



CENTRAL BANK
of BELIZE

QUARTERLY REVIEW



JUNE 2017

VOLUME 41 No. 2

Correspondence and enquiries regarding the Review should be addressed to:

Director (Research)
Central Bank of Belize
P.O. Box 852
Belize City, Belize
Central America

Telephone: 501.223.6194 Fax: 501.223.6219

Email: research@centralbank.org.bz
Internet: www.centralbank.org.bz

ISSN 1025 1634 (PRINT)
ISSN 2304 6902 (ONLINE)

Typeset and Printed at the Central Bank of Belize

QUARTERLY REVIEW
JUNE 2017

List of Acronyms and Abbreviations

Acronyms:

BEL	Belize Electricity Limited
BGA	Banana Growers Association
BSI	Belize Sugar Industries Limited
BSSB	Belize Social Security Board
BTB	Belize Tourism Board
BTL	Belize Telemedia Limited
BWSL	Belize Water Services Limited
CBB	Central Bank of Belize
CDB	Caribbean Development Bank
CFZ	Commercial Free Zone
CGA	Citrus Growers Association
CIF	Cost, Insurance and Freight
CPBL	Citrus Products of Belize Limited
CPI	Consumer Price Index
DFC	Development Finance Corporation
EU	European Union
FOB	Free On Board
FY	Fiscal Year
GDP	Gross Domestic Product
GST	General Sales Tax
IDB	Inter-American Development Bank
IMF	International Monetary Fund
MOF	Ministry of Finance
OPEC	Organisation of Petroleum Exporting Countries
ROC/Taiwan	Republic of China/Taiwan
SIB	Statistical Institute of Belize
SITC	Standard International Trade Classification
UHS	Universal Health Services
UK	United Kingdom
US	United States
VPCA	Venezuelan Petrocaribe Agreement
UNWTO	World Tourism Organization

Abbreviations and Conventions:

\$	refers to the Belize dollar unless otherwise stated
bn	denotes billion
mn	denotes million
ps	Pound solids

Notes:

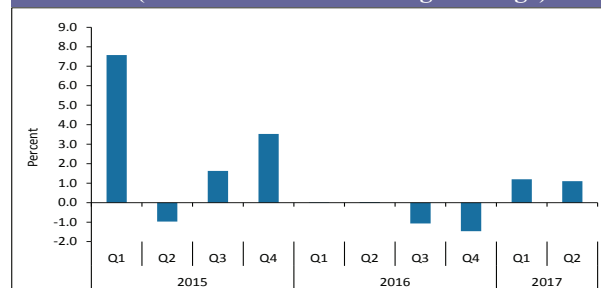
1. Since May of 1976, the Belize dollar has been fixed to the US dollar at the rate of US\$1.00 = BZ\$2.00.
2. The 2017 figures in this report are provisional and the figures for 2016 have been revised.
3. Unless otherwise indicated, the Central Bank of Belize is the source of all tables and charts.
4. Ratios to GDP for 2017 are based on Central Bank's forecast of annual GDP 2017.

Table of Contents

Summary of Economic Indicators	1
Overview	2
Money and Credit	5
Domestic Production and Prices	8
Sugarcane and Sugar	8
Citrus	9
Banana	9
Petroleum	10
Tourism	10
Consumer Price Index	11
Employment	11
International Trade and Payments	12
Government Operations and Public Debt	16
Annex 1	22

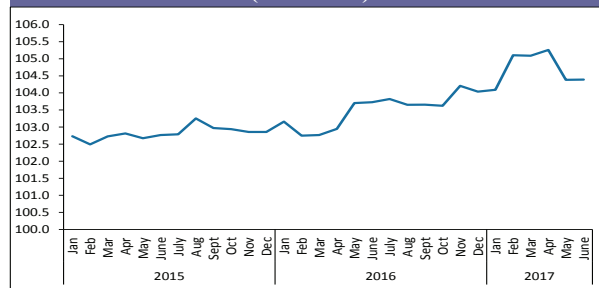
SUMMARY OF ECONOMIC INDICATORS

Chart I: Gross Domestic Product Growth Rate (Year-on-Year - Percentage Change)



Source: SIB

Chart II: Consumer Price Index (All Items)



Source: SIB

Chart III: Gross International Reserves and Import Cover

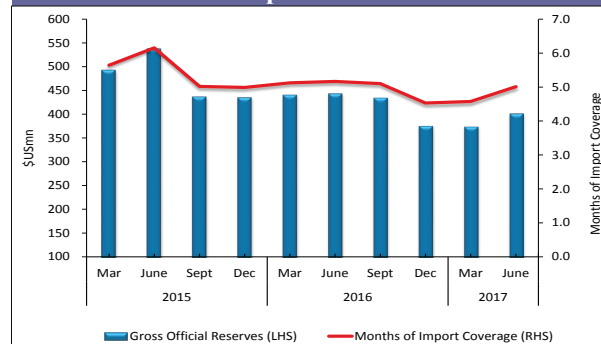


Chart IV: Current Account Balance to GDP

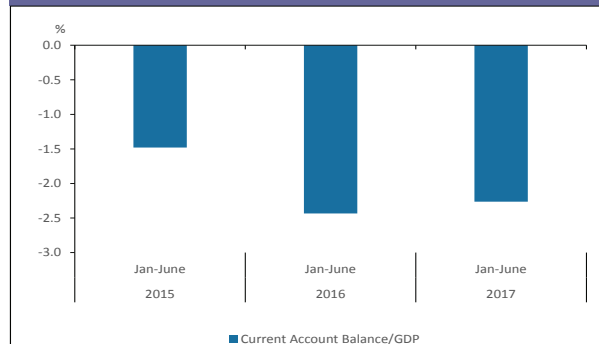


Chart V: Domestic Banks - Deposits and Loans and Advances

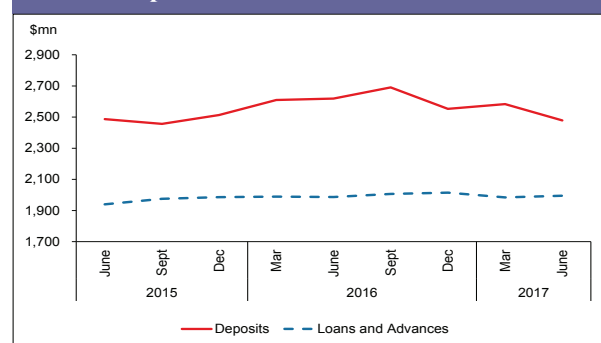
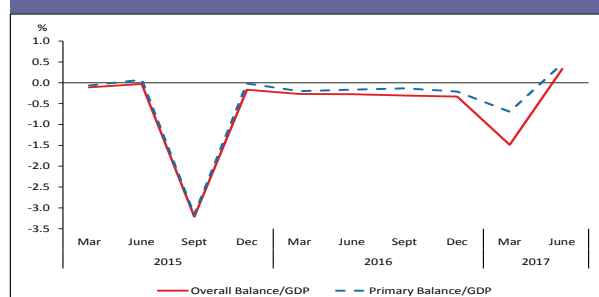


Chart VI: Primary and Overall Balances to GDP



Sources: CBB and MOF

Chart VII: Public Sector External Debt

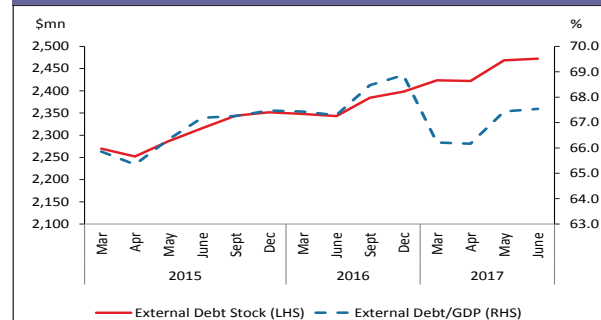
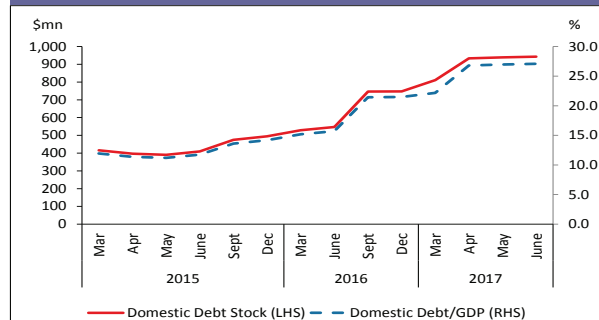


Chart VIII: Central Government Domestic Debt



Overview

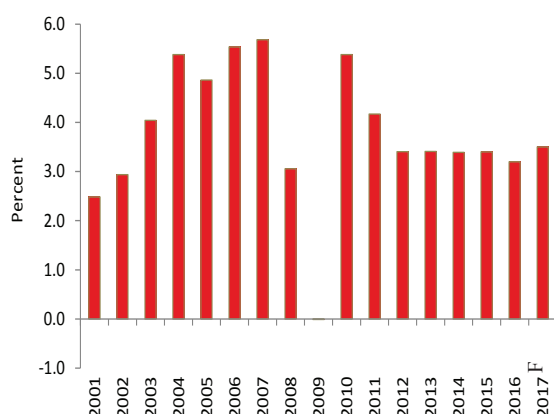
Led by China's growth of 6.9% and with improved, though uneven, performance from advanced economies, the global economy gained traction in the second quarter with an estimated 3.1% expansion. The pace accelerated for the United States (US), Japan and the Euro Area; however, the United Kingdom (UK) experienced a deceleration partly due to the uncertainties surrounding the Brexit negotiations. While several Latin American countries benefitted from a rebound in commodity prices, the challenges for the Central American and Caribbean region remained formidable.

US GDP grew at an annualized pace of 2.6% in the second quarter with consumer spending and business investments increasing and an uptick in employment. In the UK, consumer spending fell, as the pound's depreciation pushed inflation higher. Growth, consequently, slowed to

1.7% in the second quarter despite notable improvements in the services and external sectors and a record-low unemployment rate. In contrast, the Eurozone experienced an uptick in the second quarter with a 2.2% increase underpinned by a strengthening in external demand and private consumption. Economic activity in Japan also picked up with GDP growing by 2.0% (the fastest pace in more than two years), buoyed by increased domestic spending by consumers and businesses. Except for Brazil, emerging market economies made positive contributions to global growth. In addition to China's robust expansion, India's growth rate remained above 6.0%, while Russia grew by an estimated 2.5%, and the Mexican economy registered a 1.8% increase.

In the Caribbean, although the heightening of prices was a positive development for some commodity exporters, the general situation still left much to be desired. While Guyana grew by 2.2% in the first half of the year on the back of primary and secondary sector improvements, Trinidad and Tobago continued to face various financial and industrial challenges after its marked economic contraction in 2016. Suriname is not expected to rebound in 2017 from the deterioration of its fiscal and external accounts even though inflation has slowed, and its mining sector is gradually recovering. In the case of Jamaica, which continued to implement reforms under the IMF's Extended Fund

Chart 1.1: World Gross Domestic Product Growth (Year-on-Year Average)



Source: IMF

F - Forecast

Facility (EFF), an anaemic 0.1% increase in the first quarter was followed by an almost equally marginal 0.3% increase in the second. Barbados saw an increase in tourism and construction activity that led to an estimated 2.2% growth in GDP for the first half of the year; however, Barbados continues to face formidable fiscal and balance of payments problems. The Bahamas reported minimal growth in the second quarter with weakness in tourism, widening fiscal and external current account deficits and a slowdown in the growth of its external reserves.

