



CENTRAL BANK OF BELIZE

QUARTERLY REVIEW



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Summary Economic Indicators

Chart I: GDP Growth Rate
(Year on Year - Percentage Change)

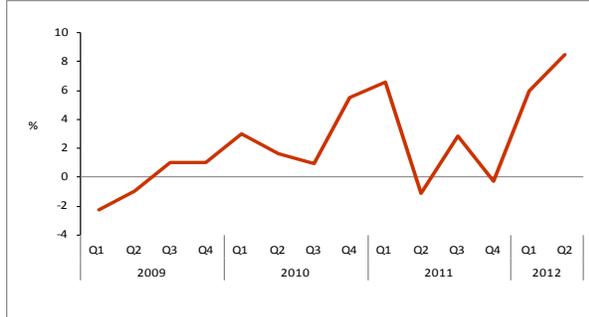


Chart II: Consumer Price Index
(All Items)

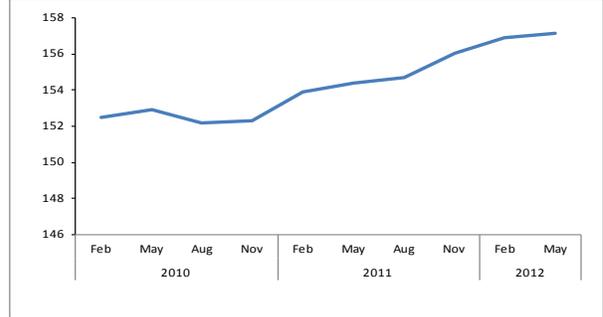


Chart III: BOP Current Account & Financial Account

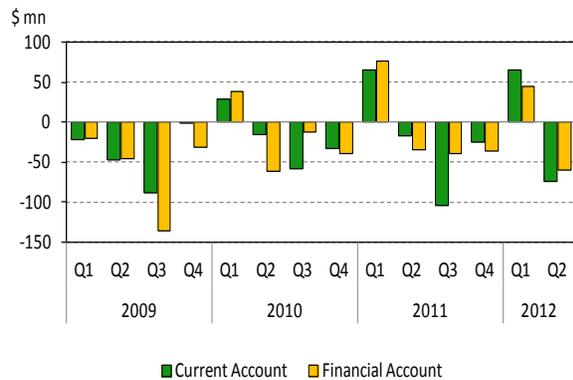


Chart IV: Total Foreign Assets

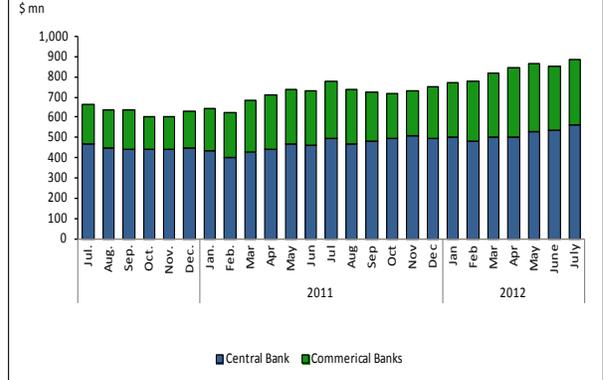


Chart V: Commerical Banks - Deposits and Loans & Advances

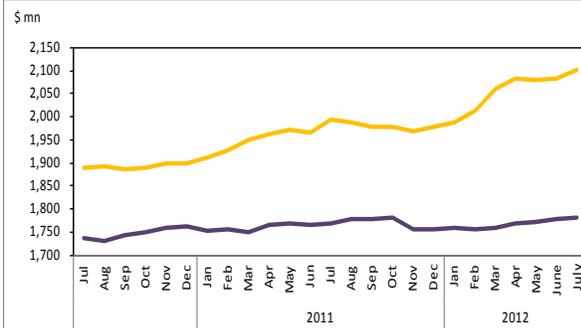


Chart VI: Cash Liquidity

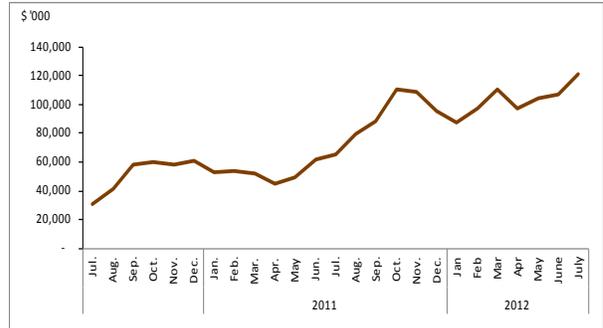


Chart VII: Central Government's Operations
(Disbursed Outstanding Balance)

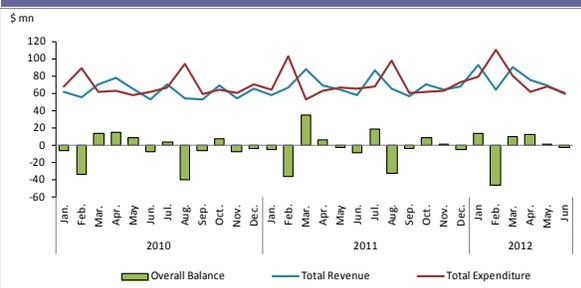
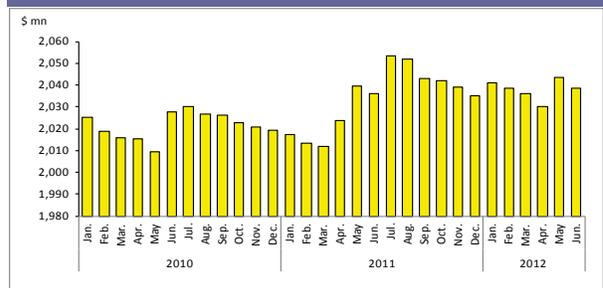


Chart VIII: Public Sector External Debt
(Disbursed Outstanding Balance)



INTERNATIONAL DEVELOPMENTS

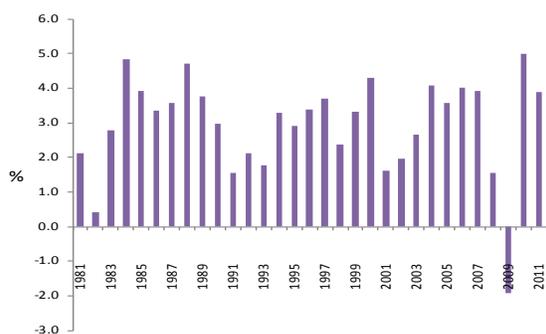
Amid increasing downside risks, an already tepid global recovery weakened further during the second quarter of 2012. Financial vulnerabilities and sovereign debt pressures intensified in the Euro zone while in the US, despite softer economic data, concerns shifted towards the so-called fiscal cliff and the need for a credible fiscal adjustment plan over the medium term. Growth in emerging and developing economies also lost momentum following some policy tightening and spillovers from a weaker external environment. In the Caribbean, growth continued to be hampered by high debt levels and oil prices, which have negatively affected external competitiveness. The slowdown in global economic activity led to a fall in commodity prices which further eased inflationary pressures during the period.

Despite a sharp increase in exports, US economic growth slowed to an annualized rate of 1.7% during the second quarter, down

from the 2.0% recorded in the first quarter of 2012. Consumer spending which accounts for approximately two-thirds of GDP decelerated while federal spending and private inventory stocks contracted. As a result of the lackluster performance, the rate of unemployment remained essentially unchanged at 8.2%.

After flat lining in the first quarter, the Euro zone contracted by 0.2% during the second quarter pushing unemployment to 11.2% at the end of June, the highest on record. Financial conditions worsened for the debt laden economies of the euro area periphery with the possibility for further austerity measures (deficit cutting measures) looking bleak given falling tax revenues and political uncertainty. Greece, Portugal, Italy and Spain registered second quarter contractions of 6.2%, 1.2%, 0.7% and 0.4%, respectively. The outturn was more positive for trade-oriented economies such as Germany and Sweden that were able to benefit from a weak Euro. Germany, the largest country in the euro area, eked out a 0.3% growth while Sweden grew by 1.4%.

**Chart 1.1: World GDP Growth
(Year on Year Average)**



Source: IMF

Table 1.1: Selected GDP Growth Rates

	%	
	Mar-12	Jun-12
USA ⁽¹⁾	2.0	1.7
UK ⁽²⁾	-0.3	-0.7
Euro Area ⁽²⁾	0.0	-0.2
Japan ⁽¹⁾	4.3	1.4

(1) Quarter-over-Quarter percentage change at annual rates

(2) Quarter-over-Quarter percentage change

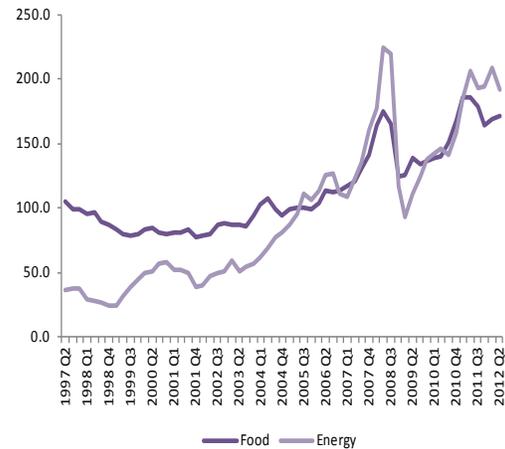
Source: Respective Statistical Bureaus

The ongoing fiscal tightening resulted in a 0.7% contraction in the UK and Japan decelerated from an annualized growth of 4.3% in the first quarter to 1.4% in the second quarter in the face of declining external demand and weakened domestic market.

The solid growth posted by emerging markets in the first quarter of 2012 slowed amid weaker external demand, especially from Europe, and sluggish domestic demand that resulted from monetary and macro prudential policy tightening over the past year. In China, GDP growth slowed to 7.6% in the second quarter, as export demand waned and real estate markets weakened further.

Global inflation waned with the easing of price pressures in the advanced and emerging economies. Although still elevated, commodity prices eased in the second quarter in response to a weaker external environment. The steepest decline was in crude oil, with the West Texas Intermediate benchmark price falling from its March peak of US\$106.16 to US\$82.30 per barrel in June, as global demand softened and supply constraints eased.

