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CENTRAL BANK OF BELIZE



Quarterly Review

September 2010

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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
Bank's Website: www.centralbank.org.bz

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September 2010

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Overview

GDP grew by 2.8% in the first nine months of the year with the newly completed Vaca Dam and cogeneration plants boosting “Electricity and Water” by 14.3% and “Government Services” ramping up by 9.3% partly due to the 2010 Census. A modest rebound in stay-over tourist arrivals also supported increased activity in “Hotels and Restaurants”, “Communications and Transportation” and distributive trade with the latter also benefitting from heightened cross border trade in the Commercial Free Zone (CFZ). On the other hand, “Fishing” contracted by 12.4% reflecting lower production of farmed shrimp and fish, and lower petroleum and citrus juice output resulted in a 3.7% contraction in “Manufacturing”.

The Consumer Price Index (CPI) declined by 0.4% during the May to August quarter but registered an overall increase of 0.5% in the twelve month period (August 2009-August 2010) as the international revival in oil prices pushed fuel acquisition costs upward. The largest price increases were therefore in ‘Transportation and Communication’ and ‘Rent, Water, Fuel & Power’.

Year on year, the external current account deficit narrowed from 6.1% to 1.1% of GDP, as a smaller trade deficit, higher tourism earnings and grants to the sugar industry

more than offset increased outflows on the income account. On the other hand, the surplus on the capital and financial account plunged from \$229.5mn to \$18.2mn due to a lowering in foreign direct investment and loan disbursements to the public sector as well as commercial banks’ repayments of short term liabilities and modest bumping up of their foreign asset holdings. The net result was a \$5.8mn increase in gross official international reserves to \$433.1mn, the equivalent of 4.4 months of merchandise imports.

Buoyed by the heightening of tax rates in April, Central Government tax revenues increased by 9.2%, the bulk coming from the petroleum industry, General Sales Tax (GST) and import duty collections. Notwithstanding a 5.3% rise in expenditure, Government operations netted current and primary surpluses of \$29.2mn and \$41.4mn, respectively, while its overall deficit fell from 2.3% of GDP to 1.6% of GDP. Although Central Government’s foreign borrowings rose, the external debt of the public sector declined by \$6.7mn to \$2,024.1mn, with amortization payments of \$54.9mn and downward valuation adjustments of \$1.4mn outweighing disbursements of \$49.5mn.

Growth in the broad money supply was slightly negative during the period as sizeable reductions in outstanding credits to the private sector and an increase in commercial bank non-monetary liabilities outweighed vigorous growth in net foreign assets. The combination



of reduced private sector credit and net foreign inflows boosted the excess statutory liquidity of the banks upward by 42.8% so that their holdings of statutory liquid balances were some 33.3% above the required level. Excess cash reserves were also up by 46.6% during the period. In addition to meeting the newly implemented securities' requirements in May, commercial banks' held an additional \$18.2mn in Treasury bills, partly due to the sluggish demand for credit and limited investment options. Responding to the excess liquidity, commercial banks cut average deposit rates almost three times faster than average lending rates, causing their interest rate spread to rise by 19 basis points to 8.05%.



Monetary Developments

Broad money supply fell by 0.1%, reversing the 6.4% growth recorded in the comparable period of 2009. The contraction reflected a sizeable reduction in private sector loans as well as an increase in the non-monetary liabilities of the banks due to a build-up in reserves and loan loss provisions. In the same period, the net foreign assets of the banking system rose by \$71.3mn, a significant increase that was shown in growth in the net holdings of commercial banks and which mostly reflected the improved external current account position.

With liquidity continuing to climb, the Central Bank introduced a securities' requirement that became effective on May 1, 2010. As of that date, the commercial banks were to hold a minimum of 6.5% of their average deposit liabilities in Treasury bills, while the cash reserve requirement was lowered from 10.0% to 8.5% to facilitate the implementation of the securities requirement across commercial banks. At the end of September, commercial banks held \$146.0mn in Treasury bills, of which the required portion totaled \$128.3mn.

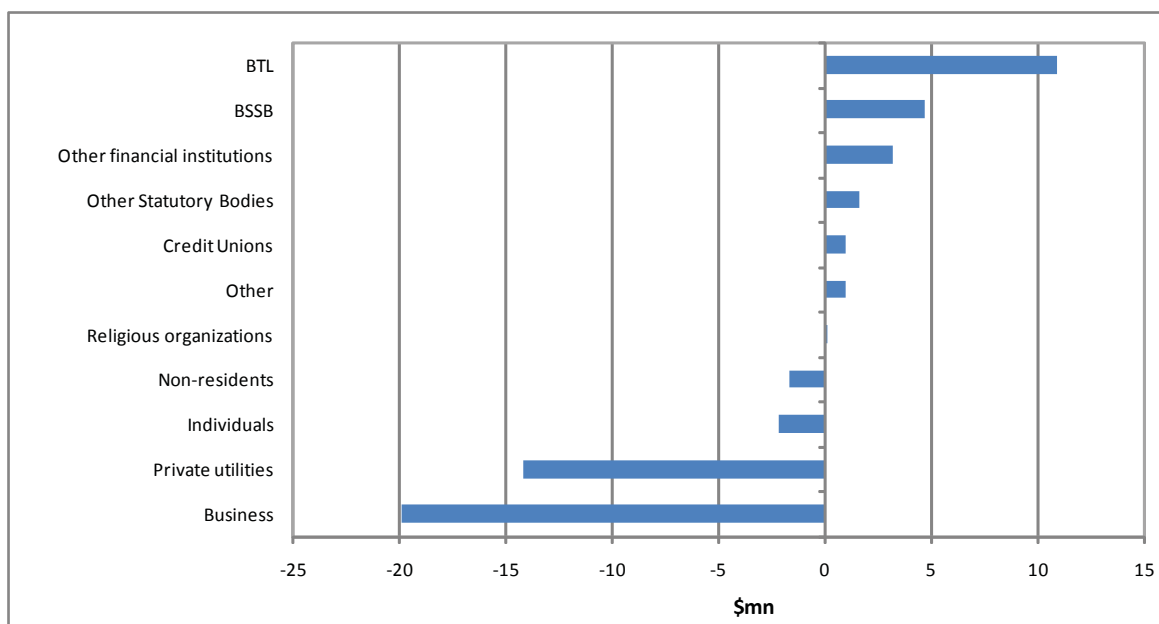
Table 1.1: Factors Responsible For Money Supply Movements

BZ\$m

	Position as at Sep 2010	Changes during	
		Dec 2009 to Sep 2010	Dec 2008 to Sep 2009
Net Foreign Assets	635.7	71.3	111.6
Central Bank	444.6	9.9	100.9
Commercial Bank	191.1	61.4	10.7
Net Domestic Credit	1,967.3	-35.0	54.1
Central Government (Net)	220.7	28.2	-5.4
Other Public Sector	9.9	-0.3	-2.9
Private Sector	1,736.7	-62.9	62.4
Central Bank Foreign Liabilities(Long-term)	70.3	-0.5	71.6
Other Items (net)	441.2	38.5	17.7
Money Supply M2	2,091.5	-1.7	76.4



Chart 1.1: Changes in Demand Deposits by Sector January - September 2010



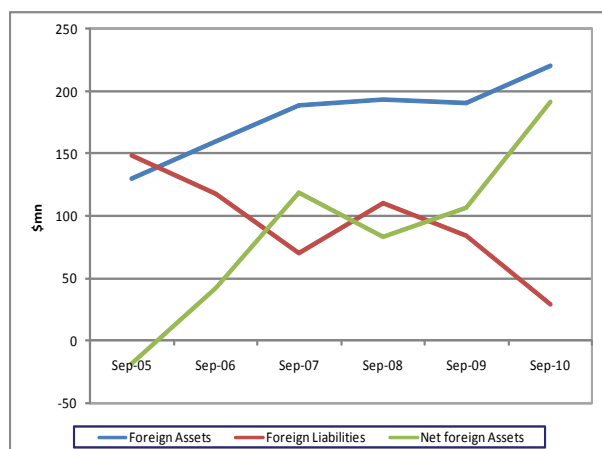
Contrasting with the 4.5% average growth in the comparable period of the last five years, narrow money contracted by 1.9% as declines in demand deposits and currency held by the public outweighed growth in savings/checking deposits. The latter was largely due to increased holdings by businesses, Belize Social Security Board (BSSB), individuals and the Development Finance Corporation (DFC). The contrasting fall in demand deposits was largely due to sizeable withdrawals by businesses and private utilities in the second quarter to meet payments for electricity, fuel and dividends. Quasi-money growth of 0.9% reflected a \$15.6mn increase in saving deposits, since time deposits dipped by \$3.6mn due to a substantial one-off drawdown of funds that was used to reduce loan balances of a local group of companies in the first quarter.

