployment. However, there is almost a total consensus in Belize that these statistics do not reflect the reality of labor markets. It appears that most of the "unemployment" reported in the official statistics corresponds to voluntary unemployment. A large proportion of all families regularly receives remittances from relatives working abroad. This allows workers to significantly lengthen the waiting period prior to finding a suitable job, i.e., the remittances phenomenon increases the "natural" rate of unemployment. In fact, the Government needs to routinely approve work permits for foreign workers, particularly for agricultural activities, to respond to labor shortages. Demand for unskilled labor is greater in rural areas as opposed to Belize City which demands semi-skilled and skilled workers.

New Regulations

2.37 In March 1992, the Government approved a general coverage minimum wage law for manual workers. The minimum wage was set at BZ$2.25 per hour, 80% above the previously existing limited coverage minimum wage. This rate excludes manual workers in agriculture, agro-industry and export-oriented industries for which the rate was set at BZ$2.00 per hour. An exception is also made for cases where a piece/task rate is used. In this case, the rate is to be set by agreement between representatives of the employers, employees and the Labor Department.

2.38 The Government introduced the above exceptions in an attempt to avoid the law's adverse effect on export competitiveness. In effect, several industries -- especially in the export-oriented sector -- are currently paying average minimum wages of less than the approved minimum. For example, in the garment industry, approximately a third of manual workers earn less than BZ$2.00 per hour. Similarly, basic rates in fish processing are currently about BZ$1.60 per hour while about 65% of the labor force in the banana industry earns less than BZ$1.80 per hour. In the citrus industry, a high proportion of the farm workers earn about BZ$2.00 per hour. The only major export industry that would not be directly affected is sugar, where wages

received exceed the new minimum wage. Nevertheless, in the case of the garment and banana industries, piece rate wages prevail for many of the tasks performed in production.

2.39 In the public sector, a three-year wage contract currently in progress and already approved for non-union members provides for salary increases of 12.5% per year for junior officers and 10% per year for senior officers. Manual workers in the public sector will de facto receive an increase of about 16% in their first year, through the application of the general minimum wage. Previously, the minimum wage for public sector workers stood at BZ$1.94. In addition to its budgetary implications, this high public sector award, combined with the new minimum wage law, could potentially have adverse effects on the economy in years to come. As the second year public sector wage increase is implemented, the 12.5% increase for junior officers would be applied automatically to manual workers in the public sector, raising their wages substantially, and might also generate pressures to adjust the overall minimum wage in the economy. Moreover, increases in the minimum wage can have the additional effect of artificially increasing wages above those for which the minimum wage is binding. In many instances, higher minimum wages generate a signalling for wage negotiations to push for higher increases at all wage levels, thus indirectly affecting industries that pay wages above the minimum wage.

2.40 The minimum wage law also does not allow for exceptions on the application of the minimum wage for workers undergoing on-the-job training. Several empirical studies have shown that a major negative consequence of minimum wages it to reduce the provision of non-firm specific on-the-job training.[8/] While "in-training" workers "pay" for this type of training by accepting a temporary reduction in their wages, once they become skilled workers, they are usually able to increase their productivity and their wages well above their original levels. The setting of minimum wages reduces the ability of workers to accept a lower wage to compensate firms for the cost of the training consequently reducing training and productivity.

2.41 The development of several new emerging export-oriented industries in Belize is likely to depend on an adequate provision for on-the-job training. The tourism industry, for example, suffers from lack of qualified personnel. The pace of tourist growth is closely dependent on increased manpower training provided by hotels and other tourist facilities. Similarly, agriculture diversification, aquaculture, and other export-oriented activities are likely to require the development of new labor skills. Thus, by failing to allow for a minimum wage exception for trainees, the minimum wage legislation could seriously hamper export prospects. The approach in Belize so far has been to provide training in vocational schools as a substitute for the firms' training. However, this option is probably less cost effective and efficient than the firms' training because of the high fixed costs involved in the former and possibly insufficient focus on the actual skill requirements by

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8/ See, for example, Leighton and Mincer, "Effects of Minimum Wages on Human Capital Formation" in S. Rottenberg, ed. The Economics of Minimum Legal Wages, Washington, D.C., American Enterprise Institute, 1981.

firms. Recently, a Government pilot apprenticeship program has been introduced. This program is mainly aimed at trades. Young applicants ranging in ages 14-18 years who are not attending school are placed as trainees in private enterprises for a period of six months to one year. The Labor Department pays a stipend of BZ$40 per week. Over a 100 youths have been trained so far and many have been subsequently employed by the enterprises that trained them or opened their own businesses.

2.42 The Government is also studying modifications to the Labor Ordinance as per ILO proposals. The suggested changes have in general received positive evaluation by the Labor Advisory Board. They would address the extension of several benefits i.e., paid leave, maternity and severance payments which would provide an important safety net to Belizean workers but that could also increase labor costs in the near term.

Policy Recommendations

2.43 Given the uncertainties concerning external markets, a substantial increase in real wages does not seem advisable at this point. The new minimum wage may aggravate the likely profit constriction that a weakening in external prices would generate. Also, given that wages in countries producing similar export commodities in Central and Latin America are already sharply lower than in Belize, a further wage increase would exacerbate the cost disadvantage of Belize vis-a-vis major competitors.[9/]

2.44 The Government is fully aware of the possible effects that rising real wages and/or increasing inflexibility of labor could have on the economy's competitiveness. These concerns were clearly stated in the official statement on the minimum wage law. Nevertheless, the simultaneous introduction of a general coverage minimum wage law with large public sector wage awards and a proposed modification to the Labor Ordinance seem particularly risky. The Government will need to exercise extreme caution when considering labor demands and resist any pressures to increase minimum wage levels, especially considering the current uncertainties regarding prospects for Belize's preferential markets.

2.45 The development of several new emerging export-oriented industries in Belize will largely depend on adequate provision of on-the-job training. In tourism for example, quality of service is considered a major constraint. Other diversification activities are also likely to require the development of new skills. To allow for productivity growth and adequate on-the-job training, trainees should not be affected by the mininum wage. Other measures to facilitate on-the-job training, including revision of work permit legislation should also be considered.

9/ Wages paid to citrus workers in Mexico, for example, are less than 25% of the Belizean wages in the citrus industry. The minimum wage in Honduras is equivalent to only BZ$1.30 per hour after including all legal benefits while minimum wage rates for Belize excludes benefits.

III. SECTORAL AND ENVIRONMENTAL ISSUES

3.1 This chapter analyzes the performance of the main sectors of the economy and environmental developments in the country. The focus is on sectoral policies as well as on the impact that economy-wide policies discussed in Chapter II, have on them. Another area discussed refers to inter-sectoral linkages.

A. Agriculture and Fisheries

Introduction

3.2 Agriculture is a key sector because of its contribution to output, employment and exports. In 1990, agriculture's share in GDP was 15%, while the total value of agricultural exports reached about US$78 million or 60% of the country's exports of goods. Although precise data reflecting the sector's employment contribution is not available, the mission estimated the share of agriculture in total employment to be in the range of 40%.

3.3 The main commodities produced can be separated between export oriented and import substitution goods. Sugar, citrus and bananas constitute the main exports. The import substitution sector includes corn, rice, beans and livestock products. The export sector is by far the most important one from the point of view of its contribution to employment and value added (Table III-1 below). It is the most technologically advanced with a predominance of medium and large size producers. By contrast, the import substitution sector -- with the exception of bean and poultry producers -- consists of small, partly subsistence farmers that sell only part of their crop to the domestic market.

3.4 Among the export commodities, sugar accounts for almost one half of total agriculture value added. Sugar cane is a small-holder crop (the average holding size is 12 acres), produced by some 5,000 farmers who sell the greatest part of their crop to Belize Sugar Industries Limited (BSIL), the sole sugar manufacturer. Sales can be made up to a quota level that takes into account the farmers' production capacity and BSIL processing capacity. Beyond this level, farmers can sell their remaining produce to PETROJAM, which runs a plant that produces high-test molasses, which is then exported to Jamaica for conversion to ethanol. The price paid by BSIL to growers averaged BZ$55 per ton in the 1990/91 crop year, the fourth consecutive year in which it has been above BZ$50. This price reflects 65% of export revenues following an agreed 65:35 revenue-sharing agreement with the factory, currently under review. The price received by farmers under this arrangement has been considerably higher than that paid by PETROJAM.

3.5 Citrus production, which includes oranges and grapefruit, is the second most important export commodity. With the exception of 1988, when colder than normal temperatures reduced yields, citrus output followed a rising trend in the period 1984-90. Output of oranges grew by 16% and

grapefruit by 24% during 1990, reflecting the coming into production of the significant new acreage that was cleared and planted during the second half of the 1980s. While production during 1991 is estimated to have been much lower following poor weather during the blossoming period, it is expected to increase strongly in the coming years as new acreage comes into production; the citrus acreage increased from 14,000 acres in 1986 to 40,000 acres in 1990. Field production is carried out by some 400 independent farmers, while processing is done by two privately owned factories. The fruit is processed into concentrates for export to the United States where it is guaranteed duty-free access under the provisions of the CBI.

3.6 Banana is the third major agricultural export crop. Banana production grew rapidly following the privatization of the plantations of the state-owned Banana Control Board (BCB) in 1985 and the substantial investments made by private growers to improve productivity and increase the amount of land under cultivation. However, production growth slowed down considerably during 1989 and 1990 due to adverse weather conditions and a serious outbreak of black sigatoka disease. The Banana Growers' Association (BGA), which took over many of the functions of the BCB, is coordinating efforts to control the disease and improve drainage and irrigation as well as other infrastructure. As a result of these improvements, the production potential is expected to increase significantly in the coming years. Growers are also expected to benefit from a new port near the main banana growing area, which will enable banana shipments to be re-routed and, thus, reduce transportation time to the major export market. This will allow a longer growth period on banana production and higher weights and size. A more direct routing of the fruit would also result in improvements of its overall quality. This would reduce the currently high rate of rejections because of inadequate quality (about 20%).

3.7 Among the import substitution crops the most important are corn, rice, and red kidney beans which are the basic staples for Belize. These crops are grown mostly by small farmers. Output of these crops has been erratic in recent years, in some instances (i.e., rice and corn) on account of the intervention of the cost factors and a controlled price. Livestock activities are also important among the import substitution sector. Poultry is the largest and most dynamic activity. Dairy, hogs and beef cattle lag behind.

3.8 Fishing is an important activity in Belize representing about 2% of GDP. Over the past five years, total output has grown at 5% per annum on average. About 30% of fish production supplies the domestic market including the tourism industry; the rest is exported. Export earnings have doubled over the decade. The emergence of shrimp farming in recent years is likely to provide a new source of growth and diversification (see Box No. 1). There are rising concerns that the future of the industry is being endangered by overfishing and out-of-season poaching. Increased patrols of the three-mile limit in the seas to the south of Belize appear to have been successful in addressing these issues so far.

Table III-1: KEY AGRICULTURAL INDICATORS, 1990

	Value Added (BZ$ million)	Share (%)	Employment (number)	Share (%)	Cultivated Area (000 acres)
Export sector	76.0	67	17,000	59	107
Import substitution	37.0	33	12,000	41	..
• Crops	(19.0)	(17)	..	..	70
• Livestock	(18.0)	(16)	..	..	..
Total	113.0	100	29,000	100	..

Source: Ministry of Agriculture and mission estimates.

Recent Trends in Agriculture

3.9 To better understand the sector's performance during the last decade it is necessary to focus on the evolution of the economic incentives. Two measurements of economic incentives are considered below: (a) the domestic terms of trade of agriculture vis-à-vis the rest of the economy, henceforth referred as the real price of agriculture goods. Real prices are defined as the implicit price deflators of the agriculture commodities divided by the economy-wide GDP price deflator; and (b) the relative price between the two major subsectors within agriculture, i.e., the agriculture exportables implicit price deflator divided by the agriculture import substitutes one. This indicator is henceforth referred as the internal agriculture relative price of exportables.

3.10 The sector's performance during the 1980s can be separated into two distinct periods (Table III-2 below). The first one is clearly characterized by a significant deterioration of the real prices of both exportables and import substitutes. Thus, the domestic terms of trade for agriculture as a whole deteriorated significantly during the first half of the 1980s. By contrast, in the second period, the real prices of both groups show a positive trend with real prices of agricultural exportables increasing at about 8% per annum on average and those of agricultural import substitutes at approximately 2% per annum.

3.11 Relative price incentives of agricultural exportables vis-à-vis agricultural import substitutes deteriorated in the first half of the 1980s. This trend was reversed in the second half, when the relative prices of agriculture exportables improved sharply relative to the agriculture import substitutes. Thus, the 1981-85 period was characterized by a large deterioration of overall agricultural domestic terms of trade and by a decrease of incentives to agricultural exports vis-à-vis agricultural import substitution activities. These trends were reversed during the second half of

the 1980s when agriculture as a whole improved and the relative prices of agricultural exports to agricultural import substitutes rose.

3.12 The differences in the real price dynamics of both periods contributed to significantly different outcomes. Aggregate agricultural output fell at about 0.5% per annum during the first period and expanded at over 7% per annum in the second period. This rapid recovery was evenly distributed between both subsectors. In fact, both agricultural exportable and import substitute production grew at about 7-8% per annum in the second half of the 1980s compared with a yearly average growth of 1% for the import substitution agriculture and -1.4% for the export subsector during the first half of the 1980s. The large increase in exportables during the second half of the 1980s is partly explained by the sharp growth in sugar cane production of 19% in 1989 and 16% in 1990. This was mostly the result of a successful program of replanting with smut-resistant sugar cane varieties which, in turn, was possible thanks to the high rate of profitability of sugar production in the second half of the 1980s.[10/]

Table III-2: AGRICULTURAL OUTPUT GROWTH AND PRICE CHANGES
(average annual change in real prices)

	1981-85		1986-90		1980-90	
	Output	Prices	Output	Prices	Output	Prices
Exportables	-1.4	-11.6	6.8	8.3	2.6	-2.1
Import substitution	1.0	-0.7	8.1	2.1	4.5	0.7
• Crops	-2.5	0.2	7.9	2.7	2.6	1.4
• Livestock	6.7	-2.1	8.3	1.3	7.5	-0.4
Total	-0.5	-7.9	7.3	5.7	3.3	-1.3

Source: National Accounts, Central Bank of Belize and Mission estimates.

Responsiveness of Agriculture to Price Incentives

3.13 An implication that arises from Table III-2 above is the apparent significant degree of response of the sector to real price incentives. This conclusion is supported by several regression analyses that show a short-run

10/ Smut disease had been present in Belize for a long-time and was a major factor constraining sugar production.

price elasticity for aggregate agricultural output of the order of 0.25.[11/] Moreover, various other econometric estimates suggest that "productivity" increased on average by about 2% per year. This productivity increase, however, accounts for the effects of both the expansion of cultivated areas and technological improvement, which because of insufficient data on total area cultivated cannot be separated. The analysis of the performance of the agricultural export subsector on the other hand, suggests a short-run price elasticity of supply of the order of 0.50, which is quite significant.

3.14 Another implication is that agricultural exportables and import substitutes do not seem to compete intensively for resources. The favorable conditions prevailing in the second half of the eighties induced both sectors to expand rapidly. In fact, the import substitution sector grew as fast as the export sector even though the relative price of import substitutes declined significantly vis-à-vis that of exportables. A modest price improvement of the agriculture import substitutes relative to the non-agricultural sector (as shown by the increase in the "real" price of import substitutes of 2.1% per annum in Table III-2) was enough to induce a highly positive output response in import substitutes.

3.15 Abundance of land may be a major explanatory factor of the reduced competition for resources between agricultural exportables and import substitutes. The total cultivated area increased by almost 40% between 1985 and 1990. The export sector expanded its cultivated area by almost 60% in this period without any significant decline in the area cultivated with import substitute crops.

3.16 Another possible reason may be related to the large labor migration from other Central American countries during that period. The increased labor absorption by the export sector, associated with the improved export prices, did not affect the rest of the agricultural sector because the total rural labor pool also increased very fast. This allowed the import substitution subsector to simultaneously expand employment and, therefore, output. It is likely that this positive immigration factor will not be as important in the future as more controls on illegal immigration are enforced and as war situations in Central America subside. There are already reports of "labor shortages" in certain rural areas at peak periods. This would suggest that one could possibly expect at least some limited trade-offs between the agricultural exportable and import substitution subsectors in the near future.

11/ A supply equation was fitted using annual data for 1980-90, obtaining the following estimates: $\ln Q = 10.8 + 0.25 \ln p + 0.025t$,
(21.9) (1.91) (3.61)
where Q is aggregate agricultural output, p is the real price for agriculture and t is a time trend. The adjusted R^2 was 0.60 and DW = 1.72.

Policy Issues

3.17 The large price responsiveness of agricultural exportables suggests that changes in their real price are likely to have important output effects. The domestic real price of agricultural exportables can be affected by: (i) domestic export policies, namely export taxes and quantitative restrictions; (ii) other policies, i.e., macroeconomic and trade, which affect the relative incentives to agricultural exportables; and (iii) international prices.

3.18 Export Taxes and Restrictions. Export taxes on agricultural goods are limited to a few commodities and are set at relatively low levels. The main export taxes include a 2% ad valorem tax on sugar exports, a 5¢/lb. on chewing gum exports and a 5% ad valorem tax affecting coconuts (Table II-2). Licenses are required to export live animals, fresh citrus fruits and beans, but those exports are not taxed. Thus, although clearly desirable, the elimination of export taxes is not likely to dramatically increase incentives to agricultural exports. However, the elimination of export licensing (except those associated with preservation of endangered species) could have an important effect on nontraditional exports. For example, according to the Livestock Producers Association, restrictions on marketing abroad appear to be a disincentive to production and to the expansion of the herd size.

3.19 Other Domestic Policies. Import protection and expansive macroeconomic policies can produce negative indirect effects on agricultural exports by reducing their capacity to compete for resources with import substitutes and non-tradeables. As indicated in Chapter II, the effective protection that the overall trade regime confers to other sectors, particularly manufacturing, is still quite substantial. Although import substitution activities in Belize are not very large and, therefore, absorb only limited resources, the agricultural export subsector could indirectly benefit from a reduction in import protection. Mission estimates suggest that the share of the import substitution sector in GDP (both agriculture and non-agriculture) is about 8%. Thus, a decrease in protection to import substitutes by reducing their nominal protection by 20% would increase the real price of agricultural exports by about 2%.[12/] Given a supply elasticity for the agricultural exportables of 0.5, this would increase agricultural exports by about 1%.

12/ The real price of agricultural exportable is equal to their nominal price divided by the weighted average price of all other goods in the economy. The weight of import substitutes including agricultural and non-agricultural goods in the basket of other goods is about 0.1. Therefore, a reduction in the price of import substitutes by 20% would reduce the average price of goods other than the agricultural exportables by approximately 2%, meaning that the real price of exportables would increase by such amount.

3.20 In contrast with the import substitution activities, non-tradeables comprise a large share of the economy, about 60% of GDP. A reduction in the price of non-tradables (i.e., a real exchange rate depreciation), therefore, can have a dramatic effect on the relative price of exportables. In fact, mission estimates indicates that a 20% reduction in the price of non-tradeables (i.e., a 20% real depreciation) can generate an increase of agricultural exports of more than 6%[13/]. The dramatic improvement of the export sector in the second half of the eighties was originated in part from the decrease in the price of non-tradables resulting from significant tightening of monetary and fiscal policies. This, coupled with improvements in the international price of certain exports, particularly sugar, permitted a rise in the real price of exportables during the second half of the eighties which led to the consequent expansion in the volume of exports. An important implication of these developments is that the present tight fiscal/monetary policy needs to be maintained given that international prices of main agricultural export commodities are projected to decline in the near future.

3.21 External Prices. Another important policy issue concerns the dependence of the major agricultural exports on special international agreements, particularly with the U.K. and U.S.A. As discussed in Chapter II above, there are some uncertainties regarding the continuity of some of these agreements. Given the importance of agricultural exports as a source of foreign exchange, income and employment, this is a matter of serious concern.

3.22 In 1990, the average price of sugar exports was about 45% above the world market price. Similarly, the preferential banana price received by Belize in the U.K. was approximately 30% above the world market price. Finally, Belize citrus producers have access to the domestic U.S. market free of duties while other large producers such as Mexico and Brazil are subject to a 30% import duty. Import duties for Mexico are likely to be phased out over a period of 5-10 years once the Mexico-U.S. free trade agreement is implemented. Also, in the context of the Enterprise of the America's initiative, it is likely that other Latin American countries, including Brazil, will increasingly access the U.S. market.

3.23 The elimination of U.S. import restrictions on citrus exports from Mexico and other Latin American countries is likely to cause a reduction in the U.S. citrus price of 12-17%. This implies that the price received by Belize for its citrus exports would fall by the same extent. A possible scenario would envisage this price reduction to be spread over a 5-10 year period, implying a 1.5-2% annual price fall.

13/ The weight of non-tradeables in the price index used to deflate the nominal price of agricultural exportables is about 0.65. Therefore, a 20% reduction of the price of non-tradeables generates a fall in the price deflator of about 13%. That is, the real price of exportables increase by 13%. Given a supply elasticity of 0.5, this causes a 6.5% increase in the production of agricultural exportables.

3.24 The potential export losses for Belize of an eventual termination of the preferential agreements for its major commodities (sugar, citrus and bananas) would be sizeable. If all preferential agreements for Belize's agricultural exports were eliminated in a once and for all fashion, the economy would experience a severe shock. In this case, the weighted average price of the three agricultural exports would fall by about 35%. The value of agricultural exports, however, would decline by a much greater extent because the price fall would induce a fall in production as well. Given the estimated (short-run) price elasticity of about 0.5 for the agricultural export crops, their outputs would decrease by about 17%. The total export value of agricultural commodities would, thus, decrease by more than 48%. Given the 1990 export values, this would represent a loss of foreign exchange of about US$39 million, or 36% of the total value of exports of goods. This would certainly be a major shock to the Belizean economy at least in the short run, since the development of new export activities is a process that takes a long time. Therefore, unless the phasing out of preferential agreements is gradual, the negative effect on Belize could become sizeable.

Table III-3: EFFECTS OF AN EIGHT-YEAR PHASING OUT OF PREFERENTIAL AGREEMENTS

Scenario of Commodities Losing Preferential Status	Price Effect[a/]	Output Effect[b/]	Foreign Exchange Effect[c/]
I. All commodities	-4.0%	-2.0%	-4.7(-6.1)
II. Sugar only	-3.0%	-1.5%	-3.5(-4.6)
III. Citrus only	-0.5%	-0.15%	-0.6(-0.75)
IV. Bananas only	-0.44%	-0.20%	-0.5(-0.67)

a/ Annual percentage fall of the average price of all agricultural exportables.
b/ Annual percentage fall of the aggregate level of output of the three agricultural export commodities.
c/ In US$ million. Figures in bracket correspond to the percentage fall in foreign exchange earnings of agricultural exports.
Source: Mission estimates.

3.25 The most likely scenario, however, is that the preferential arrangements would not be terminated in a short period of time, but rather gradually throughout a 5-10 year period. Table III-3 above shows the annual effects of phasing out the agreements in an 8-year period under four scenarios. Scenario I assumes that all 3 commodity agreements are gradually removed within the 8-year period. The effect of this would be to cause an

annual fall in prices of 4% per year which, in turn, would cause a negative supply effect of the order of 2% per annum. The continued effect of reduced prices and output would induce a decrease in foreign exchange earnings of about US$4.7 million per annum or 6.1% of the foreign exchange earnings from agricultural exports. Scenarios II to IV assume that preferential agreements are gradually phased out for only one of the crops. Clearly, the largest effect would be caused by an external collapse of the Sugar Agreement, in which case agricultural foreign exchange earnings would fall by about 4.6% per year. The collapse of just one commodity agreement, sugar, could have extremely negative consequences for the economy.

3.26 Although these effects, on a per annum basis, may seem relatively small, they would be accumulated for a period of 8 years. At the end of the period, total annual losses compared to 1990 would sum up to approximately US$39 million or 36% of the total value of exports of goods.

3.27 Export Diversification. Belize's vulnerability regarding its major export commodities, particularly sugar, underlines the importance of agricultural diversification as a primary policy priority. To the extent that the appropriate incentives are in place, the private sector would be dynamic in diversifying into new export activities. The recent expansion of aquaculture, particularly of shrimp farming, is a good example of their capabilities to respond to incentives. A major limiting factor for the development of other agricultural export concerns the inadequate infrastructure, particularly in rural areas, insufficient public support to agriculture research and extension and, more recently, uncertainties associated with eventual changes in the labor legislation.

3.28 The deteriorated infrastructure, particularly roads (especially in the southern part of the country) utilities and other transport facilities still constitutes a major constraint to the production of new export commodities. Many crops, particularly fruit and vegetables, require access to international markets on a timely basic and with appropriate standards (quality, appearance, etc.), but this is largely precluded by existing transport facilities and the high costs in terms of product losses and of repairs and replacement of transport vehicles, which places Belizian producers at a serious disadvantage in the world market. The high cost of utilities, particularly electricity, is a constraint to the establishment of agroprocessing industries. Finally, the eventual introduction of a minimum wage, as well as modifications in the labor code that could substantially increase social security and other labor costs for producers is a motive of high concern among farmers and agroprocessors. Belize agriculture producers are at a significant disadvantage with respect to other Central American competitors because of its substantially higher labor costs. The impending labor changes would worsen such disadvantages, particularly in the most labor intensive industries such as bananas and citrus where current wages are below the proposed minimum wage. At a time when external prices for Belize appear likely to erode, it would be most inopportune to artificially increase labor costs.

BOX 1: SHRIMP FARMING: A NEW SOURCE OF GROWTH

Fisheries output is comprised mainly of lobster, conch and shrimp, 90% of which is exported, and fin fish and fillet, of which about half is consumed domestically. Fishing has expanded sharply during the decade; exports of fish in 1990 stood at US$9 million up from US$4 million in 1980. Fishing is carried out by local farmers' cooperatives which operate within the Barrier Reef and process fish for both the local and export markets.

Off-shore and marine water fishing has not been developed as yet since it requires different techniques and equipment necessitating substantial investments. Ventures to develop off-shore fishing have so far failed, possibly because of insufficient capitalization and lack of in-depth research. Efforts to increase production within the limits of strictly enforced conservation policies include releasing laboratory-raised conch into the ocean, and experiments to increase lobster catch through a technique called "shading." This involves placing structures on the sea beds along routes taken by migratory lobsters to attract them to shelter. Nevertheless, limited in the short run to in shore catch, traditional in-shore fishery has no major expansion potential since it is estimated to have reached its maximum sustainable yield.

A new dynamism will be provided to the fishing industry over the coming years by the recent development of shrimp farming. The shrimp catch has risen strongly since 1989 on the basis of productivity gains on shrimp farms, from about 170 pounds per acre in 1988 to 1130 pounds per acre at present. Plans for doubling the capacity of the industry over the next two years are underway. Productivity should also continue to expand as a result of investments in progress to improve farming technology and eliminate current processing bottlenecks as well as through the introduction of local larviculture.

Conclusions

3.29 The major findings of this section can be summarized as follows: (a) the agricultural sector is very responsive to economic incentives; (b) prospects for the traditional export sector are not very positive mainly because of its high degree of dependence on preferential trade agreements; (c) a tightening of fiscal/monetary policies, trade reform to decrease the high degree of protection to the import substitution sector and a prudent labor market policy such as the one discussed in Section II-D, will be essential to reduce the vulnerability of the agricultural export sector to changes in

international agreements and for the development of new agricultural export activities; (d) the current agricultural import substitution sector with the possible exceptions of poultry and beans is unlikely to become an important source of growth and exports. This sector has been protected in the past and, the removal of such protection will decrease its growth potential somehow; (e) new export-oriented agricultural commodities will have to be developed; and (f) export diversification will require investments in rural infrastructure, research and extension.

B. TOURISM

Introduction

3.30 Tourism expanded rapidly during the 1980s and should continue to fare well in years to come. Although still relatively undeveloped, Belize's topographical features and historical sites are excellent interest points for tourism. The country, located in between Central America and the Caribbean, offers the diversity of a world renowned coral reef, tropical rain forests, fauna and flora extinct in other regions as well as an extensive array of Mayan archaeological sites, many still being uncovered. The variety of attractions enables it to compete effectively with both areas.

3.31 Belize's infrastructure and tourism accommodations are geared to small scale tourism. They contrast with other Caribbean and Mexican destinations which compete in the "sun and sea" tourism market as well as more developed archaeological sites in neighboring Mexico, Guatemala, and Honduras. While hospitality services are generally below international first class levels, the type of services provided is an attraction for the tourist seeking a simpler setting. "Sun and sea" tourism has provided the main dynamism to the sector during the 1980s, representing about 60% of vacation travellers' expenditure. Nevertheless, there is increasing interest in Belize as an "eco"-tourism and archaeological destination.

3.32 The tourism industry has been developed by the private sector. Capacity expansion has accompanied demand trends with larger than average expansion in coastal areas, and only recently, in the interior of the country. Except for larger scale hotel expansion in Belize City -- which caters mainly to business travel and serves as a stopover to coastal or inland destinations -- most hotels are small scale operations; often owned by foreigners who live in Belize and run owner-operated family businesses. Excluding Belize City, hotels in Belize average 10 rooms.

3.33 Except for fiscal incentives generally provided to new investors, the Government's role in the industry has been constrained by lack of funds to further improve and expand the existing infrastructure and by concerns about ecological and other negative effects of large-scale tourism expansion. In recent years, Government has stepped up efforts to formulate a tourism development strategy and coordinate tourism promotion efforts with the private sector.

Table III-4: KEY TOURISM INDICATORS, 1980-90

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Stayover Arrivals ('000)	17.9	16.2	21.6	19.9	21.2	28.3	29.6	26.7	53.6	67.0	77.1
Total Bed Capacity	1,968	2,165	2,234	2,484	2,498	2,354	2,504	2,729	3,237	3,467	4,021
Bed Occupancy Rates, all Establishments (%)	35	35	45	45	45	50	50	60	65	75	75
Total Tourist Expenditure (US$ million)	7.0	7.5	8.9	9.3	7.6	12.7	21.0	19.3	22.1	29.4	34.3
--as share of Caribbean Tourism (%)--											
Stayover Arrivals	0.3	0.2	0.3	0.3	0.3	0.4	0.4	0.3	0.5	0.6	0.6
Total Tourist Expenditure	...	...	...	...	...	0.2	0.4	0.3	0.3	0.4	0.4
--as percent of GDP--											
Total Tourist Expenditure	4.0	4.2	5.2	5.3	3.9	6.6	9.9	7.5	7.7	8.9	9.2
--as percentage of exports of GNFS--											
Total Tourist Expenditure	6.4	7.3	10.0	10.0	6.8	12.0	17.0	13.3	12.9	16.0	16.5

Source: Belize Tourist Board, Central Bank of Belize, Caribbean Tourism Organization.

Recent Trends

3.34 The Early 1980s. Initially, tourism's contribution to the economy was modest. The activity was heavily based on sun and sea tourism, with the coastal areas (excluding Belize City) contributing to about 40% of total capacity. During 1980-85, tourism posted a moderate growth from a small base that kept pace with the performance of the Caribbean as a whole. The share of Belize in Caribbean tourism stood at 0.3% of total arrivals; while total tourism expenditures were in the range of about 4-5% of GDP and 7-10% of exports of GNFS.[14/] During this period, overall capacity in Belize rose by a moderate 3.4% per annum.

