



## **Economic Review (September 2007)**



## Overview

GDP grew by an estimated 1.9% in the first three quarters, spurred by higher petroleum output, wholesale and retail trade and modest growth in tourism. The latter featured a 1.2% rise in stay-over tourist arrivals while cruise ship disembarkations remained practically unchanged. Increased activity in these sectors was offset to some degree by contractions in agriculture and fishing caused by significant declines in banana and shrimp production. The contribution from the utilities was also lower due to a fall in electricity generated by the Chalillo dam.

Unemployment rose from 8.5% in April to a seasonal high of 12.1% in September, a period when the tourism low season coincides with the ending of sugarcane and citrus harvesting. The Statistics Institute of Belize also reported that inflationary pressures eased to 0.4% over the twelve-month period (August 2006 to August 2007), due to a fall in prices for fuel at the pump, medical care, clothing, footwear and personal care items.

The external current account deficit widened to \$68.0mn mainly due to a 22.1% expansion in the merchandise trade deficit and payments to external creditors that overshadowed higher

receipts from tourism, remittances and grants. The current account gap was more than matched by receipts on the capital and financial account as inflows from foreign direct investment (mostly in tourism, real estate and electricity) and higher loan disbursements to the private sector eclipsed public sector debt payments. The gross international reserves consequently increased to \$180.7mn, which was equivalent to 1.9 months of merchandise imports.

Monetary growth was buoyant with M2 rising by 10.2% and being driven by expansion in net domestic credit and to a lesser extent by foreign exchange inflows. The latter helped to push bank liquidity to a seasonal peak at the end of March that then subsided in the next two quarters as lending accelerated. By the end of the third quarter, excess statutory liquidity stood at \$71.7mn, some 11.5% higher than at the start of the year and only slightly below the September 2006 position. Interest rate fluctuations were minimal with the weighted average lending rate holding steady while the weighted average deposit rate rose by 20 basis points. Net credit to Central Government rose by 34.0% over the year with overdraft financing from the Central Bank and deposit withdrawals being used to meet external debt restructuring costs and



other loan payments. Private sector loans also increased by 9.6% with disbursements being principally funneled to tourism, distributive trade, marine producers, banana growers and personal loans.

In the April to September period which corresponds to the first six months of the 2007/08 fiscal year, Central Government's position improved as a result of a combination of higher revenues and lower expenditure. The latter reflected the lowering of interest payments after the restructuring of the external debt as well as a scaling down of the capital budget. Current, and overall surpluses were recorded that contrasted with deficits in the first half of the previous fiscal year and at \$76.2mn, the primary fiscal surplus was 112.3% higher, year on year.

Largely due to its increased borrowing from the Central Bank overdraft facility, Central Government's domestic debt rose by \$29.7 during the first nine months of the year. On the other hand, the successful debt restructuring led to a 2.9% contraction in the public sector's external debt to \$1,911.2mn. Amortization payments totaled \$1,201.7mn of which \$1,134.3mn consisted of commercial debt instruments that were exchanged for a new 'super bond' valued at \$1,082.0mn. A total of \$100.1mn was paid as interest and other payments that included the accrued interest paid as a participation fee to bondholders who accepted to the restructuring terms.



## Domestic Production And Prices

GDP grew by 1.9% over the first three quarters of the year supported by strong growth in petroleum production and distributive trade, the latter of which mostly reflected an upsurge in commercial free zone transactions. Activity in transport and communication grew by 4.6% and there was a 1.5% increase in the hotel and restaurant sub-sector that was in tandem with a modest rise in stay-over tourist arrivals. In contrast, fishing was down 58.4% with the fall in farmed shrimp production caused by the closure of the largest shrimp farm. Agriculture also fell by 7.9% as a significant fall in banana production eclipsed increases in papaya, sugarcane and citrus. A reduction in electricity production led to a 1.3% decline in utilities, while construction and government services contracted by 2.9% and 0.2%, respectively.

The Statistics Institute of Belize reported an easing in inflationary pressures to 0.4% over the 12-month period (August 2006 to August 2007) with lower diesel and gasoline prices accounting for price declines in 'Transport & Communication' while prices within other categories such as 'Medical Care', and 'Clothing & Footwear' were also down significantly. Notwithstanding an increase in the cost

of butane, prices in the 'Rent, Water, Fuel & Power' category declined and there was also a moderate price fall in personal care items. These declines contrasted with slight increases for 'Food, Beverage & Tobacco', 'Household Goods & Maintenance' and 'Recreation, Education & Culture'. Unemployment rose from 8.5% in April to a seasonal high of 12.1% in September due to the confluence of the ending of the harvesting period for sugar and citrus, the low season in tourism, the release of papaya labourers due to hurricane crop losses and lower activity in wholesale and retail distribution.

### Sugar

The 2006/2007 crop year ended on July 19 with deliveries recording a 2.3% increase to 1,200,430 long tons. Although the harvesting period was eighteen days longer than in the previous crop year, rainy conditions and a severe froghopper outbreak caused a 1.1% decrease in the crop's sugar content (pol) as well as an increase in the amount of mud in the harvested sugarcane. Sugar production consequently fell by 12.7% to 97,255 long tons with a 17.2% decline in the cane/sugar ratio. Reflecting its inverse relationship to sugar output, molasses



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

	Nov-Sept 2005/06	Nov-Sept 2006/07
<b>Deliveries of Sugarcane (long tons)</b>	<b>1,173,469</b>	<b>1,200,430</b>
<b>Sugar Processed (long tons)</b>	<b>111,394</b>	<b>97,255</b>
<b>Molasses processed (long tons)</b>	<b>41,179</b>	<b>47,003</b>
<b>Performance</b>		
Factory Time Efficiency (%)	91.34	91.19
Cane Purity (%)	83.95	80.38
Cane/Sugar	10.53	12.34

*Source: Belize Sugar Industries*

production rose by 14.2% to 47,033 long tons.

The latest price estimate for the 2006/2007 crop was **\$51.86 per long ton**, some 14.6% lower than the \$60.73 received for the previous crop. This decline reflected the lower yield of sugar per ton of sugarcane, the programmed price cut for sugar sold to the EU, higher freight costs and a fall in the average world price for raw sugar (which mostly affects prices received in the US and Caribbean markets) from US\$0.17 per pound during the first three quarters of 2006 to US\$0.11 for the same corresponding period of 2007.

## Citrus

Contrary to the predictions of a 9.0% drop in yields, citrus deliveries for the 2006/2007 **crop year** increased 1.6% to 6.7mn boxes with a 290,297 box increase in orange deliveries outweighing a 182,608 box decline in grapefruit. The pound solids yield per box of orange fell by 2.0% while there was a 1.0% increase in that of grapefruit.

Juice production rose by 1.4% to 36.1mn ps consisting of 34.8mn ps of concentrates and 1.2mn ps of not-from-concentrate (NFC). Output of by-products was on the downside with a 17.1% fall in pulp production to 2.0mn pounds and citrus oils also contracting by 17.1% to 1.5mn pounds.

Prices for orange juice exports strengthened during the first three quarters of the year as US juice stocks fell to the lowest level in a decade and the Florida orange crop turned out to be the smallest since 1989/1990. In contrast, grapefruit juice export prices fell on the expectation of the largest US grapefruit crop in three years. The final price for orange to local growers was consequently estimated at \$2.19 per ps, up \$0.51 over the 2005/2006 price, while that for grapefruit was estimated to fall from \$2.42 to \$1.44 per ps.



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

	Oct-Sept 2005/06	Oct-Sept 2006/07
<b>Deliveries (boxes)</b>		
Orange	4,930,907	5,221,204
Grapefruit	<u>1,687,502</u>	<u>1,504,894</u>
<b>Total</b>	<b>6,618,409</b>	<b>6,726,098</b>
<b>Concentrate Produced (ps)</b>		
Orange	29,331,699	29,413,743
Grapefruit	<u>6,328,439</u>	<u>5,392,048</u>
<b>Total</b>	<b>35,433,953</b>	<b>34,805,791</b>
<b>Not from concentrate (ps)</b>		
Orange	43,739	560,432
Grapefruit	<u>73,685</u>	<u>688,179</u>
<b>Total</b>	<b>117,424</b>	<b>1,248,611</b>
<b>Pulp (pounds)</b>		
Orange	1,935,984	2,032,798
Grapefruit	<u>572,832</u>	<u>46,216</u>
<b>Total</b>	<b>2,508,816</b>	<b>2,079,014</b>
<b>Oil Produced (pounds)</b>		
Orange	1,625,153	1,405,200
Grapefruit	<u>228,600</u>	<u>131,720</u>
<b>Total</b>	<b>1,853,753</b>	<b>1,536,920</b>

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

harvestable trees in September was 345 acres below the amount at the end of December 2006. Plantilla (trees too young for harvesting) acreage increased from 297.3 acres to 437.3 acres and approximately 305 acres were prepared and ready for planting.