The banking system's 12.6% rise in net foreign assets was dominated by a \$61.4mn expansion in the net holdings of commercial banks. The Central Bank recorded a lesser increase reflecting inflows of \$198.5mn and outflows of \$187.9mn. The main sources of its inflows were taxes, royalties and working interest payments from oil production (26.9%), loan disbursements (22.8%) and sugar export receipts (21.5%). Of total outflows, Central Government accounted for \$146.7mn, using some 61.8% for external debt payments.

Loans to the private sector declined by \$62.9mn, and this overshadowed a \$28.2mn increase in net credit to Central Government. The reductions in private sector credit were across the board with the exception of a \$1.4mn increase for the primary sector, which



Chart 1.2: Commercial Banks' Net Foreign Asset Position



reflected new loans for the marine, banana, citrus and mining & exploration industries that outweighed repayments by sugar and forestry producers. A substantial one-off loan repayment by a group of companies accounted for a \$38.1mn fall in credit to the secondary sector, while the tertiary sector declined by \$24.9mn, as net repayments by entities in transportation, real estate, finance and professional services outweighed an increase

in loans for tourism activities. Personal loans also declined by \$1.7mn.

The growth in net financing to Central Government was attributable to a \$14.6mn draw down on deposits held with the Central Bank to facilitate external debt payments and new issues of securities in the second and third quarters. Proceeds from the latter reduced Central Government's overdraft with the Central Bank by \$96.4mn. In addition to meeting the securities' requirement, commercial banks invested an additional \$18.2mn in Treasury bills, given the lackluster credit conditions and limited investment options.

Notwithstanding a sharp decline in May as banks adjusted their portfolios to meet the new securities' requirement, foreign exchange inflows and sluggish credit conditions underpinned a 42.8% build-up in excess statutory liquidity, which was some 33.3%

Table 1.2: Net Foreign Assets of the Banking System

BZ\$mnn

	Position as at Sep 2010	Changes during	
		Dec 2009 to Sep 2010	Dec 2008 to Sep 2009
Net Foreign Assets of Banking System	635.7	71.3	111.6
Net Foreign Assets of Central Bank	444.6	9.9	100.9
Central Bank Foreign Assets	446.3	10.6	99.9
Central Bank Foreign Liabilities (Demand)	1.7	0.7	-1.0
Net Foreign Assets of Commercial Banks	191.1	61.4	10.7
Commercial Bank Foreign Assets	220.2	16.3	-45.1
Commercial Bank Foreign Liab. (Short-Term)	29.1	-45.1	-55.8



above the required level. On a parallel track, excess cash reserves rose by \$18.6mn to \$58.5mn, 35.3% above requirements. During the review period, required cash holdings fell by \$27.6mn partly due to the lowering of the cash reserve requirement from 10.0% to 8.5% of deposit liabilities in May. In comparison, there was a \$9.0mn decline in actual cash holdings as banks increased their holdings of government Treasury bills.

The weighted average interest rate spread increased by 19 basis points to 8.05% as average deposit rates fell almost three times faster than average lending rates. The weighted average lending rate fell by 10 basis points to 13.88%, with the rates down for residential construction and commercial loans and up for personal and other loan categories. On the other hand, deposit rates fell by 29 basis points to 5.83%, reflecting lower rates on time, demand and saving/checking deposits.



Domestic Production and Prices

The gross domestic product (GDP) expanded by 2.8% during the first three quarters, a marked improvement over the 0.7% contraction recorded during the same period of troubled 2009. This increase was underpinned by growth in services, electricity, water and agriculture that outweighed contractions in fishing, manufacturing and construction.

“Electricity and Water” recorded the largest expansion of 14.3%, as the domestic production of electricity markedly increased with the new hydroelectric facility at Vaca Dam and the bagasse cogeneration (BELCOGEN) plant. The broad based growth in services was led by a

9.3% expansion in “Government Services”, that partly reflected the conduct of the 2010 Population and Housing Census. A modest rebound in the tourism stay-over market contributed to increases of 6.5% in “Hotels and Restaurants”, 2.7% in “Communications and Transportation” and 5.5% in “Wholesale/ Retail Trade”, although the latter was also buoyed by higher cross border trade in the CFZ. Meanwhile, “Agriculture, Hunting and Fishing” edged up by 0.5% as increases in sugarcane, papaya and non-traditional crops outweighed declines in citrus and banana.

In contrast, lower farmed shrimp and fish production accounted for a 12.4% fall in “Fishing”, while declines in petroleum and citrus juice output were largely responsible for a 3.7% reduction in “Manufacturing”. The scaling back of private investments was reflected in a marginal reduction in “Construction”.

Between May and August 2010, prices fell marginally by 0.4%, while annual point to point inflation (August 2009 to August 2010) rose by 0.5% largely in response to higher fuel acquisition costs.

Sugar

To close the production gap created by BELCOGEN’s teething problems, the 2009/10 sugarcane harvest was extended another two months to the end of August, allowing

Table 2.1: Real GDP Growth by Sector at Constant 2000 Prices

	Growth (%)	
	Jan-Sep 09	Jan-Sep 10
	Over Jan-Sep 08	Over Jan-Sep- 09
Agriculture, hunting & forestry	-5.8	0.5
Fishing	0.5	-12.4
Manufacturing (incl. mining & quarrying)	6.9	-3.7
Electricity & water	19.1	14.3
Construction	20.2	-0.7
Wholesale & Retail	-8.5	5.5
Hotels & Restaurants	-8.1	6.5
Transport & communication	-3.0	2.7
Other private services exc. FISIM	2.7	0.8
Producers of government services	4.4	9.3
All industries at basic prices	0.7	2.5
Taxes on products	-9.2	4.7
Change in GDP at constant prices	-0.7	2.8
GDP at basic prices (\$Bz mn)	1,799.5	1,849.3

Source: Statistical Institute of Belize



Table 2.2: Deliveries of Sugarcane and Production of Sugar and Molasses

	Dec-Sep 2008/09	Dec-Sep 2009/10
Deliveries of Sugarcane to BSI (long tons)	917,728	1,122,765
Sugar Processed by BSI (long tons)	92,409	88,177
Molasses processed by BSI (long tons)	27,707	54,215
Performance		
Factory Time Efficiency (%)	93.27	93.89
Cane Purity (%)	84.81	80.29
Cane/Sugar	9.93	12.73

Source: Belize Sugar Industries

sugarcane deliveries to amount to 1,122,765 long tons, 22.3% more than the 2008/09 crop. The factory hiccups increased the kill-to-mill time and the resulting sugar losses reduced the pol content of the delivered sugarcane from an average of 12.3% in 2008/09 to 10.8%. In addition, sugarcane mud levels increased with the harvest's extension into the rainy season. The net result was a 28.2% deterioration in the cane/sugar ratio and a 4.6% decline in sugar production to 88,177 long tons. Molasses production increased by 95.7% due to its inverse relationship with the sugar outturn. Notwithstanding exchange rate gains obtained on the futures market, the price paid to farmers declined by 31.2% to \$46.15 per long ton as a result of the final scheduled EU price cut in October 2009, the heightened cane/sugar ratio and higher freight costs.

Citrus

Citrus deliveries for the 2009/10 crop year declined by 21.1% to 5.2mn boxes due to a 30.2% fall in orange deliveries that was caused by the cyclical nature of the Valencia variety of

orange trees and reduced use of field inputs during the growing season by cash squeezed farmers. Grapefruit deliveries, on the other hand, increased 23.6% to 1.4mn boxes, as stronger prices announced earlier in the crop year encouraged farmers to harvest their crop.

Juice production consequently declined by 28.1% to 28.0mn pound solids (ps), with orange concentrate down by 35.4% to 22.0mn ps and grapefruit concentrate up by 12.8% to 5.0mn ps. NFC production more than doubled with the concerted push to sell more value added juice. Output of citrus oils and pulp production amounted to 1.7mn and 1.4mn pounds, respectively.

Table 2.3: Output of Citrus Products

	Nov-Sep 2008/2009	Nov-Sep 2009/2010
Deliveries (boxes)		
Orange	5,518,509	3,850,133
Grapefruit	<u>1,124,249</u>	<u>1,389,726</u>
Total	6,642,758	5,239,859
Concentrate Produced (ps)		
Orange	34,100,436	22,023,426
Grapefruit	<u>4,452,685</u>	<u>5,023,326</u>
Total	38,553,121	27,046,752
Not from Concentrate (ps)		
Orange	331,412	361,622
Grapefruit	<u>38,378</u>	<u>586,630</u>
Total	369,790	948,252
Pulp (pounds)		
Orange	2,404,350	1,405,740
Grapefruit	<u>607,592</u>	<u>0</u>
Total	3,011,942	1,405,740
Oil Produced (pounds)		
Orange	2,192,200	1,463,200
Grapefruit	<u>164,600</u>	<u>220,000</u>
Total	2,356,800	1,683,200

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



Smaller orange crops in Brazil and Florida underpinned a rally in export prices, so the price paid to farmers for orange surged by 46.4% to \$1.55 per ps, compared to the previous crop year. Similarly, lower beginning grapefruit juice stocks and declining productive acreage in Florida constricted international juice supplies and boosted export prices. Consequently, local farmers received \$1.22 per ps for grapefruit, 29.5% more than the previous crop year.