3.35 The 1985-90 Period. During 1985-90, tourism became an important sector in the economy as a source of growth, diversification and foreign exchange earnings. Tourist arrivals almost tripled from 28,000 in 1985 to 77,000 in 1990, and concomitantly, the share of Belize in Caribbean tourism almost doubled to represent 0.6% of total arrivals. By 1990, tourism expenditures stood at 9% of GDP and represented 16% of exports of GNFS. At the same time, capacity (measured by the number of rooms available) rose by an

14/ Caribbean tourism refers to the Caribbean Tourism Organization's definition which includes: Bahamas, Bermuda, OECS countries, other Commonwealth countries, Dutch and French West Indies, Puerto Rico, US Virgin Islands, Cuba, Dominican Republic, Haiti and Suriname.

accumulated 65%. Although still heavily based on sun and sea attractions, demand increased for the unique "eco"-tourism attractions of Belize. Hotel room capacity in inland areas related to archaeology and wildlife sanctuaries increased by 90% as compared with 75% in the coastal areas. In 1991, the number of rooms available in Belize City increased from 511 to 778 as two large hotels opened up. While in the short run, this increase of almost 50% in the number of rooms will create excess capacity, in the medium term, if Belize City's planned beautification and tourism development efforts are promptly implemented, it would enable an increased length of stay by recreational tourists who are currently passing through on their way to coastal or inland destinations.

Table III-5: HOTEL CAPACITY, 1980-91

	Number of Hotels				Number of Rooms				Average Capacity Growth (number of rooms)		
	1980	1985	1990	1991 a/	1980	1985	1990	1991a/	1980-85	85-90	90-91a/
Belize City	46	39	41	46	492	455	511	778	-1.3	2.0	52.3
Belize rural b/	2	6	16	17	16	43	149	153	17.9	23.0	2.7
Inland c/	21	32	63	70	248	354	675	711	6.1	11.4	5.3
Coastal areas d/	50	69	102	120	420	589	1039	1206	5.8	9.9	16.1
TOTAL	119	146	222	253	1176	1441	2374	2848	3.4	8.7	20.0

a/ As of March, 1991.
b/ Includes Belmopan.
c/ Includes Corozal, Orange Walk, Cayo and Dangriga/Stann Creek Districts.
d/ Includes Punta Gorda, Ambergris Caye, Caye Caulker, other Cayes and Placentia Peninsula.

Source: Belize Tourist Board and Central Bank of Belize.

Main Characteristics of Belize's Tourism

3.36 Currently, there are very few studies analyzing tourism in Belize, despite the growing interest by government, donor agencies and private sector institutions in developing the sector in recent years. Two recent reports, i.e., a survey conducted by the Caribbean Tourism and Development Center in collaboration with the Belize Tourism Board in 1986 and a USAID report of 1989 aimed at marketing Belize's tourism, reach the following conclusions:

- the current tourism product appeals to special interest groups which are mainly well educated, have high levels of income, and are aged between the mid 20's to the mid 40's. About 70% of tourism is vacation travel as against 20% for business purposes and originates mainly in the United States (70-80% of total tourism travel); the rest comprises travellers mainly visiting friends or relatives. U.S., Canadian and non-UK European travellers have the highest proportion of vacation travellers as opposed to United Kingdom travellers of which the survey showed 50% to be business travellers. Consistent with the profile of tourists described above, only about 25% of the U.S. tourists and about 5% of tourists

from other destinations visiting Belize were on an inclusive pre-paid tour. These figures contrast -- especially for non-U.S. tourism -- with the much higher proportion of "package tourists" in some larger Caribbean destinations, i.e., Bahamas, Jamaica where they represent about two-thirds of the total;

- visitors are generally satisfied with their vacation experience in Belize citing as main attractions: friendly people, generally speaking both English and Spanish, excellent diving, easy access by air mainly from the U.S., and a variety of activities for the adventure tourist such as wildlife reserves, unspoiled land and forests and archaeological sites. The survey information on motivating factors to visit Belize can be summarized as follows: the Coral Reef and water sports were listed as an important reason to visit Belize by about 40% of the tourists surveyed; followed by climate, tropical setting and peace and quiet; while the Mayan ruins were described as not important by over 80% of the respondents. This result is consistent with the relatively newer appeal of Belize as an historical and "eco"-tourism destination; and the higher preference for sun and sea tourism by U.S. travellers, as opposed to European tourists (only 16% of U.S. respondents list the Mayan ruins as an important reason for visiting Belize as compared with 42% of the "other European" respondents);

- regarding the degree of satisfaction, responses varied. U.S. travellers are, in general, more satisfied with connections, accommodations and level of service than the Europeans. This is consistent with the direct air connections from three U.S. gateway cities (2 hours flight time), and the preference by the U.S. travellers for the more developed sun and sea destinations. Conversely, Europeans face sometimes "too many stops", and are more likely to spend more time in the less-developed inland "eco"-tourism sites where accommodations, while not without charm, are generally more rustic. Europeans also have a higher proportion of business travellers -- especially from the U.K. -- for which quality of accommodations at international standards play a more important role.

- the main negative factors were generally related to: (a) a lack of cleanliness in many hotels, restaurants, taxis, beaches and especially Belize City -- which is perceived as unattractive to recreational tourists due to its general appearance, lack of entertainment and restaurants and personal safety concerns; (b) poor state of roads and quality of ground transportation; (c) hospitality services below generally accepted international standards and poor price/value relationship of accommodations and restaurants, particularly when compared with neighboring countries in Central America.

Constraints to Tourism Development

3.37 In 1991, tourism suffered a setback because of the recession in the U.S. and is not expected to rebound strongly during 1992. Thereafter, in the absence of any additional external shocks, tourism in Belize should fare well. Nevertheless, several domestic factors could limit the development of tourism some of which have provided the underlying rationale for a "small-scale" development strategy.

3.38 Cost of Infrastructure. Infrastructure, especially away from Belize City and in the south, is undeveloped. Roads need repair and most inland and coastal areas are not connected to sewerage and running water lines. A major constraint for large-scale tourism development is the country's topography, which make infrastructural development and maintenance expensive. Coastal areas are fragile and secondary roads face severe erosion problems because of rainfall. Water and sewer lines in coastal and inland areas are also expensive to construct.

3.39 Environmental Considerations. Tourism development in Belize needs to take into account environmental issues. Extensive inflows of tourists and excessive development of feeder roads could negatively affect forest reserves and wildlife. Fast expansion of tourism inflow can also have negative effects on coastal and marine reserves (see Section D).

3.40 Human Resources. Tourism services are generally considered below international levels. While the somewhat simple and rustic nature of some of the country's accommodations and services have a special charm, the quality of hotels, restaurants, guides, and the other services needs to be improved substantially. The low value/price relationship perceived by many travelers (so far mainly relative to Central American competitors) could affect Belize's tourism prospects. Underlying this deficiency are the following factors: tourism is a relatively new, small-scale, unregulated activity which was historically not excessively well regarded. Consequently there is a general lack of expertise. Despite Belize's well educated population, the country lacks vocational training schools for tourism, either at the basic or managerial levels. Most hotel owners face difficulties in attracting manpower even at higher wages, have to train their staff and will not fire non-performing workers because of manpower shortages. Difficulties in obtaining work permits for qualified foreigners to help develop the industry and lack of incentives to offset the negative externality imposed by the need to train the labor force add to the impediments to improve the quality of service in hotels and restaurants. Moreover, guides, taxi drivers and tour operators are not licensed. While many of them have been in the business for many years and know the sites and history of the country, upgrading their skills would help provide a higher level of expertise, especially sought by wildlife and archaeological tourists.

3.41 Incentive Structure. The Fiscal Incentives Act aims at providing tax breaks for new investors and has the potential of reducing the anti-export bias by exempting inputs from import duties. While in principle it can include all imported inputs, it is generally accorded to construction and

machinery equipment. Although improved in 1990, the Incentives Act does not provide for a transparent and neutral incentive structure (see Chapter IV).

3.42 Promotion Efforts. Belize has developed its market more through word of mouth than targeted promotional efforts. The Tourist Board is only recently in the process of developing a communications and tourism promotion function. Tourism promotion functions have been assumed mainly by tour operators and airlines which are increasing their promotional efforts with only limited support from government. The private sector has participated in several trade shows with the Belize Tourism Ministry but cooperative marketing efforts have yet to be undertaken. These efforts would augment publicity's impact given the limited resources available.

3.43 Financing for Small Scale Operators. The small scale of tourism operations and human resource constraints discussed above also affects the possibilities of small entrepreneurs because of their lack of expertise in preparing investment projects. The World Tourism Organization (WTO) has undertaken a study to help small owners to strengthen their management and project preparation capabilities.

Institutions

3.44 The institutional development of recent years is consistent with the rising awareness both by the private and public sectors of the tourism potential for the economy. The Government's understanding that tourism development and environmental protection need to be addressed simultaneously led to the creation in 1989 of the Ministry of Tourism and the Environment which would coordinate both overall tourism and environmental functions of all other related agencies and be in charge of tourism regulations and legislation. The Belize Tourism Board (BTB), a statutory board recently created has been given the role to help promote and facilitate development of tourism and a budget based in principle on collection of 50% of the hotel tax. Recently, BTB has received BZ$1 million from USAID to strengthen the statistical unit and train BTB's employees. The Government fully recognizes tourism's constraints and is fostering initiatives to address them. In 1989, the Belize Tourism Industry Association (BTIA) was established with donor financing with the purpose of representing the concerns of private sector tourism agents, promoting tourism establishments and developing possible training programs. While the newly created agencies are still in the process of defining their role and scope; there is an enormous interest by public and private sector agencies to improve the tourism product.

Development Plan and Prospects

3.45 Based on the need to balance tourism growth with environmental sustainability, the 1990-94 Development Plan sets up a strategy which aims at promoting small scale tourism and diversification into "eco"-tourism and promotion of archaeological sites. Given Belize's small population, the high cost of infrastructural development and risks of environmental degradation, the Government would like to avoid the dangers of mass tourism. Furthermore, by promoting "eco"-tourism it expects to strengthen backward linkages between

tourism and increase the sector's foreign exchange earning potential. Special emphasis is currently being given to (a) institutional strengthening of the Tourism Administration; (b) improvement of the statistical data base, and (c) devising programs to improve training and the regulatory framework for the sector. A series of Tourism Development Master and Zoning Plans are being developed to catalogue tourism sites and highlight infrastructure needs. Financing for further infrastructural development of roads, water and sewerage, and electricity as well as for development of a tourism district for the Fort George area of Belize City is being sought. Plans to strengthen security services are also underway. Speedy implementation of these initiatives would greatly improve the prospects of the tourism sector in Belize. In the area of human resources development -- besides the longer term initiatives being studied -- some form of incentive for industry-specific, on-the-job training needs to be undertaken. Work permit regulations should also be reviewed to attract qualified manpower into the sector.

C. Manufacturing

Introduction

3.46 Manufacturing comprises an export-oriented sector with some large firms, including sugar processing, citrus concentrates and garment manufacturing, and an import substitution sector where small firms dominate, except in the beer and beverage sector. The sector declined by 10% in real terms during 1981-85. During 1985-90, it grew by about 25% in real terms. However, manufacturing's share of GDP has fallen in virtually every year since 1981, from 14% in 1981 to 10% in 1990.

3.47 Table III-6 below provides a classification of manufacturing industries based on employment data for 1990. Roughly 49% of manufacturing employees in 1990 worked in export-oriented industries and 51% in import substitution industries. Within the import substitution category, about 1,300 persons worked in industries such as "meat processing" where local inputs provide the basic raw material, about 1,000 worked in industries which processed imported agricultural products (such as bakery products), and about 900 worked in non-agricultural import substitution industries (some of which would be repair and maintenance occupations classified as "services" in GDP accounting). Food processing, lumber and wood products, bakery products and alcohol and other beverages are large manufacturing import substitution sub-sectors, together employing over 2,100 persons.

Recent Trends

3.48 Despite the declining share of GDP, the growth of the manufacturing sector has been strong in the past few years. Real output grew by 10% in 1989 and by 4% in 1990. Preliminary figures for 1991 show strong growth in garments, the largest industry in terms of employment. Indices of industrial production show that growth has been spread out through export-oriented industries (especially sugar and garments), import substitution industries

(especially beer) and industries using imported raw materials (flour and fertilizer) (see Table 7.3 in Statistical Appendix). Figures on employment show a somewhat different pattern: export oriented industries have on balance shown a large increase since 1988 but other industries have shown slow growth (see Table III-7). Most of the increase in export oriented employment occurred in the garment industry.

Table III-6: CLASSIFICATION OF MANUFACTURING, 1990

	Agricultural Based (including Forestry)		Non-Agricultural Based		Total
Export-Oriented	Industry	Employees 1/	Industry	Employees 1/	
	Sugar	652			
	Citrus juices	469			
	Sub-total	1,121 (17.6%)	Textiles	2,033 (31.8%)	3,154 (49.4%)
Import-Substitution	Based on Local Inputs				
	Meat processing	396	Paper & paper products	95	
	Dairy products & Ice cream	132	Printing and publishing	191	
	Misc. foods	78	Metal products	389	
	Tanneries	42	Non-metallic mineral products	182	
	Sawmills	428	Other	66	
	Furniture & other wood	239			
	Sub-total	1,315			
	Based on Imported Inputs				
	Milling	40			
	Bakery products	385			
	Spirits & beer	287			
	Carbonated bev.	214			
	Tobacco	67			
	Sub-total	993			
	Total (import substitution)	2,308 (36.1%)	Total	923 (14.5%)	3,231 (50.6%)
TOTAL		3,429 (53.7%)		2,956 (46.3%)	6,385 (100%)

1/ Percentages refer to the total of 6,385 manufacturing employees.

Source: Derived from "Manufacturing Employees," Central Bank of Belize. Data include repair activities which would be classified as "services" in the national accounts.

Major Issues

3.49 As discussed in Chapter II, recent changes in the CET may generate increases in effective protection, particularly for the food processing sector. This could encourage the development of inefficient import-substitution activities which, because of the size of the market and the

openness of the borders, will have major difficulties in surviving. As noted earlier, the multiplicity of import-substitution activities supported by a system of import licensing and high tariffs is also a cause for concern. Finally, the manufacturing sector has much at stake in the ongoing discussions on minimum wage rates.

Table III-7: EMPLOYMENT IN MANUFACTURING, 1988-90
(number of people)

Sector	1988	1989	1990	1988-1990 (% change)
Export-Oriented	1329	1686	2033	53.0
Import Substitution	3837	4127	4352	13.4
Total Manufacturing	5166	5813	6385	23.6

Source: Central Bank of Belize.

D. THE ENVIRONMENT

Introduction

3.50 Belize has so far been able to preserve its environmental resources to a much greater extent than other Central American and Caribbean countries. The relatively low population density, combined with generally adequate policies, has enabled preservation of important animal/plant species now extinct in the rest of Central America, the conservation of large natural forest areas, and prevented an excessive deterioration of coastal/marine resources.

3.51 Given that Belize's success in environmental preservation is unique in Central America, it is important to review the current environmental situation in the country, recent trends and the policy issues that may determine the fate of the environmental resources in the intermediate run. The key question is how to prevent the environmental problems faced by other Central American and Caribbean countries. The ensuing analysis focuses mostly on two broad classes of environmental issues, namely, deforestation and coastal/marine degradation.

Land Allocation

3.52 Table III-8 provides an overview of the allocation of land in 1990. The total surface area amounts to approximately 2,296,000 has. Approximately 34% is privately owned; about 31% of the total area is public land leased to the private sector (usually with an option to purchase), another 7% constitutes national parks -- of which approximately 4% are public lands and 3% are privately owned by non-profit conservation organizations such as

Program for Belize and others -- and 25% constitutes public land in forest reserves.

Table III-8: LAND ALLOCATION, 1990

Land Category	Area (has.)	Share
Private land for commercial purposes	774,000	34.0
Public land leased to purchase	711,000	31.0
National parks (including private private national parks)	164,000	7.0
Forest reserves	567,000	25.0
Other	80,000	3.0
Total	2,296,000	100.0

Source: Economic Aspects of Forestry Management in Belize, UNDP-FAO Project, September 1991, and mission estimates.

3.53 Part of the public forest reserve areas has been lost to agricultural activities. It is estimated that between 1970 and 1990 approximately 60,000 has. (or 12% of the original forest reserves) were transferred to the private sector. Most of these have been devoted to agriculture rather than to sustainable logging activities. A large proportion of this loss took place in the second half of the eighties, pointing to an acceleration of the rate of conversion of forest reserves into agriculture in recent years.

Problems of the Current Land Allocation System

3.54 A large proportion of land leased from the Government is currently being cleared rather than logged in a sustainable way. The main reason for this is that outright ownership can only be acquired by demonstrating that the land has been "developed," i.e., it has been cleared for agricultural purposes. Although the original idea of the public forest reserve areas was to use this land as a land bank for sustainable logging operations, they have effectively become an "agricultural land bank."

3.55 Another source of forest reserves losses not fully accounted for is associated with squatter occupation and other types of encroachment. Although data on these illegal occupations are not available, it appears that they are substantial. "Slash and burn" and other types of subsistence agriculture are

the predominant form of exploitation in these lands. Squatter occupations originate from illegal immigrants and other farmers displaced from agricultural areas.

3.56 The system of privatization of public forested lands is very much ad-hoc and lacks full transparency. The criteria used to determine the areas to be leased or sold to the private sector and to choose the land beneficiaries is not clear and is a source of economic inefficiency and of increased pressures for deforestation. While raw forest lands are sold in the open market for about US$50/acre, national land and forest reserves, often with infrastructure fully developed, can be acquired for US$1/acre through the Lands Department subject to agreed "development" measures. The system generates rents which are appropriated by individuals with access to public land purchases. Moreover, in order to attain full land ownership, the purchaser needs to clear it; this, combined with negligible costs of acquiring lands leads to excessive deforestation.

3.57 The low land prices induce an excess demand for public lands. To the extent that the Government has clear goals on the maximum area to be excluded from national parks and reserves, no further economic inefficiencies would be generated by this policy. However, the large rents arising from land purchases are likely to induce significant pressures on the Government to release more land. Further, by not charging realistic prices, the Government would forego revenues that could help finance the maintenance of national parks and forest reserves. A possible way to address this issue would be to select lands to be released from the public domain on the basis of their potential for sustainable economic exploitation and auction them.

Agricultural Expansion and Forest Preservation

3.58 Another issue refers to the extent to which agricultural growth and forest preservation are competing goals. Only a small fraction of the total land area is devoted to commercial agriculture. The total area under the major crops is estimated to be about 90,000 has., or less than 4% of the country's total land area. Although the area devoted to citrus and banana production is still relatively small (reaching about 13,000 has.), because of its location, these are the only commercial crops effectively competing for land with the forest state.

3.59 Commercial agriculture is likely to have two effects on deforestation, one direct and another indirect. The direct effect is that part of the expansion of commercial agriculture occurs at the expense of forest land. The indirect effect refers to the fact that agricultural growth is in general labor intensive. Rapid agricultural growth leads to substantial employment generation thus reducing potential pressures on the natural resources of farmers moving into the forested areas. In the event of a decline in commercial agriculture employment, the number of displaced farmers intruding into currently protected areas would increase substantially. Thus, an indirect effect of growth in commercial agriculture is to decrease pressures for deforestation.

3.60 Which one of these two effects is stronger is not immediately clear, but given the relatively small areas currently under citrus, banana and other forest competing crops, the direct effects are not likely to be significant. Even a 50% increase of the farmed area under citrus and banana only implies a 7,500 has. expansion. In the worse possible scenario, if all the new areas originated from public forested areas, they would amount to slightly over 1% of existing public forest/national parks lands. These effects could be reduced if land allocation policies were rationalized through payment by farmers of realistic prices for public land.

3.61 The indirect effect is likely to be more significant. The agricultural export sector alone provides employment to more than half of the rural labor force. Thus, its role in holding farmers back from subsistence production in public forest areas is quite important. Moreover, while a rational system of allocation of public lands can go a long way in preventing excessive expansion of commercial farmers into forest lands, the enforcement of park and reserve boundaries to control the encroachment of small producers is extremely difficult. This is more so if there are many farmers who cannot make a living in the commercial agricultural sector.

3.62 It appears that the growth of commercial agriculture and of forest preservation are more complementary goals than usually recognized. The best way of ensuring protection to forested areas is not only to increase park protection rangers but to generate rapid employment growth in environmentally stable areas. If the economic incentives for encroachment are large, i.e., if employment opportunities in environmentally stable areas are too low, no matter the amount of resources spent in direct forest protection, large forest losses are likely to continue.

Forest Conservation Policies

3.63 Belize's approach to forest conservation has been quite successful so far. The incorporation of the private sector in the management of national parks is an example to be followed by other countries. Private non-profit organizations have been given the task of managing most national park areas with the benefit for the Government of saving scarce fiscal resources. Moreover, private organizations such as the Audubon Society and Programme for Belize have raised funds abroad, particularly in the U.S. and Europe, for research and maintenance of national parks. That is, neither government nor private Belizean money have paid for the direct costs of the parks' maintenance. Tropical forests provide a positive international externality and, hence, its preservation costs should not be borne only by Belize. The current national reserve management policies have at least in part achieved this.

3.64 Beyond maintenance costs, there are other indirect costs associated with the preservation of the tropical rain forest. These are the opportunity costs of not mining the forest and using the lands for other economic purposes. It would not be optimal for Belize to substantially reduce the rain forest because of local externalities associated with erosion, flood protection and ecological tourism income. However, to preserve the tropical

forest areas at the high present levels would not appear to be optimal either from the point of view of Belize only. Presumably, the country could maximize its national income and welfare with a smaller tropical forest than it currently has, even if all local externalities are taken into account. Therefore, the rest of the world can benefit from compensating Belize for the indirect opportunity costs of not exploiting the forest area intensively. Donors' recognition of these international externalities has provided the rationale for the recently established Global Environmental Facility (GEF),[15/] a pilot program under which grants or concessional loans are provided to developing countries to help them implement programs that protect the global environment. In the past, Belize has received important benefits from Europe and the U.S. in the form of preferential commodity agreements and other direct aid. Since these contributions have furthered the country's development and allowed employment generation in environmentally stable areas, they have probably contributed to the preservation of the forest areas.

Coastal and Marine Resources

3.65 The evolution of the coastal/marine resources also constitutes an important environmental concern. The maintenance of the coastal environment is essential for the tourist and fisheries industries. The rapid tourism expansion has led to a continuous destruction of mangroves on the coastal fringes.[16/] This may have negative consequences for commercial fisheries given that mangrove swamps are breeding grounds for several important fish species. Also, the effect of major tropical storms are likely to worsen without the protection provided by the mangroves. Finally, the mangrove destruction can lead to the extinction of several endangered species that use the mangroves as breeding grounds.

3.66 The barrier reefs constitute a primary source of the growing tourist industry. The increasing dumping of waste into the ocean from on-shore (from industry, hotels, etc.) and off-shore (from boats and ships entering Belizean waters and off-shore oil drilling) sources is gradually

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15/ The GEF agreement established a Trust Fund to be administered by the World Bank on behalf of the participating donors. Four areas have been identified for the operations of the Facility: (a) protection of the ozone layer; (b) limiting emissions of greenhouse gases; (c) protection of biodiversity; and (d) protection of international waters. The programs supported by the GEF Fund are to be implemented by the UNEP, UNDP and the World Bank.

16/ See Newman, D, "Environmental Issues Paper for Belize," unpublished. The World Bank, May 1990.

becoming a threat to the barrier reefs.[17] Unless this issue is addressed rapidly, within a few years the barrier reef deterioration could decrease its importance as a major tourism attraction.

BOX 2: THE BABOON SANCTUARY: AN EXAMPLE OF PRIVATE SECTOR INVOLVEMENT IN ENVIRONMENTAL PRESERVATION

Private non-profit organizations have played a key role in environmental preservation in Belize. The Community Baboon Sanctuary in Belize provides a successful example of a voluntary private sector commitment to preserve the natural habitat of an endangered species. The Sanctuary was established in 1985 to protect one of the few healthy black howler monkey ("baboon") populations in Central America. Unlike any other existing wildlife management project in the world, the sanctuary is a completely voluntary, grassroots conservation program dependent upon the cooperation of private landowners within active farm communities. When confronted with the initiative to preserve the howler's dwindling habitat by the Audubon Society, nearly all the landowners in the 18 square mile sanctuary on the Belize River responded favorably by signing a voluntary pledge which commits them to make their farming practices consistent with the needs of the monkeys and other wildlife. Each landowner has pledged to follow an individualized conservation plan which will enhance and protect the howlers habitat. These plans include protecting forests along river banks, leaving food trees when clearing land and maintaining corridors of forest around farmed areas. The management practices will benefit the landowners by reducing erosion, preventing river siltation and allowing for more rapid replacement of forests after slash and burn clearings. Increased revenue from "eco"-tourism in the area has also benefitted the community.

17/ See Newman (1990) and various unpublished reports and conferences given by Program for Belize cited in Belize Review, October 1991.

3.67 Arresting the deterioration of the coastal areas will require a combination of appropriate regulations, investment and private sector involvement in their protection. The Government has recently passed an Act to limit mangrove destruction in coastal development projects. However, its enforcement is likely to be difficult given human resource and financial constraints and the large private benefits to be obtained from the development of mangrove areas.

3.68 Economic incentives for the development of less fragile coastal areas need to be provided. Moreover, the organization of coastal communities to protect these areas should be promoted since the economic well being of these communities (townships, villages, fishing communities and tourist resort owners) is closely tied to preservation of the coastal areas. With a proper legal framework, the incentives for community control on the use of resources will increase. The private sector organizations could thus establish the basis for the enforcement of existing legislation to internalize at least an important part of the local externalities. These arrangements could go a long way in self-regulating and enforcing adequate norms of waste disposal into the ocean from on-shore and even off-shore sources and in identifying key investment projects that would be required to decrease coastal destruction.

3.69 Thus, before engaging in excessive regulation of all economic activities that are likely to have coastal externalities, the Government would need to develop a basic legal framework and promote the organization of coastal communities to protect the environment. Preservation of the coastal areas by the communities directly affected by the externalities could be an efficient way of decreasing environmental degradation.

Environmental Legislation

3.70 In general terms, Belize has adequate environmental resource legislation; however, the enforcement of legislation remains an issue on account of human resource constraints and financial constraints.

3.71 Nevertheless, no laws or regulations requiring environmental impact assessment exist in Belize. At present, only those investment projects applying for development concessions and those applying for public lands are given any kind of formal environmental review. These reviews, however, are ad hoc; projects are not required to present environmental assessments using clear guidelines based on well-thought-out standards. The institutional arrangements for enforcement of regulations are also inadequate.

3.72 The Government is in process of writing legislation enabling environmental monitoring and enforcement; it has requested technical assistance from the U.K. and CIDA in this respect. An understanding has been reached with the Government that clear environmental standards and guidelines will be prepared in time for the enforcement of the new law, that all new projects and expansions of all kinds (above a certain size) will be required to present environmental assessments, and that an effective environmental monitoring, enforcement and policy capability will be established within the Department of the Environment. This is an essential step in order to prevent

harm to watersheds and other fragile environment and exposure of the population to toxic substances.

Conclusions

3.73 The major findings of this section are summarized as follows: (a) there is a need for a more transparent system of privatization of public forested land so that buyers pay the actual market price for these lands; (b) implementation of a redefinition of land development measures required as a precondition for outright ownership and subsequent enforcement could be very effective in reducing unnecessary deforestation; (c) agriculture development and forest preservation are complementary rather than mutually exclusive goals. External assistance directed to finance agriculture investments in stable areas is an effective way to contribute to the forest preservation in Belize; and (d) the development of a legal framework and promotion of the organization of coastal communities is an important tool for the protection of coastal areas which in the future could complement public investments and regulations. An environmental assessment review process which evaluates the environmental consequences of all major investment projects is being undertaken.

IV. PRIVATE SECTOR DEVELOPMENT

A. The Changing Role of Government

4.1 Following World War II, a widespread view emerged in many developing countries that government planning was an effective way of achieving sustained growth. Governments' direct intervention in a vast array of commercial and industrial activities was seen as a preferred alternative to the workings of the market. Consequently, by the early 1970s, the role of governments had expanded significantly beyond the more traditional role of provision of public goods (defense, justice, and security), education, health services and economic infrastructure.

4.2 Since the mid-1970s and especially during the 1980s, there has been increasing emphasis on redefining the role of government in the development process.[18/] In particular, accumulated evidence has shown that market-oriented, outward-looking economies have grown faster. Conversely, economies which have overly regulated economic activity or have relied on ample government interventions have achieved lower growth. Concomitantly, rapidly rising debt and growing budget deficits have moved governments to look more carefully into their expenditure patterns and the drain that public enterprises have often placed on public finances.

4.3 Extensive government intervention is being questioned and the role of government redefined from direct interventions in productive activities to the provision of a better environment for the development of well functioning markets. Emphasis is being placed on the provision of an appropriate regulatory and incentive framework and a sustainable macroeconomic environment, and on rationalization of the public sector through rehabilitation and/or privatization of public enterprises.

B. Government Policies and Private Sector Development

4.4 Belize's development strategy has emphasized the role of the private sector as the engine of growth. The role of the Government is seen as providing adequate economic and social infrastructure and the supporting macroeconomic environment and regulatory framework for private sector development. The private sector is well-organized and informed of developments within Belize as well as abroad. The associations of the main producers are represented at the Chamber of Commerce and Industry, which is the main interlocutor for private entrepreneurs. In recent years, the private sector has intensified its efforts to enable these organizations to improve their administrative and technical staff and expand their role in policy dialogue with the Government.

18/ See Naya, S. Private Sector Development and Enterprise in Growing Asian Economies; International Center for Economic Growth, ICS Press, 1990; and Israel, A. The Changing Role of the State, PRE Working Paper 495, The World Bank, August 1990.

BOX 3: THE IMPORTANCE OF AN ADEQUATE MACROECONOMIC AND INCENTIVE FRAMEWORK

Regulatory Framework - An adequate legal and regulatory framework is a pre-condition for an economy's successful development. Clear property rights and rules of the game reduce discretionary behavior, promote stability and dampen unproductive rent seeking activities. Foreign investment is especially sensitive to a regulatory framework that guarantees property rights, access to foreign exchange and repatriation of profits.

Macroeconomic Environment. A stable macroeconomic and political environment is critical to foster private sector development and long term growth. Prudent monetary and fiscal policies which minimize inflationary expectations and foreign exchange risks are important prerequisites for sustained private sectors savings, investment and capital inflows.

Incentive Framework - While the extent of government participation in the economy could be unrelated to the well functioning of the market place, historically, large public sectors have engaged in an array of commercial and industrial activities that have coincided with widespread macroeconomic and microeconomic distortions. The assumption that private sector development will increase overall efficiency and long term growth rests on the existence of a competitive market place. In this connection, trade, tax and labor market policies are important components of any strategy to promote private sector development.

Traditionally, many developing countries discouraged exports by adopting import substitution policies. This encouraged the development of a highly inefficient import substitution sector protected behind a complex set of regulations comprising high tariffs, licenses and permits. In recent years, liberalization efforts have aimed at promoting exports through a more efficient use of resources and a rationalized trade regime. Besides trade taxes, other fiscal revenue and incentive policies play an important role in altering relative prices and influencing resource allocation, i.e., corporate taxation, depreciation allowances, duty exemptions and tax holidays. While fiscal incentives often seem to be appealing as policy tools to promote investment, they should be used cautiously to avoid the development of a private sector dependent on government subsidies.

In a market-based system, firms compete with each other for inputs, a key one being labor. Excessive labor market regulations can stifle labor mobility and reduce employment and incentives to invest. By allowing enterprises to reject unsuitable applicants, layoff redundant employees and dismiss unsatisfactory performers, productivity can be increased. While the Government has a responsibility to provide a social safety net to those who become involuntarily unemployed, it needs to balance those needs, since overly generous unemployment benefits and hiring/firing legislation promotes labor immobility and reduces productivity and employment. The development of an efficient financial sector is also an important component of private sector development strategy. Overall efficiency of investment is improved through greater use of financial intermediation as opposed to government appropriations.