In view of the still evolving dynamics and uncertainties of the EU market, the average box price for 2007 is projected to edge down by 0.6% to US\$6.38. Deductions of approximately US\$0.24 per box are also being made on the 2007 shipments for tariffs incurred in 2006 as a result of an agreement between Fyffes and the Banana Growers Association (BGA) to equally share any out-of-quota tariff (176 euros per tonne) applicable to Belizean banana. The 2007 marketing agreement continued a trend of encouraging more production during the first half of the year by offering a higher price while restricting export volume during the second half of the year to 72,000 boxes per week.

## **Banana**

Banana output was down by 20.8% to 2.5mn boxes due to a combination of Sigatoka disease and inclement weather, and at current levels of production it appeared unlikely that the industry would achieve its annual forecast of 3.6mn boxes in 2007.

At 6,042 acres, the area under

## **Tourism**

From January to August, destinations around the world received an estimated 610 million international tourist arrivals, compared with 578 million for the same period in 2006. The expansion was mostly concentrated in emerging destinations in Asia and the



Table 1.3: Bona Fide Tourist Arrivals

	2006 Jan-Sept	2007 Jan-Sept
<b>Stay-over Arrivals</b>		
Air	142,308	144,988
Land	37,613	35,918
Sea	6,515	7,824
<b>Total</b>	<b>186,436</b>	<b>188,730</b>
 <b>Cruise Ship</b>	 <b>414,995</b>	 <b>414,835</b>

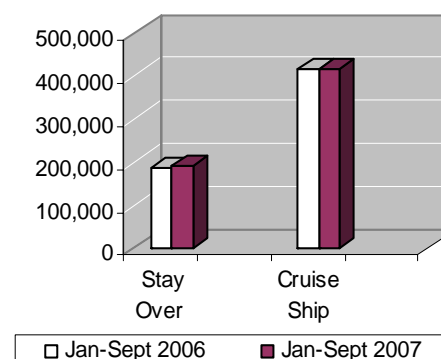
Sources: Immigration Department, BTB, CBB

Pacific, Africa and the Middle East, while the more mature regions of Europe and the Americas experienced moderate increases.

In Belize, stay-over tourist arrivals increased by 1.2% to 188,730 during the first three quarters of 2007. Air travelers were up by 1.9% and entrances through the sea ports were also 20.1% higher. Contrasting with this was a 4.5% decrease in visitor arrivals through the land borders. The United States remained the major market, accounting for 65.1% of total visitors while visitors from Europe and other countries constituted 13.1% and 21.8%, respectively.

In contrast to earlier predictions of a significant decline, cruise ship disembarkations were practically at the same level as in the January-

Chart 1.1: Tourist Arrivals: Jan - Sept



September period of 2006.

### Consumer Price Index

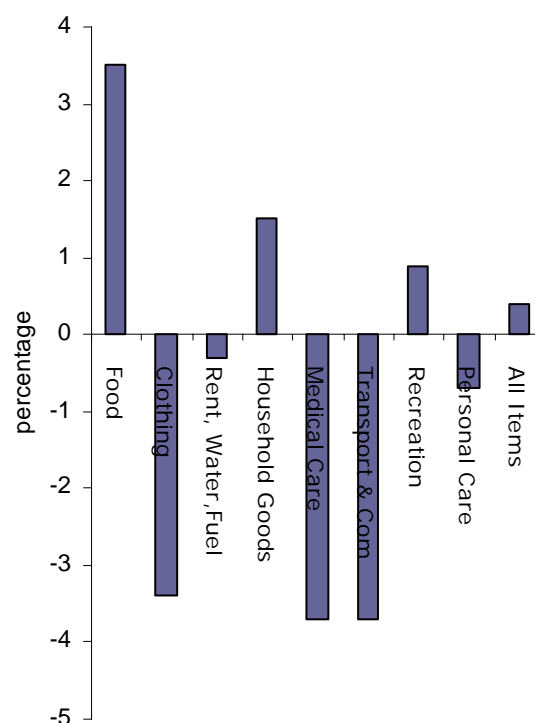
The **Consumer Price Index** registered a quarterly (May 2007 to August 2007) rise of 0.2% with small increases in most categories of goods and services, the exceptions being 'Transportation & Communication' and 'Recreation, Education & Culture'. For the twelve months extending from August 2006 to August 2007, the CPI rose by 0.4% as price increases for Food, Beverage & Tobacco', 'Household Goods & Maintenance' and 'Recreation, Education & Culture' were substantially offset by declines in other categories such as 'Transport & Communication'. The latter was down by 3.7% due mostly to lower prices at the pump for gasoline and diesel.



Prices within the 'Medical Care' and 'Clothing & Footwear' categories fell by 3.7% and 3.4%, respectively, and, even with higher butane prices, there was also a 0.3% fall in the price level for 'Rent, Water, Fuel & Power'.

On the other hand, a 3.5% rise in 'Food, Beverage & Tobacco' reflected a general increase in the price of foodstuffs, particularly chicken (18.0%), corn tortilla (9.3%) and rice (6.2%). 'Household Goods & Maintenance' and 'Recreation, Education & Culture' were up as well by 1.5% and 0.9%, respectively.

Chart 1.2: Annual Percentage Change in Consumer Price Index 2007



Source: Statistical Institute of Belize





## International Trade and Payments

After the first three quarters, the current account deficit stood at \$68.0mn as compared with the \$21.2mn outturn over the comparable period of 2006. While receipts from tourism, remittances and grants were higher, these were eclipsed by a 22.1% increase in the trade deficit and sizeable payments to creditors to fulfill the conditions for restructuring the public sector's external commercial debt. The deficit was financed by inflows on the financial account that led to a \$9.4mn rise in gross international reserves to \$180.7mn, the equivalent of 1.9 months of merchandise imports.

The widening of the trade deficit to \$321.5mn reflected a 4.0% fall in exports while imports rose by 3.6%. The latter's increase was largely due to a 27.8% surge in Commercial Free Zone (CFZ) imports as cross border trade activity increased. Imports for domestic consumption fell marginally with a 40.3% decline in Export Processing Zone (EPZ) imports outweighing higher outlays on electricity, machinery, transportation equipment, chemical products, animal feed, corn and other food items.

Even with increases in CFZ sales and re-exports, total exports declined by \$25.9mn mainly due to \$53.0mn

Table 2.1: Balance of Payments Summary

	(BZ\$m)	
	2006 <sup>R</sup> Jan-Sept	2007 <sup>P</sup> Jan-Sept
<b>A. CURRENT ACCOUNT</b>		
<b>(I+II+III+IV)</b>	<b>-21.2</b>	<b>-68.0</b>
<b>I. Goods (Trade Balance)</b>	<b>-263.2</b>	<b>-321.5</b>
Exports, f.o.b.	638.8	612.9
Domestic Exports	437.0	384.0
CFZ Gross Sales	175.9	199.7
Re-exports	25.8	29.2
Imports, f.o.b.	902.0	934.4
Domestic Imports	771.1	767.1
CFZ Imports	130.9	167.3
<b>II. Services</b>	<b>322.9</b>	<b>317.5</b>
Transportation	-37.9	-36.0
Travel	327.4	336.8
Other Services	33.4	16.7
<b>III. Income</b>	<b>-186.3</b>	<b>-196.5</b>
Compensation of Employees	0.7	-5.0
Investment Income	-187.1	-191.5
<b>IV. Current Transfers</b>	<b>105.5</b>	<b>132.5</b>
Government	6.6	15.7
Private	98.9	116.8
<b>B. CAPITAL &amp; FINANCIAL ACCOUNT</b>		
<b>(I+II)</b>	<b>50.0</b>	<b>88.7</b>
<b>I. Capital Account</b>	<b>17.2</b>	<b>1.3</b>
<b>II. Financial Account (1+2+3+4)</b>	<b>32.8</b>	<b>87.5</b>
1. Direct Investment in Belize	146.7	135.6
2. Portfolio Investment	-46.0	160.0
Monetary Authorities	0.0	0.0
General Government	-45.6	160.5
Banks	0.0	0.0
Other Sectors	-0.4	-0.5
3. Financial Derivatives	0.0	0.0
4. Other Investments	-67.9	-208.1
Monetary Authorities	25.0	36.7
General Government	10.0	-208.7
Banks	-84.8	-63.9
Other Sectors	-18.1	27.8
<b>C. NET ERRORS &amp; OMISSIONS</b>	<b>13.9</b>	<b>-11.3</b>
<b>D. OVERALL BALANCE</b>	<b>42.8</b>	<b>9.4</b>
<b>E. RESERVE ASSETS*</b>	<b>-42.8</b>	<b>-9.4</b>