Chart 1.2: Global Commodity Prices
2005=100



Source: IMF

Table 1.2: Annual Inflation for Selected Economies

	Year on Year Change (%)	
	Mar-12	Jun-12
US	2.8	1.9
UK	3.5	2.4
Japan	0.2	-0.2
China	3.6	2.2

Source: Respective Statistical Bureaus

DOMESTIC OVERVIEW

GDP grew by 7.4% in the first half of the year driven by a rebound in sugar, citrus and banana, higher output of electricity from the hydroelectric and co-generation plants, construction, and tourism. Solid gains were posted in banana and citrus, both of which recovered from hurricane damages, while sugarcane deliveries benefitted from a reduction in factory downtime. An uptick in stay-over visitors factored into increases of 6.5% in “Hotels and Restaurants” and 6.3% in “Transport and Communications”. On the other hand, “Fishing” declined due to lower output of farmed shrimp, and manufacturing contracted as a sharp decline in petroleum extraction overshadowed the increased output of sugar and citrus juices. Mainly due to higher fuel prices, the Consumer Price Index rose by 0.2% over the February-May quarter and by 1.8% over the year (May 2012 over May 2011).

There was marginal change in Central Government’s fiscal position as a primary surplus of \$40.3mn was recorded over the six month period. The government’s overall deficit totalled \$10.9mn (as compared to \$9.5 in the first half of 2011) and was financed by external loan disbursements. Revenues and grants rose by 11.1% and this was matched by an 11.2% increase in expenditure. Most of the increase in the latter was traced to capital projects that were externally financed.

The external current account position deteriorated somewhat as a larger trade deficit and heightened outflows of investment income resulted in a deficit of \$10.0mn as compared to the \$46.5mn surplus posted in the first half of 2011. The surplus on the capital account rose to \$26.5mn due to an increase in grant receipts. Transactions on the financial account resulted in a \$15.8mn rise in the country’s net liabilities to foreign entities as foreign direct investment inflows and net loan disbursements to the government more than offset a significant build-up in commercial banks’ foreign assets and private sector debt repayments.

Monetary growth accelerated to 5.1% during the review period, driven mainly by a 13.6% expansion in net foreign assets, of which commercial banks and the Central Bank accounted for 60.3% and 39.7%, respectively. The Central Bank’s gross international reserves registered a 10.9% increase and at \$523.8mn, was sufficient to cover 4.5 months of merchandise imports. Credit growth was tepid at 0.6%, as increased credit to the private sector and statutory bodies edged out a contraction in net credit to Central Government. The slow growth in lending paired with buoyant foreign exchange inflows provided a further boost to the liquidity of the banking system. Interest rates consequently maintained a downward trend with the weighted average lending rate falling to 12.55%, due to rate cuts of 71 basis points for personal loans and 66 basis points

for residential construction. Simultaneously, a steep decline in the time deposit rate underpinned the drop in the weighted average deposit rate to 2.98%.

MONETARY DEVELOPMENTS

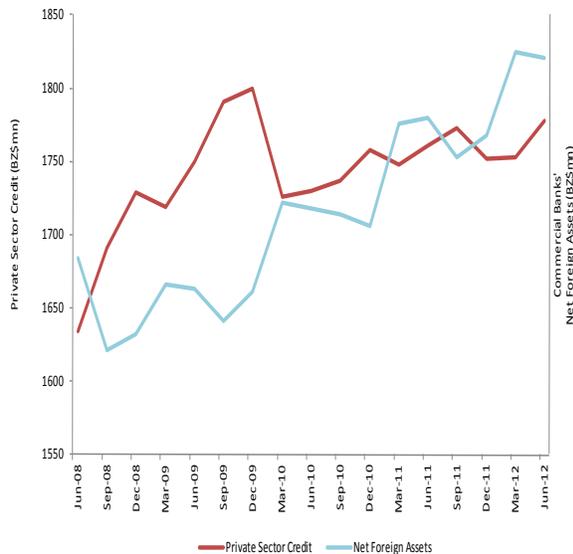
Broad money increased by 5.1% in the first half of the year led by a 13.6% expansion in net foreign assets as the Central Bank and commercial banks recorded net increases of \$40.7mn and \$61.7mn, respectively. The banks benefitted from higher inflows from the Commercial Free Zone, tourism and foreign direct investment. Meanwhile, foreign exchange inflows to the Central Bank totalled \$155.9mn the main sources of which were domestic oil taxes (26.9%), loan disbursements (23.0%), sugar receipts (20.7%) and purchases from commercial banks (11.6%). Outflows of \$114.8mn continued to be dominated by external debt servicing which accounted for the bulk of sales to Central Government.

Commercial bank loans to the private sector began to gain limited traction with a \$17.2mn increase that included disbursements for construction, real estate, the utilities and marine producers. These increases were partly offset by net repayments from agricultural producers, manufacturers, service providers in entertainment, transportation and tourism, and individuals. Net credit to Central Government declined as a build-up in deposits at the Central Bank more than offset an increase in the overdraft facility. Lending by the five largest credit unions grew by \$10.3mn due mostly to new loans for real estate, marine products and professional services that outpaced repayments for home improvement and manufacturing.

Table 2.1: Factors Responsible For Money Supply Movements

	BZ\$mn		
	Position as at June 2012	Changes during	
		Dec 2011 to June 2012	Dec 2010 to June 2011
Net Foreign Assets	854.8	102.4	104.0
Central Bank	539.2	40.7	17.5
Commercial Bank	315.6	61.7	86.5
Net Domestic Credit	1,927.3	12.1	-37.3
Central Government (Net)	149.3	-8.4	-40.3
Other Public Sector	8.6	3.3	-0.6
Private Sector	1,769.4	17.2	3.6
Central Bank Foreign Liabilities(Long-term)	66.8	-2.6	2.7
Other Items (net)	401.9	4.8	-7.0
Money Supply M2	2,313.4	112.3	71.0

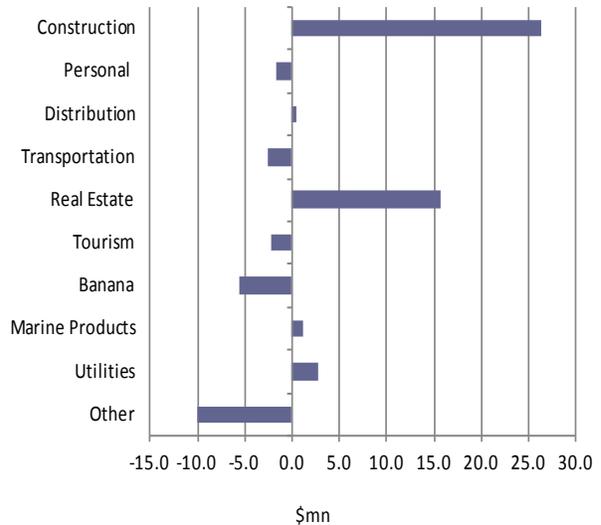
Chart 2.1: Commercial Banks' Net Foreign Assets & Private Sector Credit



Heightened foreign exchange inflows coupled with continued softness in credit underpinned a 20.9% increase in excess statutory liquidity to \$267.1mn, as a \$76.3mn rise in average holdings of approved liquid assets outpaced the \$30.2mn increase in the required level. Excess cash balances rose by 11.5% to \$106.7mn, which was 57.4% above the required level.

In an environment of mounting liquidity, interest rates continued to decline over the first half of the year. The 47 basis points fall in the weighted average lending rate to 12.55% was driven by rate cuts of 71 basis points for personal loans and 66 basis points for residential construction. Concurrently, steep declines in time deposit rates underpinned the 67 basis points reduction in the weighted average deposit rate to 2.98%. As a result, the weighted average spread increased by 20 basis

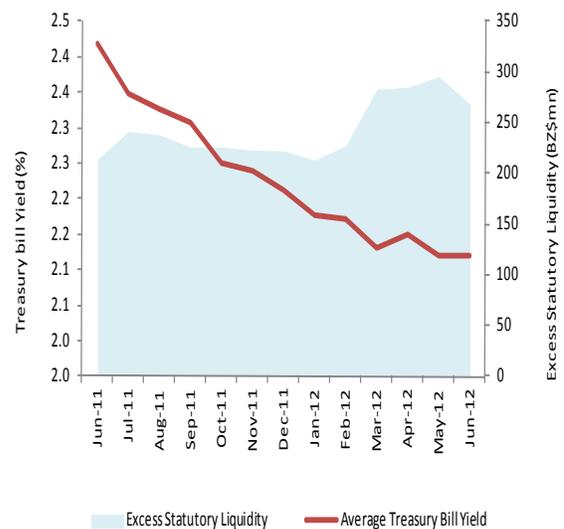
Chart 2.2: Changes in Commercial Banks' Loans and Advances December 2011- June 2012



points to 9.57%.

The dearth of investment alternatives underscored the commercial banks active participation in the Treasury bill market

Chart 2.3: Excess Liquidity and Average Treasury Bill Yield



and at the end of the period reviewed their holdings of Treasury bills stood at \$152.5mn. With demand for these securities exceeding availability, the weighted average yield fell to 2.12079% in the May auction and this was 30 basis points below the average yield recorded one year earlier and nine basis points below the average yield recorded in the last auction held in 2011.

