CENTRAL BANK OF BELIZE

Quarterly Review

June 2011

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Correspondence and enquires 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
Facsimile: (501) 223-6219

Email: cbbrsh@btl.net

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Table of Contents

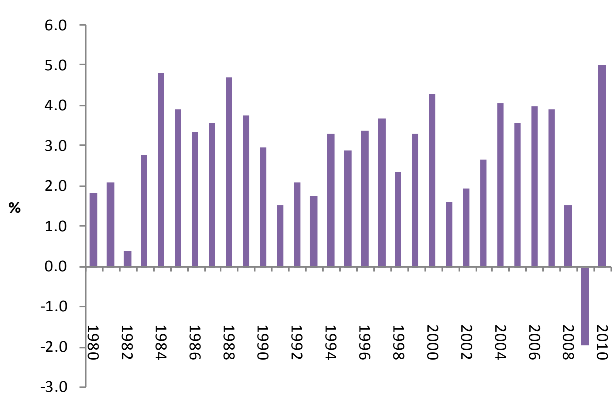
International Developments

After a relatively strong first quarter, the global economic recovery lost some traction. Output growth slowed to an estimated 2.5% as activity in most of the advanced economies stalled although emerging and developing countries continued on a robust growth path, albeit at varying rates across regions. Closer to home in the Caribbean, GDP growth was subdued due to high debt levels, weak fiscal positions, and dependency on shrinking remittances and tourism flows.

Despite highly accommodative macroeconomic policies, the US economy grew by a disappointing 1.3% partly due to supply-chain disruptions from the Japanese earthquake and tsunami, rising oil prices and sluggishness in investment and consumer spending. The latter was exacerbated by stock market losses that occurred against the backdrop of heated public debate and political brinkmanship as federal finances deteriorated. Meanwhile, although there were some gains in Germany and France, growth in the Euro area was a minimal 0.2% that was reflective of the financial weaknesses in Portugal, Ireland, Greece, Italy and Spain. Notwithstanding the spending boost associated with the royal wedding, UK output similarly increased by only 0.2% in the second quarter due to the countervailing effects of the Japanese earthquake and tsunami. In marked contrast, China registered a healthy 9.5% increase that was only marginally lower than the 9.7% growth achieved in the first quarter as domestic investment remained buoyant despite the tightening of monetary policy.

Relative to the first quarter outturn, unemployment rates were unchanged in June at 4.1% for China, 4.6% for Japan and 9.2% and 9.9%, respectively, for the US and Euro Area. UK unemployment rose from 7.7% to 7.9% during

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



Source: IMF

Table 1.1: Selected GDP Growth Rates

Percentage

	Mar-11	Jun-11
USA (1)	0.4	1.3
UK (2)	0.5	0.2
Euro Area (2)	0.8	0.2
China (1)	9.7	9.5
Japan (2)	-0.9	-0.3

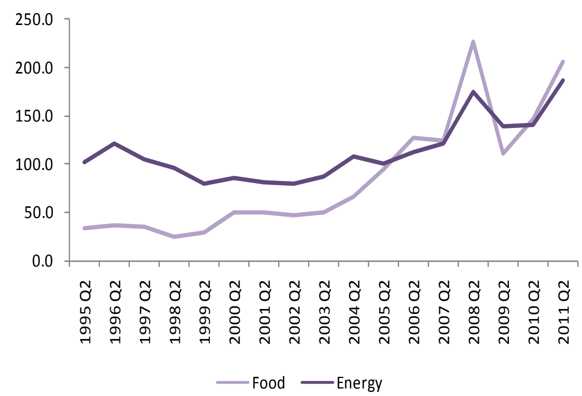
(1) Quarter-over-Quarter percentage change at annual rates

(2) Quareter-over-Quarter percentage change

Source: Respective Statistical Bureaus the same three month period. As a corollary of the two-track recovery, inflationary concerns remained moderate in advanced economies while developing and emerging markets faced increasing price pressures indicative of their growing demand, particularly for fuel and food. In China, inflation rose to 6.4% during the second quarter while in Japan, US and the UK, annual point to point inflation rates registered increases of 0.3%, 3.6% and 4.4%, respectively. Commodity prices rose sharply in April driven by a spike in the price of crude oil which largely reflected supply shocks following the “Islamic Spring” in the Middle East and North African countries. Softer economic data and the release of emergency stocks brought the per barrel price of crude down from $120 in April to $107 at the end of June. Food prices also settled following the weather-related shocks of 2010.

Chart 1.2: Global Commodity Prices

2005=100



Source: IMF

Table 1.2: Annual Inflation for Selected Economies (point-to-point)

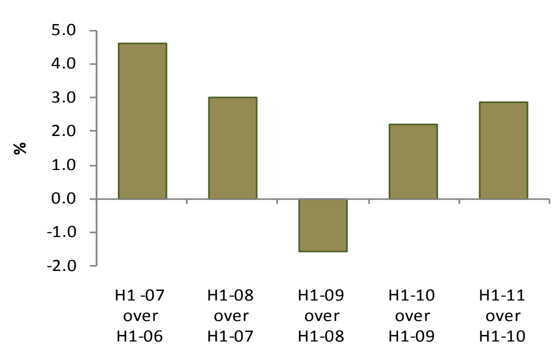
	Year on Year Change (%)	
	Mar-11	**Jun-11**
US	2.7	3.6
UK	4.0	4.4
Euro Area	2.2	2.7
Japan	0.0	0.3
China	5.4	6.4

Source: IMF

Domestic Overview

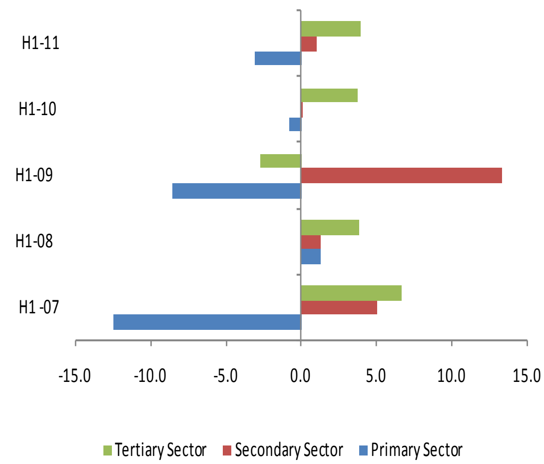
Domestic output rose by 2.8% in the first half of the year as a strong first quarter was followed by a 1.0% decline due to contractions in agriculture, electricity & water and construction. Primary production was down by 3.1% as decreases in banana, sugarcane and grapefruit production outweighed increases in the orange harvest, an upswing in forestry activities and a 3.7% increase in fishing. Although petroleum output fell, the contraction was not large enough to drag down growth in manufacturing, which continued to be vibrant due to a robust expansion in sugar and citrus juice production. Construction activity shrank by an estimated 16.3% and growth in electricity & water slowed to 4.3% due to reduced rainfall and problems with the turbines of the cogeneration plant. The services sector registered a 3.9% increase that mainly reflected growth in cross border free zone trade with Mexico as well as increased activity in hotels and restaurants with the latter being buttressed by a 3.1% growth in stay over tourist arrivals.

Chart 2.1: GDP Growth Rates



Source: SIB

Chart 2.2: Sectoral Growth Rates



Source: SIB

With the removal of the 12% GST tax from fuel imports, inflationary pressures were moderate as the Consumer Price Index rose by 0.3% over the quarter (March 2011 to May 2011). With respect to the twelve month period (May 2010 to May 2011), the Consumer Price Index rose by 1.0% driven by higher fuel acquisition costs. The price increases were general with the notable exceptions being the "Household Goods & Maintenance" and in "Food, Beverages and Tobacco".

A substantially higher external current account surplus of $53.5mn was recorded as a sharp decline in profit repatriation and a reduced trade deficit more than offset lower grant inflows and higher outlays on freight and services. Contrasting with this, the capital and financial account shifted from a surplus of $31.9mn to a $50.2mn deficit that reflected lower foreign direct investment, higher net loan repayments by the private sector, as well as a build-up in the net foreign balances of the commercial banks. The gross international reserves consequently remained flat at $436.3mn, the equivalent of 4.2 months of merchandise imports.

Central Government's revenue and grants were 4.3% higher than that of the first half of 2010, while expenditure edged up by 0.9% as a $22.7mn increase in current expenditure outweighed a $19.2mn fall in capital spending. The revenue growth came mostly from the petroleum industry and import duties. The fiscal outturn consequently improved, as the primary balance increased by 50.3% to $63.7mn, and the overall balance went from a deficit to a surplus of $11.4mn. Zeroing in on how it performed in the first quarter of its new fiscal year (April to June), Central Government's operations yielded primary and overall surpluses of 0.9% and 0.6% of GDP, respectively, with the combination of an overall surplus, external borrowings and proceeds from further sale of BTL shares facilitating a build up of government deposits.

Since the BTL privatization proceeds were sterilized in anticipation of an eventual settlement with the previous owner, Central Government continued to rely on its Central Bank overdraft to meet its interim financing needs. Its domestic debt consequently increased by 4.5% to $384.2mn as a $17.8mn expansion in direct borrowing from the Central Bank overshadowed amortization payments to the Debt for Nature Swap, BSSB, Heritage Bank and Fort Street Tourism Village. The public sector external debt also rose by $30.0mn or 1.5% to $2,049.4mn, in large part due to the one-off shift of $21.9mn in debt from private to the public sector following the nationalization of the electricity company in June.

Notwithstanding a modest rise in commercial bank loans to the private sector, net domestic credit contracted by $37.3mn due to the aforesaid build up in government deposits. Monetary growth in the first semester was therefore entirely fuelled by a $104.0mn expansion in net foreign assets that included improvements in the net positions of the Central Bank as well as the commercial banks, the $86.5mn increase in net holdings of the latter being largely the result of higher inflows from domestic exports and free zone sales.

Against the backdrop of increasing excess liquidity and sluggish credit demand, interest rates declined as the weighted average deposit rate fell by 70 basis points to 4.91% almost two times faster than the weighted average lending rate which declined by 39 basis points to 13.39%. Given the high amount of liquidity in the system, commercial bank demand for government paper was generally in excess of the amount being traded and the Central Bank consequently decided to lower the securities requirement of commercial banks from 5.0%

to 3.0% of their average deposit liabilities on 1 April. This followed the Bank's decision to reduce its lender of last resort rate from 18.0% to 11.0%, effective February 1, as part of its continued efforts to bring interest rates in line with current market and economic conditions. Subsequently, commercial banks' holdings decreased by merely $4.4mn despite the reduction in aggregate securities requirement from $97.7mn to $58.8mn due to sluggish credit demand and limited investment opportunities.