Provision of Public Goods. A guiding principle in the provision of public goods is for government expenditure to complement rather than compete with private expenditures. The role of the Government requires the provision of public goods such as civil justice, defense, maintenance of public order and enforcement of contracts. Government involvement is also necessary where the private sector undersupplies goods that benefit society at large such as primary education, basic health care, transport infrastructure and agricultural research, which are also considered areas where income distribution considerations play a crucial role. There has been concern on the extent of optimal government involvement in activities where because of increasing returns of scale or other factors firms exercise monopoly powers. Typically, communications, water supply and power have been among areas where government has been extensively involved. In recent years, many governments have been divesting companies in these areas and there has been an emerging consensus on the benefits of divestment and of public intervention through an adequate regulatory framework.

Macroeconomic Framework

4.5 In recent years, Belize's prudent fiscal and monetary policies have provided a stable macroeconomic framework conducive to private sector development. Foreign exchange risks are perceived as negligible -- at least in the medium-term -- and there are no real restrictions to capital movements. The Belize dollar is freely convertible and has been pegged to the U.S. dollar at the rate of BZ$2 = US$1 since 1976. Foreign exchange transactions above certain levels are recorded; commercial banks have to request the Central Bank of Belize authorization for the sales. While this regulation enables the Central Bank to monitor the sales of foreign exchange, the Central Bank does not place any restrictions on the amounts of foreign currency sold.

Foreign Investment

4.6 The past five years of macroeconomic stability have had a beneficial impact on foreign direct investment, which over the last three years averaged US$17 million per year, from US$4.0 million on average during 1985-87. The Fiscal Incentives Act and other relevant legislation described below aim at reducing the anti-export bias implicit in the trade system and promote exports but have no specific provisions to favor local versus foreign investors since they apply to all investors irrespective of origin. Confirmed availability of financing can play a role in the approval of fiscal concessions.

Incentive Structure and Regulatory Framework

4.7 Fiscal Incentives. The overall regulatory framework offers generous tax incentives and duty remission, which apply mainly to export oriented firms. The three key pieces of legislation are the Income Tax Act, the Fiscal Incentives Act, 1990, and the Export Processing Zones Act, 1990.

4.8 Since 1976, a 45% corporate income tax rate has been in effect. The 1992/93 Budget has lowered this rate to 35%. Tax relief is available on a widespread basis under the Fiscal Incentives Act. In addition, for firms that have not been accorded tax exempt status under the Fiscal Incentives Act, the Income Tax Act allows tax relief on the percent of profit generated on exports of goods deemed to be in non-traditional product areas. For example, if export profits fall in the range of 10-21% of total profit, the maximum tax relief is 25%. It rises to 50% if export profits exceed 61% of total profits.

4.9 The criteria for eligibility for exempt status under the Fiscal Incentives Act of 1990 are extremely general, in essence requiring that the investment be beneficial to the economy. Two types of benefits are granted - tax holidays and duty exemptions. The normal tax holiday is 5 years, renewable up to 10 additional years. Labor-intensive firms exporting all their output can obtain a 25 year tax holiday. The holiday is limited to the amount invested in the firm during the tax holiday period. Duty exemptions from custom duty and stamp duty are granted for up to 15 years, renewable up to 10 more years for export enterprises. Exemptions cover all building materials and most equipment, utility and transport vehicles, spare parts and

can also include raw materials or other inputs used in production. However, in practice, concessions that provide duty exemptions for items related to the initial investment for installation of the plant prevail more than concessions that also include full exemption of inputs. Exemptions are not granted on raw materials obtainable from Belize or other CARICOM countries at "comparable quality and price," unless the firm is exporting to non-CARICOM countries. The provisions of the Act are generous in comparison to those offered in other CARICOM states. They also give preference to export oriented industries, and specifically allow firms exporting to non-CARICOM countries to purchase raw materials and other inputs without interference from the "comparable quality and price" limitation imposed by the Act.

4.10 The Export Processing Zones (EPZ) Act of 1990 allows for a single firm to become a special EPZ, in addition to providing for a controlled access area where a number of firms locate and provides a wider coverage of exemptions than the Fiscal Incentive and Income Tax Acts. EPZs when established are in perpetuity. Certificates of Compliance require that all output be exported (with exemptions for related service type industries) and that no environmental damage be caused. Firms in an EPZ are exempt from all import licenses, quotas, import or export taxes, export licenses, price controls, rent controls and foreign exchange regulations, with minor exceptions (i.e., on motor vehicles, firearms, drugs, etc.). Income tax holidays are granted up to 20 years, renewable; dividends are tax free in perpetuity. Firms are subject to payroll tax and to the Labor Act, and work permit legislation. However, work permits for EPZ firms are more readily available than for other firms. Since the EPZ legislation was enacted only recently, no Export Processing Zones have been created. However, infrastructural work has been undertaken by developers on two industrial park sites, San Andres and Ladyville, and EPZ's are expected to be established in the near future.

4.11 Prices. As discussed in Chapter II, very few price controls are still in place, as the number of goods subject to price controls has been gradually reduced. The Government has indicated its intention to slowly reduce their number. Enforcement is weak with only four field inspectors for the whole country who concentrate on the local goods with a maximum retail price, and not on imported goods where the mark-up is controlled. There is no process in place for regularly reviewing prices, and adjustments appear arbitrary. The whole system appears to be a paperwork burden for the Government and the private sector and should be eliminated.

4.12 Labor Markets. The existing labor ordinance is flexible and does not represent a constraint to labor mobility or impose high costs on employees. Nevertheless, the recent introduction of a general coverage minimum wage law, combined with large wage awards in the public sector could have negative effects on the competitiveness of Belize's economy, especially if pressures to further increase these wage levels in coming years are not contained (see Chapter II).

Privatization Experience in Belize

4.13 Belize has had a highly successful privatization experience. The privatization of the telecommunications services and banana industry has contributed to the improvement of fiscal accounts and to the impressive growth performance of Belize in recent years.

4.14 Telecommunications Services. In 1988, the Government approved the highly successful incorporation of Belize Telecommunications Limited (BTL), which became a mixed ownership enterprise under private management (49% of the shares are held by the Belizean Government, 25% by British Telecom and the rest by other Belizean investors). BTL currently represents close to 50% of total operating revenue of the non-financial public enterprises in Belize. The new company integrated the services of the government-owned BTA (Telecommunications Authority) -- the statutory board previously responsible for all communications services, including regulation of radio and television and of provision of domestic services --, with those of a private company (Cable and Wireless) which provided international telecommunications services.

4.15 Although a profitable enterprise before incorporation, BTA had not been able to meet the demand for services. At the time of its privatization, BTA had an unfulfilled demand for telephone lines of 40% of its installed capacity. The newly privatized company has increased its operations and improved its services, expanding its services from 8000 telephone lines in December 1987 to close to 20,000 by end of 1991; moved from an analog network in 1988 to a 90% digital network at present and has made improvements in completion rates of calls abroad, and provision of timely telephone services and repairs. Extension of the telephone network has also included rural areas.

4.16 To facilitate the incorporation of BTL, the Government awarded BTL the monopoly of communications for 15 years but retained the power to regulate telecommunications tariffs. Any tariff modifications agreed by BTL's Board need to be presented to the Office of Telecommunications for approval. Current BTL tariffs were inherited from BTA and C&W before incorporation and have not been modified since. They are generally competitive with Caribbean and Central America rates, but there is scope for improved cost effectiveness in international rates. Given the strong financial position of BTL, a proposed tariff review is likely to revise tariffs downward.

4.17 Among the underlying factors which determined the rapid expansion and improved financial performance of BTL after incorporation are: (i) since the early 1980s BTA --its predecessor--had gradually improved its management and financial performance and became independent of Central Government transfers to finance its operations; (ii) BTA was not overstaffed, which enabled a relatively smooth integration of the civil servants of BTA and private sector employees of Cable and Wireless. This integration, together with the adoption of the salary scales of C&W which were linked to performance and are highly competitive with other private sector activities, enabled very low personnel turnover (including managers) and sizable increases in labor productivity; and (iii) while Government as a large shareholder has

BOX 4: ISSUES ON PRIVATIZATION

In recent years, both developed and developing countries have divested portions of their public enterprises (PEs) to improve productive efficiency at the firm level, and to reduce the budgetary drain originating from inefficient PEs[1/]. While ownership is divorced from management both in PEs and large private corporations alike, divestiture is assumed to improve productive efficiency since deviation from profit maximizing objectives is generally greater in PEs than in private corporations. Several factors contribute to this: (a) limited accountability of government managers to the public at large for the performance of PEs; (b) "plural principals" problem. Since ownership of PEs is diffused, many agencies/ministries attempt to perform the ownership function, placing conflicting demands on PEs and interfering in their operations; (c) the public sector is not likely to have in place efficient monitoring and incentive mechanisms for enterprise managers; (d) PEs do not engage in profit maximization to the extent of private corporations because they tend to operate in sheltered markets. They usually escape the discipline of financial markets since they have access to government funds and financing from the banking system and from abroad, often at preferential terms. They also tend to be sheltered by barriers to exit since they are seldom liquidated if they prove costly to operate[2/].

This implies that ownership can impact on enterprise efficiency. Public ownership and management of resources producing tradeable commodities and operating in relatively competitive markets entail costs associated with bureaucratic failures that are uncompensated by gains from reducing market imperfections. Therefore, private ownership of such activities should usually be preferred. The same conclusion does not apply strictly to firms which exercise monopoly power. For this subset of PEs the net benefits from and the feasibility of regulating monopolies have to be weighted against those generated by retaining the PEs in the public sector. If "natural monopolies" remain in the public sector, managerial discretionary behavior and political interference need to be reduced and an adequate regulatory framework needs to be put in place to improve their efficiency.

In sum, to rationalize the public sector and to allow governments to concentrate their scarce resources in the adequate provision of public goods, divestiture should be undertaken when it is expected to promote efficiency. Efficiency gains are expected when divested firms operate in competitive markets. The presumption is also that the transfer of ownership will enable managers to operate freely from interference problems discussed above. In the case of divesting non-competitive PEs, divestiture needs to be accompanied by the enactment of an effective regulatory system and opening up of domestic markets, otherwise private monopolists would accumulate rents to the detriment of consumers.

1/ See Paul S., Emerging Issues of Privatization and the Public Sector. PRE Working Paper 80, The World Bank, September 1988; Galal A. Does Divestiture Matter? (A Framework for Learning from Experience) and Public Enterprises Reform (A Challenge for the World Bank) PRE Working Papers 475 and 407, The World Bank, 1990.

2/ Country studies and inter-country comparisons tend to point to similar conclusions i.e., that the most important determinants of PE's performance are: competition, managerial and financial autonomy and accountability.

representatives on the Board of Directors, it does not interfer in the day-to-day management of the company.

4.18 The incorporation of BTL has been beneficial to both government accounts and to the public in general. For the sale of shares of BTL, the Belize Government received BZ$10 million, an equivalent of 5.75% of GDP in FY88/89. The privatization of BTL also had a favorable budgetary impact on public finances through increases in current receiots which accrued to the Government. BTL has been assessed a 35% income tax on profits, and pays duties on its imports. (In the FY85/86 budget, the import duty exemption for Statutory Boards was eliminated except for BEB's fuel imports). The Government also receives dividends from the shares owned. While before incorporation BTA paid a statutory BZ$2.4 million per year to the Government, the transfers to Government through profit distribution and taxes after incorporation of BTL have represented BZ$4.2, BZ$12.5 and BZ$16.2 million for FY88/89, 89/90 ard 90/91 respectively. Furthermore, consumers have benefitted directly from the improved and extended service provided by BTL and in the near future a tariff reduction is expected. In early 1992, the Government divested most of its holdings in BTL, receiving about BZ$30 million, equivalent to 4% of GDP. The proceeds from the sale strengthened public revenues and foreign exchange reserves. The Government of Belize now holds only 2.6% of the BTL shares.

4.19 The Banana Industry. Since 1977, the Banana Control Board (BCB), a public enterprise, was virtually the sole banana producer in Belize managing about 1600 acres under cultivation, about the same average acreage under cultivation during 1981-85. BCB was also in charge of marketing and research. According to BCB estimates, in order for the industry to be viable, banana production would have needed to more than double (to 4,000 acres) given the high overhead for shipping and management. In 1985, BCB sold its banana plantations to private growers, retaining the marketing and disease control functions. Since then, productivity and the cultivated area have expanded sharply. Banana production has almost tripled, with exports in 1990 representing 7.5% of all exports of goods, up from a 3.6% in 1985; about 6,200 acres are under cultivation. The Banana Growers Association (BGA) gradually overtook the remaining functions of BCB, and increasingly plays an active role in research, provision of extension services and in advising individual banana farmers on production techniques.

4.20 Other Services. Currently, contracting out of the garbage collection is being sought and technical studies will be undertaken to explore the possible privatization of the Port Authority and Belize Airport Authority. Rehabilitation of the Development Finance Corporation (DFC) to return it to financial viability and reduce costs to the government is being undertaken. Possible privatization thereafter would be considered. The remaining commercial public enterprise, Belize Meats Limited, terminated its operations in 1991. Regarding the other major public enterprises, BEB and WASA, efforts were made in recent years to improve their management and financial position (see Chapter I, Public Enterprises). A study to analyze the feasibility of privatizing BEB is also being prepared.

Interaction between the Government and the Private Sector

4.21 A close collaboration between the Government and the private sector in the decision-making process has contributed to the successful growth performance of recent years. There is a general feeling in the private sector of Belize that although the transparency and automaticity of the incentive structure needs to be improved, the Government is accessible and flexible in considering private sector initiatives, and that on the whole, is extremely cooperative. While the Government does not get directly involved in promoting growth and private sector expansion, it has achieved a wide degree of consensus building between different interest groups in the society on policy matters. Consultation between the private sector and the Government is extensive.

4.22 Examples of close private sector/government collaboration include: (a) management of government Wildlife and Forest Reserves by the Audubon Society; (b) collaborative efforts and exchange of information between the Chamber of Commerce, BTIA and Tourism Ministry to improve the tourism product; and (c) consultation with the Chamber of Commerce on policy matters such as the Fiscal Incentives Act, and the new labor legislation to be implemented. In the case of the minimum wage law, when modifications were being studied, each of the main agricultural producers and the Chamber of Commerce were consulted. As a result of these consultations, it was decided to reduce the originally proposed legal minimum of BZ$2.25 per hour to BZ$2.00 per hour for export oriented industries. A tripartite council with representatives of government, labor unions and the Chamber of Commerce was appointed to analyze the proposals and provide final recommendations.

C. Remaining Issues

4.23 While in general terms, the environment for private sector development in Belize has been very favorable, emphasis needs to be placed on improving the transparency and equity of the incentive structure. Specifically, further improvements in trade policy (see Chapter II) and in the fiscal incentives legislation need to be undertaken.

4.24 The fiscal incentives law was changed recently and has separated the time period for which the tax holiday and the duty free status are granted and streamlined the procedures. However, development concessions instead of being uniform and clearly articulated by law, are negotiable case by case. Apparently, even ongoing businesses can negotiate new concessions and/or negotiate extensions of concessions granted earlier. The length of the concessions is discretionary. In principle, the granting of concessions is based on local value added, foreign exchange earnings, job creation, technology, and location. While this framework allows the Government flexibility in providing concessions commensurate with the potential benefits of an investment, it does not provide transparency. This uncertainty and the belief that every concession can be negotiated does not enhance investor confidence. No investment incentive has been granted for a term of 25 years (it will be done only in very exceptional cases) and the average incentive granted has had an average length of about 7 years, although it can be

extended. Among businessmen the duty exemption is more valued than the tax holiday, because of the high import tariff levels.

4.25 The Government should develop clear and uniform concession guidelines. Consideration should be given to reducing the period over which income tax exemptions apply or to eliminate them in tandem with a general reduction of the corporate income tax rate. Furthermore, since a major incentive is the exemption from the high import duties, the need for concessions would be considerable reduced if import tariff rates were to be significantly lowered. Investment incentives are not generally requested by small and medium enterprises. Of the 32 development concessions granted in 1989 only 10 were for investments of less than BZ$500,000 and the smallest proposed investment was BZ$200,000. Because of the high duties these small and medium enterprises have to pay on their inputs, they produce only for the protected local market. Furthermore, the import duty remission which in principle should aim at reducing the anti-export bias, has in some cases been accorded to certain import substitution industries.

4.26 In general, entry into an activity in Belize just requires registration of the company. However, the existence of concessions has introduced a de facto barrier to entry in the manufacturing sector since they tend to discriminate against new entrants. Since the Government does not wish to encourage excess capacity and oversupply, it is not likely to grant more than one concession for each type of industry.

4.27 Belize's tax laws have a built in incentive for investing using debt instead of equity. This incentive is created because interest income is tax free and at the same time interest payments are a deductible business expenditure. The elimination of interest payments as a deductible expenditure together with a sharp compensating drop in the corporate income tax rate of 45% could result in more optimal debt to equity ratios in Belize's enterprises. A move in this direction has been made in the 1992/93 Budget which reduced corporate income tax to 35%.

V. PUBLIC SECTOR INVESTMENT AND IMPLEMENTATION

A. The Public Sector Investment Program

5.1 The major development objective of the Government of Belize (GOB), as set out in the 1990-1994 Development Plan is the achievement of self-sustaining positive economic growth, through a broadening of the productive base and the enhancement of human capital, leading to an improving quality of life for all Belizeans. A significant component of the strategy outlined to achieve this objective is the programme of capital expenditures contained in the PSIP which for the period from 1991/92 to 1993/94 proposes investments totalling BZ$261 million (US$130.5 million). This embodies improvements and additions to physical infrastructure, enhancement in the delivery of social services and the provision of economic support services for the private sector. Capital investment for 1991/92 is programmed at BZ$100 million or 38% of total projected investment for the next three years; in the previous year BZ$77 million was budgeted and BZ$55 million spent.

5.2 A tentative sectoral composition of the PSIP for 1991/92 - 1993/94 is set out in Table V-1 which shows a significant change in the sectoral pattern of expenditure, from economic infrastructure towards social services.

Table V-1: COMPOSITION OF THE PSIP, FY90/91-FY93/94
(per cent of total)

	1990/91	1991/92	1992/93	1993/94	Total
ECONOMIC SERVICES	24.0	23.3	21.2	20.4	21.8
Agriculture, Forestry & Fisheries	17.7	20.1	16.1	14.2	17.1
Industry	0.4	1.2	2.9	3.5	2.4
Tourism	1.1	1.0	1.0	1.3	1.1
Miscellaneous	4.8	1.0	1.1	1.4	1.2
ECONOMIC INFRASTRUCTURE	49.0	38.5	32.5	32.8	34.9
Energy	6.5	5.6	2.3	4.2	4.1
Transportation & Communications	42.5	32.9	30.2	28.6	30.8
SOCIAL SERVICES	17.4	27.0	40.6	44.8	36.5
Water & Sewerage	5.1	4.1	9.4	15.2	8.9
Education & Training	2.9	7.1	9.3	12.3	9.3
Housing & Community Services	7.3	10.1	3.5	4.6	6.3
Population, Health & Nutrition	2.1	4.8	17.8	12.5	11.4
Miscellaneous	0.00	0.9	0.6	0.2	0.6
GENERAL PUBLIC SERVICES	9.6	11.2	5.7	2.0	6.8
Administration & Planning	6.8	4.8	1.7	1.4	2.8
Public Safety	2.8	6.4	4.0	0.6	4.0
TOTAL PSIP	100.00	100.00	100.00	100.00	100.00

Source: Ministry of Economic Development.

5.3 Investment in economic services, whilst projected to decline marginally in relative terms, is expected to increase in absolute terms from BZ$13.2 million in 1990/91 to an average of BZ$18.9 million over the next three years. The Government's policy with respect to economic services is to provide a supportive environment for investors, leaving directly productive investment to the private sector. Support services are predominantly targeted at the agricultural sector and form part of GOB's programme of promoting and fostering agricultural diversification. Major ongoing projects include the Toledo Small Farmers Development Project which provides credit and technical assistance to small farmers regarding farming practices and livestock production and the construction of a replacement Belize City market, the old one having become overcrowded and insanitary. Scheduled to commence in FY1991/92 is a new project concerned with sustainable commercial exploitation of Belize's plentiful tropical forests but most programs in this subsector are projected to be completed or scaled down within the next three years. In line with Government development strategy, public sector investment in industry is confined to the provision of factory shells and this activity is scheduled to continue throughout the period and includes provision for the establishment of EPZs. Tourism expenditures are programmed for the upgrading of archaelogical sites and for promotion of tourism around the Mayan cultural heritage.

5.4 Economic infrastructure continues to account for a major proportion of programmed capital expenditure, expenditure between 1991/92 and 1993/94 averaging in excess of BZ$38 million, some 28% higher than the level recorded in 1990/91. The major component of economic infrastructural investment is transport and communications. With a low population density, there is a high per capita development and maintenance cost for arterial communication links. This to some extent accounts for the fact that an estimated 30.8% of total capital investment is for roads, highways and bridges. Ongoing capital expenditures in this area include rehabilitation of the Hummingbird Highway, the only all weather route connecting the south of Belize to the remainder of the country, and construction of a new bascule bridge on Douglas Jones Street. Transportation projects scheduled to commence during the period of the PSIP, subject to funding availability, include rehabilitation of sections of the Northern Highway and of fifteen miles of the Stann Creek Valley road. The Northern Highway is extensively used for transhipment business to Mexico, both from Belize and from Guatemala through Belize, by the sugar industry and for the carriage of garments to their ports of exit. The Stann Creek Valley road in the south of the country is vital for the movement of people, rice and citrus and is part of the important arterial route from Belmopan to Dangriga. The emphasis on expansion of rural utilities provision, through an ongoing rural electrification program and a planned expansion in the provision of telephones to rural communities, reflects GOB's commitment to improve social equity and spread the benefits of economic development into rural as well as urban areas.

5.5 Capital expenditure in the social sectors is scheduled to rise from BZ$6.8 million, or 12% of the PSIP, in 1990/91 to an average of BZ$7.4 million, or 28% of the PSIP, for the period 1991/92 - 1993/94. After several years in which substantial investments have been directed towards economic infrastructure and economic services, the focus of attention has to some extent shifted social sectors, including water and sewerage infrastructure and

the development of human capital. The rapid growth in tourism activity is increasing the emphasis being placed on investment in water and sewerage infrastructure. Over the past five years, there has been an ongoing project which aims to provide potable water and sanitation facilities in rural villages. In addition, there are plans to upgrade the infrastructure in Belize City and in San Pedro Caye, the latter partially addressing the rising concern that inadequate water and sewerage facilities are threatening the fragile marine ecosystems around some of the cayes. Strong emphasis is also being placed on the more effective and efficient delivery of primary education and upgrading of school facilities at both the primary and secondary levels. In the health sector, the new Belize City hospital should enhance secondary health facilities and complement ongoing measures to improve the availability of primary health care. The existing facilities having grown inadequate to meet the needs of the community and could potentially prove a bottleneck in efforts to develop further the tourism industry.

B. Institutional Capacity and Implementation Issues

5.6 The institutional framework of public sector investment programming management is yet to be fully defined, resulting in inadequate coordination of the information gathering, project planning and monitoring functions. The Government recognizes this and corrective intentions are included in the National Development Plan, 1990-1994. Efforts are being made to translate intentions into a policy framework. Part of this process has involved the creation of the National Economic Mobilization Council (NEMOC) to oversee implementation of the development plan. Within a forum such as NEMOC, there is the potential for tentative project identification, selection and ranking in line with stated national objectives. This would be a significant move towards the formalisation of the initial stages of structured planning.

5.7 The Ministry of Economic Development (MED) has specific responsibility for coordination of capital investment initatives. It is currently constrained in performing this role by several factors, including indistinct reporting requirements both inter and intra-ministry and by manpower shortages. Areas for further attention include the interface of the five year plan with the appraisal of proposed capital projects and database informational requirements in order to streamline requested project profile information.

5.8 There is an urgent need for an improved management information system for capital expenditure. Timely flow of data is essential for effective project planning, monitoring and management. Executing agencies do not generally provide any regular information on individual project implementation and, for many of those projects where donor agencies disburse directly to contractors and consultants, expenditure flows received by GOB are often sporadic and then are not received by all interested parties.

5.9 If executing agencies and line ministries are to benefit fully from a centralised planning function, information should flow both ways. This has been realised and measures are being taken to design regular reports on the status of the PSIP including project expenditures, implementation issues and actions being taken to resolve constraints. However, MED with its

responsibility for economic planning and coordination, the Ministry of Finance, in its role of allocating resources, and the Central Bank of Belize, in its role of external finance mangement, must clarify the appropriate information network to support the investment planning process. Data regarding the debt and recurrent cost implications of expenditure scheduled in the PSIP is critical for investment planning. Given the heavy reliance on external financing and uncertainties regarding preferential trading arrangements, accurate monitoring and prediction of external debt obligations is of paramount importance. This, combined with estimates of future recurrent costs of present capital investments, would facilitate the determination of future fiscal demands and a comparison of the relative costs and benefits of using domestic or foreign resources. Projected capital expenditure during the three years under review is expected to result in external borrowing adding BZ$58 million to outstanding public sector debt and increase recurrent costs by about BZ$20 million per annum.

5.10 Manpower shortages remain a serious issue, impacting adversely upon the management of the PSIP and project implementation. The shortage of qualified and experienced project managers and technical support staff continues to be a drag on project implementation. In 1990/91 the implementation ratio was 71%, with budgeted PSIP expenditure of BZ$77 million and BZ$55 million spent. This was in line with the experience of the last five years and there is unlikely to be a major improvement in 1991/92. Heavy workloads have tended to reduce overall productivity, the latter not being assisted by frequent inter-ministry transfers of personnel. The pressure placed on project managers has also resulted in unnecessary cash-flow difficulties. Insufficient attention to procurement details and tardy applications for reimbursement from external agencies for project expenditures have meant that despite a strong fiscal surplus, the Government has on occasion had problems ensuring the availability of counterpart financing on a timely basis.

C. Financing Requirements

5.11 Ongoing projects represent 59% of planned capital expenditure between 1991/92 and 1993/94, while the remaining 41% is being accounted for by projects programmed to commence during the review period. For a number of these new projects, external financing arrangements have not yet been finalised and funding in the order of BZ$52 million is currently being sought. Total costs for all new projects are estimated at BZ$157 million, of which approximately 25% is scheduled to be carried over to beyond 1993/94.

5.12 The total project cost financing breakdown between loans, grants and local funds is 45%, 28% and 27% respectively. There is, a notable shift in the financing structure of ongoing and new projects. External loans represent 39% of total ongoing project financing but 57% of that for new projects. The proportion of funding from local sources falls by 7% and grants decline by 12% for new projects as compared to the ongoing ones.

Table V-2: PUBLIC SECTOR FINANCING REQUIREMENTS, FY91/92-FY93/94
(BZ$ million)

	91/92	92/93	93/94	Total
Financing Requirements	127.7	117.0	101.2	345.9
Public Sector Investment	100.5	89.0	71.4	260.9
Scheduled Amortization	27.2	28.0	29.8	85.0
Sources	86.4	57.0	30.3	173.7
Domestic Finance	33.9	24.3	17.4	75.6
Ongoing External	52.5	32.7	12.9	98.1
Financing Gap	41.3	60.0	70.9	172.2
Identified External	41.3	43.2	35.1	119.6
Unidentified External	0.0	16.8	35.8	52.6

Source: Ministry of Economic Development; and mission estimates.

VI. KEY POLICY PRIORITIES FOR THE 1990s

6.1 Growth strategies based on export promotion and private sector development are predicated on efficiency grounds. Ample evidence from newly industrialized countries in the Far East and a recently emerging Latin Amerian experience points out to the advantages of export-oriented strategies. Outward orientation has been attained by removing the anti-export bias implicit in highly protective trade regimes and by prudent macro-policies that have not permitted the appreciation of the real exchange rate. These policies have not only increased economic efficiency but have allowed higher and sustainable growth rates in the long-run.

6.2 The success of Belize's development strategy in recent years has been based on: (a) a sound macroeconomic policy which enabled the country to achieve realistic real exchange rates; (b) a trade regime that has permitted exporters to use a widespread system of import duty exemptions that has in part eliminated the anti-export bias implicit in the relatively high protection to the import substitution sector.

6.3 However, import duty exemptions for exporters, even if applied across the Board for all inputs cannot completely eliminate the anti-export bias of the import substitution (IS) protection system. The trade protection to the IS sector allows it to have an artificially high profitability. This, in turn, allows the IS sector to attract more resources in detriment of the export sector. In Belize, this effect is likely to be modest because the IS sector is still relatively small and, hence, absorbs only a small fraction of the economy's resources.

6.4 The existing nominal protection to the import-substitution sector is estimated at about 35%. Assuming a unitary elasticity of derived demand for factors of production in the import substitution sector, this would imply that a complete elimination of protection to this sector would cause a fall in the use of domestic factors by this sector of 35%. Assuming that the import-substitution sector uses about 8% of the total factors of production in the economy (i.e. about the same as its share in GDP), then, a 35% fall in its derived demand for factors of production would cause a release of about 2.8% of the total economy wide availability of resources from the IS sector. This is only equivalent to 7.5% of the total resources used by the export sector. That is, if all resources released by the import-substitution went to the export sector, the availability of resources for export activities would increase by 7.5%. Since part of the resources released by the IS sector would go to the non-tradeable sector, this is an upper bound estimate.

6.5 The non-tradeable sector appears to be a major competitor with the export sector mainly because of its size and the volume of resources that it utilizes (about 60% of GDP). In the short-run, domestic macro-policies in particular can have a very sizeable effect on the relative incentives received by the non-tradeable sector. Expansive fiscal and monetary policies may lead to significant increases in the prices of non-tradeables (which in the long-run are corrected via disequilibria in the balance of payments). This in

turn, implies that in the event of their adoption, the non-tradeable sector would be able to absorb a greater volume of resources, in detriment of exportables and importables. For example, a 10% appreciation of the real exchange rate could cause a 15% reduction in the availability of productive resources in the tradeable sector under the assumption of unitary elasticity of derived demand for factors of production in the non-tradeable sector.

6.6 The implication of this analysis is that the main threat of the anti-export bias could arise from inadequate macroeconomic policies. The key policy implication is that the export potential of Belize largely depends on maintaining the same macroeconomic policies that prevailed in the second half of the 1980s. Otherwise, exports could lose dynamism even if external prices do not decrease significantly. It is not a coincidence that the slow growth of exports during the first half of the 1980s took place in the context of expansionary demand management policies, while the impressive growth of the second half of the decade occurred at a time when macroeconomic policy disequilibria were eliminated and modest domestic price increases resulted in a moderate depreciation of the real exchange rate.

6.7 To support the current export expansion vis-à-vis its major trading partners, the Government is programming a significant increase in infrastructure investment in transportation, communications and water and sewerage (see Chapter II Section B and Chapter V). The key issue is that this should not lead to an unduly expansion in public expenditures as a whole and/or in the monetary/credit policies that would eventually result in an appreciation of the real exchange rate. That is, the required large investment increases should be fully financed mostly via a reduction in current expenditures and an inflow of concessional external financing. Increasing the share of government expenditures in total expenditures tends to inflate the price of non-tradeables even if such increased expenditures are totally financed by higher taxes.[1/] This is so because the composition of government expenditures is much more biased towards non-tradeable than private expenditures. Thus, even a fully financed increase in public expenditure is likely to induce anti-export biases. The worst possible scenario would occur if the increased public investment is financed through increases in the fiscal deficit. In this case, the relative incentives would shift towards non-tradeables causing a significant deterioration of the export sector.