Chart 2.4 : Weighted Average Lending Rate

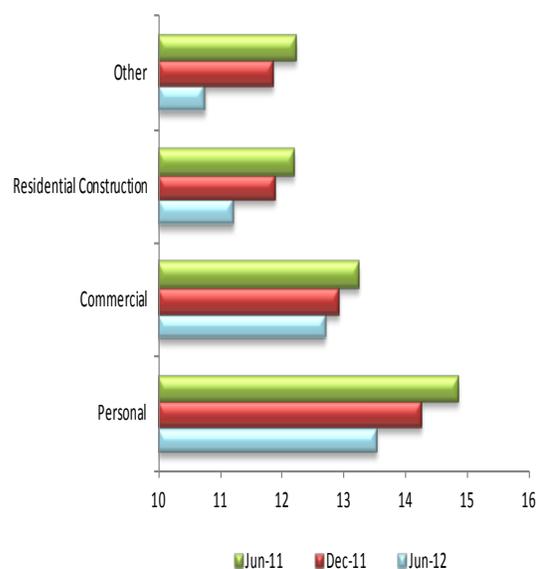


Table 2.2: Net Foreign Assets of the Banking System

	BZ\$m		
		Changes during	
	Position as at June 2012	Dec 2011 to June 2012	Dec 2010 to June 2011
Net Foreign Assets of Banking System	854.8	102.4	104.0
Net Foreign Assets of Central Bank	539.2	40.7	17.5
Central Bank Foreign Assets	541.3	41.1	16.1
Central Bank Foreign Liabilities(Demand)	2.1	0.4	-1.4
Net Foreign Assets of Commercial Banks	315.6	61.7	86.5
Commercial Bank Foreign Assets	323.0	48.6	73.7
Commercial Bank Foreign Liab. (Short-Term)	7.4	-13.1	-12.8

DOMESTIC PRODUCTION AND PRICES

GDP experienced a 7.4% upsurge in the first half of the year as buoyancy in tourism, agriculture and electricity more than compensated for a sharp downturn in petroleum extraction and fishing. Even with lower production of farmed shrimp, 'Agriculture, Hunting & Forestry' registered a 30.2% increase that was underpinned by higher output of the major export crops, which were fully recovered from the damages inflicted by Hurricane Richard. Construction rose by 12.8%, and a notable boost in output from the cogeneration and hydroelectricity plants accounted for a 45.0% expansion in "Electricity and Water". "Hotel and Restaurant" activity increased by 6.5% on the back of an 8.2% rise in stay-over visitor arrivals, which, when combined with the increased activity in agriculture, also factored into a 6.3% increase in "Transport & Communication". On the downside, the contraction in petroleum more than offset the gains from increased agroprocessing and "Manufacturing" consequently posted a 1.5% decline.

Sugar

With the factory operating smoothly for the first time in three years, the 2011/12 crop closed on schedule on June 04 after 188 days in

operation. Sugarcane deliveries rose by 26.8% to 1,070,278 long tons but sugar production increased by a lesser 16.3% to 114,536 long tons, as excessive rains diluted the crop's sucrose content and lowered the extractable sugar per ton of sugarcane. The cane/sugar ratio consequently worsened by 9.0% from the 8.57 achieved in the previous crop year to 9.34. Even so, sugar production exceeded the 100,000 long ton mark for the first time since the 2005/06 crop and stood at the highest level since the 2003/04 crop of 116, 577 long tons.

The average price to be paid to farmers for the 2011/12 crop year is estimated at \$68.12 per long ton of sugarcane. Factored into this price was a negotiated premium above the EU reference price (€335.14 per metric ton) facilitated by supply constraints in the EU market, modest exchange rate gains from the Euro price negotiated on the futures market

Table 3.1: Deliveries of Sugarcane and Production of Sugar and Molasses

	Dec-Jun 2010/2011	Dec-Jun 2011/2012
Deliveries of Sugarcane to BSI (long tons)	843,786	1,070,278
Sugar Processed by BSI (long tons)	98,482	114,536
Molasses processed by BSI (long tons)	28,727	30,955
Performance		
Factory Time Efficiency (%)	90.30	95.27
Cane Purity (%)	86.55	85.77
Cane/Sugar	8.57	9.34

Source: Belize Sugar Industries

and the value added premium earned on bagged sugar.

Citrus

Ending on 29th June, the 2011/12 harvest period was six weeks longer than the previous crop year, which had been shortened due to losses inflicted by Hurricane Richard in 2010. Citrus deliveries consequently rose by 30.6% to 6.7mn boxes, which included 0.9mn boxes of grapefruit and 5.8mn boxes of orange. Juice production grew by 31.0% to 39.9mn pound solids(ps) as the average juice out-turn per box remained stable. The volume of orange concentrate increased by 29.4% to 36.3mn ps that represented 91.0% of juice production. At 3.3mn ps, grapefruit concentrate accounted for 8.2% of output and 0.3mn ps of grapefruit not-from-concentrate juice (NFC) made up the remainder. By-products included 2.9mn pounds of pulp and 2.2mn pounds of oil, most of which came from orange.

Citrus production in the United States and Brazil were the dominant influences on the international prices for juice exports and, hence, the prices paid to farmers. Notwithstanding higher output in Florida and Brazil during 2011/12, orange juice prices strengthened on reports of low juice stocks in Florida, declining production in California and the rebuilding of Brazil's depleted inventories. A smaller harvest in Texas and California combined with lower juice stocks in Florida

supported the improvement in prices for grapefruit concentrate. Consequently, the estimated prices to be paid to local farmers for the 2011/12 crop is \$2.34 per pound solid for orange, compared to \$1.88 in the previous year, and \$2.03 per pound solid for grapefruit, compared to \$1.33 for the 2010/11 crop year.

Table 3.2: Output of Citrus Products

	Nov-Jun 2010/2011	Nov-Jun 2011/2012
Deliveries (boxes)		
Orange	4,447,339	5,805,948
Grapefruit	<u>673,043</u>	<u>880,489</u>
Total	5,120,382	6,686,437
Concentrate Produced (ps)		
Orange	28,046,917	36,299,166
Grapefruit	<u>2,006,679</u>	<u>3,265,412</u>
Total	30,053,596	39,564,578
Not from Concentrate (ps)		
Orange	267,735	0
Grapefruit	<u>132,587</u>	<u>323,157</u>
Total	400,322	323,157
Pulp (pounds)		
Orange	1,734,340	2,628,376
Grapefruit	<u>21,200</u>	<u>318,848</u>
Total	1,755,540	2,947,224
Oil Produced (pounds)		
Orange	1,490,400	2,059,510
Grapefruit	<u>70,400</u>	<u>115,216</u>
Total	1,560,800	2,174,726

Sources: Citrus Products of Belize Ltd., Belize Citrus Growers Association

Banana

Banana output expanded by 38.6% to 2.9mn boxes in response to the rehabilitation of storm damaged acreages and good weather. The industry has maintained banana acreage at around 7,000 acres over the previous five years, with production increases stemming from improvements in field productivity rather than acreage expansion. Over this period, investment in irrigation and drainage pushed yields up from an average of 620 to 760 boxes per acre. At the end of May, banana acreage stood at 7,025 with 6,863 acres under production and 162 acres under plantilla (trees too young to harvest).

Petroleum

Oil production fell by 27.5% to 545,441 barrels with Never Delay and Spanish Lookout recording declines of 35.6% and 27.0%, respectively. Notwithstanding four additional wells at the Spanish Lookout field aimed at

stabilizing production, the downturn was steeper than the initially projected 10.0% average annual decline. Compared to the 3,909 barrels daily average in the first half of 2011, only 2,855 barrels per day was achieved. Output at the Never Delay field also declined even though wells were active throughout the semester compared to activity in only 4 of the six months in 2011, an indicator of the instability of the field's production.

Tourism

Caribbean tourism activity for the first half of the year was on the upside as all countries except the Bahamas experienced growth in stay-over arrivals. The annual growth in arrivals to the region is projected to accelerate from approximately 4.0% in 2011 to an average of 5.0%, notwithstanding economic uncertainties in key markets worldwide.

In Belize, stay-over tourist arrivals increased by 8.2% as a 15.7% increase in visitors through the Philip Goldson International Airport outweighed respective declines of 19.5% and 19.9% through the land and sea ports. Visitors from the US rose by 10.7% and accounted for 70.1% of all stay-over arrivals. Arrivals from Canada grew by 26.0% and accounted for 9.5% of all stay-over visitors. Reflective of the economic distress in the euro area, long-stay visitors from Europe fell by 10.7% and represented 8.7% of total stay-overs. The number of arrivals from other countries was

Table 3.3: Banana Production

	40 pound boxes	
	Jan - Jun 2011	Jan - Jun 2012
1st Quarter	953,187	1,375,211
2nd quarter	1,159,399	1,553,135
Total	2,112,587	2,928,346

Source: Banana Grower's Association

3.7% lower due to a significant downturn in visitors from Mexico.

Cruise ship disembarkations fell by 5.8% to 331,493 visitors in comparison with the first half of 2011 as the warmer winter experienced in the US caused a lowering in demand for ‘sun and beach’ Caribbean tours. The industry has also not yet fully recovered from the

capsizing of the Costa Concordia in January that dampened demand for cruises.

Consumer Price Index

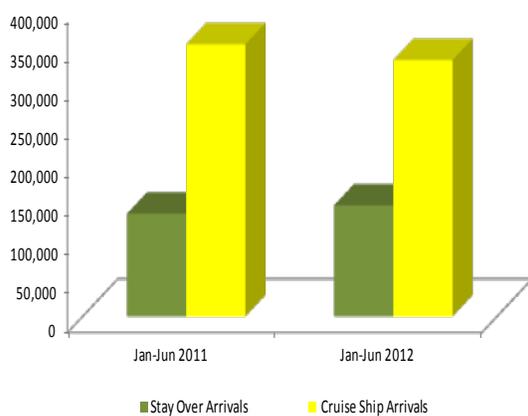
The consumer price index (CPI) rose by 0.2% over the February - May quarter and by 1.8%, year-on-year (May 2012 over May 2011), with increases in all categories of goods and services, except “Clothing and Footwear”.

Table 3.4: Bona Fide Tourist Arrivals

	Jan - Jun 2011	Jan - Jun 2012
Stay-over Arrivals		
Air	104,598	121,059
Land	21,924	17,652
Sea	6,313	5,054
Total	132,835	143,765
Cruise Ship	351,839	331,493

Sources: Belize Tourism Board, Immigration Department and Central Bank of Belize

Chart 3.1: Tourist Arrivals



Sources: BTB, Immigration Department and CBB

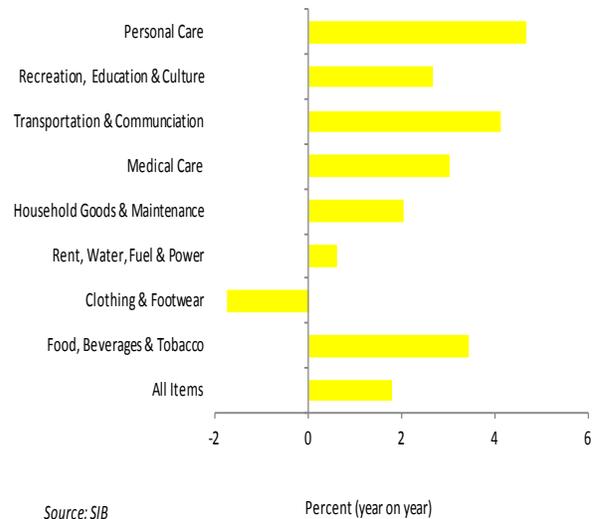
Higher prices for petroleum and petroleum products provided the greatest cost-push over the year and resulted in a 4.1% hike in the cost of “Transport and Communication”. A 3.4% increase for the “Food, Beverages and Tobacco” category reflected higher prices for red kidney beans, whole chicken and other basic food items. Although minimally impacting overall prices due to its small weight in the CPI basket, a 4.7% upswing in personal care costs was the largest increase. Prices for “Medical Care” and “Recreation, Education & Culture” grew by 3.0% and 2.7%, respectively, and modest increases were also recorded for “Rent, Water, Fuel and Power” and “Household Goods & Maintenance”.

