CENTRAL BANK OF BELIZE

Ninth Annual Report and Accounts 1990

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Abbreviations:

ACP	African, Caribbean and Pacific
BCB	Banana Control Board
BSI	Belize Sugar Industries Limited
CARICOM	Caribbean Community and Common Market
CBI	Caribbean Basin Initiative
CDB	Caribbean Development Bank
CDC	Commonwealth Development Corporation
CIDA	Canadian International Development Agency
CSO	Central Statistical Office
DFC	Development Finance Corporation
EC	European Community
EEC	European Economic Community
EIB	European Investment Bank
G7	Group of Seven
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
IMF	International Monetary Fund
lb	pound (avoirdupois)
Petrojam	Petrojam Belize Limited
RPMS	Regional Programme of Monetary Studies
UK	United Kingdom
US	United States of America

$ refers to the Belize dollar unless otherwise stated.

mn = million

Since May 1976 the Belize dollar has been tied to the US dollar at the rate of US$1.00 = BZ $2.00

Central Government's fiscal year: 1 April to 31 March

CENTRAL BANK OF BELIZE

23rd April, 1991

The Rt. Hon. George Price
Minister of Finance
Ministry of Finance
Belmopan

Dear Sir,

In accordance with the provisions of section 56 of the Central Bank of Belize Act 1982 (No. 15 of 1982), I have the honour to transmit herewith on behalf of the Board of Directors, the report of the operations of the Central Bank of Belize for the period 1st January to 31st December, 1990, together with a copy of the annual statement of accounts of the Central Bank certified by the auditors.

Yours faithfully,

Governor

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ECONOMIC REVIEW

Overview

International economic activity slowed in 1990 as economic growth in the major industrial countries slowed to an estimated 2.7 percent. The decelaration was exacerbated by the sharp rise in oil prices resulting from the crisis in the Gulf and, combined with weaker consumer demand in these countries, led to another year of contracting output in oil importing developing countries. In the international trade arena, the United States of America (US) had discussions with Canada and Mexico on the possibility of a free trade zone in the Western Hemisphere and CARICOM leaders agreed to postpone the implementation of the Common External Tariff.

In Belize, following trends established during the previous three years, economic performance during 1990 was marked by rapid growth in domestic production and the accumulation of public sector and external surpluses. Real growth in Gross Domestic Product (GDP) is provisionally estimated by the Central Statistical Office (CSO) at 12.8 percent, following growth of 13.5 percent in the previous year while growth in domestic expenditure slowed to approximately 8.0 percent as compared to 17.0 percent in the previous year. Preliminary indications are that the slowdown was mainly attributable to a reduction in the growth rate of private expenditure which had been expanding at unsustainably rapid rates during 1988 and 1989. Economic expansion continued to be led by the secondary and services sectors, in particular construction and public utilities. There was also an acceleration of growth in agriculture and this sector continues to provide the bulk of the economy's tradeable output. Because GDP growth in the previous three years was somewhat concentrated in non-tradeables, by 1989, a serious deterioration in the country's external current account had taken place. Construction activity expanded by 37.3 percent, stimulated by public sector infrastructure projects and tourism and housing construction while output of services rose by 10.4 percent. Agriculture grew by 14.3 percent boosted by the expansion of sugarcane and citrus production. Sugarcane production increased by 17.9 percent in the 1989/90 crop year to 1.1 mn long tons, the highest level since 1983. Sugar production by the Belize Sugar Industries Limited (BSI) rose by 10.3 percent to 100,297 long tons while export earnings increased by 21.0 percent to $86.0 mn, as a result of the rise in production and increased quota exports to the US market. Earnings from the export of citrus concentrate rose by 10.7 percent to $41.6 mn also reflecting increased production and higher prices. This industry is expected to continue expanding in the medium term given the substantial investment in citrus groves undertaken in recent years and the existence of excess processing capacity. Banana producers suffered crop losses as a result of unusually cold weather at the end of 1989 and subsequent outbreaks of the Black Sigatoka disease. Production was 25.9 percent lower than in 1989 while export earnings, at $16.9 mn, fell by 26.8 percent.