6.8 The protection to the import substitution sector is also worrisome because effective protection is likely to increase significantly with the implementation of the CET. In effect, this will shift protection towards food products and away from machinery. Since import duties on machinery and transportation equipment are at present for revenue only, but import duties on food products can generate import substitution activity, the implementation of the CET could have negative efficiency effects. The size of the IS sector could expand and thus rise the anti-export bias even if the current duty

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1/ See, Chile, CEM, Consolidating Economic Growth, Report No. 8549-CH, The World Bank, August 1990, for empirical evidence of this effect.

exemption for exporters are maintained. Hence, to offset for the higher CET tariffs, the Government should eliminate the stamp duty on these imports.

6.9 Emphasis on trade reform should first be placed on the elimination of quantitative restrictions and thereafter, on adopting a tariff schedule consistent with trade regimes in Latin America, i.e., an average rate of 15% with a range from 5% to 20% (see Chapter II). Given the high dependence of government revenues on trade taxes, a major tariff reduction should occur concommitantly with the generation of offsetting revenues.

6.10 Overall economic efficiency and rapid export expansion has been facilitated by an absence of distortions in factor markets. Proposed modifications to the labor ordinance contemplate improvements of benefits; also, as discussed above, a general minimum wage law was recently introduced. These measures are likely to reduce labor market flexibility and affect export diversification given the uncertainties in external markets. The minimum wage is likely to affect those sectors that are paying wages below the proposed minimum directly and also tend to artificially increase wages in sectors were the minimum wage is not binding.

6.11 The development of several new emerging export-oriented industries in Belize will largely depend on adequate provision of on-the-job training. In tourism for example, quality of service is considered a major constraint. Other diversification activities are also likely to require the development of new skills. To allow for productivity growth and adequate on-the-job training, trainees should not be affected by the mininum wage. Other measures to facilitate on-the-job training; including revision of work permit legislation should also be considered.

6.12 Sectoral developments are more dependent on the general economic policies just discussed then on sector specific policies. In general, sectoral development could be also greatly facilitated by a more transparent and equitable structure of incentives. Policy should be less ad hoc and clear rules should apply. For example, (a) the rate of deforestation can be decreased by a more transparent system of public land allocation to the private sector. Public land prices should represent the opportunity cost of land in the economy; (b) clear and uniform guidelines for access to development concessions should be developed.

6.13 Nonetheless, key sectoral policies will include; for agriculture, the support of greater agricultural research and extension to adopt new crops to the Belizean conditions; in tourism, special emphasis on measures to improve the quality of the tourism product through measures to promote on-the-job training, regulation of guides and tour operators and improvements in the regulatory framework as discussed above. Regarding environmental preservation, legislation to assess environmental impact of new projects is needed.

VII. MEDIUM-TERM GROWTH AND BALANCE OF PAYMENTS PROSPECTS

7.1 The main development issues for Belize will be to continue with prudent macroeconomic management and diversification thrust to reduce its vulnerability to external shocks. Predicated on the timely adoption of policies to address these issues, Belize could sustain GDP growth in the range of 4% to 5% per annum during the 1990s. In this connection, the public sector's role centers on three broad policy fronts: first, continuation of prudent fiscal and monetary policies -- with particular emphasis on expenditure restraint -- so as to maintain price stability and a comfortable cushion of international reserves, and to provide a stable environment for private sector development; second, improvement of economic and social infrastructure to eliminate bottlenecks and improve economic efficiency (i.e., roads, especially in the South, water and sewerage, electricity and health) and third, rationalize the incentive framework to ensure efficient resource allocation and provide an enabling environment for further export diversification and improvement of the competitiveness of the economy.

7.2 A key assumption underlying these projections is a gradual loss of subsidies to its three major agricultural exports, sugar, citrus and bananas to trace out its possible effects on Belize's economy. Belize will have to face a more competitive trade environment with the advent of EEC92, and possibly the proposed Free Trade Agreement with Mexico and the Initiative of the Americas. Nevertheless, given the multitude of agreements, it is likely that the resulting loss of preferential access will be gradual and not affect all commodities fully and/or concomitantly. Therefore, these projections assume that Belize would lose its preferential treatment for its major agricultural commodities over a period of eight years. This gradual loss would enable Belize to: (a) adjust its economy to improve the competitiveness of its main commodities vis-a-vis its major trading partners; and (b) reorient its economy to diversify into other products.

7.3 IBRD projections for real growth in the G-7 countries (The G-7 comprise Canada, France, Germany, Italy, Japan, the U. K., and the U. S.) show a moderate slowing down in the 1990s, from 3.3% per year on average in 1985-90 to 2.7% during 1991-99. Inflation in terms of U. S. dollars is projected to average 4.3%, per year and the U. S. dollar is projected to depreciate moderately against major currencies. Since the Belize dollar is pegged to the U. S. dollar, this projected slide combined with continuation of conservative macro-fiscal management would enable Belize to maintain its real effective exchange rate aligned.

7.4 Terms of trade for Belize would fall mainly due to the gradual loss of preferential markets described above as well as falling international prices for bananas and citrus fruits as per IBRD commodity price projections.

7.5 Real GDP growth is projected to slow down to a range of 4-5% over 1991-2000. In 1991, the fall of output in bananas -- affected by sigatoka disease --, citrus -- which has had a severe weather-related setback --, and tourism inflows -- as a result of the recession in the US -- have had a strong

dampening effect on the rate of GDP growth. Over 1992-95, GDP growth is projected to average 4% as the gradual loss of preferential trade treatment for Belize assumed would continue to cloud the growth prospects of main agricultural commodities. In agriculture, the projected expansion of shrimp farming would provide a near-term source of further diversification. Given its still small base, tourism could continue to expand at 6% to 10% per annum throughout the projection period and boost the services sector. Continuation of infrastructural and human resources development would enable further capacity expansion and improvements in the quality of service, while conservative macroeconomic management would continue to improve the competitiveness of Belize. Industry is projected to grow at 4-5% per year throughout the projection period, boosted by a strong public investment program in transportation, electricity and water and sustained investment levels in the private sector. Over the 1996 - 2000 period, GDP could increase at a somewhat faster pace as diversification into other agricultural products provides new sources of growth;

7.6 Gross domestic investment is projected to average about 23% of GDP over 1991-95 and 20% thereafter. This assumes that the Government, placing high priority on infrastructural development needed to eliminate critical bottlenecks (water, sewerage, power generation, roads) and improve the welfare of the population (health, education) would invest at a rate of about 13% of GDP over the next five years and 10% thereafter. Private sector investment would average 10% of GDP. Improvements in the incentives framework, productivity gains in agriculture and overall efficiency gains from the infrastructural development projected would result in a gradual fall of the ICOR from a range of 5-6 over 1991-95 to 4.4 towards the year 2000.

7.7 Gross domestic savings would remain at a 16-18% of GDP but would decrease during 1994-97 as a consequence the projected fall in the terms of trade. National savings would remain at similar levels, reflecting the domestic savings performance and the historically high private transfers that Belize receives from abroad. Public savings are projected to remain at about 10% of GDP on average predicated on the adoption of measures to improve tax collections.

Table VII-1: MEDIUM-TERM PROSPECTS, SELECTED MACRO-ECONOMIC INDICATORS

	Actual (average) 1981-85	1986-90	Actual 1990	Projections 1991-95	1996-2000
---Annual Growth Rates (constant prices)---					
Gross Domestic Product m.p.	1.3	10.6	8.4	4.0	4.5
Agriculture	-0.1	6.7	13.0	2.0	2.0
Industry	-1.7	13.8	8.7	4.1	5.2
Services	2.0	9.5	7.4	4.8	5.0
Consumption	3.4	14.3	16.2	4.4	2.9
Public	4.4	10.2	7.6	2.4	1.7
Private	3.0	15.6	18.9	4.9	3.2
Exports (GNFS)	0.2	15.9	4.0	4.3	6.8
Imports (GNFS)	0.7	13.9	13.2	3.4	4.5
---Share of GDP (%)---					
Gross Domestic Investment	23.0	26.9	26.4	22.5	20.0
Public	11.1	11.8	16.1	12.5	10.0
Private	11.9	15.1	10.3	10.0	10.0
Gross Domestic Savings	11.1	21.3	20.3	15.5	16.0
Gross National Savings	15.4	22.9	21.4	15.4	16.3
Exports (GNFS)	54.9	57.1	55.6	53.1	57.4
Imports (GNFS)	66.8	62.8	61.8	59.9	58.7
Resource Balance (GNFS)	-11.9	-5.7	-6.2	-6.8	-1.3
Current Account Balance	-6.9	-4.1	-5.1	-7.2	-4.6
Government Revenues[a]	25.6	32.2	32.1	32.0	32.0
Government Expenditures[a]	34.1	31.1	31.7	33.0	32.0
Fiscal Balance	-8.5	-1.1	0.4	-1.0	0.0
Memorandum Item:	1980	1985	1990		
Terms of Trade	.	.	100.0	98.0	86.2

a/ General Government, includes Social Security.
Sources: World Bank staff estimates; Statistical Appendix.

7.8 The current account deficit of the balance of payments is projected to widen and average about 7% of GDP over 1991-95 from its current level of 5% of GDP in 1991, as exports of goods in dollar terms remain stagnant up to 1995. This would reflect the adverse impact on output and export receipts of the 1991 fall in world prices of sugar and citrus in 1991, the possible reduction of preferential treatment to Belize's main exports beginning 1993 and increases in imports linked to the public sector investment program. The projected fall in export receipts would only be partially offset by projected growth in exports of garments and aquaculture and by a growing inflow of tourism receipts. From 1995 onwards, as the economy further diversifies, exports of goods and services should grow at about 5-7% per annum in real terms as continued tourism expansion would raise services receipts. The resulting increase in the growth of exports of GNFS would contribute to reduce the balance of payment's current account deficit to about 5% of GDP on average over 1996-2000. The import elasticity is assumed to be unity throughout the projection period.

7.9 Foreign direct investment is projected to continue averaging about 4-5% of GDP per annum. These inflows are expected to contribute to the financing of the current account deficit and reserve buildup without recourse to excessive external debt financing. Debt and debt service indicators would worsen over 1991-94 as compared with current levels, mainly as a result of higher amortizations falling due, the slowdown of GDP and export growth projected over this period and the gradual reduction of grant financing projected. The external debt trends would be reversed somewhat starting in the mid-1990s. Belize would remain creditworthy for moderate amounts of non-concessional financing.

Table VII-2: ACTUAL AND PROJECTED BALANCE OF PAYMENTS, 1980-2000
(US$ million)

	Actual (ave.)		Actual	Projections (ave.)	
	1981-85	1986-90	1990	1991-95	1996-2000
Resource Balance	-20.1	-17.8	-22.9	-31.6	-27.0
Exports of GNFS	100.6	166.3	207.8	237.6	381.4
Imports of GNFS	120.7	184.1	230.7	269.2	408.4
Net Factor Payments	-6.9	-9.5	-11.3	-17.4	-20.1
o.w.: Interest on Public Debt	1.0	5.4	5.6	7.1	8.8
Net Transfers	14.4	14.2	15.3	16.8	20.2
Current Account Balance	-12.6	-13.1	-18.9	-32.2	-26.9
Long-Term Capital Inflow	16.9	30.7	39.4	37.5	35.7
Official Grants	7.6	12.1	13.1	9.8	5.0
Direct Investment	-	12.3	18.7	19.8	25.1
Net Long-Term Loans	6.2	6.5	3.8	7.4	6.2
Disbursements	9.2	12.7	13.3	23.4	26.6
Repayments	2.9	6.2	9.5	16.0	20.4
Other Long-Term Inflows	3.0	-0.2	3.8	0.4	-0.6
Other Capital, n.e.i. (net)	-6.0	-5.3	-10.0	-0.8	0.0
Changes in Net Reserves (- = increase)	1.7	-12.3	-10.5	-4.5	-8.8
External Debt Indicators[a/]	1980	1985	1990	1995	2000
Debt (DOD)/GDP	27.0	49.3	37.7	38.1	32.2
Debt Service/GDP	0.8	8.3	4.0	5.3	5.2
Debt Service/XGS	1.3	15.0	7.2	8.9	7.4
Debt Service/Government Revenue[b/]	3.5	29.2	13.9	16.5	16.3
Interest/GDP	0.5	3.1	1.5	1.5	1.5

a/ IBRD, Debt Reporting System.
b/ General Government, includes social security.

Sources: World Bank staff estimates and projections; Statistical Appendix.

ANNEX

PUBLIC SECTOR INVESTMENT PROGRAM

A.1 Composition of the Public Sector Investment Program

A.2 List of Projects

Table A-1: BELIZE - THE PUBLIC SECTOR INVESTMENT PROGRAM, 1990/91 - 1993/94
(BZ$ '000)

	PRELIMINARY EXPENDITURE 1990/91			ESTIMATED EXPENDITURE 1991/92			ESTIMATED EXPENDITURE 1992/93			ESTIMATED EXPENDITURE 1993/94			ESTIMATED EXPENDITURE 1991/92 - 1993/94		
	Total	External	Local	Total	External	Local	Total	External	Local	Total	External	Local	Total	External	Local
ECONOMIC SERVICES	13,230	10,098	3,132	23,411	19,857	3,554	18,873	14,719	4,155	14,554	12,600	1,954	56,838	47,176	9,663
Agriculture, Forestry & Fisheries	9,778	9,306	472	20,201	17,847	2,354	14,372	11,460	2,912	10,154	9,700	454	44,727	39,007	5,720
Industry	208	208	0	1,200	1,000	200	2,601	2,359	243	2,500	2,000	500	6,301	5,359	943
Tourism	584	584	0	1,010	1,010	0	900	900	0	900	900	0	2,810	2,810	0
Miscellaneous	2,660	0	2,660	1,000	0	1,000	1,000	0	1,000	1,000	0	1,000	3,000	0	3,000
ECONOMIC INFRASTRUCTURE	26,966	15,867	11,099	38,660	21,781	16,880	28,913	19,000	9,913	23,413	14,052	9,361	90,987	54,833	36,154
Energy	3,562	0	3,562	5,600	0	5,600	2,000	0	2,000	3,000	800	2,200	10,600	800	9,800
Transportation & Communications	23,404	15,867	7,537	33,060	21,781	11,280	26,913	19,000	7,913	20,413	13,252	7,161	80,387	54,033	26,354
SOCIAL SERVICES	9,592	7,118	2,474	27,154	17,601	7,851	36,156	29,291	6,864	31,977	27,441	4,536	95,287	74,333	19,252
Water & Sewerage	2,824	2,482	342	4,182	2,525	1,657	8,351	7,500	851	10,847	9,757	1,090	23,381	19,782	3,599
Education & Training	1,599	1,141	458	7,150	4,362	2,788	8,281	6,539	1,742	8,799	7,899	900	24,231	18,800	5,431
Housing & Community Services	4,042	3,000	1,042	10,135	8,000	2,135	3,099	2,000	1,099	3,301	2,000	1,301	16,535	12,000	4,535
Population, Health & Nutrition	1,127	495	632	4,805	2,014	1,089	15,885	12,843	3,042	8,899	7,785	1,114	29,589	22,641	5,245
Miscellaneous	0	0	0	882	700	182	540	410	130	130	0	130	1,552	1,110	442
GENERAL PUBLIC SERVICES	5,257	2,370	2,887	11,232	7,305	3,927	5,100	1,775	3,325	1,500	0	1,500	17,832	9,080	8,752
Administration & Planning	3,712	1,445	2,267	4,842	2,555	2,287	1,550	0	1,550	1,050	0	1,050	7,442	2,555	4,887
Public Safety	1,545	925	620	6,390	4,750	1,640	3,550	1,775	1,775	450	0	450	10,390	6,525	3,865
TOTAL PSIP	55,045	35,453	19,592	100,458	66,543	32,212	89,042	64,785	24,257	71,445	54,093	17,351	260,945	185,422	73,820

Table A-1: BELIZE - THE PUBLIC SECTOR INVESTMENT PROGRAM, 1990/91 - 1993/94
(as percent of total)

	PRELIMINARY EXPENDITURE 1990/91			ESTIMATED EXPENDITURE 1991/92			ESTIMATED EXPENDITURE 1992/93			ESTIMATED EXPENDITURE 1993/94			ESTIMATED EXPENDITURE 1991/92 - 1993/94		
	Total	External	Local	Total	External	Local	Total	External	Local	Total	External	Local	Total	External	Local
ECONOMIC SERVICES	24.03	28.48	15.99	23.30	29.84	11.03	21.20	22.72	17.13	20.37	23.29	11.26	21.78	25.44	13.09
Agriculture, Forestry & Fisheries	17.76	26.25	2.41	20.11	26.82	7.31	16.14	17.69	12.00	14.21	17.93	2.62	17.14	21.04	7.75
Industry	0.38	0.59	0.00	1.19	1.50	0.62	2.92	3.64	1.00	3.50	3.70	2.88	2.41	2.89	1.28
Tourism	1.06	1.65	0.00	1.01	1.52	0.00	1.01	1.39	0.00	1.26	1.66	0.00	1.08	1.52	0.00
Miscellaneous	4.83	0.00	13.58	1.00	0.00	3.10	1.12	0.00	4.12	1.40	0.00	5.76	1.15	0.00	4.06
ECONOMIC INFRASTRUCTURE	48.99	44.76	56.65	38.48	32.73	52.40	32.47	29.33	40.87	32.77	25.98	53.95	34.87	29.57	48.98
Energy	6.47	0.00	18.18	5.57	0.00	17.38	2.25	0.00	8.25	4.20	1.48	12.68	4.06	0.43	13.28
Transportation & Communications	42.52	44.76	38.47	32.91	32.73	35.02	30.22	29.33	32.62	28.57	24.50	41.27	30.81	29.14	35.70
SOCIAL SERVICES	17.43	20.08	12.63	27.03	26.45	24.37	40.61	45.21	20.30	44.76	50.73	26.14	36.52	40.09	26.08
Water & Sewerage	5.13	7.00	1.75	4.16	3.79	5.14	9.38	11.58	3.51	15.18	18.04	6.28	8.96	10.67	4.87
Education & Training	2.90	3.22	2.34	7.12	6.56	8.66	9.30	10.09	7.18	12.32	14.60	5.19	9.29	10.14	7.36
Housing & Community Services	7.34	8.46	5.32	10.09	12.02	6.63	3.48	3.09	4.53	4.62	3.70	7.50	6.34	6.47	6.14
Population. Health & Nutrition	2.05	1.40	3.23	4.78	3.03	3.38	17.84	19.82	12.54	12.46	14.39	6.42	11.34	12.21	7.11
Miscellaneous	0.00	0.00	0.00	0.88	1.05	0.37	0.61	0.63	0.54	0.18	0.00	0.75	0.59	0.60	0.60
GENERAL PUBLIC SERVICES	9.55	6.68	14.74	11.18	10.98	12.19	5.73	2.74	13.71	2.10	0.00	8.64	6.83	4.90	11.86
Administration & Planning	6.74	4.08	11.57	4.82	3.84	7.10	1.74	0.00	6.39	1.47	0.00	6.05	2.85	1.38	6.62
Public Safety	2.81	2.61	3.16	6.36	7.14	5.09	3.99	2.74	7.32	0.63	0.00	2.59	3.98	3.52	5.24
TOTAL PSIP	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Ministry of Economic Development.

Table A-2: BELIZE - PUBLIC SECTOR INVESTMENT PROGRAM, FY90/91-93/94
(BZ$ '000)

SECTOR/PROJECT	Preliminary Expenditure FY90/91			Estimated Expenditure FY91/92			Estimated Expenditure FY92/93			Estimated Expenditure FY93/94		
	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL
PROJECTS TOTAL	55,045	35,453	19,592	100,458	66,543	33,914	89,042	64,785	24,257	71,445	54,093	17,351
ONGOING PROJECTS	53,793	34,662	19,131	82,593	52,530	30,063	48,959	32,676	16,284	21,631	12,953	8,678
ECONOMIC SERVICES	12,796	9,664	3,132	20,228	17,014	3,214	14,528	10,719	3,810	7,354	6,100	1,254
Agriculture, Forestry & Fisheries	9,778	9,306	472	17,678	15,664	2,014	11,152	8,460	2,692	5,954	5,700	254
Agricultural Credit & Export Dev.	840	800	40	2,339	2,211	127	5,000	5,000		5,000	5,000	
Belize City Market	3,503	3,410	93	6,590	6,090	500	3,407	1,500	1,907			
Belize Livestock Development Program	3,265	3,215	50	1,938	1,513	425						
Commercialization of Alt. Crops		0	0	2,230	2,162	68	1,100	860	240			
Holchan Marine Reserve	160	160	0	170	138	32						
Screw-Worm Eradication Programme	792	692	100	1,229	876	353						
Sugar Offset Credit Component	464	464	0	600	600		600	600		600	600	
Toledo Agric. Marketing (Public)	414	385	29	1,269	1,007	262						
Toledo Small Farmers' Dev. Project	340	180	160	1,314	1,067	246	1,045	500	545	354	100	254
Industry	208	208	0	1,200	1,000	200	1,976	1,859	118	0	0	0
Ladyville Industrial Estate	208	208		1,200	1,000	200	1,976	1,859	118			
Miscellaneous	2,660	0	2,660	1,000	0	1,000	1,000	0	1,000	1,000	0	1,000
Urban Lots-BC&Land Reclamation Prog.	2,660	0	2,660	1,000		1,000	1,000		1,000	1,000		1,000
Tourism	150	150	0	350	350	0	400	400	0	400	400	0
Tourism Promotion	150	150	0	350	350		400	400		400	400	

Table A-2: BELIZE - PUBLIC SECTOR INVESTMENT PROGRAM, FY90/91-93/94
(BZ$ '000)

SECTOR/PROJECT	Preliminary Expenditure FY90/91			Estimated Expenditure FY91/92			Estimated Expenditure FY92/93			Estimated Expenditure FY93/94		
	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL
ECONOMIC INFRASTRUCTURE	26,828	15,867	10,961	37,214	20,837	16,377	12,506	6,200	6,306	5,406	12	5,394
Energy	3,562	0	3,562	5,600	0	5,600	2,000	0	2,000	2,000	0	2,000
Macal River Hydro-Electric Project	219		219	2,000		2,000						
Rural Electrification Programme	3,343	0	3,343	3,600		3,600	2,000		2,000	2,000		2,000
Transportation & Communication	23,266	15,867	7,399	31,614	20,837	10,777	10,506	6,200	4,306	3,406	12	3,394
Bascule Bridge (Douglas Jones St., B	1,338	1,000	338	5,862	5,862							
Belize City Streets Reconstruction P	415		415	672		672	300		300	300		300
Belize City Swing Bridge Refurbishme	578	0	578	500		500						
Bridge Construction Programme	583		583	1,241		1,241	600		600	400		400
Hummingbird Highway Rehabilitation	2,963	2,549	413	4,975	4,500	475	5,275	5,000	275	156	12	144
National Airstrips	200	0	200	250		250	250		250	250		250
Philip S W Goldson Int'l Airport	6,527	5,438	1,089	1,185	1,185							
Road Maintenance Unit II	648	500	148	1,550	800	750	1,781	1,200	581			
Road Reconstruction - Other	311		311	659		659	300		300	300		300
Road Rehabilitation II	5,509	3,700	1,809	5,125	3,500	1,625						
Rural Access Roads & Bridges	1,461	900	561	1,325	500	825						
Southern Highway Bridges	1,000	1,000	0	3,000	3,000							
Streets & Drains - Vill., Towns & BC	953		953	3,780		3,780	2,000		2,000	2,000		2,000
Sugar Offset Programme - Infras.	780	780	0	1,490	1,490							
SOCIAL SERVICES	8,913	6,761	2,151	17,907	11,124	6,783	19,525	15,182	4,343	8,371	6,841	1,530
Water & Sewerage	2,167	2,125	42	2,167	1,125	1,042	1,351	1,000	351	347	257	90
Incr,d Product'ty Thru Water & Sanit	2,000	2,000	0	2,000	1,000	1,000	1,351	1,000	351	347	257	90
Village Water & Sanitation	167	125	42	167	125	42						

Table A-2: BELIZE - PUBLIC SECTOR INVESTMENT PROGRAM, FY90/91-93/94
(BZ$ '000)

SECTOR/PROJECT	Preliminary Expenditure FY90/91			Estimated Expenditure FY91/92			Estimated Expenditure FY92/93			Estimated Expenditure FY93/94		
	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL
Education & Training	1,577	1,141	436	2,800	985	1,815	2,089	1,339	750	799	299	500
Belize Junior Sec. Schls #1 & # 2	90		90	244		244						
Centre for Employment & Training	115	75	40	683	425	258						
Local Integration of Refugees	70	70	0	60	60							
School Building (UNHCR)	90	90	0	100	100		440	440				
School Expansion & Upgrading Program	181		181	1,076		1,076	750		750	500		500
Training for Employment & Productivi	906	906	0	400	400		899	899		299	299	
University College of Belize	125	0	125	237		237						
Housing & Community Services	4,042	3,000	1,042	9,135	7,000	2,135	200	0	200	200	0	200
Civic Centre Development Programme	287		287	335		335	200		200	200		200
Housing Development	755	0	755	1,800		1,800						
Housing Project (Sub-loans)	3,000	3,000	0	7,000	7,000							
Population, Health & Nutrition	1,127	495	632	3,805	2,014	1,792	15,885	12,843	3,042	7,024	6,285	739
Belize City Hospital	452	452	0	1,067	1,067		13,919	12,244	1,675	5,901	5,901	
Hospital Equipment	200	0	200	1,400		1,400	1,000		1,000	504		504
Incr'd Product'ty thru Better Health	432	0	432	892	500	392	966	599	367	619	384	235
Local Integration of Refugees Proj.	43	43	0	447	447							
GENERAL PUBLIC SERVICES	5,257	2,370	2,887	7,244	3,555	3,689	2,400	575	1,825	500	0	500
Administration & Planning	3,712	1,445	2,267	4,642	2,555	2,087	50	0	50	50	0	50
Belize City Customs House	1,445	1,445	0	3,055	2,555	500						
Ministry of Natural Resource Buldg E	167	0	167	200		200						
Office Building - Belmopan	2,000	0	2,000	1,250		1,250						
Printing Facilities Upgrade	100		100	137		137	50		50	50		50

Table A-2: BELIZE - PUBLIC SECTOR INVESTMENT PROGRAM, FY90/91-93/94
(BZ$ '000)

SECTOR/PROJECT	Preliminary Expenditure FY90/91			Estimated Expenditure FY91/92			Estimated Expenditure FY92/93			Estimated Expenditure FY93/94		
	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL
Public Safety	1,545	925	620	2,602	1,000	1,602	2,350	575	1,775	450	0	450
Fire Station # 2	925	925	0	1,175	1,000	175	1,300	575	725			
New Police Stations & Facilities	327		327	467		467	250		250	250		250
New Prison	250	0	250	500		500	500		500			
Police Stations-Extensions & Upgrade	43		43	460		460	300		300	200		200
NEW PROJECTS	1,251	791	461	17,865	14,014	3,851	40,083	32,110	7,973	49,814	41,140	8,674
ECONOMIC SERVICES	434	434	0	3,183	2,843	340	4,345	4,000	345	7,200	6,500	700
Agriculture, Forestry & Fisheries	0	0	0	2,523	2,183	340	3,220	3,000	220	4,200	4,000	200
Central Farm Facilities Expansion				40		40	20		20			
Mechanized Agric. Services		0	0	300		300	200		200	200		200
Tropical Forestry Action Plan		0	0	2,183	2,183		3,000	3,000		4,000	4,000	
Industry	0	0	0	0	0	0	625	500	125	2,500	2,000	500
Industrial Estate Programme Expansion							625	500	125	2,500	2,000	500
Tourism	434	434	0	660	660	0	500	500	0	500	500	0
Archaeology Sites	434	434	0	460	460							
Mundo Maya				200	200		500	500		500	500	
ECONOMIC INFRASTRUCTURE	138	0	138	1,447	944	503	16,407	12,800	3,607	18,007	14,040	3,967
Energy	0	0	0	0	0	0	0	0	0	1,000	800	200
Electricity Transmission Lines Extension										1,000	800	200

Table A-2: BELIZE - PUBLIC SECTOR INVESTMENT PROGRAM, FY90/91-93/94

(BZ$ '000)

SECTOR/PROJECT	Preliminary Expenditure FY90/91			Estimated Expenditure FY91/92			Estimated Expenditure FY92/93			Estimated Expenditure FY93/94		
	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL
Transportation & Communications	138	0	138	1,447	944	503	16,407	12,800	3,607	17,007	13,240	3,767
BC Streets Rehabilitation Programme							1,000	800	200	2,000	1,600	400
Belize City Municipal Airstrip - Upgrading				90		90	2,000	1,600	400			
Belmopan Infrastructural Development										1,250	1,000	250
Market Inf (Rds & Facilities) Linkage				144	144							
Placencia Airstrip - Upgrading							750	600	150			
Roads & Highways Rehab & Upgrading Programme							1,250	1,000	250	3,750	3,000	750
Rural Telecommunication Project							1,000	800	200	800	640	160
Rural Telephones		0	0	213		213						
San Pedro Airstrip				200	200		3,000	2,000	1,000	1,800	1,000	800
Stann Creek Valley Road	138	0	138	800	600	200	7,407	6,000	1,407	7,407	6,000	1,407
SOCIAL SERVICES	679	357	322	9,248	6,477	2,771	16,631	14,110	2,521	23,606	20,600	3,006
Water & Sewerage	657	357	300	2,015	1,400	615	7,000	6,500	500	10,500	9,500	1,000
BC & Urban Water Supply Programme							2,500	2,000	500	5,000	4,000	1,000
Rural Water & Sanitation II	100	100	0	1,215	600	615						
San Pedro Water & Sewerage Project	557	257	300	800	800		4,500	4,500		5,500	5,500	
Education & Training	22	0	22	4,351	3,377	974	6,192	5,200	992	8,000	7,600	400
B.N.T.F. Phase II				880	880							
Belmopan Sixth Form				250		250						
Museum Complex - Belmopan	22	0	22	524		524	2,000	1,200	800	2,000	1,800	200
National Drug Abuse Reduction Programme				697	497	200	192		192			
Primary Education Proj.				2,000	2,000		4,000	4,000		5,000	5,000	
Public Service Training Facility										1,000	800	200

Table A-2: BELIZE - PUBLIC SECTOR INVESTMENT PROGRAM, FY90/91-93/94
(BZ$ '000)

SECTOR/PROJECT	Preliminary Expenditure FY90/91			Estimated Expenditure FY91/92			Estimated Expenditure FY92/93			Estimated Expenditure FY93/94		
	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL	TOTAL	EXTERNAL	LOCAL
Housing & Community Services	0	0	0	1,000	1,000	0	2,899	2,000	899	3,101	2,000	1,101
National Stadium Devt.				1,000	1,000		2,899	2,000	899	3,101	2,000	1,101
Miscellaneous	0	0	0	882	700	182	540	410	130	130	0	130
Belize City Infirmary (Help Age)				100		100	50		50	50		50
Shelter for the Homeless				82		82	80		80	80		80
Valley of Peace - Phase II				700	700		410	410				
Population, Health & Nutrition	0	0	0	1,000	0	1,000	0	0	0	1,875	1,500	375
Loan Sewer Connection Programme - BC				1,000		1,000						
Sanitary Landfill Project - BC										1,875	1,500	375
GENERAL PUBLIC SERVICES	0	0	0	3,988	3,750	238	2,700	1,200	1,500	1,000	0	1,000
Administration & Planning	0	0	0	200	0	200	1,500	0	1,500	1,000	0	1,000
Belize City Administration Building				200		200	1,500		1,500	1,000		1,000
Public Safety	0	0	0	3,788	3,750	38	1,200	1,200	0	0	0	0
Fire Fighting Equipment		0	0	3,000	3,000							
Police Radio Equipment		0	0	788	750	38	1,200	1,200				

Source: Ministry of Economic Development.