Banana

Banana production for the first nine months declined 5.1% to 3.2mn boxes when compared to the same period of 2009. The production rebound generated by meristem investments in the first quarter was undermined by unfavourable weather which hindered plant development and fruit maturation in the next two quarters and prompted farmers to increase the acreage under rehabilitation. Total productive acreage stood at 6,528 acres, having declined by 36 acres between June and September, while acres under plantilla (young, non-harvestable trees) rose from 211 acres to 517 acres. The area under rehabilitation

increased to 63 acres compared to 12 acres at the beginning of the year.

Petroleum

First quarter petroleum production surged by 21.3% with ten wells in operation compared to seven during the comparative period of 2009. Subsequently, downtime in two wells and the natural decline in output over the life of the field reduced oil output by 4.6% to 1,129,341 barrels for January through September. Over the period reviewed, the daily barrel extraction rate averaged 4,137 barrels, approximately 200 barrels below the rate for 2009.

The September 2009 estimate of the petroleum reserve stood at 15.1mn barrels, of which 5.8mn barrels (38.4%) were extracted up to September 2010. The drilling of an eleventh productive well at the Spanish lookout facility, 'Mike Usher 16', has been completed, and it is expected to slow the production decline as it comes online in 2011.

Tourism

Although global tourist arrivals rebounded to the 2008 pre-crisis levels with visitors increasing by 7% for January through August, the recovery in tourism expenditures has lagged behind the growth in visitors. Emerging market arrivals have grown at a faster rate than those of advanced economies. North and Central America experienced a 9.0% growth in

Chart 2.1: Banana Production Acreage

40 pound boxes

	Jan-Sep 2009	Jan-Sep 2010
1st Quarter	857,657	994,417
2nd Quarter	1,128,893	1,144,019
3rd Quarter	1,366,649	1,043,508
Total	3,353,199	3,181,944

Source: Banana Growers' Association



tourist arrivals, while growth in the Caribbean was slower at 5.1%. Notwithstanding high unemployment rates in the United States, US visitors to the Caribbean were up by 7.6% during January to August. Unemployment and civil unrest in the EU factored into the 4.2% decline in European arrivals to the region .

In Belize, stay-over tourists rose by 1.5% for January through September as arrivals through the international airport and land borders increased by 0.7% and 5.7%, respectively, while visitors through the seaports declined by 3.5%. Tourists from the US increased by 1.6%, while those from other regions grew by 4.1%. On the other hand, EU visitors declined by 3.6%, given its slower economic recovery. American and EU arrivals accounted for 65.2% and 12.1% of tourist visitors, respectively.

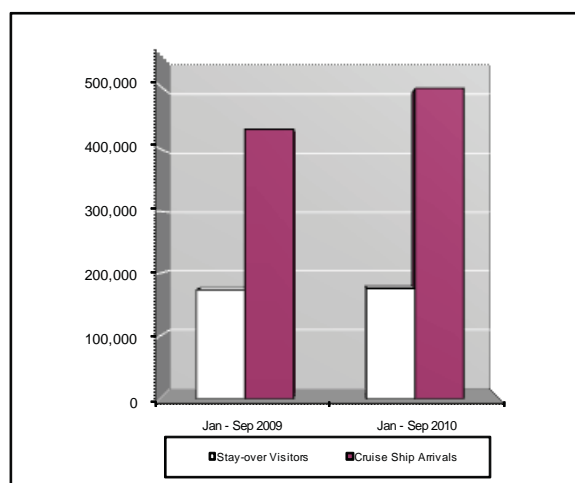
A 15.1% increase in **cruise ship** disembarkations to 496,047 visitors was attributed to the successful marketing of economy packaged deals and short haul trips by cruise lines. Eight

Table 2.4: Bona Fide Tourist Arrivals

	Jan-Sep 2009	Jan-Sep 2010
Stay-over Arrivals		
Air	133,535	134,524
Land	32,203	34,028
Sea	<u>7,610</u>	<u>7,345</u>
Total	173,348	175,897
Cruise Ship	430,943	496,047

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

Chart 2.2: Tourist Arrivals



Source: Belize Tourism Board

additional ships arrived in the country, carrying on average 10.6% more passengers when compared to the same period of 2009.

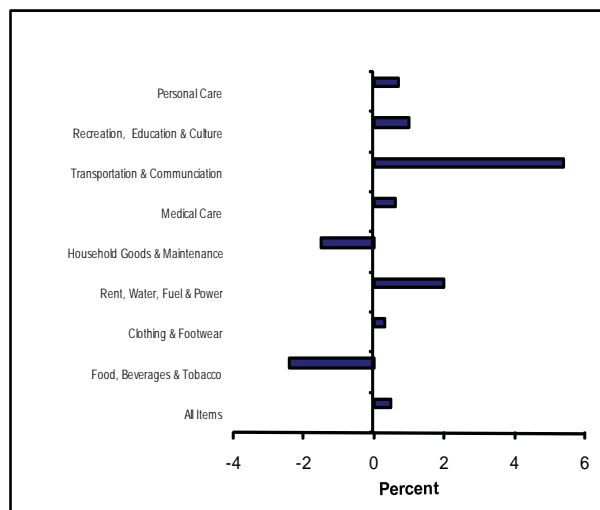
Consumer Price Index

The Consumer Price Index (CPI) declined by 0.4% between May and August and rose by 0.5% between August 2009 and August 2010. Upward price pressures came from the 25.0% increase in the GST in April, rising import prices as indicated by the 4.4% increase in the US export price index and higher fuel acquisition costs. Somewhat mitigating these effects were the tax relief initiatives and zero rating of many essential items in the CPI basket by the Government.

“Transportation and Communication” prices rose by 5.4% year on year due to the respective 12.8% and 9.5% increases in gasoline and diesel prices at the pump. Similarly, double



Chart 2.3: Annual Percentage Change in Consumer Price Index



Source: Statistical Institute of Belize

digit increases in butane prices underpinned the 2.0% price increase in “Rent, Water, Fuel & Power”, while higher import prices accounted for the increased costs for “Clothing and Footwear” and “Personal Care”.

In contrast, some price relief occurred in “Food, Beverage and Tobacco” and “Household, Goods & Maintenance” with respective declines of 2.4% and 1.5%, as the impact of the higher GST was neutralized by the government’s zero rating of basic food items and major household durables in April.



International Trade and Payments

During the first nine months, the Central Bank's gross international reserves increased by \$5.8mn to \$433.1mn, the equivalent of 4.4 months of merchandise imports. Although profit repatriation and interest expenses were 55.0% (\$102.4mn) higher, the external current account position improved for the second consecutive year with the deficit narrowing from \$166.4mn to \$30.0mn due to a 43.8% reduction in the trade gap and a 20.0% increase in net inflows from services and current transfers. Net inflows on the capital and financial account shrank from \$229.6mn to \$18.2mn reflecting a 24.5% decline in foreign direct investments, a halving in loan disbursements to the public sector, the repayment of short term loans by commercial