Employment

The SIB conducted a labour force survey in April, which yielded an unemployment rate of 14.4% compared to the 13.1% recorded in April 2009, when the last such survey was

done. Between 2009 and 2012, the labour force grew by 6.8% to 148,093 persons, while job opportunities expanded by a slower 5.2%. Of the 21,371 unemployed persons, some 49.0% were skilled agricultural, forestry and fishery workers who last worked in the primary sector and 34.2% last worked in the secondary sector as plant/machine operators and in craft and related trades.

Chart 3.1: Annual Percentage Change in Consumer Price Index



INTERNATIONAL TRADE AND PAYMENTS

A \$10.0mn deficit was recorded on the external current account as marginally higher earnings from services were more than offset by a larger trade deficit, increased net outflows to foreign owners of capital and lower transfers from abroad. A surplus on the capital account and net foreign direct investment inflows covered the shortfall and also facilitated a 10.9% increase in gross official reserves to \$523.8mn (equivalent to 4.5 months of merchandise imports).

The merchandise trade deficit grew by 32.3% to \$167.4mn, as a 9.5% increase in imports outpaced a 4.9% rise in exports. Much of the growth in imports was due to a \$74.7mn increase in goods for domestic consumption that included higher outlays on diesel fuel, engine parts, cigarettes and beer. The \$30.9mn growth in exports reflected increases of \$40.9mn in commercial free zone sales and \$19.0mn in re-exports. Domestic exports, on the other hand, decreased by \$28.9mn as a sharp plunge in petroleum revenues and less abrupt fall in papaya and marine export earnings more than neutralized revenue gains from other products. Volume and price declines eroded earnings from petroleum and papaya, while weaker prices accounted for the revenue loss in marine products since sale volume was up. In the case of sugar and banana, higher volumes drove up receipts,

while a larger export volume and stronger prices boosted citrus juice earnings.

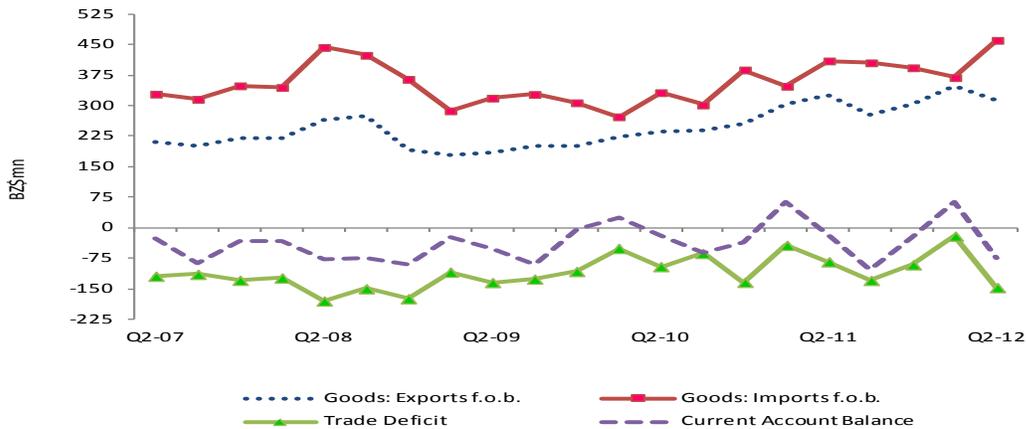
Sugar export volume rose by 18.1% to 81,586 long tons and earnings increased by 19.6% to \$93.5mn. While the bulk of sales was to the EU, a production shortfall in the US bumped up Belize's export quota to this market to 17,081 long tons for 2012. The remaining 60 long tons was sold to Canada. Although the volume of molasses exports fell by 2.9%

Table 4.1: Balance of Payments Summary

	BZ\$m	
	2011 ^R	2012 ^P
	Jan-Jun	Jan-Jun
A. CURRENT ACCOUNT	46.5	-10.0
(I+II+III+IV)		
I. Goods (Trade Balance)	-126.5	-167.4
Exports, f.o.b.	631.2	662.2
Domestic Exports	417.8	388.8
CFZ Gross Sales	195.3	236.2
Re-exports	18.1	37.1
Imports, f.o.b.	757.8	829.6
Domestic Imports	599.3	674.0
CFZ Imports	158.5	155.6
II. Services	198.8	203.6
Transportation	-42.0	-52.1
Travel	246.8	262.2
Other Services	-5.9	-6.4
III. Primary income	-116.1	-127.7
Compensation of Employees	-4.5	-4.5
Investment Income	-111.6	-123.3
IV. Secondary income	90.3	81.6
Government	-2.4	-4.4
Private	92.7	86.0

P- indicates Provisional, R- indicates Revised

Chart 4.1: Current Account vs. Trade Deficit



to 17,722 long tons, revenues increased by 26.3% to \$3.0mn due to price improvements caused by production shortfalls in major molasses producing countries such as India and Afghanistan.

The volume of citrus juices sold fell by 0.9% but higher prices in key markets underpinned a 10.8% growth in export revenues to \$70.7mn. While sales of orange concentrate fell by 5.5%, revenues grew by 4.7% to \$61.7mn as prices rallied. The US and Caribbean accounted for

about two-thirds of export volume. Receipts from the US market were up by 42.7% reflecting volume and average unit price increases of 19.3% and 19.6%, respectively, and while the volume sold to the Caribbean fell by 33.7%, a 15.3% price increase softened the fall in export earnings from this market to 23.6%. Revenues from sales to Europe rose due to volume and price increases, however receipts from the Japanese market notably contracted with declines in sales volume and price.

Chart 4.2: Domestic Exports

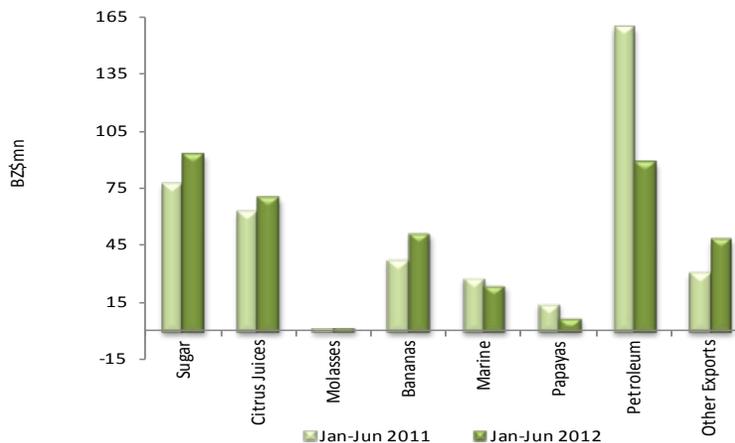
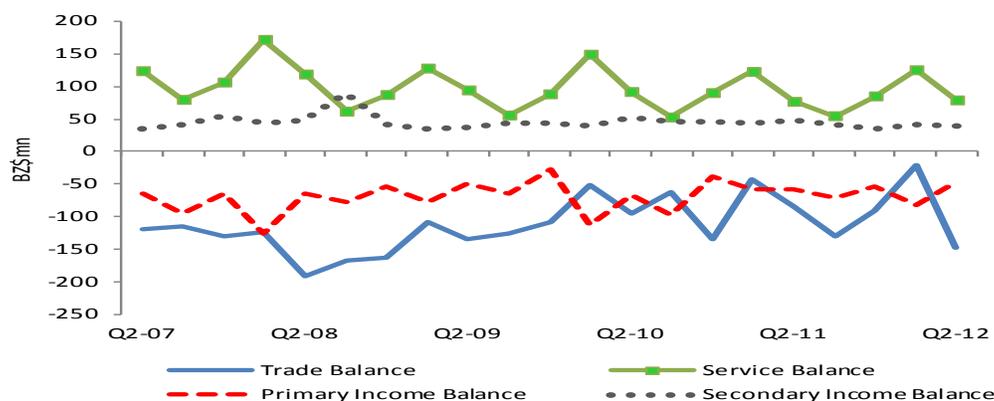


Chart 4.3: Trade, Service, Income and Current Transfers Balances



Grapefruit prices also strengthened and as a result, while the volume sold increased by 50.3%, revenues from grapefruit juices rose by 82.9%. Japan and Europe accounted for the bulk of the sales and, as was the case in 2011, there were no sales of grapefruit concentrate to the US during the first half of the year.

Marine export volume grew by 24.4% to 8.5mn pounds, while receipts fell by 13.4% to \$24.5mn as a reduction in revenue from shrimp outweighed higher lobster and conch earnings. The latter increased by 24.8% and 31.6%, respectively, buoyed by higher export volume and unit prices. In contrast, shrimp earnings fell by 35.6% as a sizeable decline in export volume overshadowed a marginal rise in the average price per pound.

In tandem with an increase in banana exports, revenues grew by 34.8% to \$51.6mn as the average price remained virtually unchanged notwithstanding an increase in third class bananas in the export mix. In

other developments, the Banana Growers Association and Fyffes entered the final year of their exclusive marketing contract and started negotiations for the extension of this agreement. In the case of petroleum, earnings plummeted by 44.5% to \$89.1mn, as export volume fell by 43.0% to 419,252 barrels and the average price edged down from US\$108.99 to US\$106.25 per barrel. Papaya revenues plunged by 49.8% to \$7.5mn in response to a reduction in export volume and lower unit prices in the US market that reflected a recovery in Mexican production from the salmonella outbreak in 2011.