Shifting the focus to Belize, the Statistical Institute of Belize estimated that GDP grew by 1.1% in the first half of the year, as strong growth in banana, sugarcane and farmed shrimp underpinned an 8.0% expansion in the primary sector. In addition to the latter's rebound, value added from the services sector was up by 1.6%. However, primary and tertiary level increases were partly offset by a 1.3% contraction in the secondary sector due to reductions in hydroelectricity output and the continuing downward trajectory of petroleum extraction. Domestic prices increased with the average CPI for the six-month period being 1.5% above that for the comparable period of the previous year. Heightening fuel prices largely contributed to the CPI's rise with notably higher transportation costs being partly ameliorated by lower prices for basic food items (particularly grains, meats and vegetables) and insurance premiums.

In the first half of the year, the country's external current account deficit declined to 2.3% of GDP (compared to 2.6% of GDP in the first half of 2016) with an almost 20.0% shrinkage in the trade deficit and moderate increase in net service inflows more than offsetting a significant increase in profit repatriation. The deficit was financed by grants, loan disbursements and foreign direct investments that contributed to a \$51.8mn increase in the gross international reserves, which amounted to \$804.9mn (equivalent to 5.0 months of merchandise imports) at the end of the period.

Over the January-to-June period, Government's revenues rose by 6.4% year-on-year, and its expenditures grew by 4.4%. Fiscal performance, therefore, improved with the overall deficit decreasing from 1.7% of GDP in 2016 to 1.5% of GDP and the primary balance reversing from a \$14.9mn deficit in 2016 to a \$0.7mn surplus. With financing coming mainly from external sources, the external public sector debt increased by 2.9% to \$2,472.2mn (68.0% of GDP), with disbursements of \$111.4mn, most of which came from bilateral creditors, versus amortization payments of \$45.8mn. There was a 26.1% expansion in Central Government's domestic debt to \$943.2mn (25.9% of GDP) with new securities being issued to raise funds to cover the final settlement payment for Belize Telemedia Limited (BTL).

Since the Belize Social Security Board (BSSB) and private institutional investors took up the bulk of the shares and securities that it sold, net credit to Central Government from the domestic banking system contracted by 31.8% at the half-year point. And with bank credit to the private sector and other public sector entities also declining, this outweighed the impact of a 7.0% rise in net foreign assets and resulted in contractions in both the broad and narrow measures of money supply. The Government's sale of securities and shares in the utilities caused contractions in the domestic banks' excess holdings of statutory liquid assets and cash reserves of some 38.2% and 36.3%, respectively, but the level of these holdings still significantly exceeded requirements by 45.2% and 121.0%, respectively. Meanwhile, the banks' interest rate spread narrowed to 7.35% as the 12-month (rolling) weighted average interest rate on new deposits rose by 15 basis points to 1.86%, and the weighted average lending rate decreased by 39 basis points to 9.21%.

Money and Credit

Broad money supply registered an overall contraction of 2.8%, as an increase of 0.6% in the first quarter was followed by a shrinkage of 3.4% in the second quarter that reflected a sizeable contraction in net domestic credit. The narrow measure of money supply (M1) dipped by \$5.1mn, while quasi-money plunged by \$77.8mn, resulting in its share of money supply being reduced to 48.9%. Contributing to the latter was the withdrawal of \$90.5mn in time deposits by non-bank entities to fund investments in the utility companies and purchase of Government Treasury notes. This eclipsed a \$12.7mn increase in savings deposits.

In anticipation of the final settlement payment for BTL, Central Government accumulated \$260.6mn in deposits (virtually all of which was held at the Central Bank) mostly through the net issuance of \$190.0mn in securities and the sale of \$50.0mn in shares of BTL and Belize Electricity Limited (BEL) to

Chart 2.1: Net Foreign Assets of the Banking System

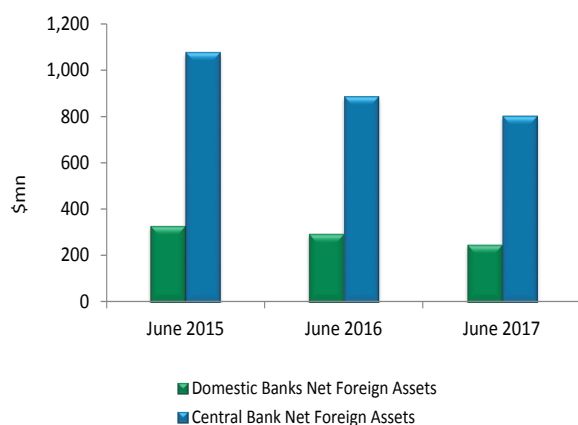
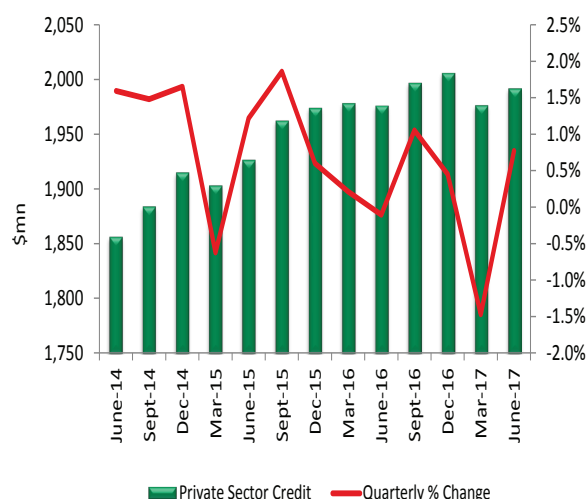


Chart 2.2: Domestic Banks' Private Sector Credit

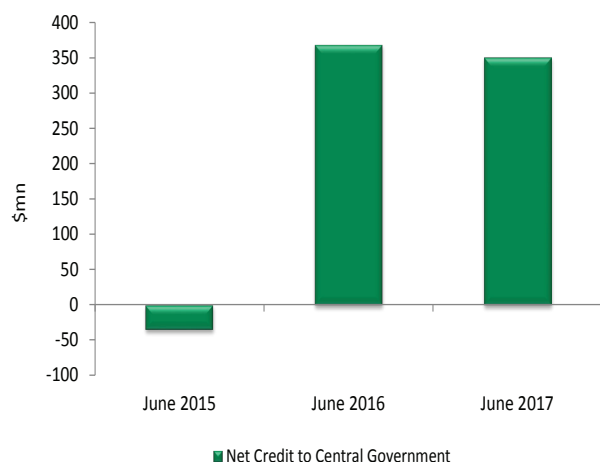


the BSSB. With the growth in deposits outpacing the increase in Government borrowing, net lending to Central Government plummeted by \$163.4mn.

Domestic banks' credit to the private sector decreased by \$14.4mn over the six-month period largely due to the write-off of some \$61.2mn in legacy non-performing loans. New loan disbursements by these institutions during the period included those for banana (\$13.6mn) and sugar (\$7.6mn) production, merchandise trade (\$9.4mn), manufacturing (\$6.7mn) and miscellaneous agricultural activity (\$6.4mn).

In the first half of the year, net lending by the five largest credit unions decreased by \$7.4mn in contrast to the \$16.3mn growth in the similar period of 2016. The contraction reflected repayments on personal, home improvement, commercial

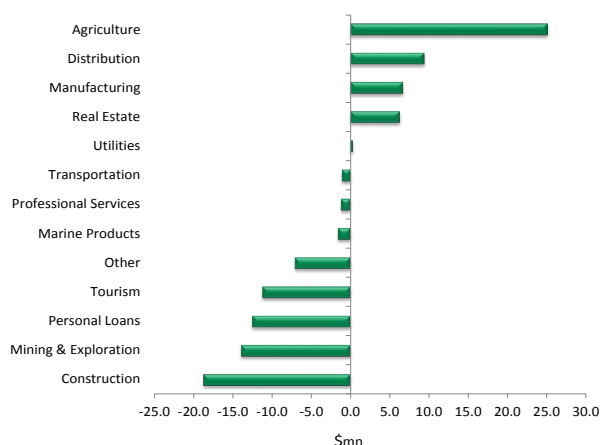
Chart 2.3: Net Credit to Central Government



real estate and sugar production loans, which more than offset disbursements for residential construction (\$5.3mn), “other” agricultural production (\$1.5mn) and land acquisition (\$1.4mn).

In the first half of the year, the net foreign assets of the banking system rose by 7.0% with the Central Bank recording a \$54.6mn increase that reflected inflows of \$213.2mn and outflows of \$161.4mn.

Chart 2.4: Changes in Domestic Banks’ Loans and Advances, Dec 2016 - June 2017

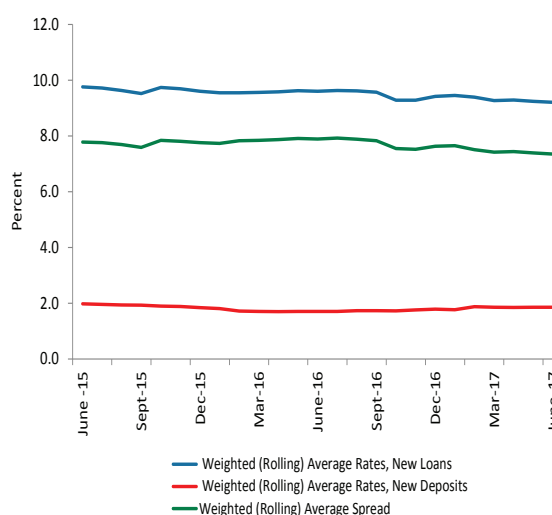


Note: Other includes forestry, government services, financial institutions and entertainment.

Approximately 50% of the former came via external disbursements on loans contracted by the Government (\$108.8mn) with sugar export earnings also being a major source. Foreign currency sales to Central Government, which were mostly to facilitate external debt servicing, accounted for 72.9% of total outflows. The domestic banks also recorded a net increase, though at \$14.7mn, this was less than anticipated and also below the \$19.6mn increase recorded in the first half of 2016.

The sterilization of the proceeds from the Government’s sale of securities and shares in BTL and BEL made a notable dent in the excess statutory liquid assets of the domestic banks. The latter fell from \$443.8mn to \$274.3mn, which was still a substantial 45.2% above the legal requirement. Bank holdings of excess

Chart 2.5: Domestic Banks’ Weighted (Rolling) Average Interest Rates on New Loans and Deposits



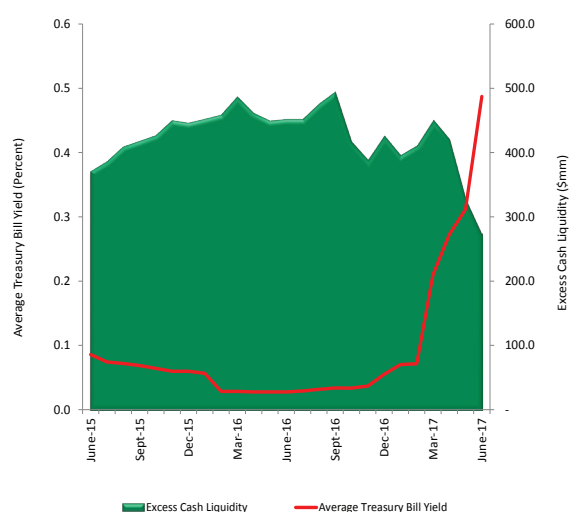
cash reserves also continued to be more than double the amount legally required, notwithstanding a contraction from \$426.1mn to \$271.3mn.