Chart 3.1: Current Account vs. Trade Deficit

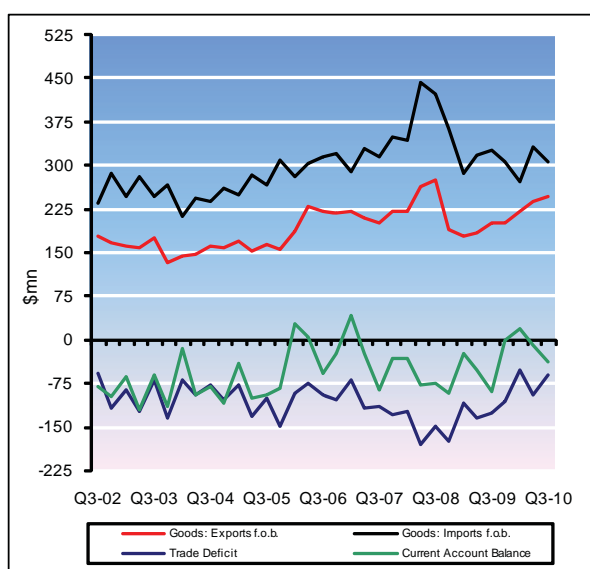


Table 3.1: Balance of Payments Summary

BZ\$mnn

	2009 ^R Jan-Sep	2010 ^P Jan-Sep
A. CURRENT ACCOUNT		
(I+II+III+IV)	-166.4	-30.0
I. Goods (Trade Balance)	-369.4	-207.6
Exports, f.o.b.	564.3	703.1
Domestic Exports	377.6	440.8
CFZ Gross Sales	174.6	221.2
Re-exports	12.2	41.0
Imports, f.o.b.	933.8	910.7
Domestic Imports	822.3	778.4
CFZ Imports	111.5	132.2
II. Services	277.2	337.3
Transportation	-55.3	-49.6
Travel	330.6	350.7
Other Services	1.9	36.2
III. Income	-189.2	-293.4
Compensation of Employees	-6.0	-7.7
Investment Income	-183.2	-285.6
IV. Current Transfers	115.0	133.6
Government	-1.2	-4.2
Private	116.2	137.8
B. CAPITAL & FINANCIAL ACCOUNT		
(I+II)	229.6	18.2
I. Capital Account	26.7	10.2
II. Financial Account (1+2+3+4)	202.9	8.0
1. Direct Investment in Belize	178.1	134.5
2. Portfolio Investment	-16.5	-12.7
Monetary Authorities	-8.1	-4.3
General Government	-7.6	-8.3
Banks	0.0	0.0
Other Sectors	-0.8	-0.1
3. Financial Derivatives	0.0	0.0
4. Other Investments	41.2	-113.9
Monetary Authorities	68.6	0.8
General Government	42.0	-1.6
Banks	-10.7	-61.2
Other Sectors	-58.6	-51.8
C. NET ERRORS & OMISSIONS	28.5	17.8
D. OVERALL BALANCE	91.6	5.8
E. RESERVE ASSETS⁽¹⁾	-91.6	-5.8

P- indicates Provisional, R- indicates Revised

⁽¹⁾ Minus = increase



banks as well as an 8.0 % increase in their holdings with foreign financial institutions.

The narrowing of the trade deficit during the period reflected a 24.6% increase in exports while imports fell by 2.5% to \$910.7mn. The latter was attributable to a \$43.9mn fall in imports into the customs' territory as lower expenditures on "Machinery, Transport & Equipment", "Food & Live Animals" and "Chemical Products" outweighed higher outlays on "Manufactured Goods" and "Minerals, Fuels, & Lubricants". On the other hand, imports into the CFZ increased by 20.8% to \$132.2mn due to heightened cross border trade with Mexico.

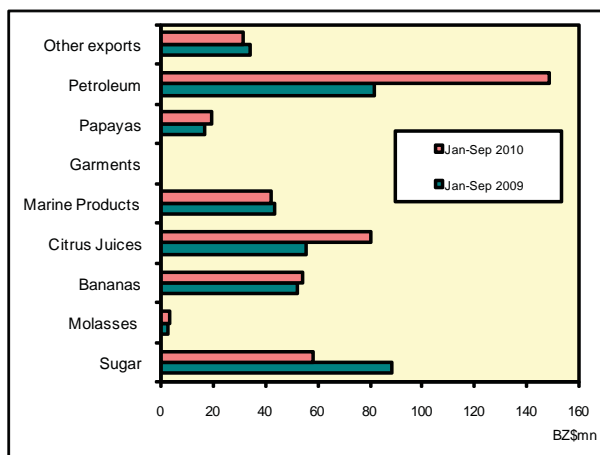
Exports increased by \$138.7mn to \$703.1mn with domestic exports, CFZ sales and re-exports up by \$63.2mn, \$46.7mn and \$28.8mn, respectively. The recovery in crude oil prices boosted petroleum earnings and accounted for much of the revitalization in domestic exports as increased earnings from citrus, banana,

papaya and molasses could not compensate for lower receipts from sugar, marine products and other miscellaneous exports .

Constrained by the fall in sugar production, sugar export volume was down by 6.9%. Receipts fell even more severely by 33.8% to \$58.9mn as the final scheduled European Union (EU) price cut (from €448.80 to €335.14 per metric ton) took effect in October 2009. All sales were directed to the EU, with the exception of 60 long tons that went to Canada.

Exports of citrus juices rose by 13.2% to 32.3mn ps, while revenues grew by 44.3% to \$80.9mn, bolstered by price rallies in key markets. Sales of orange concentrate grew by 13.2% to 27.5mn ps, while revenues increased by 46.7%. Although sale volume contracted by 13.4%, export earnings from the U.S market rose by 32.3% to \$34.6mn as prices strengthened in response to adverse weather and lower harvestable acreage in Florida that tightened US supplies. Sales to Europe jumped more than eight-fold owing to better prices. Exports to the Caribbean rose by 0.4%, while price improvements pushed up revenues by 5.7%. Bucking the positive price trends, a 16.7% rise in the volume of the orange freeze concentrate sold to Japan increased earnings by only 3.2% due to weaker prices. Spurred by stronger prices, sales of grapefruit concentrates increased 14.4% in volume to 4.8mn ps and 34.5% in value to \$12.7mn. Europe and Japan jointly accounted for 83.5% of total sales, while

Chart 3.2: Domestic Exports



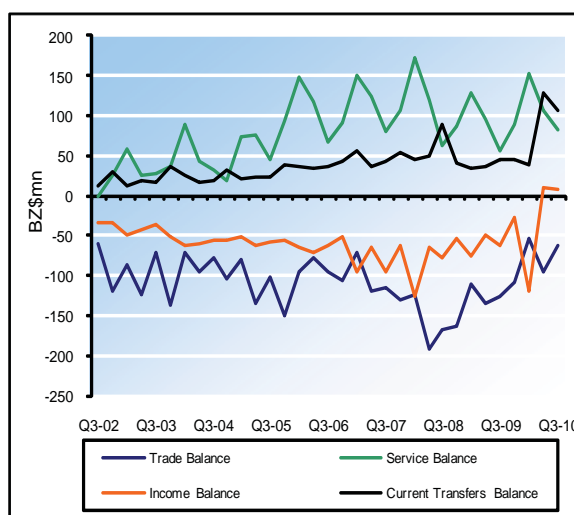


the remaining 9.2% and 7.3% went to the Caribbean and the United States, respectively.

A general decline in marine commodities (conch excepted) pushed export volume down by 19.0%, while the fall in receipts was a lesser 4.1% due to some price gains. The tightened financial straits of shrimp farmers led to a 20.5% fall in production and export earnings correspondingly decreased by 10.7%. With its reproductive cycle in a downturn, the export volume of lobster declined, although earnings contrarily increased due to a 10.5% improvement in the price per pound. With the largest fish farm in receivership, the volume of other fish sales plunged and revenues followed suit. On the other hand, conch receipts grew with an increase in volume and a modest price improvement.

In line with the smaller harvest, banana export volume fell by 5.1%, while receipts, buoyed by a price premium given for market exclusivity, rose by 5.1% to \$54.9mn. Similarly, the volume of petroleum exports increased by 19.8% to 1,129,341 barrels, while earnings soared by 86.0% to \$152.4mn as the average price surged from 2009's US\$43.50 to US\$67.46 per barrel due to higher than expected global demand, lower OECD inventories and a weaker dollar. Additional investments into papaya paid off with increases of 23.7% in volume and 17.3% in revenues. Meanwhile, earnings from other miscellaneous exports fell by 18.7% to \$27.8mn due to lower sales of pepper sauce, fresh orange and grapefruit oil.

Chart 3.3: Trade, Service, Income and Current Transfers Balances

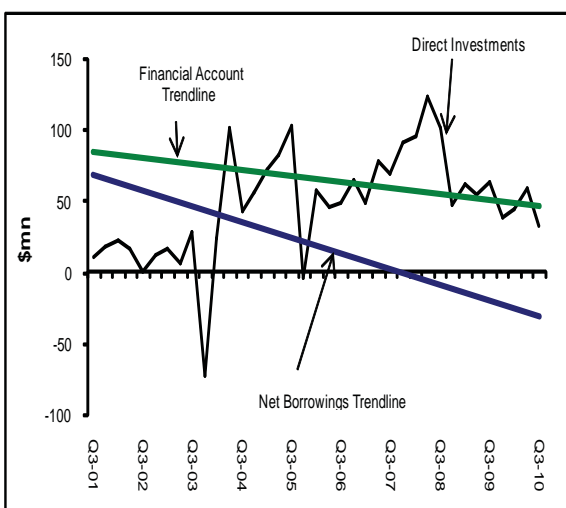


Higher inflows from tourism and other services, coupled with lower outflows for transportation, underpinned a 21.7% growth in the surplus on the service account, which stood at \$337.3mn. Tourism travel receipts rose by 6.1% to \$350.7mn while a \$36.2mn rise in net inflows from other services came mostly from telecommunications. Reduced net outlays on transportation reflected lower freight expenses and higher earnings by cruise ship port agents.

Compared to the first three quarters of 2009, there was a 55.0% rise in net outflows on the income account that largely reflected more profit repatriation (petroleum and tourism) and a sharp rise in interest payments for the “super bond”. Meanwhile, net inflows from current transfers rose by 16.2% to \$133.6mn mostly due to the sugar industry’s “Fair-Trade” receipts of \$21.1mn.