P- indicates Provisional, R- indicates Revised

\* Minus = increase



Chart 2.1: Current Account Balance vs. Trade Balance

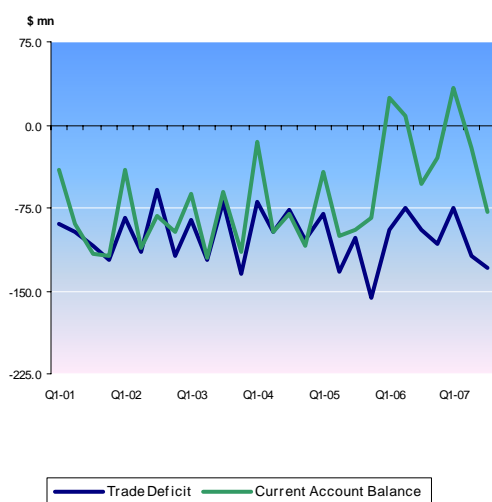
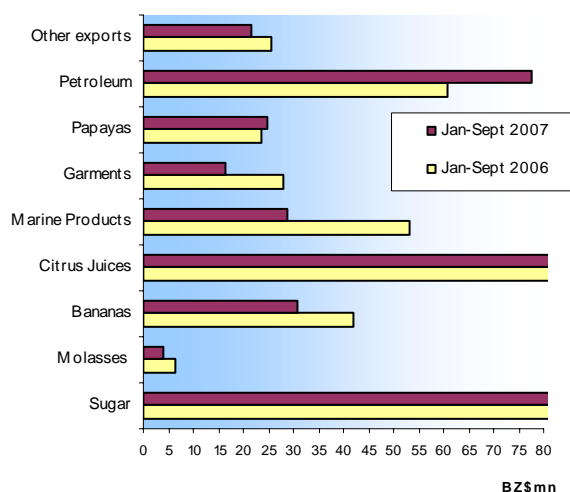


Chart 2.2: Domestic Exports



contraction in domestic exports. Declines were recorded in most of the major export commodities, the exceptions being petroleum and papaya.

Sugar exports were down by 12.6% to 82,847 long tons and receipts fell by 10.9% to \$87.9mn. The revenue loss was partly ameliorated by a temporary 20.9% hike in tonnage to the preferential EU market as 32,488 long tons were allocated under the new three-year EU Complimentary Quota (CQ) Program. With US domestic production rebounding, sales to that market reverted to normal levels of approximately 13,143 long tons, which was 30.1% lower than the previous year. The higher EU quota was satisfied at the expense of the regional markets

where sale volume plummeted by 87.7%.

The volume of citrus juice exports fell by 23.7%, but with stronger prices for orange concentrate outweighing lower prices for grapefruit concentrate, the revenue impact was mitigated and receipts shrank by a smaller margin of 6.6% to \$92.8mn. Even with an 18.6% decline in the volume of orange concentrate, receipts increased by 8.4% to \$82.2mn due to higher prices in the US, Caribbean and European markets. Sales of grapefruit concentrates contracted sharply by 49.0% in volume, while earnings were down by 55.1% to \$10.6mn in response to weaker prices.

Exports of banana were also lower with volume declining by 25.8% and

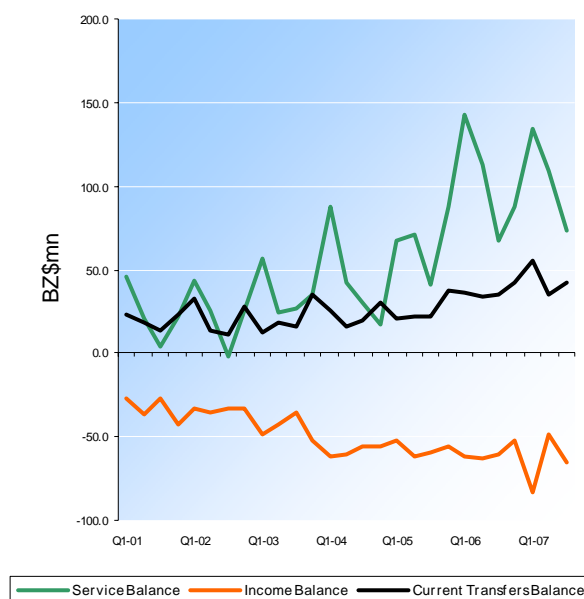


earnings down by 26.4% to \$30.8mn. The latter reflected a marginal decline in the average box price and the deduction of approximately US\$0.24 per 40lb box on 2007 sales to cover out-of-quota tariff charges incurred in 2006.

The closure of the shrimp farm that had accounted for nearly 50.0% of domestic production helped to drive the volume and value of marine exports down by 60.3% and 45.8%, respectively. With higher lobster sales being eclipsed by reductions in shrimp, conch and tilapia, export earnings from this sector fell to \$28.9mn. The sharpest fall was in shrimp, the export volume of which plummeted by 64.5% due to disease losses and the farm closure. Earnings from other miscellaneous domestic exports such as sawn wood, veneer sheets/plywood, orange and grapefruit oil and other non-traditional exports fell by 16.1% to \$21.4mn, and the volume and value of garment exports plummeted by 46.9% and 41.7%, respectively as the US based, head office of Williamson, the largest garment factory, shifted part of its production to lower cost producers in Asia and Central America.

On the upside, exports of petroleum rose by 27.0% to 652,089 barrels valued at \$77.5mn. And while papaya production was minimal in September

Chart 2.3: Service, Income and Current Transfers Balances



after groves suffered hurricane damage in August, the production increase in the pre-hurricane months was so large that year to date papaya export volume grew by 19.6%, while earnings rose by 5.2% to \$24.6mn.

With a net surplus of \$317.5mn, earnings from services were slightly lower than the comparable period of 2006. This was due to the large, one-off outlays on insurance and financial fees associated with the restructuring of two insured bonds. The latter outweighed a modest increase in tourism earnings and higher cruise ship payments to local agents, notwithstanding the third quarter decline in port calls attributable to the active hurricane season.

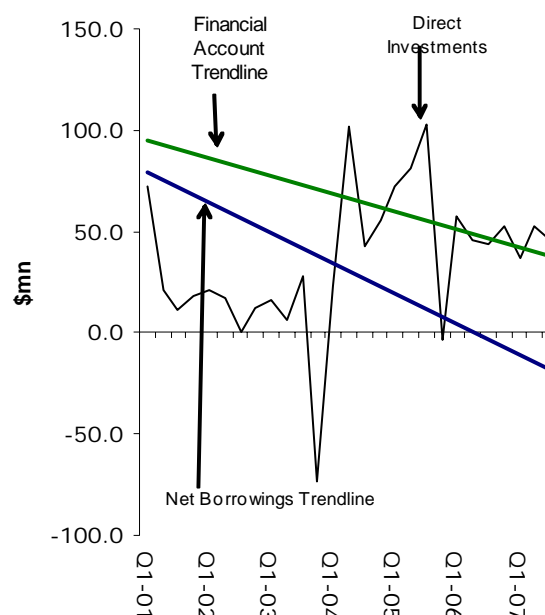


On the income account, net outflows increased by 5.5% to \$196.5mn as the wrap up of construction work on the US embassy caused a reduction in inflows to local workers, while outlays on interest (which included accrued interest on the restructured debt) and repatriation of profits/dividends increased. The increase in net outflows on the income account was partly offset by a 25.6% increase in net receipts from current transfers, which rose to \$132.5mn largely due to higher inflows from remittances, regional/international organizations, religious and non-profit organizations, credit unions, insurance companies and grants to the Government that included \$20.0mn from ROC/Taiwan.