Monetary Developments

A 3.4% increase in the broad money supply during the first half of the year was entirely driven by a 16.6% increase in net foreign assets since net domestic credit fell by 1.9%. The $104.0mn expansion in net foreign assets reflected increases of $86.5mn and $17.5mn in the net holdings of commercial banks and the Central Bank, respectively. Heightened inflows from CFZ sales and tourism receipts facilitated a $73.7mn increase in commercial banks' foreign assets and a $12.8mn reduction in their short-term foreign liabilities. Meanwhile, the Central Bank recorded inflows of $128.6mn, with notable amounts coming from loan disbursements ($42.1mn), tax and royalty payments from oil production ($38.3mn) and sugar export receipts ($24.1mn). The Bank's outflows amounted to $112.5mn, which included foreign exchange sales to Central Government of $89.3mn, of which external debt service payments accounted for 79.3%. Over the first half of the year, gross international reserves rose by $0.3mn to $436.3mn, the equivalent of 4.2 months of merchandise imports.

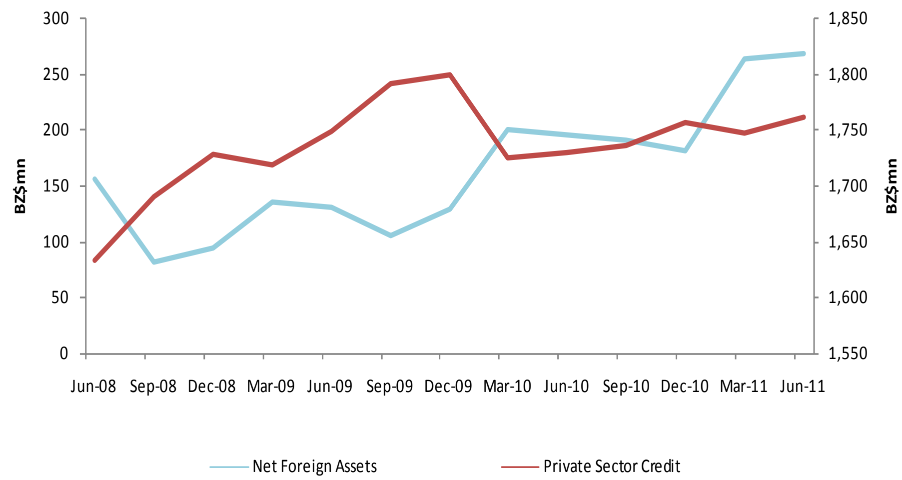
Net domestic credit of the banking system fell by $37.3mn, as a $40.3mn contraction in net financing for Central Government eclipsed a $3.6mn increase in loans to the private sector. Despite a $17.8mn increase in its overdraft facility with the Central Bank, Central Government's net financing contracted by 21.5% due solely

Table 3.1: Factors Responsible For Money Supply Movements

BZ$mn

		Changes during	
	Position as at June 2011	Dec 2010 to June 2011	Dec 2009 to June 2010
Net Foreign Assets	**731.8**	**104.0**	**83.1**
Central Bank	463.2	17.5	16.4
Commercial Bank	268.6	86.5	66.7
Net Domestic Credit	**1,913.4**	**-37.3**	**-78.6**
Central Government (Net)	146.8	-40.3	-6.8
Other Public Sector	5.5	-0.6	-2.0
Private Sector	1,761.1	3.6	-69.8
Central Bank Foreign Liabilities (Long-term)	**72.3**	**2.7**	**-4.0**
Other Items (Net)	**411.1**	**-7.0**	**15.5**
Money Supply (M2)	**2,161.8**	**71.0**	**-7.0**

Chart 3.1: Commercial Banks' Net Foreign Assets & Private Sector Credit



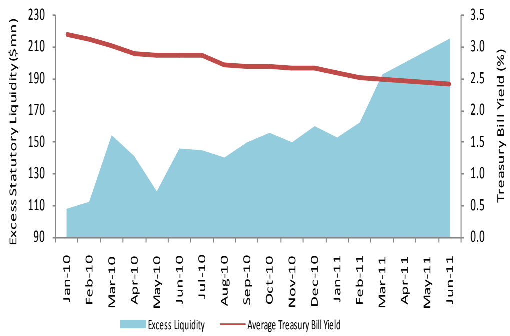
to the $56.6mn build up in deposit holdings. The latter was boosted by tax receipts from oil production, loan disbursements (IADB policy-based loan and ROC) and proceeds from the sale of BTL shares.

The 0.2% growth in private sector credit reflected additional financing of $7.3mn and $4.0mn to the tertiary and primary sectors, respectively, and contractions of $5.9mn in personal loans and $2.7mn in lending to the secondary sector. Even with net loan repayments of $13.0mn by tourism operators, there was an upswing in credit to the tertiary sector due to lending for real estate ($14.2mn), professional services ($4.9mn) and entertainment ($3.3mn). Credit growth to the primary sector was channeled into the production of marine, banana, sugar, grains and other commodities. Credit declines in the secondary sector were due to repayments by the manufacturing and construction subsectors which outweighed new disbursements to utility providers. Loan and advances by the five largest credit unions were up by $6.4mn with disbursements for home improvement, personal consumption, professional services and land acquisition outweighing repayments from persons engaged in commercial real estate and agricultural production.

Weak credit demand coupled with higher than average foreign asset growth pushed excess statutory liquidity up by $55.6mn. At the end of the period, liquid asset holdings were 46.1% above the required level and 47.8% higher than the June 2010 position. Simultaneously, excess cash reserves rose by $1.2mn, and at $61.7mn, stood 35.7% above the required level.

Given their increased voluntary participation in the government securities market, the Central Bank lowered the securities requirement of

Chart 3.2: Excess Liquidity and Average Treasury Bill Yieid



the commercial banks from 5.0% to 3.0% of their average deposit liabilities on April 1. This followed the Bank's decision to reduce its lender of last resort rate from 18.0% to 11.0%, effective February 1, as part of its continued efforts to bring interest rates in line with current market and economic conditions. Notwithstanding the reduction in the aggregate securities requirement from $97.7mn to $58.8mn, commercial banks' holdings dipped by only $4.4mn during the six-month period and this was symptomatic of the sluggish private sector credit demand and limited investment opportunities. At the end of June, commercial banks' Treasury bill holdings amounted to $148.6mn, which was more than double the required level.

Against the backdrop of increasing excess liquidity and sluggish credit demand, interest rates declined but the spread accruing to the banks widened to 8.48% as the weighted average deposit rate fell faster than the weighted average lending rate. The weighted average lending rate fell by 39 basis points due to significant rate declines in construction and personal loans of 97 and 67 basis points, respectively. Similarly, decreases in time deposit and savings/checking rates of 86 and 69 basis points brought the weighted average deposit rate down by 70 basis points to 4.91%.

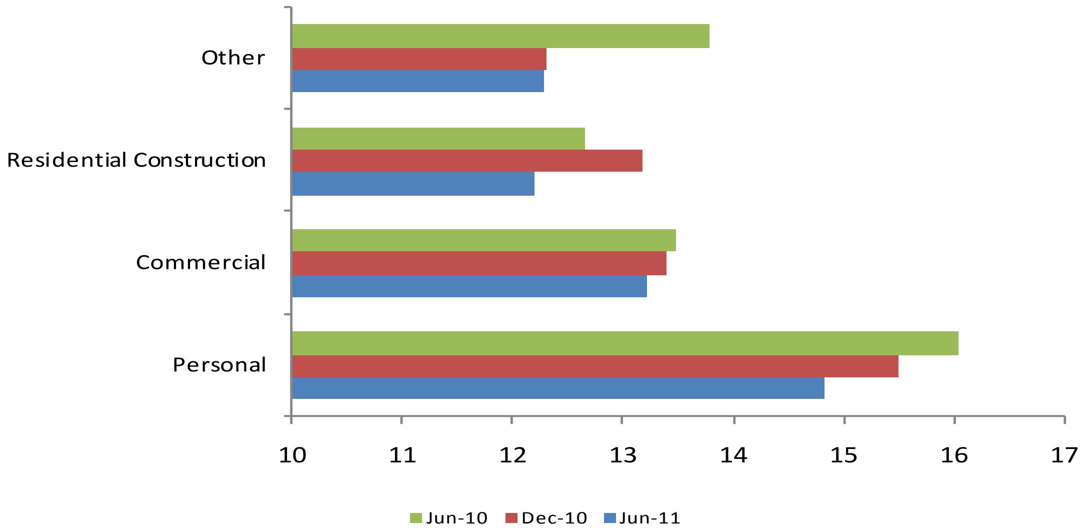
Five of the bids by the commercials banks,

Table 3.2: Net Foreign Assets of the Banking System

BZ$mn

		Changes during	
	Position as at June 2011	Dec 2010 to June 2011	Dec 2009 to June 2010
Net Foreign Assets of Banking System	**731.8**	**104.0**	**83.1**
Net Foreign Assets of Central Bank	**463.2**	**17.5**	**16.4**
Central Bank Foreign Assets	464.8	16.1	17.1
Central Bank Foreign Liabilities(Demand)	1.6	-1.4	0.7
Net Foreign Assets of Commercial Banks	**268.6**	**86.5**	**66.7**
Commercial Bank Foreign Assets	300.2	73.7	47.3
Commercial Bank Foreign Liab. (Short-Term)	31.6	-12.8	-19.4

Chart 3.3 : Weighted Average Lending Rate



at the end of the first half of the year, were succesful and as a result this led to a reduction in the average Treasury bills average yield from 2.46454% to 2.41938%.

Domestic Production and Prices

Overview

Impressive first quarter growth of 6.7% was followed by a 1.0% contraction in the second quarter due to steep declines in agriculture, electricity & water and construction. GDP consequently grew by an estimated 2.8% in the first half of the year. Primary production fell by 3.1% as decreases in banana, sugarcane and grapefruit production outweighed an increase in the orange harvest as well as upswings in forestry and fishing. Notwithstanding a sharp contraction in construction, a modest 1.0% growth was recorded in the secondary sector as manufacturing remained healthy on the strength of robust expansion in sugar and citrus juice production while electricity & water continued to grow though at a slower pace due to drought and problems with the turbines of the co-generation plant. Services expanded by 3.9%, led by growth in distributive trade and supported by hotels and restaurants, which benefited from a 3.1% growth in stay over tourist arrivals. Wholesale and retail trade was up by 8.4% mainly due to the sharp increase in cross border trade with Mexico through the Corozal Free Zone.