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Table 1.1: BELIZE - EMPLOYMENT, UNEMPLOYMENT AND LABOUR FORCE PARTICIPATION, 1960-90

	1960	1970	1980	1983	1984	1985	1986	1987	1988	1990
					-- In thousands --					
Total Population	91.0	120.0	145.0	157.7	162.1	166.2	170.4	175.2	179.8	186.0
Females	46.0	60.0	73.0	77.8	80.0	82.1	84.1	86.4	88.7	91.8
Males	45.0	60.0	72.0	79.8	82.0	84.1	86.3	88.7	91.1	94.2
Working Age Population	46.3	55.6	71.5	78.2	80.5	82.8	85.0	87.3	89.6	92.7
Females	23.7	27.8	35.1	38.3	39.4	40.6	41.5	42.6	43.8	45.2
Males	22.6	27.8	36.4	39.9	41.1	42.2	43.5	44.7	45.8	47.5
Economically Active Pop.	27.0	33.3	46.4	50.7	52.2	53.7	55.1	56.6	...	62.0
Females	4.9	6.0	10.6	16.5	17.0	17.5	17.9	18.4	...	20.1
Males	22.1	27.3	35.8	34.2	35.2	36.2	37.2	38.2	...	41.9
Employment	24.9	33.3	39.8	43.5	44.9	45.6	46.8	48.1	...	52.8
Females	4.9	6.0	8.0	12.4	12.9	13.1	13.4	13.8	...	15.8
Males	20.0	27.3	31.8	31.1	32.0	32.5	33.4	34.3	...	37.0
					-- In percent --					
Labor Force Participation	58.3	59.9	64.9	64.8	64.8	64.9	64.8	64.8	...	66.9
Females	20.7	21.6	30.2	43.1	43.1	43.1	43.1	43.2	...	44.5
Males	97.8	98.2	98.4	85.7	85.6	85.8	85.5	85.5	...	88.2
Unemployment	7.8	0.0	14.2	14.2	14.0	15.1	15.1	15.0	...	14.8
Females	0.0	0.0	24.5	24.8	24.1	25.1	25.1	25.0	...	21.2
Males	9.5	0.0	11.2	9.1	9.1	10.2	10.2	10.2	...	11.8

a/ Based on the preliminary results of the 1990 census.
Source: Central Statistical Office, Ministry of Finance.

Table 1.2: BELIZE - SELECTED VITAL STATISTICS, 1980-90

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
	-- In thousands --										
Total Population (end of year)	145,359	148,300	152,000	155,803	162,052	166,213	170,382	175,153	179,814	183,200	188,062
Crude Birth Rate (per 1000)	43.1	39.3	38.8	38.8	35.5	35.6	36.0	34.9	35.2	37.2	35.0
Crude Death Rate (per 1000)	4.9	4.8	4.4	4.6	4.6	4.2	4.0	3.9	3.9	4.2	4.0
Rate of Natural Increase	38.2	34.5	34.4	34.1	30.9	31.4	32.0	31.1	31.2	33.0	31.0
Total Births a/	6,264	5,821	5,899	6,040	5,756	5,916	6,136	6,121	6,325	6,810	6,581
Total Deaths	717	709	663	724	750	693	688	675	708	762	751
Natural Increase	5,547	5,112	5,236	5,316	5,006	5,223	5,448	5,446	5,617	6,048	5,830
Net Migration	(1,806)	(1,412)	(1,433)	933	(845)	(1,054)	(677)	(785)	(2,231)	(1,186)	(839)
Net Population Increase	148,300	152,000	155,803	162,052	166,213	170,382	175,153	179,814	183,200	188,062	193,053
Infant Deaths	180	160	135	140	151	122	142	127	128	132	133
Infant Mortality Rate	28.7	27.5	22.9	23.2	26.2	20.6	23.1	20.7	20.2	19.4	20.2

a/ Live births.

Note: Population estimates for 1989 and 1990 were based on the 1980 census. Adjustments are expected when results of the 1990 census are finalized.

Source: Central Statistical Office.

Table 2.1: BELIZE - GROSS DOMESTIC PRODUCT BY SECTOR AT CURRENT PRICES, 1980-90
(BZ$ million)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Prel. 1990
GDP at Factor Cost	306.1	309.4	291.8	302.4	339.0	326.9	356.3	426.9	475.2	541.1	616.9
Primary Activities	92.5	86.8	68.2	68.6	73.7	70.2	74.1	96.0	104.9	119.6	135.9
Agriculture	77.3	69.1	50.5	50.6	55.7	51.6	56.8	71.1	81.1	92.5	109.3
Forestry and Logging	8.2	6.7	7.4	6.4	7.5	6.8	5.6	11.3	10.8	13.4	12.7
Fishing	6.1	10.2	9.6	10.9	9.8	11.0	10.9	12.8	12.2	12.9	13.0
Mining	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Secondary Activitier	72.8	65.7	56.1	60.7	72.8	67.2	72.5	96.8	111.3	126.8	152.2
Manufacturing	50.1	42.6	31.9	37.5	45.0	37.7	37.7	54.7	60.6	60.8	64.1
Electricity and Water	2.8	2.2	5.4	6.8	8.2	10.3	14.3	15.3	16.9	15.4	18.8
Construction	19.9	20.8	18.8	16.4	19.6	19.2	20.5	26.8	33.8	50.5	69.3
Tertiary Activities	152.4	171.6	180.6	191.6	204.4	208.0	221.4	248.6	280.2	325.3	361.4
Trade and Tourism	56.1	59.0	52.5	50.6	55.6	54.5	58.1	68.8	82.4	96.2	95.0
Transport	17.2	21.9	24.1	29.3	32.3	35.1	39.8	47.9	49.9	63.1	81.0
Finance	15.9	20.5	18.3	18.2	19.1	20.8	18.6	18.4	24.2	30.8	39.2
Real Estate	16.4	17.5	17.0	18.2	19.4	19.7	20.7	21.3	24.2	27.5	31.2
Public Administration	25.0	28.2	36.7	40.2	41.7	41.6	46.7	53.1	58.2	64.8	69.6
Other Services	21.8	24.6	32.0	35.1	36.4	36.3	37.5	39.1	41.3	43.0	45.3
Less:											
Imputed Banking Service Charges	11.5	14.8	13.1	18.6	12.0	18.5	11.7	14.5	21.2	30.5	32.6
Net Indirect Taxes	41.9	45.0	45.8	45.4	54.7	57.1	68.2	84.1	102.0	117.7	130.0
GDP at Market Prices	348.0	354.4	337.6	347.8	393.7	384.0	424.5	511.0	577.2	658.8	746.9

Table 2.1: BELIZE - GROSS DOMESTIC PRODUCT BY SECTOR AT CURRENT PRICES, 1981-90
(in percent of total)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	Prel. 1990
GDP at Factor Cost	87.3	86.4	86.9	86.1	85.1	83.9	83.5	82.3	82.1	82.6
Primary Activities	24.5	20.2	19.7	18.7	18.3	17.5	18.8	18.2	18.1	18.2
Agriculture	19.5	14.9	14.5	14.1	13.4	13.4	13.9	14.1	14.0	14.6
Forestry and Logging	1.9	2.2	1.8	1.9	1.8	1.3	2.2	1.9	2.0	1.7
Fishing	2.9	2.8	3.1	2.5	2.9	2.6	2.5	2.1	2.0	1.7
Mining	0.2	0.2	0.[illegible]	0.2	0.2	0.2	0.2	0.1	0.1	0.1
Secondary Activities	18.5	16.6	17.5	18.5	17.5	17.1	18.9	19.3	19.2	20.4
Manufacturing	12.0	9.5	10.8	11.4	9.8	8.9	10.7	10.5	9.2	8.6
Electricity and Water	0.6	1.6	2.0	2.1	2.7	3.4	3.0	2.9	2.3	2.5
Construction	5.9	5.6	4.7	5.0	5.0	4.8	5.2	5.9	7.7	9.3
Tertiary Activities	48.4	53.5	55.1	51.6	54.2	52.2	48.6	48.5	49.4	48.4
Trade and Tourism	16.7	15.5	14.6	14.1	14.2	13.7	13.5	14.3	14.6	12.7
Transport	6.2	7.1	8.4	8.2	9.1	9.4	9.4	8.6	9.6	10.8
Finance	5.8	5.4	5.2	4.8	5.4	4.4	3.6	4.2	4.7	5.2
Real Estate	4.9	5.0	5.2	4.9	5.1	4.9	4.2	4.2	4.2	4.2
Public Administration	7.9	10.9	11.5	10.6	10.8	11.0	10.4	10.1	9.8	9.3
Other Services	6.9	9.5	10.1	9.2	9.5	8.8	7.6	7.2	6.5	6.1
Less										
Imputed Banking Service Charges	4.2	3.9	5.3	3.0	4.8	2.8	2.8	3.7	4.6	4.4
Net Indirect Taxes	12.7	13.6	13.1	13.9	14.9	16.1	16.5	17.7	17.9	17.4
GDP at Market Prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Ministry of Finance.

Table 2.2: BELIZE - GROSS DOMESTIC PRODUCT BY SECTOR AT CONSTANT PRICES, 1980-1990
(1984 prices, BZ$ million)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
GDP at Market Prices	378.1	381.3	375.3	373.7	394.1	395.5	409.3	465.0	499.3	583.7	633.0
Primary Activities	74.4	74.2	77.2	72.9	74.3	73.6	70.6	8[illegible]	85.6	92.7	104.7
Agriculture	55.8	55.5	58.3	54.6	55.7	54.5	53.9	62.8	59.9	65.0	75.4
Forestry and Loggi[illegible]	8.8	7.0	8.6	6.9	7.4	6.9	6.3	12.7	12.9	12.8	12.9
Fishing	9.0	10.9	9.5	10.4	10.1	10.9	8.9	9.4	10.7	12.1	12.6
Mining	0.8	0.8	0.8	1.0	1.1	1.3	1.5	1.8	2.1	2.8	3.8
Secondary Activities	81.4	84.4	81.9	79.6	78.8	79.2	81.5	93.0	99.3	119.0	129.4
Manufacturing	54.4	56.7	56.0	55.3	50.6	51.2	52.3	56.6	56.5	62.5	65.5
Electricity and Water	6.7	7.0	7.9	8.1	8.2	8.8	9.2	10.0	11.3	12.3	13.2
Construction	20.3	20.7	18.0	16.2	20.0	19.2	20.0	26.4	31.5	44.2	50.7
Tertiary Activities	184.3	188.9	190.3	190.0	198.7	200.8	209.8	227.8	250.7	286.1	307.4
Trade and Tourism	56.6	55.9	48.0	43.3	48.1	45.4	47.8	55.3	65.1	80.5	86.6
Transport & Communications	22.1	24.3	28.[illegible]	30.4	32.3	33.3	37.0	39.2	47.0	60.7	69.0
Finance & Insurance	21.2	21.8	19.7	19.1	19.0	20.0	21.1	24.3	27.5	28.8	30.3
Real Estate	21.4	21.9	21.3	21.2	21.3	21.8	22.3	23.4	25.0	26.1	27.8
Public Administration	30.4	31.4	38.6	40.6	41.7	43.0	43.3	46.2	45.6	48.4	51.0
Other Services	32.6	33.5	34.4	35.4	36.4	37.3	38.3	39.4	40.5	41.6	42.7
Adjustments a/	38.0	33.8	26.0	31.3	42.3	41.4	47.4	57.5	63.7	85.9	91.5
GDP at Factor Cost	326.2	333.2	336.4	329.9	339.4	340.5	348.1	391.6	417.6	478.9	521.7
Memo:											
Imputed Banking Service Charges	13.9	14.[illegible]	12.9	12.5	12.4	13.1	13.8	15.9	18.0	18.9	19.8
Net Indirect Taxes	51.9	48.1	38.9	43.8	54.7	55.0	61.3	74.0	81.6	104.8	110.9

a/ Net indirect taxes less imputed banking service charges.

Table 2.2: BELIZE - GROSS DOMESTIC PRODUCT BY SECTOR AT CONSTANT PRICES, 1980-1990
(percent change)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
GDP at Market Prices	.	0.8	-1.6	-0.4	5.5	0.4	3.5	13.6	7.4	16.9	8.4
Primary Activities	.	-0.3	4.0	-5.6	1.9	-0.9	-4.1	22.8	-1.3	8.3	12.9
Agriculture	.	-0.5	5.0	-6.4	2.0	-2.1	-1.1	16.5	-4.6	8.5	16.0
Forestry and Logging	.	-20.5	22.9	-19.8	7.2	-6.8	-8.4	101.0	1.6	-0.8	0.8
Fishing	.	21.1	-12.8	9.5	-2.9	7.9	-18.3	5.6	13.8	13.1	4.1
Mining	.	0.0	0.0	25.0	10.0	18.2	15.4	20.0	16.7	33.3	35.7
Secondary Activities	.	3.8	-3.0	-2.8	-0.9	0.5	2.9	14.1	6.8	19.8	8.7
Manufacturing	.	4.2	-1.2	-1.3	-8.5	1.2	2.1	8.2	-0.2	10.6	4.8
Electricity and Water	.	5.7	-1.8	2.5	2.1	7.4	4.3	8.4	13.0	8.8	7.3
Construction	.	2.0	-13.0	-10.0	23.5	-4.0	4.2	32.0	19.3	40.3	14.7
Tertiary Activities	.	2.5	0.7	-0.2	4.6	1.0	4.5	8.6	10.1	14.1	7.4
Trade and Tourism	.	-1.2	-14.1	-9.8	11.1	-5.6	5.3	15.7	17.7	23.7	7.6
Transport & Communications	.	10.0	16.0	7.8	6.2	3.1	11.1	6.0	19.9	29.1	13.7
Finance & Insurance	.	2.8	-9.6	-3.0	-0.5	5.3	5.5	15.2	13.2	4.7	5.2
Real Estate	.	2.3	-2.7	-0.5	0.5	2.3	2.3	4.9	6.8	4.4	6.5
Public Administration	.	3.4	22.8	5.1	2.7	3.2	0.7	6.7	-1.3	6.1	5.4
Other Services	.	2.8	2.7	2.8	2.8	2.5	2.7	2.9	2.8	2.7	2.6
Adjustments a/	.	-11.0	-23.1	20.4	35.1	-2.1	14.5	21.3	10.8	34.9	6.5
GDP at Factor Cost	.	2.2	1.0	-1.9	2.9	0.3	2.2	12.5	6.6	14.7	8.9

a/ Net indirect taxes less imputed banking service charges.

Table 2.2: BELIZE - GROSS DOMESTIC PRODUCT BY SECTOR AT CONSTANT PRICES, 1980-1990
(in percent of GDP at factor cost)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Primary Activities	22.8	22.3	22.9	22.1	21.9	21.6	20.3	22.1	20.5	19.4	20.1
Agriculture	17.1	16.7	17.3	16.5	16.4	16.0	15.5	16.0	14.3	13.6	14.5
Forestry and Logging	2.7	2.1	2.6	2.1	2.2	2.0	1.8	3.2	3.1	2.7	2.5
Fishing	2.8	3.3	2.8	3.2	3.0	3.2	2.6	2.4	2.6	2.5	2.4
Mining	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.5	0.5	0.6	0.7
Secondary Activities	24.9	25.3	24.3	24.1	23.2	23.3	23.4	23.7	23.8	24.8	24.8
Manufacturing	16.7	17.0	16.6	16.8	14.9	15.0	15.0	14.5	13.5	13.1	12.6
Electricity and Water	2.0	2.1	2.3	2.4	2.4	2.6	2.6	2.6	2.7	2.6	2.5
Construction	6.2	6.2	5.4	4.9	5.9	5.6	5.7	6.7	7.5	9.2	9.7
Tertiary Activities	56.5	56.7	56.6	57.6	58.6	59.0	60.3	58.2	60.0	59.7	58.9
Trade and Tourism	17.4	16.8	14.3	13.1	14.2	13.3	13.7	14.1	15.6	16.8	16.6
Transport & Communications	6.8	7.3	8.4	9.2	9.5	9.8	10.6	10.0	11.3	12.7	13.2
Finance & Insurance	6.5	6.5	5.9	5.8	5.6	5.9	6.1	6.2	6.6	6.0	5.8
Real Estate	6.6	6.6	6.3	6.4	6.3	6.4	6.4	6.0	6.0	5.4	5.3
Public Administration	9.3	9.4	11.5	12.3	12.3	12.6	12.4	11.8	10.9	10.1	9.8
Other Services	10.0	10.1	10.2	10.7	10.7	11.0	11.0	10.1	9.7	8.7	8.2
Banking charges (-)	-4.3	-4.3	-3.8	-3.8	-3.7	-3.8	-4.0	-4.1	-4.3	-3.9	-3.8
GDP at Factor Cost	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Ministry of Finance.

Table 2.3: BELIZE - GROSS DOMESTIC EXPENDITURE AT CURRENT PRICES, 1981-90 a/
(BZ$ million)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Gross Domestic Expenditure	398.9	393.8	389.8	422.9	424.7	432.9	524.1	611.6	735.5	792.7
Consumption	302.4	310.9	324.1	330.2	345.1	348.9	398.9	436.5	512.4	595.2
Private	229.0	231.4	239.9	244.6	258.0	258.7	300.5	326.5	388.9	462.3
Public	73.4	79.5	84.2	85.6	87.1	90.2	98.4	110.0	123.5	132.9
Gross Domestic Investment	96.5	82.9	65.7	92.7	79.6	84.0	125.2	175.1	223.1	197.5
Fixed Capital Formation	93.5	79.9	68.7	81.7	71.6	80.0	119.2	169.1	223.1	197.5
Private	49.8	34.2	29.5	45.6	35.4	38.9	76.8	114.9	127.4	77.4
Public	43.7	45.7	39.2	36.1	36.2	41.1	42.4	54.2	95.7	120.1
of which NFPE:	12.0	16.9	13.9	12.1	10.4	13.7	18.4	21.9	22.3	28.8
Changes in Stocks	3.0	3.0	-3.0	11.0	8.0	4.0	6.0	6.0	-	-
Balance of Goods and NFS	-44.5	-56.2	-42.0	-29.2	-40.7	-8.4	-13.1	-34.4	-76.7	-45.8
Exports	206.0	172.0	185.5	224.3	212.0	247.2	289.7	343.3	367.0	415.5
Imports	250.5	228.2	227.5	253.5	252.7	255.6	302.8	377.7	443.7	461.3
GDP at Market Prices	354.4	337.6	347.8	393.7	384.0	424.5	511.0	577.2	658.8	746.9
Net Factor Payments	-3.8	-9.8	-11.0	-21.2	-22.8	-19.8	-14.8	-14.4	-22.4	-22.6
GNP at Market Prices	350.6	327.8	336.8	372.5	361.2	404.7	496.2	562.8	636.4	724.3
Net Indirect Taxes	-45.0	-45.8	-45.4	-54.7	-57.1	-68.2	-84.1	-102.0	-117.7	-130.0
GNP at Factor Cost	305.6	282.0	291.4	317.8	304.1	336.5	412.1	460.8	518.7	594.3
Consumption of Fixed Capital	.	.	.	.	-29.3	-30.4	-36.7	-41.1	-46.3	-50.0
National Income	.	.	.	.	274.8	306.1	375.4	419.7	472.4	544.3

Table 2.3: BELIZE - GROSS DOMESTIC EXPENDITURE AT CURRENT PRICES, 1981-90 a/
(in percent of GDP at market prices)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Gross Domestic Expenditure	112.6	116.6	112.1	107.4	110.6	102.0	102.6	106.0	111.6	106.1
Consumption	85.3	92.1	93.2	83.9	89.9	82.2	78.1	75.6	77.8	79.7
Private	64.6	68.5	69.0	62.1	67.2	60.9	58.8	56.6	59.0	61.9
Public	20.7	23.5	24.2	21.7	22.7	21.2	19.3	19.1	18.7	17.8
Gross Domestic Investment	27.2	24.6	18.9	23.5	20.7	19.8	24.5	30.3	33.9	26.4
Fixed Capital Formation	26.4	23.7	19.8	20.8	18.6	18.8	23.3	29.3	33.9	26.4
Private	14.1	10.1	8.5	11.6	9.2	9.2	15.0	19.9	19.3	10.4
Public	12.3	13.5	11.3	9.2	9.4	9.7	8.3	9.4	14.5	16.1
of which NFPE:	3.4	5.0	4.0	3.1	2.7	3.2	3.6	3.8	3.4	3.9
Changes in Stocks	0.8	0.9	-0.9	2.8	2.1	0.9	1.2	1.0	0.0	0.0
Balance of Goods and NFS	-12.6	-16.6	-12.1	-7.4	-10.6	-2.0	-2.6	-6.0	-11.6	-6.1
Exports	58.1	50.9	53.3	57.0	55.2	58.2	56.7	59.5	55.7	55.6
Imports	70.7	67.6	65.4	64.4	65.8	60.2	59.3	65.4	67.3	61.8
GDP at Market Prices	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Net Factor Payments	-1.1	-2.9	-3.2	-5.4	-5.9	-4.7	-2.9	-2.5	-3.4	-3.0
GNP at Market Prices	98.9	97.1	96.8	94.6	94.1	95.3	97.1	97.5	96.6	97.0
GNP at Factor Cost	86.2	83.5	83.8	80.7	79.2	79.3	80.6	79.8	78.7	79.6
National Income	.	.	.	.	71.6	72.1	73.5	72.7	71.7	72.9

a/ Data on GDP by expenditure components are IMF staff estimets based on Central Statistical Office's estimate of private sector fixed capital formation and fiscal and external data.

Source: Central Statistical Office, Ministry of Finance; and IMF staff estimates.

Table 2.4: BELIZE -SAVINGS AND INVESTMENT, 1981-90

	1981	1982	1983	1984	1985	1986	1987	1988	1989	Prel. 1990
					-- BZ$ million --					
Gross Domestic Investment	96.5	82.9	65.7	92.7	79.6	84.0	125.2	175.1	223.1	197.5
Fixed Capital Formation	93.5	79.9	68.7	81.7	71.6	80.0	119.2	169.1	223.1	197.5
Private	49.8	34.2	29.5	45.6	35.4	38.9	76.8	114.9	127.4	77.4
Public	43.7	45.7	39.2	36.1	36.2	41.1	42.4	54.2	95.7	120.1
of which NFPE:	12.0	16.9	13.9	12.1	10.4	13.7	18.4	21.9	22.3	28.8
Changes in Stocks	3.0	3.0	-3.0	11.0	8.0	4.0	6.0	6.0	-	-
Gross Domestic Savings	52.0	26.7	23.7	63.5	38.9	75.6	112.1	140.7	146.4	151.7
Private Sector	36.7	18.6	30.7	75.1	30.0	53.6	75.9	93.1	71.0	76.7
Public Sector	15.3	8.1	-7.0	-11.6	8.9	22.0	36.2	47.6	75.4	75.0
Private Transfers	33.0	37.0	21.8	22.4	25.0	38.0	22.6	30.4	25.8	32.8
Net Factor Income	-3.8	-3.8	-9.8	-11.0	-21.2	-22.8	-19.8	-14.8	-15.4	-22.4
Gross National Savings	81.2	59.9	35.7	74.9	42.7	90.8	114.9	156.3	156.8	162.1
Savings - Investment	-44.5	-56.2	-42.0	-29.2	-40.7	-8.4	-13.1	-34.4	-76.7	-45.8
Private sector	-16.1	-18.6	4.2	18.5	-13.4	10.7	-6.9	-27.8	-56.4	-0.7
Public sector	-28.4	-37.6	-46.2	-47.7	-27.3	-19.1	-6.2	-6.6	-20.3	-45.1
					-- in percent of GDP at Market Prices --					
Gross Domestic Investment	27.2	24.6	18.9	23.5	20.7	19.8	24.5	30.3	33.9	26.4
Fixed Capital Formation	26.4	23.7	19.8	20.8	18.6	18.8	23.3	29.3	33.9	26.4
Private	14.1	10.1	8.5	11.6	9.2	9.2	15.0	19.9	19.3	10.4
Public	12.3	13.5	11.3	9.2	9.4	9.7	8.3	9.4	14.5	16.1
of which NFPE:	3.4	5.0	4.0	3.1	2.7	3.2	3.6	3.8	3.4	3.9
Changes in Stocks	0.8	0.9	-0.9	2.8	2.1	0.9	1.2	1.0	0.0	0.0
Gross Domestic Savings	14.7	7.9	6.8	16.1	10.1	17.8	21.9	24.4	22.2	20.3
Private	10.4	5.5	8.8	19.1	7.8	12.6	14.9	16.1	10.8	10.3
Public	4.3	2.4	-2.0	-2.9	2.3	5.2	7.1	8.2	11.4	10.0
Private Transfers	9.3	11.0	6.3	5.7	6.5	9.0	4.4	5.3	3.9	4.4
Net Factor Income	-1.1	-1.1	-2.8	-2.8	-5.5	-5.4	-3.9	-2.6	-2.3	-3.0
Gross National Savings	22.9	17.7	10.3	19.0	11.1	21.4	22.5	27.1	23.8	21.7

Table 2.4: BELIZE -SAVINGS AND INVESTMENT, 1981-90

	1981	1982	1983	1984	1985	1986	1987	1988	1989	Prel. 1990
Savings - Investment	-12.6	-16.6	-12.1	-7.4	-10.6	-2.0	-2.6	-6.0	-11.6	-6.1
Private sector	-4.5	-5.5	1.2	4.7	-3.5	2.5	-1.4	-4.8	-8.6	-0.1
Public sector	-8.0	-11.1	-13.3	-12.1	-7.1	-4.5	-1.2	-1.1	-3.1	-6.0
					-- BZ$ million --					
Memorandum items:										
Fixed capital formation from:										
Construction & land development	...	...	...	...	45.3	48.0	64.2	91.2	142.6	124.1
Machinery and equipment	...	...	...	...	26.2	31.9	55.1	78.0	80.6	73.4

Source: Central Statistical Office; and Fund staff estimates.

	Act.	Projections									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
GDP Growth Rate	.	4.0	4.0	4.0	4.0	4.2	4.3	4.5	4.5	4.5	4.5
GNP Growth Rate	.	3.2	3.9	3.8	4.4	4.3	4.5	4.7	4.7	4.7	4.7
GNP/Capita Growth Rate	.	0.8	1.5	1.5	2.1	2.2	2.4	2.7	2.7	2.6	2.9
Pvt.Cons/Capita Growth Rate	.	7.8	3.8	2.6	2.0	1.9	2.0	1.4	1.3	1.1	1.2
Total DOD/(in US$)	151.8	165.6	172.9	175.6	183.2	187.6	193.0	198.2	205.9	212.8	217.5
DOD/XGS	69.6	81.4	77.5	71.2	70.3	64.5	60.4	56.3	53.0	49.5	45.6
DOD/GDP	40.6	41.8	41.6	40.2	39.5	38.1	36.8	35.5	34.6	33.5	32.2
Debt Service (in US$)	16.7	20.6	20.6	22.3	24.8	26.0	24.9	25.1	28.7	32.1	35.4
Debt Service/XGS	7.7	10.1	9.2	9.0	9.5	8.9	7.8	7.1	7.4	7.5	7.4
Debt Service/GDP	4.5	5.2	5.0	5.1	5.3	5.3	4.8	4.5	4.8	5.1	5.2
Debt Service/Govt.Revenue	13.9	16.3	15.5	15.9	16.7	16.5	14.9	14.0	15.1	15.8	16.3
Interest/XGS	3.0	3.4	3.0	3.0	2.7	2.6	2.4	2.3	2.2	2.2	2.1
Interest/GDP	1.7	1.8	1.6	1.7	1.5	1.5	1.5	1.5	1.4	1.5	1.5
Gross Investment/GDP	26.4	24.0	23.0	23.0	22.0	21.0	20.0	20.0	20.0	20.0	20.0
Direct Investment/GDP	5.0	4.7	4.5	4.5	4.4	4.4	4.3	4.3	4.2	4.1	4.1
Domestic Savings/GDP	20.3	14.3	15.7	16.8	15.0	15.7	15.4	15.6	15.9	16.3	16.8
National Savings/GDP	21.4	14.4	15.7	16.5	14.9	15.7	15.4	15.8	16.2	16.6	17.2
ICOR		6.6	6.0	5.7	5.7	5.3	4.9	4.5	4.5	4.4	4.4
Government Revenue/GDP a/	32.1	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0
Government Expenditure/GDP	31.7	33.0	33.0	33.0	33.0	33.0	32.0	32.0	32.0	32.0	32.0
Deficit (-) or Surplus (+)/GDP	0.4	-1.0	-1.0	-1.0	-1.0	-1.0	0.0	0.0	0.0	0.0	0.0
Export Growth Rate (G&NFS)	..	-0.2	2.6	3.3	5.3	6.0	6.3	6.5	6.7	6.8	7.0
Exports/GDP (G&NFS)	55.6	49.4	52.0	55.0	54.7	57.5	59.3	61.2	63.3	65.6	68.1
Import Growth Rate (G&NFS)	..	2.1	3.1	4.0	3.1	3.3	3.4	4.5	4.5	4.5	4.5
Imports/GDP (G&NFS)	61.8	58.7	59.1	61.3	62.0	63.1	64.3	66.1	68.0	70.0	72.1
Current Account (US$)	-18.9	-36.5	-29.8	-29.2	-35.0	-29.0	-27.5	-28.2	-28.1	-27.4	-25.2
Current Account/GDP	-5.1	-9.2	-7.2	-6.7	-7.5	-5.9	-5.2	-5.0	-4.7	-4.3	-3.7

a/ General government (includes Social Security).

Source: Staff estimates.