In the financial sector, deposits by both the public and private sectors and the net foreign assets of the banking system continued to grow. Net foreign assets rose by $34.7 mn to $147.3 mn, largely reflecting the reduced trade deficit. Private sector holdings of currency and deposits rose by 15.1 percent in 1990 as compared with 14.0 percent in the previous year with a shift in preferences towards interest bearing deposits. Private sector savings and time deposits increased by 18.6 percent compared with 11.0 percent in 1989 while growth in currency and demand deposits slowed from 20.5 percent in 1989 to 4.1 percent in 1990. Public sector deposits rose by $22.7 mn in 1990, accounting for 38.1 percent of the increase in commercial bank deposits during the year, and continued to provide a substantial proportion of the liquidity available for private borrowing. Private sector deposits rose by 16.1 percent to $36.9 mn. On the other hand, private sector borrowing increased by 17.5 percent and was concentrated in the construction, agriculture and personal sectors. Statutory excess liquidity in the banking system (actual holding of approved liquid assets less required holdings) increased from $18.5 mn at the end of 1989 to $28.7 mn at the end of 1990. The Central Bank made no adjustments to the structure of interest rates and cash reserve and liquid asset requirements during 1990.

The Central Government accumulated a current surplus of $56.8 mn and an overall surplus of $16.0 mn during the first ten months of the 1990/91 fiscal year. On an annual basis, the current surplus was equivalent to 9.3 percent of GDP, higher than in the previous year.

Current revenue expanded by 17.4 percent, boosted by the strong growth in non tax revenue. Current expenditure rose by 9.3 percent while capital expenditure increased only marginally after rising sharply in previous years.

The balance of payments registered a $21.2 mn surplus, marginally lower than in 1989, with the $25.8 mn improvement in the current account being offset by lower net capital inflows. Earnings from exports increased by 5.3 percent to $262.8 mn while earnings from services were boosted by the expansion in tourism. The trade deficit declined by $17.0 mn to 8.1 percent of GDP as compared to 10.4 percent of GDP in 1989. The surplus on the capital account fell by an estimated $18.6 mn to $37.0 mn as net capital inflows declined. Repayments of principal and interest on the external public debt amounted to $34.0 mn in 1990, with the debt service ratio provisionally estimated at 7.1 percent. The stock of public and publicly guaranteed debt increased by $4.9 mn in 1990 to $265.5 mn.

International Economic Developments

International economic developments during 1990 were influenced by the changes emanating from the re-unification of Germany in 1989, political and economic reform in the Soviet Union and the threat to the world supply of oil arising from Iraq's invasion of Kuwait. Following the invasion, the price of oil increased from a first quarter average of US$18.65 per barrel to a high of US$33.23 at the end of October and ended the year at US$25.42 per barrel. World economic growth slowed to 2.0 percent from 3.0 percent in 1989 with the slowdown evident in both industrial and developing countries. Many countries started the year by continuing policies aimed at decreasing inflation and attaining sustainable economic growth following relatively long periods of expansion. By the middle of the year, it became apparent that many economies were on the verge of a downturn and policies had to be adjusted accordingly.

Estimated growth among the industrial countries averaged 2.6 percent. The economies of the Group of Seven (G7) major industrial countries grew by an estimated 2.7 percent compared to 3.3 percent in 1989. While the US, Canada and the United Kingdom (UK) experienced the worst slowdowns, Japan and Germany were the only countries in the group that experienced sustained economic growth. Germany's economy, boosted by the re-unification, grew by an estimated 3.9 percent, the same as in 1989 while Japan recorded growth of 5.6 percent.