With bank liquidity remaining at comfortable levels during the second quarter, there was no change in the 12-month (rolling) weighted average interest rate on deposits, which at 1.86%, was 15 basis points above the rate in June 2016. The rolling weighted average rates on demand and savings deposits were down by three and 36 basis points, respectively, whereas those on time and savings/chequing deposits increased by 12 and 17 basis points, respectively. Meanwhile, there was a slight downward movement (six basis points) in the rolling weighted average rate on new loans to 9.21%, which was 39 basis points below the position in June 2016. Over the 12-month period, rates declined across all major loan

categories, with the largest reduction being the 64 basis points decline on commercial loans. Rates for residential construction, personal and “other” loans dipped by 11, 13 and 19 basis points, respectively. The spread, consequently, narrowed by 54 basis points year-on-year to 7.35%.

The appetite for Treasury bills remained weak with indications of greater demand for the higher yielding Treasury notes. The Central Bank, therefore, began bidding up the Treasury bill rate to attract more market participants. At the auction in May (the last one for the first half of the year), the average Treasury bill yield rose to 0.48724% in comparison with the 0.05487% yield registered in the last auction of 2016. Interest remained tepid, however, and the Central Bank’s holdings of Treasury bills rose by 141.1% to \$125.1mn over the period, while domestic banks reduced their holdings by 23.1% to \$116.7mn, and municipal bodies held the remaining \$3.2mn.

Chart 2.6: Excess Cash Holdings and Average Treasury Bill Yield



Domestic Production and Prices

A rebound in the primary sector and modest growth in services underpinned GDP's 1.1% increase in the first half of 2017. The primary sector expanded by 8.0%, reflecting an upswing in banana, as well as higher output of sugar and shrimp. Banana production was up by 17.5% relative to the first half of 2016 when farms had been suffering from the lingering effects of flood damages. Sugarcane also rose by 13.4% boosted by Santander's output. Meanwhile, although the shrimp industry continued to face challenges in dealing with the Early Mortality Syndrome (EMS), production expanded by 69.2% up to June. Adding to the growth in marine output was a 24.5% increase in the lobster catch, influenced in part by an aggressive push from a marketing company in the south.

While output of sugar increased by 22.0%, declines in value added from "*Electricity and Water*" and "*Manufacturing*" led to a 1.3% contraction in the secondary sector. Production of citrus juice edged downward, petroleum extraction continued to shrink, and a second quarter boom in electricity generation was insufficient to compensate for a first quarter decline.

In the case of the services or tertiary sector, activity grew by 1.6%, with strong growth in "*Other Private Services*", "*Transport and Communication*" and "*Producers of Government Services*". The

outturn reflected an increase in financial intermediation (particularly by insurance companies), a surge in transport activity associated with the expansion in sugarcane harvesting, and the final salary increase for public officers that boosted government services.

Sugarcane and Sugar

The northern sugarcane harvest started on 5 December and ended on 30 June, with total deliveries falling by 1.7% to 1,270,036 long tons of sugarcane. The dip in deliveries was the result of a factory decision to lower the average daily milling rate in order to maximize sugar extraction. The western sugarcane harvest began on 20 February, and deliveries reached 373,813 long tons by the end of June, more than double that of the previous year. National production, consequently, rose by 13.0% to 1,643,850 long tons for the crop year.

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

	Dec - June 2015/2016	Dec - June 2016/2017
Deliveries of Sugarcane to BSI & Santander (long tons)	1,455,053	1,643,850
Sugar Processed by BSI & Santander (long tons)	143,937	174,670
Molasses processed by BSI & Santander (long tons)	49,706	55,276
Performance		
Factory Time Efficiency (%)	92.58	95.15
Cane Purity (%)	84.85	86.42
Cane/Sugar	10.11	9.41

Sources: BSI and Santander Group

Notwithstanding lower deliveries of sugarcane in the north, sugar production rose by 21.4% to 174,670 long tons, aided by favorable weather, the increase in Santander production and better sugarcane quality, particularly in the north. The industry's cane to sugar ratio improved by 6.9% to 9.41, year-on-year, while factory time efficiency and cane purity increased by 2.8% and 1.8%, respectively. Total molasses production rose by 11.2% to 55,276 long tons.

An anticipated temporary drop in global supply boosted the price of sugarcane for the 2016/2017 crop to \$57.01 per long ton, up 18.6% over the price paid for the previous crop year.

Citrus

Damages inflicted by hurricane Earl caused the start of the 2016/2017 citrus harvest to be delayed by one month and contributed to a 5.8% decline in citrus deliveries. Orange deliveries dipped by 0.7% to 3.2mn boxes and grapefruit plunged by 49.8% to 0.2mn boxes.

Production of citrus juices fell by 5.6% to 20.0mn pounds solid (ps), as output of orange juice declined by 2.1% to 19.2mn ps and that of grapefruit juice halved to 0.8mn ps. Citrus pulp production shrank by 31.0% to 2.4mn pounds; however, output of citrus oil increased by 4.5% to 1.3mn pounds.

The estimated price paid to farmers for

Table 3.2: Output of Citrus Products

	Oct - June 2015/2016	Oct - June 2016/2017
Deliveries (boxes)		
Orange	3,224,861	3,200,843
Grapefruit	<u>370,964</u>	<u>186,106</u>
Total	3,595,825	3,386,949
Concentrate Produced (ps)		
Orange	19,435,227	19,021,381
Grapefruit	<u>1,509,438</u>	<u>730,703</u>
Total	20,944,665	19,752,084
Not from Concentrate (ps)		
Orange	233,524	225,567
Grapefruit	<u>0</u>	<u>20,460</u>
Total	233,524	246,027
Pulp (pounds)		
Orange	3,386,488	2,403,232
Grapefruit	<u>104,304</u>	<u>5,936</u>
Total	3,490,792	2,409,168
Oil Produced (pounds)		
Orange	1,178,000	1,256,000
Grapefruit	<u>53,200</u>	<u>31,100</u>
Total	1,231,200	1,287,100

Sources: CGA and CPBL

the 2016/2017 crop was \$2.55 per ps of orange, an increase of \$0.47, and the price of \$2.80 per ps for grapefruit was also \$0.27 higher than the previous crop year. The increases were attributable to higher juice prices in the US caused by production losses from citrus greening.

Banana

Banana production rose by 17.5% to 42,431 metric tons due to favourable weather. This was in contrast to the previous year when the industry was

Table 3.3: Banana Production

	40 pound boxes	
	Jan - June 2016	Jan - June 2017
1st Quarter	850,662	1,298,455
2nd Quarter	1,139,590	1,040,213
Total	1,990,252	2,338,668

Source: BGA

suffering from the lingering effects of flood damage.

As this is the final year of a five-year contract, the Banana Growers Association has begun negotiations for a new marketing contract with Fyffes, which is now owned by Sumitomo, a Japanese conglomerate, which bought the company in late December 2016. Under the new ownership, Fyffes has signalled a new preference for one-year contracts rather than the multi-year contracts it had agreed to in the past.

Petroleum

Crude oil extraction contracted by 17.8% to 192,272 barrels with the daily extraction rate at the Spanish Lookout oilfield falling by 266 barrels to 1,274 barrels. For the period extending from March through June, the Never Delay oilfield produced 1,100 barrels using experimental extraction techniques aimed at making the field profitable.

Tourism

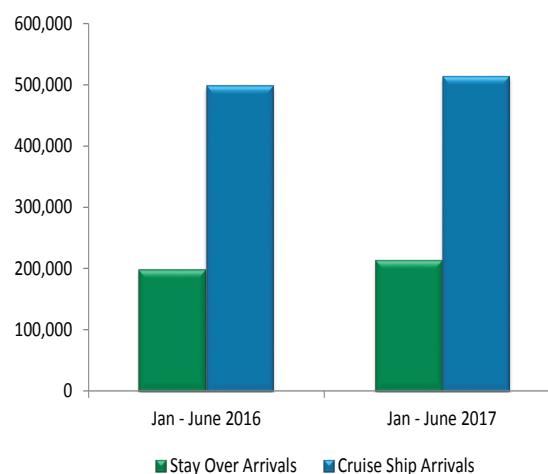
Boosted by a 6.3% increase in air arrivals, total stay-over visitors rose by 7.8% to

214,740 in the first half of the year. The expansion exceeded the World Tourism Organization's forecast of 2.0% growth for the Caribbean.

US arrivals were down by 1.7 percentage points to 71.5% of market share, while European Union (EU) and Canadian arrivals accounted for another 9.8% and 6.5%, respectively, of the total. American visitors, nonetheless, contributed 49.1% of the increase in arrivals.

Cruise ship disembarkations rose by 3.1% to 514,094, with port calls increasing by 10 ships to 198 calls for the half year. Harvest Caye and Belize City received 52 and 146 calls, respectively, and Harvest Caye accounted for 26.6% of disembarkations or 136,634 visitors. Due to the redirecting of all Norwegian cruise ships to Harvest Caye, Belize City port arrivals fell by 24.3%.

Chart 3.1: Tourist Arrivals



Sources: BTB, CBB and Immigration Department

Table 3.4: Bona Fide Tourist Arrivals

	Jan - June 2016	Jan - June 2017
Stay Over Arrivals		
Air	168,894	179,509
Land	27,474	30,985
Sea	2,836	4,246
Total	199,204	214,740
Cruise Ship	498,848	514,094

Sources: BTB, CBB and Immigration Department

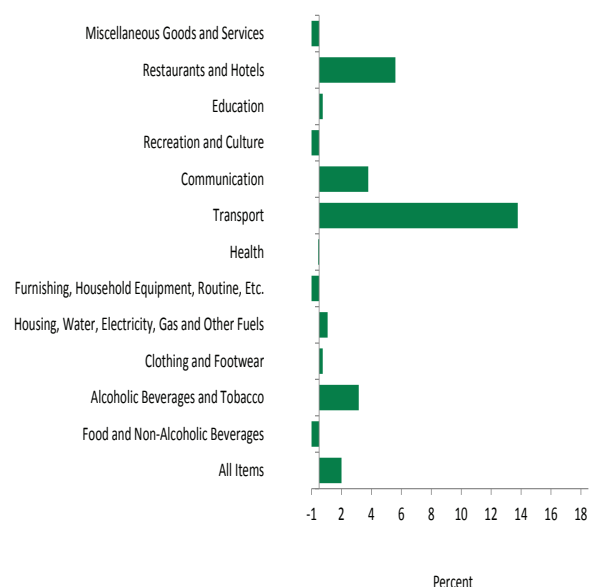
Consumer Price Index (CPI)

The price level held steady in the month of June, as a 0.6% drop in prices for “*Transport*” offset increases in “*Food and Non-Alcoholic Beverages*” and “*Alcoholic Beverages and Tobacco*” of 0.3% and 1.0%, respectively.

For the first half of 2017, prices were 1.5% higher on average than those for the comparable period of the previous year. Price declines of 1.6% for “*Food and Non-Alcoholic Beverages*” due to falling grain, poultry and vegetable prices and 2.6% for “*Miscellaneous Goods and Services*” due to falling health insurance costs helped to soften price pressures that were mostly imported or due to tax adjustments.

The sharpest increase, a 13.3% price hike in the “*Transport*” category, was a reflection of fuel prices at the pump and the cost of passenger transport by road and air. Other increases were noted in the “*Communication*” (3.3%) and “*Housing, Water, Electricity, Gas and other Fuels*” (0.6%) categories due to

Chart 3.2: Average Annual Percentage Change in Consumer Price Index
Jan to June 2017 over Jan to June 2016



Source: SIB

telecommunication equipment, electricity and gas prices. There were also increases in “*Alcoholic Beverages and Tobacco*” (2.6%), “*Clothing and Footwear*” (0.2%), “*Education*” (0.2%) and “*Restaurants and Hotels*” (5.1%).