A surplus of \$88.7mn was recorded on the capital and financial account (up from \$50.0mn for the comparable period in 2006). The increase was due to inflows from foreign direct investment (mostly in tourism, real estate and electricity) and higher loan disbursements to the private sector. Significant movements included the partial pay down of principal on the government's restructured debts, the exchange of several commercial debt instruments for a new 'superbond', higher repayments by commercial banks' on short-term debt and the use of escrow accounts held by the Central

Bank to finance part of the debt restructuring costs.

Chart 2.4: Main Components of the Financial Account

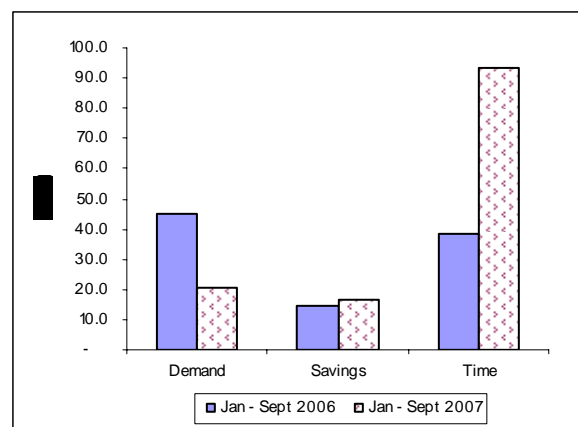




## Monetary Developments

Broad money (M2) increased by 10.2% with much of the expansion occurring in the first half of the year when foreign inflows and credit growth provided strong boosts. After rising by 9.8% in the January to June period, growth tapered off to 0.3% as further credit expansion was partly offset by net foreign outflows and a surge in the other net liabilities of the commercial banks. The slowing was most noticeable in narrow money, which, while registering an overall increase of 6.9%, suffered a third quarter contraction of 4.5%. Developments in that period were heavily influenced by the transactions of a single private utility that involved foreign loan repayments, buyback of shares and

Chart 3.1: Growth in Commercial Bank Deposit



other portfolio adjustments. Partly as a result, over the nine-month period, demand and savings/chequing deposits increased by 7.9% as compared to an expansion of approximately 15.0% in the comparable period of 2006. At 3.3%, growth in public currency holdings was also lower than the 10.7% increase recorded in the same period of the previous year. On the other hand, growth in quasi-money almost doubled to 12.4% with most of this increase being in time deposits held by individuals, other financial institutions and the Belize Social Security Board.

Foreign direct investment inflows and increases in tourism earnings and remittances contributed to a 14.0% (\$36.6mn) rise in the net foreign assets of the banking system over the review period. In addition to an

Table 3.1: Factors Responsible for Money Supply Movements

	Position as at Sep 2007	Changes during	
		Dec 2005 to Sep 2006	Dec 2006 to Sep 2007
<b>Net Foreign Assets</b>	<b>297.7</b>	<b>56.5</b>	<b>36.6</b>
Central Bank	179.2	7.8	-27.3
Commercial Bank	118.5	48.7	63.9
<b>Net Domestic Credit</b>	<b>1,746.3</b>	<b>162.8</b>	<b>180.5</b>
Central Government (Net)	245.8	96.2	62.3
Other Public Sector	15.6	-37.8	-12.2
Private Sector	1,484.9	104.4	130.4
<b>Central Bank Foreign Liabilities (Long-term)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Other Items (net)</b>	<b>386.0</b>	<b>93.3</b>	<b>64.1</b>
<b>Money Supply M2</b>	<b>1,658.0</b>	<b>126.0</b>	<b>153.0</b>



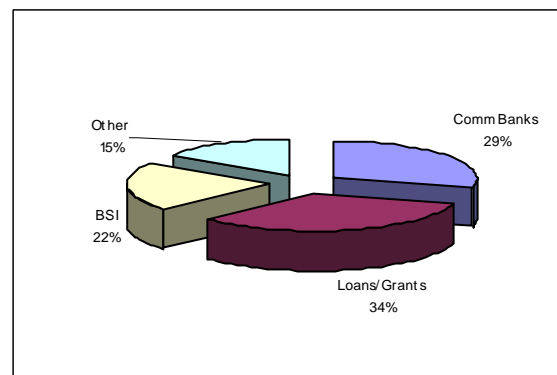
**Table 3.2: Net Foreign Assets of the Banking System**

	Position as at Sep 2007	Changes during	
		Dec 2005 to Sep 2006	Dec 2006 to Sep 2007
<b>Net Foreign Assets of Banking System</b>	<b>297.7</b>	<b>56.5</b>	<b>36.6</b>
<b>Net Foreign Assets of Central Bank</b>	<b>179.2</b>	<b>7.8</b>	<b>-27.3</b>
Central Bank Foreign Assets	181.3	8.2	-27.6
Central Bank Foreign Liabilities (Demand)	2.1	0.4	-0.3
<b>Net Foreign Assets of Commercial Banks</b>	<b>118.5</b>	<b>48.7</b>	<b>63.9</b>
Commercial Bank Foreign Assets	188.7	12.1	8.3
Commercial Bank Foreign Liab. (Short-Term)	70.2	-36.6	-55.6

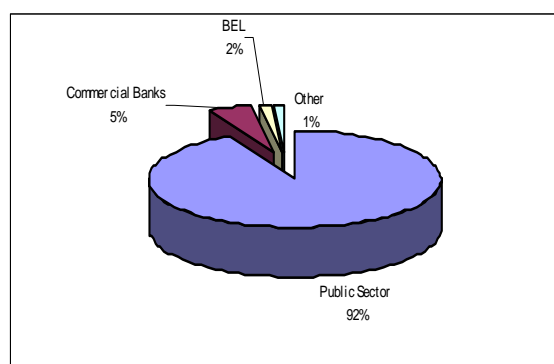
\$8.3mn rise in foreign assets, commercial banks reduced their short-term foreign liabilities by \$55.6mn. On the other hand, the Central Bank's net foreign assets fell by \$27.3mn with external debt payments continuing to dominate its transactions. At \$234.1mn, its foreign exchange inflows were 5.8% below the nine-month tally for the previous year. As in the previous year, the main sources were the domestic commercial banks, grant and loan disbursements and sugar export earnings, which accounted for 29.0%, 34.3% and 21.5%, respectively. Foreign exchange outflows were up by 8.7% to \$261.7mn, with public sector external debt servicing accounting for 92.0% or \$240.9mn.

Lending maintained its buoyancy with

**Chart 3.2: Sources of Foreign Exchange Inflows to the Central Bank Jan—Jun**



**Chart 3.3: Central Bank Foreign Exchange Sales Jan-Jun**



the banking system recording an 11.5% increase in net domestic credit. The latter included a 34% (\$62.3mn) expansion in net credit to Central Government, that was generally dictated by external debt requirements. The bulk of the government's financing came from the Central Bank through the overdraft facility and deposit withdrawals. Credit to statutory bodies contracted by \$12.2mn principally due to the BWSL's decision to shift \$12.0mn in loan liabilities from a commercial bank to the BSSB.