Chart 3.4: Main Components of the Financial Account



The capital and financial account netted a surplus of \$18.2mn, much lower than the \$229.6mn realized during the first nine months of 2009. Capital inflows were scaled down considerably with the culmination of the UK's debt relief program in 2009, and the non-recurrence of the grants received in the previous year for flood relief efforts.

The financial account surplus was \$8.0mn, compared to the \$202.9mn recorded in the same period of the previous year. This contraction reflected a 24.5% decline in foreign direct investments and net loan repayments by the public sector and commercial banks, as private sector net loan repayments remained virtually unchanged. Commercial banks were also able to build up their foreign exchange holdings abroad during the period.



Government Operations & Public Debt

Central Government Operations

The modestly strengthening economy and tax hikes in April underpinned a 9.2% increase in tax revenues while expenditures rose by 5.3% with current and capital spending expanding by 3.6% and 16.2%, respectively. As a result, current and primary surpluses of \$29.2mn and \$41.4mn, respectively, were recorded and the overall deficit contracted from \$62.4mn to \$45.6mn. A portion of the deficit was financed externally but the bulk (roughly 75%) was from domestic sources, with the latter taking the form of government securities that also helped to decrease the overdraft and bring it under the new ceiling of 8.5% of the previous fiscal year's recurrent revenue.

The revenue boost was concentrated mainly in

three items: income tax, royalty payments and working interest from the domestic oil industry which increased by \$38.6mn and accounted for 6.8% of revenues, excluding grants; receipts from the General Sales Tax (GST), which rose by 21.2% in response to the 25.0% increase in the GST rate in April and the modest pick up in economic activity; and import duties that were 4.5% higher as the April 2009 increase in the fuel tax and the rise in fuel imports boosted inflows. Other notable revenues, including dividend payments from Belize Telemedia Limited (BTL) and transfers from the Public Utility Commission (PUC), the International Financial Services Commission (IFSC) and the Central Bank of Belize, helped to offset an \$18.8mn reduction in grant receipts. The latter amounted to \$7.8mn, of which \$5.0mn was for the development of the National Coast Guard.

Current outlays rose by \$18.0mn year-on-year with increases in all categories, except pensions that declined by 0.7%. Wages and salaries accounted for 56.1% of the expansion, while expenditure on goods and services rose by \$2.0mn with higher outlays on operating costs, public utilities, training, rent and leases. Transfer payments to Karl Heusner Memorial Hospital, Belize Agricultural Health Authority (BAHA), Belize City Council and other organizations also increased, while interest payments were 2.8% higher as the second bi-annual interest payment on the 'super bond' became due, and the interest rate on the bond stepped up from 4.25% to 6.0 %.

Chart 4.1: GOB Fiscal Operations

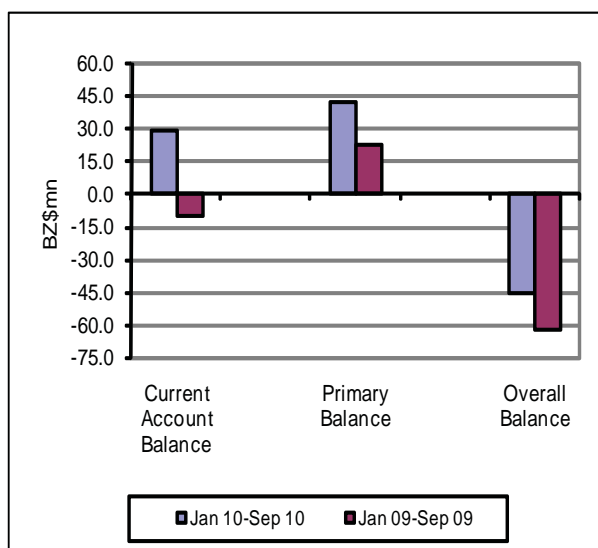




Table 4.1: Central Government's Revenue & Expenditure

BZ\$mn

	Jan-10 Sep-10	Jan-09 Sep-09	Apr-10 Sep-10	Apr-09 Sep-09
Total Revenue & Grants	574.3	526.1	374.1	362.3
<i>of which: Current Revenue</i>	553.4	495.9	367.5	338.6
<i>of which: Grants</i>	7.8	26.6	2.5	20.6
Total Expenditure	619.9	588.6	391.8	363.0
Current Expenditure	524.1	506.1	334.9	324.2
Capital Expenditure	95.8	82.4	56.9	38.8
Current Balance	29.2	-10.3	32.5	14.4
Primary Balance	41.4	22.2	33.0	46.4
Overall Balance	-45.6	-62.4	-17.7	-0.7

Source: Ministry of Finance

Of the \$95.8mn that was recorded in capital outlays, 29.6% went on infrastructural projects such as maintenance of bridges, roads, culverts and causeways, completion of the Southern Highway, Belize City southside infrastructure, the upgrading of the Placencia Road and rehabilitation of the Northern Highway. Social projects, such as the Housing and Population Census, Basic Needs Trust Fund, Social

Investment Fund and the Commonwealth Debt Initiative absorbed 15.1% and National Security was allotted 7.8% that included a US Government grant to construct a headquarters, build a base on Calabash Caye and purchase state-of-the-art equipment for the National Coast Guard. Housing projects accounted for 13.4% and 9.1% was used for land acquisition/management programs and the solid waste

Table 4.2: Summary of Central Government's Revenue

BZ\$mn

	Jan-10 Sep-10	Jan-09 Sep-09	Apr-10 Sep-10	Apr-09 Sep-09
Current revenue	553.4	495.9	367.5	338.6
Tax revenue	474.2	434.6	319.0	303.6
Income and profits	171.4	153.9	111.8	105.0
Taxes on property	3.6	4.6	2.2	3.2
Taxes on goods & services	179.4	159.8	125.0	111.9
Int'l trade and transactions	119.7	116.2	80.0	83.5
Non-Tax Revenue	79.2	61.3	48.5	35.0
Property income	18.0	10.6	6.9	0.6
Licenses	10.0	12.8	6.6	8.3
Other	51.2	37.9	34.9	26.1
Capital revenue	13.2	3.7	4.2	3.0
Grants	7.8	26.6	2.5	20.6

Source: Ministry of Finance



Table 4.3: Summary of Central Government's Expenditure

BZ\$mn

	Jan-10 Sep-10	Jan-09 Sep-09	Apr-10 Sep-10	Apr-09 Sep-09
Current Expenditure	524.1	506.1	334.9	324.2
Wages & Salaries	206.7	196.6	136.9	132.3
Pensions	33.9	34.2	21.4	23.1
Goods & Services	125.5	123.5	78.2	74.8
Interest Payments	87.0	84.6	50.7	47.1
of which: External	73.1	66.0	43.2	35.0
Subsidies & current transfers	71.0	67.2	47.9	47.0
Capital Expenditure	95.8	82.4	56.9	38.8
Capital II	55.9	54.8	38.5	23.0
Capital III	25.8	24.8	15.2	13.8
Net lending	4.0	2.8	3.2	2.0
Unclassified Expenditure	10.0	0.0	0.0	0.0

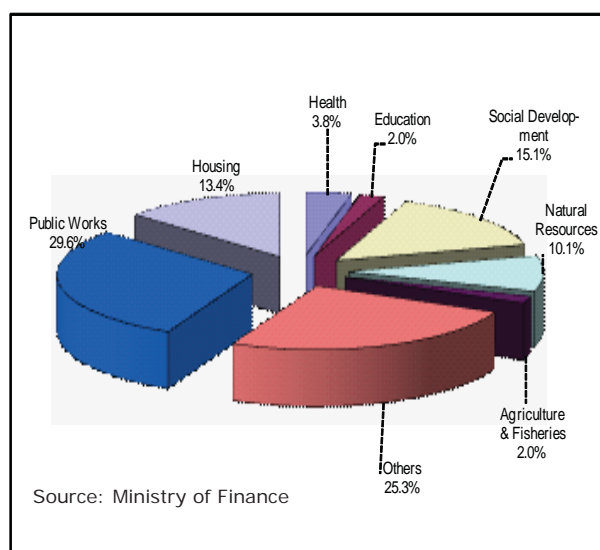
Source: Ministry of Finance

management project. Other allocations were for youth, sports and culture (4.2%), health (3.8%), education (2.0%) and contributions to international agencies .

At the halfway point of the 2010/2011 fiscal year, revenues were up by 3.3% year on year due to higher receipts from the domestic oil

industry and GST. Other notable inflows during this period included BTL dividend payments of \$3.6mn and revenues from government departments. Expenditure likewise increased by 7.9% and amounted to 44.7% of planned outlays with the current and capital spending equivalent to 46.4% and 36.6% respectively, of the budget. Consequently, Central Government operations yielded current and primary surpluses of \$32.5mn and \$33.0mn, respectively, and an overall deficit of \$17.7mn, the latter being financed from external and domestic sources.