Employment

With growth of the labour force outpacing job opportunities, the unemployment rate rose to 9.0% in April in comparison to the 8.0% rate measured in the comparable period of 2016. The uptick followed four consecutive years of declines in the unemployment rate. The labor force grew by 3.3% or 5,286 persons, while actual job creation rose by 2.2% or 3,194 persons, most of which occurred in the primary and secondary sectors.

International Trade and Payments

The country's external current account deficit declined from \$90.7mn (2.6% of GDP) in 2016 to \$82.8mn (2.3% of GDP), as a contraction in the trade deficit and small increase in net service inflows more than offset the heightening of profit repatriation in the first half of the year. The deficit was financed by grants and other inflows consisting mainly of loan disbursements to Central Government and foreign direct investments that contributed to a \$51.8mn increase in the gross international reserves. At \$804.9mn, the latter was equivalent to 5.0 months of merchandise imports at the end of June.

The merchandise trade deficit shrank by 19.9% to \$334.6mn, as exports rose by 9.8% and imports fell by 4.4%. Earnings were up for most of the major domestic export commodities with the exceptions being citrus juices, petroleum and papaya. Income from the commercial free zone

Chart 4.1: External Current Account and Trade Deficit

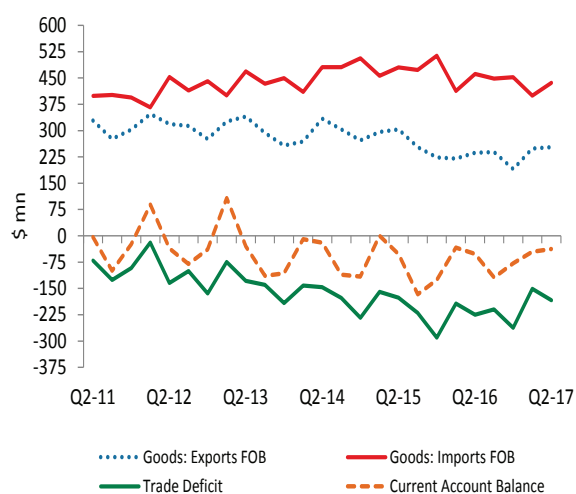


Table 4.1: Balance of Payments Summary

	\$mn	
	Jan-June 2016 ^R	Jan-June 2017 ^P
A. CURRENT ACCOUNT		
(I+II+III+IV)	-90.7	-82.8
I. Goods (Trade Balance)	-417.6	-334.6
Exports, Free on Board (FOB)	456.8	501.4
Domestic Exports	216.3	273.2
CFZ Gross Sales	192.0	180.1
Re-exports	48.5	48.1
Imports, FOB	874.4	836.0
Domestic Imports	745.7	711.6
CFZ Imports	128.8	124.4
II. Services	349.6	368.4
Transportation	-44.7	-34.4
Travel	392.2	426.0
Other Services	2.0	-23.3
III. Primary Income	-104.6	-186.6
Compensation of Employees	-4.4	-5.6
Investment Income	-100.1	-181.1
IV. Secondary Income	81.9	70.1
Government	8.5	-3.8
Private	73.4	73.9
B. Capital Account	9.5	5.0
C. Financial Account	-72.9	-175.8
D. NET ERRORS AND OMISSIONS	24.1	-46.2
E. RESERVE ASSETS	15.7	51.8

^R - Revised

^P - Provisional

(CFZ) and re-exports moved downward in comparison to the first half of the previous year. In the case of imports, much of the decline was attributable to lower outlays on "*Machinery and Transport Equipment*",

“Food & Live Animals” and goods for the *“Commercial Free Zone”*.

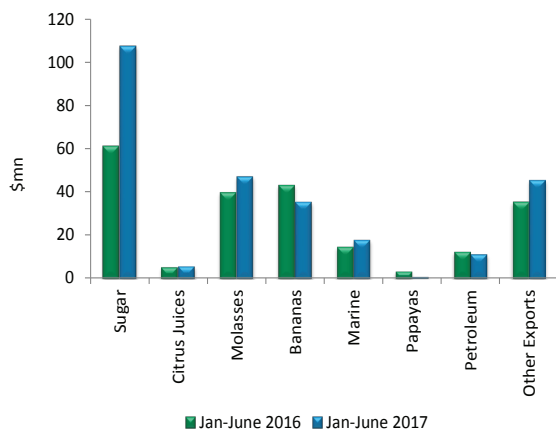
With sugar exports ratcheting up by 48.3% to 114,263 long tons, receipts expanded by 75.5% to \$107.6mn, aided by an 18.4% rally in the average price of raw bulk sugar, which reflected a temporary slump in global production. The European Union (EU) accounted for 102,700 long tons of bulk sugar valued at \$94.1mn and, in contrast to 2016, the US quota of approximately 10,868 long tons valued at \$12.6mn, was filled during the first half of the year. CARICOM purchased 673 long tons of bagged brown sugar valued at \$0.8mn, and 22 long tons were sold to other markets. Molasses exports amounted to 27,814 long tons valued at \$5.8mn.

Exports of citrus juices decreased by 27.5% to 10.9mn pound solids (ps), while revenue fell by 17.6% to \$35.6mn. The bulk of sales was to the United States

(45.6%) and the Caribbean (32.3%). While sales of orange concentrate shrank by 25.4% to 10.3mn ps, receipts declined by a lesser 13.9% to \$32.9mn, as prices rallied in light of a fall in Florida’s citrus production. Exports of orange concentrate to the United States plummeted by 43.5% to 5.0mn ps that yielded \$15.2mn, a decline of 33.8%. Similarly, a 13.2% rise in prices in the Caribbean boosted revenues by 7.6% to \$13.1mn despite a 5.0% contraction in sale volume. Exports of grapefruit concentrate also declined by 49.8% to 0.7mn ps valued at \$2.5mn. While higher than 2016, grapefruit freeze concentrate sales to Japan remained minimal at \$0.3mn.

In the first half of the year, the volume and value of marine exports increased by 16.5% to 1.6mn pounds and by 22.1% to \$18.0mn. Shrimp export volume and value almost doubled to 0.7mn pounds and \$6.6mn, respectively, as the industry continued its tenuous recovery from the Early Mortality Syndrome. While lobster exports grew by 24.5% to 0.3mn pounds, receipts failed to keep pace, rising by 17.5% to \$7.1mn due to a lower average unit price. Conch exports declined by 20.0% to 0.3mn pounds, and receipts fell by 19.0% due to a small improvement in the average unit price. Sales of other fish amounted to 0.2mn pounds valued at \$0.3mn.

Chart 4.2: Domestic Exports



Sources: SIB and CBB

In recovery mode, banana exports expanded by 17.5% to 42,431 metric tons,

while revenues rose by 18.4% to \$47.3mn. Meanwhile, although exports of crude oil declined by 33.3% to 133,866 barrels with only two shipments as compared to three in the first half of 2016, receipts declined by just 9.1% to \$11.4mn, as a cut in daily output by some of the major oil producers caused the average price per barrel to improve from US\$31.21 to US\$42.52. With the closure of Fruta Bomba operations, papaya exports contracted by 65.4% to 2.2mn pounds valued at \$0.9mn.

In other developments, net earnings from services rose by 5.4% to \$368.4mn, as a modest improvement in travel receipts and lower expenses for international freight outweighed a spike in outflows for miscellaneous services. Net travel receipts increased by 8.6% to \$426.0mn, as stayover and cruise arrivals grew by 7.8% and 3.1%, respectively, while freight costs fell in tandem with the decline in imports. In contrast, net flows for miscellaneous

Table 4.2: Capital and Financial Account Summary

		\$mn	
		Jan-June 2016 ^R	Jan-June 2017 ^P
A.	Capital Account	9.5	5.0
B.	Financial Account (1+2+3+4)	-72.9	-175.8
	1. Direct Investment in Belize	-123.8	-129.3
	2. Portfolio Investment	0.0	0.0
	Monetary Authorities	0.0	0.0
	General Government	0.0	0.0
	Banks	0.0	0.0
	Other Sectors	0.0	0.0
	3. Financial Derivatives	0.0	0.0
	4. Other Investments	50.9	-46.6
	Monetary Authorities	-0.2	3.4
	General Government	4.2	-67.8
	Banks	19.6	14.7
	Other Sectors	27.2	3.1
C.	NET ERRORS AND OMISSIONS	24.1	-46.2
D.	OVERALL BALANCE	15.7	51.8
E.	RESERVE ASSETS	15.7	51.8

^R - Revised

^P - Provisional

services swung from a surplus of \$2.0mn in 2016 to a deficit of \$23.3mn, primarily because of the fees incurred for the restructuring of the super bond.

With profit repatriation by foreign investors in the electricity and banking industries accounting for almost two-thirds, net outflows on the primary income account almost doubled from \$104.6mn to \$186.6mn. Also, given the non-recurrence of the notable transfer in 2016 to Government under the Central American Regional Security Initiative to assist with criminal justice reform, the

Chart 4.3: Trade, Services, Primary Income and Secondary Income Balances

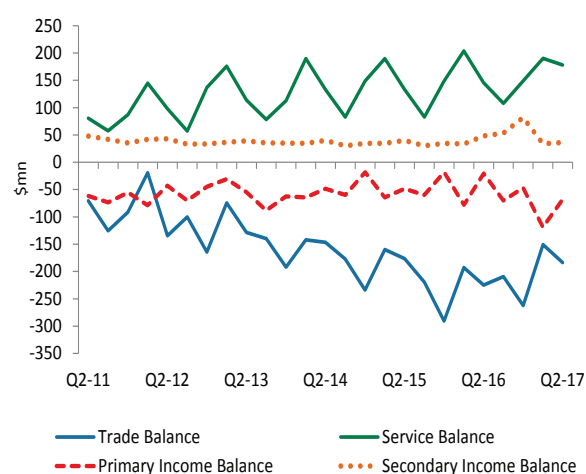
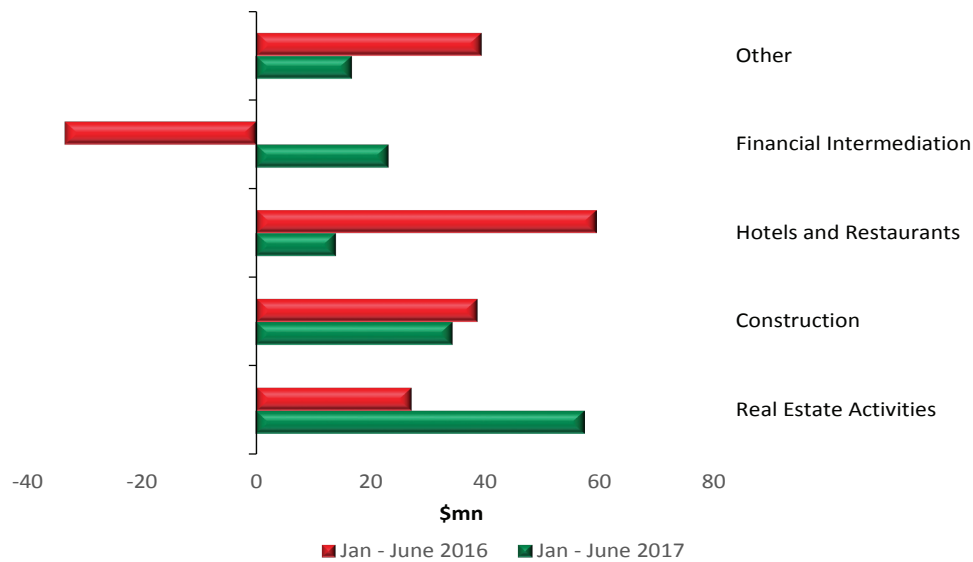


Chart 4.4: Foreign Direct Investment Net Inflows
By Major Activity



surplus on the secondary income account fell by 14.4% to \$70.1mn.

