



## **Economic Review (June 2006)**



## Overview

Domestic consumption slackened somewhat in response to the continued tightness of the monetary and fiscal policy framework. Except for a surge of activity in the nascent petroleum industry, preliminary estimates are that the non-oil sectors grew by an estimated 0.9% in real terms as compared to growth of 4.8% during the first half of 2005. This growth was driven mainly by higher production of sugarcane, papaya, sugar, garments, electricity, communication and other services that just managed to outweigh contractions in farmed shrimp, construction and government services. Meanwhile, higher fuel acquisition cost was the main contributor to the upward trend in the Consumer Price Index, which rose by 1.2% over the quarter (February 2006 to May 2006) and 4.1% over the year from May 2005 to May 2006.

In a notable departure from the performance of recent years, the current account of the balance of payments swung from a deficit of \$142.1mn during the first half of 2005 to a modest surplus of \$17.8mn at the end of June, 2006. This marked improvement reflected a narrowing of the trade deficit, higher earnings from services and an expansion in inward remittances that outweighed an increase in

the retained earnings of the commercial banks. A decline in government borrowings and the cessation of privatization inflows resulted in a reduced surplus of \$25.8mn on the capital and financial accounts. The gross official reserves therefore experienced moderate growth of \$8.4mn to \$151.0mn, the equivalent of 1.7 months of imports.

Buoyancy in the trade and tourism sectors somewhat tempered the effect of initiatives to reduce domestic liquidity. These initiatives included a 1.0% increase in commercial bank reserve requirements in January, the enforcement of the International Banking Act to stop the comingling of resident and non-resident foreign currency deposits and the continued sterilization of Belize Social Security Board (BSSB) monthly surpluses. Notwithstanding these measures, commercial bank excess liquidity expanded by 52.5% over the first half of the year, a development that set the stage for the introduction of additional measures to reduce the build-up and limit the expansion of credit.

With deposit growth being boosted by credit and inflows from exports and tourism, M2 (broad money) grew by 5.7%. Credit growth was partly a reflection of



government reliance on Central Bank financing to cover external debt service payments. Lending to the private sector also expanded and was mostly targeted at tourism, personal loans, banana and marine producers and other service providers.

Fiscal developments during the April to June period (the first quarter of the 2006/2007 fiscal year) included a further reduction in Central Government's financing gap with the overall deficit amounting to \$15.3mn (0.7% of GDP) and a primary surplus of \$22.7mn (1.0% of GDP) being recorded. In comparison to the first quarter of the previous fiscal year, the outturn represented a 52.5% reduction in the overall deficit and an almost tripling of the primary surplus. While revenues rose by 5.2%, expenditure contracted by 5.9% as equal decreases in current and capital outlays were recorded. The overall deficit was financed domestically by way of

overdraft financing provided by the Central Bank.

During the first six months of the year, Central Government's domestic debt rose by \$47.0mn to \$326.4mn mostly due to an increase in its overdraft balance with the Central Bank. Approximately 50.0% of the increase in the latter actually occurred in 2005 but is being recorded in 2006 as a result of suspense account transactions in late December and early January.

External loan disbursements to the public sector declined to \$37.2mn in the first half of the year as compared to disbursements of \$335.4mn in the comparable period of 2005. Principal and interest payments also fell from \$241.2mn to \$127.9mn. At \$1843.8mn (81.0% of GDP), the external public sector debt was some \$21.4mn below the June 2005 position.



## Domestic Production And Prices

Excluding value added from the nascent petroleum industry, the gross domestic product (GDP) grew by 0.9% during the first half of 2006 as compared to 4.8% in the first half of 2005.

In the primary sector, increased output of sugarcane and papaya contributed to an 8.5% expansion in agriculture/hunting/forestry, while a fall in farmed shrimp production led to a 31.8% contraction in fishing.

Manufacturing expanded by 2.0% with increased production of sugar and garments outweighing a decline in citrus processing. With the Chalillo hydroelectric plant providing a boost, the electricity and water sub-sector expanded by 27.4%. On the other hand, construction fell by 7.8%, reflecting the wrap-up of the Chalillo project in the previous year and delays in the start-up of major new tourist oriented projects and the Belize Sugar Industries (BSI) co-generation plant.

In the services sector, growth in wholesale and retail activity slowed and government services contracted by 6.1% as controls on spending continued to be maintained. In contrast, transport and communication expanded by 7.2% as a result of investments by the two principal

telecommunication providers to upgrade their services.

Inflation (as measured by the **Consumer Price Index**) rose by 1.2% over the quarter (February 2006 to May 2006) and 4.1% from May 2005 to May 2006 with year on year prices increasing across all major commodities.

### Sugar

The sugarcane crop year ended on June 30<sup>th</sup> 2006, in contrast to the previous crop that had been shortened by a month due to drought. Good rainfall during the crop's growing period and dry weather during its peak harvesting period (from January to May) pushed up sugarcane deliveries by 26.3% to 1,173,469 long tons. At 10.9%, the corresponding growth in sugar production to 111,394 long tons was smaller as the cane/sugar ratio worsened by 11.2% in response to losses in factory efficiency, cane purity and lower sugar levels in the crop. On the other hand, the increase in processing volume pushed up molasses production by 11.1% to 41,179 long tons.

The average sugarcane price was estimated at \$57.73 per long ton, a 6.5% increase over the final price of the previous crop. Price



**Table 1.1: Deliveries of Sugarcane and Production of Sugar and Molasses**

	Nov-Jun 2005/06	Nov-Jun 2004/05
<b>Deliveries of Sugarcane (long tons)</b>	<b>1,173,469</b>	<b>929,393</b>
<b>Sugar Processed (long tons)</b>	<b>111,394</b>	<b>100,435</b>
<b>Molasses processed (long tons)</b>	<b>41,179</b>	<b>37,074</b>
<b>Performance</b>		
Factory Time Efficiency (%)	91.34	94.57
Cane Purity (%)	83.95	85.83
Cane/Sugar	10.53	9.25

*Source: Belize Sugar Industries*

boosters included an 11.3% improvement in the Euro to US dollar exchange rate, higher sales to the US and European Union preferential markets and lower international freight charges. Also contributing to the increase was a 54.9% rally in the world market price of sugar to approximately U.S. \$0.16 per pound as the result of reduced Brazilian sugar exports (due to higher ethanol production and a lower than expected sugarcane crop) and a lowering in projected exports of European sugar.

## **Citrus**

After the previous year's bumper crop, citrus production returned to normal levels with overall deliveries down by 15.1% to 6.6mn boxes. However, while deliveries of orange fell by 21.3% to 4.9mn boxes, those of grapefruit rose by 10.5% to 1.7mn boxes.

**Table 1.2: Citrus Fruit Deliveries and Output of Citrus Products**

	Oct-Jun 2005/06	Oct-Jun 2004/05
<b>Deliveries (boxes)</b>		
Orange	4,930,90	6,264,84
Grapefruit	<u>1,687,50</u>	<u>1,527,80</u>
<b>Total</b>	<b>6,618,40</b>	<b>7,792,64</b>
<b>Concentrate Produced (ps)</b>		
Orange	29,105,6	37,688,8
Grapefruit	<u>6,075,86</u>	<u>5,846,09</u>
<b>Total</b>	<b>35,181,5</b>	<b>43,534,9</b>
<b>Not from concentrate (ps)</b>		
Orange	43,738	359,979
Grapefruit	<u>391,050</u>	<u>326,452</u>
<b>Total</b>	<b>434,788</b>	<b>686,431</b>
<b>Pulp (pounds)</b>		
Orange	1,935,98	1,807,93
Grapefruit	<u>572,832</u>	<u>682,080</u>
<b>Total</b>	<b>2,508,81</b>	<b>2,490,01</b>
<b>Oil Produced (pounds)</b>		
Orange	1,605,15	1,727,63
Grapefruit	<u>235,000</u>	<u>164,870</u>
<b>Total</b>	<b>1,840,15</b>	<b>1,892,50</b>

*Sources: Citrus Products of Belize, Citrus Growers Association*

At 19.5%, the subsequent decline in juice production was exacerbated by a fall in the average pound solids (ps) per box of fruit. Most of the fruit was used to produce concentrate juices that amounted to 35.2mn ps (including 29.1mn ps in orange and 6.1mn ps in grapefruit). NFC production was mostly of grapefruit and amounted to 0.4mn ps. Output of pulp increased by 0.8%, while oil production fell by 2.8%.