Sugarcane and Sugar Production

Notwithstanding the three and a half week disruption in processing operations owing to the failure of two steam turbines in early February, the 2010/2011 crop season closed on June 24 after 163 days in operation. Heavy rains in November and December followed by a prolonged dry period from January to May reduced sugarcane crop yields. This was exacerbated by rat infestation problems in several areas and the premature harvest of some cane fields due to the extended 2009/2010 harvest period. Consequently, sugarcane deliveries fell by 2.6% to 843,786 long tons, the lowest production in over a decade, and significantly below the initial crop year projection of 1,050,000 long tons. On the other hand, sugar production increased by 29.9% to a five year high of 98,482 long tons, as the implementation of delivery schedules by appointment and test groups reduced the long factory queues and consequent sugar losses. Also on the upside, the extensive dry period increased the concentration of sugars in the sugarcane, so the crop's sucrose content improved (pol of 13.77% versus 10.82% in 2009/2010). The net result was a 24.3%

Table 4.1: Deliveries of Sugarcane and Production of Sugar and Molasses

	Dec-Jun 2009/10	Dec-Jun 2010/11
Deliveries of Sugarcane to BSI (long tons)	866,733	843,786
Sugar Processed by BSI (long tons)	75,786	98,482
Molasses processed by BSI (long tons)	38,432	28,727
Performance		
Factory Time Efficiency (%)	93.2	90.3
Cane Purity (%)	80.9	86.6
Cane/Sugar	11.3	8.6

Source: Belize Sugar Industries

reduction in the cane/ sugar ratio from 11.3 to 8.6. Owing to its inverse relationship with sugar output, molasses production fell by 25.3%, crop year to date.

Despite the implementation of the final EU sugar price cut last crop year, the final price paid to farmers for this year's crop increased by 42.8% to $68.54 per long ton, boosted by a higher cane to sugar ratio, exchange rate gains from the average Euro price negotiated on the futures market, increased sales of value added product and the sale of sugar to the US market where prices were approximately 56.5% higher than those in the EU.

Citrus

Continuing the downward trend started in the previous crop year, the 2010/2011 citrus production fell by 4.9% to 5.0mn boxes as the factory closed a full six weeks earlier than usual on May 11th, due to fruit loss and damage caused by Hurricane Richard in October 2010. Although orange production increased by 15.5%, it was still below the industry's expectations of a 25.5% increase and insufficient to outweigh the 61.2% decline in grapefruit deliveries to 0.5mn boxes.

Notwithstanding the decline in deliveries, juice production rose by 8.8% to 30.5mn pound solids (ps) due to the 14.3% improvement in the average yield of ps per box of fruit. Orange concentrate production expanded by 27.4% to 28.0mn ps, while that of grapefruit concentrate fell by 60.1% to 2.0mn ps. The plunge in grapefruit deliveries notably reduced the output of grapefruit NFC and was the main cause of a 57.8% plummet in the out-turn of NFC juices to 0.4mn ps. Pulp and oil production came in at 1.8mn and 1.6mn pounds, respectively.

Table 4.2: Output of Citrus Products

	Nov-Jun 2009/2010	Nov-Jun 2010/2011
Deliveries (boxes)		
Orange	3,851,429	4,447,339
Grapefruit	1,389,753	539,022
Total	5,241,182	4,986,361
Concentrate Produced (ps)		
Orange	22,023,426	28,046,917
Grapefruit	5,023,326	2,006,679
Total	27,046,752	30,053,596
Not from Concentrate (ps)		
Orange	361,622	267,735
Grapefruit	586,630	132,587
Total	948,252	400,322
Pulp (pounds)		
Orange	1,405,740	1,734,340
Grapefruit	0	21,200
Total	1,405,740	1,755,540
Oil Produced (pounds)		
Orange	1,463,200	1,490,400
Grapefruit	220,000	70,400
Total	1,683,200	1,560,800

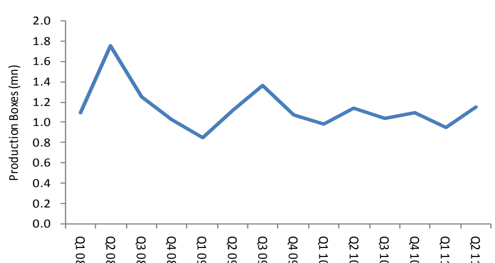
Sources: Citrus Products of Belize Ltd., Belize Citrus Growers' Association

With prices dictated by the international market, the estimated final price to be paid to farmers for orange went up by 25.2% to $2.00 per pound solid (pps), while that of grapefruit settled at $1.57 pps, $0.31 higher than that of 2009/2010.

Banana

Banana production suffered as adverse weather in December slowed bunch development and reduced yields for the February/March harvest cycle. Additional production problems continued with the extreme dry weather experienced in the country between March and May. As a consequence, banana output for the first six months of the year declined by 1.3%. Revenues declined by 2.0% to $38.2mn, with prices remaining relatively stable under the three year marketing contract signed with Fyffes.

Chart 4.1: Banana Production



The industry has maintained total banana acreage relatively constant over the past two years, though small annual variations in the total acreage do occur, and even wider variations between harvestable and young trees (plantilla) exist. In January, total acreage stood at 7,039 with 6,396 acres having harvestable trees and 635 acres under plantilla. By May, total acreage had fallen marginally to 7,025 acres consisting of 6,863 acres in harvestable trees, 162 acres under young trees and 182 acres being prepared for planting.

Petroleum

First semester production of petroleum output declined by 3.1% to 752,546 barrels, as the 48,904 barrels extracted from Never Delay could not compensate for the 9.4% fall in production at the Spanish Lookout field. However, a reduction in local sales this year allowed petroleum exports to rise by 2.9% to 738,515 barrels. Since January, the Louisiana Light Sweet crude oil, the new benchmark for Belize's petroleum, has consistently remained above US$100.00 per barrel in response to speculative activities and fears of shortages sparked by the Libyan crisis, geopolitical tensions in North Africa and the Middle East and growing demand from emerging markets. Consequently, export revenues rose sharply by 72.7% to $160.2mn with the average price of oil skyrocketing by 67.9% to US$108.44 per barrel, US$18.44 above the threshold price at which the petroleum surcharge becomes applicable.

Tourism

International tourist arrivals during the first four months of 2011 were up by 4.5%, despite global uncertainties such as high unemployment, concerns over fiscal strength, social unrest and fluctuating oil prices dampening growth. In the region, visitors to Central America grew by 4.0%, while arrivals in the Caribbean islands grew by 5.0% with major destinations such as Curacao and Cuba leading growth with 16.3% and 11.3%, respectively. Barbados, British Virgin Islands, Dominican Republic and Jamaica registered an average increase of 4.3% while Bahamas, Guyana, US Virgin Islands and Dominica experienced a fall in arrivals.

Cruise ship disembarkations for the second quarter increased by 10.8% over the comparative period of 2010. However, this didn't compensate for the steep fall in cruise arrivals in the first quarter which resulted from the cancellation of several Carnival ships due to the controversy between local tender operators and the Carnival Cruise Line. As a result, disembarkations fell by 11.0% to 351,839 for the first half of the year and port calls decreased from 164 to 148.

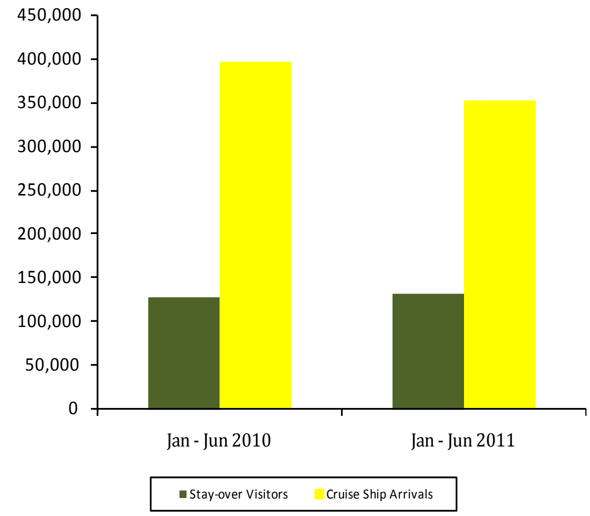
Table 3.3: Bona Fide Tourist Arrivals

	Jan-Jun 2010	Jan-Jun 2011
Stay-over Arrivals		
Air	100,146	104,598
Land	23,093	21,502
Sea	5,144	6,313
Total	**128,382**	**132,413**
Cruise Ship	**395,361**	**351,839**

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

For Belize, the first half of the year saw a 3.1% increase in stayover visitors with tourists from the United States and Europe accounting for 70.0% and 10.2%, respectively. Visitors from the US increased by 5.5% to 90,450, while EU arrivals rose more modestly by 1.2% to 13,986. Air and sea travelers increased by 4.4% and 22.7%, respectively, while arrivals through the land borders fell by 6.9%.

Chart 4.2: Tourist Arrivals



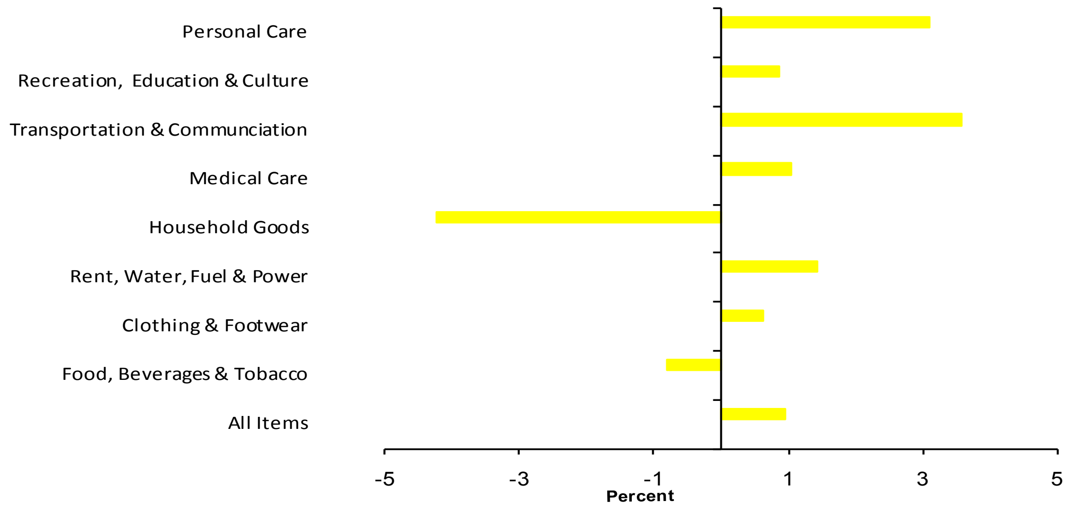
Source: Belize Tourism Board

Consumer Price Index

Inflation pressures were moderate over the quarter (March 2011 to May 2011) reflecting the removal of the 12% GST from fuel imports as the Consumer Price Index increased by 0.3%.