Inflows under the capital account almost halved to \$5.0mn due to a decline in grants received from the multilateral financial institutions. On the other hand, net inflows of \$175.8mn were recorded in the financial account reflecting foreign direct investments into real estate, re-investments by the commercial banks and a surge in loan disbursements to the government.

Government Operations and Public Debt

For **January through June**, Central Government's total revenue and grants grew by 6.4% over the comparable period of 2016 due to higher collection of rents, royalties, excise duties and grants, while spending expanded by 4.4%, reflecting higher current outlays of \$25.6mn. With revenues growing faster than expenditures, the fiscal deficit narrowed from 1.7% of GDP in the first half of 2016 to 1.5% of GDP, and the primary balance reversed from a deficit of \$14.9mn to a surplus of \$0.7mn.

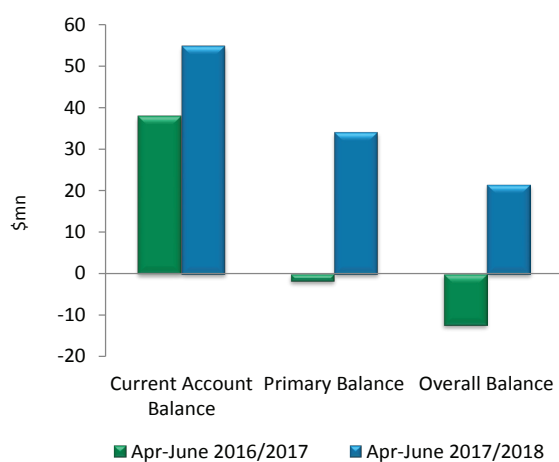
The government's financing gap, which is comprised of the overall deficit and loan amortization payments, was \$99.2mn for the first half of 2017. Most of this shortfall was financed from external sources, notably Republic of China (ROC)/Taiwan and the Government of Venezuela. On the other hand, domestic financing contracted,

since funds raised from the sale of BEL and BTL shares to BSSB, as well as the net sale of \$190.0mn in securities, led to a sizeable increase in Government's deposits at the Central Bank.

Preliminary figures for **the first quarter (April to June) of the 2017/2018 fiscal year (FY)** indicated that Central Government's operations resulted in primary and overall surpluses of 0.9% and 0.6% of GDP, respectively. Central Government's revenue and grants amounted to \$282.1mn, which was 7.6% higher than the same period of the previous FY and 23.8% of the budget, while expenditure declined by 5.1% to \$260.5mn (22.1% of budget) due to a notable reduction in capital outlays.

The \$19.9mn hike in revenues was attributable mostly to an increase of \$21.2mn in non-tax revenues. Tax receipts edged upwards by \$1.9mn (0.8%) to \$243.9mn, as higher collections of business tax, excise duties and social fees just outweighed lower receipts from the General Sales Tax (GST) and import duties. The buoyancy in social fees reflected measures enacted at the start of the FY to raise the tax rates on certain categories, while the increase in excise taxes and the associated fall in revenues from import duties reflected a shift from import duties to an excise tax on fuel.

Chart 5.1: Central Government Fiscal Operations



Sources: MOF and CBB

Table 5.1: Central Government Revenue and Expenditure

	\$mn			
	Jan 2016 to June 2016	Jan 2017 to June 2017	Apr 2016 to June 2016	Apr 2017 to June 2017
Total Revenue and Grants	510.6	543.2	262.1	282.1
Of which: Current Revenue	504.6	529.0	258.2	281.2
Of which: Grants	4.4	13.1	3.1	0.4
Total Expenditure	572.4	597.8	274.5	260.5
Current Expenditure	469.8	495.5	220.3	226.4
Capital Expenditure	102.6	102.3	54.2	34.1
Current Balance	34.7	33.6	37.9	54.9
Primary Balance	-14.9	0.7	-1.8	34.2
Overall Balance	-61.9	-54.5	-12.3	21.6

Source: MOF

Table 5.2: Summary of Central Government Revenue

	\$mn			
	Jan 2016 to June 2016	Jan 2017 to June 2017	Apr 2016 to June 2016	Apr 2017 to June 2017
Current Revenue	504.6	529.0	258.2	281.2
Tax Revenue	465.4	478.1	242.0	243.9
Income and Profits	131.7	136.1	64.3	67.1
Taxes on Property	4.6	4.2	2.6	2.1
Taxes on Goods and Services	214.5	259.6	122.2	133.6
International Trade and Transactions	114.5	78.2	52.9	41.1
Non-Tax Revenue	39.2	50.9	16.2	37.4
Property Income	8.8	2.9	3.1	1.5
Licenses	7.2	10.0	2.5	5.7
Other	23.2	38.0	10.6	30.2
Capital Revenue	1.6	1.1	0.8	0.4
Grants	4.4	13.1	3.1	0.4

Source: MOF

Table 5.3: Summary of Central Government Expenditure

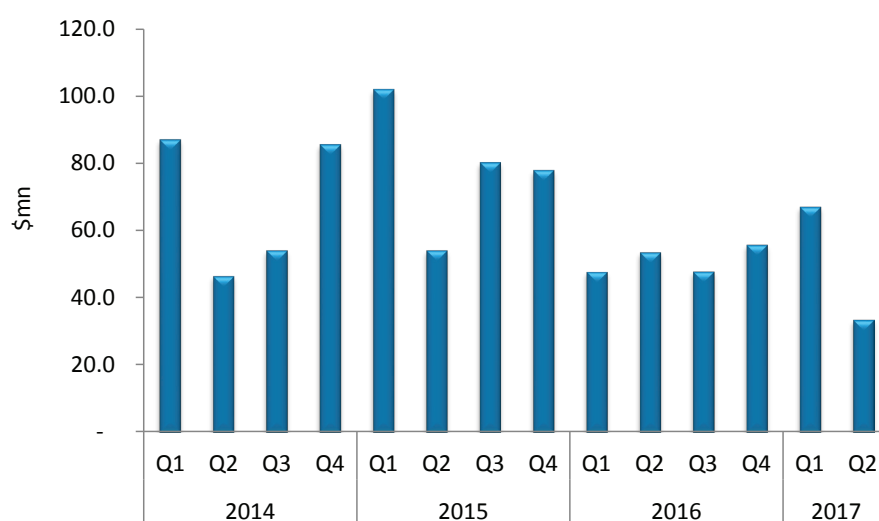
	\$mn			
	Jan 2016 to June 2016	Jan 2017 to June 2017	Apr 2016 to June 2016	Apr 2017 to June 2017
Current Expenditure	469.8	495.5	220.3	226.4
Wages and Salaries	197.4	209.2	100.1	107.2
Pensions	38.6	44.6	19.1	23.6
Goods and Services	107.1	104.5	48.4	42.5
Interest Payments	46.9	55.2	10.6	12.6
of which: External	39.3	40.1	8.1	8.5
Subsidies and Current Transfers	79.8	82.0	42.2	40.4
Capital Expenditure	102.6	102.3	54.2	34.1
Capital II	47.0	56.4	23.0	12.0
Capital III	54.3	44.3	30.6	21.6
Net Lending	1.2	1.6	0.6	0.6

Sources: MOF and CBB estimates

Non-tax revenues more than doubled to \$37.4mn mainly due to higher receipts from the international ship and company registries.

Total expenditure fell by \$13.9mn, as a 37.0% decline in capital outlays eclipsed a 2.8% increase in current spending. The growth in current outlays was mostly

Table 5.2: Central Government Development Expenditure



Sources: MOF and CBB estimates

attributable to the final negotiated increase in public officers' wages, which contributed to a 9.8% aggregate increase in personal emoluments and pensions.

Capital spending and net lending amounted to \$34.1mn, with \$13.8mn (41.1%) being spent on infra-structural projects, such as maintenance and rehabilitation of roads, highways, bridges and drains, as well as, works on the south side of Belize City, the Northern Highway and the Macal Bridge. Outlays on land management amounted to \$2.6mn, while disbursements for education, sports, health, tourism, science, technology, housing, security, agriculture and social projects summed to \$5.4mn (16.0% of the capital budget). The remainder went mostly to the Belize Infrastructure Limited and to upgrade public buildings.

Domestic Debt

There was a flurry of activity in the market for government securities during the first half of the year, as Central Government's borrowing surged to meet costs associated with the second and final settlement payment for BTL. The Government's domestic debt rose by \$195.4mn to \$943.2mn (25.9% of GDP), and further to this, the domestic debt's share of the public sector debt rose from 23.7% to 27.6%. Over the review period, Government issued \$410.0mn in new securities (\$30.0mn in Treasury bills and \$380.0mn in Treasury notes, of which \$175.0mn was Floating Rate Notes) and,

Table 5.4: Central Government Domestic Debt

	\$mn		
	Dec 2016	June 2017	Changes in Stock
Overdraft	48.2	54.3	6.0
Loans	4.6	3.9	-0.7
Treasury Bills	215.0	245.0	30.0
Treasury Notes	480.0	640.0	160.0
Total	747.8	943.1	195.4

Chart 5.3: External Debt Service

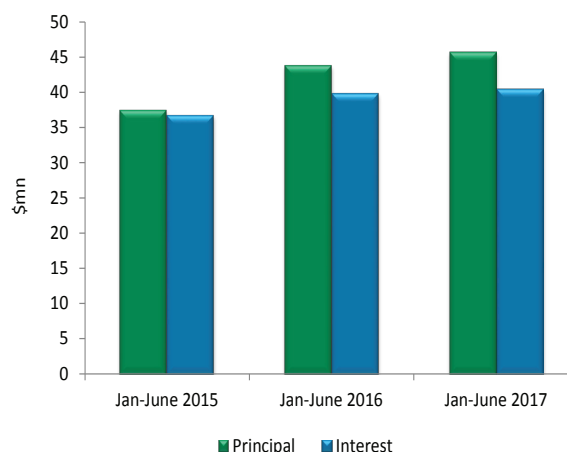
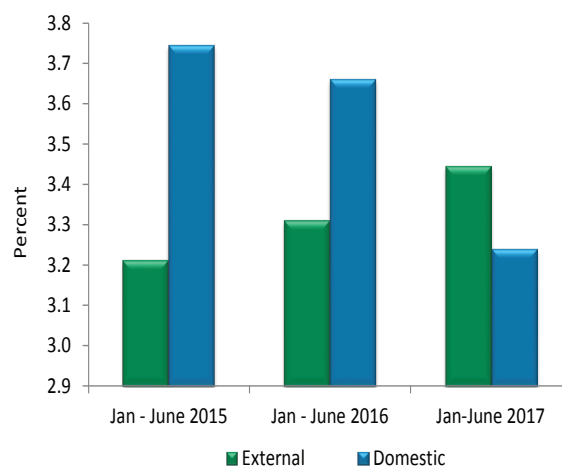


Chart 5.4: Average Interest Rate on Central Government Domestic Debt and Public Sector External Debt



simultaneously, retired \$220.0mn worth of securities held by the Central Bank.