Notwithstanding a 4.0% forecasted increase in world citrus output, prices for citrus juice



exports remained strong, buoyed by a fall in Florida's production following hurricane damage and the spread of citrus canker. Consequently, the estimated final price for orange stood at \$1.53 per pound solid (pps), compared to \$0.95 pps for the 2004/2005 crop, while that for grapefruit fell from \$9.82 per box (or \$2.44 pps) to \$8.84 per box (or \$2.33 pps). Prices paid to farmers should remain favourable in the short to medium term with US stocks of orange and grapefruit juices at one of the lowest levels in years and production expected to remain virtually stable.

### **Banana**

Banana output for the first half of the year declined by 1.5% to 1.9mn boxes due to unfavourable growing conditions and a cut back in inputs that may have been due to uncertainties regarding the impact of the new EU import regime. However, a small rebound in yields in the second quarter may be a signal that the forecasted yield of 4.2 million boxes for 2006 could yet be realized.

Acreage under harvestable trees in June stood at 6,217 acres, compared to 6,080 acres in December 2005. Those under plantilla (young, non-bearing trees) declined from 171 acres to 74 acres, while the area that was ready for planting increased from 42 acres to 151 acres.

Due to temporary production shortfalls elsewhere in the ACP countries, the negotiated average box price for the year was approximately U.S. \$6.55, up from U.S. \$6.20 in 2005. Weekly shipping volumes that fall below 76,500 boxes were subject to a potential 'dead freight' penalty if the marketer could not otherwise use the spare capacity. In addition, shipments that exceeded quota amounts could be subject to a tariff of €176 per tonne.

### **Tourism**

Spurred by strong economic growth, high consumer confidence and national promotional efforts, global tourist arrivals during the first four months of 2006 grew by 4.4%. In the region, although tourist arrivals in Mexico fell by 2.0% because of hurricane damage to one of its major tourist destinations on the Yucatan Peninsula, arrivals in the Caribbean islands grew by 7.0% (major destinations such as the Dominican Republic and Jamaica had growths of 12.0% and 16.0%, respectively), while Central America saw arrivals increase by 11.0%.

During the first half of the year, stay-over visitors to Belize increased by 5.1% to 136,279 with the United States and Europe accounting for 68.5% and 11.7%, respectively. Visitors from the US increased by 5.8% to 93,326 but EU

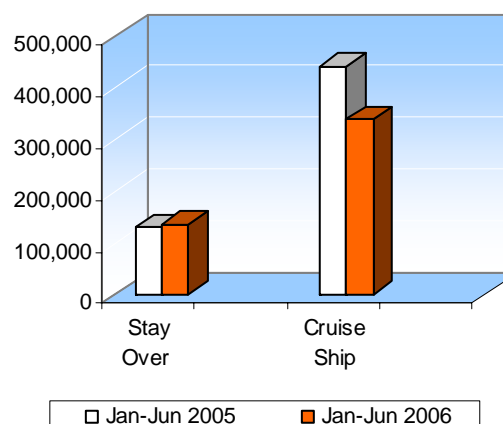


Table 1.3: Bona Fide Tourist Arrivals

	2006 Jan-Jun	2005 Jan-Jun
<b>Stay-over Arrivals</b>		
Air	108,072	103,238
Land	23,930	22,788
Sea	4,277	3,586
<b>Total</b>	<b>136,279</b>	<b>129,612</b>
<b>Cruise Ship</b>	<b>339,359</b>	<b>441,914</b>

Source: Immigration Department

Chart 1.1: Tourist Arrivals: Jan - June



arrivals experienced a slight decline of 0.9% to 15,949 while arrivals from other countries rose by 6.4% to 27,003. Air travellers increased by 4.7% to 108,072, and arrivals through the land borders and seaports grew by 5.0% and 19.3%, respectively.

In contrast, cruise ship disembarkations declined by 23.2% to 339,359 visitors due to the reassignment of a cruise ship that used to make weekly port calls to Belize. Port calls numbered 171, compared to 239 during the same period of 2005.

### Consumer Price Index

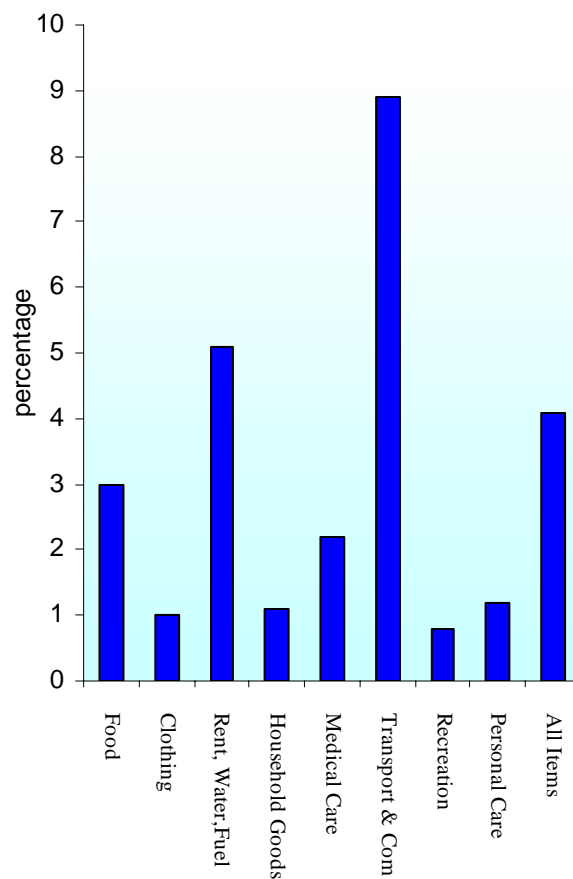
Under pressure from steadily increasing fuel costs and higher import costs, the **Consumer Price Index** (CPI) rose by 1.2% over the quarter (February 2006 to May 2006) and by 4.1% over the year (May 2005 to May 2006). Year-on-year prices

rose across the board, led by an 8.9% increase in '*Transport and Communication*' that reflected higher acquisition costs for diesel and gasoline. This was followed by a 5.1% increase for '*Rent, Water, Fuel & Power*' caused by price hikes for electricity, butane and rent of 17.4%, 9.4% and 3.0%, respectively. Higher 'sin taxes' pushed up the costs of local cigarettes (15.5%), rum (12.4%) and beer (6.4%), leading to an overall increase of 3.0% in the food, beverage and tobacco category.

Categories with a high import content, such as '*Personal Care*', '*Household Goods & Maintenance*' and '*Clothing and Footwear*' had modest price increases of 1.2%, 1.1% and 1.0%, respectively. The cost of services, namely, '*Medical Care*' and '*Recreation, Education & Culture*' increased by 2.2% and 0.8%, respectively, with the increase in the business tax for professional services.



Chart 1.2: Annual Percentage Change in  
Consumer Price Index May 2005- May 2006







## International Trade and Payments

The current account of the balance of payments improved markedly, swinging from a deficit of \$142.1mn during the first half of 2005, to a modest surplus of \$17.8mn. The improvement reflected a smaller trade deficit, higher earnings from services and an expansion in inward remittances that overshadowed an increase in retained profits of the commercial banks. The capital and financial accounts yielded a lower surplus in view of the fall off in government borrowings and cessation of privatization related inflows. The gross official reserves consequently rose by \$8.4mn to \$151.0mn, the equivalent of 1.7 months of imports.

Exports grew at a faster pace than imports resulting in a 21.2% decline in the trade deficit. Imports increased by 9.1% to \$583.2mn driven largely by capital investments of export processing zone companies and, to a lesser extent, by higher outlays on durum wheat, powdered milk, tobacco, alcohol, fuel, jewelry, clothing, construction material and equipment.