The US economy grew by 0.9 percent compared to 2.5 percent in 1989. Thrift failure and a high incidence of loan default, along with reduced consumer and business confidence contributed to the decline. In July, the Federal Reserve Board implemented the first in a series of interest rate reductions aimed at sustaining growth after two quarters of moderate expansion, but by the end of the year, the Gulf crisis had further weakened confidence. At the end of 1990, the Fed Funds rate was down to 7.25 percent from 8.25 percent at the beginning of the year. In Canada, interest rates rose in the first half of the year but were eased by mid-year as domestic aggregate demand lessened. Estimates of output indicate a growth rate of only 0.4 percent as compared to 3.0 percent in 1989, and by the end of the year, it was clear that the economy was in recession. Economic growth in the UK also slowed to 1.0 percent as against the 3.2 percent experienced in 1989.

Inflation rates in the US and the UK measured 6.1 and 9.3 percent, respectively. Of G7 countries, Japan had the lowest inflation rate with consumer prices increasing by only 4.0 percent over the year. The unemployment rate in Japan, at 2.7 percent, was also low while the rates in the US and the UK were both over 6.0 percent. Exchange rate movements varied during the year. The US dollar declined against major currencies, such as the Deutschemark, the Yen and the Pound Sterling mainly as a result of declining confidence as the US economy went into recession. On the other hand, the appreciation of the Pound Sterling against major currencies after its decline in the first half of the year, was a vote of confidence following its entry into the Exchange Rate Mechanism of the European Monetary System. The Mechanism maintains ties between the various currencies of the European Community (EC) allowing fluctuations within a narrow margin.

During 1990, the US had discussions with Mexico and Canada on the proposed free trade zone encompassing the entire Western Hemisphere as embodied in the 'Enterprise for the America's Initiative' while the Caribbean Community and Common Market (CARICOM) agreed on a deadline for the implementation of the Common External Tariff which is intended to promote industry and trade within the Caribbean. The unresolved issue of farm subsidies dominated the Uruguay Round of talks on the General Agreement on Tariffs and Trade (GATT), with the US proposing that the European Economic Community (EEC) cut subsidies by at least 50 percent, while the latter was only prepared to concede a 30 percent reduction.

The dampening effect of the increase in oil prices following the invasion of Kuwait exacerbated the economic slowdown in oil importing developing countries which were already facing contracting export markets. Economic growth in developing countries slowed to an estimated 2.2 percent in 1990, down from 3.0 percent in 1989 and 4.4 percent in 1988. Growth among developing countries in the Western Hemisphere is estimated to have declined by 0.4 percent with Brazil, Argentina and Peru suffering the most severe recessions. The estimated inflation rate for all developing countries was 9.3 percent. In developing countries of the Western Hemisphere prices rose by an estimated 11.0 percent compared to 10.0 percent in 1989. The flow of external funds to developing countries declined with commercial credit flows to Latin American countries contracting and credit from official sources, such as the International Monetary Fund and the World Bank accompanied by increasingly stringent conditionalities.

Projections for the world economy are mixed. The economies of the US and the UK are expected to improve in the near future. For the developing countries, improvement will be constrained by the pace of recovery in industrial economies, the degree to which available international finance is re-directed to Eastern Europe and the Soviet Union, and the policy changes emanating from the unification of the European Market at the end of 1992.

Output, Expenditure and Prices

Overview

Real GDP growth in 1990 is provisionally estimated by CSO at 12.8 percent, following average annual growth of 11.3 percent in the previous three years. The rapid expansion of the economy since 1986 was brought about by increases in investment (from $80 mn in 1986 to over $200 mn in 1990) and facilitated by an expansion of the labour force due to a rise in the number of migrant workers. In addition, employment has shifted away from industries where output per worker is relatively low, such as traditional food production, towards export agriculture, construction and services where output per worker is higher.

GDP at current market prices increased by 13.2 percent to $734.5 mn in 1990 following a rise of 14.2 percent in 1989. Growth in gross domestic expenditure on goods and services declined to an estimated 8.3 percent to total $777.4 mn, following average annual increases of 21.0 percent in the previous three years. This was attributable to a deceleration in the growth of private consumption expenditure and a small decline in private investment. Gross national savings rose by 12.8 percent to $187.4 mn as a result of a rise in both public and private sector savings. Savings as a percentage of GDP was unchanged at approximately 25.6 percent.