Over the twelve month period (May 2010 to May 2011), the Consumer Price Index rose by 1.0% due to higher fuel acquisition costs as

Chart 4.3: Annual Percentage Change in Consumer Price Index



Source: Statistical Institute of Belize

international oil prices peaked in April. However, the growth monentum in prices for the fuel dependent categories were softer than the previous year as the price hikes were somewhat mitigated by the fiscal initiatives enacted in April. Consequent on the major impulses enumerated, “Transportation & Communication” and “Rent, Water, Fuel and Power” rose by 3.6% and 1.4%, respectively. Price increases were also noted in the “Personal Care”, “Clothing and Footwear”, “Health Care” and “Recreation, Education & Culture” categories. Softening the impact of the cost push from fuel were price declines of 4.2% in “Household Goods & Maintenance”and 0.8% in “Food, Beverages and Tobacco”.

International Trade and Payments

For the second consecutive year, an external current account surplus was recorded in the first half of the year. Although earnings from tourism remained flat, this year's surplus was considerably higher as a sharp contraction in profit outflows and a smaller trade deficit more than offset lower grant inflows and higher outlays on freight and services. The inflows on the current account were however largely offset by a $50.2mn deficit on the capital and financial account that reflected a build up of commercial bank net foreign balances abroad and an increase in the private sector's net loan repayments. Gross international reserves consequently remained virtually unchanged at around $436.3mn, the equivalent of 4.2 months of merchandise imports.

The merchandise trade deficit fell by 20.1% mainly due to heightened earnings from petroleum that helped to push total export receipts up by 38.3%. On the other hand, imports rose by 24.5% and this included a $78.6mn increase in imports for domestic consumption, more than half of which was accounted for by petroleum. The remainder consisted of broadbased increases except for crude materials, machinery & transport equipment, and personal goods. An increase in cross border trade activity also boosted imports into the Commercial Free Zone (CFZ) by $69.6mn.

Table 5.1: Balance of Payments Summary

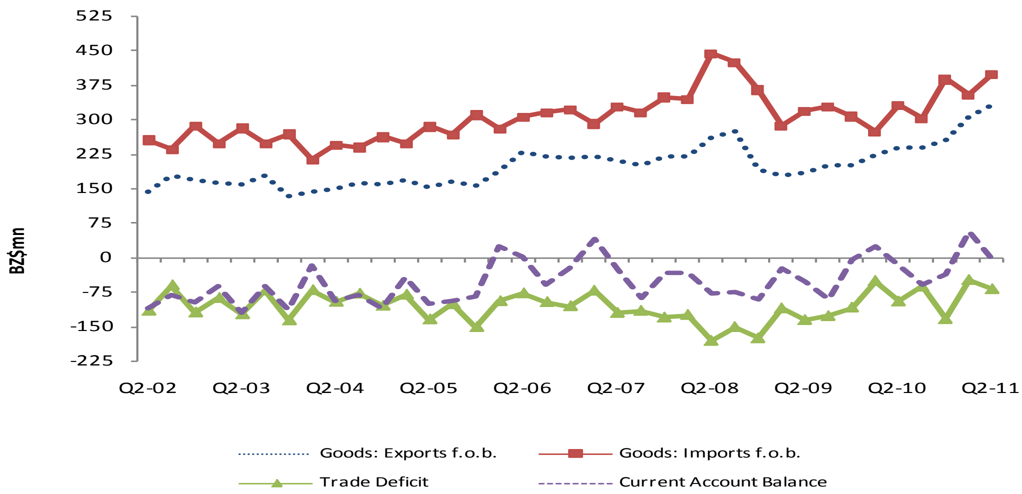
BZ$mn

			2010R Jan-Jun	2011P Jan-Jun
A.	**CURRENT ACCOUNT (I+II+III+IV)**		**9.2**	**53.5**
	I.	**Goods (Trade Balance)**	**-143.5**	**-114.7**
		Exports, f.o.b.	461.4	638.3
		Domestic Exports	301.6	413.4
		CFZ Gross Sales	140.0	206.8
		Re-exports	19.9	18.1
		Imports, f.o.b.	604.9	753.0
		Domestic Imports	525.9	604.5
		CFZ Imports	78.9	148.5
	II.	**Services**	**222.3**	**199.0**
		Transportation	-29.5	-42.0
		Travel	249.6	249.8
		Other Services	2.2	-8.8
	III.	**Income**	**-161.2**	**-114.4**
		Compensation of Employees	-4.7	-4.5
		Investment Income	-156.6	-109.9
	IV.	**Current Transfers**	**91.6**	**83.6**
		Government	-3.5	-2.1
		Private	95.1	85.8
B.	**CAPITAL & FINANCIAL ACCOUNT (I+II)**		**31.9**	**-50.2**
	I.	**Capital Account**	**8.2**	**18.8**
	II.	**Financial Account (1+2+3+4)**	**23.6**	**-69.0**
		1. Direct Investment in Belize	116.0	76.2
		2. Portfolio Investment	-5.6	-22.7
		Monetary Authorities	0.0	-14.0
		General Government	-5.5	-8.7
		Banks	0.0	0.0
		Other Sectors	-0.1	0.0
		3. Financial Derivatives	0.0	0.0
		4. Other Investments	-86.7	-122.4
		Monetary Authorities	0.6	-1.4
		General Government	4.3	8.5
		Banks	-66.7	-86.1
		Other Sectors	-25.0	-43.4
C.		**NET ERRORS & OMISSIONS**	**-23.5**	**-3.0**
D.		**OVERALL BALANCE**	**17.6**	**0.3**
E.		**RESERVE ASSETS[1]**	**- 17.6**	**-0.3**

P- indicates Provisional, R- indicates Revised

[1] Minus = increase

Chart 5.1: Current Account vs. Trade Deficit



Total exports rose by $176.9mn to $638.3mn with domestic exports and CFZ sales up by $111.8mn and $66.8mn, respectively. Higher crude oil prices boosted petroleum earnings which accounted for about half of the surge in domestic export receipts. Price and volume improvements underpinned higher receipts from sugar, marine products, and other miscellaneous exports, while a dip in sale volume was mostly responsible for lower earnings from bananas. Price improvements were also sufficient to compensate for lower sale volumes of citrus, molasses and papayas.

Underpinned by higher sugar production, sugar exports expanded by 33.4% to 69,053 long tons, while revenues rose by 84.2% to $78.1mn, as the European price improved and sales to the US market resumed after four years. Sales to Europe amounted to 55,263 long tons, while revenues jumped by 32.2% due to price improvements arising from exchange rate

Chart 5.2: Domestic Exports

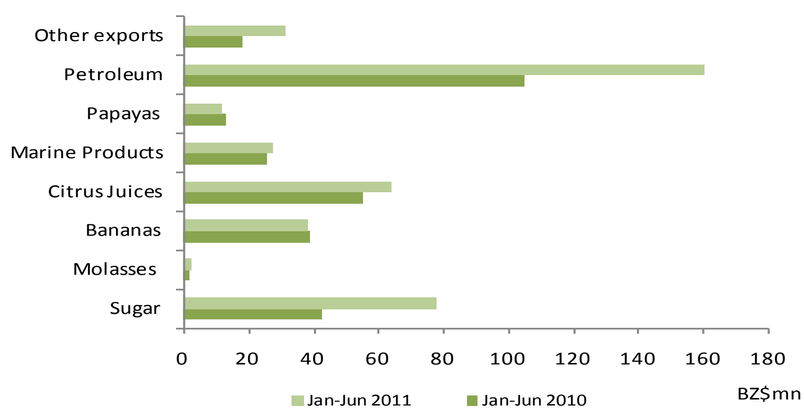
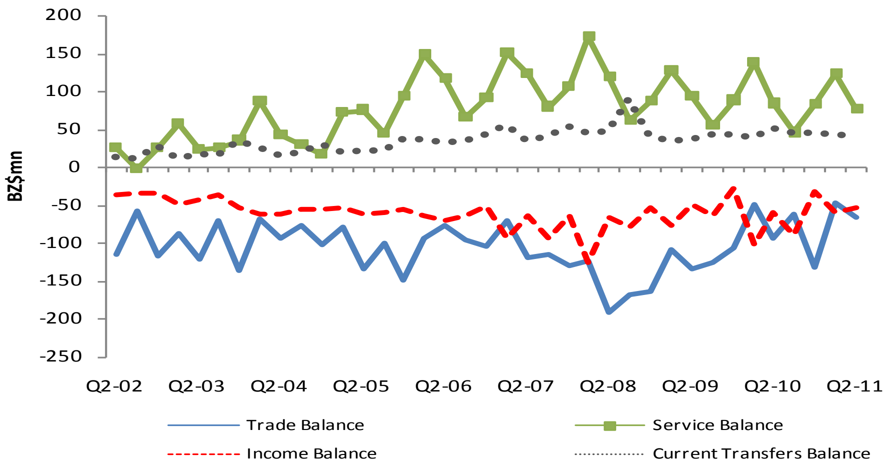


Chart 5.3: Trade, Service, Income and Current Transfers Balances



gains and the sale of premium-priced sugar for direct consumption. Sales of 13,730 long tons to the US market fetched the highest per unit price and yielded revenues of $22.1mn. Canada received the remaining 60 long tons. Molasses exports fell 5.8% to 18,245 long tons, while revenues increased by 23.7% to $2.4mn due to a price rally spurred by a global supply shortfall.