In other developments, the surplus on the services account improved by 2.4% to \$203.6mn as increased inflows from tourism outweighed higher outflows for transportation and other miscellaneous services. Net travel receipts rose by 6.2% to \$262.1mn as a 7.6% increase in expenditures by stay-over visitors more than offset a 5.7% decline in spending by

cruise ship tourists. The growth in the volume of international trade boosted net outflows for transportation services by \$10.1mn to \$52.1mn.

Net outflows on the primary income account expanded from \$116.1mn in 2011 to \$127.7mn, as the repatriation of dividends by the owner of the hydroelectric plants and reinvested earnings of the commercial banks exceeded the reduction in profit repatriation by the petroleum and tourism industries. Meanwhile, a fall in inflows to insurance companies, credit unions, and international and regional organizations resulted in a 9.6% decline in net receipts on the secondary income account.

The capital account surplus expanded from \$16.5mn to \$26.5mn due to a \$10.0mn rise in grant receipts. The period reviewed also included financial transactions that resulted in a \$15.8mn rise in the country's net liabilities to foreign owners of capital as \$107.7mn in foreign direct investment inflows and net loan disbursements to the government more than offset a significant build-up in commercial banks' foreign assets and private sector debt repayments.

	BZ\$mn	
	2011 ^R	2012 ^P
	Jan-Jun	Jan-Jun
A. CAPITAL & FINANCIAL ACCOUNT		
I. Capital Account	16.5	26.5
II. Financial Account (1+2+3+4)	40.8	-15.8
1. Direct Investment in Belize	-84.0	-106.5
2. Portfolio Investment	20.1	6.6
Monetary Authorities	14.0	0.0
General Government	6.0	6.5
Banks	0.0	0.0
Other Sectors	0.1	0.0
3. Financial Derivatives	0.0	0.0
4. Other Investments	104.7	84.1
Monetary Authorities	1.4	-0.5
General Government	-15.3	-9.6
Banks	86.1	62.1
Other Sectors	32.6	32.0
B. NET ERRORS & OMISSIONS	-21.9	19.3
C. OVERALL BALANCE	0.3	51.7
D. RESERVE ASSETS⁽¹⁾	0.3	51.7

P- indicates Provisional, R- indicates Revised

(1) Positive = increase

Chart 4.4: Change in Foreign Direct Investment Components



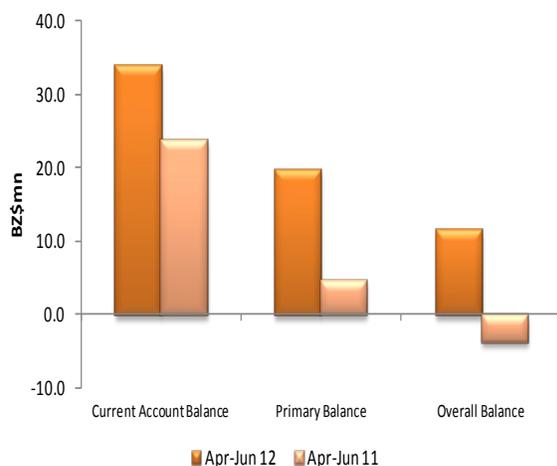
GOVERNMENT OPERATIONS & PUBLIC DEBT

Government Operations

Central Government's fiscal position was stable over the January - June period with operations yielding a primary surplus of \$40.3mn, a \$2.6mn year on year reduction, while the overall deficit edged up by \$1.4mn to \$10.9mn. Revenues and grants were 11.1% higher as increases in import duties, grants and revenues from petroleum outweighed lower non-tax revenues. Expenditures were 11.2% higher reflecting increases in capital and current outlays of \$33.5mn and \$12.8mn, respectively.

During the first quarter of the 2012/2013 fiscal year, the primary surplus quadrupled to \$19.8mn and an overall surplus of \$11.4mn was

Chart 5.1: GOB Fiscal Operations



Source: Ministry of Finance and CBB estimated

recorded. A combination of the fiscal surplus and net receipts from external borrowing resulted in a build-up in government deposits held with the Central Bank.

While slightly below expectations at 24.4% of budget, revenues were 5.9% higher than the comparable quarter of fiscal year 2011/2012. The improvement reflected higher receipts from the General Sales Tax (GST), import duty collections and increased petroleum receipts. The comparatively lower level of non-tax revenues was due to the non-receipt of BTL dividends and the non-recurrence of DFC repayments of accrued interest on amounts owed to the government in the previous fiscal year.

At \$191.1mn, expenditure was \$3.8mn lower and constituted 20.4% of budget outlays. Current spending edged up by \$1.1mn as a \$5.4mn reduction in outlays on goods and services offset most of the increases in all other categories. Outlays on wages and salaries, which comprised 46.4% of current spending, rose by \$4.4mn due to the payment of annual increments and the hiring of new staff. The increase in subsidies reflected the reclassification of teachers' salaries as domestic grants, while the one-time advance payment for electricity in 2011 (\$8.0mn) accounted for the relative decline in spending on goods and services in the current quarter.

Capital expenditures totalled \$25.1mn

Table 5.1: Central Government's Revenue & Expenditure

	BZ\$m			
	Jan-11 Jun-11	Jan-12 Jun-12	Apr-11 Jun-11	Apr-12 Jun-12
Total Revenue & Grants	404.9	449.9	191.3	202.5
<i>of which: Current Revenue</i>	395.0	418.8	188.6	200.0
<i>of which: Grants</i>	6.7	26.4	1.1	1.3
Total Expenditure	414.4	460.8	195.0	191.1
Current Expenditure	361.4	374.2	164.9	166.0
Capital Expenditure	53.1	86.6	30.0	25.1
Current Balance	33.6	44.6	23.7	33.9
Primary Balance	42.9	40.3	4.7	19.8
Overall Balance	-9.5	-10.9	-3.7	11.4

Source: Ministry of Finance and CBB estimates

(15.7% of the amount budgeted), of which \$0.9mn was net lending. Spending on locally funded projects were down by 36.8%, while that on externally funded projects rose by 23.1%. Some \$10.3mn went on infrastructure projects such as the completion of works on the Southern Highway, continued works on

the south-side of Belize City associated with the Poverty Alleviation Project, completion of the Kendal Bridge and routine maintenance of roads, culverts, bridges and causeways. Another \$4.5mn was spent on environmental protection projects, while land development and solid waste management accounted for

Table 5.2: Summary of Central Government's Revenue

	BZ\$m			
	Jan-11 Jun-11	Jan-12 Jun-12	Apr-11 Jun-11	Apr-12 Jun-12
Current revenue	395.0	418.8	188.6	200.0
Tax revenue	321.6	352.3	152.0	175.4
Income and profits	108.7	122.2	48.0	59.1
Taxes on property	5.0	3.6	2.5	1.9
Taxes on goods & services	121.5	126.2	54.5	43.5
Int'l trade and transactions	86.4	100.3	47.1	51.0
Non-Tax Revenue	73.4	66.5	36.6	24.5
Property income	16.1	11.0	9.3	3.4
Licenses	6.8	8.4	3.4	4.0
Other	50.5	47.1	23.9	17.1
Capital revenue	3.3	4.6	1.6	1.3
Grants	6.7	26.4	1.1	1.3

Source: Ministry of Finance and CBB estimates

Table 5.3: Summary of Central Government's Expenditure

	BZ\$m			
	Jan-11 Jun-11	Jan-12 Jun-12	Apr-11 Jun-11	Apr-12 Jun-12
Current Expenditure	361.4	374.2	164.9	165.6
Wages & Salaries	143.3	153.1	72.7	76.9
Pensions	23.4	26.3	11.6	12.7
Goods & Services	94.4	90.5	46.3	40.6
Interest Payments	52.4	51.2	8.3	8.4
of which: External	43.1	42.6	4.3	4.8
Subsidies & current transfers	47.8	53.1	26.0	26.9
Capital Expenditure	53.1	86.6	29.4	27.1
Capital II	35.3	32.9	19.5	12.3
Capital III	15.3	52.0	9.1	13.9
Net lending	2.5	1.7	0.9	0.9

Source: Ministry of Finance and CBB estimates

\$3.4mn. Youth, sports & culture were allotted \$2.4mn. Outlays on education, health, social protection, housing, security and defence amounted to \$2.2mn, and the remainder was spent on furniture, equipment and upgrading of buildings.

Central Government's Domestic Debt

Central Government's domestic debt rose by 3.7% to \$395.5mn reflecting a \$13.6mn increase in overdraft financing from the Central Bank and loan disbursements of \$1.8mn while amortization payments totalled \$1.0mn. The latter included payments to commercial banks, Belize Social Security Board (BSSB), Fort Street Tourism Village and the Debt for Nature Swap, while loan disbursements included \$1.2mn that was on-lent to the Belize City Council, and \$0.6mn from Fort Street Tourism Village for dredging the mouth of the Belize River. Fluctuations in the overdraft, which stood at 7.7% of the previous fiscal year's recurrent revenue accounted for the increase in the Central Bank's share of the domestic debt from 42.7% in December 2011 to 43.1% at the

Chart 5.2: GOB Development Expenditure



Source: Ministry of Finance

end of June. Correspondingly, the commercial banks' share fell from 43.2% to 42.2%.

Of the \$8.6mn paid in interest, \$6.7mn went to the Central Bank (including \$3.8mn on its holdings of Treasury notes and \$2.9mn for credit provided through the overdraft and Treasury bills). The commercial banks earned \$1.6mn on Treasury bill holdings and loans. Smaller payments went to BSSB, Debt for Nature Swap and Guardian Life. At the end of June, the annual effective interest rate on the government's debt stood at 4.55%, a decline of 41 basis points since the end of 2012.

In secondary market activities the Central Bank reduced its holdings of Treasury bills by \$1.5mn, while those of the commercial banks increased by an equivalent amount. The Central Bank also sold \$4.1mn worth of Treasury notes to non-bank entities.

Public Sector's External Debt

The public sector's external debt fell by 0.3% to \$2,038.5mn as amortization payments of \$42.0mn and downward valuation adjustments of \$1.6mn, due to the appreciation of the US dollar against the SDR, Euro and Kuwait dinar, exceeded disbursements of \$37.1mn. Included in the latter were \$20.0mn from ROC/Taiwan for budget support and \$17.1mn from multilateral agencies, such as the Inter-American Development Bank (IDB) and the Caribbean Development Bank (CDB) for

Table 5.4: Central Government's Domestic Debt

BZ\$m

	Dec 2011	June 2012	Changes in Stock
Overdraft	48.1	61.7	13.6
Loans	11.3	12.0	0.7
Treasury Bills	175.0	175.0	0.0
Treasury Notes	136.8	136.8	0.0
Defence Bonds	10.0	10.0	0.0
Total	381.2	395.5	14.3

projects such as solid waste management, sustainable tourism, health sector reform, Kendal Bridge, Santa Elena/San Ignacio bypass and the Social Investment Fund.