**Chart 4.2: Development Expenditure
January to September 2010**



Central Government's Domestic Debt

At the end of September, Central Government's domestic debt stood at \$335.4mn, up by 5.8% since December 2009 due to the issuance of an additional \$115.0mn in new government securities. This allowed the Government to



reduce its overdraft balance with the Central Bank by 77.3% to \$28.4mn (4.1% of the previous fiscal year's recurrent revenue). Amortization payments amounted to \$20.5mn, of which Treasury bills valued at \$19.0mn were redeemed and \$1.5mn was paid to the BSSB, the Debt for Nature Swap and Fort Street Tourism Village.

Of the \$13.8mn in interest payments, \$7.6mn was paid to the Central Bank in respect of the overdraft balance and its holdings of government securities. Commercial banks received \$3.1mn on Treasury bills and notes, and the balance went to non-bank entities with payments of \$2.6mn on government securities and \$0.6mn on outstanding loans.

The commercial banks held \$165.0mn (49.2%) of the government's domestic debt at the end of the review period, as they increased their holdings of Treasury bills to meet the new securities' requirements instituted on May 1 and also to invest surplus liquidity. The Central Bank held 37.5%, of which the short and long-term portions were \$55.8mn and \$70.1mn, respectively. The remainder was held by non-bank entities, mostly in the form of government securities.

Public Sector External Debt

Notwithstanding a small increase in Central Government's borrowing, the public sector's external debt fell by \$6.7mn to \$2,024.1mn, as amortization payments and

Table 4.4: Central Government's Domestic Debt

BZ\$mn

	Dec 2009	Sep 2010	Changes in Stock
Overdraft	124.8	28.4	-96.4
Loans	11.4	10.2	-1.2
Treasury Bills	100.0	175.0	75.0
Treasury Notes	70.8	111.8	41.0
Defence Bonds	10.0	10.0	0.0
Total	317.0	335.4	18.4

downward valuation adjustments outweighed disbursements. New borrowings of \$49.5mn came from bilateral and multilateral sources, of which \$20.0mn was from ROC/Taiwan for budget support and \$18.8mn from the Caribbean Development Bank (CDB) for the Health Reform Program, the Social Investment Fund, Technical & Vocational Training, the Placencia Road upgrading project, the Development Finance Corporation (DFC) seed fund, and infrastructure rehabilitation.

Central Government amortized \$43.0mn, of which \$21.8mn was paid to bilateral lenders and included \$17.4mn to ROC/Taiwan. Of the \$20.2mn that went to multilateral creditors, \$6.4mn was paid to CDB, \$6.3mn to the Inter-American Development Bank (IDB) and \$5.9mn to IBRD, while Heritage International Bank & Trust surrendered \$1.0mn worth of Treasury notes. The DFC repaid \$8.3mn to the Belize Mortgage Company for the North American Securitization and \$1.2mn to CDB. The non-financial public sector amortized \$2.2mn, of which \$1.7mn went to CDB.



Table 4.5: Public Sector's External Debt

BZ\$m

	DOD at: 31/12/09	DOD at: 30/09/10	Change in Debt Stock
Central Government	1,882.1	1,887.8	5.7
Bilateral	349.1	347.5	-1.6
Multilateral	438.4	446.8	8.3
Bonds	1,093.5	1,093.5	0.0
Commercial Banks	1.0	0.0	-1.0
Export Credit	0.0	0.0	0.0
Rest of NFPS	32.4	30.2	-2.2
Bilateral	5.2	4.9	-0.3
Multilateral	26.7	25.0	-1.7
Commercial Banks	0.5	0.3	-0.2
Export Credit	0.0	0.0	0.0
Financial Public Sector	116.3	106.1	-10.2
Bilateral	0.9	0.8	-0.1
Multilateral	85.4	83.6	-1.8
Bonds	30.0	21.7	-8.3
Export Credit	0.0	0.0	0.0
Grand Total	2,030.8	2,024.1	-6.7

to the loans denominated in these currencies. On the other hand, those loans denominated in Kuwait dinar had an upward valuation adjustment of \$0.1mn.

Some 97.8% of the public sector external debt portfolio was long-term credit, 2.0% was medium-term, and only 0.2% was short-term. Central Government held 93.3% of the external debt, of which 57.9% was in bonds, 23.7% was held by multilateral entities and 18.4% was held by bilateral lenders.

Central Government accounted for the bulk (96.0%) of the \$76.5mn expended in interest and other payments as the second interest payment on the 'super bond' became due in August, and the interest rate on the bond stepped up from 4.25% to 6.0%. Multilateral and bilateral entities received \$9.0mn and \$7.8mn, respectively. The financial public sector paid \$2.3mn that included \$1.8mn to the Belize Mortgage Company, while the non-financial public sector paid \$0.8mn to multilateral creditors.

In other developments, the value of the outstanding debt stock fell by \$1.4mn as the US dollar appreciated against the SDR and Euro, causing downward valuation of \$1.5mn



ANNEX I



Table 5.1: Money Supply

BZ\$mn

	Position as at Sep 2010	Changes during	
		Dec 2009 to Sep 2010	Dec 2008 to Sep 2009
Money Supply (M2)	2,091.5	-1.7	76.4
Money Supply (M1)	699.6	-13.7	-7.6
Currency with the Public	146.0	-8.5	-10.9
Demand Deposits	361.2	-15.5	3.2
Savings/Cheque Deposits	192.4	10.3	0.1
Quasi-Money	1,391.9	12.0	84.0
Savings Deposits	197.1	15.6	14.2
Time Deposits	1,194.8	-3.6	69.8



Table 5.2: Net Domestic Credit

BZ\$mn

	Position as at Sep 2010	Changes during	
		Dec 2009 to Sep 2010	Dec 2008 to Sep 2009
Total Credit to Central Government	290.9	12.5	-25.5
From Central Bank	125.9	-44.1	-49.0
Loans and Advances	28.4	-96.4	2.6
Gov't Securities ¹	97.5	52.3	-51.6
From Commercial Banks	165.0	56.6	23.5
Loans and Advances	0.0	0.0	-5.2
Gov't Securities	165.0	56.6	28.7
(of which) Treasury Bills	146.0	47.6	8.8
Treasury Notes	19.0	9.0	20.0
Other	0.0	0.0	-0.1
Less Central Government Deposits	70.2	-15.7	-20.1
With Central Bank	54.5	-14.6	-29.4
With Commercial Banks	15.7	-1.1	9.3
Net Credit to Central Government	220.7	28.2	-5.4
Credit to Other Public Sector	9.9	-0.3	-2.9
From Central Bank	0.0	0.0	0.0
From Commercial Banks	9.9	-0.3	-2.9
(of which) Local Government	7.8	1.6	-0.8
Public Financial Institutions	0.0	0.0	-1.3
Public Utilities	0.0	0.0	0.0
Other Statutory Bodies	2.1	-1.9	-0.8
Securities	0.0	0.0	0.0
Plus Credit to the Private Sector	1,736.7	-62.9	62.4
Loans and Advances	1,735.4	-62.9	65.0
Securities	1.3	0.0	-2.6
Net Domestic Credit of the Banking System²	1,967.3	-35.0	54.1

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

⁽²⁾ Difference due to rounding



Table 5.3: Sectoral Composition of Commercial Banks' Loans and Advances

BZ\$mn

	Position as at Sep 2010	Changes during	
		Dec 2009 to Sep 2010	Dec 2008 to Sep 2009
PRIMARY SECTOR	194.6	1.4	2.1
Agriculture	131.5	-2.6	-0.5
Sugar	13.6	-4.2	-0.6
Citrus	17.6	0.7	-0.9
Bananas	77.9	0.9	-2.3
Other	22.4	-0.0	3.3
Marine Products	38.1	4.4	4.1
Forestry	1.6	-0.8	0.1
Mining & Exploration	23.4	0.4	-1.6
SECONDARY SECTOR	512.2	-38.1	72.0
Manufacturing	49.9	0.3	9.8
Building & Construction	437.4	-40.0	53.9
Utilities	24.9	1.6	8.3
TERTIARY SECTOR	662.6	-24.9	-13.4
Transport	57.1	-18.8	4.0
Tourism	134.1	4.3	-7.3
Distribution	221.7	-0.9	-2.0
Other ⁽¹⁾	249.7	-9.5	-8.1
Personal Loans	372.7	-1.7	-4.7
TOTAL	1,742.1	-63.3	56.0