The export volume of citrus juices declined by 9.3% compared to the first half of 2010, however, improved international prices underpinned a 15.1% rise in revenues to $63.8mn. Notwithstanding unexpectedly good orange harvests and juice production in Florida and Brazil, prices strengthened due to strong demand in the major importing countries. Consequently, orange concentrate revenues rose by 23.7% to $58.9mn with the 26.9% increase in average price compensating for a 4.1% decline in export volume. Despite the significant decline in volume exported to the US market, higher prices softened the fall in sale revenues, which stood at $16.5mn. Receipts from the European market fell by 46.9% as a contraction in export volume outweighed a significant improvement in the average unit price. In contrast, the volume and value of sales to the Caribbean more than doubled and the average unit price also improved. Revenue from the Japanese market jumped more than five-fold as both export volume and the average unit price improved markedly.

Grapefruit concentrate prices rallied in response to low US juice stocks and a smaller crop in Florida. However, the price hike could not fully compensate for a 43.5% decline in export volume and revenues consequently fell by 36.9% to $4.9mn. Europe and Japan accounted for 81.3% of sales and the remainder was sold to the Caribbean.

An across the board increase in all commodities boosted marine export volume by 10.9% to 6.9mn pounds. Due to weaker prices, revenues rose by a less than proportionate 5.6% and totalled $27.4mn. With lower earnings from shrimp, the revenue gains were mainly attributable to lobster, conch and fish receipts. Notwithstanding a fall in the average unit price, earnings from lobster rose by 16.2% due to higher export volume and conch receipts were also pushed upwards by increased sales volume that outweighed a minimal fall in the average unit price. The advent of two new companies that export whole fish almost doubled the volume of fish exports and pumped receipts up by 67.3% to $1.4mn.

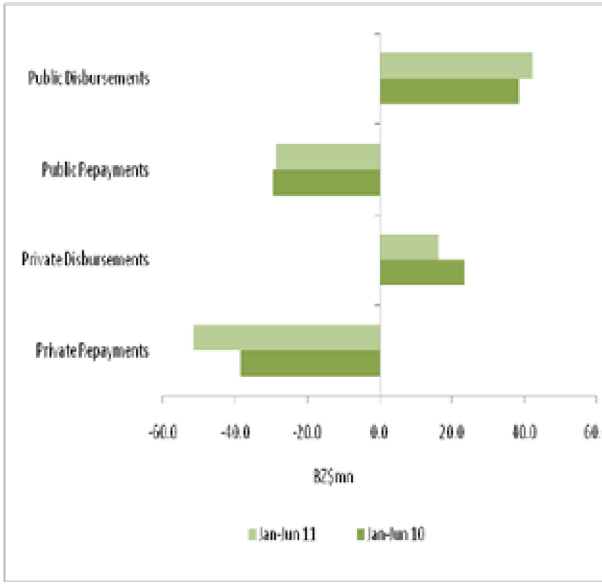
Banana export volume fell by 1.3% and export receipts edged down by 2.0% to $38.2mn due to a slight reduction in sales of higher valued packages suitable for retail distribution. Aided by a diversion in sales from local to export markets, petroleum exports rose by 2.4% to 736,071 barrels. Since January, the price of Louisiana Light Sweet crude oil, the new benchmark for Belize's petroleum, has consistently remained above US$100.00 per barrel in response to speculative activities, geopolitical tensions in North Africa and the Middle East and growing demand from emerging markets. Export revenues consequently vaulted upward by 72.7% to $160.2mn on the back of a 67.9% increase in the average price per barrel, which at US$108.44 was US$18.44 above the threshold price at which the petroleum surcharge becomes applicable.

Chart 5.4: Change in Foreign Direct Investment Components

Revenues from papaya fell by 10.5% to $12.0mn due to a 10.3% contraction in export volume and receipts from other miscellaneous exports soared by 70.1% to $31.3mn due to higher sales of other non-traditional exports, citrus oils, pepper sauces and red kidney beans.

Meanwhile, higher outlays on international freight and business services alongside lower inflows underpinned a $23.2mn decline in the surplus on the service account, which stood at $199.0mn. An $11.0mn nosedive in net receipts from other services reflected the cutback in the operations of the British forces training unit as well as higher spending on business services, while international freight charges rose by almost $14.0mn. In other

Chart 5.5: Public and Private External Debt Disbursements and Repayments



developments, travel receipts were virtually flat at $249.8mn, as higher expenditures by stay-over tourists just balanced a fall in earnings from cruiseship passengers.

Net outflows on the income account fell sharply by 29.0% to $114.4mn, reflecting lower profit repatriation by the tourism industry and a fall in commercial banks' reinvested earnings. In addition, net inflows from current transfers declined by $8.0mn to $83.6mn, due to lower receipts of Fair Trade funds by the sugarcane industry and a drop in inward family remittances.

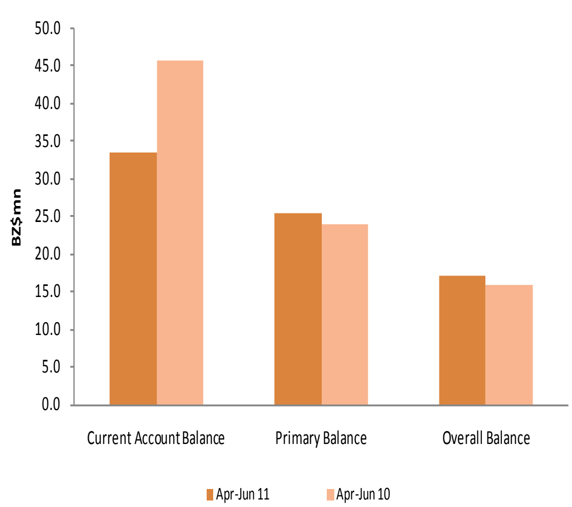
The capital and financial account recorded a deficit of $50.2mn, in contrast to the $31.9mn surplus realized during the first half of 2010. While UK debt forgiveness in the second quarter of the year and grant inflows for social programs and reconstruction projects boosted net capital inflows by $10.6mn to $18.8mn, the balance on the financial account reversed from a $23.6mn surplus in 2010 to a deficit of $69.0mn. Contributing to the latter was a 34.3% decline in foreign direct investment, influenced in part by the slow growth in the international business environment. Portfolio outflows also quadrupled to $22.7mn with a sizeable portion being due to the Central Bank's investment of $14.0mn into securities issued by the IBRD. In addition, net loan repayments by the private sector and commercial banks increased and their was a notable increase in commercial banks' foreign asset holdings.

Government Operations & Public Debt

In the January to June period, Central Government's revenue and grants were 4.3% higher than the comparable period of 2010, while expenditure edged up by 0.9% as a $22.7mn increase in current expenditure outweighed a $19.2mn fall in capital spending. The revenue growth came mostly from the petroleum industry and import duties. The fiscal outturn consequently improved, as the primary balance increased by 50.3% to $63.7mn, and the overall balance swung from a deficit to a surplus of $11.4mn.

The April to June period represents the first quarter of the government's 2011/2012 fiscal year, and, during this period, primary and overall surpluses amounting to 0.9% and 0.6% of GDP, respectively, were recorded. The overall surplus combined with external borrowings and proceeds from the sale of BTL shares facilitated a reduction in domestic financing as government deposits were built up.

Chart 6.1: GOB Fiscal Operations



Source: Ministry of Finance

Revenues were below expectations at 23.8% of budget but were 1.8% higher year-on-year, as the intake from the petroleum industry and import duties more than compensated for a sharp drop in GST and business tax collections. The surging price of crude oil boosted oil receipts by $16.2mn to $28.7mn, which included $1.8mn in windfall taxes. A $4.9mn rise in import duties reflected higher imports and the imposition of a direct tax on fuel imports instead of the previous GST. As a result of the decision to zero rate petroleum products, collections of the GST fell by $14.4mn. Receipts from personal income tax also fell by $0.8mn, as the tax relief given to persons with annual earnings between $26,000 and $29,000 came into full effect.

At $183.9mn, total expenditure was 1.2% higher than the previous year and 20.7% of budgeted outlays. Current spending rose by 10.6% with increases across all categories. Outlays on wages and salaries, which comprised 44.3% of current spending, rose by $5.0mn due to the payment of annual increments and hiring of new staff. Goods and services were $6.2mn higher due to advanced payments for electricity, while grants to municipalities pumped up subsidies, and interest payments edged up by $0.3mn.

Table 6.1: Central Government's Revenue & Expenditure

BZ$mn

	Jan-11 Jun-11	Jan-10 Jun-10	Apr-10 Jun-11	Apr-09 Jun-10
Total Revenue & Grants	414.8	397.9	201.1	197.7
of which: Current Revenue	393.0	379.3	196.6	193.4
of which: Grants	5.9	6.4	0.3	1.1
Total Expenditure	403.4	400.0	183.9	181.7
Current Expenditure	359.5	336.8	163.0	147.4
Capital Expenditure	44.0	63.2	20.9	34.3
Current Balance	33.5	42.5	33.6	45.9
Primary Balance	63.7	42.4	25.5	24.0
Overall Balance	11.4	-2.1	17.2	16.0

Source: Ministry of Finance

An indication of some capacity constraints, capital expenditure totaled $20.9mn, 13.0% of the budgeted amount with spending on locally and externally funded projects down by 24.1% and 58.9%, respectively, when compared with 2010. Some $5.7mn went on infrastructure projects for the completion of the Southern Highway, maintenance of street/ drains, Placencia road upgrading and the poverty alleviation project. Another $4.5mn was spent on projects such as the solid waste management and land development/ acquisition, while environmental projects received $2.3mn. Expenditure on projects relating to youth, sports, culture, education, health, housing, agriculture, security and social protection summed to $5.1mn, and the balance was allocated for miscellaneous

Table 6.2: Summary of Central Government's Revenue

BZ$mn

	Jan-11 Jun-11	Jan-10 Jun-10	Apr-10 Jun-11	Apr-09 Jun-10
Current revenue	393.0	379.3	196.6	193.4
Tax revenue	338.3	320.2	168.7	164.9
Income and profits	126.3	115.3	65.7	55.7
Taxes on property	5.0	2.9	2.5	1.4
Taxes on goods & services	120.5	121.3	53.5	66.9
Int'l trade and transactions	86.4	80.6	47.1	40.9
Non-Tax Revenue	54.7	59.1	27.9	28.4
Property income	16.1	17.7	9.3	6.7
Licenses	6.8	7.6	3.4	4.2
Other	31.8	33.8	15.2	17.5
Capital revenue	15.9	12.2	4.2	3.2
Grants	5.9	6.4	0.3	1.1