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

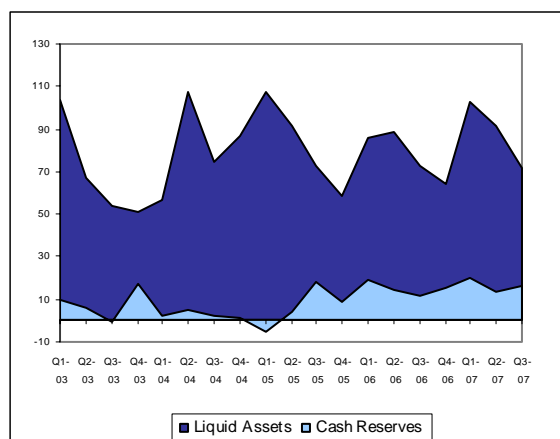
\$mn

	Position as at Sep 2007	Changes during	
		Dec 2005 to Sep 2006	Dec 2006 to Sep 2007
<b>PRIMARY SECTOR</b>	<b>166.5</b>	<b>13.0</b>	<b>10.7</b>
Agriculture	107.1	3.7	0.6
Sugar	11.0	0.9	-0.5
Citrus	12.7	1.1	-6.7
Bananas	71.2	3.2	6.8
Other	12.2	-1.5	1.0
Marine Products	25.8	4.1	10.6
Forestry	2.2	0.1	0.2
Mining & Exploration	31.4	5.1	-0.7
<b>SECONDARY SECTOR</b>	<b>409.8</b>	<b>-18.0</b>	<b>36.6</b>
Manufacturing	30.1	0.8	5.5
Building & Construction	355.9	8.1	39.4
Utilities	23.8	-26.9	-8.3
<b>TERTIARY SECTOR</b>	<b>588.9</b>	<b>56.4</b>	<b>49.6</b>
Transport	51.6	4.8	5.8
Tourism	125.2	22.7	45.9
Distribution	193.6	13.6	19.8
Other*	218.5	15.3	-21.9
<b>Personal Loans</b>	<b>351.9</b>	<b>35.8</b>	<b>29.7</b>
<b>TOTAL</b>	<b>1,517.1</b>	<b>87.2</b>	<b>126.6</b>

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

Private sector loans rose by 9.6% with tourism, construction, personal loans and distributive trade accounting for the largest increases. Loan reclassifications were undertaken that resulted in some \$30.0mn being shifted from real estate to construction and this partly explained the strong growth in lending to the secondary sector during the year. Loans to the primary sector increased by \$10.7mn with

Chart 3.4: Commercial Banks' Excess Statutory Liquidity & Excess Cash Reserves



funding for marine products and banana cultivation registering the largest increases while citrus growers were able to repay some \$6.7mn following the sale of shares in the factory to an international company.

Commercial bank liquidity generally conformed to the seasonal trend of previous years. Excess secondary liquidity increased by 11.5% over the nine-month period with the most substantial growth occurring in the first quarter when inflows from tourism and exports are highest. After peaking at \$102.9mn, there was a gradual decline in the second quarter that accelerated in the third quarter with the quickening pace of commercial bank lending to the private sector. At the end of September, excess secondary liquid asset holdings stood at approximately \$71.7mn, which was almost identical to the third quarter position of the previous year. With



daily average cash holdings up by \$18.4mn relative to a \$17.7mn growth in the required level, excess cash reserves stood at \$15.9mn as compared to \$11.9mn at the end of the third quarter in the previous year.

Interest rate movements were minimal and ended the period with the weighted average lending rate holding constant while the weighted average deposit rate was 20 basis points higher. The interest rate spread accruing to the commercial banks consequently fell to 8.2% as compared to the 8.4% spread at the end of September 2006.





## Central Government Operations and Public Debt

### Central Government Operations

In the first half of its 2007/2008 fiscal year, Central Government recorded current and overall surpluses of \$53.2mn and \$20.5mn, respectively. The primary surplus more than doubled to \$76.2mn, as a 20.0% (\$57.6mn) increase in revenues and grants coincided with a 1.7% (\$5.6mn) decline in expenditure. The latter reflected the lowering of interest payments as a result of the restructuring of the external debt and a reduction in capital spending. The overall surplus was supplemented by \$7.2mn in external financing that facilitated a reduction in Central Government's borrowing from the Central Bank.

Current revenue was up by 21.0% with

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

	\$mn	
	Apr - Sept 2006	Apr - Sept 2007
<b>Total Revenue &amp; Grants</b>	<b>288.4</b>	<b>346.1</b>
<i>of which: Current Revenue</i>	279.2	337.8
<i>Grants</i>	3.4	2.7
<b>Total Expenditure</b>	<b>331.2</b>	<b>325.6</b>
Current Expenditure	281.7	284.6
<i>of which: Interest Payments</i>	78.7	55.7
Capital Expenditure	49.6	41.0
<b>Current Balance</b>	<b>-2.4</b>	<b>53.2</b>
<b>Primary Balance</b>	<b>35.9</b>	<b>76.2</b>
<b>Overall Balance</b>	<b>-42.8</b>	<b>20.5</b>

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

	\$mn	
	Apr - Sept 2006	Apr - Sept 2007
<b>Current revenue</b>	<b>279.2</b>	<b>337.8</b>
Tax revenue	254.8	279.5
Income and profits	65.3	91.0
Taxes on property	2.8	4.0
Taxes on goods & services	106.9	117.7
Int'l trade and transactions	79.8	84.8
<b>Non-Tax Revenue</b>	<b>24.4</b>	<b>40.3</b>
Property income	1.1	12.1
Licenses	5.3	5.5
Other	18.0	22.7
<b>Capital revenue</b>	<b>5.8</b>	<b>5.5</b>
<b>Grants</b>	<b>3.4</b>	<b>2.7</b>

tax and non-tax revenues registering increases of \$42.7mn and \$15.9mn, respectively. While there were higher collections across all tax categories, the largest were in the general sales tax (GST) and petroleum taxes, which accounted for 58.3% of the increase. The increase in non-tax revenues was due to the timing of the statutory transfer of Central Bank profits totalling some \$11.6mn and the receipt of \$4.2mn in petroleum royalties.

Current expenditure rose by \$2.9mn (1.0%) as the substantial lowering in interest payments due to the external debt restructuring was offset by the reclassification of approximately \$25.0mn from capital to current expenditure. Spending on goods & services, salaries and subsidies increased with a \$10.8mn rise in the



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

\$mn

	Apr - Sept 2006	Apr - Sept 2007
<b>Current Expenditure</b>	<b>281.7</b>	<b>284.6</b>
Wages & Salaries	107.6	114.0
Pensions	19.8	18.1
Goods & Services	50.7	61.0
Interest Payments	78.7	55.7
of which: External	66.9	43.0
Subsidies & current transfers	24.9	35.8
<b>Capital Expenditure</b>	<b>49.6</b>	<b>41.0</b>
Capital II	31.0	23.6
Capital III	16.3	15.4
Net lending	2.2	2.0

amount devoted to subsidies being due to the conversion of the Central Statistical Office (hitherto a government department) into a statutory body.

Development expenditure fell by 17.2% to \$41.0mn with infrastructure projects accounting for \$11.6mn in disbursements and \$8.9mn being spent on social development programmes. Works designated as poverty alleviation as well as the maintenance of streets, drains and feeder roads were the major infrastructural spending items. The social development programmes included projects managed by the Social Investment Fund (\$5.4mn) and Basic Needs Trust Fund (\$1.9mn). Of the \$4.8mn allotted

to health, \$4.3mn was for the Health Reform Project. Education and Environmental projects also received \$3.0mn and \$2.9mn, respectively.

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

Extensive use of the Central Bank's overdraft was mostly responsible for a 9.9% (\$29.7mn) increase in Central Government's domestic debt over the first nine months of the year. The new borrowings consisted of a \$32.4mn increase in Central Government's overdraft and a private sector disbursement of \$0.3mn to cover dredging costs of the Belize Harbour. Amortization payments totaled \$9.8mn, of which \$6.7mn was a book entry accounting for the shift in creditor status from the DFC to the BSSB. The remainder went to the Belize Bank (\$1.3mn), the government's debt for nature swap (\$0.6mn), Atlantic Bank, BSSB, RECONDEV and the Belize Harbour Dredging loan.

Interest payments were \$19.3mn and included payments of \$8.8mn on the overdraft balance with the Central Bank. Payments to holders of Treasury Notes, Treasury Bills and Defence Bonds totaled \$7.8mn. The Belize Bank also received \$1.9mn, and smaller payments went to the BSSB, Recondev,



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

\$mn

	Dec 31, 2006	Sept 30, 2007	Changes in Stock
Overdraft	89.1	121.5	32.4
Loans	40.0	37.2	-2.8
Treasury Bills	100.0	100.0	0
Treasury Notes	55.8	55.8	0
Defence Bonds	15.0	15.0	0
<b>Total</b>	<b>299.9</b>	<b>329.5</b>	<b>29.7</b>

the debt for nature swap, DFC, Guardian Life Insurance and Atlantic Bank.