Table 2.6: BELIZE - NATIONAL ACCOUNTS PROJECTIONS, 1990-2000
(1990 BZ$ million)

	Prel.	Projections									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
CONSUMPTION	595.2	646.3	682.0	712.4	739.9	767.0	795.0	820.1	844.9	869.2	892.9
Private	462.3	510.1	542.3	569.4	593.6	617.5	642.4	664.4	686.4	708.2	729.8
Public	132.9	136.2	139.6	143.0	146.3	149.5	152.6	155.7	158.5	161.0	163.1
GROSS DOMESTIC INVESTMENT	197.5	186.4	185.8	193.2	192.3	191.2	189.9	198.4	207.3	216.6	226.4
RESOURCE BALANCE	-45.8	-56.1	-60.0	-65.6	-58.3	-47.8	-35.4	-26.6	-15.8	-2.9	12.5
Exports	415.6	414.9	425.8	439.7	462.8	490.8	521.5	555.4	592.5	633.0	677.4
Imports	461.4	471.0	485.8	505.2	521.1	538.5	556.9	582.0	608.3	635.9	664.8
GROSS DOMESTIC PRODUCT	746.9	776.6	807.7	840.1	873.9	910.4	949.6	991.9	1036.4	1082.9	1131.8
Terms of trade adjustment	0.0	-19.2	1.2	13.6	-3.3	-0.6	-8.4	-17.0	-26.5	-37.1	-48.7
GROSS DOMESTIC INCOME	746.9	757.4	808.9	853.7	870.6	909.8	941.2	974.9	1009.8	1045.9	1083.1
GROSS DOMESTIC SAVINGS	151.7	111.1	126.9	141.3	130.7	142.9	146.1	154.8	164.9	176.6	190.2
GROSS NATIONAL SAVINGS	159.7	112.2	126.7	138.6	129.9	142.5	146.6	156.3	167.6	180.3	195.2

Source: IBRD

Table 3.1: BELIZE - BALANCE OF PAYMENTS, 1980-90
(US$ million)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Exports of Goods & NFS	109.7	103.2	88.6	93.1	112.2	106.0	123.6	144.9	171.7	183.5	207.8
Domestic Exports a/	82.0	74.7	59.8	65.0	72.8	63.8	74.3	87.0	97.4	96.1	108.4
Non-factor services	27.7	28.5	28.8	28.1	39.4	42.2	49.3	57.9	74.3	87.4	99.4
Imports of Goods & NFS	133.0	130.0	107.8	112.5	126.8	126.4	127.8	151.4	188.8	221.9	230.7
Goods b/	120.4	117.5	96.8	99.2	109.9	108.0	110.2	128.3	159.2	190.7	194.0
Non-factor services	12.6	12.5	11.0	13.3	16.9	18.4	17.6	23.1	29.6	31.2	36.7
Net Factor Payments	-1.9	-1.9	-4.9	-5.5	-10.6	-11.4	-9.9	-7.4	-7.7	-11.2	-11.3
Private Transfers (net)	16.5	18.5	10.9	11.2	12.5	19.0	11.3	15.2	12.9	16.4	15.3
Current Account Balance	-8.7	-10.2	-13.2	-13.7	-12.7	-12.8	-2.8	1.3	-11.9	-33.2	-18.9
Public Capital	9.9	15.1	18.1	11.9	11.0	23.4	16.1	16.4	20.1	25.0	18.4
Official Grants	5.5	5.7	7.4	6.9	8.7	9.4	9.6	15.7	10.6	11.3	13.1
Disbursements	2.4	8.7	12.4	3.8	4.1	16.8	9.1	7.7	14.7	18.8	13.3
Amortization	0.5	0.8	2.4	2.0	1.7	7.7	5.7	5.5	5.8	4.5	9.5
Financial (net)	2.0	0.7	1.1	2.8	2.1	3.4	2.5	0.7	0.2	-0.5	1.4
Other (net)	0.5	0.8	-0.4	0.4	-2.2	1.5	0.6	-2.2	0.4	-0.1	0.1
Private Capital	0.9	1.8	9.3	-7.2	-3.0	4.0	-2.7	7.1	16.6	15.6	21.0
Commercial Banks	0.9	1.8	6.9	-2.7	-3.3	-0.4	-5.0	-0.1	1.6	-9.0	1.8
Sugar Industry	0.0	0.0	3.7	-2.8	0.6	3.2	-0.7	-3.2	-0.9	-0.9	-1.2
Direct Investment	...	...	...	...	...	2.0	4.2	6.9	12.9	19.0	18.7
Other c/	0.0	0.0	-1.3	-1.7	-0.3	-0.8	-1.2	3.5	3.0	6.5	1.7
Change in Arrears	0.0	0.0	0.0	5.1	1.2	-	-	-	-	-	-
Debt Rescheduling d/	0.0	0.0	0.0	0.0	0.0	-3.7	0.0	0.0	0.0	0.0	0.0
Errors and Omissions	-0.3	-8.7	-14.7	-0.7	-4.0	-4.6	0.2	-15.0	-6.0	4.0	-10.0
Change in Reserves (increase = -)	-1.6	2.0	0.5	4.6	7.5	-6.3	-10.8	-9.8	-18.8	-11.4	-10.5

a/ Exports f.o.b., Table 3.3.
b/ Imports c.i.f. (net of re-exports).
c/ Includes direct investment up to 1984.
d/ The amount in 1985 represents the elimination of $6.3 mln. in external arrears and debt relief of $2.6 million.
Source: Central Bank, Central Statistical Office and mission estimates.

Table 3.2: BELIZE - DOMESTIC EXPORTS BY SITC CLASSIFICATION, 1980-90

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Prel. 1990
						-- US$ million --					
Domestic Exports a/	82.0	74.7	59.8	65.0	72.8	63.8	74.3	87.0	97.4	96.1	108.4
Food	64.8	61.5	50.3	54.2	54.8	47.0	56.7	68.2	74.4	74.6	89.1
Beverages & Tobacco	-	-	-	-	-	-	-	-	-	-	-
Crude Materials	2.4	1.7	2.2	1.9	1.6	0.8	0.8	2.6	3.6	3.2	3.2
Fuels	-	-	-	-	-	-	-	-	-	-	-
Oils & Fats	-	-	-	-	-	-	-	-	-	-	-
Chemicals	0.3	0.2	0.6	0.3	0.4	0.4	0.3	0.3	0.5	0.3	0.2
Manufactured Goods	-	0.1	0.3	0.2	0.3	-	0.2	0.1	0.2	0.2	0.2
Machinery & Transport	-	-	-	-	-	-	-	-	-	-	-
Misc. Mfd. Goods	14.5	11.2	6.4	8.4	15.7	15.6	16.3	15.8	18.7	17.8	15.7
						-- in percent of total --					
Domestic Exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Food	79.0	82.3	84.1	83.4	75.3	73.7	76.3	78.4	76.4	77.6	82.2
Beverages & Tobacco											
Crude Materials	2.9	2.3	3.7	2.9	2.2	1.3	1.1	2.9	3.7	3.3	3.0
Fuels	-	-	-	-	-	-	-	-	-	-	-
Oils & Fats	-	-	-	-	-	-	-	-	-	-	-
Chemicals	0.4	0.3	1.0	0.5	0.5	0.6	0.4	0.4	0.5	0.3	0.2
Manufactured Goods	-	0.1	0.5	0.3	0.4	-	-	-	-	-	-
Machinery & Transport	-	-	-	-	-	-	-	-	-	-	-
Misc. Mfd. Goods	17.7	15.0	10.7	12.9	21.6	24.5	21.9	18.1	19.2	18.5	14.5

a/ Includes bunker fuel.

Source: Central Statistical Office; Bank of Belize; and mission estimates.

Table 3.3: BELIZE - MERCHANDISE EXPORTS BY MAJOR COMMODITIES, 1980-90

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
						-- US$ million --					
Total Exports	110.8	119.0	91.0	77.6	93.1	90.0	92.5	102.9	121.6	126.2	132.9
Re-exports	28.8	44.3	31.2	12.6	20.3	25.6	18.2	15.9	24.2	30.1	24.5
Total Domestic Exports	82.0	74.7	59.8	65.0	72.8	63.8	74.3	87.0	97.4	96.1	108.4
Sugar	47.7	42.6	32.8	34.2	32.5	22.9	31.5	31.3	35.0	34.1	42.8
Citrus Products	6.4	6.5	7.0	6.8	9.8	12.1	11.1	16.0	17.3	19.5	21.4
Fish Products	4.1	7.2	6.3	7.0	6.7	7.4	7.2	8.5	8.3	8.8	9.0
Bananas	3.5	2.2	2.1	2.4	3.1	3.3	4.6	7.2	8.6	9.0	9.9
Molasses	2.2	1.2	0.9	0.9	1.1	0.9	0.5	0.5	0.5	0.6	3.3
Lumber	1.0	1.2	1.8	1.3	1.1	0.5	0.2	2.1	2.7	2.5	2.0
Other	17.1	13.8	8.9	12.4	18.5	16.7	19.2	21.4	25.0	21.6	20.0
of which: Garments	14.4	11.1	6.4	8.2	15.6	15.5	16.2	15.7	18.6	15.7	15.2
						-- in percent of total --					
Total Exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Re-exports	26.0	37.2	34.3	16.2	21.8	28.4	19.6	15.5	19.9	23.8	18.4
Domestic Exports	74.0	62.8	65.7	83.8	78.2	71.6	80.4	84.5	80.1	76.2	81.6
Total Domestic Exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sugar	58.2	57.0	54.8	52.6	44.6	35.6	42.3	36.0	36.0	35.5	39.5
Citrus Products	7.8	8.7	11.7	10.5	13.5	18.8	14.9	18.4	17.8	20.3	19.7
Fish Products	5.0	9.6	10.5	10.8	9.2	11.6	9.9	9.8	8.5	9.2	8.3
Bananas	4.3	2.9	3.5	3.7	4.3	5.1	6.2	8.2	8.8	9.4	9.1
Molasses	2.7	1.6	1.5	1.4	1.5	1.4	0.7	0.6	0.5	0.6	3.0
Lumber	1.2	1.6	3.0	2.0	1.5	0.9	0.9	2.4	2.8	2.6	1.8
Other	20.9	18.5	14.9	19.1	25.4	26.6	25.1	24.6	25.7	22.5	18.5
of which: Garments	17.6	14.9	10.7	12.6	21.4	24.4	21.7	18.0	19.1	16.3	14.0

Source: Central Statistical Office, Ministry of Finance.

Table 3.4: BELIZE - MERCHANDISE IMPORTS BY SITC CLASSIFICATION, 1980-90

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
					-- US$ million --						
Total Imports a/	149.2	161.8	128.0	111.8	130.3	128.2	122.0	142.9	181.2	215.7	211.4
Food	32.8	39.9	29.4	23.4	28.0	30.5	29.1	31.6	37.4	45.5	43.6
Beverages & Tobacco	3.2	3.6	2.9	2.5	3.2	3.5	3.8	4.1	5.0	6.6	5.5
Crude Materials	1.2	2.3	1.6	0.4	0.5	0.6	0.3	0.4	0.5	0.7	1.2
Fuels	27.2	25.7	22.8	26.3	21.7	21.9	17.0	18.8	19.0	26.9	27.2
Oils & Fats	0 7	0.5	0.3	0.3	0.5	0.4	0.4	0.4	0.5	0.3	0.4
Chemicals	9.7	11.4	11.3	8.3	10.8	9.9	10.2	15.7	15.6	18.3	20.3
Manufactured Goods	20.3	19.7	16.5	14.2	16.4	16.0	16.9	20.4	28.1	35.3	36.7
Machinery & Transport	29.0	28.8	24.4	21.7	26.0	22.6	21.9	30.0	47.5	53.7	49.7
Misc. Mfd. Goods	24.0	29.1	17.7	14.0	22.4	22.3	21.4	20.7	25.1	27.3	25.5
Miscellaneous	1.1	0.8	1.1	0.7	0.8	0.5	1.0	0.9	2.5	1.1	1.3
					-- as percent of total imports --						
Food	22.0	24.7	23.0	20.9	21.5	23.8	23.9	22.1	20.6	21.1	20.6
Beverages & Tobacco	2.1	2.2	2.3	2.2	2.5	2.7	3.1	2.9	2.8	3.1	2.6
Crude Materials	0.8	1.4	1.3	0.4	0.4	0.5	0.2	0.3	0.3	0.3	0.6
Fuels	18.2	15.9	17.8	23.5	16.7	17.1	13.9	13.2	10.5	12.5	12.9
Oils & Fats	0.5	0.3	0.2	0.3	0.4	0.3	0.3	0.3	0.3	0.1	0.2
Chemicals	6.5	7.0	8.8	7.4	8.3	7.7	8.4	11.0	8.6	8.5	9.6
Manufactured Goods	13.6	12.2	12.9	12.7	12.6	12.5	13.9	14.2	15.5	16.4	17.4
Machinery & Transport	19.4	17.8	19.1	19.4	20.0	17.6	18.0	21.0	26.2	24.9	23.5
Misc. Mfd. Goods	16.1	18.0	13.8	12.5	17.2	17.4	17.5	14.5	13.9	12.7	12.1
Miscellaneous	0.7	0.5	0.9	0.6	0.6	0.4	0.8	0.6	1.4	0.5	0.6

a/ Comprises of retained imports, imports for re-exports, and unclassified imports.
Source: Central Statistical Office, Ministry of Finance; and mission estimates.

Table 3.5: BELIZE - FUEL IMPORTS, 1980-90

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
					-- BZ$ million --						
Total Fuel Imports	48.5	45.5	40.2	45.7	37.4	37.2	28.1	32.0	32.0	45.7	46.0
Gasoline a/	17.4	15.5	13.1	14.0	12.6	13.2	8.8	9.7	[illegible]	12.9	13.6
Kerosene	12.1	10.8	11.7	11.0	7.4	8.1	7.3	9.0	[illegible]	12.2	9.9
Aviation Fuel	1.1	1.0	1.0	0.8	0.8	0.8	0.7	1.1	1.2	1.3	1.6
Diesel	17.9	18.2	14.4	19.9	16.6	15.1	11.3	12.2	12.8	19.3	20.9
					-- million of gallons --						
Volume of Fuel Imports	20.8	18.6	16.9	20.2	18.0	18.4	20.0	22.4	23.9	30.2	25.6
Gasoline a/	7.6	6.4	5.6	6.1	6.3	6.7	6.4	6.9	6.8	8.5	7.6
Kerosene	4.8	4.3	4.8	5.0	3.5	4.0	5.3	6.3	6.7	8.0	6.0
Aviation Fuel	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.4	0.4	0.5
Diesel	8.1	7.7	6.3	8.9	8.0	7.5	8.1	8.8	10.0	13.3	11.5
					-- BZ$/gallon --						
Unit value	2.33	2.45	2.38	2.26	2.08	2.02	1.41	1.43	1.34	1.51	1.79
Gasoline a/	2.29	2.42	2.34	2.30	2.00	1.97	1.38	1.41	1.34	1.52	1.78
Kerosene	2.52	2.51	2.44	2.20	2.11	2.03	1.38	1.43	1.33	1.53	1.64
Aviation Fuel	3.67	5.00	5.00	4.00	4.00	4.00	3.50	2.75	3.00	3.25	3.16
Diesel	2.21	2.36	2.29	2.24	2.08	2.01	1.40	1.39	1.28	1.45	1.82

a/ Includes premium and regular gasoline.

Source: Central Statistical Office, Ministry of Finance; Central Bank of Belize;

Table 3.6: BELIZE - DIRECTION OF TRADE, 1980-90

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	Prel. 1990
					-- US$ million --						
Domestic Exports	79.6	74.7	59.8	65.0	72.9	63.8	74.3	87.0	97.4	96.1	108.4
United States	45.4	45.4	27.9	28.3	42.1	37.7	45.1	43.5	45.1	46.5	55.3
United Kingdom	26.2	23.0	18.0	19.0	14.9	18.0	25.5	31.1	35.0	32.5	34.7
EEC (excl. U.K.)	1.6	1.1	2.7	0.8	4.7	1.3	0.7	0.5	2.4	0.1	1.4
CARICOM	4.6	3.9	7.2	9.4	6.9	3.3	1.4	8.0	8.2	8.2	8.3
Other	1.8	1.4	4.0	7.5	4.3	3.5	1.6	3.9	6.7	8.8	8.7
Imports a/	149.7	161.9	128.0	111.8	130.3	128.2	122.0	143.0	181.0	215.7	211.2
United States	52.2	57.3	48.0	46.0	56.7	63.4	69.7	82.8	96.8	123.1	121.7
United Kingdom	23.6	22.9	14.3	11.5	10.8	10.1	9.9	11.7	16.0	19.8	17.4
EEC (excl. U.K.)	11.0	14.2	12.5	12.0	10.0	12.8	10.1	12.3	15.7	11.2	15.1
CARICOM	2.3	3.1	2.4	2.0	2.0	2.3	2.7	3.4	8.4	10.2	13.0
Netherlands Antilles	19.8	19.7	9.8	12.5	18.4	5.8	...	0.0	1.5	...	...
Other	40.8	44.7	41.0	27.8	32.4	33.8	29.6	32.7	42.5	51.4	44.0
					-- in percent --						
Domestic Exports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
United States	57.0	60.8	46.7	43.5	57.8	59.1	60.7	50.0	46.3	48.4	51.0
United Kingdom	32.9	30.8	30.1	29.2	20.4	28.2	34.3	35.8	35.9	33.8	32.0
EEC (excl. U.K.)	2.0	1.3	4.5	1.2	6.4	2.0	0.9	0.6	2.5	0.1	1.3
CARICOM	5.8	5.2	12.0	14.5	9.5	5.2	1.9	9.2	8.4	8.5	7.7
Other	2.3	1.9	6.7	11.5	5.9	5.5	2.2	4.5	6.9	9.2	8.0
Imports a/	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
United States	34.9	35.4	37.5	41.1	43.5	49.5	57.1	57.9	53.5	57.[illegible]	57.6
United Kingdom	15.8	14.1	11.2	10.3	8.3	7.9	8.1	8.2	8.9	[illegible]	8.2
EEC (excl. U.K.)	7.3	8.8	9.8	10.7	7.7	10.0	8.3	8.6	8.7	5.2	7.1
CARICOM	1.5	1.9	1.9	1.8	1.5	1.8	2.2	2.4	4.7	4.7	6.2
Netherlands Antilles	13.2	12.2	7.7	11.2	14.1	4.5	0.0	0.0	0.8	0.0	0.0
Other	27.3	27.6	32.0	24.9	24.9	26.4	24.3	22.9	23.5	23.8	20.8

a/ Includes imports for re-exports.

Source: Central Statistical Office, Ministry of Finance; and mission estimates.

Table 3.7: BELIZE - BALANCE OF PAYMENTS PROJECTIONS, 1990-2000
(US$ millions)

	Act.	Projections									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
A. Exports of Goods & NFS	208	195	216	240	254	283	311	342	377	416	461
1. Merchandise (FOB)	108	90	102	115	113	124	131	138	146	155	166
2. Non-Factor Services	99	105	114	125	141	159	180	204	230	261	295
B. Imports of Goods & NFS	231	233	246	268	288	311	337	369	405	444	487
1. Merchandise (CIF)	194	194	204	223	239	258	280	308	338	372	409
2. Non-Factor Services	37	39	42	45	49	53	57	62	67	73	79
C. Resource Balance	-23	-37	-30	-28	-34	-28	-26	-28	-28	-28	-26
D. Net Factor Income	-11	-15	-16	-18	-18	-19	-20	-20	-20	-20	-20
1. Factor Receipts	10	8	7	6	7	8	9	10	12	14	16
2. Factor Payments	22	23	23	25	25	27	28	30	32	34	36
(interest payments - mlt)	7	7	7	7	7	7	8	8	9	9	10
E. Net Current Transfers	15	16	16	17	17	18	19	19	20	21	22
F. Current Account Balance	-19	-36	-30	-29	-35	-29	-27	-28	-28	-27	-25
G. Long-Term Capital Inflow	45	45	37	32	37	34	35	35	38	37	35
1. Direct Investment	19	19	19	20	21	22	23	24	25	26	28
2. Official Capital Grants	13	11	11	10	9	8	7	6	5	4	3
3. Net LT Loans (DRS data)	8	15	8	3	8	5	5	5	8	7	5
a. Disbursements	19	29	22	18	25	23	23	22	28	30	30
b. Repayments	10	14	14	15	18	19	17	17	20	23	25
4. Other LT Inflows (net)	5	0	0	0	0	0	0	0	0	0	0
H. Total Other Items (net)	-16	-4	0	0	0	0	0	0	0	0	0
1. Net Short Term Capital	0	0	0	0	0	0	0	0	0	0	0
2. Capital Flows N.E.I.	0	0	0	0	0	0	0	0	0	0	0
3. Errors and Omissions	-16	-4	0	0	0	0	0	0	0	0	0

Table 3.7: BELIZE - BALANCE OF PAYMENTS PROJECTIONS, 1990-2000
(US$ millions)

	Act.	Projections									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
I. Changes in Net Reserves	-11	-4	-8	-3	-2	-5	-8	-7	-10	-10	-10
1. Net Credit from the IMF	0	0	0	0	0	0	0	0	0	0	0
2. Other Reserve Changes	-11	-4	-8	-3	-2	-5	-8	-7	-10	-10	-10
(- indicates increase)											
Shares of GDP (Current US$):											
1. Resource Balance	-6.1	-9.4	-7.2	-6.3	-7.3	-5.7	-5.1	-5.0	-4.7	-4.4	-3.9
2. Total Interest Payments	1.7	1.8	1.6	1.7	1.5	1.5	1.5	1.5	1.4	1.5	1.5
3. Current Account Balance	-5.1	-9.2	-7.2	-6.7	-7.5	-5.9	-5.2	-5.0	-4.7	-4.3	-3.7
4. LT Capital Inflow	12.1	11.3	9.0	7.4	8.0	6.9	6.7	6.3	6.3	5.9	5.2
5. Net Credit from the IMF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum Item:											
GDP (Mlns. of Current US$)	373	396	416	437	464	493	524	559	595	634	676
Foreign Exchange Reserves:											
1. Gross Reserves incl. Gold	65.0	69.3	76.8	79.9	82.2	87.4	95.0	101.9	111.5	121.4	131.6
2. Gross Res. in Months Import	3.1	3.3	3.4	3.3	3.2	3.1	3.1	3.1	3.1	3.0	3.0
Exchange Rates (LCU/US$):											
1. Nom. Off. X-Rate	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
2. X-Rate for GNP Conversion	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

Source: Staff estimates.

Table 4.1: BELIZE - SUMMARY OF EXTERNAL DEBT OPERATIONS, 1980-90
(US$ thousand)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Debt outstanding at end of period	49240	56552	63118	68383	70025	87696	95695	107444	116083	121512	136020
M&LT Borrowing	3982	6312	8566	3106	1642	17671	7999	11749	8639	5429	14508
Central Government	396	1765	5247	2124	1988	16860	9618	7846	978	4896	10565
Drawings	780	2346	6548	2938	3582	16012	8989	4600	4230	13783	11660
Amortization	346	591	705	504	463	1716	1984	2286	2157	6027	6681
Valuation Adjustment	-38	10	-596	-310	-1131	2564	2613	5532	-1095	-2860	5586
Rest of Non-Financial Public Sector	1780	4290	2466	-1553	-2880	-3665	-3349	1330	7359	1493	1686
Drawings	1603	6326	5890	832	565	760	127	3087	10455	5020	2343
Amortization	129	215	1689	1533	1255	5994	3690	3208	3660	3310	1818
Valuation Adjustment	306	-1821	-1735	-852	-2190	1569	214	1451	564	-217	1161
Financial Public Sector	1806	257	853	2535	2534	4476	1730	2573	302	-960	2257
Short-term Borrowing (net)	1000	1000	-2000	2159	0	0	0	0	0	0	0
Interest Payments	952	1328	1247	1638	2831	5445	4193	3701	3503	4942	5597
Debt Service Payments	1558	2329	3924	4030	5016	14619	11308	10766	11059	14625	17257
Memorandum Item: (%)											
DOD/GDP	28.3	31.9	37.4	39.3	35.6	45.7	45.1	42.1	40.2	36.9	36.4
Debt Service/GDP	0.9	1.3	2.3	2.3	2.5	7.6	5.3	4.2	3.8	4.4	4.6
Debt Service Ratio a/	1.4	2.3	4.4	4.3	4.5	13.8	9.1	7.4	6.4	8.0	8.3
Debt service/ Central Govt. Revenues	3.8	5.6	9.9	10.4	10.9	29.6	19.9	15.8	10.8	14.7	15.5

a/ Debt service payments as percent of exports of goods and non-factor services.
Source: Central Bank of Belize; Caribbean Development Bank; and mission estimates.

Table 5.1: BELIZE - CENTRAL GOVERNMENT REVENUE AND GRANTS, 1980/81-91/92
(BZ$ million)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	Prel. 1990/91	Budget 1991/92
Total Revenue and Grants	94.5	97.0	91.7	90.9	98.0	100.1	115.9	142.9	206.8	204.6	235.5	249.5
Total Revenue	81.6	83.7	78.9	77.8	92.4	98.7	113.4	136.5	204.9	199.0	222.5	225.1
Current Revenue	81.3	83.4	78.6	77.5	90.9	98.6	111.7	132.8	164.0	185.5	211.7	216.6
Tax Revenue	73.8	73.1	67.3	67.8	81.8	83.1	97.1	119.9	143.9	159.7	176.6	181.1
Income Tax	23.0	16.6	18.6	15.2	20.5	19.3	21.3	28.3	33.1	35.8	41.2	40.5
Taxes on Property	0.6	0.7	0.7	1.3	1.0	1.0	1.7	1.4	1.5	1.4	1.5	1.7
Taxes on Goods & Services	7.3	9.0	8.2	8.5	11.7	11.0	13.1	14.4	16.2	18.0	20.3	20.3
Execise on Spirits & Beer	3.8	5.5	4.4	4.9	5.6	5.1	4.9	5.8	6.6	7.5	9.2	9.1
Excise on Cigarettes	0.9	0.9	0.7	0.8	0.9	1.2	2.3	2.1	2.3	2.4	2.4	2.5
Excise on Soft Drinks	0.0	0.0	0.0	0.0	1.2	2.1	2.4	2.5	2.7	3.0	3.9	4.0
Entertainment Tax	0	0.4	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	-	0.1
Hotel Occupancy Tax	0.1	0.1	0.2	0.2	0.3	0.3	0.3	0.5	0.7	1.0	0.1	-
Licenses	1.2	1.2	1.6	1.6	1.8	1.5	2.2	2.5	2.8	3.4	3.5	3.8
Other a/	1.0	0.9	1.1	0.8	1.8	0.7	0.9	0.9	1.0	0.6	1.2	0.8
Taxes on International Trade and Transactions	41.5	45.8	38.2	41.8	47.6	50.3	59.0	72.6	90.2	100.0	108.7	113.6
Import Duty	31.0	31.9	25.5	26.8	26.6	25.9	29.0	33.5	40.2	46.6	50.0	55.9
Revenue Replacement Duty	1.0	2.4	3.9	6.5	7.1	7.7	10.5	13.7	16.3	17.5	17.9	19.3
Stamp Duties (customs)	4.5	5.7	5.0	5.4	7.2	9.5	12.4	16.6	20.3	24.5	28.0	28.4
Goods in Transit Charge	2.3	3.5	1.6	0.6	1.4	2.8	2.4	2.9	5.6	3.3	2.8	3.0
Export Duties	2.5	2.1	1.9	2.2	2.3	1.6	1.9	2.1	2.2	2.1	2.6	2.8
Travel Tax	0.2	0.2	0.3	0.3	0.3	0.6	0.9	1.0	2.3	1.8	1.8	-
Taxes on Foreign Currency Transactions	0.0	0.0	0.0	0.0	2.7	2.2	1.9	2.8	3.3	4.2	5.6	4.2
Other Taxes	1.4	1.0	1.6	1.0	1.0	1.5	2.0	3.2	2.9	4.5	4.9	5.0
Stamp Duties (other depts.)	1.3	0.9	1.6	1.0	1.0	1.5	1.9	3.2	2.9	4.5	4.9	5.0
Fire Rate	0.1	0.1	0.0	0.0	0.0	0.0	0.1	-	-	-	-	-
Non-tax Revenue	7.5	10.3	11.3	9.7	9.1	15.5	14.6	12.9	20.1	25.8	35.1	35.5
Property Income b/	1.5	5.3	4.1	2.7	2.9	4.2	2.5	2.4	2.0	2.0	3.7	4.9
Contributions to Pension Funds	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.2	0.3
Extrabudgetary Revenue c/	1.2	1.1	1.2	1.2	1.2	1.1	1.0	1.4	1.6	4.2	1.9	1.9
Transfers from NFPE's	0.0	0.0	0.0	0.0	0.0	4.2	1.8	1.6	1.5	5.8	9.6	9.2
Interest on Bank Deposits	-	-	-	-	-	-	-	-	2.5	2.6	2.5	4.5
Other d/	4.7	3.8	5.9	5.7	4.9	5.9	9.2	7.3	12.4	11.1	17.2	14.7

Table 5.1: BELIZE - CENTRAL GOVERNMENT REVENUE AND GRANTS, 1980/81-91/92
(BZ$ million)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	Prel. 1990/91	Budg 1991/
Capital Revenue	0.3	0.3	0.3	0.3	1.5	0.1	1.7	3.7	40.9	13.5	10.8	8.5
tizenship Bonds	-	-	-	-	-	-	1.5	3.1	5.9	11.5	1.0	-
le of Crown Land	0.3	0.3	0.3	0.3	1.5	0.1	0.2	0.3	0.5	1.3	1.2	8.2
le of Equity (BTL)	-	-	-	-	-	-	-	0.3	34.5	-	8.3	-
her	-	-	-	-	-	-	-	-	-	0.7	0.3	0.3
Grants	12.9	13.3	12.8	13.1	5.6	1.4	2.5	6.4	1.9	5.6	13.0	24.4

Oil mining and prospective licenses.
Transfers from the Central Bank.
Revenue of Official Charities Fund.
Includes volume from sales of stamps; visa fees; and other fees and duties.
urce: Ministry of Finance; and IMF staff estimates.

Table 5.2: BELIZE - CENTRAL GOVERNMENT EXPENDITURE, 1980/81-91/92 a/
(BZ$ million)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	Prel. 1990/91
Total Expenditure	102.7	110.8	124.0	118.2	121.4	139.2	136.6	140.8	162.2	219.0	230.7
Current Expenditure	64.8	76.2	87.3	90.5	93.2	99.0	102.8	112.0	121.5	134.6	139.2
Wages and Salaries	27.6	33.8	41.8	43.2	43.4	43.7	50.3	56.8	62.3	70.5	77.3
Pensions	3.6	4.7	4.1	4.0	4.3	4.5	4.8	5.8	6.3	7.4	7.3
Goods and Services	25.0	24.1	24.5	25.2	27.8	21.7	22.1	22.8	27.2	30.9	31.3
Interest Payments	3.6	6.2	5.6	7.2	8.4	13.9	14.1	14.1	11.8	11.8	9.9
Domestic	...	...	4.3	5.7	7.3	10.2	11.2	9.6	7.4	7.6	5.7
External	...	...	1.3	1.5	1.1	3.7	2.9	4.5	4.4	4.2	4.2
Subsidies & Current Transfers	3.8	6.1	11.3	10.9	9.3	15.2	11.5	12.5	13.9	14.0	13.4
Abroad	0.6	1.2	1.6	1.8	1.0	2.0	2.2	2.4	1.7	1.9	1.5
Private	3.2	4.9	4.0	4.4	5.5	7.4	7.2	8.0	9.6	10.9	10.9
Nonfinancial Public Enterprises	-	-	5.7	4.7	2.8	5.8	2.1	2.1	2.6	1.2	1.0
Other	1.2	1.3	-	-	-	-	-	-	-	-	-
Capital Expenditure & Net Lending	37.9	34.6	36.7	27.7	28.2	40.2	33.8	28.8	40.7	84.4	91.5
Development Expenditure	34.9	31.9	27.5	24.4	23.6	27.0	27.5	21.3	37.6	80.2	86.5
Transfers to NFPE b/	3.0	2.7	9.2	3.3	1.0	11.9	6.3	7.5	3.1	4.2	5.0
Net Lending	-	-	-	-	3.6	1.3	-	-	-	-	-

a/ Commitment basis.
b/ In the preliminary data for 1985/86 this item includes transfers for payment in arrears.
Source: Ministry of Finance; and IMF staff estimates.