Source: Ministry of Finance

Table 6.3: Summary of Central Government's Expenditure

BZ$mn

	Jan-11 Jun-11	Jan-10 Jun-10	Apr-10 Jun-11	Apr-09 Jun-10
Current Expenditure	359.5	336.8	163.0	147.4
Wages & Salaries	142.9	137.1	72.3	67.3
Pensions	23.4	23.4	11.6	10.8
Goods & Services	93.3	86.4	45.2	39.0
Interest Payments	52.3	44.5	8.3	8.0
of which: External	43.1	34.4	4.3	4.4
Subsidies & current transfers	47.4	45.5	25.6	22.3
Capital Expenditure	44.0	63.2	20.9	34.3
Capital II	30.3	36.5	14.5	19.0
Capital III	11.2	24.2	5.6	13.6
Net lending	2.5	2.4	0.9	1.6

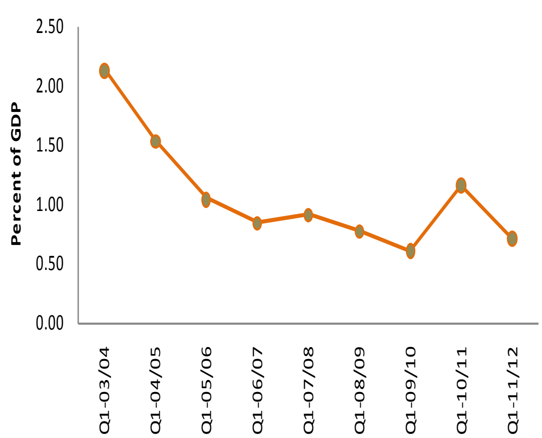
Source: Ministry of Finance

outlays on furniture, office equipment and upgrade of office buildings.

Central Government's Domestic Debt

Central Government's domestic debt rose by 4.5% to $384.2mn as a $17.8mn rise in overdraft financing from the Central Bank was partly offset by $1.4mn in amortization payments to the Debt for Nature Swap, BSSB, Heritage Bank and Fort Street Tourism Village. The hike in the overdraft reflected higher transfers to the commercial banks in May for salaries and other expenses that included $4.0mn in advanced payments for electricity. At the end of June, the share of domestic debt held by the Central Bank increased to 45.3% compared to 30.6% in 2010 due to an expansion in its holdings of Treasury notes, while the commercial banks' share correspondingly fell from 57.3% in 2010 to 41.8%.

Chart 6.2: Development Expenditure April to June 2011



Source: Ministry of Finance

The overdraft balance ended the second quarter at 6.9% of the previous fiscal year's current revenue.

The shift to low cost government securities reduced interest payments by $0.6mn to

$9.2mn and the average interest rate for the first half of the year from 6.3% in 2010 to 4.9%. The Central Bank received $6.0mn that included $2.5mn on short-term credit by way of the overdraft and Treasury bills and $3.5mn on long term Treasury notes and Defence bonds. Commercial banks received $2.2mn on their holdings of securities while small amounts were paid on loans.

In the secondary market, the Central Bank took up $4.4mn worth of Treasury bills surrendered by the commercial banks and sold $1.2mn worth of Treasury notes to non-bank entities.

Table 6.4: Central Government's Domestic Debt

BZ$mn

	Dec 2010	June 2011	Changes in Stock
Overdraft	34.0	51.9	17.8
Loans	12.0	10.6	-1.4
Treasury Bills	175.0	175.0	0.0
Treasury Notes	136.8	136.8	0.0
Defence Bonds	10.0	10.0	0.0
Total	**367.8**	**384.2**	**16.4**

Public Sector External Debt

The public sector external debt rose by $32.7mn (1.6%) to $2,052.1mn, with disbursements of $42.3mn and valuation adjustments of $4.7mn (due to the depreciation of the US Dollar against the SDR, Euro and Kuwait dinar) exceeding amortization payments of $36.2mn. Boosting the growth in the external debt was the one-off shift of $21.9mn from private sector to public sector debt due to the nationalization of the electricity company in June.

Disbursements included $20.0mn from ROC/Taiwan as budget support, $15.0mn from IDB for the second tranche of a policy based loan, $4.7mn from CDB for the Kendall Bridge, SIF, health reform project and water expansion and $1.2mn from IBRD. Of the $27.6mn amortized by Central Government, $14.3mn was repaid to multilateral lenders and included $4.7mn to CDB, $4.3mn to IDB and $3.9mn to IBRD. Bilateral creditors received $13.3mn, including $9.9mn paid to ROC/Taiwan in respect of funding that was provided for housing and rehabilitation and $1.1mn to the government of Kuwait. The DFC made payments of $6.0mn to the Belize Mortgage Company for the North American Securitization and $0.7mn to CDB, while the non-financial public sector amortized $1.3mn to CDB and $0.4mn to the government of Kuwait.

Chart 6.3: Average Interest Rate on Central Government Domestic Debt and Public Sector External Debt

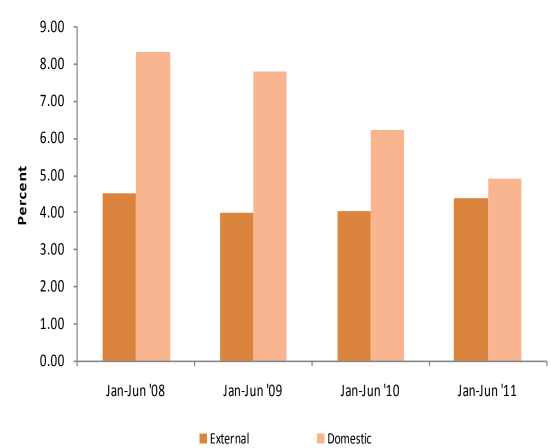


Table 6.5: Public Sector's External Debt

BZ$mn

	DOD at: 31/12/10	DOD at: 31/06/11	Change in Debt Stock
Central Government	**1,886.2**	**1,902.3**	**16.2**
Bilateral	343.7	350.9	7.2
Multilateral	448.7	457.9	9.0
Bonds	1,093.5	1,093.5	0.0
Rest of NFPS	**31.6**	**52.0**	**20.5**
Bilateral	4.6	4.4	-0.2
Multilateral	26.1	35.3	9.1
Commercial Banks	0.8	12.4	11.6
Financial Public Sector	**101.7**	**97.8**	**-3.9**
Bilateral	0.7	0.7	0.0
Multilateral	82.2	84.3	2.1
Bonds	18.8	12.8	-6.0
Grand Total	**2,019.4**	**2,052.1**	**32.7**

Interest and other payments totaled $44.9mn, which included a payment of $33.1mn for the 'super bond'. The latter was 41.2% higher than the June 2010 payment due to the step up in the interest rate in August 2010 that factored into an increase in the average interest rate from 4.03% in 2010 to 4.37%. Payments to bilateral creditors were $4.8mn, of which $3.7mn went to ROC/Taiwan, while the $6.2mn in payments to multilateral lenders went mostly to CDB and IDB.

At the end of the first half of the year, Central Government held 92.7% of the outstanding debt and the financial and non-financial public sectors accounted for 2.5% and 4.8%, respectively. Within the next twelve months, $7.5mn of the present portfolio is scheduled to mature; some $186.2mn will mature during the next ten years, leaving $1.8bn with a maturity of more than ten years.

ANNEX I

Table 7.1: Money Supply

$BZmn

	Position as at June 2011	Changes during Dec 2010 to June 2011	Changes during Dec 2009 to June 2010
Money Supply (M2)	**2,161.8**	**71.0**	**-7.0**
Money Supply (M1)	**762.0**	**54.1**	**-14.1**
Currency with the Public	155.3	-2.4	-6.6
Demand Deposits	399.8	44.2	-17.3
Savings/Cheque Deposits	206.9	12.3	9.8
Quasi-Money	**1,399.8**	**16.9**	**7.1**
Savings Deposits	236.9	28.2	9.5
Time Deposits	1,162.9	-11.3	-2.4

Table 7.2: Net Domestic Credit

BZ$mn

	Position as at June 2011	Changes during Dec 2010 to June 2011	Changes during Dec 2009 to June 2010
Total Credit to Central Government	**334.6**	**16.3**	**-4.9**
From Central Bank	**174.0**	**20.9**	**-74.9**
Loans and Advances	51.9	17.8	-80.7
Gov't Securities[1]	122.1	3.1	5.8
From Commercial Banks	**160.6**	**-4.6**	**70.0**
Loans and Advances	2.5	-0.2	0.0
Gov't Securities	158.1	-4.4	70.0
(of which) Treasury Bills	148.1	-4.4	61.0
Treasury Notes	10.0	0.0	9.0
Other	0.0	0.0	0.0
Less Central Government Deposits	**187.8**	**56.6**	**1.9**
With Central Bank	150.5	48.4	2.4
With Commercial Banks	37.3	8.2	-0.5
Net Credit to Central Government	**146.8**	**-40.3**	**-6.8**
Credit to Other Public Sector	**5.5**	**-0.6**	2.0
From Central Bank	0.0	0.0	0.0
From Commercial Banks	5.5	-0.6	-2.0
(of which) Local Government	3.2	-0.1	0.3
Public Financial Institutions	0.0	0.0	0.0
Public Utilities	0.0	0.0	0.0
Other Statutory Bodies	2.3	-0.5	-2.3
Securities	0.0	0.0	0.0
Plus Credit to the Private Sector	**1,761.1**	**3.6**	**-69.8**
Loans and Advances	1,760.1	3.8	-69.8
Securities	1.0	-0.2	0.0
Net Domestic Credit of the Banking System[2]	**1,913.4**	**-37.3**	**-78.6**