### **Public Sector External Debt**

The public sector's external debt contracted by 2.9% to \$1,911.2mn, as amortization payments of \$1,201.7mn exceeded disbursements of \$1,139.5mn and upward valuation adjustments of \$3.3mn. Interest and other payments totalled \$106.4mn.

All disbursements were to Central Government, which successfully completed the restructuring of the public sector's external commercial debt in the first quarter. The process involved the issuance of a new 'super bond' valued at \$1,082.0mn, which had a step up coupon structure and an extended maturity to 2029. Excluding this debt exchange, actual cash disbursements came from CDB

(\$26.3mn), ROC/Taiwan (\$20.0mn) and other multilateral lenders (\$11.2mn).

Central Government's principal repayments totaled \$1,177.2mn and included \$1,134.3mn for debt instruments that were partially paid down and exchanged for the 'super bond'. The remaining \$42.9mn included payments of \$25.6mn to bilateral lenders and \$17.3mn to multilateral institutions. The financial public sector paid \$13.9mn to multilateral creditors, \$6.4mn to bondholders, \$0.6mn to commercial suppliers and \$0.3mn to bilateral lenders. The non-financial public sector paid off its remaining loan with CIBC and also made payments totalling \$2.8mn that were shared among Amtrade International, CDB and the Government of Kuwait.

Of the \$100.1mn in interest and other payments, some \$49.7mn consisted of accrued interest that was paid as a participation fee under the debt restructuring. The first interest payment on the super bond was paid in August and this amounted to \$23.8mn. The government also paid \$14.6mn to bilateral creditors and \$12.1mn to multilateral lenders. The financial public sector paid \$5.1mn with the majority going to bondholders (\$3.7mn) and multilateral creditors (\$1.2mn). The non-financial public



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

\$mn

	DOD at: 31/12/06	DOD at: 30/09/07	Change in Debt Stock
<b>Central Government</b>	<b>1,821.0</b>	<b>1,785.6</b>	<b>-35.3</b>
Bilateral	415.2	310.3	-104.8
Multilateral	343.8	365.7	21.9
Bonds	940.7	1,093.7	153.0
Commercial Banks	121.1	15.9	-105.2
Export Credit	0.2	0	-0.2
<b>Rest of NFPS</b>	<b>41.1</b>	<b>38.0</b>	<b>-3.1</b>
Bilateral	6.9	6.8	-0.1
Multilateral	32.6	31.2	-1.4
Commercial Banks	0.5	0	-0.5
Export Credit	1.0	0	-1.0
<b>Financial Public Sector</b>	<b>108.1</b>	<b>87.6</b>	<b>-20.5</b>
Bilateral	3.2	2.4	-0.9
Multilateral	46.5	33.3	-13.2
Bonds	58.3	51.9	-6.4
<b>Grand Total</b>	<b>1,970.1</b>	<b>1,911.2</b>	<b>-58.9</b>

sector paid \$1.3mn, almost all of which went to CDB.

With the appreciation of the euro, Kuwait dinar and pound sterling against the US dollar, the values of loans denominated in these currencies were adjusted upwards by \$2.1mn, \$0.8mn and \$0.1mn, respectively. Loans denominated in SDR (Special Drawing Rights), which is based on a basket of currencies, were also adjusted upwards by \$0.3mn.



## Annex

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

Major Commodity Group	Weights	Quarterly Change				Annual Change
		Nov-06	Feb-07	May-07	Aug-07	
Food, Beverage & Tobacco	346.6	0.8	2.2	-0.3	0.7	3.5
Clothing & Footwear	92.0	-3.3	0.1	-0.2	0.0	-3.4
Rent, Water, Fuel, & Power	167.6	-2.9	-0.2	2.7	0.2	-0.3
Household goods & maintenance	85.3	0.2	0.2	0.6	0.5	1.5
Medical care	20.1	-4.1	0.0	0.2	0.2	-3.7
Transport & Communication	170.1	-5.1	-0.8	2.7	-0.4	-3.7
Recreation, Education & Culture	80.4	0.6	0.3	0.2	-0.2	0.9
Personal care	37.9	-1.8	0.4	0.4	0.3	-0.7
<b>ALL ITEMS</b>	<b>1000.0</b>	<b>-1.5</b>	<b>0.7</b>	<b>1.0</b>	<b>0.2</b>	<b>0.4</b>

Source: Statistical Institute of Belize

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

Section	Jan-Sept 2006	Jan-Sept 2007
Food and Live Animals	85,655,501	93,700,740
Beverages and Tobacco	7,705,672	8,942,379
Crude Materials	7,042,519	8,555,184
Mineral Fuels & Lubricants	197,346,714	205,016,782
<i>of which: Electricity</i>	<i>24,907,165</i>	<i>36,483,061</i>
Oils and Fats	2,981,629	2,997,247
Chemical Products	69,345,995	74,691,517
Manufactured goods	117,027,714	119,478,286
Machinery. & Transport Equipment	155,245,970	179,414,447
Other Manufactures	74,838,545	72,005,640
Commodities n.e.s	861	7734
Export Processing Zones	132,368,051	79,010,356
Commercial Free Zone	143,843,439	183,862,656
Personal Goods	2,828,767	2,059,426
<b>Total</b>	<b>996,231,378</b>	<b>1,029,742,395</b>

Source: Statistical Institute of Belize



**Table 5.3: Balance of Payments Summary**

	\$mn	
	2006 <sup>R</sup> Jan-Sept	2007 <sup>P</sup> Jan-Sept
<b>CURRENT ACCOUNT</b>	<b>-21.2</b>	<b>-68.0</b>
Goods: Exports f.o.b.	638.8	612.9
Goods: Imports f.o.b.	-902.0	-934.4
<i>Trade Balance</i>	<i>-263.2</i>	<i>-321.5</i>
Services: Credit	547.4	569.5
Transportation	42.8	47.3
Travel	390.7	401.9
Other Goods & Services	79.4	75.5
Gov't Goods & Services	34.5	44.7
Services: Debit	-224.5	-252.0
Transportation	-80.7	-83.4
Travel	-63.3	-65.1
Other Goods & Services	-67.4	-90.1
Gov't Goods & Services	-13.0	-13.4
<i>Balance on Goods &amp; Services</i>	<i>59.7</i>	<i>-4.0</i>
Income: Credit	16.4	10.2
Compensation of Employees	10.4	3.5
Investment Income	6.0	6.7
Income: Debit	-202.7	-206.7
Compensation of Employees	-9.6	-8.6
Investment Income	-193.1	-198.2
<i>Balance on Goods, Services &amp; Income</i>	<i>-126.7</i>	<i>-200.5</i>
Current Transfers: Credit	131.9	166.9
Current Transfers: Debit	-26.4	-34.3
<b>CAPITAL ACCOUNT</b>	<b>17.2</b>	<b>1.3</b>
Capital Account: Credit	19.1	2.8
Capital Account: Debit	-1.8	-1.6
<b>FINANCIAL ACCOUNT</b>	<b>32.8</b>	<b>87.5</b>
Direct Investment Abroad	-0.4	-1.8
Direct Investment in Reporting Economy	147.2	137.5
Portfolio Investment Assets	-0.4	-0.5
Portfolio Investment Liabilities	-45.6	160.5
Financial Derivatives	0.0	0.0
Other Investment Assets	12.2	28.2
Other Investment Liabilities	-80.1	-236.3
<b>NET ERRORS &amp; OMISSIONS</b>	<b>13.9</b>	<b>-11.3</b>
<b>OVERALL BALANCE</b>	<b>42.8</b>	<b>9.4</b>
<b>RESERVE ASSETS*</b>	<b>-42.8</b>	<b>-9.4</b>