Increases in the consumer price index have been moderate despite the fast growth in aggregate demand. Consumer prices rose by approximately 4.0 percent during 1990 as compared to 2.1 percent in 1989. Although the recorded rate may understate the actual rate of consumer price increases, the increasing supply of low cost migrant labour from neighbouring countries has dampened the inflationary effect of rising labour demand in expanding sectors such as construction and agriculture.

Sectoral Review

Sugar

During the 1989/90 crop year 1.1 mn long tons of sugarcane were reaped, 17.8 percent more than in 1989. Sugarcane deliveries to BSI expanded by 11.7 percent to 968,500 long tons with the remainder of the crop going to Petrojam Belize Ltd. The rise in yield was mainly due to the activities of the Sugar Extension and Technical Support Services (SETSS) Programme of the Research Department of the BSI and the provision of credit for fertilizers by the Cane Farmers Association. SETTS spearheaded the rehabilitation of fields and offered technical and managerial assistance to farmers, as well as credit facilities for land preparation.

Table 1: Sugar Production 1987/88 - 1989/90

'000 long tons

	1987/88	1988/89	1989/90[P]
Sugar Cane Delivered to BSI	776.6	867.3	968.5
Raw Sugar	81.7	90.9	100.3
Molasses	23.1	28.4	29.4
Cane/Sugar (ratio)	9.50	9.54	9.66
Overall Efficiency (%)	90.79	89.85	91.64

Source: Belize Sugar Board

P = Provisional

At 100,297 long tons, sugar production was the highest recorded since 1985/86. Overall factory efficiency was also a record high at 91.6 percent, with improvements in both the milling and boiling processes involved in the extraction of sugar. The extraction ratio was 9.7 over 199 grinding days.

During the year, 92,454 long tons of sugar were exported, 10.4 percent more than in 1989. Total shipments to the EEC under quota arrangements were 41,700 long tons valued at $47.0 mn while shipments to the US were 16,100 long tons valued at $16.0 mn. There were three world market shipments during the year totalling 34,600 long tons, for which Belize received payments totalling $23.0 mn. World prices fell as low as US$0.09 per pound during the year, and closed at US$0.13 per pound on December 29. The 21 month US quota period ended in September with Belize supplying its full allocation of 28,813 metric tons plus an additional 5,042 long tons which were reallocated from Guyana. Under the new 12 month period, which started on October 1, Belize has been allocated 22,376 metric tons. The quota allocation for the EEC market remains 40,348 metric tons.

Shipments of molasses by BSI increased by 3.7 percent to 26,031 long tons valued at $2.1 mn. Petrojam produced 17,467 tons of high test molasses which were exported to Jamaica to be used in the production of ethanol for export to the US under the Caribbean Basin Initiative (CBI)arrangement.

Table 2: Sugar Exports 1988 - 1990
('000 long tons)

	1988	1989	1990P
U.S. Quota	9.4	24.4	16.1
EEC Quota	42.3	43.4	41.7
World	23.1	15.9	34.6
Total Volume	74.8	83.7	92.4
Total Value($mn)	63.2	71.1	86.0

Source: Belize Sugar Industry

Sugar earnings for 1990 are estimated at $86.0 mn, 20.9 percent more than in 1989. Although the base price for shipments to the EEC declined by 2.0 percent, exchange rate movements resulted in higher payments per long ton than in 1989. Both the average US quota price and the world market price increased over the year. Corozal cane farmers received an average payment of $55.56 per ton while the Orange Walk farmers received $55.43 per ton, reflecting different levels of sucrose content of sugarcane coming from the two districts. Total payments to the farmers amounted to approximately $53.3 mn for the cane delivered during the crop year.

The 1990/91 crop season commenced on December 3 with Corozal and Orange Walk cane farmers expected to deliver 570,000 long tons and 520,000 long tons of sugarcane, respectively. BSI is licensed to receive up to 1,100,000 long tons of cane, while Petrojam is licensed to received 300,000 long tons after the BSI allocation is filled.