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



Table 5.4: Commercial Bank's Liquidity Position and Cash Reserves

BZ\$mn

	Position as at Sep 2010	Changes during	
		Dec 2009 to Sep 2010	Dec 2008 to Sep 2009
Holdings of Approved Liquid Assets	600.3	49.1	28.8
Notes and Coins	51.0	0.4	0.0
Balances with Central Bank	223.1	-7.1	27.1
Money at Call and Foreign Balances (due 90 days)	156.9	22.3	-8.2
Treasury Bills maturing in not more than 90 days	145.7	47.7	14.9
Other Approved assets	23.6	-14.2	-5.0
of which: Treasury Notes	8.4	-12.8	0.0
Required Liquid Assets	450.5	4.2	35.6
Excess/(Deficiency) Liquid Assets	149.8	44.9	-6.8
Daily Average holdings of Cash Reserves	225.0	-9.0	30.7
Required Cash Reserves	166.5	-27.6	15.5
Excess/(Deficiency) Cash Reserves	58.5	18.6	15.2
Actual Securities Balances	146.5	146.5	0.0
Required Securities Balances	128.3	128.3	0.0
Excess/(Deficiency) Securities	18.2	18.2	0.0

Table 5.5: Commercial Bank's Weighted Average Interest Rates

Percentages

	Position as at Sep 2010	Changes during	
		Dec 2009 to Sep 2010	Dec 2008 to Sep 2009
Weighted Lending Rates			
Personal Loans	15.96	0.68	-0.13
Commercial Loans	13.37	-0.15	-0.03
Residential Construction	12.58	-0.68	0.03
Other	12.72	1.43	0.09
Weighted Average	13.88	-0.10	-0.01
Weighted Deposit Rates			
Demand	0.61	-0.11	-0.38
Savings/ Cheque	4.98	-0.02	-0.13
Savings	5.26	0.02	-0.02
Time	7.67	-0.50	-0.22
Weighted Average	5.83	-0.29	-0.17
Weighted Average Spread	8.05	0.19	0.16



Table 5.6: GDP by Activity at Constant 2000 Prices

\$BZmn

	2009			2010		
	Quarter 1	Quarter 2	Quarter 3	Quarter 1	Quarter 2	Quarter 3
Agriculture, hunting & forestry	65.5	64.5	48.2	66.7	65.6	46.8
Fishing	14.8	13.8	12.6	11.1	15.0	10.0
Manufacturing (incl. mining & quarrying)	74.0	89.1	59.6	82.9	75.9	55.6
Electricity & water	15.9	24.9	41.9	16.6	24.0	47.8
Construction	27.3	28.2	26.4	28.9	28.8	23.7
Wholesale & Retail	77.0	84.8	80.5	78.6	91.8	85.3
Hotels & Restaurants	27.3	21.3	15.9	29.8	22.2	16.7
Transport & communication	68.0	65.6	60.5	68.4	67.7	63.2
Other private services exc. FISIM	99.6	100.1	100.8	100.7	101.4	100.9
Producers of government services	56.7	51.4	46.3	60.3	59.7	48.8
All industries at basic prices	526.0	543.8	492.6	543.9	552.2	498.7
Taxes on products	75.4	82.8	78.8	76.4	89.2	82.6
GDP at Constant Prices	601.5	626.6	571.4	620.3	641.4	581.3

Source: Statistical Institute of Belize

Table 5.7: GDP by Activity at Constant 2000 Prices

	Quarter-on-quarter growth (%)								
	Q1-08	Q2-08	Q3-08	Q1-09	Q2-09	Q3-09	Q1-10	Q2-10	Q3-10
	Over Q1-07	Over Q2-07	Over Q3-07	Over Q1-08	Over Q2-08	Over Q3-08	Over Q1-09	Over Q2-09	Over Q3-09
Agriculture, hunting & forestry	-2.5	-1.4	10.5	-11.3	-11.6	12.2	1.9	2.8	-2.9
Fishing	-18.7	177.5	-12.6	4.2	9.8	-11.4	-25.0	9.2	-21.1
Manufacturing (incl. mining & quarrying)	-10.2	7.4	15.7	4.1	13.6	1.7	12.0	-14.8	-6.7
Electricity & water	-27.3	-5.2	41.0	2.7	28.1	21.5	4.1	-3.8	14.1
Construction	32.5	44.4	39.7	28.8	21.2	11.7	5.8	2.2	-10.2
Wholesale & Retail	4.3	9.5	4.9	-8.6	-8.8	-7.9	2.0	8.2	5.9
Hotels & Restaurants	-5.6	-7.4	5.2	-11.1	-6.3	-5.4	9.3	4.2	5.4
Transport & communication	5.0	2.2	0.7	-2.9	-4.7	-1.4	0.5	3.3	4.5
Other private services exc. FISIM	3.9	4.5	4.0	2.9	2.5	2.5	1.0	1.2	0.1
Producers of government services	6.0	3.2	-0.2	6.7	-2.1	9.7	6.4	16.1	5.6
All industries at basic prices	-0.4	6.3	8.0	-0.9	0.5	2.6	3.4	1.5	1.3
Taxes on products	3.2	5.0	-0.1	-10.1	-9.4	-8.1	1.3	7.7	4.9
Change in GDP at Constant Prices	0.1	6.1	6.7	-2.5	-1.3	0.6	3.1	2.4	1.8

Source: Statistical Institute of Belize



Table 5.8: Percent Variation in Consumer Price Index (CPI) Commodity Group

Major Commodity Group	Weight	Quarterly Change					Annual Change
		Aug-09	Nov-09	Feb-10	May-10	Aug-10	
Food, Beverage & Tobacco	346.6	-0.7	-0.6	-0.1	-1.2	-0.5	-2.4
Clothing & Footwear	92	0.4	-0.5	0.4	-0.1	0.6	0.3
Rent, Water, Fuel, & Power	167.6	2	1.4	1.4	-0.2	-0.6	2.0
Household goods & maintenance	85.3	0.3	0	0	-0.8	-0.8	-1.5
Medical care	20.1	0.1	0.9	-0.7	0.2	0.1	0.6
Transport & Communication	170.1	3.5	2.6	-0.3	4	-0.8	5.4
Recreation, Education & Culture	80.4	0.1	0.2	0.1	0.1	0.5	1.0
Personal care	37.9	0.1	0.2	-0.3	1.2	-0.4	0.7
ALL ITEMS	1,000.0	0.8	0.5	0.2	0.2	-0.4	0.5

Source: Statistical Institute of Belize

Table 5.9: Gross Imports (CIF) by SITC

BZ\$'000

SITC Section	Jan-Sep 2009	Jan-Sep 2010
0. Food and Live Animals	122,059	112,262
1. Beverages and Tobacco	16,579	14,271
2. Crude Materials	9,559	9,855
3. Minerals, Fuels and Lubricants	189,453	203,958
<i>of which electricity</i>	31,223	32,574
4. Oils and Fats	4,207	5,014
5. Chemical Products	94,363	88,745
6. Manufactured Goods	136,928	135,618
7. Machinery and Transport Equipment	208,328	171,487
8. Other Manufactures	72,338	66,890
9. Commodities N.E.S	480	2
10. Export Processing Zones	57,532	52,091
11. Commercial Free Zone	122,487	145,297
12. Personal Goods	1,856	2,291
Total	1,036,175	1,007,785

Sources: Statistical Institute of Belize and Central Bank of Belize



Table 5.10: Balance of Payments

BZ\$mn

	2009 ^R	2010 ^P
	Jan-Sep	Jan-Sep
CURRENT ACCOUNT	-166.4	-30.0
Goods: Exports f.o.b.	564.3	703.1
Goods: Imports f.o.b.	-933.8	-910.8
Trade Balance	-369.4	-207.7
Services: Credit	524.0	586.9
Transportation	27.2	31.3
Travel	392.1	407.0
Other Goods & Services	65.1	104.9
Gov't Goods & Services	39.7	43.7
Services: Debit	-246.8	-249.6
Transportation	-82.5	-80.8
Travel	-61.4	-56.3
Other Goods & Services	-90.4	-99.5
Gov't Goods & Services	-12.5	-13.0
Balance on Goods & Services	-92.2	129.7
Income: Credit	6.6	6.8
Compensation of Employees	3.5	3.5
Investment Income	3.1	3.3
Income: Debit	-195.9	-300.2
Compensation of Employees	-9.6	-11.3
Investment Income	-186.3	-288.9
Balance on Goods, Services & Income	-281.4	-163.7
Current Transfers: Credit	148.9	167.2
Current Transfers: Debit	-33.9	-33.6
CAPITAL ACCOUNT	26.7	10.2
Capital Account: Credit	27.2	12.3
Capital Account: Debit	-0.5	-2.1
FINANCIAL ACCOUNT	202.9	8.0
Direct Investment Abroad	-0.5	-2.0
Direct Investment in Reporting Economy	178.7	136.5
Portfolio Investment Assets	-8.9	-4.4
Portfolio Investment Liabilities	-7.6	-8.3
Financial Derivatives	0.0	0.0
Other Investment Assets	42.3	-20.2
Other Investment Liabilities	-1.1	-93.6
NET ERRORS & OMISSIONS	28.5	17.8
OVERALL BALANCE	91.6	5.8
RESERVE ASSETS⁽¹⁾	-91.6	-5.8