Central Government repaid \$12.9mn to bilateral creditors, including \$10.2mn to ROC/Taiwan and \$1.1mn to the Government of Kuwait. Payments of \$14.2mn to multilateral lenders included \$6.0mn to the Inter-American Development Bank (IDB), \$4.8mn to the Caribbean Development Bank (CDB)

Chart 5.3: Average Interest Rate on Central Government Domestic Debt and Public Sector External Debt

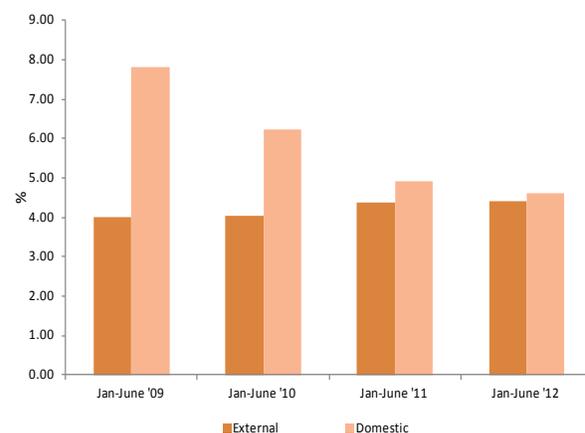


Table 5.5: Public Sector's External Debt

	BZ\$m		
	DOD at:	DOD at:	Change in
	12/31/2011	31/06/12	Debt Stock
Central Government	1,910.5	1,919.7	9.2
Bilateral	343	350.0	7.0
Multilateral	474	476.2	2.2
Bonds	1,093.5	1,093.5	0.0
Commercial Banks	0.0	0.0	0.0
Export Credit	0.0	0.0	0.0
Rest of NFPS	47.2	41.6	-5.6
Bilateral	3.6	3.2	-0.4
Multilateral	33.1	30.2	-2.9
Commercial Banks	10.6	8.2	-2.4
Export Credit	0.0	0.0	0.0
Financial Public Sector	87.3	77.3	-10.0
Bilateral	0.4	0.3	-0.1
Multilateral	80.4	77.0	-3.4
Bonds	6.5	0.0	-6.5
Export Credit	0.0	0.0	0.0
Grand Total	2,045.0	2,038.5	-6.4

and \$1.7mn to the International Bank for Reconstruction and Development (IBRD). The Development Finance Corporation (DFC) paid \$6.5mn to the Belize Mortgage Company to retire the North American securitization facility and \$0.8mn to CDB. The Central Bank also made its first payment of \$1.8mn to the International Monetary Fund (IMF) in respect of the Emergency Natural Disaster Assistance (ENDA) facility. The non-financial public sector paid \$2.9mn to multilateral lenders, \$2.4mn to commercial banks and \$0.4mn to the Government of Kuwait.

Notably, interest payments were \$1.2mn lower than the amount paid during the first

six months of 2011 due to a fall in the lending rates on several loans that were tied to LIBOR. As a consequence, the year-on-year (June 2011 to June 2012) effective interest rate averaged 4.25%, compared to the 4.45% recorded in 2011. Approximately three-quarters of the \$43.6mn that was paid in interest during the review period went to holders of the 'super bond'. Multilateral lenders received \$5.9mn, of which \$3.2mn went to CDB and \$1.8mn to IDB, while most of the \$4.3mn in payments to bilateral creditors went to ROC/Taiwan.

At the end of June, Central Government accounted for 94.2% of the outstanding external debt and the financial and non-financial public sector for 3.8% and 2.0%, respectively. Some \$211.4mn of the present portfolio is scheduled to mature during the next ten years, leaving \$1.8bn with a maturity of more than ten years. Disbursements are projected to amount to \$57.3mn over the remaining six months of 2012.

ANNEX I

Table 6.1: Money Supply

	BZ\$mn		
	Position	Changes during	
	as at	Dec 2011	Dec 2010
	June 2012	to	to
	June 2012	June 2012	June 2011
Money Supply (M2)	2,313.4	112.3	71.0
Money Supply (M1)	948.8	109.7	54.1
Currency with the Public	173.7	2.5	-2.4
Demand Deposits	542.9	86.6	44.2
Savings/Cheque Deposits	232.2	20.6	12.3
Quasi-Money	1,364.6	2.6	16.9
Savings Deposits	309.3	38.3	28.2
Time Deposits	1,055.3	-35.7	-11.3

Table 6.2: Net Domestic Credit

BZ\$m

	Changes during		
	Position as at June 2012	Dec 2011 to June 2012	Dec 2010 to June 2011
Total Credit to Central Government	337.6	10.1	16.3
From Central Bank	170.6	7.9	20.9
Loans and Advances	61.7	13.5	17.8
Gov't Securities ¹	108.9	-5.6	3.1
From Commercial Banks	167.0	2.2	-4.6
Loans and Advances	4.5	0.8	-0.2
Gov't Securities	162.5	1.4	-4.4
(of which) Treasury Bills	152.5	1.4	-4.4
Treasury Notes	10.0	0.0	0.0
Other	0.0	0.0	0.0
Less Central Government Deposits	188.3	18.5	56.6
With Central Bank	153.4	18.5	48.4
With Commercial Banks	34.9	0.0	8.2
Net Credit to Central Government	149.3	-8.4	-40.3
Credit to Other Public Sector	8.6	3.3	-0.6
From Central Bank	0.0	0.0	0.0
From Commercial Banks	8.6	3.3	-0.6
(of which) Local Government	2.8	-0.3	-0.1
Public Financial Institutions	0.0	0.0	0.0
Public Utilities	3.8	3.8	0.0
Other Statutory Bodies	2.0	-0.2	-0.5
Securities	0.0	0.0	0.0
Plus Credit to the Private Sector	1,769.4	17.2	3.6
Loans and Advances	1,768.4	17.2	3.8
Securities	1.0	0.0	-0.2
Net Domestic Credit of the Banking System²	1,927.3	12.1	-37.3

(1) Includes Gov't T-Bills, T-Notes & Debentures from Central Bank

(2) Differences due to rounding

Table 6.3: Sectoral Composition of Commercial Banks' Loans and Advances

BZ\$mn

	Position as at	Changes during	
		Dec 2011 to June 2012	Dec 2010 to June 2011
PRIMARY SECTOR	182.8	-8.5	4.0
Agriculture	124.2	-9.9	2.6
Sugar	11.5	-1.9	1.5
Citrus	14.4	-2.8	-2.0
Bananas	72.7	-5.5	1.5
Other	25.6	0.3	1.6
Marine Products	36.4	1.1	2.5
Forestry	1.9	0.3	0.3
Mining & Exploration	20.3	0.0	-1.4
SECONDARY SECTOR	532.3	23.5	-2.7
Manufacturing	29.5	-5.6	-6.0
Building & Construction	470.1	26.3	-1.2
Utilities	32.7	2.8	4.5
TERTIARY SECTOR	658.8	7.9	7.3
Transport	49.1	-2.6	-2.2
Tourism	105.9	-2.2	-13.0
Distribution	213.5	0.5	0.7
Other ¹	290.3	12.2	21.8
Personal Loans	403.9	-1.6	-5.9
TOTAL	1777.8	21.3	2.7

¹ Includes government services, real estate, financial institutions professional services, and entertainment.

Table 6.4: Commercial Bank's Liquidity Position and Cash Reserves

BZ\$mn

	Changes during		
	Position	Dec 2011	Dec 2010
	as at June 2012	to June 2012	to June 2011
Holdings of Approved Liquid Assets	770.1	76.3	75.7
Notes and Coins	58.0	0.1	-7.0
Balances with Central Bank	291.7	23.3	7.5
Money at Call and Foreign Balances (due 90 days)	258.6	64.0	92.3
Treasury Bills maturing in not more than 90 days	152.3	-4.6	-0.5
Other Approved assets	9.5	-6.5	-16.6
of which: Treasury Notes	0.0	-2.5	-16.6
Required Liquid Assets	503.0	30.2	20.1
Excess/(Deficiency) Liquid Assets	267.1	46.1	55.6
Daily Average holdings of Cash Reserves	292.6	22.2	8.6
Required Cash Reserves	185.9	11.2	7.4
Excess/(Deficiency) Cash Reserves	106.7	11.0	1.2
Actual Securities Balances	152.9	1.5	-4.4
Required Securities Balances	0.0	0.0	-69.5
Excess/(Deficiency) Securities	152.9	1.5	65.1

Table 6.5: Commercial Bank's Weighted Average Interest Rates

Percentages

	Changes during		
	Position	Dec 2011	Dec 2010
	as at June 2012	to June 2012	to June 2011
Weighted Lending Rates			
Personal Loans	13.53	-0.71	-0.67
Commercial Loans	12.70	-0.21	-0.17
Residential Construction	11.22	-0.66	-0.97
Other	10.76	-1.08	-0.03
Weighted Average	12.55	-0.47	-0.39
Weighted Deposit Rates			
Demand	0.52	0.04	0.08
Savings/ Cheque	2.46	-0.03	-0.69
Savings	2.89	-0.09	-0.20
Time	4.38	-0.99	-0.86
Weighted Average	2.98	-0.67	-0.70
Weighted Average Spread	9.57	0.20	0.31

Table 6.6: Real GDP Growth Rates

	Quarter-on-quarter growth (%)					
	Q1-10	Q2-10	Q1-11	Q2-11	Q1-12	Q2-12
	Over	Over	Over	Over	Over	Over
	Q1-09	Q2-09	Q1-10	Q2-10	Q1-11	Q2-11
Agriculture, hunting & forestry	2.1	-0.4	7.8	-17.1	24.9	44.5
Fishing	-25.0	9.2	65.8	7.1	-30.7	-29.4
Manufacturing (incl. mining & quarrying)	10.9	-16.9	15.6	-4.6	-2.9	6.4
Electricity & water	4.1	21.2	33.9	-12.0	58.7	21.9
Construction	5.8	2.2	-16.1	-12.5	7.8	4.5
Wholesale & Retail	1.2	4.9	13.6	3.6	0.9	7.3
Hotels & Restaurants	9.3	4.3	-3.3	12.0	10.4	-2.9
Transport & communication	0.5	3.4	3.2	4.8	7.4	7.6
Other private services exc. FISIM	0.4	0.0	1.2	1.5	1.7	1.8
Producers of government services	6.4	16.1	-0.4	1.6	6.0	2.3
All industries at basic prices	3.0	1.4	7.2	-1.6	6.7	8.3
Taxes on products	0.4	4.5	11.9	1.9	1.3	8.2
GDP at market prices	2.7	1.8	7.8	-1.1	6.0	8.3