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

(2) Differences due to rounding

Table 7.3: Sectoral Composition of Commercial Banks' Loans and Advances

BZ$mn

	Position as at June 2011	Changes during Dec 2010 to June 2011	Changes during Dec 2009 to June 2010
PRIMARY SECTOR	**198.5**	**4.0**	**7.2**
Agriculture	135.0	2.6	1.7
Sugar	14.5	1.5	-1.8
Citrus	16.9	-2.0	2.3
Bananas	79.9	1.5	1.5
Other	23.7	1.6	-0.3
Marine Products	40.0	2.5	5.1
Forestry	1.9	0.3	0.3
Mining & Exploration	21.6	-1.4	0.1
SECONDARY SECTOR	**518.5**	**-2.7**	**-43.1**
Manufacturing	41.2	-6.0	-3.2
Building & Construction	446.7	-1.2	-40.3
Utilities	30.6	4.5	-0.4
TERTIARY SECTOR	**668.7**	**7.3**	**-25.8**
Transport	55.7	-2.2	-19.5
Tourism	124.8	-13.0	2.1
Distribution	218.4	0.7	3.7
Other[1]	269.8	21.8	-12.1
Personal Loans	**379.0**	**-5.9**	**-10.1**
TOTAL	**1,764.7**	**2.7**	**-71.8**

[1] *Includes government services, real state, financial institutions, professional services and entertainment.*

Table 7.4: Commercial Bank's Liquidity Position and Cash Reserves

BZ$mn

		Changes during	
	Position as at June 2011	Dec 2010 to June 2011	Dec 2009 to June 2010
Holdings of Approved Liquid Assets	**683.8**	**75.7**	**43.1**
Notes and Coins	57.7	-7.0	-3.0
Balances with Central Bank	233.1	7.5	-42.4
Money at Call and Foreign Balances (due 90 days)	227.5	92.3	46.4
Treasury Bills maturing in not more than 90 days	150.3	-0.5	61.8
Other Approved assets	15.2	-16.6	-19.7
of which: Treasury Notes	0.0	-16.6	-21.2
Required Liquid Assets	**468.2**	**20.1**	**2.2**
Excess/(Deficiency) Liquid Assets	**215.6**	**55.6**	**40.9**
Daily Average holdings of Cash Reserves	234.7	8.6	-44.1
Required Cash Reserves	173.0	7.4	28.3
Excess/(Deficiency) Cash Reserves	**61.7**	**1.2**	**-15.8**
Actual Securities Balances	148.6	-4.4	161.8
Required Securities Balances	58.8	-69.5	128.3
Excess/(Deficiency) Securities	**89.8**	**65.1**	**33.5**

Table 7.5: Commercial Bank's Weighted Average Interest Rates

Percentages

		Changes during	
	Position as at June 2011	Dec 2010 to June 2011	Dec 2009 to June 2010
Weighted Lending Rates			
Personal Loans	14.83	-0.67	0.49
Commercial Loans	13.22	-0.17	-0.06
Residential Construction	12.19	-0.97	-0.59
Other	12.29	-0.03	2.15
Weighted Average	**13.39**	**-0.39**	**-0.10**
Weighted Deposit Rates			
Demand	0.56	0.08	-0.09
Savings/ Cheque	4.31	-0.69	-0.02
Savings	4.77	-0.20	0.01
Time	6.56	-0.86	-0.45
Weighted Average	**4.91**	**-0.70**	**-0.25**
Weighted Average Spread	**8.48**	**0.31**	**0.15**

Table 7.6: Real GDP Growth Rates

	Growth (%)	
	Jan-Jun 10[1] Over Jan-Jun 09	Jan-Jun 11[1] Over Jan-Jun 10
Agriculture, hunting & forestry	0.9	-4.5
Fishing	-8.5	3.7
Manufacturing (incl. mining & quarrying)	-4.4	6.5
Electricity & water	14.5	4.3
Construction	4.0	-16.3
Wholesale & Retail	3.1	8.4
Hotels & Restaurants	7.1	3.0
Transport & communication	1.9	3.9
Other private services exc. FISIM	0.2	2.3
Producers of government services	11.0	0.6
All industries at basic prices	2.2	2.2
Taxes on products	2.6	6.7
Change in GDP at constant prices	**2.2**	**2.8**
GDP at basic prices (Bz$ mn)	**1,254.6**	**1289.7**

Source: Statistical Institute of Belize

[1] *constant 2000 prices– changes in percent*

Table 7.7: GDP by Activity at Constant 2000 Prices

BZ$mn

	2010		2011	
	Quarter 1	Quarter 2	Quarter 1	Quarter 2
Agriculture, hunting & forestry	66.9	64.2	72.1	53.2
Fishing	11.1	15.0	11.0	16.1
Manufacturing (incl. mining & quarrying)	81.1	74.2	94.0	71.3
Electricity & water	16.6	30.2	22.2	26.6
Construction	28.9	28.8	24.2	24.1
Wholesale & Retail	77.9	89.0	88.5	92.4
Hotels & Restaurants	29.8	22.2	28.8	24.8
Transport & communication	68.4	67.8	70.6	70.9
Other private services exc. FISIM	100.0	100.2	101.9	103.0
Producers of government services	60.3	59.7	60.0	60.7
All industries at basic prices	541.0	551.3	573.4	543.1
Taxes on products	75.8	86.5	84.8	88.3
GDP at market prices	**616.8**	**637.9**	**658.2**	**631.4**

Source: Statistical Institute of Belize (YTD): year to date

Table 7.8: Percent Variation in Consumer Price Index (CPI) Commodity Group

Major Commodity Group	Weight	Year on Year Change (%)				
		Feb-10	May-10	Aug-10	Nov-10	Feb-11
Food, Beverage & Tobacco	346.6	-4.9	-2.5	-2.4	-2.1	-2.0
Clothing & Footwear	92	0.5	0.2	0.3	0.7	0.5
Rent, Water, Fuel, & Power	167.6	4.1	4.6	2.0	1.4	1.2
Household goods & maintenance	85.3	0.2	-0.4	-1.5	-2.7	-2.6
Medical care	20.1	0.3	0.6	0.6	0.3	0.7
Transport & Communication	170.1	15.2	10.1	5.4	3.2	7.8
Recreation, Education & Culture	80.4	0.4	0.5	1.0	1.2	1.1
Personal care	37.9	0.5	1.2	0.7	0.1	0.6
ALL ITEMS	**1000**	**1.4**	**1.8**	**0.5**	**0.0**	**0.9**

Source: Statistical Institute of Belize

Table 7.9: Gross Imports (CIF) by SITC

BZ$'000

SITC Section	Jan-Jun 2010	Jan-Jun 2011
0. Food and Live Animals	75,413	84,604
1. Beverages and Tobacco	9,374	11,281
2. Crude Materials	7,089	7,036
3. Minerals, Fuels and Lubricants	140,112	187,122
of which electricity	29,613	42,318
4. Oils and Fats	3,092	4,610
5. Chemical Products	58,893	68,445
6. Manufactured Goods	90,929	96,852
7. Machinery and Transport Equipment	120,560	106,948
8. Other Manufactures	42,847	47,578
9. Commodities N.E.S	-	654
10. Export Processing Zones	33,293	37,453
11. Commercial Free Zone	86,406	177,111
12. Personal Goods	1,409	823
Total	**669,422**	**830,524**

Source: Statistical Institute of Belize, Central Bank of Belize

Table 7.10: Balance of Payments

BZ$mn

	2010[R] Jan-Jun	2011[P] Jan-Jun
CURRENT ACCOUNT	**9.2**	**53.5**
Goods: Exports f.o.b.	461.4	638.3
Goods: Imports f.o.b.	-604.9	-753.0
Trade Balance	-143.5	-114.7
Services: Credit	373.3	368.9
Transportation	23.5	23.2
Travel	282.1	284.0
Other Goods & Services	36.2	35.6
Gov't Goods & Services	31.5	26.2
Services: Debit	-151.0	-169.9
Transportation	-53.1	-65.2
Travel	-32.5	-34.2
Other Goods & Services	-57.1	-62.6
Gov't Goods & Services	-8.3	-7.9
Balance on Goods & Services	78.8	84.3
Income: Credit	4.5	4.7
Compensation of Employees	2.4	2.4
Investment Income	2.1	2.3
Income: Debit	-165.7	-119.1
Compensation of Employees	-7.0	-6.9
Investment Income	-158.7	-112.2
Balance on Goods, Services & Income	-82.4	-30.1
Current Transfers: Credit	114.2	106.5
Current Transfers: Debit	-22.7	-22.9
CAPITAL ACCOUNT	**8.2**	**18.8**
Capital Account: Credit	9.7	19.1
Capital Account: Debit	-1.5	-0.3
FINANCIAL ACCOUNT	**-23.6**	**-69.0**
Direct Investment Abroad	-1.3	-0.6
Direct Investment in Reporting Economy	117.2	76.8
Portfolio Investment Assets	-0.1	-14.0
Portfolio Investment Liabilities	-5.5	-8.7
Financial Derivatives	0.0	0.0
Other Investment Assets	-40.1	-73.0
Other Investment Liabilities	-46.7	-49.5
NET ERRORS & OMISSIONS	**-23.5**	**-3.0**
OVERALL BALANCE	**17.6**	**0.3**
RESERVE ASSETS*	**-17.6**	**-0.3**

Source: Central Bank of Belize

**(Minus = Increase)*

P: Indicates Provisional

R: Indicated Revised

Table 7.11: Extended Balance of Payments Services Classification (EBOPS)

BZ$mn

		Jan-Jun 2010	Jan-Jun 2011
Total Services	**Net**	**222.2**	**199.0**
	Credits	373.1	369.0
	Debits	150.9	169.9
Manufacturing Services	**Net**	**0.0**	**0.0**
	Credits	0.0	0.0
	Debits	0.0	0.0
Maintenance and Repair Services	**Net**	**0.1**	**0.1**
	Credits	0.1	0.1
	Debits	0.0	0.0
Transportation	**Net**	**-29.3**	**-42.3**
	Credits	23.8	23.7
	Debits	53.1	66.0
Travel	**Net**	**249.6**	**249.8**
	Credits	282.1	284.0
	Debits	32.5	34.2
Communication, Computer, and Information Services	**Net**	**8.4**	**8.7**
	Credits	13.8	13.1
	Debits	5.4	4.5
Construction Services	**Net**	**0.0**	**0.0**
	Credits	0.0	0.0
	Debits	0.0	0.0
Insurance Services	**Net**	**-23.4**	**-23.5**
	Credits	0.1	0.1
	Debits	23.5	23.6
Financial Services	**Net**	**2.4**	**0.6**
	Credits	4.4	2.5
	Debits	1.9	1.9
Royalties and License Fees	**Net**	**-1.4**	**-2.8**
	Credits	0.0	0.0
	Debits	1.4	2.8
Other Business Services	**Net**	**-7.0**	**-9.6**
	Credits	17.4	19.2
	Debits	24.4	28.8
Personal, Cultural and Recreational Services	**Net**	**-0.4**	**-0.3**
	Credits	0.0	0.0
	Debits	0.4	0.3
Government Services, N.I.E.	**Net**	**23.2**	**18.3**
	Credits	31.5	26.2
	Debits	8.3	7.9

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

Table 7.12: Private Sector External Debt by Economic Sector [1] [2]

BZ$'000

Economic Sectors	DOD as at 31/12/10	Transactions from January to June 2011: Disbursements	Principal Payments	Interest Payments	DOD as at 31/06/11
Agriculture	68,834	1,000	2,373	900	67,460
Arts, entertainment and recreation	1,731	0	31	0	1,700
Construction	60,063	0	130	4,255	59,933
Education	223	30	24	0	229
Electricity and Gas [3]	108,629	0	9,008	1,180	76,387
Financial and insurance activities	111	0	0	0	111
Fishing	125,718	1,200	9,690	2,537	117,228
Real estate activities	1,394	0	717	74	678
Toursim activities	43,626	2,988	1,118	780	45,496
Transportation	55,449	0	5,474	1,091	49,975
Wholesale and retail trade	1,592	0	92	44	1,501
Total [4]	**467,371**	**5,218**	**28,656**	**10,863**	**420,699**

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

(2) Effective 28 August 2009, the Government of Belize acquired Belize Telemedia Ltd. (BTL) as a public entity. As a result, BTL's external disbursed outstanding debt is no longer reported in this table.