Total exports rose by 29.1% to \$415.7mn, with domestic exports accounting for 78.0% of the increase and the CFZ for 17.8%. Petroleum accounted for nearly half of the increase in domestic export revenue with some 306,124 barrels being

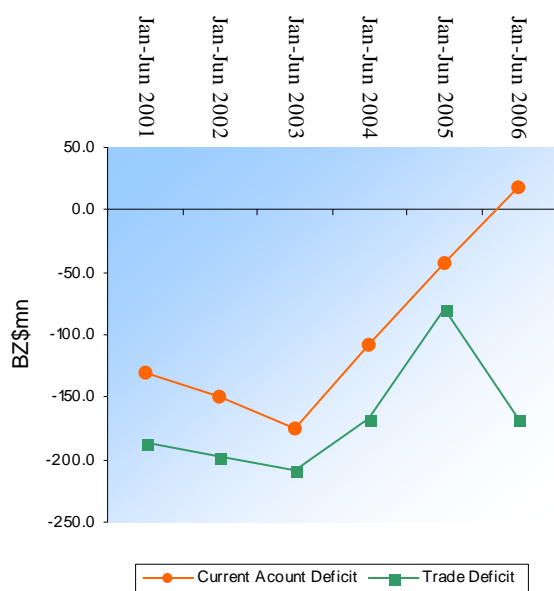
Table 2.1: Balance of Payments Summary

	(BZ\$mn)	
	2006 <sup>P</sup> Jan-Jun	2005 <sup>R</sup> Jan-Jun
<b>A. CURRENT ACCOUNT</b>		
<b>(I+II+III+IV)</b>	<b>17.8</b>	<b>-142.1</b>
<b>I. Goods (Trade Balance)</b>	<b>-167.5</b>	<b>-212.6</b>
Exports, f.o.b.	415.7	322.0
Domestic Exports	289.2	216.1
CFZ Gross Sales	110.5	93.8
Re-exports	16.1	12.1
Imports, f.o.b.	583.2	534.6
Domestic Imports	502.6	454.3
CFZ Imports	80.6	80.3
<b>II. Services</b>	<b>244.5</b>	<b>139.9</b>
Transportation	-20.9	-13.7
Travel	235.1	176.2
Other Services	30.3	-22.5
<b>III. Income</b>	<b>-124.7</b>	<b>-111.3</b>
Compensation of Employees	-1.6	-3.9
Investment Income	-123.1	-107.5
<b>IV. Current Transfers</b>	<b>65.4</b>	<b>42.0</b>
Government	-0.9	-3.0
Private	66.3	45.0
<b>B. CAPITAL &amp; FINANCIAL ACCOUNT</b>		
<b>(I+II)</b>	<b>25.8</b>	<b>257.2</b>
<b>I. Capital Account</b>	<b>10.8</b>	<b>4.1</b>
<b>II. Financial Account (1+2+3+4)</b>	<b>15.0</b>	<b>253.1</b>
1. Direct Investment in Belize	81.2	153.3
2. Portfolio Investment	-30.5	124.1
Monetary Authorities	0.0	0.0
General Government	-30.3	124.3
Banks	0.0	0.0
Other Sectors	-0.2	-0.2
3. Financial Derivatives	0.0	-10.6
4. Other Investments	-35.6	-13.6
Monetary Authorities	-0.3	-2.7
General Government	-11.8	40.8
Banks	-24.1	-24.4
Other Sectors	0.6	-27.4
<b>C. NET ERRORS &amp; OMISSIONS</b>	<b>-35.2</b>	<b>3.4</b>
<b>D. OVERALL BALANCE</b>	<b>8.4</b>	<b>118.5</b>
<b>E. RESERVE ASSETS*</b>	<b>-8.4</b>	<b>-118.5</b>

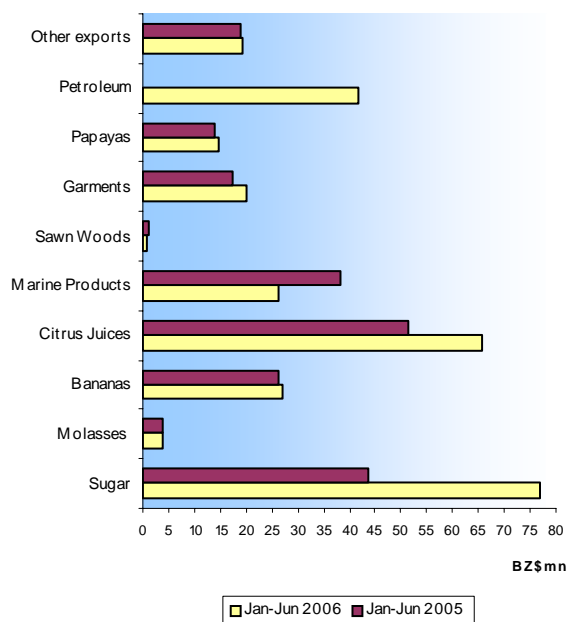
*P- indicates Provisional, R- indicates Revised \* Minus = increase*



**Chart 2.1: Current Account Deficit vs. Trade Deficit**



**Chart 2.2: Domestic Exports**



exported at an estimated value of \$41.7mn. Sales of sugar and citrus accounted for virtually all of the remainder. Higher earnings from banana, garments, papaya and non-traditional products also offset lower receipts from marine products and molasses.

Receipts from sugar exports rose by 76.7% to \$77.0mn reflecting higher prices and a 21.6% increase in volume. With approximately 18,000 long tons of sugar quota re-assigned to Belize due to shortages by other ACP suppliers, deliveries to the EU more than doubled to 41,337 long tons. Sales to the U.S. were also up by 70.6% to 18,794 long tons due to U.S. domestic shortages stemming from hurricane damage to the Gulf Coast and supply shortfalls

from Mexico. Exports of bagged sugar to other markets rose by 25.5%, while residual sugar sales to CARICOM contracted by more than one-half. While prices improved across markets with the contraction in world sugar supply, Belize also benefited from exchange rate gains for Euro denominated sales negotiated on the futures market.

Citrus export prices strengthened across most markets as regional production from Florida and Cuba fell. Hence, earnings from the sale of citrus concentrates grew by 27.5% to \$65.6mn even though export volume rose by only 1.3%. Orange concentrate receipts went up by 39.6% to \$45.6mn, while the volume sold rose by only 1.6% to 18.7mn pound solids. With a



2.2% increase in the volume of grapefruit concentrate sales, receipts were up by 10.0% to \$20.0mn.

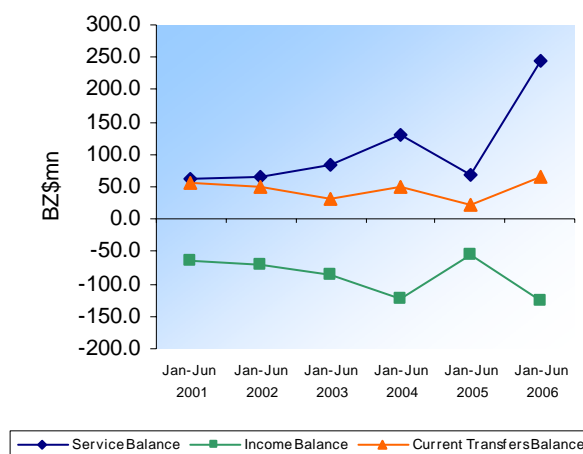
A modest 2.0% increase in banana exports to 36,460 metric tons netted earnings of \$27.1mn. The latter reflected a 3.1% increase in revenue arising from a 5.7% increase in the negotiated box price and the fact that no second class banana was in the export mix as compared to 2005 when 7.0% of the export mix was second class banana.

Marine export volume suffered a 31.4% decline to 6.1mn pounds mostly due to a 34.1% fall in shrimp sales given the switch from two harvest cycles to one, and to a lesser extent, reductions in lobster and fish that outweighed an increase in conch. It is however noted that tilapia exports to Mexico were not being counted in marine exports and that shrimp revenues may be underestimated particularly where sales to Mexico are concerned.

Papaya receipts rose by 4.1% to \$14.7mn with export volume increasing by 7.3%. While sawn wood receipts declined to \$0.6mn, heightened sales of pepper sauce, orange oil and other non-traditional exports drove other domestic exports up by 3.2% to \$19.4mn.