Amortization payments amounted to \$0.7mn and were shared between the Belize Social Security Board (BSSB), one domestic bank, the Fort Street Tourism Village and the Debt for Nature Swap. In addition, \$220.0mn worth of Treasury notes was redeemed with funds raised from the sale of BTL and BEL shares to the BSSB and the proceeds from the Floating Rate Notes.

Interest payments amounted to \$15.1mn. The Central Bank received \$10.4mn on the overdraft and its holdings of securities, \$3.0mn went to non-bank entities and \$1.6mn went to domestic banks. Notwithstanding the \$190.0mn net increase in securities, the annual effective interest rate declined from an average of 3.7% at the end of June 2016 to 3.2% due to the lower rates on the new and rolled-over securities.

The Central Bank held the majority of the domestic debt, although its share fell from 49.5% at the end of 2016 to 43.5%, as it sold \$59.5mn in Treasury notes and bought \$43.1mn in Treasury bills surrendered by domestic banks and non-bank entities. The share held by non-bank entities rose from 19.5% to 25.8%, while the share held by domestic banks remained relatively stable at 30.7%.

Public Sector External Debt

The public sector external debt rose by 2.9% to \$2,472.2mn (68.0% of GDP). Disbursements to Central Government totalled \$111.4mn, of which \$87.4mn came from bilateral sources, including \$14.9mn from Venezuela, \$20.0mn from the Republic of China/Taiwan and \$50.0mn from Mega International Commercial Bank Company of Taiwan. Multilateral lenders disbursed \$24.1mn mainly for infrastructural works, including \$16.5mn from the Caribbean Development Bank (CDB) and \$5.4mn from the OPEC Fund for International Development (OFID). In addition, the Development Finance Corporation (DFC) received \$1.0mn.

Principal repayments summed to \$45.8mn. Central Government accounted for \$44.4mn, of which \$19.1mn and \$25.3mn went to bilateral and multilateral creditors, respectively. The DFC and the non-financial public sector repaid \$1.4mn to the CDB.

Interest and other payments totalled \$41.3mn, of which bond holders received \$26.3mn (63.8%), while bilateral and multilateral creditors were paid \$5.2mn and \$8.3mn, respectively, on more concessionary loans. At 3.5%, the annualized effective interest rate was higher than the 3.3% averaged at the end of June 2016.

At the end of the second quarter, Central Government held 96.6% of the public sector

Table 5.5: Public Sector External Debt

			\$mn
	DOD at: 12/31/2016	DOD at: 30/06/2017 ^P	Change in Debt Stock
Central Government	2,320.4	2,388.5	68.0
Bilateral	672.5	741.0	68.5
Multilateral	595.0	594.5	-0.5
Bonds	1,053.0	1,053.0	0.0
Non-Financial Public Sector	15.7	14.7	-1.0
Bilateral	0.0	0.0	0.0
Multilateral	15.7	14.7	-1.0
Bonds	0.0	0.0	0.0
Financial Public Sector	66.9	69.1	2.2
Bilateral	0.0	0	0.0
Multilateral	66.9	69.1	2.2
Bonds	0.0	0.0	0.0
Grand Total	2,403.0	2,472.2	69.2

^P - Provisional

external debt, of which the 2034 bond holders and the Government of Venezuela – the two largest creditors – accounted for 42.6% and 16.8%, respectively. The shares held by the financial and non-financial public sectors were much lower at 2.8% and 0.6%, respectively.

ANNEX I

Table 6.1: Gross Domestic Product
Growth Rates of Selected Countries

	Percent	
	Mar 2017	June 2017
USA ⁽²⁾	1.2	2.6
UK ⁽¹⁾	2.0	1.7
Euro Zone ⁽¹⁾	1.9	2.2
Japan ⁽²⁾	1.5	2.0

⁽¹⁾ Percentage change compared to the same quarter of the previous year.

⁽²⁾ Percentage change on an annualized basis.

Source: Respective Statistical Bureaus

Table 6.2: Factors Responsible for Money Supply Movements⁽¹⁾

	\$mn		
	Position as at June 2017	Changes During Dec 2016 to June 2017	Dec 2015 to June 2016
Net Foreign Assets	1,055.6	69.3	34.7
Central Bank	806.5	54.6	15.1
Domestic Bank	249.1	14.7	19.6
Net Domestic Credit	2,352.3	-181.5	73.8
Central Government (Net)	351.2	-163.4	72.6
Other Public Sector	4.6	-3.7	-0.4
Private Sector	1,996.5	-14.4	1.6
Central Bank Foreign Liabilities (Long-term)	49.8	1.7	0.5
Other Items (Net)	490.8	-31.4	-18.2
Money Supply (M2)	2,867.3	-82.9	126.2

⁽¹⁾ Transactions associated with the Universal Health Services (UHS) loan with the Belize Bank Limited are not included in this table, as the matter is under legal dispute.

Table 6.3: Money Supply

		\$mn	
		Changes During	
	Position as at June 2017	Dec 2016 to June 2017	Dec 2015 to June 2016
Money Supply (M2)	2,867.3	-82.9	126.2
Money Supply (M1)	1,466.7	-5.1	84.7
Currency with the Public	302.5	-8.5	-6.4
Demand Deposits	1,162.9	2.9	105.1
Savings/Chequing Deposits	1.3	0.5	-14.0
Quasi-Money	1,400.6	-77.8	41.5
Savings Deposits	698.8	12.7	64.4
Time Deposits	701.8	-90.5	-22.9

Table 6.4: Net Foreign Assets of the Banking System

		\$mn	
		Changes During	
	Position as at June 2017	Dec 2016 to June 2017	Dec 2015 to June 2016
Net Foreign Assets of Banking System	1,055.6	69.3	34.7
Net Foreign Assets of Central Bank	806.5	54.6	15.1
Central Bank Foreign Assets	811.0	51.8	14.7
Central Bank Foreign Liabilities (Demand)	4.5	-2.8	-0.4
Net Foreign Assets of Domestic Banks	249.1	14.7	19.6
Domestic Bank Foreign Assets	265.6	13.9	-5.6
Domestic Bank Foreign Liabilities (Short-Term)	16.5	-0.8	-25.2

Table 6.5: Net Domestic Credit

		\$mn	
		Changes During	
	Position as at June 2017	Dec 2016 to June 2017	Dec 2015 to June 2016
Total Credit to Central Government	700.2	97.2	58.4
From Central Bank	410.2	39.6	-0.2
Loans and Advances	54.3	6.0	13.3
Government Securities ⁽¹⁾	355.9	33.6	-13.5
From Domestic Banks	290.0	57.6	58.6
Loans and Advances	1.4	-1.5	-0.5
Government Securities	288.6	59.1	59.1
Of which: Treasury Bills ⁽²⁾	116.7	-35.0	39.0
Treasury Notes	171.9	94.1	20.1
Other	0.0	0.0	0.0
Less Central Government Deposits	349.0	260.6	-14.2
With Central Bank	321.2	260.4	0.9
With Domestic Banks	27.8	0.2	-15.1
Net Credit to Central Government	351.2	-163.4	72.6
Credit to Other Public Sector	4.6	-3.7	-0.4
From Central Bank	0.0	0.0	0.0
From Domestic Banks	4.6	-3.7	-0.4
Of which: Local Government	0.1	-0.4	-0.3
Public Financial Institutions	0.0	0.0	0.0
Public Utilities	0.0	-1.1	-1.4
Other Statutory Bodies	2.0	-2.2	1.3
Securities	2.6	0.0	0.0
Plus Credit to the Private Sector	1,996.5	-14.4	1.6
Loans and Advances	1,996.1	-14.4	1.6
Securities	0.4	0.0	0.0
Net Domestic Credit of the Banking System ⁽³⁾	2,352.3	-181.5	73.8

⁽¹⁾ Includes Central Bank's holdings of Government Treasury bills and Treasury notes.

⁽²⁾ Treasury bill holdings reported by domestic banks reflect a mix of par and market values.

⁽³⁾ Values may not equal to total due to rounding.

Table 6.6: Sectoral Composition of Domestic Banks' Loans and Advances

	\$mn		
	Changes During		
	Position as at June 2017	Dec 2016 to June 2017	Dec 2015 to June 2016
PRIMARY SECTOR	267.1	9.3	8.7
Agriculture	227.9	25.1	4.2
Sugar	80.0	7.6	0.3
Citrus	9.7	-2.5	-2.4
Bananas	82.9	13.6	3.3
Other	55.3	6.4	3.0
Marine Products	34.6	-1.6	4.4
Forestry	0.7	-0.3	0.3
Mining and Exploration	3.9	-13.9	-0.2
SECONDARY SECTOR	611.5	-11.7	7.8
Manufacturing	45.0	6.7	8.1
Building and Construction	555.8	-18.7	3.4
Utilities	10.7	0.3	-3.7
TERTIARY SECTOR	695.1	-4.6	8.5
Transport	53.5	-1.1	4.6
Tourism	119.3	-11.2	17.1
Distribution	168.4	9.4	1.8
Real Estate	299.7	6.3	-8.3
Professional Services	47.6	-1.2	-5.4
Other ⁽¹⁾	6.6	-6.8	-1.3
PERSONAL LOANS ⁽²⁾	421.8	-12.5	-23.9
TOTAL	1,995.5	-19.5	1.1

⁽¹⁾ Includes Government services, financial institutions and entertainment.

⁽²⁾ Changes due to reclassification from personal loans mainly to building and construction.

Table 6.7: Domestic Banks' Liquidity Position and Cash Reserves

	\$mn		
	Changes During		
	Position as at June 2017	Dec 2016 to June 2017	Dec 2015 to June 2016
Holdings of Approved Liquid Assets	881.0	-176.4	97.4
Notes and Coins	75.6	0.2	-5.4
Balances with Central Bank	494.6	-161.6	17.6
Money at Call and Foreign Balances (due in 90 days)	138.2	0.2	48.3
Treasury Bills maturing in not more than 90 days	131.7	-46.3	43.0
Other Approved Assets	40.9	31.1	-6.1
Required Liquid Assets	606.7	-6.9	32.4
Excess/(Deficiency) Liquid Assets	274.3	-169.5	65.0
Daily Average Holdings of Cash Reserves	495.5	-157.4	17.6
Required Cash Reserves	224.2	-2.6	12.0
Excess/(Deficiency) Cash Reserves	271.3	-154.8	5.6
Actual Securities Balances	116.7	-35.0	39.0
Excess/(Deficiency) Securities	116.7	-35.0	39.0

Table 6.8: Domestic Banks' Weighted Average Interest Rates

	Percent		
	Changes During		
	Position as at June 2017	Dec 2016 to June 2017	Dec 2015 to June 2016
Weighted Lending Rates			
Personal Loans	11.38	-0.25	0.10
Commercial Loans	9.37	-0.14	-0.27
Residential Construction	7.29	-0.28	-0.21
Other	6.81	-0.39	-0.16
Weighted Average	9.49	-0.17	-0.19
Weighted Deposit Rates			
Demand	0.01	0.00	-0.01
Savings/Chequing	0.35	-0.27	0.02
Savings	2.38	-0.02	-0.11
Time	2.12	-0.08	-0.15
Weighted Average	1.23	-0.05	-0.12
Weighted Average Spread	8.26	-0.12	-0.07

Table 6.9: Domestic Banks' Weighted Average Interest Rates on New Loans and Deposits