Table 5.3: BELIZE - OPERATIONS OF THE CONSOLIDATED NONFINANCIAL PUBLIC SECTOR, 1980/81-91/92 a/
(BZ$ million)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	Prel. 1990/91	Budget 1991/92
I. Consolidated Nonfinancial Public Sector												
Total Revenue	81.6	86.4	84.2	85.1	105.2	123.3	143.1	166.3	241.2	227.4	251.0	263.5
Current Revenue	81.3	86.1	83.9	84.8	103.7	123.2	141.4	162.6	200.3	213.9	240.2	255.0
Central Government	81.3	83.4	78.6	77.5	90.9	98.6	111.7	132.8	164.0	185.5	211.7	216.6
Social Security Board	-	2.7	5.3	7.3	10.5	10.5	11.3	12.1	14.0	15.6	17.0	18.4
Public Enterprises' Operating Surplus	-	-	-	-	2.3	14.1	18.4	17.7	22.3	12.8	11.5	20.0
Capital Revenue	0.3	0.3	0.3	0.3	1.5	0.1	1.7	3.7	40.9	13.5	10.8	8.5
Total Expenditure	108.3	122.1	137.1	133.3	134.2	139.5	147.6	156.0	191.2	243.8	269.4	330.1
Current Expenditure	66.0	78.0	90.9	96.4	94.8	101.2	105.2	115.0	124.9	138.9	144.6	169.0
Central Government	64.8	76.2	87.3	90.5	93.2	99.0	102.8	112.0	121.5	134.6	139.2	162.0
Social Security Board	-	0.3	0.8	1.5	1.6	2.2	2.4	3.0	3.4	4.3	5.4	7.0
Public Enterprises' Operating Deficit	1.2	1.5	2.8	4.4	-	-	-	-	-	-	-	-
Development Expenditure	42.3	44.1	46.2	36.9	39.4	38.3	42.4	41.0	66.3	104.9	124.8	161.1
Central Government	34.9	31.9	27.5	24.4	27.2	28.3	27.5	21.3	37.6	80.2	86.5	125.0
Social Security Board	-	-	0.2	0.2	0.2	0.1	0.0	0.1	6.0	2.5	7.3	5.3
Public Enterprises	7.4	12.2	18.5	12.3	12.0	9.9	14.9	19.6	22.7	22.2	31.0	30.8
rent Account B'lance	15.3	8.1	-7.0	-11.6	8.9	22.0	36.2	47.6	75.4	75.0	95.6	86.0
rall Balance	-27.0	-36.0	-53.2	-48.5	-30.5	-16.3	-6.2	6.6	9.1	-29.9	-29.2	-75.1
nge in Outstanding Arrears c/	-	-	0.4	3.9	-0.4	-4.2	0.0	0.0	0.0	0.0	0.0	0.0
Financing	27.0	36.0	52.8	44.6	30.9	20.5	6.2	-6.6	-9.1	29.9	29.2	75.1
External (net)	21.5	26.2	34.0	24.4	23.5	47.2	38.4	29.4	8.2	31.8	19.9	57.7
External Borrowing (net)	7.6	12.5	17.8	9.3	12.6	39.0	24.6	14.4	3.9	25.2	6.9	33.3
Disbursement	8.6	13.8	19.9	13.4	16.0	29.2	19.2	12.0	8.3	30.8	18.1	48.7
Amortization	1.0	1.3	2.1	4.1	3.4	-9.8	-5.4	-2.4	4.4	5.6	11.2	15.4
Grants	12.9	13.3	17.0	16.1	10.9	8.2	13.8	15.0	4.3	6.6	13.0	24.4
Change in Foreign Assets	1.0	0.4	-0.8	-1.0	-2.6	2.6	1.2	0.6	-0.8	-3.5	-2.6	...
Domestic (net)	5.5	9.8	18.8	20.2	7.4	-26.7	-32.2	-36.0	-17.3	-1.9	9.3	17.4
Banking System	4.3	9.7	14.0	16.0	9.3	5.2	-7.1	-15.1	-53.8	-20.6	-9.5	0.0
Central Bank	-2.2	13.5	0.4	14.0	19.6	-10.2	-15.7	-8.9	-41.2	-7.8	6.6	...
Commercial Banks	6.5	-3.8	13.6	2.0	-10.3	15.4	8.6	-6.2	-12.6	-12.8	-16.1	0.0
Other	1.2	0.1	4.8	4.2	-1.9	-31.9	-25.1	-20.9	36.5	18.7	18.8	17.4

Table 5.3: BELIZE - OPERATIONS OF THE CONSOLIDATED NONFINANCIAL PUBLIC SECTOR, 1980/81-91/92 a/
(BZ$ million)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	Prel. 1990/91	Budget 1991/92
II. General Government												
Revenue	81.6	86.4	84.2	85.1	102.9	109.2	124.7	148.6	218.9	214.6	239.5	243.5
Current	81.3	86.1	83.9	84.8	101.4	109.1	123.0	144.9	178.0	201.1	228.7	235.0
Central Government	81.3	83.4	78.6	77.5	90.9	98.6	111.7	132.8	164.0	185.5	211.7	216.6
Social Security	-	2.7	5.3	7.3	10.5	10.5	11.3	12.1	14.0	15.6	17.0	18.4
Capital	0.3	0.3	0.3	0.3	1.5	0.1	1.7	3.7	40.9	13.5	10.8	8.5
Total Expenditure	102.7	111.1	125.0	119.9	123.2	141.5	139.0	143.9	166.2	223.4	236.7	306.4
Current Expenditure	64.8	76.5	88.1	92.0	94.8	101.2	105.2	115.0	124.9	138.9	144.6	169.0
Central Government	64.8	76.2	87.3	90.5	93.2	99.0	102.8	112.0	121.5	134.6	139.2	162.0
Social Security	-	0.3	0.8	1.5	1.6	2.2	2.4	3.0	3.4	4.3	5.4	7.0
Capital Expenditure & Net Lending	37.9	34.6	36.9	27.9	28.4	40.3	33.8	28.9	41.3	84.5	92.1	137.4
Current Account Balance	16.5	9.6	-4.2	-7.2	6.6	7.9	17.8	29.9	53.1	62.2	84.1	66.0
Overall Balance	-21.1	-24.7	-40.8	-34.8	-20.3	-32.3	-14.3	4.7	52.7	-8.8	2.8	-62.9
Change in Outstanding Arrears c/	-	-	0.4	3.9	-0.4	-4.2	0.0	0.0	0.0	0.0	0.0	0.0
Financing	21.1	24.7	40.4	30.9	20.7	36.5	14.3	-4.7	-52.7	8.8	-2.8	62.9
External (net)	14.8	16.5	22.2	16.8	21.0	27.4	17.9	13.6	5.8	30.8	19.9	57.7
External Borrowing (net)	0.9	2.8	10.2	4.7	15.4	26.0	15.4	7.2	3.9	25.2	6.9	33.3
Disbursement	1.5	3.4	11.4	5.5	16.0	29.2	19.2	12.0	8.3	30.8	18.1	48.7
Amortization	0.6	0.6	1.2	0.8	0.6	3.2	3.8	4.8	4.4	5.6	11.2	15.4
Grants	12.9	13.3	12.8	13.1	5.6	1.4	2.5	6.4	1.9	5.6	13.0	24.4
Change in Foreign Assets	1.0	0.4	-0.8	-1.0	-2.6	2.6	1.2	0.6	-0.8	-3,5	-2.6	...
Domestic (net)	6.3	8.2	18.2	14.1	-0.3	9.1	-3.6	-18.3	-58.5	-22.0	-22.7	5.2
Banking System	5.4	8.0	18.0	16.6	-3.0	2.2	-10.2	-23.3	-58.4	-29.4	-13.8	-6.1
Central Bank	-2.2	13.5	0.4	14.0	13.3	-18.2	-24.4	-17.1	-45.8	-16.6	2.3	-6.1
Commercial Banks	7.6	-5.5	17.6	2.6	-16.8	20.4	14.2	-6.2	-12.6	-12.8	-16.1	0.0
Other	0.9	0.2	0.2	-2.5	2.7	6.9	6.6	5.0	-0.1	7.4	-8.9	11.3

Table 5.3: BELIZE - OPERATIONS OF THE CONSOLIDATED NONFINANCIAL PUBLIC SECTOR, 1980/81-91/92 a/
(BZ$ million)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	Prel. 1990/91	Budget 1991/92
III. Central Government												
Total Revenue	81.6	83.7	78.9	77.8	92.4	98.7	113.4	136.5	204.9	199.0	222.5	225.1
Tax	73.8	73.1	67.3	67.8	81.8	83.1	97.1	119.9	143.9	159.7	176.6	181.1
Nontax	7.5	10.3	11.3	9.7	9.1	15.5	14.6	12.9	20.1	25.8	35.1	35.5
Capital	0.3	0.3	0.3	0.3	1.5	0.1	1.7	3.7	40.9	13.5	10.8	8.5
Total Expenditure b/	102.7	110.8	124.0	118.2	121.4	139.2	136.6	140.8	162.2	219.0	230.7	294.1
Current Expenditure	64.8	76.2	87.3	90.5	93.2	99.0	102.8	112.0	121.5	134.6	139.2	162.0
Development Expenditure	34.9	31.9	27.5	24.4	23.6	27.0	27.5	21.3	37.6	80.2	86.5	125.0
Transfers to NFPEs	3.0	2.7	9.2	3.3	1.0	11.9	6.3	7.5	3.1	4.2	5.0	7.1
Net Lending	-	-	-	-	3.6	1.3	-	-	-	-	-	-
Current Account Balance	16.5	7.2	-8.7	-13.0	-2.3	-0.4	8.9	20.8	42.5	50.9	72.5	54.6
Overall Balance	-21.1	-27.1	-45.1	-40.4	-29.0	-40.5	-23.2	-4.3	42.7	-20.0	-8.2	-69.0
Change in Outstanding Arrears c/	-	-	0.4	3.9	-0.4	-4.2	0.0	0.0	0.0	0.0	0.0	0.0
Financing	21.1	27.1	44.7	36.5	29.4	44.7	23.2	4.3	-42.7	20.0	8.2	69.0
External (net)	14.8	16.5	22.2	16.8	18.4	30.0	19.1	14.2	5.0	27.3	17.3	57.7
External Borrowing (net)	0.9	2.8	10.2	4.7	15.4	26.0	15.4	7.2	3.9	25.2	6.9	33.3
Disbursement	1.5	3.4	11.4	5.5	16.0	29.2	19.2	12.0	8.3	30.8	18.1	48.7
Amortization	0.6	0.6	1.2	0.8	0.6	3.2	3.8	4.8	4.4	5.6	11.2	15.4
Grants	12.9	13.3	12.8	13.1	5.6	1.4	2.5	6.4	1.9	5.6	13.0	24.4
Change in Foreign Assets	1.0	0.4	-0.8	-1.0	-2.6	2.6	1.2	0.6	-0.8	-3.5	-2.6	...
Domestic (net)	6.3	10.6	22.5	19.7	11.0	14.7	4.1	-9.9	-47.7	-7.3	-9.1	11.3
Banking system	5.4	10.4	22.3	18.3	9.1	11.4	-0.1	-15.1	-53.8	-20.6	-9.5	...
Central Bank	-2.2	13.5	0.4	14.0	19.6	-10.2	-15.7	-8.9	-41.2	-7.8	6.6	...
Commercial Banks	7.6	-3.1	21.9	4.3	-10.5	21.6	15.6	-6.2	-12.6	-12.8	-16.1	...
Other	0.9	0.2	0.2	1.4	1.9	3.3	4.2	5.2	6.1	13.3	0.4	11.3

Table 5.3: BELIZE - OPERATIONS OF THE CONSOLIDATED NONFINANCIAL PUBLIC SECTOR, 1980/81-91/92 a/
(BZ$ million)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	Prel. 1990/91	Budget 1991/92
IV. Social Security System												
Current Revenue	-	2.7	5.3	7.3	10.5	10.5	11.3	12.1	14.0	15.6	17.0	18.4
Contributions	-	2.6	4.6	5.9	9.0	7.2	7.4	8.2	9.0	9.7	10.3	10.9
Interest	-	0.1	0.7	1.4	1.5	3.3	3.9	3.9	5.0	5.9	6.7	7.5
Total Expenditure	-	0.3	1.0	1.7	1.8	2.3	2.4	3.1	9.4	6.8	12.7	12.3
Current Expenditure	-	0.3	0.8	1.5	1.6	2.2	2.4	3.0	3.4	4.3	5.4	7.0
Development Expenditure	-	-	0.2	0.2	0.2	0.1	0.0	0.1	0.6	0.1	0.6	5.3
Purchase of BTL Shares	-	-	-	-	-	-	-	-	5.4	2.4	6.7	-
Current Account Balance	-	2.4	4.5	5.8	8.9	8.3	8.9	9.1	10.6	11.3	11.6	11.4
Overall Balance	-	2.4	4.3	5.6	8.7	8.2	8.9	9.0	4.6	8.8	4.3	6.1
Financing	-	-2.4	-4.3	-5.6	-8.7	-8.2	-8.9	-9.0	-4.6	-8.8	-4.3	-6.1
Domestic	-	-2.4	-4.3	-5.6	-8.7	-8.2	-8.9	-9.0	-4.6	-8.8	-4.3	-6.1
Central Bank	-	-	-	-	-5.8	-8.0	-8.7	-8.2	-4.6	-8.8	-4.3	-6.1
Commercial Banks	-	-2.4	-4.3	-1.7	-6.3	-1.2	-1.4	0.0	0.0	0.0	0.0	0.0
Other	-	0.0	0.0	-3.9	3.4	1.0	1.2	-0.8	0.0	0.0	0.0	0.0

Table 5.3: BELIZE - OPERATIONS OF THE CONSOLIDATED NONFINANCIAL PUBLIC SECTOR, 1980/81-91/92 a/
(BZ$ million)

	1980/81	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87	1987/88	1988/89	1989/90	Prel. 1990/91	Budget 1991/92
V. Nonfinancial Public Enterprises												
Current Revenue	43.0	43.7	36.8	37.6	51.1	60.3	66.6	77.7	97.4	112.3	128.0	123.8
Current Expenditure	44.2	45.2	39.6	42.0	48.8	47.7	48.4	60.4	73.5	87.7	99.4	86.3
urrent Account Balance	-1.2	-1.5	-2.8	-4.4	2.3	14.1	18.4	17.7	22.3	12.8	11.5	20.0
ransfers Recieved	3.0	2.7	14.9	8.0	3.8	17.5	8.3	9.5	5.7	5.4	6.0	9.0
Current Transfers	-	-	5.7	4.7	2.8	5.7	2.0	2.0	2.6	1.2	1.0	1.9
of which: Consolidated NFPEs	...	...	...	...	0.5	5.7	2.0	2.0	2.6	1.2	1.0	1.9
Capital Transfers	3.0	2.7	9.2	3.3	1.0	11.8	6.3	7.5	3.1	4.2	5.0	7.1
of which: Consolidated NFPEs	...	...	...	...	0.3	11.8	6.3	7.5	3.1	4.2	5.0	7.1
Capital Expenditure	7.4	12.2	18.5	12.3	12.0	9.9	14.9	19.6	22.7	22.2	31.0	30.8
ransfers to Central Government	-	-	-	-	0.3	4.2	1.8	1.6	4.2	13.0	18.1	19.4
Overall Balance	-5.6	-11.0	-6.4	-8.7	-6.2	17.5	10.0	6.0	1.1	-17.0	-31.6	-21.2
Overall Balance (w/o Grants)	-7.4	-12.2	-18.5	-12.3	-7.4	14.5	7.9	6.4	5.0	1.6	-8.6	3.1
Financing	5.6	11.0	6.4	8.7	6.2	-17.5	-10.0	-6.0	-1.1	17.0	31.6	21.2
External (net)	6.7	9.7	11.8	7.6	2.5	22.6	23.3	32.2	2.4	1.0	0.0	0.0
External Borrowing	6.7	9.7	7.6	4.6	-2.8	15.8	12.0	23.6	0.0	0.0	0.0	0.0
Disbursement	7.1	10.4	8.5	7.9	-	2.8	2.8	16.4	...	...	...	...
Amortization	0.4	0.7	0.9	3.3	2.8	-13.0	-9.2	-7.2	...	...	...	...
Grant	-	-	4.2	3.0	5.3	6.8	11.3	8.6	2.4	1.0	0.0	0.0
Domestic	-1.1	1.3	-5.4	1.1	3.7	-40.1	-33.3	-38.2	-3.5	16.0	31.6	21.2
Banking System	-1.1	1.7	-4.0	-0.6	6.2	-4.8	-5.9	0.0	0.0	0.0	0.0	0.0
Central Bank	-	-	-	-	-0.3	0.2	-0.3	0.0	...	...	...	...
Other Banks	-1.1	1.7	-4.0	-0.6	6.5	-5.0	-5.6	0.0	...	...	...	...
Other	0.0	-0.4	-1.4	1.7	-2.5	-35.3	-27.4	-38.2	-3.5	16.0	31.6	21.2

a/ Fiscal year in April 1 through March 31.
b/ Expenditure on a commitment basis.
c/ Arrears on interest and other current items.
Source: Ministry of Finance.

Table 6.1: BELIZE - DETAILED ACCOUNTS OF THE FINANCIAL SYSTEM, 1980-90
(BZ$ million)

	December 31										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
I. Central Bank											
International Reserves (net)	23.9	20.3	19.3	10.1	-5.0	7.5	29.1	48.7	86.3	109.0	130.0
Assets	24.8	20.7	19.7	18.6	12.1	29.6	53.2	72.8	103.3	119.7	139.5
Liabilities	0.9	0.4	0.4	8.5	17.1	22.1	24.1	24.1	17.0	10.7	9.5
Net Domestic Assets	-2.7	3.0	6.2	16.3	33.1	20.6	2.9	-13.8	-45.4	-61.3	-77.2
Credit to Nonfinancial Public Sector (net)	10.9	22.7	29.8	36.7	56.1	48.7	33.7	18.0	-12.3	-9.7	-31.3
Central Government (net)	11.0	22.7	29.8	36.7	60.6	60.2	49.2	35.8	-9.0	-7.0	-29.8
Loans and Advances	3.8	12.6	10.2	18.0	17.8	29.3	31.6	28.9	12.1	6.7	2.2
Treasury Bills	8.7	15.5	19.6	18.7	42.8	34.7	24.0	14.5	18.3	19.6	3.3
Deposits (-)	-1.5	-5.4	0.0	0.0	0.0	-3.8	-6.4	-7.6	-39.4	-33.3	-35.3
Rest of Public Sector	-0.1	0.0	0.0	0.0	-4.5	-11.5	-15.5	-17.8	-3.3	-2.7	-1.5
Net position of Commercial Banks	-4.4	-9.3	-12.7	-9.6	-7.8	-15.6	-17.4	-19.6	-22.1	-35.6	-28.9
Advances	0.4	0.0	0.0	0.0	7.7	0.0	0.0	0.0	1.5	0.0	0.0
Deposits (-)	-4.8	-9.3	-12.7	-9.6	-15.5	-15.6	-17.4	-19.6	-23.6	-35.6	-28.9
Official Capital and Surplus	-9.6	-10.5	-11.5	-12.2	-13.0	-15.2	-16.4	-14.8	-15.5	-16.0	-16.9
Other Assets (net) a/	0.4	0.1	0.6	1.4	-2.2	2.7	3.0	2.6	4.5	0.0	-0.1
Currency Issue	21.2	23.3	25.5	26.4	28.1	28.1	32.0	34.9	40.9	47.7	52.8

Table 6.1: BELIZE - DETAILED ACCOUNTS OF THE FINANCIAL SYSTEM, 1980-90
(BZ$ million)

	December 31										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
II. Commercial Banks											
Net Foreign Position	-14.7	-18.2	-33.2	-28.7	-22.1	-21.3	-11.5	-11.2	-14.4	3.6	0.1
Assets	22.6	23.0	14.9	17.3	18.9	19.3	16.8	16.0	13.8	24.7	36.7
Liabilities	37.3	41.2	48.1	46.0	41.0	40.6	28.3	27.2	28.2	21.1	36.6
Net Claims on Central Bank	8.1	12.6	16.5	13.2	12.1	20.0	22.5	24.0	27.9	41.9	37.2
Cash in Vault	3.7	3.3	3.8	3.6	4.3	4.4	5.1	4.4	5.8	6.3	8.3
Reserve Deposits	4.8	9.3	12.7	9.6	15.5	15.6	17.4	19.6	23.6	35.6	28.9
Advances (-)	-0.4	0.0	0.0	0.0	-7.7	0.0	0.0	0.0	-1.5	0.0	0.0
Net Domestic Assets	105.7	114.0	129.7	145.2	149.4	150.0	154.2	185.7	210.6	210.7	262.1
Credit to Nonfinancial Public Sector (net)	13.2	10.5	15.4	25.9	14.6	22.8	28.0	28.3	2.5	-30.5	-36.8
Central Government (net)	9.2	6.5	15.7	31.4	19.1	30.3	45.4	46.9	37.8	17.1	21.3
Loans and Advances	2.2	4.2	14.2	15.2	14.2	16.5	12.0	7.8	4.2	2.3	0.0
Treasury Bills	7.6	2.5	2.0	16.6	5.4	14.7	34.6	40.5	35.6	35.0	51.2
Deposits (-)	-0.6	-0.2	-0.5	-0.4	-0.5	-0.9	-1.2	-1.4	-2.0	-20.2	-29.9
Rest of Public Sector	4.0	4.0	-0.3	-5.5	-4.5	-7.5	-17.4	-18.6	-35.3	-47.6	-58.1
Credit to Private Sector	88.6	104.5	116.2	124.1	135.8	127.0	126.5	156.2	212.5	245.0	287.8
Other Assets (net) a/	3.9	-1.0	-1.9	-4.8	-1.0	0.2	-0.3	1.2	-4.4	-3.8	11.1
Liabilities to Private Sector	99.1	108.4	113.0	129.7	139.4	148.7	165.2	198.5	224.1	256.2	299.4
Demand Deposits	23.3	21.5	18.7	19.7	26.7	26.8	29.6	37.9	44.6	55.8	58.4
Time Deposits	35.8	50.6	59.3	70.4	69.4	78.5	85.7	102.8	98.4	106.9	129.5
Savings Deposits	31.5	27.7	26.5	28.9	31.9	31.5	37.3	43.4	60.1	68.3	79.1
Capital and Reserves	8.5	8.6	8.5	10.7	11.4	11.9	12.6	14.4	21.0	25.2	32.4

Table 6.1: BELIZE - DETAILED ACCOUNTS OF THE FINANCIAL SYSTEM, 1980-90
(BZ$ million)

	December 31										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
III. Consolidated Banking System											
International Reserves (net)	9.2	2.1	-13.9	-18.6	-27.1	-13.8	17.6	37.5	71.9	112.6	130.1
Assets	47.4	43.7	34.6	35.9	31.0	48.9	70.0	88.8	117.1	144.4	176.2
Liabilities	38.2	41.6	48.5	54.5	58.1	62.7	52.4	51.3	45.2	31.8	46.1
Net Domestic Assets	107.4	126.3	148.6	171.1	190.3	186.2	174.5	191.5	107.3	185.0	213.8
Credit to Nonfinancial Public Sector (net)	24.1	33.2	45.2	62.6	70.7	71.5	61.7	46.3	-9.8	-40.2	-68.
Central Government (net)	20.2	29.2	45.5	68.1	79.7	90.5	94.6	82.7	28.8	10.1	-8.
Loans and Advances	6.0	16.8	24.4	33.2	32.0	45.8	43.6	36.7	16.3	9.0	2.
Treasury bills	16.3	18.0	21.6	35.3	48.2	49.4	58.6	55.0	53.9	54.6	54.
Deposits (-)	-2.1	-5.6	-0.5	-0.4	-0.5	-4.7	-7.6	-9.0	-41.4	-53.5	-65.
Rest of Public Sector	3.9	4.0	-0.3	-5.5	-9.0	-19.0	-32.9	-36.4	-38.6	-50.3	-59.
Credit to Private Sector	88.6	104.5	116.2	124.1	135.8	127.0	126.5	156.2	212.5	245.0	287.
Official Capital and Surplus	-9.6	-10.5	-11.5	-12.2	-13.0	-15.2	-16.4	-14.8	-15.5	-16.0	-16.
Unclassified Assets (net) a/	4.3	-0.9	-1.3	-3.4	-3.2	2.9	2.7	3.8	0.1	-3.8	11.
Liabilities to Private Sector	116.6	128.4	134.7	152.5	163.2	172.4	192.1	229.0	259.2	297.6	343.
Currency in Circulation	17.5	20.0	21.7	22.8	23.8	23.7	26.9	30.5	35.1	41.4	44.5
Demand Deposits	23.3	21.5	18.7	19.7	26.7	26.8	29.6	37.9	44.6	55.8	58.4
Time Deposits	35.8	50.6	59.3	70.4	69.4	78.5	85.7	102.8	98.4	106.9	129.5
Savings Deposits	31.5	27.7	26.5	28.9	31.9	31.5	37.3	43.4	60.1	68.3	79.1
Capital and Reserves	8.5	8.6	8.5	10.7	11.4	11.9	12.6	14.4	21.0	25.2	32.4

Table 6.1: BELIZE - DETAILED ACCOUNTS OF THE FINANCIAL SYSTEM, 1980-90
(BZ$ million)

	December 31										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
IV. Development Finance Corporation b/											
Net International Reserves	0.0	-0.6	-0.8	-1.0	1.8	1.5	-1.5	-0.9	-1.4	-2.0	-1.4
Foreign Assets	0.0	0.0	0.0	0.0	3.2	2.7	1.2	0.7	0.2	-0.5	-
Short-term Foreign Liabilities	0.0	0.6	0.8	1.0	1.4	1.2	2.7	1.6	1.6	1.5	1.4
Claims on Banks	0.8	0.4	0.8	2.2	0.9	3.1	1.2	0.8	0.8	0.7	1.3
Demand Deposits	0.8	0.4	0.8	2.2	0.9	3.1	1.2	0.8	0.8	0.7	1.3
Loans (-)	-	-	-	-	-	-	-0.1	-0.5	-	-	
Net Claims on Central Bank	-0.4	0.1	0.1	-0.7	0.0	0.9	1.0	0.3	1.7	0.1	1.9
Cash in Vault	0.0	0.1	0.1	0.1	0.0	0.9	1.0	0.3	1.7	0.1	1.9
Advances (-)	-0.4	0.0	0.0	-0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Domestic Assets	17.9	21.1	23.1	24.4	28.1	29.5	32.8	36.9	36.0	35.0	30.4
Credit to Nonfinancial Public Sector (net)	2.7	2.0	1.6	2.3	1.9	1.8	2.1	2.0	0.6	0.5	0.5
Central Government (net)	1.1	0.6	0.2	0.8	0.6	1.0	0.6	1.1	0.0	0.0	0.0
Rest of Public Sector	1.6	1.4	1.4	1.5	1.3	0.8	1.5	0.9	0.6	0.5	0.5
Credit to Private Sector	17.7	22.0	24.2	27.4	30.0	34.9	35.4	34.7	34.6	35.6	33.7
Official Capital and Reserves	-5.3	-3.9	-4.7	-5.0	-4.7	-5.4	-5.4	-5.7	-5.6	-4.1	-3.8
Other Assets (net) a/	2.8	1.0	2.0	-0.3	0.9	-1.8	0.7	5.9	6.4	3.0	0.0
M&Lt Foreign Liabilities	18.3	21.0	23.2	24.9	30.8	35.0	33.5	37.1	37.1	33.8	32.2

Table 6.1: BELIZE - DETAILED ACCOUNTS OF THE FINANCIAL SYSTEM, 1980-90
(BZ$ million)

	December 31										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
V. Government Savings Bank b/											
Net Foreign Position	0.6	0.5	0.6	0.6	0.5	0.5	0.5	1.1	1.5	3.1	5.4
Assets	0.6	0.5	0.6	0.6	0.5	0.5	0.5	1.1	1.5	3.1	5.4
Net Domestic Assets	2.5	3.1	3.7	4.0	4.4	4.4	3.2	2.9	3.1	2.1	0.3
Central Government (net)	3.0	3.6	4.2	4.5	4.9	4.9	3.7	4.0	3.1	2.1	0.3
Official Capital and Reserves	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-0.5	-1.1	-	-	-
Liabilities to Private Sector	3.1	3.6	4.3	4.6	4.9	4.9	3.7	4.0	4.6	5.2	5.7
Savings Deposits	3.1	3.6	4.3	4.6	4.9	4.9	3.7	4.0	4.6	5.2	5.7
VI. Credit Unions b/											
Claims on Banks	0.9	1.2	1.4	1.9	1.8	2.2	2.7	3.2	3.2	2.9	5.5
Demand Deposits	0.3	0.3	0.2	0.3	0.0	0.4	0.7	0.3	0.3	0.1	0.9
Time Deposits	0.6	0.9	1.2	1.6	1.8	1.8	2.0	2.9	2.9	2.8	4.6
Net Domestic Assets	10.8	11.7	12.5	13.3	16.0	20.5	22.0	23.5	28.8	35.4	38.7
Credit to Private Sector	11.8	12.7	13.5	14.6	18.2	22.3	24.6	28.7	32.7	39.0	42.7
Other Assets (net) a/	-1.0	-1.0	-1.0	-1.3	-2.2	-1.8	-2.4	-5.2	-3.9	-3.6	-4.0
Liabilities to Private Sector	11.7	12.9	13.9	15.2	17.8	22.7	24.7	26.7	32.0	38.3	44.2
Share Capital	9.9	10.9	11.2	12.2	13.9	18.2	19.7	24.0	26.3	32.1	37.7
Reserves	1.8	2.0	2.7	3.0	3.9	4.5	5.0	2.7	5.7	6.2	6.5

Table 6.1: BELIZE - DETAILED ACCOUNTS OF THE FINANCIAL SYSTEM, 1980-90
(BZ$ million)

	December 31										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
VII. Consolidated Rest of the Financial System											
Net International Reserves	0.6	-0.1	-0.2	-0.4	2.3	2.0	-1.0	0.2	0.1	1.1	4.0
Foreign Assets	0.6	0.5	0.6	0.6	3.7	3.2	1.7	1.8	1.7	2.6	5.4
Short-term Foreign Liabilities	0.0	0.6	0.8	1.0	1.4	1.2	2.7	1.6	1.6	1.5	1.4
Claims on Banks	1.7	1.6	2.2	4.1	2.7	5.3	3.9	4.0	4.0	3.6	6.8
Demand Deposits	1.1	0.7	1.0	2.5	0.9	3.5	1.9	1.1	1.1	0.8	2.2
Time Deposits	0.6	0.9	1.2	1.6	1.8	1.8	2.0	2.9	2.9	2.8	4.6
Net Claims on Central Bank	-0.4	0.1	0.1	-0.7	0.0	0.9	1.0	0.3	1.7	0.1	1.9
Cash in Vault	0.0	0.1	0.1	0.1	0.0	0.9	1.0	0.3	1.7	0.1	1.9
Advances (-)	-0.4	0.0	0.0	-0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Domestic Assets	31.2	35.9	39.3	41.7	48.5	54.4	58.0	63.3	67.9	72.5	69.4
Credit to Nonfinancial Public Sector (net)	5.7	5.6	5.8	6.8	6.8	6.7	5.8	6.0	3.7	2.6	0.8
Central Government (net)	4.1	4.2	4.4	5.3	5.5	5.9	4.3	5.1	3.1	2.1	0.3
Rest of Public Sector	1.6	1.4	1.4	1.5	1.3	0.8	1.5	0.9	0.6	0.5	0.5
Credit to Private Sector	29.5	34.7	37.7	42.0	48.2	57.2	59.8	63.4	67.3	74.6	76.4
Official Capital and Reserves	-5.8	-4.4	-5.2	-5.5	-5.2	-5.9	-5.9	-6.8	-5.6	-4.1	-3.8
Unclassified Assets (net) a/	1.8	0.0	1.0	-1.6	-1.3	-3.6	-1.7	0.7	2.5	-0.6	-4.0
Liabilities to Private Sector	14.8	16.5	18.2	19.8	22.7	27.6	28.4	30.7	36.6	43.5	49.9
Share Capital	9.9	10.9	11.2	12.2	13.9	18.2	19.7	24.0	26.3	32.1	37.7
Savings Deposits	3.1	3.6	4.3	4.6	4.9	4.9	3.7	4.0	4.6	5.2	5.7
Other Reserves	1.8	2.0	2.7	3.0	3.9	4.5	5.0	2.7	5.7	6.2	6.5
M&Lt Foreign Liabilities	18.3	21.0	23.2	24.9	30.8	35.0	33.5	37.1	37.1	33.8	32.2

Table 6.1: BELIZE - DETAILED ACCOUNTS OF THE FINANCIAL SYSTEM, 1980-90
(BZ$ million)

	December 31										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
VIII. Consolidated Financial System											
Net International Reserves	9.8	2.0	-14.1	-19.0	-24.8	-11.8	16.6	37.7	72.0	113.7	134.1
Assets	48.0	44.2	35.2	36.5	34.7	52.1	71.7	90.6	118.8	147.0	181.6
Liabilities	38.2	42.2	49.3	55.5	59.5	63.9	55.1	52.9	46.8	33.3	47.5
Net Domestic Assets	138.2	162.3	188.0	212.1	238.8	241.5	233.5	255.1	256.9	257.6	285.1
Credit to Nonfinancial Public Sector (net)	29.8	38.8	51.0	69.4	77.5	78.2	67.5	52.3	-6.1	-37.6	-67.3
Central Government (net)	24.3	33.4	49.9	73.4	85.2	96.4	98.9	87.8	31.9	12.2	-8.2
Loans and Advances	10.1	21.0	28.8	38.5	37.5	51.7	47.9	41.8	19.4	11.1	2.5
Treasury bills	16.3	18.0	21.6	35.3	48.2	49.4	58.6	55.0	53.9	54.6	54.5
Deposits (-)	-2.1	-5.6	-0.5	-0.4	-0.5	-4.7	-7.6	-9.0	-41.4	-53.5	-65.2
Rest of Public Sector	5.5	5.4	1.1	-4.0	-7.7	-18.2	-31.4	-35.5	-38.0	-49.8	-59.1
Credit to Private Sector	118.1	139.2	153.9	166.1	184.0	184.2	186.3	219.6	279.8	319.6	364.2
Official Capital and Surplus	-15.4	-14.9	-16.7	-17.7	-18.2	-21.1	-22.3	-21.6	-21.1	-20.1	-20.7
Unclassified Assets (net) a/	5.7	-0.8	-0.2	-5.7	-4.5	0.2	2.0	4.8	4.3	-4.3	8.9
Liabilities to Private Sector	129.7	143.3	150.7	168.2	183.2	194.7	216.6	255.7	291.8	337.5	387.0
Currency in Circulation	17.5	20.0	21.7	22.8	23.8	23.7	26.9	30.5	35.1	41.4	44.5
Demand Deposits	22.2	20.8	17.7	17.2	25.8	23.3	27.7	36.8	43.5	55.0	56.2
Time Deposits	35.2	49.7	58.1	68.8	67.6	76.7	83.7	99.9	95.5	104.1	124.9
Savings Deposits	34.6	31.3	30.8	33.5	36.8	36.4	41.0	47.4	64.7	73.5	84.8
Share Capital	9.9	10.9	11.2	12.2	13.9	18.2	19.7	24.0	26.3	32.1	37.7
Capital and Reserves	10.3	10.6	11.2	13.7	15.3	16.4	17.6	17.1	26.7	31.4	38.9
M&Lt Foreign Liabilities	18.3	21.0	23.2	24.9	30.8	35.0	33.5	37.1	37.1	33.8	32.2

a/ Residual value.
b/ Partially estimated.
Source: Central Bank of Belize and IMF staff estimates.