Net service receipts rose by 74.8% to

**Chart 2.3: Service, Income and Current Transfers Balances**



\$244.5mn, largely reflecting a 33.5% increase in tourism earnings that was attributable to a modest increase in overnight arrivals and an increase in the average expenditure per tourist. Net receipts from other services also improved with inflows rising and outflows declining significantly in comparison with the previous year when substantial payments were made in fees and insurance costs related to the Bear Stearns bond issue. The gains from tourism and other services were partly offset by a 52.7% increase in net outlays on transportation services that resulted from the increase in international freight costs and contraction in receipts by shipping agents as the number of cruise ship port calls declined.

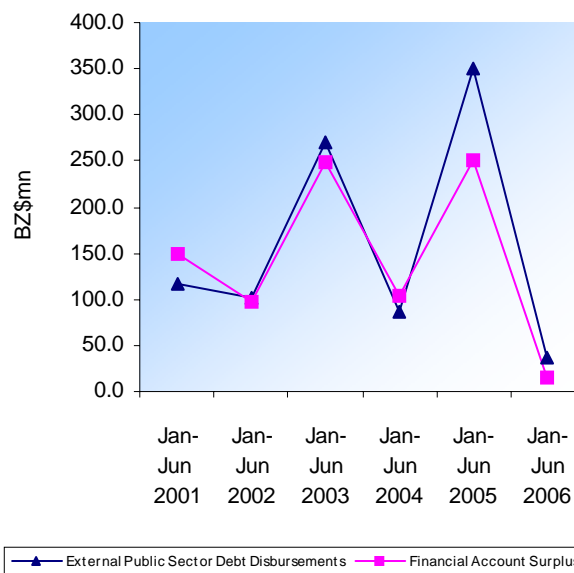
Notwithstanding a decline in net outlays on labour with payments to foreign workers being partly offset by wages paid to local



construction workers hired for the US Embassy project, net outflows in the form of income payments to foreigners rose by 12.0% due to the increase in commercial bank reinvested earnings and higher interest payments on public and private sector external debt. The current account balance also benefited from a \$23.4mn (56.0%) increase in net current transfers as inward remittances to individuals more than doubled and inflows to credit unions, insurance companies and the Government also improved.

Transactions of a capital and financial nature yielded net inflows of \$25.8mn, substantially lower than the \$257.2mn netted during the same period of 2005. The reduced surplus was largely because amortization payments eclipsed loan disbursements and overshadowed debt relief provided under the UK Debt initiative programme as well as inflows from foreign direct investments (primarily in tourism and real estate).

Chart 2.4: Public Sector Debt Disbursements and Financial Account Surplus





## Monetary Developments

Broad money grew by 5.7% with increases in net domestic credit and foreign inflows from exports and tourism more than offsetting the contractionary effect of commercial bank profit taking and the sterilization of Social Security Board monthly surpluses with the Central Bank. The latter was among the policy measures aimed at preventing excessive growth in commercial bank liquidity and credit during the first half of the year. Other measures included the enforcement of the International Banking Act in January to stop the co-mingling of resident and non-resident foreign currency deposits and a 1.0% increase in commercial bank reserve requirements that took effect on the 1st of January.

Narrow money accelerated, growing by 12.3% in comparison with a 5.9% increase in the first half of 2005. Business enterprises accounted for 70.0% of the expansion, the remainder coming mainly from private utilities, credit unions and cooperatives. In contrast to the sharp increase in M1, growth in quasi-money slowed to 1.5%, the increase being mostly due to an \$11.3mn rise in saving deposits held by businesses, individuals and statutory bodies. Time deposits rose by only \$1.0mn as increases in resident

**Table 3.1: Factors Responsible for Money Supply Movements**

	Position as at June 2006	Changes during	
		Dec 2005 to June 2006	Dec 2004 to June 2005
<b>Net Foreign Assets</b>	<b>176.4</b>	<b>43.2</b>	<b>149.5</b>
Central Bank	148.5	8.7	118.7
Commercial Bank	27.9	34.5	30.8
<b>Net Domestic Credit</b>	<b>1,491.0</b>	<b>80.6</b>	<b>-63.2</b>
Central Govt. (Net)	198.1	52.2	-78.9
Other Public Sector	50.6	-10.7	-4.2
Private Sector	1,242.3	39.1	19.9
<b>Central Bank Foreign Liabilities (Long-term)</b>	<b>0.0</b>	<b>0.0</b>	<b>-2.5</b>
<b>Other Items (net)</b>	<b>261.7</b>	<b>48.1</b>	<b>15.2</b>
<b>Money Supply M2</b>	<b>1,405.7</b>	<b>75.7</b>	<b>73.6</b>

deposits were largely offset by the transfer of non-resident foreign currency deposits to offshore affiliates of the commercial banks in January.

Inflows from domestic exports and tourism helped to push the net foreign assets of the banking system upward by \$43.2mn (32.4%) consisting of increases in the net holdings of the Central Bank and commercial banks of \$8.7mn and \$34.5mn, respectively.



Table 3.2: Net Foreign Assets of the Banking

\$mn

	Position as at June 2006	Changes during	
		Dec 2005 to June 2006	Dec 2004 to June 2005
<b>Net Foreign Assets</b>	<b>176.4</b>	<b>43.2</b>	<b>149.5</b>
<b>Central Bank</b>	<b>148.5</b>	<b>8.7</b>	<b>118.7</b>
Foreign Assets	151.0	8.4	118.5
Foreign Liab. (Demand)	2.5	-0.3	-0.2
<b>Commercial Banks</b>	<b>27.9</b>	<b>34.5</b>	<b>30.8</b>
Foreign Assets	164.8	17.2	22.3
Foreign Liab. (ShortTerm)	136.9	-17.3	-8.5

Foreign exchange inflows to the Central Bank totalled \$170.7mn with purchases from the commercial banks accounting for 46.6% and BSI export earnings, loan disbursements and purchases from the BTB contributing 20.7%, 20.4% and 3.9%, respectively. Foreign exchange outflows amounted to \$162.3mn with sales to the public sector decreasing by 33.2% to \$136.6mn and sales to commercial banks also declining by 63.2% to \$9.5mn. Notwithstanding an increase in net sales to the Central Bank, commercial bank foreign asset holdings rose by \$17.2mn while their short term foreign liabilities shrank by \$17.3mn.

Chart 3.1: Sources of Foreign Exchange Inflows to the Central Bank January 06- June 06

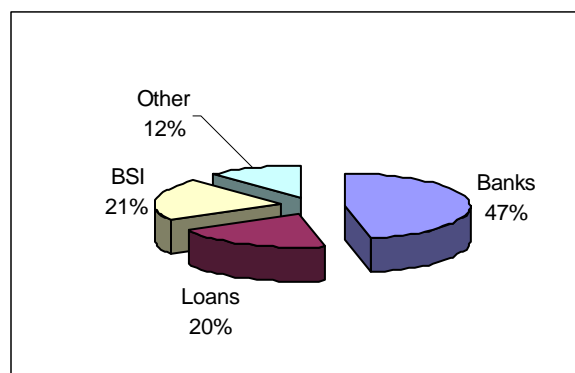
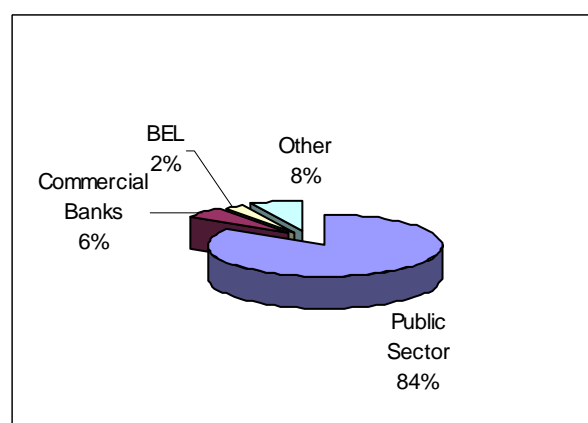


Chart 3.2: Central Bank Foreign Exchange Sales January 06 - June 06



Meanwhile, in contrast to the 4.7% contraction of the previous year, net domestic credit increased by 5.7% led by a 35.8% expansion in net credit to Central Government. A substantial part of the growth in credit to the Government was however due to the timing of transactions that involved borrowings from a suspense account at the end of December and the repayment of these funds on the third of January. When these transactions are excluded, the growth in net credit to