	Percent				
	Twelve Month Rolling Averages At			Changes	
	June 2017	Mar 2017	June 2016	June 2017 over Mar 2017	June 2017 over June 2016
Weighted Lending Rates					
Personal Loans	10.35	10.36	10.48	-0.01	-0.13
Commercial Loans	9.10	9.22	9.74	-0.12	-0.64
Residential Construction	6.72	6.69	6.83	0.03	-0.11
Other	6.39	6.41	6.58	-0.02	-0.19
Weighted Average	9.21	9.27	9.60	-0.06	-0.39
Weighted Deposit Rates					
Demand	0.01	0.03	0.04	-0.02	-0.03
Savings/Chequing	1.17	0.96	1.00	0.21	0.17
Savings	2.02	2.23	2.38	-0.21	-0.36
Time	2.00	2.00	1.88	0.00	0.12
Weighted Average	1.86	1.86	1.71	0.00	0.15
Weighted Average Spread	7.35	7.42	7.89	-0.07	-0.54

Table 6.10: Real Gross Domestic Product Growth Rates⁽¹⁾

	Year on Year Growth (%)	
	Jan-June 2016 ⁽¹⁾ Over Jan-June 2015 ^R	Jan-June 2017 ⁽¹⁾ Over Jan-June 2016 ^P
Agriculture, hunting and forestry	-6.6	7.9
Fishing	-81.6	8.3
Manufacturing (including Mining and Quarrying)	-9.0	-2.3
Electricity and Water	12.7	-2.4
Construction	17.2	2.5
Wholesale and Retail	4.5	-2.4
Hotels and Restaurants	6.2	-1.2
Transport and Communication	6.0	3.3
Other Private Services excluding Financial Services Indirectly Measured	2.9	4.9
Producers of Government Services	10.2	2.3
All Industries at Basic Prices	-0.9	1.9
Taxes on Products	5.2	-2.7
GDP at Constant 2000 Prices	0.1	1.1

Source: SIB

⁽¹⁾ constant 2000 prices— changes in percent

^R - Revised

^P - Provisional

Table 6.11: Gross Domestic Product by Activity at Constant 2000 Prices

	\$mn			
	Quarter 1 2016 ^R	Quarter 2 2016 ^R	Quarter 1 2017 ^R	Quarter 2 2017 ^P
Agriculture, Hunting and Forestry	71.8	73.0	80.2	76.1
Fishing	7.0	3.9	7.8	4.0
Manufacturing (including Mining and Quarrying)	56.0	51.7	53.7	51.5
Electricity and Water	34.4	32.0	31.0	33.8
Construction	23.9	23.7	25.9	22.9
Wholesale and Retail	115.0	121.7	112.2	118.8
Hotels and Restaurants	37.0	29.9	37.0	29.1
Transport and Communication	77.6	75.9	79.4	79.2
Other Private services excluding Financial Services Indirectly Measured	115.5	115.3	121.1	120.9
Producers of Government Services	76.7	77.0	78.6	78.7
All Industries at Basic Prices	615.0	604.1	626.8	615.2
Taxes on Products	118.3	124.9	114.9	121.8
GDP at Constant 2000 Prices	733.3	729.0	741.7	737.0

Source: SIB

^R - Revised^P - Provisional

Table 6.12: Consumer Price Index (CPI) Commodity Group

		% Change				
Major Commodity	Weights	April 2017	May 2017	June 2017	June 2017 over May 2017	YTD 2017 over YTD 2016
Food and Non-Alcoholic Beverages	195	105.2	105.2	105.5	0.3	-1.6
Alcoholic Beverages and Tobacco	17	103.2	105.4	106.5	1.0	2.6
Clothing and Footwear	83	97.8	97.9	97.9	0.0	0.2
Housing, Water, Electricity, Gas, and Other Fuels	265	103.4	103.8	103.9	0.1	0.6
Furnishing, Household Equipment, and Routine Household Maintenance	69	101.0	101.0	101.0	-0.0	-0.9
Health	41	113.6	113.2	113.1	-0.1	-0.1
Transport	136	114.6	108.4	107.8	-0.6	13.3
Communication	33	101.0	100.6	100.6	0.0	3.3
Recreation and Culture	69	107.1	103.9	103.8	-0.1	-0.6
Education	32	103.8	103.4	103.4	0.0	0.2
Restaurants and Hotels	7	115.7	118.4	118.4	-0.0	5.1
Miscellaneous Goods and Services	52	103.6	104.2	104.1	-0.1	-2.6
All Items	1,000	105.3	104.4	104.4	0.0	1.5

Source: SIB

Table 6.13: Gross Imports at Cost, Insurance and Freight (CIF) by
Standard International Trade Classification (SITC)

\$'000

SITC Section	Jan-June 2016	Jan-June 2017	\$ Change	% Change
0. Food and Live Animals	116,430	109,439	(6,991)	(6.0)
1. Beverages and Tobacco	17,293	18,745	1,453	8.4
2. Crude Materials	20,007	19,132	(875)	(4.4)
3. Minerals, Fuels and Lubricants	104,229	133,366	29,137	28.0
Of which: Electricity	13,090	26,554	13,464	102.9
4. Oils and Fats	6,835	8,498	1,663	24.3
5. Chemical Products	86,662	89,274	2,612	3.0
6. Manufactured Goods	113,122	120,904	7,782	6.9
7. Machinery and Transport Equipment	238,998	182,560	(56,437)	(23.6)
8. Other Manufactures	79,400	81,345	1,945	2.4
9. Commodities not elsewhere specified	195	323	128	65.8
10. Export Processing Zones	28,168	20,658	(7,509)	(26.7)
11. Commercial Free Zone	139,508	134,802	(4,706)	(3.4)
12. Personal Goods	1,510	1,823	313	20.7
Total	952,357	920,871	(31,486)	(3.3)

Sources: CBB and SIB

Table 6.14: Balance of Payments

	\$mn	
	Jan-June 2016 ^R	Jan-June 2017 ^P
CURRENT ACCOUNT	-90.7	-82.8
Goods: Exports FOB	456.8	501.4
Goods: Imports FOB	874.4	836.0
Trade Balance	-417.6	-334.6
Services: Credit	559.4	609.6
Transportation	28.4	35.4
Travel	437.0	471.0
Other Goods and Services	73.6	63.1
Government Goods and Services	20.5	40.1
Services: Debit	209.8	241.2
Transportation	73.1	69.8
Travel	44.8	45.0
Other Goods and Services	78.0	99.6
Government Goods and Services	14.0	26.9
Balance on Goods and Services	-68.0	33.7
Primary Income: Credit	7.2	7.7
Compensation of Employees	2.4	2.4
Investment Income	4.9	5.3
Primary Income: Debit	111.8	194.3
Compensation of Employees	6.8	7.9
Investment Income	105.0	186.4
Balance on Goods, Services and Primary Income	-172.6	-152.9
Secondary Income: Credit	128.2	115.5
Secondary Income: Debit	46.4	45.4
CAPITAL ACCOUNT	9.5	5.0
Capital Account: Credit	9.5	5.0
Capital Account: Debit	0.0	0.0
FINANCIAL ACCOUNT	-72.9	-175.8
Direct Investment Abroad	2.8	0.4
Direct Investment in Reporting Economy	126.6	129.7
Portfolio Investment Assets	0.0	0.0
Portfolio Investment Liabilities	0.0	0.0
Financial Derivatives	0.0	0.0
Other Investment Assets	-7.9	12.7
Other Investment Liabilities	-58.8	59.3
NET ERRORS AND OMISSIONS	24.1	-46.2
OVERALL BALANCE	15.7	51.8
RESERVE ASSETS	15.7	51.8

Source: CBB

^R - Revised^P - Provisional

Table 6.15: International Investment Position

	\$mn		
	Jan-Mar 2017	Apr-June 2017	Quarterly Change
Net position	-5,969.0	-6,031.1	-62.1
A. Assets	1,124.7	1,185.7	61.0
1. Direct Investment Abroad	137.2	137.5	0.3
2. Portfolio Investment	33.1	33.8	0.7
2.1 Equity Securities	17.3	18.0	0.7
2.2 Debt Securities	15.8	15.8	0.1
3. Other Investment	204.0	209.4	5.5
3.1 Trade Credits	-1.3	-1.3	0.0
3.2 Loans	6.5	6.1	-0.3
3.3 Currency and Deposits	235.4	236.4	1.0
3.4 Other Assets	10.2	4.3	-6.0
4. Reserve Assets	750.4	805.0	54.5
4.1 Monetary Gold	0.0	0.0	0.0
4.2 Special Drawing Rights	54.4	55.8	1.3
4.3 Reserve Position in the Fund	16.9	17.3	0.4
4.4 Foreign Exchange	660.3	713.1	52.8
4.5 Other Claims	18.8	18.8	0.0
B. Liabilities	7,093.7	7,216.8	123.1
1. Direct Investment	4,226.7	4,307.7	81.0
2. Portfolio Investment	1,053.0	1,053.0	0.0
2.1 Equity Securities	0.0	0.0	0.0
2.2 Debt Securities	1,053.0	1,053.0	0.0
3. Other Investment	1,814.0	1,856.1	42.1
3.1 Trade Credits	-1.8	5.5	7.3
3.2 Loans	1,732.5	1,774.1	41.6
3.3 Currency and Deposits	82.4	76.1	-6.4
3.4 Other Liabilities	0.8	0.4	-0.4

Table 6.16: Extended Balance of Payment Services Classifications (EBOPS)

		\$mn	
		Jan - June 2016	Jan - June 2017
Total Services	Net	349.6	368.4
	Credits	559.4	609.6
	Debits	209.8	241.2
Manufacturing Services	Net	0.1	0.0
	Credits	0.1	0.0
	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	-44.7	-34.4
	Credits	28.4	35.4
	Debits	73.1	69.8
Travel	Net	392.2	426.0
	Credits	437.0	471.0
	Debits	44.8	45.0
Telecommunications, Computer, and Information Services	Net	20.9	9.6
	Credits	28.4	21.6
	Debits	7.5	12.0
Construction Services	Net	0.0	0.0
	Credits	0.0	0.0
	Debits	0.0	0.0
Insurance and Pension Services	Net	-27.1	-28.2
	Credits	0.3	0.3
	Debits	27.4	28.6
Financial Services	Net	-3.0	2.0
	Credits	3.1	4.7
	Debits	6.1	2.7
Charges for the use of Intellectual Property, n.i.e.	Net	-2.8	-3.3
	Credits	0.0	0.0
	Debits	2.8	3.3
Other Business Services	Net	7.7	-16.1
	Credits	41.7	36.5
	Debits	33.9	52.6
Personal, Cultural and Recreational Services	Net	-0.3	-0.4
	Credits	0.0	0.0
	Debits	0.3	0.4
Government Services, n.i.e.	Net	6.5	13.2
	Credits	20.5	40.1
	Debits	14.0	26.9

Table 6.17: Private Sector External Debt by Economic Sector^(1,3)

\$'000

Economic Sectors	Disbursed Outstanding as at 31/12/16	Transactions (Jan - June 2017)			Disbursed Outstanding as at 30/06/2017
		Disbursements	Principal Payments	Interest Payments	
Long Term:					
Agriculture	55,127	0	285	39	54,843
Arts, Entertainment and Recreation	1,700	0	0	0	1,700
Construction	48,722	0	2,480	2,365	46,242
Economic Diversification	778	0	111	19	667
Education	198	0	0	0	198
Electricity and Gas ⁽²⁾	5,154	0	8	682	5,146
Financial and Insurance Activities	111	0	0	0	111
Fishing	89,214	0	3,587	1,058	85,628
Information and Communication	520	0	175	15	345
Real Estate Activities	1,258	0	0	0	1,258
Tourism Activities	40,263	0	0	0	40,263
Transportation	31,178	0	3,742	669	27,437
Wholesale and retail trade	1,086	0	0	2	1,086
Other	19,127	33,849	42,319	0	10,657
Total	294,437	33,849	52,707	4,849	275,580

⁽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 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.