Table 6.2: BELIZE - CREDIT TO THE PRIVATE SECTOR, 1981-90

	December 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
	-- BZ$ million --									
By Source	139.2	153.9	166.1	184.0	184.2	186.3	219.6	279.8	319.6	364.2
Commercial Banks a/	104.5	116.2	124.1	135.8	127.0	126.5	156.2	212.5	245.0	287.8
Development Finance Corporation	22.0	24.2	27.4	30.0	34.9	35.4	34.7	34.6	35.6	33.7
Credit Unions	12.7	13.5	14.6	18.2	22.3	24.4	28.7	32.7	39.0	42.7
By Destination b/	139.2	153.9	166.1	184.0	184.2	186.3	219.6	279.8	319.6	364.2
Primary Sectors	39.6	39.9	38.8	41.9	42.2	40.4	49.6	55.3	61.4	66.2
Agriculture	33.4	33.4	30.8	32.1	33.5	32.1	39.9	44.7	48.9	59.8
Sugar	16.9	14.8	15.0	14.7	12.9	11.7	12.0	13.6	16.7	20.3
Citrus	2.5	3.8	5.4	6.6	9.7	8.1	7.4	9.6	10.1	11.3
Rice	3.2	1.4	1.2	1.5	0.5	0.4	0.5	1.0	1.0	0.3
Bananas	4.4	5.6	2.5	1.4	1.9	2.7	6.8	9.9	11.6	17.9
Cattle	2.8	3.6	3.1	3.4	3.8	4.7	4.1	3.5	2.9	2.1
Other Agriculture	3.6	4.2	3.6	4.5	4.7	4.5	9.1	7.1	6.6	7.9
Other Primary	6.2	6.5	8.0	9.8	8.7	8.3	9.7	10.6	12.5	6.4
Secondary Sectors	32.7	39.8	40.1	41.4	46.7	46.9	48.1	64.1	73.2	89.5
Manufacturing	13.6	19.6	20.1	21.7	23.7	19.1	17.0	20.0	20.4	19.3
Construction	19.1	20.2	20.0	19.7	23.0	27.8	31.1	44.1	52.8	70.2
Services	46.8	51.5	57.7	63.5	59.7	59.2	72.2	91.0	103.6	111.1
Transportation	2.2	2.6	4.3	3.6	2.5	2.8	4.6	7.8	7.6	10.2
Tourism	3.0	3.3	3.3	3.3	4.8	4.9	6.9	8.5	11.2	13.7
Trade and Commerce	38.5	42.0	43.4	50.2	49.0	44.0	51.0	61.5	71.2	71.4
Other Services	3.1	3.6	6.7	6.4	3.4	7.5	9.7	13.2	13.6	15.8
Personal c/	24.1	24.9	30.5	35.3	28.1	37.2	45.4	59.2	71.6	88.1
Adjustment d/	-4.0	-2.2	-1.0	1.9	7.5	2.6	4.3	10.2	9.8	9.3

Table 6.2: BELIZE - CREDIT TO THE PRIVATE SECTOR, 1981-90

	December 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
	-- in percent --									
By Source	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Commercial Banks a/	75.1	75.5	74.7	73.8	68.9	67.9	71.1	75.9	76.7	79.0
Development Finance Corporation	15.8	15.7	16.5	16.3	18.9	19.0	15.8	12.4	11.1	9.3
Credit Unions	9.1	8.8	8.8	9.9	12.1	13.1	13.1	11.7	12.2	11.7
By Destination b/	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Primary Sectors	27.7	25.6	23.2	23.0	23.9	22.0	23.0	20.5	19.8	18.7
Agriculture	23.3	21.4	18.4	17.6	19.0	17.5	18.5	16.6	15.8	16.8
Sugar	11.8	9.5	9.0	8.1	7.3	6.4	5.6	5.0	5.4	5.7
Citrus	1.7	2.4	3.2	3.6	5.5	4.4	3.4	3.6	3.3	3.2
Rice	2.2	0.9	0.7	0.8	0.3	0.2	0.2	0.4	0.3	0.1
Bananas	3.1	3.6	1.5	0.8	1.1	1.5	3.2	3.7	3.7	5.0
Cattle	2.0	2.3	1.9	1.9	2.2	2.6	1.9	1.3	0.9	0.6
Other Agriculture	2.5	2.7	2.2	2.5	2.7	2.4	4.2	2.6	2.1	2.2
Other Primary	4.3	4.2	4.8	5.4	4.9	4.5	4.5	3.9	4.0	1.8
Secondary Sectors	22.8	25.5	24.0	22.7	26.4	25.5	22.3	23.8	23.6	25.2
Manufacturing	9.5	12.6	12.0	11.9	13.4	10.4	7.9	7.4	6.6	5.4
Construction	13.3	12.9	12.0	10.8	13.0	15.1	14.4	16.4	17.0	19.8
Services	32.7	33.0	34.5	34.9	33.8	32.2	33.5	33.8	33.4	31.3
Transportation	1.5	1.7	2.6	2.0	1.4	1.5	2.1	2.9	2.5	2.9
Tourism	2.1	2.1	2.0	1.8	2.7	2.7	3.2	3.2	3.6	3.9
Trade and Commerce	26.9	26.9	26.0	27.6	27.7	24.0	23.7	22.8	23.0	20.1
Other Services	2.2	2.3	4.0	3.5	1.9	4.1	4.5	4.9	4.4	4.5
Personal c/	16.8	16.0	18.3	19.4	15.9	20.3	21.1	22.0	23.1	24.8

a/ Includes loans and advances, letters of credit, bank acceptances, and bank guarantees.
b/ Excludes adjustment.
c/ All credit union loans are included under personal loans.
d/ Includes unclassified loans, letters of credit and bank acceptances.
Source: Central Bank of Belize.

Table 7.1: BELIZE - MAIN TOURISM STATISTICS, 1980-90

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Total Tourist Days ('000) a/	125.8	122.4	141.7	141.1	117.4	199.7	324.6	290.6	376.8	472.3	541.5
Stayover Arrivals ('000) b/	17.9	16.2	21.6	19.9	21.2	28.3	29.6	26.7	53.6	67.0	77.1
Cruise-ship Arrivals ('000)	0.8	0.5	1.0	1.6	1.0	1.3	3.0	2.6	1.9	3.3	1.8
Average Length of Stay (days) c/	7.0	7.5	6.5	7.0	5.5	7.0	10.9	10.8	7.0	7.0	7.0
Total Bed Capacity	1,968	2,165	2,234	2,484	2,498	2,354	2,504	2,729	3,237	3,467	4,021
Bed Occupancy Rates, All Establishments (%)	35	35	45	45	45	50	50	60	65	75	75
Tourist Expenditure/head/day (US$)	55.6	61.3	62.4	65.9	64.8	63.6	64.7	66.2	58.6	62.2	63.3
Total Tourist Expenditure (US$ million)	7.0	7.5	8.9	9.3	7.6	12.7	21.0	19.3	22.1	29.4	34.3
Ratio of Cruise Ship to Stayover Visitors	4.3	3.3	4.8	8.3	4.6	4.5	10.1	9.8	3.6	4.9	2.4
-- percent change --											
Total Tourist Days	.	-2.7	15.8	-0.5	-16.8	70.1	62.6	-10.5	29.7	25.3	14.7
Stayover Visitors	.	-9.1	33.2	-8.0	6.2	33.9	4.6	-10.0	100.9	25.1	15.1
-- as share of Caribbean Tourism (%) --											
Stayover Arrivals	0.3	0.2	0.3	0.3	0.3	0.4	0.4	0.3	0.5	0.6	0.6
Total Expenditure	...	...	...	...	...	0.2	0.4	0.3	0.3	0.4	0.4
-- percent of GDP --											
Total Tourist Expenditures	4.0	4.2	5.2	5.3	3.9	6.6	9.9	7.5	7.7	8.9	9.2
-- percent of exports of G&NFS --											
Total Tourist Expenditures	6.4	7.3	10.0	10.0	6.8	12.0	17.0	13.3	12.9	16.0	16.5

a/ Stayover arrivals multiplied by the average length of stay plus cruiseship passengers.
b/ Estimated by multiplying 60% to 100% of arrivals by air plus 1% to 5% of arrivals by land, according to the Belize Tourist Board estimates.
c/ Combined information from the Central Bank of Belize and the Belize Tourist Board.
... Data not available.
Source: Central Statistical Office; Belize Tourist Board; Immigration Department; and Central Bank of Belize.

Table 7.2: BELIZE - ARRIVALS BY COUNTRY OF RESIDENCE, 1980-90 a/

	1980	1981	1982	1983	1984	1985	1986	1987	1988 b/	1989	1990
						-- numbers --					
Total Arrivals	63,735	64,219	67,337	64,229	88,430	93,440	93,753	99,266	142,021	190,966	214,126
By Air	19,625	17,421	28,203	22,828	28,309	31,985	27,199	27,941	49,409	65,915	75,810
By Land	43,344	46,262	38,088	33,176	55,269	55,090	51,605	58,265	82,959	108,608	129,181
By Sea	766	536	1,046	8,225	4,852	6,365	14,949	13,060	9,653	16,443	9,135
Origin											
United States	19,187	23,638	26,225	26,928	27,036	33,539	38,837	45,314	56,272	76,058	79,861
Continental Europe	3,985	9,477	5,367	2,981	5,910	7,456	8,483	8,321	10,375	9,465	9,654
Canada	2,249	2,160	1,699	2,527	2,799	3,893	4,420	4,241	5,209	4,989	5,238
United Kingdom	2,421	1,638	3,009	2,002	2,228	6,458	8,728	8,995	10,199	10,682	11,002
Other	35,893	27,306	31,037	29,791	50,457	42,094	33,285	32,395	59,966	89,772	108,371
						-- in percent --					
United States	30.1	36.8	38.9	41.9	30.6	35.9	41.4	45.6	39.6	39.8	37.3
Continental Europe	6.3	14.8	8.0	4.6	6.7	8.0	9.0	8.4	7.3	5.0	4.5
Canada	3.5	3.4	2.5	3.9	3.2	4.2	4.7	4.3	3.7	2.6	2.4
United Kingdom	3.8	2.6	4.5	3.1	2.5	6.9	9.3	9.1	7.2	5.6	5.1
Other	56.3	42.5	46.1	46.4	57.1	45.0	35.5	32.6	42.2	47.0	50.6

a/ Data corresponds to total arrivals which include border migration, inflow of migrant workers from neighboring countries, inflow of refugees, as well as tourists.

b/ Data based on the tourist survey done by the Central Bank of Belize.

Source: Central Statistical Office; Belize Tourist Board; Immigration Department; and the Central Bank of Belize.

Table 7.3: BELIZE - INDUSTRIAL PRODUCTION, 1980-90
(Volume index: 1984 = 100)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Sugar (long tons) a/	103,300	97,700	105,980	114,278	101,525	102,018	93,345	82,320	81,748	90,934	100,297
Volume index	101.7	96.2	104.4	112.6	100.0	100.5	91.9	81.1	80.5	89.6	98.8
Percent change	.	-5.4	8.5	7.8	-11.2	0.5	-8.5	-11.8	-0.7	11.2	10.3
Molasses (long tons) a/	32,278	31,980	35,100	36,600	32,600	28,099	29,518	24,296	23,138	28,400	29,406
Volume index	99.0	98.1	107.7	112.3	100.0	86.2	90.5	74.5	71.0	87.1	90.2
Percent change	.	-0.9	9.8	4.3	-10.9	-13.8	5.1	-17.7	-4.8	22.7	3.5
Flour ('000 lbs.)	14,554	9,100	10,900	10,992	2,528	0	6,000	18,000	19,800	21,500	23,096
Volume index	575.7	360.0	431.2	434.8	100.0	0.0	237.3	712.0	783.2	850.5	913.6
Percent change	.	-37.5	19.8	0.8	-77.0	-100.0	.	200.0	10.0	8.6	7.4
Fertilizer (short tons)	3,002	4,295	3,600	3,080	4,641	3,670	4,000	7,896	8,572	8,954	9,356
Volume index	64.7	92.5	77.6	66.4	100.0	79.1	86.2	170.1	184.7	192.9	201.6
Percent change	.	43.1	-16.2	-14.4	50.7	-20.9	9.0	97.4	8.6	4.5	4.5
Cigarettes (millions)	63	68	57	57	65	74	76	99	94	97	101
Volume index	98.1	105.7	87.5	88.9	100.0	114.6	117.6	152.9	146.1	150.2	156.3
Percent change	.	7.7	-17.3	1.6	12.5	14.6	2.7	30.0	-4.5	2.8	4.1
Beer ('000 gal.)	689	889	818	850	630	600	544	568	640	704	833
Volume index	109.4	141.1	129.8	134.9	100.0	95.2	86.3	90.2	101.6	111.7	132.2
Percent change	.	29.0	-8.0	3.9	-25.9	-4.8	-9.3	4.4	12.7	10.0	18.3
Batteries (number)	4,100	4,500	4,836	5,000	5,555	5,800	6,000	6,600	8,835	8,835	9,998
Volume index	73.8	81.0	87.1	90.0	100.0	104.4	108.0	118.8	159.0	159.0	180.0
Percent change	.	9.8	7.5	3.4	11.1	4.4	3.4	10.0	33.9	0.0	13.2
Nails ('000 lbs.)	301	308	300	300	245	203	179	96	72	72	95
Volume index	122.9	125.7	122.4	122.4	100.0	82.9	73.1	39.1	29.4	29.4	38.8
Percent change	.	2.3	-2.6	0.0	-18.3	-17.1	-11.8	-46.4	-24.9	0.0	31.9
Roofing ('000 lbs.)	579	592	595	600	284	212	200	212	152	152	215
Volume index	203.9	208.5	209.5	211.3	100.0	74.8	70.4	74.5	53.5	53.5	75.7
Percent change	.	2.2	0.5	0.8	-52.7	-25.2	-5.8	5.8	-28.1	0.0	41.4
Garments ('000 units)	1,600	1,200	577	781	1,966	2,734	2,520	2,592	3,696	3,492	4,644
Volume index	81.4	61.0	29.3	39.7	100.0	139.1	128.2	131.8	188.0	177.6	236.2
Percent change	.	-25.0	-51.9	35.4	151.7	39.1	-7.8	2.9	42.6	-5.5	33.0
Citrus concentrate ('000 gals.)	967	1,580	1,379	871	1,066	1,251	1,588	1,919	1,732	1,948	1,620
Volume index	92.6	148.2	129.4	81.7	100.0	117.4	149.0	180.0	162.5	182.7	152.0
Percent change	.	60.1	-12.7	-36.8	22.4	17.4	26.9	20.8	-9.7	12.5	-16.8

a/ Production data are on a crop-year basis.

Source: Central Statistical Office, Ministry of Finance.

Table 7.4: BELIZE - AGRICULTURAL PRODUCTION, 1980-90
(Index: 1984 = 100)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Sugarcane ('000 long ton)	1,014	970	1,096	1,132	1,022	962	854	789	777	925	1072
Volume Index	99.1	94.9	107.2	110.7	100.0	94.1	83.5	77.2	76.0	90.5	104.9
Growth Rate (%)	.	-4.3	13.0	3.3	-9.7	-5.9	-11.2	-7.6	-1.6	19.1	15.9
Oranges ('000 boxes) a/	1,109	1,063	1,058	750	1,124	1,043	1,265	1,791	1,338	1,448	1,681
Volume Index	98.7	94.6	94.1	66.7	100.0	92.8	112.5	159.3	119.0	128.8	149.6
Growth Rate (%)	.	-4.1	-0.5	-29.1	49.9	-7.2	21.3	41.6	-25.3	8.2	16.1
Grapefruit ('000 boxes) b/	408	586	703	178	317	476	650	906	841	889	1,103
Volume Index	128.7	184.9	221.8	56.2	100.0	150.2	205.0	285.8	265.3	280.4	347.9
Growth Rate (%)	.	43.6	20.0	-74.7	78.1	50.2	36.6	39.4	-7.2	5.7	24.1
Corn ('000 lbs.)	41,500	46,600	47,000	38,800	35,622	43,280	40,747	51,203	50,973	51,105	41,162
Volume Index	116.5	130.8	131.9	108.9	100.0	121.5	114.4	143.7	143.1	143.5	115.6
Growth Rate (%)	.	12.3	0.9	-17.4	-8.2	21.5	-5.9	25.7	-0.4	0.3	-19.5
Rice paddy ('000 lbs.)	19,000	23,890	17,800	9,200	12,507	12,334	9,712	10,126	12,237	11,115	10,172
Volume Index	151.9	191.0	142.3	73.6	100.0	98.6	77.7	81.0	97.8	88.9	81.3
Growth Rate (%)	.	25.7	-25.5	-48.3	35.9	-1.4	-21.3	4.3	20.8	-9.2	-8.5
Cocoa ('000 lbs.)	12	9	39	108	123	142	177	146	126	184	308
Volume Index	9.8	7.4	31.8	87.5	100.0	115.7	143.7	119.2	102.9	149.8	250.8
Growth Rate (%)	.	-24.2	328.6	175.6	14.2	15.7	24.2	-17.1	-13.7	45.7	67.4
Red kidney beans ('000 lbs	3,073	3,809	3,900	4,000	2,834	2,343	4,007	5,323	4,972	9,280	5,660
Volume Index	108.4	134.4	137.6	141.1	100.0	82.7	141.4	187.8	175.4	327.5	199.7
Growth Rate (%)	.	24.0	2.4	2.6	-29.2	-17.3	71.0	32.8	-6.6	86.6	-39.0
Honey ('000 lbs.)	552	533	499	603	632	673	678	642	484	206	159
Volume Index	87.3	84.3	79.0	95.4	100.0	106.5	107.3	101.6	76.6	32.6	25.2
Growth Rate (%)	.	-3.4	-6.4	20.8	4.8	6.5	0.7	-5.3	-24.6	-57.4	-22.8
Pork ('000 lbs.) c/	487	365	332	495	589	662	660	932	915	769	1,199
Volume Index	82.7	62.0	56.4	84.0	100.0	112.4	112.1	158.2	155.3	130.6	203.6
Growth Rate (%)	.	-25.1	-9.0	49.1	19.0	12.4	-0.3	41.2	-1.8	-16.0	55.9
Beef ('000 lbs.) c/	2,310	2,216	1,933	2,100	2,238	2,721	2,441	2,932	2,007	2,108	3,212
Volume Index	103.2	99.0	86.4	93.8	100.0	121.6	109.1	131.0	89.7	94.2	143.5
Growth Rate (%)	.	-4.1	-12.8	8.6	6.6	21.6	-10.3	20.1	-31.5	5.0	52.4

Table 7.4: BELIZE - AGRICULTURAL PRODUCTION, 1980-90
(Index: 1984 = 100)

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Poultry ('000 lbs.) c/	4,300	5,216	6,060	6,477	6,672	6,757	6,888	8,786	11,120	7,402	13,331
Volume Index	64.4	78.2	90.8	97.1	100.0	101.3	103.2	131.7	166.7	110.9	199.8
Growth Rate (%)	.	21.3	16.2	6.9	3.0	1.3	1.9	27.6	26.6	-33.4	80.1
Timber ('000 bd. ft.)	9,318	8,142	8,994	7,086	8,698	9,190	7,258	13,907	12,710	15,040	16,399
Volume Index	107.1	93.6	103.4	81.5	100.0	105.7	83.4	159.9	146.1	172.9	188.5
Growth Rate (%)	.	-12.6	10.5	-21.2	22.7	5.7	-21.0	91.6	-8.6	18.3	9.0
Bananas ('000 boxes) d/	785	549	524	531	555	555	687	1,212	1,394	1,440	1,501
Volume Index	141.4	98.9	94.4	95.7	100.0	100.0	123.8	218.4	251.2	259.5	270.5
Growth Rate (%)	.	-30.1	-4.6	1.3	4.5	0.0	23.8	76.4	15.0	3.3	4.2
Milk ('000 lbs.)	616	649	701	975	1,169	1,244	2,295	2,164	2,581	2,373	2,735
Volume Index	52.7	55.5	60.0	83.4	100.0	106.4	196.3	185.1	220.8	203.0	234.0
Growth Rate (%)	.	5.4	8.0	39.1	19.9	6.4	84.5	-5.7	19.3	-8.1	15.3
Eggs ('000 dz.)	1747	1818	1776	1886	1952	1,977	2,044	2,098	2,159	2,249	2,328
Volume Index	149.4	155.5	151.9	161.3	167.0	169.1	174.9	179.5	184.7	192.4	199.1
Growth Rate (%)	.	4.1	-2.3	6.2	3.5	1.3	3.4	2.6	2.9	4.2	3.5

a/ Estimated to be 90 pounds per box.
b/ Estimated to be 80 pounds per box.
c/ Fresh meat; in commercial slaughterhouses.
d/ Estimated to be 42 pounds per box.
Source: Ministry of Agriculture; and Central Statistical Office, Ministry of Finance.

Table 7.5: Belize - MAIN AGRICULTURE CROPS, AREA AND PRODUCTION, 1985-90 a/

	1985	1986	1987	1988	1989	1990
Sugarcane						
Area (acres)	58,000	55,071	55,000	58,407	60,300	60,905
Production ('000 long tons)						
Sugarcane	961.6	853.6	788.9	776.6	925.0	1072.0
Sugar	102.0	93.3	82.3	81.7	90.9	100.3
Output/acre						
Cane/acre (long tons)	16.6	15.5	14.3	13.3	15.3	17.6
Cane to sugar ratio	9.4	9.1	9.6	9.5	10.2	10.7
Sugar exports ('000 long tons)	89.1	98.5	79.0	79.7	78.7	92.5
Oranges						
Area (acres)	6,397	10,670	10,670	14,664	24,007	31,162
Production ('000 90-lb boxes)	1,043	1,265	1,791	1,338	1,448	1,681
Output/acre (90-lb. boxes)	163.0	118.6	167.9	91.2	60.3	53.9
Grapefruit						
Area (acres)	2,208	3,180	3,192	3,441	8,340	8,811
Production ('000 80-lb boxes)	476	650	906	841	889	1,103
Output/acre (80-lb. boxes)	215.6	204.4	283.8	244.4	106.6	125.2
Bananas						
Area (acres)	1,647	1,728	3,242	3,470	4,321	6,192
Production ('000 42-lb boxes)	542	688	1,212	1,394	1,440	1,501
Output/acre (42-lb. boxes)	329.1	398.1	373.8	401.7	333.3	242.4
Corn						
Area (acres)	31,875	29,117	32,000	33,243	28,555	24,326
Production (mln. lbs)	43.2	40.7	51.2	51.0	51.1	41.2
Output/acre (lbs.)	1355	1398	1600	1534	1790	1694
Imports (mln. lbs)	3.3	0.1	0.2	0.1	-	-
Rice						
Area (acres)	6,055	3,931	5,195	6,802	6,282	5,089
Production of paddy (mln. lbs)	12.3	9.7	10.1	12.2	11.1	10.2
Output/acre (lbs.)	2031	2468	1944	1794	1767	2004
Imports of rice (mln. lbs)	...	0.3	0.4	-	-	-
Red kidney beans						
Area (acres)	4,515	7,000	9,366	9,542	11,350	9,786
Production ('000 lbs)	2,343	4,007	5,325	4,972	9,280	5,660
Ouput/acre (lbs.)	519	572	569	521	818	578
Imports ('000 lbs)	666	946	653	80	-	2,570

a/ Production data on a crop-year basis.
Source: Central Statistical Office; and Ministry of Agriculture.

Table 7.6: BELIZE - SUGAR EXPORTS BY MARKET, 1980-90

	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Total Sugar Exports											
Value (US$ million)	47.7	42.6	32.8	34.2	32.5	22.9	31.5	31.3	35.0	34.1	42.7
Volume ('000 tons)	97.1	90.4	98.1	109.1	93.9	89.1	98.5	79.0	79.7	78.8	92.4
Unit Value (USct./lb.)	22.3	21.4	15.2	14.2	15.7	11.5	14.3	17.7	19.6	19.3	20.6
United States											
Value (US$ million)	31.8	27.3	14.5	12.1	14.8	6.1	6.0	4.1	7.5	8.2	12.9
Volume ('000 metric tons)	61.9	48.9	41.9	27.0	34.5	17.6	16.2	8.5	19.3	21.9	33.4
Unit Value (USct./lb.)	23.4	25.4	15.7	20.4	19.5	15.5	16.5	21.5	17.2	16.8	17.2
EEC											
Value (US$ million)	15.9	15.3	15.6	15.0	14.8	13.7	18.2	23.1	24.3	22.4	24.3
Volume ('000 metric tons)	35.2	41.5	41.0	42.4	43.0	42.0	41.3	48.9	42.3	43.4	41.7
Unit Value (USct./lb.)	20.5	16.8	17.3	16.1	15.6	14.6	19.7	21.1	25.6	23.0	26.0
Free Market											
Value (US$ million)	-	-	2.7	7.1	2.9	3.1	7.3	4.1	3.3	3.5	5.5
Volume ('000 metric tons)	-	-	15.2	39.7	16.4	29.5	41.0	21.6	18.1	13.5	17.3
Unit Value (USct./lb.)	-	-	8.1	8.1	8.0	4.7	7.9	8.5	8.1	11.6	14.2

Source: Central Statistical Office, Ministry of Finance; Belize Sugar Industries, Ltd.

Table 7.7: BELIZE - PRODUCTION AND EXPORTS OF MARINE FISH PRODUCTS, 1985-90
(In thousand pounds)

	1985	1986	1987	1988	1989	1990
Lobsters						
Export Volume	694.8	489.4	469.0	524.6	601.4	447.9
Local Sales	26.9	29.6	28.9	32.7	37.0	41.5
Total Production	721.7	519.0	497.9	557.3	638.4	489.4
Conch						
Export Volume	370.3	232.5	249.0	302.4	189.4	364.6
Local Sales	16.8	22.7	15.5	18.6	21.1	23.6
Total Production	387.1	255.2	264.5	321.0	210.5	388.2
Shrimp						
Export Volume	100.8	236.0	219.0	275.3	390.9	422.7
Local Sales	4.7	23.1	26.1	39.3	44.5	49.9
Total Production	105.5	259.1	245.1	314.6	435.4	472.6
Fin Fish and Fillet						
Export Volume	223.6	383.4	648.0	570.5	482.3	440.2
Local Sales	346.4	364.4	288.5	292.2	331.0	371.1
Total Production	570.0	747.8	936.5	862.7	813.3	811.3
Others						
Export Volume	11.4	9.4	13.0	7.6	57.9	48.9
Local Sales	2.0	3.1	4.2	7.4	8.4	9.4
Total Production	13.4	12.5	17.2	15.0	66.3	58.3
Total						
Export Volume	1400.9	1350.7	1598.0	1680.4	1721.9	1724.3
Local Sales	396.8	442.9	363.2	390.2	442.0	495.5
Total Production	1797.7	1793.6	1961.2	2070.6	2163.9	2219.8

Source: Department of Fisheries, Ministry of Agriculture.

Table 8.1: BELIZE - CONSUMER PRICE INDEX, 1980-90 a/

	Weights & Import Content	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
						-- February 1980 = 100 --						
	Weights b/											
End of Period c/	100.0	114.8	128.5	133.5	137.0	145.0	144.1	147.6	150.6	155.5	158.8	165.2
Food and Groceries	42.6	...	...	125.6	127.2	131.8	129.9	132.6	133.2	141.0	146.9	149.6
Clothing and Footwear	13.1	...	...	141.6	139.2	155.1	148.4	161.3	163.7	173.3	179.2	182.6
lities & Household	19.5	...	...	134.7	142.6	142.9	142.7	141.7	148.4	148.4	145.4	155.6
Miscellaneous Items	24.8	...	...	142.1	148.3	163.5	167.2	171.0	175.8	177.2	180.7	192.1
	Import Content d/											
Average	58.4	108.0	119.9	128.1	135.0	140.2	144.8	146.0	148.9	153.6	156.9	161.6
Food and Groceries	61.5	106.2	...	...	126.7	130.4	131.0	131.4	133.3	138.0	143.9	146.9
Clothing and Footwear	85.0	108.5	...	...	141.4	145.8	150.9	155.1	159.0	169.7	175.4	181.2
lities & Household	57.9	106.8	...	...	135.7	138.8	144.2	14[illegible].1	145.4	148.4	145.4	149.6
Miscellaneous Items	39.5	111.0	...	...	142.5	155.0	165.5	169.9	172.6	176.7	179.5	187.7
						-- percentage change from previous year --						
End of period			11.9	3.9	2.6	5.8	-0.6	2.4	2.0	3.3	2.1	4.0
Average			11.0	6.8	5.4	3.9	3.3	0.8	2.0	3.2	2.1	3.0

a/ National index.

b/ Based on the February 1980 household expenditure survey. The index is computed four (4) times a year (February,May, August and November). A new basket was introduced in November 1990 based on a new household expenditure survey.

c/ From November to November

/ Percent of imports in the total of each category.

ource: Central Statistical Office, Ministry of Finance; and IMF staff estimates.

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