Source: SIB

Table 6.7: GDP by Activity at Constant 2000 Prices

	\$BZmn			
	2011		2012	
	Quarter 1	Quarter 2	Quarter 1	Quarter 2
Agriculture, hunting & forestry	72.2	53.2	90.1	76.9
Fishing	18.4	16.1	12.8	11.4
Manufacturing (incl. mining & quarrying)	93.7	70.7	91.0	75.3
Electricity & water	22.2	26.6	35.2	32.4
Construction	24.2	25.2	26.1	26.4
Wholesale & Retail	88.5	92.3	89.3	99.0
Hotels & Restaurants	28.8	24.9	31.8	24.2
Transport & communication	70.6	71.0	75.8	76.4
Other private services exc. FISIM	101.3	101.7	103.0	103.4
Producers of government services	60.0	60.6	63.6	62.0
All industries at basic prices	580.0	542.4	618.8	587.4
Taxes on products	84.8	88.2	85.9	95.4
GDP at market prices	664.8	630.5	704.6	682.8

Table 6.8: Percent Variation in Consumer Price Index (CPI) Commodity Group

Major Commodity Group	Weight	Quarterly Change					Annual Change
		May-11	Aug-11	Nov-11	Feb-12	May-12	
Food, Beverage & Tobacco	346.6	-0.0	3.6	0.2	-0.2	-0.2	3.4
Clothing & Footwear	92	-0.0	-0.6	-0.9	0.7	-0.9	-1.7
Rent, Water, Fuel, & Power	167.6	0.1	-0.0	0.3	0.6	-0.2	0.6
Household goods & maintenance	85.3	-2.4	0.7	2.6	-1.6	0.4	2.0
Medical care	20.1	0.5	-1.7	1.3	0.9	2.6	3.0
Transport & Communication	170.1	-0.1	-0.2	4.2	1.0	-0.8	4.1
Recreation, Education & Culture	80.4	-0.1	-0.1	-0.6	1.6	1.8	2.7
Personal care	37.9	-0.0	0.4	0.3	1.1	2.8	4.7
ALL ITEMS	1000	0.3	0.2	0.8	0.5	0.2	1.8

Table 6.9: Gross Imports (CIF) by SITC

BZ\$'000

SITC Section	Jan-June 2011	Jan-June 2012
0. Food and Live Animals	83,637	94,545
1. Beverages and Tobacco	11,422	19,485
2. Crude Materials	9,584	8,433
3. Minerals, Fuels and Lubricants	188,244	208,180
<i>of which electricity</i>	42,319	34,459
4. Oils and Fats	4,549	7,159
5. Chemical Products	71,565	76,603
6. Manufactured Goods	100,681	100,035
7. Machinery and Transport Equipment	107,759	146,018
8. Other Manufactures	44,910	50,334
9. Commodities N.E.S	605	1,393
10. Export Processing Zones	38,484	31,279
11. Commercial Free Zone	174,128	171,003
12. Personal Goods	968	2,589
Total	836,535	917,056

Source: Statistical Institute of Belize, Central Bank of Belize

Table 6.10: Balance of Payments

BZ\$mnn

	Jan-Jun 2012			Jan-Jun 2011		
	Credit	Debit	Net	Credit	Debit	Net
Current account	1165.6	1175.4	-10.0	1118.0	1071.5	46.5
Goods and services	1051.7	1015.5	36.2	999.6	927.3	72.3
Goods	662.2	829.6	-167.4	631.2	757.8	-126.5
Services	389.5	185.9	203.6	368.4	169.6	198.8
Transport	22.5	74.7	-52.1	24.3	66.4	-42.0
Travel	295.1	32.9	262.1	280.2	33.4	246.8
Other Goods & Services	40.8	66.5	-25.7	37.6	61.9	-24.3
Government goods and services n.i.e.	30.7	11.8	19.0	26.2	7.9	18.3
Primary income	5.2	132.9	-127.7	4.7	120.8	-116.1
(1) Compensation of employees	2.4	6.9	-4.5	2.4	6.9	-4.5
(2) Investment income	2.8	126.1	-123.2	2.4	114.0	-111.6
Secondary income	108.7	27.0	81.7	113.7	23.4	90.3
(1) General government	0.2	4.5	-4.3	1.2	3.6	-2.4
(2) Financial corporations, nonfinancial corporations, and households	108.5	22.5	86.0	112.4	19.7	92.7
<i>Of which: Workers' remittances</i>	76.7	20.1	56.6	71.7	17.5	54.2
<i>Of which: Other current transfers</i>	31.8	2.4	29.4	40.7	2.2	38.5
Capital account	26.5	0.0	26.5	16.5	0.0	16.5
	Jan-Jun 2012			Jan-Jun 2011		
	Net acquisition of financial assets	Net incurrence of liabilities	Net	Net acquisition of financial assets	Net incurrence of liabilities	Net
Financial Account	48.5	64.3	-15.8	73.6	32.9	40.8
Direct investment	1.2	107.7	-106.5	0.6	84.7	-84.0
Equity and investment fund shares	1.2	107.7	-106.5	0.6	84.7	-84.0
Direct investor in direct investment enterprises	1.2	103.0	-101.8	0.6	95.8	-95.2
Reinvestment of earnings	0.0	4.7	-4.7	0.0	-11.1	11.1
Portfolio Investment	0.0	-6.5	6.5	0.0	-20.0	20.0
a. Central bank	0.0	0.0	0.0	0.0	-14.0	14.0
Equity and investment fund shares	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	-14.0	14.0
b. General government	0.0	-6.5	6.5	0.0	-6.0	6.0
Equity and investment fund shares	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	-6.5	6.5	0.0	-6.0	6.0
c. Deposit-taking corporations, except central bank	0.0	0.0	0.0	0.0	0.0	0.0
Equity and investment fund shares	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0
d. Other sectors	0.0	0.0	0.0	0.0	0.0	0.0
Equity and investment fund shares	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities	0.0	0.0	0.0	0.0	0.0	0.0
Financial Derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Other investment	47.3	-36.8	84.1	73.0	-31.8	104.7
a. Central bank	0.0	0.4	-0.4	0.0	-1.4	1.4
Currency and deposits	0.0	0.4	-0.4	0.0	-1.4	1.4
Loans	0.0	0.0	0.0	0.0	0.0	0.0
Other misc. accounts	0.0	0.0	0.0	0.0	0.0	0.0
b. General government	0.0	9.6	-9.6	0.0	15.3	-15.3
Currency and deposits	0.0	0.0	0.0	0.0	-5.0	5.0
Loans	0.0	9.6	-9.6	0.0	20.3	-20.3
Other misc. accounts	0.0	0.0	0.0	0.0	0.0	0.0
c. Deposit-taking corporations, except central bank	48.6	-13.6	62.1	73.7	-12.4	86.1
Currency and deposits	48.6	-0.7	49.3	73.7	0.6	73.1
Loans	0.0	-12.9	12.9	0.0	-13.0	13.0
Other misc. accounts	0.0	0.0	0.0	0.0	0.0	0.0
d. Other sectors	-1.2	-33.3	32.0	-0.7	-33.2	32.6
Currency and deposits	-1.1	-13.8	12.7	-1.1	-12.3	11.2
Loans	0.0	-28.2	28.2	0.0	-27.0	27.0
Other misc. accounts	-0.2	8.7	-8.9	0.4	6.1	-5.7
NET ERRORS & OMISSIONS	-	-	19.3	-	-	-21.9
OVERALL BALANCE/ RESERVE ASSETS	51.7	0.0	51.7	0.3	0.0	0.3

Source: Central Bank of Belize

P: Indicates Provisional

R: Indicated Revised

Table 6.11: EBOPS

		BZ\$mn	
		2011 Jan-Jun	2012 Jan-Jun
Total Services	Net	198.8	203.6
	Credits	368.4	389.3
	Debits	169.6	185.6
Manufacturing Services	Net	0.1	0.4
	Credits	0.1	0.4
	Debits	0.0	0.0
Maintenance and Repair Services	Net	0.0	0.0
	Credits	0.0	0.0
	Debits	0.0	0.0
Transportation	Net	-42.0	-52.1
	Credits	24.3	22.5
	Debits	66.4	74.6
Travel	Net	246.8	262.1
	Credits	280.2	294.9
	Debits	33.4	32.8
Communication, Computer, and Information Services	Net	8.3	7.4
	Credits	12.8	12.8
	Debits	4.4	5.4
Construction Services	Net	0.0	0.0
	Credits	0.0	0.0
	Debits	0.0	0.0
Insurance Services	Net	-23.5	-24.4
	Credits	0.1	0.2
	Debits	23.7	24.5
Financial Services	Net	1.8	1.9
	Credits	3.7	4.7
	Debits	1.9	2.8
Royalties and License Fees	Net	-2.8	-3.1
	Credits	0.0	0.0
	Debits	2.8	3.1
Other Business Services	Net	-7.7	-7.0
	Credits	21.0	23.0
	Debits	28.8	30.1
Personal, Cultural and Recreational Services	Net	-0.2	-0.5
	Credits	0.0	0.0
	Debits	0.2	0.5
Government Services, N.I.E.	Net	18.3	19.0
	Credits	26.2	30.7
	Debits	7.9	11.8

Note: Extended Balance of Payments Services Classification (EBOPS) compiled in BPM6 format.