(3) Effective 21 June 2011, the Government of Belize acquired Belize Electricity Ltd. (BEL) as a public utility. As a result, BEL's external disbursed outstanding debt is no longer reported in this table.

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

Table 7.13: Central Government's Revenue and Expenditure

BZ$'000

	Approved Budget 2011/2012	Jan-11 to June-11	Jan-10 to June-10	Apr-11 to June-11	Apr-10 to June-10	Actual YTD as % of Budget
TOTAL REVENUE & GRANTS (1+2+3)	**843,630**	**414,825**	**397,897**	**201,136**	**197,662**	**23.8%**
1).Current revenue	784,049	392,993	379,263	196,616	193,352	**25.1%**
Tax revenue	687,267	338,318	320,151	168,747	164,946	**24.6%**
Income and profits	256,742	126,320	115,329	65,672	55,747	**25.6%**
Taxes on property	5,459	5,013	2,867	2,486	1,405	**45.5%**
Taxes on goods and services	226,740	120,544	121,333	53,524	66,901	**23.6%**
Int'l trade and transactions	198,325	86,440	80,622	47,075	40,892	**23.7%**
Non-Tax Revenue	96,783	54,675	59,113	27,868	28,407	**28.8%**
Property income	12,229	16,076	17,728	9,262	6,707	**75.7%**
Licenses	13,619	6,805	7,621	3,411	4,245	**25.0%**
Other	70,935	31,794	33,764	15,196	17,456	**21.4%**
2). Capital revenue	5,286	15,888	12,237	4,239	3,219	**80.2%**
3). Grants	54,295	5,944	6,397	281	1,090	**0.5%**
TOTAL EXPENDITURE (1+2)	**889,787**	**403,418**	**399,961**	**183,923**	**181,700**	**20.7%**
1). Current Expenditure	729,553	359,457	336,795	163,018	147,447	**22.3%**
Wages and Salaries	300,368	142,896	137,121	72,277	67,261	**24.1%**
Pensions	48,916	23,448	23,355	11,615	10,780	**23.7%**
Goods and Services	168,444	93,344	86,360	45,245	39,030	**26.9%**
Interest Payments on Public Debt	111,566	52,328	44,464	8,320	8,031	**7.5%**
Subsidies & current transfers	100,259	47,440	45,495	25,561	22,344	**25.5%**
2). Capital Expenditure	160,234	43,961	63,166	20,905	34,253	**13.0%**
Capital II (local sources)	47,994	30,269	36,524	14,452	19,042	**30.1%**
Capital III (foreign sources)	107,281	11,167	24,231	5,592	13,602	**5.2%**
Capital Transfer & Net Lending	4,959	2,526	2,411	861	1,610	**17.4%**
CURRENT BALANCE	**54,496**	**33,536**	**42,469**	**33,597**	**45,906**	**61.7%**
Primary Balance	**65,410**	**63,736**	**42,400**	**25,533**	**23,993**	**39.0%**
OVERALL BALANCE	**(46,157)**	**11,407**	**(2,064)**	**17,212**	**15,961**	**-37.3%**
PB less Grants	**11,115**	**57,791**	**36,003**	**25,252**	**22,903**	**227.2%**
OB less Grants	**(100,452)**	**5,463**	**(8,461)**	**16,931**	**14,871**	**-16.9%**
FINANCING		(11,407)	2,064	(17,212)	(15,961)	
Domestic Financing		(12,136)	(6,964)	(31,395)	(40,521)	
Central Bank		(27,469)	(77,865)	(38,560)	(111,371)	
Net Borrowing		20,944	(74,900)	29,992	(76,590)	
Change in Deposits		(48,413)	(2,965)	(68,553)	(34,781)	
Commercial Banks		(12,804)	70,394	(12,802)	70,751	
Net Borrowing		(4,643)	69,902	(10,251)	69,946	
Change in Deposits		(8,161)	492	(2,551)	805	
Other Domestic Financing		23,138	508	19,968	99	
Financing Abroad		14,331	10,814	25,779	19,063	
Disbursements		41,967	37,887	37,360	29,907	
Amortization		(27,636)	(27,073)	(11,581)	(10,844)	
Other		(13,602)	(1,786)	(11,597)	5,497	

Source: Ministry of Finance and Central Bank of Belize

Table 7.14: Central Government's Domestic Debt by Creditor (1)

BZ$'000

	Disbursed Outstanding Debt 31/12/10	Transactions from January to June 2011: Disbursements/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	Disbursed Outstanding Debt 31/06/11
Overdraft / Loans	**34,046**	**0**	**0**	**2,155**	**17,806**	**51,852**
Central Bank	34,046	0	0	2,155	17,806	51,852
Commercial Banks	0	0	0	0	0	0
Treasury Bills	**175,000**	**0**	**0**	**2,222**	**0**	**175,000**
Central Bank	21,014	0	0	284	4,373	25,387
Commercial Banks	152,522	0	0	1,928	-4,414	148,108
Other	1,464	0	0	11	41	1,505
Treasury Notes	**136,800**	**0**	**0**	**3,978**	**0**	**136,800**
Central Bank	87,991	0	0	3,147	-1,235	86,756
Commercial Banks	10,000	0	0	300	0	10,000
Other	38,809	0	0	531	1,235	40,044
Defence Bonds	**10,000**	**0**	**0**	**400**	**0**	**10,000**
Central Bank	10,000	0	0	400	0	10,000
Commercial Banks	0	0	0	0	0	0
Other	0	0	0	0	0	0
BSSB Loan(2)	**4,374**	**0**	**426**	**167**	**0**	**3,947**
GOB (debt for Nature Swap)	**3,747**	**0**	**693**	**45**	**0**	**3,054**
Heritage Bank Ltd	**2,743**		**227**	**199**	**0**	**2,514**
Fort St. Tourism Village	**96**		**57**	**0**	**0**	**40**
Guardian Life Bze $1mn Loan	**1,000**	**0**	**0**	**45**	**0**	**1,000**
Total	**367,806**	**0**	**1,404**	**9,212**	**17,806**	**384,207**

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

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

Table 7.15: Public Sector External Debt by Creditor

BZ$'000

	DOD at: 31/12/2010	Transaction (January to June '11) Disburse-ments	Principal Pay-ments	Interest & Other Payments	Parity Change	DOD at: 30/06/2011
CENTRAL GOVERNMENT	**1,886,156**	**41,967**	**27,636**	**43,294**	**1,852**	**1,902,339**
Banco Nacional de Comercio Exterior	4,764	0	529	145	0	4,235
Government of the United States[2]	1,096	0	172	27	0	924
Government of Venezuela	39,148	57	700	213	0	38,506
Kuwait Fund for Arab Economic Dev	16,930	0	1,101	599	458	16,287
Republic of China	280,884	20,000	9,940	3,695	0	290,944
Caribbean Development Bank	189,187	4,431	4,661	3,074	0	188,957
European Economic Community	14,775	0	281	40	1,359	15,853
European Investment Bank	91	0	0	0	8	99
Inter-American Development Bank	205,922	15,000	4,301	1,799	0	216,621
International Fund for Agric. Dev.	1,408	351	69	8	27	1,717
Intl. Bank for Reconstruction & Dev.	22,795	1,235	3,851	136	0	20,179
Opec Fund for Int'l. Development	13,782	893	1,167	392	0	13,508
Central American Bank for Econ. Integ.	980	0	0	62	0	980
Manufacturers & Traders Trust Co.	865	0	865	25	0	0
Bear Stearns & Co.	5,916	0	0	0	0	5,916
Bank of New York (New Bond Issue)	1,087,613	0	0	33,079	0	1,087,613
NON-FINANCIAL PUBLIC SECTOR	**31,551**	**296**	**1,851**	**537**	**117**	**52,014**
Kuwait Fund for Arab Economic Dev	4,603	0	358	86	117	4,362
Deutsche Bank	844	0	211	16	0	633
Royal Merchant Bank and Finance Co. [5]	0	0	0	0	0	1,159
The Bank of Nova Scotia [5]	0	0	0	0	0	10,607
European Investment Bank [5]	0	0	0	0	0	2,328
Intl. Bank for Reconstruction & Dev. [5]	0	0	0	0	0	495
Caribbean Development Bank[3]	26,104	296	1,282	435	0	32,430
FINANCIAL PUBLIC SECTOR	**101,700**	**0**	**6,716**	**1,094**	**2,769**	**97,753**
Caribbean Development Bank	12,204	0	709	147	0	11,495
European Economic Community	423	0	20	2	39	442
Paine Webber Real Estate Securities Inc.	700	0	0	0	0	700
Belize Mortgage Company	18,781	0	5,987	769	0	12,794
International Monetary Fund[4]	69,592	0	0	171	2,731	72,322
GRAND TOTAL	**2,019,407**	**42,263**	**36,204**	**44,926**	**4,738**	**2,052,106**

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

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

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

(4) IMF/SDR $17.9mn us ubckyded as part of financial public debt stock of external obligation.

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