**Table 3.3: Sectoral Composition of Commercial Banks' Loans and Advances**

	Position as at June 2006	Changes during	
		Dec 2005 to June 2006	Dec 2004 to June 2005
<b>PRIMARY SECTOR</b>	<b>151.5</b>	<b>9.8</b>	<b>-2.6</b>
Agriculture	98.0	2.1	-2.2
Sugar	7.0	-2.5	-3.8
Citrus	16.9	0.9	-2.4
Bananas	62.7	4.7	5.3
Other	11.4	-1.0	-1.3
Marine Products	24.8	5.2	-1.8
Forestry	1.8	0.1	0.0
Mining & Exploration	26.9	2.4	1.4
<b>SECONDARY SECTOR</b>	<b>350.9</b>	<b>-30.7</b>	<b>-20.0</b>
Manufacturing	18.5	-0.7	5.2
Construction	298.5	-2.3	-23.6
Utilities	33.9	-27.7	-1.6
<b>TERTIARY SECTOR</b>	<b>503.7</b>	<b>31.3</b>	<b>17.3</b>
Transport	36.2	2.9	-4.1
Tourism	89.3	17.8	-18.8
Distribution	158.9	1.3	-6.2
Other*	219.3	9.3	46.4
<b>Personal Loans</b>	<b>269.4</b>	<b>10.4</b>	<b>14.4</b>
<b>TOTAL</b>	<b>1,275.5</b>	<b>20.8</b>	<b>9.1</b>

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

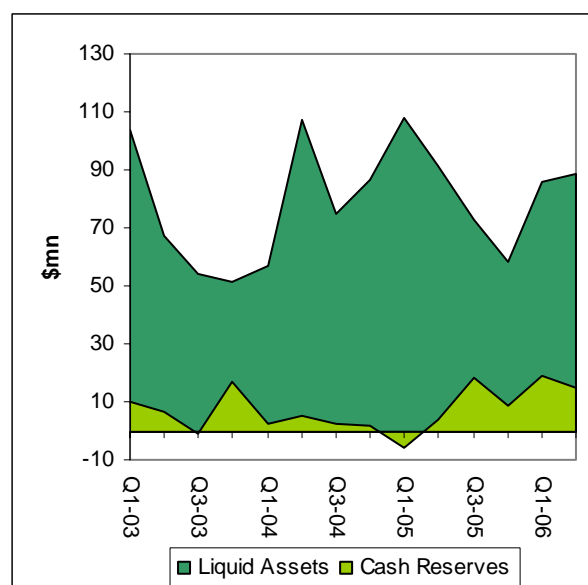
Central Government amounts to 12.2% rather than 35.8%. Loans to statutory bodies fell by \$10.7mn, as BWSL loans

were shifted from the commercial banks to the Belize Social Security Board (BSSB).

The commercial banks used a portion of the first quarter build-up in deposits to purchase \$24.8mn in Treasury Bills from the Central Bank in secondary trading activity during the first half of the year. The banks also accounted for a 3.2% increase in loans to the private sector, as compared to the 0.8% increase in the previous year. The largest new disbursements were in personal loans as well lending for real estate, tourism, agriculture (principally banana) and marine products.

Notwithstanding a 1.0% rise in reserve requirements in January, excess statutory liquidity grew by \$30.6mn (52.5%). The build-up was facilitated by foreign inflows

**Chart 3.3: Commercial Banks' Excess Statutory Liquidity & Excess Cash Reserves**





from exports and tourism and was shown in increased holdings of Treasury Bills, balances held with the Central Bank as well as average holdings of short term foreign balances. Excess cash reserves also grew by \$5.9mn with daily average holdings rising by \$16.6mn relative to a \$10.7mn increase in required cash reserves.

The weighted average interest rate spread narrowed by 30 basis points to 8.5%, reflecting a 10 basis point decline in the weighted average lending rate to 14.2% and a 20 basis point increase in the weighted average deposit rate to 5.7%.





## Central Government Operations

The fiscal outturn improved further during the first quarter (April to June) of the 2006/07 fiscal year with Central Government recording a small current surplus, a primary surplus of \$22.7mn and an overall deficit of \$15.3mn that was financed by the Central Bank. This contrasted with the same period of the previous year when a deficit of \$11.6mn was recorded on the current account, the overall deficit was twice as high and the primary surplus was approximately one third the amount achieved in the period under review. Keeping in line with tighter fiscal targets, total revenue rose by 5.2% while total expenditure declined by 5.9%. Notably, while the government's performance improved, its Central Bank overdraft position deteriorated due to payments on the external debt.

Current revenue was up by \$7.1mn largely

**Table 4.1: Central Government's Revenue and Expenditure**

	\$mn	
	Apr - Jun 2006	Apr - Jun 2005
Total Revenue & Grants	141.7	134.7
of which: Current Revenue	138.0	131.0
of which: Grants	0.3	1.0
Total Expenditure	157.0	166.9
Current Expenditure	137.5	142.6
of which: Interest Payments	38.0	40.0
Capital Expenditure	19.4	24.2
Current Balance	0.5	-11.6
Primary Balance	22.7	7.8
Overall Balance	-15.3	-32.2

**Table 4.2: Summary of Government's Revenues**

	\$mn	
	Apr - Jun 2006	Apr - Jun 2005
Current revenue	138.0	131.0
Tax revenue	126.7	117.3
Income and profits	34.9	31.5
Taxes on property	1.6	2.1
Taxes on goods & services	49.3	45.4
Int'l trade and transactions	40.8	38.3
Non-Tax Revenue	11.4	13.7
Property income	1.1	1.8
Licenses	2.8	2.1
Other	7.4	9.7
Capital revenue	3.3	2.7
Grants	0.3	1.0

due to an 8.0% increase in tax revenues. Except for property taxes, the latter experienced across the board increases with the most significant coming from stamp duties on goods and services. Much of this was due to the reversion of the Registry back to government control.

**Table 4.3: Summary of Government's Expenditure**

	\$mn	
	Apr - Jun 2006	Apr - Jun 2005
<b>Current Expenditure</b>	137.5	142.6
Wages & Salaries	53.6	57.8
Pensions	8.8	9.8
Goods & Services	23.9	25.3
Interest Payments	38.0	40.0
of which: External	32.1	34.9
Subsidies & current transfers	13.3	9.7
<b>Capital Expenditure</b>	19.4	24.2
Capital II	13.5	16.4
Capital III	5.1	7.1
Net lending	0.8	0.8



Capital revenue rose by \$0.6mn and grants declined by \$0.7mn.

Current expenditure declined by \$5.1mn, with modest declines in outlays on all categories except for subsidies & transfers, which rose by 37.6% (\$3.6mn) due to the reclassification of expenditure on the Karl Heusner Memorial Hospital (KHHM). The latter, combined with a reduction in allowances accounted for a \$4.2mn decline in wages and salaries.

In addition to the lowering in current expenditure, capital outlays contracted by 19.8% to \$19.4mn. The notable disbursements were on social and environmental projects (\$4.8mn), infrastructure (\$4.2mn), education (\$4.1mn) and land development (\$1.6mn). Disbursements for social and environmental projects went to the Basic Needs Trust Fund and the Social Investment Fund to assist in poverty alleviation and rural development and to the National Institute of Culture and History (NICH) for cultural awareness. Environmental non-governmental organizations such as Programme for Belize, TIDE and PACT, received \$0.7mn as part of the debt for nature swap agreement with the USA. Expenditure on education included the University of Belize, strengthening of vocational and technical programmes, and tertiary level scholarships.

Infrastructural projects included road building, the Orange Walk Bypass, and maintenance of highways, feeder roads, streets and drains.

### **Government's Domestic Debt**

In the first six months of the year, Central Government's domestic debt rose by 16.8% (\$47.0mn), as a net increase of \$49.1mn in its overdraft position and a new loan disbursement of \$0.2mn were partly offset by repayments of \$2.3mn. Principal payments were made to the Belize Bank (\$1.2mn), the government's debt for nature swap (\$0.6mn), the DFC (\$0.3mn) and the Atlantic Bank (\$0.2mn).