Table 6.12: Private Sector External Debt by Economic Sector ⁽¹⁾

BZ\$'000

Economic Sectors	DOD as at 31/12/2011	Transactions (January to June 2012)			DOD as at 30/06/2012
		Disbursements	Principal Payments	Interest Payments	
Agriculture	73,181	0	143	772	73,402
Arts, entertainment and recreation	1,700	0	0	0	1,700
Construction	59,804	0	65	4,080	59,739
Education	213	0	16	1	198
Electricity and Gas	76,007	0	132	418	75,874
Financial and insurance activities	111	0	0	0	111
Fishing	125,110	0	3,488	1,697	121,622
Information and communication	0	0	0	0	0
Real estate activities	106	0	0	0	106
Tourism activities	48,560	0	1,211	633	47,349
Transportation	48,659	0	5,431	828	43,228
Wholesale and retail trade	1,798	0	46	25	1,753
Total	435,250	0	10,532	8,453	425,082

(1) The loans only cover that portion of the private sector debt that is reported to the Central Bank of Belize

(2) In compliance with Statutory Instrument No. 104 of 2009 dated 28th August 2009, the Government of Belize acquired Belize Telemedia Ltd. (BTL) as a public entity. BTL is no longer a private sector entity.

(3) In compliance with legislation issued on 21st June 2011, the Government of Belize acquired Belize Electricity Ltd. (BEL) as a public entity. BEL is no longer a private sector entity, thus reflecting a reduction in Disbursed Outstanding Debt (DOD) for the Electricity and Gas Sector as of June 2011.

(4) At the time of reporting not all companies have submitted their balance sheets to the Central Bank of Belize

Table 6.13: Central Government's Revenue and Expenditure

BZ\$ '000

	Approved Budget 2012/2013	Jan-11 to Jun-11	Jan-12 to Jun-12	Apr-11 to Jun-11	Apr-12 to Jun-12	Actual YTD as % of Budget
TOTAL REVENUE & GRANTS (1+2+3)	862,643	404,946	449,857	191,257	202,499	23.5%
1). Current revenue	819,369	394,968	418,803	188,611	199,953	24.4%
Tax revenue	683,285	321,601	352,299	152,031	175,414	25.7%
Income and profits	226,157	108,651	122,197	48,004	59,077	26.1%
Taxes on property	6,873	5,013	3,646	2,476	1,904	27.7%
Taxes on goods and services	263,861	121,497	126,200	54,477	63,482	24.1%
Int'l trade and transactions	186,395	86,440	100,256	47,075	50,952	27.3%
Non-Tax Revenue	136,084	73,367	66,504	36,579	24,539	18.0%
Property income	20,609	16,076	10,995	9,262	3,388	16.4%
Licenses	12,929	6,805	8,413	3,411	4,020	31.1%
Other	102,546	50,486	47,097	23,907	17,131	16.7%
2). Capital revenue	8,075	3,253	4,615	1,585	1,271	15.7%
3). Grants	35,199	6,724	26,440	1,061	1,275	3.6%
TOTAL EXPENDITURE (1+2)	937,857	414,444	460,798	194,950	191,105	20.4%
1). Current Expenditure	777,733	361,372	374,178	164,935	166,017	21.3%
Wages and Salaries	294,743	143,333	153,141	72,615	77,069	26.1%
Pensions	50,826	23,448	26,278	11,615	12,706	25.0%
Goods and Services	170,369	94,391	90,450	46,292	40,938	24.0%
Interest Payments on Public Debt	135,176	52,353	51,204	8,346	8,417	6.2%
Subsidies & current transfers	126,619	47,847	53,105	25,968	26,887	21.2%
2). Capital Expenditure	160,124	53,071	86,621	30,015	25,089	15.7%
Capital II (local sources)	79,330	35,294	32,944	19,477	12,319	15.5%
Capital III (foreign sources)	77,541	15,252	51,960	19,477	11,911	15.4%
Capital Transfer & Net Lending	3,253	2,526	1,716	861	859	26.4%
CURRENT BALANCE	41,636	33,596	44,626	23,676	33,936	81.5%
Primary Balance	59,963	42,856	40,263	4,653	19,811	33.0%
OVERALL BALANCE	(75,213)	(9,498)	(10,941)	(3,694)	11,394	-15.1%
PB less Grants	24,764	36,132	13,823	3,592	18,536	74.9%
OB less Grants	(110,413)	(16,222)	(37,381)	(4,755)	10,119	-9.2%
FINANCING	75,213	9,498	10,941	3,694	(11,394)	
Domestic Financing		(12,250)	(4,129)	(31,509)	(30,253)	
Central Bank		(27,469)	(10,632)	(38,560)	(35,896)	
Net Borrowing		20,944	7,893	29,992	11,012	
Change in Deposits		(48,413)	(18,525)	(68,552)	(46,908)	
Commercial Banks		(12,919)	2,290	(12,917)	4,684	
Net Borrowing		(4,643)	2,242	(10,251)	2,883	
Change in Deposits		(8,276)	48	(2,666)	1,801	
Other Domestic Financing		28,138	4,213	19,968	959	
Financing Abroad		19,782	13,149	28,535	18,130	
Disbursements		47,638	40,282	40,116	33,385	
Amortization		(27,856)	(27,133)	(11,581)	(15,255)	
Other		1,966	1,920	6,668	730	

Source: Ministry of Finance and Central Bank of Belize estimates

(1)

Table 6.14: Central Government's Domestic Debt by Creditor

BZ\$'000

	Transactions (January to June 2012)					Disbursed Out- standing Debt 30/06/12
	Disbursed Out- standing Debt 31/12/11	Disbursements/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	
Overdraft / Loans	48,130	0	0	2,679	13,527	61,657
Central Bank	48,130	0	0	2,679	13,527	61,657
Commercial Banks	0	0	0	0	0	0
Treasury Bills	175,000	0	0	1,646	0	175,000
Central Bank	22,331	0	0	252	-4,146	20,846
Commercial Banks	151,027	0	0	1,383	1,440	152,467
Other	1,642	0	0	12	46	1,687
Treasury Notes	136,800	0	0	3,446	0	136,800
Central Bank	82,228	0	0	3,385	-4,148	78,080
Commercial Banks	10,000	0	0	0	0	10,000
Other	44,572	0	0	61	4,148	48,720
Defence Bonds	10,000	0	0	400	0	10,000
Central Bank	10,000	0	0	400	0	10,000
Commercial Banks	0	0	0	0	0	0
Other	0	0	0	0	0	0
BSSB Loan⁽²⁾	3,505	0	455	138	0	3,049
	1,431	0	136	51	0	1,295
GOB (debt for Nature Swap)	3,054	0	75	44	0	2,979
Heritage Bank Ltd	2,269	1,200	263	164	0	3,207
Fort St. Tourism Village	0	571	95	0	0	476
Guardian Life Bze \$1mn Loan	1,000	0	0	45	0	1,000
Total	381,189	1,771	1,024	8,613	13,527	395,463

(1) The transaction associated with UHS loan with the Belize Bank is not included in this table due to ongoing litigation.

(2) GOB has outstanding loans with BSSB consisting of (1) Hopeville Housing Project and (2) loan purchased from DFC (as of Jan 30th 2007).

Table 6.15: Public Sector External Debt by Creditor ⁽¹⁾

BZ\$'000

	Transaction (January to June 2012)					DOD at: 30/06/2012
	DOD at: 31/12/2011	Disburse- ments	Principal Payments	Interest Payments	Parity Change	
CENTRAL GOVERNMENT	1,910,476	36,994	27,133	42,519	-685	1,919,653
Banco Nacional de Comercio Exterior	3,705	0	529	113	0	3,176
Government of the United States ⁽²⁾	749	0	180	19	0	568
Government of Venezuela	37,492	0	933	212	0	36,558
Kuwait Fund for Arab Economic Dev	20,350	0	1,093	397	-136	19,122
Republic of China	280,740	20,000	10,204	3,487	0	290,536
Caribbean Development Bank	196,985	4,694	4,837	2,756	0	196,843
Caricom Development Fund	2,000	0	0	0	0	2,000
European Economic Community	13,795	0	379	47	-527	12,889
European Investment Bank	0	0	0	0	0	0
Inter-American Development Bank	220,755	10,625	5,979	1,832	0	225,401
International Fund for Agric. Dev.	2,192	0	276	1,832	-22	1,894
Intl. Bank for Reconstruction & Dev.	19,539	847	1,721	100	0	18,665
Opec Fund for Int'l. Develop- ment	17,645	827	1,000	396	0	17,473
Central American Bank for Econ. Integ.	1,000	0	0	29	95	1,000
Manufacturers & Traders Trust Co.	0	0	0	0	0	0
Bear Stearns & Co.	5,916	0	0	47	0	5,916
Bank of New York (New Bond Issue)	1,087,613	0	0	33,069	0	1,087,613
NON-FINANCIAL PUBLIC SECTOR	47,247	68	5,601	679	-114	41,600
Kuwait Fund for Arab Economic Dev	3,585	0	358	72	-25	3,202
Deutsche Bank	422	0	211	8	0	211
Royal Merchant Bank and Finance Co. ⁽⁵⁾	559	0	559	28	0	0
The Bank of Nova Scotia ⁽⁵⁾	9,571	0	1,595	50	0	7,975
European Investment Bank ⁽⁵⁾	2,189	0	672	41	-88	1,429
Intl. Bank for Reconstruction & Dev. ⁽⁵⁾	0	0	0	0	0	0
Caribbean Development Bank ⁽³⁾	30,921	68	2,206	480	0	28,783
FINANCIAL PUBLIC SECTOR	87,330	0	9,231	424	-805	77,294
Caribbean Development Bank	10,639	0	783	113	0	9,856
European Economic Community	377	0	19	2	-13	345
Paine Webber Real Estate Securi- ties Inc.	400	0	100	2	0	300
Belize Mortgage Company	6,538	0	6,538	219	0	0
International Monetary Fund ⁽⁴⁾	69,377	0	1,792	88	-792	66,793
GRAND TOTAL	2,045,053	37,062	41,965	43,622	-1,604	2,038,547

(1) Guaranteed Outstanding external debt of private entities remain a contingent liability of Central Government and are not reported on this table.

(2) USAID Debt for Nature Swap Agreement as at 2nd August, 2001 was implemented on 30th November, 2001 for BZ \$17,168.

(3) Loans for the Water Company were re-classified as part of the non-financial public sector after the GOB bought the majority shares in the company on 3rd October 2005.

(4) IMF/SDR \$17.9mn was included as part of financial public debt stock of external obligation.

(5) The increase in debt is due to the nationalization of BEL effective June 21st 2011, thus GOB took on assets of equal value.