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



Table 5.4: Money Supply

\$mn

	Position as at Sep 2007	Changes during	
		Dec 2005 to Sep 2006	Dec 2006 to Sep 2007
<b>Money Supply (M2)</b>	<b>1,658.0</b>	<b>126.0</b>	<b>153.0</b>
<b>Money Supply (M1)</b>	<b>660.5</b>	<b>72.3</b>	<b>42.6</b>
Currency with the Public	141.4	12.6	4.5
Demand Deposits	346.5	45.3	20.2
Savings/Cheque Deposits	172.6	14.4	17.9
<b>Quasi-Money</b>	<b>997.5</b>	<b>53.7</b>	<b>110.4</b>
Savings Deposits	152.6	14.6	16.7
Time Deposits	844.9	39.1	93.7

Table 5.5: Net Domestic Credit

\$mn

	Position as at Sep 2007	Changes during	
		Dec 2005 to Sep 2006	Dec 2006 to Sep 2007
<b>Total Credit to Central Government</b>	<b>301.6</b>	<b>70.8</b>	<b>29.9</b>
<b>From Central Bank</b>	<b>237.9</b>	<b>73.8</b>	<b>9.0</b>
Loans and Advances	119.1	45.0	30.2
Gov't Securities	118.8	28.8	-21.2
<b>From Commercial Banks</b>	<b>63.7</b>	<b>-3.0</b>	<b>20.9</b>
Loans and Advances	21.3	-7.0	0.6
Gov't Securities	42.4	4.0	20.3
(of which) Treasury Bills	32.3	4.0	20.3
Treasury Notes	10.0	0.0	0.0
Other	0.1	0.0	0.0
<b>Less Central Government Deposits</b>	<b>55.8</b>	<b>-25.4</b>	<b>-32.4</b>
With Central Bank	39.2	-27.8	-29.1
With Commercial Banks	16.6	2.4	-3.3
<b>Net Credit to Central Government</b>	<b>245.8</b>	<b>96.2</b>	<b>62.3</b>
<b>Credit to Other Public Sector</b>	<b>15.6</b>	<b>-37.8</b>	<b>-12.2</b>
From Central Bank	0.0	-27.5	0.0
From Commercial Banks	15.6	-10.3	-12.2
(of which) Local Government	7.6	-0.2	1.8
Public Financial Institutions	2.7	-0.2	0.3
Public Utilities	0.0	-10.0	-12.0
Other Statutory Bodies	5.2	0.1	-2.3
Securities	0.0	0.0	0.0
<b>Plus Credit to the Private Sector</b>	<b>1,484.9</b>	<b>104.4</b>	<b>130.4</b>
Loans and Advances	1,481.2	104.6	138.4
Securities	3.7	-0.2	-8.0
<b>Net Domestic Credit of the Banking System</b>	<b>1,746.3</b>	<b>162.8</b>	<b>180.5</b>



Table 5.6: Commercial Banks' Liquidity Position and Cash Reserves

\$mn

	Position as at Sep 2007	Changes during	
		Dec 2005 to Sep 2006	Dec 2006 to Sep 2007
<b>Holdings of Approved Liquid Assets</b>	<b>422.3</b>	<b>49.9</b>	<b>48.0</b>
Notes and Coins	42.8	-0.2	3.2
Balances with Central Bank	168.2	39.9	19.1
Money at Call and Foreign Balances (due 90 days)	142.2	9.6	11.2
Treasury Bills maturing in not more than 90 days	27.8	1.3	9.7
Other Approved assets	41.3	-0.7	4.8
of which: Treasury Notes	10.0	-1.3	-1.1
<b>Required Liquid Assets</b>	<b>350.7</b>	<b>35.2</b>	<b>40.6</b>
<b>Excess/(Deficiency) Liquid Assets</b>	<b>71.6</b>	<b>14.7</b>	<b>7.4</b>
Daily Average holdings of Cash Reserves	168.4	33.1	18.4
Required Cash Reserves	152.5	29.9	17.7
<b>Excess/(Deficiency) Cash Reserves</b>	<b>15.9</b>	<b>3.2</b>	<b>0.7</b>

Table 5.7: Commercial Banks' Weighted Average Interest Rates

Percentages

	Position as at Sep 2007	Changes during	
		Dec 2005 to Sep 2006	Dec 2006 to Sep 2007
<b>Weighted Lending Rates</b>			
Personal Loans	15.6	0.1	-0.7
Commercial Loans	13.9	-0.3	0.1
Residential Construction	13.2	-0.3	0.1
Other	13.8	1.2	1.4
<b>Weighted Average</b>	<b>14.2</b>	<b>-0.1</b>	<b>0.0</b>
<b>Weighted Deposit Rates</b>			
Demand	1.1	0.1	0.5
Savings/ Cheque	5.2	0.0	0.0
Savings	5.2	0.1	0.0
Time	8.4	0.3	0.1
<b>Weighted Average</b>	<b>6.0</b>	<b>0.3</b>	<b>0.2</b>
<b>Weighted Average Spread</b>	<b>8.2</b>	<b>-0.4</b>	<b>-0.2</b>





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

BZ\$'000

	Approved Budget	Actual Sept 07	Apr 07 to Sept 07	Apr 06 to Sept 06	Actual YTD as
<b>TOTAL REVENUE &amp; GRANTS (1+2+3)</b>	<b>678,523</b>	<b>50,451</b>	<b>346,051</b>	<b>288,425</b>	<b>51.0%</b>
1.) Current revenue	650,921	49,406	337,800	279,241	51.9%
Tax revenue	593,923	45,992	297,506	254,831	50.1%
Income and profits	170,256	10,865	90,996	65,283	53.4%
Taxes on property	5,618	257	4,005	2,783	71.3%
Taxes on goods and services	237,910	20,728	117,725	106,933	49.5%
Int'l trade and transactions	180,139	14,142	84,780	79,832	47.1%
Non-Tax Revenue	56,998	3,414	40,293	24,410	70.7%
Property income	7,700	23	12,143	1,106	157.7%
Licenses	10,423	905	5,497	5,258	52.7%
Other	38,875	2,486	22,652	18,046	58.3%
2.) Capital revenue	10,126	646	5,537	5,816	54.7%
3.) Grants	17,475	399	2,715	3,368	15.5%
<b>TOTAL EXPENDITURE (1+2)</b>	<b>703,236</b>	<b>48,776</b>	<b>325,594</b>	<b>331,236</b>	<b>46.3%</b>
1.) Current Expenditure	585,236	43,677	284,552	281,661	48.6%
Wages and Salaries	235,313	19,121	113,987	107,574	48.4%
Pensions	39,019	1,740	18,059	19,761	46.3%
Goods and Services	129,309	11,180	60,997	50,689	47.2%
Interest Payments on Public Debt	107,938	5,754	55,737	78,703	51.6%
Subsidies & current transfers	73,657	5,882	35,773	24,934	48.6%
2.) Capital Expenditure	117,999	5,099	41,042	49,575	34.8%
Capital II (local sources)	49,956	4,223	23,633	31,032	47.3%
Capital III (foreign sources)	64,835	876	15,417	16,316	23.8%
Capital Transfer & Net Lending	3,208	0	1,992	2,227	62.1%
<b>CURRENT BALANCE</b>	<b>65,685</b>	<b>5,729</b>	<b>53,247</b>	<b>(2,420)</b>	<b>81.1%</b>
<b>Primary Balance</b>	<b>83,225</b>	<b>7,429</b>	<b>76,193</b>	<b>35,892</b>	<b>91.6%</b>
<b>OVERALL BALANCE</b>	<b>(24,713)</b>	<b>1,675</b>	<b>20,457</b>	<b>(42,811)</b>	<b>-83%</b>
<b>FINANCING</b>	<b>24,713</b>	<b>(1,675)</b>	<b>(20,457)</b>	<b>42,811</b>	
A.) Domestic Financing		6,420	(26,389)	41,058	
Central Bank		4,958	(38,869)	88,276	
Net Borrowing		4,621	(36,909)	62,078	
Change in Deposits		337	(1,960)	26,198	
Commercial Banks		1,347	12,207	(14,299)	
Net Borrowing		2,838	9,611	(7,811)	
Change in Deposits		(1,491)	2,596	(6,488)	
Other Domestic Financing		116	273	(1,452)	
Settlement of Government Guarantees		0	0	(31,467)	
B.) Financing Abroad		(5,757)	7,183	(888)	
Disbursements		2,215	46,305	60,494	
Amortization		(7,972)	(39,131)	(60,897)	
Change in Foreign Assets		0	9	(485)	
Other		(2,339)	(1,250)	2,641	