Interest payments summed to \$10.0mn and included \$6.3mn paid to the Central Bank in respect of financing provided by way of the overdraft. A total of \$1.8mn was paid to holders of Treasury Bills and Treasury Notes and some \$0.2mn went to Defence Bond holders. Interest payments to the DFC and Belize Bank totaled \$0.3mn and

**Table 4.4: Summary of Central Government's Domestic Debt**

	Dec 31, 2005	June 30, 2006	Changes in Stock
Overdraft	96.3	145.4	49.1
Loans	44.1	42.0	-2.1
Treasury Bills	100.0	100.0	0
Treasury Notes	24.0	24.0	0
Defence Bonds	15.0	15.0	0
<b>Total</b>	<b>279.5</b>	<b>326.4</b>	<b>47.0</b>



\$1.1mn, respectively, while \$0.3mn was shared among the BSSB, Guardian Life Insurance, Atlantic Bank and the debt for nature swap.

### **Public Sector External Debt**

At the end of June, the public sector external debt stood at \$1,843.8mn, down from \$1,865.2mn at the end of December, 2005. Amortization payments totaled \$61.1mn compared to disbursements of \$37.2mn and upward valuation adjustments of \$2.5mn. Interest and other payments amounted to \$66.8mn, a slight increase over the comparable period of 2005.

Loan disbursements included \$30.0mn from ROC/Taiwan to Central Government as well as \$3.9mn from multilateral lenders and \$3.4mn from commercial banks.

Central Government accounted for 90.4% of principal repayments that included \$21.5mn to bond holders and \$12.9mn to commercial banks. Bilateral and multilateral creditors were paid \$10.5mn and \$9.6mn, respectively, and export creditors also received \$0.7mn. The financial public sector paid a total of \$3.1mn including \$2.1mn to multilateral lenders and \$0.6mn to commercial suppliers. The remainder went to bilateral creditors and commercial banks. The non-financial public sector made principal payments to CIBC Bank (\$0.9mn), the

**Table 4.5: Financial Flows on Public Sector's External Debt**

	\$mn		
	DOD at: 31/12/05	DOD at: 30/06/06	Change in Debt Stock
<b>Central Government</b>	<b>1,763.6</b>	<b>1,747.5</b>	<b>-16.2</b>
Bilateral	289.7	309.8	20.1
Multilateral	331.1	326.6	-4.5
Bonds	978.5	957.0	-21.5
Commercial Banks	163.0	153.5	-9.5
Export Credit	1.4	0.6	-0.8
<b>Rest of NFPS</b>	<b>46.4</b>	<b>43.8</b>	<b>-2.6</b>
Bilateral	7.5	7.3	-0.3
Multilateral	34.5	33.5	-0.9
Commercial Banks	2.3	1.4	-0.9
Export Credit	2.1	1.5	-0.5
<b>Financial Public Sector</b>	<b>55.2</b>	<b>52.5</b>	<b>-2.6</b>
Bilateral	1.7	1.5	-0.2
Multilateral	50.0	48.4	-1.6
Commercial Banks	1.8	1.5	-0.2
Export Credit	1.7	1.1	-0.6
<b>Grand Total</b>	<b>1,865.2</b>	<b>1,843.8</b>	<b>-21.4</b>

Government of Kuwait (\$0.3mn), CDB (\$1.0mn) and Amtrade International Bank (\$0.5mn).

Of the \$64.5mn in interest paid by Central Government, bond holders received \$43.9mn and payments to multilateral agents, bilateral creditors and commercial lenders totaled \$7.6mn, \$7.0mn and \$6.0mn, respectively. The financial public sector paid \$0.9mn in interest, most of this going to CDB. Interest payments made by the non-financial public sector totaled \$1.0mn.



The appreciation of the Euro, pound sterling and the Kuwait dinar caused upward valuation adjustments of \$2.5mn. Euro, sterling and dinar denominated loans were adjusted upwards by \$1.8mn, \$0.4mn and \$0.2mn, respectively.



## Annex

**Table 5.1: Percent Variation in Consumer Price Index (CPI) by Commodity Group**

Major Commodity Group	Weights	Quarterly Change				Annual Change
		Aug-05	Nov-05	Feb-06	May-06	
Food, Beverage & Tobacco	346.6	2.7	-0.4	0.7	0.1	3.0
Clothing & Footwear	92.0	0.3	-0.9	0.7	0.8	1.0
Rent, Water, Fuel, & Power	167.6	-0.1	2.2	1.8	1.2	5.1
Household Goods & Maintenance	85.3	0.5	0.5	-0.1	0.2	1.1
Medical Care	20.1	1.2	1.1	-0.4	0.3	2.2
Transport & Communication	170.1	2.3	0.6	1.7	4.1	8.9
Recreation, Education & Culture	80.4	0.5	0	0.2	0	0.8
Personal Care	37.9	0.8	-0.9	1.4	0	1.2
<b>ALL ITEMS</b>	<b>1000</b>	<b>1.5</b>	<b>0.3</b>	<b>1.0</b>	<b>1.2</b>	<b>4.1</b>

Source: Central Statistical Office

**Table 5.2: Value of Gross Imports (CIF) by SITC**

SITC Section	\$mn	
	Jan - June 2005	Jan - June 2006
0 Food and Live Animals	52,258,976	56,355,569
1 Beverages and Tobacco	5,775,260	9,392,359
2 Crude Materials	4,677,860	3,198,269
3 Minerals, Fuels and Lubricants	117,499,046	117,880,910
of which electricity	21,300,049	18,566,948
4 Oils and Fats	1,552,259	1,859,145
5 Chemical Products	42,875,226	42,737,953
6 Manufactured Goods	69,094,400	76,072,000
7 Machinery and Transport Equipment	98,384,255	102,306,418
8 Other Manufactures	45,691,422	49,954,420
9 Commodities N.E.S	5026	626.78
Export Processing Zones	62,709,250	95,759,131
Commercial Free Zone	88,290,221	88,534,378
Personal Goods	1,033,773	1,750,992
<b>Total</b>	<b>589,846,974</b>	<b>645,802,170</b>

Sources: Central Statistical Office, Central Bank of Belize



**Table 5.3: Balance of Payments Summary**

	\$mn	
	2006 <sup>P</sup> Jan-Jun	2005 <sup>R</sup> Jan-Jun
<b>CURRENT ACCOUNT</b>	<b>17.8</b>	<b>-142.1</b>
Goods: Exports f.o.b.	415.7	322.0
Goods: Imports f.o.b.	-583.2	-534.6
<b>Trade Balance</b>	<b>-167.5</b>	<b>-212.6</b>
Services: Credit	388.8	299.3
Transportation	30.9	34.1
Travel	271.8	212.8
Other Goods & Services	62.9	33.7
Government Goods & Services	23.2	18.7
Services: Debit	-144.3	-159.4
Transportation	-51.9	-47.8
Travel	-36.6	-36.7
Other Goods & Services	-45.4	-63.6
Government Goods & Services	-10.3	-11.4
<b>Balance on Goods &amp; Services</b>	<b>77.1</b>	<b>-72.7</b>
Income: Credit	8.8	6.3
Compensation of Employees	5.9	3.6
Investment Income	2.9	2.7
Income: Debit	-133.5	-117.7
Compensation of Employees	-7.5	-7.5
Investment Income	-126.0	-110.2
<b>Balance on Goods, Services &amp; Income</b>	<b>-47.6</b>	<b>-184.0</b>
Current Transfers: Credit	83.0	59.1
Current Transfers: Debit	-17.5	-17.2
<b>CAPITAL ACCOUNT</b>	<b>10.8</b>	<b>4.1</b>
Capital Account: Credit	11.7	4.8
Capital Account: Debit	-0.9	-0.7
<b>FINANCIAL ACCOUNT</b>	<b>15.0</b>	<b>253.1</b>
Direct Investment Abroad	-0.5	0.0
Direct Investment in Reporting Economy	81.7	153.3
Portfolio Investment Assets	-0.2	-0.2
Portfolio Investment Liabilities	-30.3	124.3
Financial Derivatives	0.0	-10.6
Other Investment Assets	-16.4	-21.5
Other Investment Liabilities	-19.2	7.8
<b>NET ERRORS &amp; OMISSIONS</b>	<b>-35.2</b>	<b>3.4</b>
<b>OVERALL BALANCE</b>	<b>8.4</b>	<b>118.5</b>
<b>RESERVE ASSETS*</b>	<b>-8.4</b>	<b>-118.5</b>