⁽³⁾ At the time of reporting not all companies have submitted their balance sheets to the Central Bank of Belize

Table 6.18: Exports of Sugar and Molasses

	Jan-June 2016		Jan-June 2017	
	Volume (long tons)	Value (\$'000)	Volume (long tons)	Value (\$'000)
Sugar	77,055	61,283	114,263	107,557
E.U.	75,679	59,730	102,700	94,092
USA	0	0	10,868	12,611
Caricom	1,353	1,519	673	819
Other	22	34	22	34
Molasses	23,660	5,409	27,814	5,812

Sources: SIB and Santander Group

Table 6.19: Export Sales of Citrus Products

	Jan-June 2016		Jan-June 2017	
	Pound Solid ('000)	Value (\$'000)	Pound Solid ('000)	Value (\$'000)
Citrus Concentrates				
U.S.A.				
Orange	8,871.4	22,965.2	5,010.5	15,194.2
Grapefruit	0.0	0.0	0.0	0.0
Caribbean				
Orange	3,728.8	12,138.2	3,542.9	13,059.1
Grapefruit	359.3	1,332.0	206.7	773.0
Europe				
Orange	1,032.7	2,860.5	1,698.3	4,676.2
Grapefruit	965.7	3,325.1	397.9	1,430.8
Other				
Orange	101.5	280.8	0.0	0.0
Grapefruit	60.1	199.6	90.2	331.2
Sub-Total ⁽¹⁾	15,119.5	43,101.3	10,946.6	35,464.5
Orange	13,734.4	38,244.6	10,251.7	32,929.6
Grapefruit	1,385.1	4,856.7	694.9	2,534.0
Not-From-Concentrate				
Sub-Total	25.6	143.4	30.8	165.7
Orange	20.8	118.0	25.6	135.4
Grapefruit	4.7	25.4	5.2	30.3
Total Citrus Juices	15,145.1	43,244.7	10,977.4	35,630.2
Pulp (pounds '000)				
Total ⁽¹⁾	2,055.1	1,555.0	459.2	369.9
Orange	1,927.1	1,459.7	459.2	369.9
Grapefruit	128.0	95.4	0.0	0.0

Source: CPBL

⁽¹⁾ Values may not be equal to total due to rounding.

Table 6.20: Exports of Marine Products

	Jan-June 2016		Jan-June 2017	
	Volume ('000 pounds)	Value (\$'000)	Volume ('000 pounds)	Value (\$'000)
Lobster	287	6,043	357	7,101
Shrimp	409	3,368	705	6,571
Conch	420	5,029	336	4,075
Other Fish	251	328	195	291
Total	1,367	14,768	1,593	18,038

Sources: SIB and CBB

Table 6.21: Banana Exports

	Jan-June 2016	Jan-June 2017
Volume (metric tons)	36,109	42,431
Value (\$'000)	39,959	47,304

Source: BGA

Table 6.22: Petroleum Exports

	Jan-June 2016	Jan-June 2017
Volume (Barrels)	200,616	133,866
Value (\$'000)	12,523	11,385

Source: Petroleum and Geology Department

Table 6.23: Other Major Exports

	Jan-June 2016	Jan-June 2017
Other Miscellaneous Exports (\$'000)	39,140	46,506
Of which:		
<u>Papaya</u>		
Volume ('000 lbs)	6,245	2,159
Value (\$'000)	3,438	874

Sources: SIB and CBB

Table 6.24: Central Government Domestic Debt by Creditor⁽¹⁾

	TRANSACTIONS THROUGH JUNE 2017					\$'000
	Disbursed Outstanding Debt 31/12/16 ^R	Disbursement/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	Disbursed Outstanding Debt 30/06/17 ^P
Overdraft/Loans	48,221	0	0	2,123	6,043	54,263
Central Bank	48,221	0	0	2,123	6,043	54,263
Domestic Banks	0	0	0	0	0	0
Treasury Bills	215,000	30,000	0	361	0	245,000
Central Bank	51,792	30,000	0	229	43,073	124,865
Domestic Banks	151,700	0	0	130	(35,000)	116,700
Other	11,508	0	0	2	(8,073)	3,435
Treasury Notes	480,000	379,968	219,968	12,455	0	640,000
Central Bank	270,477	240,000	219,968	8,062	(59,494)	231,015
Domestic Banks	77,825	91,000	0	1,430	3,063	171,888
Other	131,698	48,968	0	2,964	56,431	237,097
Heritage Bank Limited	1,732	0	347	79	0	1,385
Belize Social Security Board ⁽²⁾	355	0	21	14	0	333
Fort Street Tourism Village	328	0	219	0	0	110
Debt for Nature Swap	2,147	0	88	31	0	2,059
Total	747,784	409,968	220,643	15,063	6,043	943,151

^R - Revised^P - Provisional⁽¹⁾ Transactions associated with the Universal Health Services (UHS) loan with the Belize Bank Limited are not included in this table, as no action has been taken to enforce the claim.⁽²⁾ Government has outstanding loan with BSSB for Hopeville Housing Project.

Table 6.25: Central Government Revenue and Expenditure

	\$'000					
	Approved Budget 2017/2018	Jan 2016 to June 2016	Jan 2017 to June 2017	Apr 2016 to June 2016	Apr 2017 to June 2017 ^P	Fiscal YTD as % of Budget
TOTAL REVENUE AND GRANTS (1+2+3)	1,186,770	510,571	543,232	262,132	282,080	23.8%
1). Current Revenue	1,134,105	504,552	529,046	258,195	281,237	24.8%
Tax Revenue	1,032,903	465,373	478,102	242,006	243,875	23.6%
Income and Profits	270,781	131,727	136,079	64,278	67,107	24.8%
Taxes on Property	6,230	4,606	4,224	2,634	2,090	33.6%
Taxes on Goods and Services	551,881	214,506	259,574	122,215	133,553	24.2%
International Trade and Transactions	204,011	114,534	78,225	52,879	41,125	20.2%
Non-Tax Revenue	101,202	39,178	50,944	16,189	37,362	36.9%
Property Income	31,025	8,759	2,950	3,102	1,505	4.8%
Licences	10,039	7,202	10,033	2,456	5,653	56.3%
Other	60,138	23,217	37,962	10,631	30,205	50.2%
2). Capital Revenue	5,984	1,617	1,071	840	442	7.4%
3). Grants	46,682	4,402	13,116	3,097	401	0.9%
TOTAL EXPENDITURE (1+2)	1,180,103	572,437	597,762	274,455	260,507	22.1%
1). Current Expenditure	1,030,405	469,849	495,464	220,258	226,367	22.0%
Wages and Salaries	422,373	197,427	209,218	100,064	107,238	25.4%
Pensions	79,080	38,580	44,612	19,095	23,631	29.9%
Goods and Services	235,564	107,120	104,479	48,352	42,494	18.0%
Interest Payments on Public Debt	109,055	46,943	55,194	10,567	12,614	11.6%
Subsidies and Current Transfers	184,333	79,779	81,960	42,179	40,391	21.9%
2). Capital Expenditure	149,698	102,588	102,299	54,197	34,139	22.8%
Capital II (Local Sources)	66,243	47,034	56,419	22,980	11,999	18.1%
Capital III (Foreign Sources)	81,156	54,338	44,254	30,613	21,550	26.6%
Capital Transfer and Net Lending	2,299	1,215	1,625	605	591	25.7%
CURRENT BALANCE	103,700	34,702	33,582	37,937	54,870	52.9%
Primary Balance	115,722	(14,924)	664	(1,756)	34,187	29.5%
OVERALL BALANCE	6,667	(61,867)	(54,530)	(12,324)	21,573	323.6%
Primary Balance less Grants	69,040	(19,327)	(12,452)	(4,854)	33,786	48.9%
Overall Balance less Grants	(40,014)	(66,269)	(67,645)	(15,421)	21,172	-52.9%
FINANCING	(6,667)	61,867	54,530	12,324	(21,573)	
Domestic Financing		73,846	(65,374)	13,514	(109,765)	
Central Bank		(871)	(220,875)	(35,630)	(263,660)	
Net Borrowing		(237)	39,654	(27,906)	(15,423)	
Change in Deposits		(634)	(260,528)	(7,724)	(248,238)	
Commercial Banks		77,150	57,406	42,457	71,441	
Net Borrowing		58,618	57,572	46,889	64,810	
Change in Deposits		15,108	(166)	(4,432)	6,631	
International Banks		3,424	1,008	7,200	1,052	
Other Domestic Financing		(5,856)	97,086	(513)	81,403	
Financing Abroad		(3,858)	67,053	1,241	41,519	
Disbursements		36,467	111,446	24,313	66,864	
Amortization		(40,325)	(44,393)	(23,073)	(25,344)	
Nationalization of BEL		0	0	0	0	
Nationalization of BTL		0	0	0	0	
Other		(8,121)	52,851	(2,430)	46,672	

Sources: CBB and MOF

^P - Provisional

Table 6.26: Public Sector External Debt by Creditor

	TRANSACTIONS THROUGH JUNE 2017					\$'000
	Disbursed Outstanding Debt 31/12/16 ^R	Disbursements	Principal Payments	Interest & Other Payments	Parity Change	Disbursed Outstanding Debt 30/06/17 ^P
CENTRAL GOVERNMENT	2,320,446	111,446	44,393	40,687	953	2,388,453
Government of Venezuela	405,985	14,923	6,372	1,770	0	414,536
Kuwait Fund for Arab Economic Development	22,221	2,447	964	408	238	23,942
Republic of China	0	50,000	0	0	0	50,000
Mega International Commercial Bank Company	244,247	20,000	11,757	3,050	0	252,490
Caribbean Development Bank	244,452	16,547	9,725	3,760	0	251,273
Caricom Development Fund	1,610	0	403	49	0	1,208
European Economic Community	8,071	0	336	28	659	8,394
Inter-American Development Bank	231,486	1,513	9,431	2,902	0	223,569
International Fund for Agriculture Development	2,820	311	186	23	57	3,002
International Bank for Reconstruction and Development	30,684	336	1,897	518	0	29,123
Opec Fund for International Development	52,645	5,369	2,436	1,169	0	55,578
Central American Bank for Economic Integration	23,221	0	887	682	0	22,334
Bank of New York	1,053,004	0	0	26,325	0	1,053,004
NON-FINANCIAL PUBLIC SECTOR	15,697	0	1,012	305	0	14,685
Caribbean Development Bank ^{(1) (2)}	15,697	0	1,012	305	0	14,685
FINANCIAL PUBLIC SECTOR	66,890	950	432	276	1,693	69,101
Caribbean Development Bank	18,666	950	416	276	0	19,200
European Economic Community	113	0	16	1	9	105
International Monetary Fund ⁽³⁾	48,112	0	0	0	1,684	49,796
GRAND TOTAL	2,403,034	112,396	45,837	41,268	2,646	2,472,239

^R - Revised^P - Provisional⁽¹⁾ Effective 21 June 2011, the nationalization of Belize Electricity Limited caused an increase (\$23.1mn) in debt, which was matched by Government's acquisition of assets of equal value.⁽²⁾ Effective 3 October 2005, loans to BWSL were reclassified as public sector debt as a result of Government of Belize's repurchase of the company.⁽³⁾ International Monetary Fund Special Drawing Rights allocation is included as part of the financial public sector external debt obligation.