Source: Central Bank of Belize

(1) Minus = Increase

P: Indicates Provisional

R: Indicated Revised



Table 5.11: Private Sector External Debt by Economic Sector ^(1,2)

BZ\$'000

		Transactions (January - September 2010)			
	DOD at		Principal	Interest	DOD as at
Economic Sectors	31/12/09	Disbursements	Payments	Payments	30/09/10
Agriculture	66,495	740	5,445	1,533	61,790
Arts, entertainment and recreation	2,460	187	935	0	1,712
Construction	60,307	0	194	5,287	60,113
Education	264	0	17	14	247
Electricity and Gas	120,027	0	8,228	1,701	111,798
Financial and insurance activities	148	0	37	2	111
Fishing	133,711	0	5,033	4,084	128,678
Information and communication	45,502	0	0	0	45,502
Real estate activities	1,768	0	231	122	1,537
Tourism activities	43,658	0	2,253	1,590	41,405
Transportation	62,457	0	6,784	1,874	55,673
Wholesale and retail trade	1,908	0	163	75	1,745
Total	538,705	927	29,321	16,281	510,310

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

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



Table 5.12: Central Government's Revenue and Expenditure

BZ\$ '000

	Approved Budget 2010/2011	Jan-10 to Sep-10	Jan-09 to Sep-09	Apr-10 to Sep-10	Apr-09 to Sep-09	Actual YTD as % of Budget
TOTAL REVENUE & GRANTS (1+2+3)	811,589	574,349	526,126	374,114	362,272	46.1%
1). Current revenue	784,268	553,373	495,873	367,462	338,596	46.9%
Tax revenue	703,493	474,186	434,561	318,981	303,599	45.3%
Income and profits	247,549	171,372	153,905	111,790	104,953	45.2%
Taxes on property	7,003	3,639	4,575	2,177	3,227	31.1%
Taxes on goods and services	273,105	179,438	159,840	125,007	111,890	45.8%
Int'l trade and transactions	175,836	119,738	116,241	80,008	83,529	45.5%
Non-Tax Revenue	80,775	79,187	61,312	48,481	34,996	60.0%
Property income	6,930	17,958	10,603	6,937	596	100.1%
Licenses	11,780	10,015	12,773	6,638	8,293	56.4%
Other	62,064	51,214	37,937	34,906	26,107	56.2%
2). Capital revenue	4,800	13,168	3,691	4,151	3,036	86.5%
3). Grants	22,521	7,808	26,562	2,501	20,640	11.1%
TOTAL EXPENDITURE (1+2)	877,102	619,923	588,561	391,805	363,003	44.7%
1). Current Expenditure	721,602	524,148	506,145	334,942	324,202	46.4%
Wages and Salaries	291,240	206,748	196,623	136,888	132,265	47.0%
Pensions	50,416	33,944	34,200	21,369	23,052	42.4%
Goods and Services	165,610	125,497	123,474	78,167	74,793	47.2%
Interest Payments on Public Debt	118,225	86,951	84,614	50,660	47,086	42.9%
Subsidies & current transfers	95,111	71,009	67,235	47,858	47,006	49.8%
2). Capital Expenditure	155,499	95,775	82,416	56,863	38,801	36.6%
Capital II (local sources)	65,994	55,942	54,848	38,460	23,005	58.3%
Capital III (foreign sources)	83,046	25,793	24,813	15,164	13,843	18.4%
Capital Transfer & Net Lending	6,459	4,040	2,754	3,239	1,953	50.1%
Unidentified Expenditure		10,000	-	-	-	
CURRENT BALANCE	62,666	29,225	-10,272	32,520	14,394	51.9%
Primary Balance	52,512	41,376	22,180	32,969	46,354	62.5%
OVERALL BALANCE	-65,512	-45,574	-62,434	-17,691	-731	27.0%
PB less Grants	30,191	33,569	(4,382)	30,468	25,715	100.9%
OB less Grants	-88,033	-53,382	-88,996	-20,192	-21,371	22.9%
FINANCING		45,574	62,434	17,691	731	
Domestic Financing		35,533	10,092	1,976	-26,698	
Central Bank		-28,945	-19,463	-62,451	-51,156	
Net Borrowing		-44,126	-48,999	-45,815	-20,372	
Change in Deposits		15,181	29,535	-16,636	-30,784	
Commercial Banks		57,279	14,230	57,949	6,019	
Net Borrowing		56,279	23,548	56,523	4,786	
Change in Deposits		1,113	-9,318	1,426	1,233	
Other Domestic Financing		7,086	15,326	6,678	18,440	
Financing Abroad		7,444	53,544	15,692	33,448	
Disbursements		50,390	104,727	42,410	69,042	
Amortization		-42,947	-51,183	-26,718	-35,594	
Other		2,598	-1,202	24	-6,019	

Source: Ministry of Finance and Central Bank of Belize



(1)
Table 5.13: Central Government's Domestic Debt by Creditor

\$'000

	Disbursed Outstanding Debt 31/12/09	Transactions (January to September 2010)				Disbursed Outstanding Debt 30/09/10
		Disbursements/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	
Overdraft / Loans	124,769	0	0	5,164	-96,378	28,390
Central Bank	124,769	0	0	5,164	-96,378	28,390
Commercial Banks	0	0	0	0	0	0
Treasury Bills	100,000	93,992	18,992	2,767	0	175,000
Central Bank	158	7,015	0	217	20,263	27,435
Commercial Banks	98,420	86,500	18,515	2,510	-20,411	145,994
Other	1,422	477	477	41	148	1,571
Treasury Notes	70,800	40,000	0	4,485	1,000	111,800
Central Bank	35,096	35,000	0	1,342	-10,025	60,071
Commercial Banks	10,000	0	0	570	9,000	19,000
Other	25,704	5,000	0	2,573	2,025	32,729
Defence Bonds	10,000	0	0	800	0	10,000
Central Bank	10,000	0	0	800	0	10,000
Commercial Banks	0	0	0	0	0	0
Other	0	0	0	0	0	0
BSSB Loan⁽²⁾	5,377	0	796	373	0	4,580
Fort St. Tourism Village	0	266	57	0	0	209
GOB (debt for Nature Swap)	5,103	0	673	65	0	4,430
Guardian Life Belize	1,000	0	0	135	0	1,000
Total	317,048	93,992	20,518	13,789	-95,378	335,410

(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 5.14: Public Sector External Debt by Creditor ⁽¹⁾

	DOD at: 31/12/2009	Transaction (January to September '10)				DOD at: 30/09/2010
		Disburse- ments	Principal Payments	Interest & Other Payments	Parity Change	
CENTRAL GOVERNMENT	1,882,113	49,533	42,950	73,381	-851	1,887,844
Banco Nacional de Comercio Exterior	5,844	0	881	346	0	4,962
Government of the United States ⁽²⁾	1,735	0	472	42	0	1,263
Government of Trinidad and Tobago	4	0	4	0	0	0
Government of Venezuela	39,527	57	190	104	0	39,394
Kuwait Fund for Arab Economic Dev	18,293	0	1,054	409	90	17,330
Republic of China	281,148	20,000	17,420	6,797	0	283,728
Caribbean Development Bank	171,037	18,805	6,394	4,231	0	183,448
European Economic Community	16,917	0	368	52	-944	15,605
European Investment Bank	196	0	0	0	-12	185
Inter-American Development Bank	204,450	8,164	6,273	3,921	0	206,341
International Fund for Agric. Dev.	877	700	68	12	13	1,523
Intl. Bank for Reconstruction & Dev.	30,446	26	5,929	338	0	24,543
Opec Fund for Int'l. Development	14,514	801	1,167	407	0	14,148
Central American Bank for Econ. Integ.	0	980	0	61	0	980
Manufacturers & Traders Trust Co.	2,595	0	1,730	121	0	865
Heritage International Bank & Trust ⁽³⁾	1,000	0	1,000	45	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	56,593	0	1,087,613
NON-FINANCIAL PUBLIC SECTOR	32,444	0	2,242	808	24	30,226
Kuwait Fund for Arab Economic Dev	5,228	0	344	96	19	4,904
Deutsche Bank	471	0	173	23	0	297
Caribbean Development Bank ⁽⁴⁾	26,744	0	1,725	688	5	25,025
FINANCIAL PUBLIC SECTOR	116,265	0	9,660	2,287	-547	106,058
Caribbean Development Bank	13,695	0	1,224	225	0	12,471
European Economic Community	501	0	18	2	-28	455
European Investment Bank	332	0	0	0	0	332
Paine Webber Real Estate Securities Inc.	900	0	100	5	0	800
Belize Mortgage Company	29,995	0	8,317	1,818	0	21,678
International Monetary Fund ⁽⁵⁾	70,842	0	0	238	-520	70,322
GRAND TOTAL	2,030,822	49,533	54,852	76,476	-1,375	2,024,128

(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) As of the 4th of January 2010, Provident Bank & Trust of Belize is known as Heritage International Bank & Trust.

(4) 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.

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