\*(Minus = Increase)  
Source: Central Bank of Belize  
P: Indicates Provisional  
R: Indicated Revised



**Table 5.4: Money Supply**

\$mn

	Position as at June 2006	Changes during	
		Dec 2005 to June 2006	Dec 2004 to June 2005
<b>Money Supply (M2)</b>	<b>1,405.7</b>	<b>75.7</b>	<b>73.6</b>
<b>Money Supply (M1)</b>	<b>579.4</b>	<b>63.4</b>	<b>29.2</b>
Currency with the Public	127.3	9.8	2.7
Demand Deposits	296.2	41.7	9.4
Savings/Cheque Deposits	155.9	11.9	17.1
<b>Quasi-Money</b>	<b>826.3</b>	<b>12.3</b>	<b>44.4</b>
Savings Deposits	127.0	11.3	6.2
Time Deposits	699.3	1.0	38.2

**Table 5.5: Net Domestic Credit**

\$mn

	Position as at June 2006	Changes during	
		Dec 2005 to June 2006	Dec 2004 to June 2005
<b>Total Credit to Central Government</b>	<b>297.4</b>	<b>48.0</b>	<b>-3.3</b>
<b>From Central Bank</b>	<b>212.6</b>	<b>30.8</b>	<b>-21.4</b>
Loans and Advances	145.2	55.6	6.5
Government Securities	67.4	-24.8	-27.9
<b>From Commercial Banks</b>	<b>84.8</b>	<b>17.2</b>	<b>18.1</b>
Loans and Advances	21.7	-7.6	-9.2
Government Securities	63.1	24.8	27.2
(of which) Treasury Bills	48.7	24.8	27.3
Treasury Notes	14.3	0.0	0.0
Other	0.1	0.0	0.0
<b>Less Central Government Deposits</b>	<b>99.3</b>	<b>-4.2</b>	<b>75.6</b>
With Central Bank	80.1	-3.9	69.7
With Commercial Banks	19.2	-0.3	5.9
<b>Net Credit to Central Government</b>	<b>198.1</b>	<b>52.2</b>	<b>-78.9</b>
<b>Credit to Other Public Sector</b>	<b>50.6</b>	<b>-10.7</b>	<b>-4.2</b>
From Central Bank	27.5	0.0	-2.5
From Commercial Banks	23.1	-10.7	-1.7
(of which) Local Government	5.0	0.6	-0.4
Public Financial Institutions	2.3	-0.2	-0.1
Public Utilities	12.0	-10.0	0.0
Other Statutory Bodies	3.8	-1.1	-1.2
Securities	0.0	0.0	0.0
<b>Plus Credit to the Private Sector</b>	<b>1,242.3</b>	<b>39.1</b>	<b>19.9</b>
Loans and Advances*	1,231.5	39.3	19.9
Securities	10.8	-0.2	0.0
<b>Net Domestic Credit of the Banking System</b>	<b>1,491.0</b>	<b>80.6</b>	<b>-63.2</b>

\* Includes CBB Advances to Staff



**Table 5.6: Commercial Banks Liquidity Position and Cash Reserves**

\$mn

	Position as at June 2006	Changes during	
		Dec 2005 to June 2006	Dec 2004 to June 2005
<b>Holdings of Approved Liquid Assets</b>	<b>368.0</b>	<b>38.1</b>	<b>39.7</b>
Notes and Coins	35.2	-0.3	-0.3
Balances with Central Bank	127.7	15.9	23.9
Money at Call and Foreign Balances (due 90 days)	124.3	4.2	30.8
Treasury Bills maturing in not more than 90 days	43.0	20.2	17.6
Other Approved assets	37.8	-1.9	-32.3
of which: Treasury Notes	14.3	-1.3	0.0
<b>Required Liquid Assets</b>	<b>279.1</b>	<b>7.5</b>	<b>34.7</b>
<b>Excess/(Deficiency) Liquid Assets</b>	<b>88.9</b>	<b>30.6</b>	<b>5.0</b>
Daily Average holdings of Cash Reserves	128.8	16.6	23.3
Required Cash Reserves	114.2	10.7	20.6
<b>Excess/(Deficiency) Cash Reserves</b>	<b>14.6</b>	<b>5.9</b>	<b>2.7</b>

**Table 5.7: Commercial Banks' Weighted Average Interest Rates**

Percentages

	Position as at June 2006	Changes during		
		Mar 2006 to June 2006	Mar 2005 to June 2005	Dec 2005 to June 2006
<b>Weighted Lending Rates</b>				
Personal Loans	16.0	0.1	0.5	0.0
Commercial Loans	13.8	-0.1	0.0	-0.4
Residential Construction	13.2	0.2	0.0	0.1
Other	13.1	0.2	2.1	0.9
<b>Weighted Average</b>	<b>14.2</b>	<b>0.0</b>	<b>0.0</b>	<b>-0.1</b>
<b>Weighted Deposit Rates</b>				
Demand	0.6	-0.1	0.0	-0.1
Savings/ Cheque	5.3	0.0	0.0	0.0
Savings	5.2	0.0	0.0	0.0
Time	8.1	-0.1	0.3	0.3
<b>Weighted Average</b>	<b>5.7</b>	<b>-0.2</b>	<b>0.1</b>	<b>0.2</b>
<b>Weighted Average Spread</b>	<b>8.5</b>	<b>0.2</b>	<b>0.1</b>	<b>-0.3</b>





**Table 5.8: Central Government's Revenue and Expenditure**

BZ \$'000

	Approved Budget 2006/2007	June 2006	April 06 to June 06	April 05 to June 05	Actual to date as % of Budget
<b>TOTAL REVENUE &amp; GRANTS (1+2+3)</b>	<b>598,648</b>	<b>46,578</b>	<b>141,665</b>	<b>134,687</b>	<b>23.7%</b>
1). Current revenue	562,945	44,530	138,028	130,973	24.5%
Tax revenue	513,902	41,209	126,678	117,319	24.7%
Income and profits	135,067	11,062	34,943	31,535	25.9%
Taxes on property	6,115	350	1,605	2,132	26.3%
Taxes on goods and services	202,292	16,441	49,321	45,363	24.4%
Int'l trade and transactions	170,428	13,356	40,808	38,290	23.9%
Non-Tax Revenue	49,043	3,321	11,351	13,653	23.1%
Property income	4,500	0	1,105	1,838	24.6%
Licenses	11,180	733	2,818	2,064	25.2%
Other(1)	33,364	2,587	7,428	9,750	22.3%
2). Capital revenue	7,173	2,048	3,307	2,707	46.1%
3). Grants	28,531	0	330	1,008	1.2%
<b>TOTAL EXPENDITURE (1+2)</b>	<b>667,901</b>	<b>65,344</b>	<b>156,950</b>	<b>166,859</b>	<b>23.5%</b>
1). Current Expenditure	561,685	57,273	137,543	142,615	24.5%
Wages and Salaries	223,565	17,941	53,586	57,811	24.0%
Pensions	39,802	3,050	8,790	9,820	22.1%
Goods and Services	103,120	10,864	23,871	25,339	23.1%
Interest Payments on Public Debt	145,572	20,937	38,010	39,987	26.1%
Subsidies & current transfers	49,626	4,480	13,286	9,658	26.8%
2). Capital Expenditure & Net Lending	106,216	8,071	19,407	24,244	18.3%
Capital II (local sources)	54,157	4,540	13,497	16,376	24.9%
Capital III (foreign sources)	48,851	2,729	5,109	7,066	10.5%
Capital Transfer & Net Lending	3,208	802	802	802	25.0%
<b>CURRENT BALANCE</b>	<b>1,260</b>	<b>-12,743</b>	<b>486</b>	<b>-11,643</b>	<b>38.6%</b>
<b>PRIMARY BALANCE</b>	<b>76,319</b>	<b>2,171</b>	<b>22,725</b>	<b>7,815</b>	<b>29.8%</b>
<b>OVERALL BALANCE</b>	<b>-69,253</b>	<b>-18,767</b>	<b>-15,285</b>	<b>-32,172</b>	<b>22.1%</b>
<b>FINANCING</b>	<b>69,253</b>	<b>18,767</b>	<b>15,285</b>	<b>32,172</b>	
Domestic Financing		21,067	28,910	196,633	
Central Bank		21,461	20,826	153,479	
Net Borrowing		21,077	19,016	-17,618	
Change in Deposits		384	1,810	171,097	
Commercial Banks		-207	9,035	43,637	
Net Borrowing		-151	12,495	19,263	
Change in Deposits		-56	-3,460	24,374	
Other Domestic Financing		-187	-951	-483	
Financing Abroad		-6,624	-16,552	-164,790	
Disbursements		1,040	2,450	6,514	
Amortization		-7,664	-19,002	-171,304	
Change in Foreign Assets		0	76	0	
Privatization Proceeds		0	0	0	
Nationalization Investment		0	0	0	
Other		4,324	2,927	329	