Source: Ministry of Finance and Central Bank of Belize



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

\$'000

	Disbursed Outstanding Debt 31 Dec 2006	Transactions Through to September 2007				Disbursed Outstanding Debt 30 Sept 2007
		Disbursements/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	
<b>Overdraft / Loans</b>	<b>89,094</b>	<b>0</b>	<b>0</b>	<b>8,756</b>	<b>32,447</b>	<b>121,541</b>
Central Bank	88,850	0	0	8,756	30,203	119,053
Commercial Banks	243	0	0	0	2,244	2,488
		0	0			
<b>Treasury Bills</b>	<b>100,000</b>	<b>0</b>	<b>0</b>	<b>2,411</b>	<b>0</b>	<b>100,000</b>
Central Bank	85,737	0	0	1,704	(20,076)	65,661
Commercial Banks	12,027	0	0	671	20,265	32,292
Other	2,236	0	0	36	(189)	2,047
<b>Treasury Notes</b>	<b>55,800</b>	<b>0</b>	<b>0</b>	<b>4,101</b>	<b>0</b>	<b>55,800</b>
Central Bank	44,243	0	0	3,572	(1,110)	43,133
Commercial Banks	10,000	0	0	450	0	10,000
Other	1,557	0	0	79	1,110	2,667
<b>Defence Bonds</b>	<b>15,000</b>	<b>0</b>	<b>0</b>	<b>1,242</b>	<b>0</b>	<b>15,000</b>
Central Bank	10,000	0	0	800	0	10,000
Commercial Banks	100	0	0	9	0	100
Other	4,900	0	0	433	0	4,900
<b>Atlantic Bank Ltd.</b>	<b>290</b>	<b>0</b>	<b>290</b>	<b>10</b>	<b>0</b>	<b>0</b>
<b>Belize Bank Ltd.</b>	<b>20,152</b>	<b>0</b>	<b>1,349</b>	<b>1,940</b>	<b>0</b>	<b>18,803</b>
<b>Belize Social Security Board<sup>1</sup></b>	<b>643</b>	<b>6,669</b>	<b>325</b>	<b>286</b>	<b>0</b>	<b>6,987</b>
<b>Development Finance Corporation<sup>2</sup></b>	<b>6,820</b>	<b>0</b>	<b>6,820</b>	<b>128</b>	<b>0</b>	<b>0</b>
<b>Fort St Tourism Vlg.<sup>3</sup></b>	<b>63</b>	<b>318</b>	<b>63</b>	<b>0</b>	<b>0</b>	<b>318</b>
<b>Debt for Nature Swap</b>	<b>8,937</b>	<b>0</b>	<b>615</b>	<b>123</b>	<b>0</b>	<b>8,322</b>
<b>Guardian Life Bze</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>90</b>	<b>0</b>	<b>1,000</b>
<b>Reconstruction &amp; Development Corp.</b>	<b>2,061</b>	<b>0</b>	<b>294</b>	<b>220</b>	<b>0</b>	<b>1,767</b>
<b>Total</b>	<b>299,859</b>	<b>6,987</b>	<b>9,756</b>	<b>19,306</b>	<b>32,447</b>	<b>329,537</b>

<sup>1</sup> GOB has outstanding loan with BSSB (1) Hopeville Housing Project (2) loan purchased from DFC.

<sup>2</sup> Disbursement of outstanding loan balance to DFC as of Jan 30th 2007 has been reduce to zero & balance shift to BSSB.

<sup>3</sup> Belize Harbour Dredging Loan is a promissory note (interest free) to the FSTV for dredging done and is being reimbursed by the GOB.



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

	DOD at: 31/12/06	Transactions Through to September 2007					DOD at: 30/09/07
		Disbursements	Principal Payments	Interest Payments	Other Payments	Parity Change	
<b>CENTRAL GOVERNMENT</b>	<b>1,820,969</b>	<b>1,139,527</b>	<b>1,177,183</b>	<b>99,930</b>	<b>170</b>	<b>2,322</b>	<b>1,785,635</b>
Banco Nacional de Comercio Exterior	8,999	0	1,059	531	0	0	7,940
Fondo de Financ. de las Exportaciones	544	0	109	16	0	0	436
Government of Great Britain	5,054	0	2,578	0	0	135	2,611
Government of the United States <sup>1</sup>	4,908	0	1,003	121	0	0	3,905
Government of Trinidad and Tobago	16	0	4	0	0	0	12
Government of Venezuela	101,123	0	100,000	2,076	0	0	1,123
Kuwait Fund for Arab Economic Dev	18,213	0	1,061	372	0	592	17,743
Republic of China	261,388	20,000	11,302	12,856	0	0	270,086
Caribbean Development Bank	103,931	26,315	4,244	3,525	79	0	126,003
European Economic Community	17,729	0	386	64	0	1,393	18,735
European Investment Bank	646	0	91	10	0	52	608
Inter-American Development Bank	159,102	7,969	5,713	6,249	29	0	161,358
International Fund for Agric. Dev.	1,704	0	408	88	0	150	1,446
Intl. Bank for Reconstruction & Dev.	54,225	0	5,952	1,826	0	0	48,273
Opec Fund for Int'l. Development	6,466	3,213	367	204	0	0	9,313
Allfirst Bank of Maryland	1,260	0	840	60	0	0	420
Bear Stearns & CO. Inc.	680,483	0	668,827	29,993	0	0	11,656
BWS Finance Limited	14,883	0	0	0	0	0	14,883
Citibank, Trinidad & Tobago	5,143	0	5,143	157	0	0	0
Citicorp Merchant Bank Ltd.	37,857	0	37,857	1,896	0	0	0
International Bank of Miami	105,246	0	105,246	2,561	0	0	0
KBC Bank NV	5,869	0	5,869	216	0	0	0
Manufacturers & Traders Trust Co.	7,786	0	1,730	417	0	0	6,055
Provident Bank & Trust of Belize	1,000	0	0	90	0	0	1,000
Royal Merchant Bank	217,205	0	217,205	12,814	0	0	0
Bank of New York (New Bond Issue)	0	1,082,029	0	23,783	62	0	1,082,029
Caterpillar Financial Services Corp.	188	0	188	4	0	0	0
<b>NON-FINANCIAL PUBLIC SECTOR<sup>2</sup></b>	<b>41,065</b>	<b>0</b>	<b>3,299</b>	<b>1,263</b>	<b>8</b>	<b>263</b>	<b>38,028</b>
Kuwait Fund for Arab Economic Dev	6,916	0	345	138	0	218	6,788
CIBC Bank & Trust Company	494	0	494	14	8	0	0
Amtrade International Bank of Georgia	1,009	0	1,009	50	0	0	0
Caribbean Development Bank	32,646	0	1,451	1,061	0	45	31,240
<b>FINANCIAL PUBLIC SECTOR</b>	<b>108,087</b>	<b>0</b>	<b>21,188</b>	<b>5,072</b>	<b>0</b>	<b>669</b>	<b>87,568</b>
Caribbean Development Bank	36,052	0	12,601	937	0	4	23,455
European Economic Community	557	0	18	3	0	50	589
European Investment Bank	9,892	0	1,297	310	0	615	9,210
Paine Webber Real Estate Securities Inc.	1,400	0	100	43	0	0	1,300
N.V. De Smet S.A. Engineers	565	0	565	20	0	0	0
Belize Mortgage Company <sup>3</sup>	58,298	0	6,395	3,740	0	0	51,903
Government of the United States	1,322	0	212	20	0	0	1,110
<b>GRAND TOTAL</b>	<b>1,970,120</b>	<b>1,139,527</b>	<b>1,201,670</b>	<b>106,266</b>	<b>177</b>	<b>3,253</b>	<b>1,911,230</b>

<sup>1</sup> USAID Debt for Nature Swap Agreement as at 2nd August, 2001 was implemented on 30th November, 2001, for BZ \$17.168mn

<sup>2</sup> Effective October 3rd 2005 BWSL loans were reclassified as public sector debt as a result of Government of Belize repurchasing of the

<sup>3</sup> BMC is the issuer of the DFC/North American Securitization Loan through the Bank of New York.

Guaranteed external debt of private entities remained as contingent liabilities of Central Government but are not included in this table.