Sources: Ministry of Finance and Central Bank of Belize



**Table 5.9: Central Government's Domestic Debt By Creditor**

BZ \$'000

	Disbursed Outstanding Debt 31/12/05R	Transactions Between January to June 2006				Disbursed Outstanding Debt 30/06/06P
		Disbursement /New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	
<b>Overdraft / Loans</b>	<b>96,317</b>	<b>0</b>	<b>0</b>	<b>6,279</b>	<b>49,082</b>	<b>145,399</b>
Central Bank	89,642	0	0	6,279	55,587	145,229
Commercial Banks	6,675	0	0	0	-6,505	170
<b>Treasury Bills</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>1,581</b>	<b>0</b>	<b>100,000</b>
Central Bank	73,185	0	0	816	-24,816	48,369
Commercial Banks	23,840	0	0	663	24,847	48,687
Other	2,975	0	0	102	-31	2,944
<b>Treasury Notes</b>	<b>24,000</b>	<b>0</b>	<b>0</b>	<b>225</b>	<b>0</b>	<b>24,000</b>
Central Bank	9,000	0	0	84	0	9,000
Commercial Banks	14,269	0	0	131	0	14,269
Other	731	0	0	10	0	731
<b>Defence Bonds</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>225</b>	<b>0</b>	<b>15,000</b>
Central Bank	10,000	0	0	0	0	10,000
Commercial Banks	100	0	0	45	0	100
BSSB	0	0	0	0	0	0
Other	4,900	0	0	180	0	4,900
<b>DFC Loan (Debt Restructuring)</b>	<b>7,398</b>	<b>0</b>	<b>283</b>	<b>275</b>	<b>0</b>	<b>7,115</b>
<b>BSSB Housing Loan</b>	<b>662</b>	<b>0</b>	<b>8</b>	<b>26</b>	<b>0</b>	<b>654</b>
<b>GOB (debt for Nature Swap)</b>	<b>10,140</b>	<b>0</b>	<b>597</b>	<b>141</b>	<b>0</b>	<b>9,543</b>
<b>Cohune Walk Loan</b>	<b>2,403</b>	<b>0</b>	<b>167</b>	<b>176</b>	<b>0</b>	<b>2,236</b>
<b>Infrastructure Dev. Loan Belize Bank</b>	<b>21,845</b>	<b>0</b>	<b>1,032</b>	<b>934</b>	<b>0</b>	<b>20,813</b>
<b>Guardian Life Belize \$1mn Loan</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>90</b>	<b>0</b>	<b>1,000</b>
<b>Atlantic Bank Airstrip Loan</b>	<b>699</b>	<b>0</b>	<b>200</b>	<b>31</b>	<b>0</b>	<b>499</b>
<b>Belize Harbour Dredging <sup>(1)</sup></b>	<b>0</b>	<b>225</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>171</b>
<b>Total</b>	<b>279,464</b>	<b>225</b>	<b>2,341</b>	<b>9,983</b>	<b>49,082</b>	<b>326,430</b>

<sup>(1)</sup> Belize Harbor Dredging Loan is Interest Free



**Table 5.10: Public Sector External Debt By Creditor**

BZ \$'000

	DOD at: 31/12/2005	Transactions During January to June '06				DOD at: 31/06/2006
		Disbursements	Principal Payments	Interest & Other Payments	Parity Change	
<b>CENTRAL GOVERNMENT</b>	<b>1,763,658</b>	<b>37,233</b>	<b>55,217</b>	<b>64,763</b>	<b>1,830</b>	<b>1,747,506</b>
Banco Nacional de Comercio Exterior	8,999	0	0	274	0	8,999
Fondo de Financ. de las Exportaciones	762	0	109	23	0	653
Government of Great Britain	7,772	0	1,667	0	382	6,487
Government of Peoples Rep. of China	58	0	58	0	0	0
Government of the United States <sup>1</sup>	6,375	0	727	122	0	5,649
Government of Trinidad and Tobago	20	0	4	1	0	16
Kuwait Fund for Arab Economic Dev	19,631	0	577	399	198	19,252
Republic of China	246,076	30,000	7,344	6,179	0	268,732
Caribbean Development Bank	99,814	2,927	1,594	2,523	0	101,147
European Economic Community	16,688	0	226	46	1,181	17,643
European Investment Bank	752	0	0	0	54	805
Inter-American Development Bank	142,013	851	3,575	3,497	0	139,289
International Fund for Agric. Dev.	2,003	20	193	44	15	1,845
Intl. Bank for Reconstruction & Dev.	62,625	58	3,681	1,367	0	59,003
Opec Fund for Int'l. Development	7,199	0	367	179	0	6,833
AllFirst Bank of Maryland	2,100	0	420	59	0	1,680
Belize Bank Ltd.	12,668	0	0	0	0	12,668
Bear Stearns & CO. Inc.	709,072	0	14,294	28,510	0	694,777
BWS Finance Limited	19,844	0	0	0	0	19,844
Ruser Financial Ltd	10,000	0	10,000	252	0	0
Citibank, Trinidad & Tobago	8,571	0	1,714	423	0	6,857
Citicorp Merchant Bank Ltd.	45,714	0	3,929	2,077	0	41,786
International Bank of Miami	101,737	1,783	0	5,111	0	103,520
KBC Bank NV	3,738	0	935	100	0	2,804
Manufacturers & Traders Trust Co.	7,056	1,594	0	194	0	8,650
Provident Bank & Trust of Belize	117	0	77	5	0	40
Royal Merchant Bank	220,891	0	2,977	13,267	0	217,914
Belize Estate and Co. Ltd.	326	0	326	78	0	0
Caterpillar Financial Services Corp.	850	0	331	29	0	519
Export Import Bank of the United States	187	0	93	7	0	94
<b>NON-FINANCIAL PUBLIC SECTOR</b>	<b>46,387</b>	<b>0</b>	<b>2,723</b>	<b>1,070</b>	<b>99</b>	<b>43,763</b>
Kuwait Fund for Arab Economic Dev	7,532	0	349	151	79	7,262
CIBC Bank & Trust Company	2,338	0	896	122	0	1,442
Amtrade International Bank of Georgia <sup>2</sup>	2,060	0	526	57	0	1,534
Caribbean Development Bank	34,457	0	953	741	20	33,525
<b>FINANCIAL PUBLIC SECTOR</b>	<b>55,105</b>	<b>0</b>	<b>3,114</b>	<b>941</b>	<b>555</b>	<b>52,546</b>
Caribbean Development Bank	39,681	0	1,814	769	8	37,875
European Economic Community	535	0	17	3	38	557
European Investment Bank	9,757	0	313	43	509	9,953
Paine Webber Real Estate Securities Inc.	1,700	0	200	42	0	1,500
N.V. De Smet S.A. Engineers	1,695	0	565	59	0	1,130
Government of the United States	1,737	0	206	26	0	1,531
<b>GRAND TOTAL</b>	<b>1,865,151</b>	<b>37,233</b>	<b>61,055</b>	<b>66,774</b>	<b>2,484</b>	<b>1,843,815</b>

<sup>1</sup> USAID Debt for Nature Swap Agreement as at 2nd August, 2001 was implemented on 30th November, 2001 for BZ \$17,168

<sup>2</sup> 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.