Citrus

During the 1989/90 crop season which ended in June, 2.8 mn boxes of citrus fruit were delivered to the processing plants, 19.1 percent more than in the 1988/89 crop season. Exports of citrus concentrate for the calendar year 1990, at 1.8 mn gallons were the same as in 1989 while earnings at $41.6 mn were 10.7 percent higher. This was the result of an 11.0 percent increase in the average price. Towards the end of the year however, prices began to fall largely as a result of increased output by Brazil and the expectation of a bumper crop in Florida.

The 1990/91 crop season opened on October 1, and it is projected that 2.5 mn boxes of fruit will be delivered to the processing companies. To a large extent, the medium to long term prospects for the citrus industry are linked to tariff free access to the US market under the CBI which was renewed in 1990. Of concern to

Table 3: Citrus Production & Exports 1988 - 1990			
	1988	1989	1990
Production (long tons)*	83,795	89,928	106,933
Oranges ('000 90lb boxes)	1,338	1,448	1,681
Grapefruit ('000 80lb boxes)	841	889	1,103
Exports of concentrate ('000 gals)	1,570	1,785	1,781
Orange	1,028	1,171	1,270
Grapefruit	542	614	511
Value ($'000)	35,034	37,584	41,622
Orange	24,331	27,442	32,975
Grapefruit	10,703	10,142	8,647

Source: Belize Citrus Growers Assn.
Belize Food Products
Citrus Co. of Belize

* Production figures are for 87/88, 88/89 and 89/90 crop years, respectively

Belize's citrus growers, therefore, is the implication of the US 'Enterprise for the America's Initiative' which proposes free trade throughout the Western Hemisphere. Belize would be unable to compete with Brazil and other American continent low cost producers who do not presently enjoy tariff free access to the US market.

Bananas

During 1990, banana production and exports were adversely affected by the chill in December 1989 and subsequent infestation by the Black Sigatoka disease. The disease, a fungus which causes black spots on the leaves and premature ripening of fruit, can be controlled by the removal of infected leaves and aerial spraying of fungicide. Sigatoka thrives under wet conditions and control was hampered during the year by the unusually high rainfall and inadequate drainage in a large proportion of farms. As a result of these difficulties, banana exports fell by 25.9 percent to 51.2 mn pounds and earnings at $16.9 mn were 26.8 percent less than in 1989. Faced with falling incomes, banana farmers sought additional credit of $2.0 mn from commercial banks for working capital. Although the industry has attracted considerable capital investment, serious technical and financial difficulties remain.

Table 4: Banana Exports 1988 - 1990			
	1988	1989	1990
Volume ('000lbs)	53,537	69,124	51,218
40lb boxes (net)	944,404	1,163,024	804,817
28lb boxes (net)	562,894	807,363	679,476
Value ($mn)	17.9	23.1	16.9

Source: Central Statistical Office

The privately owned and operated port at Big Creek was opened in October. Delivery time to the UK has been reduced from 21 to 12 days since fruit is now shipped directly rather than being routed through Honduras. This should result in improved fruit quality by reducing handling and allowing fruit more time to mature on the trees. In order to fully realize these benefits, however, the Black Sigatoka disease must be controlled and production restored so that the port can operate at the level necessary to ensure an adequate rate of return on the investment.

During the year, there was ongoing discussion of the proposal to transfer the functions of the Banana Control Board (BCB) to the Banana Growers Association. The aim is to improve the performance of the industry by reducing inefficiencies and increasing grower involvement. The disposition of BCB's outstanding liabilities of $29.0 mn needs to be resolved.

There is considerable concern about the prospects for the industry because of the upcoming unification of the European Market at the end of 1992. During the year, there were competing petitions to the EEC by producers in the Latin American and Caribbean regions. The Latin American Union de Países Exportadores del Bañano proposed an elimination of tariffs so as to allow their low cost "dollar bananas" to freely compete on the European market along with the more expensive fruit coming from the African, Caribbean and Pacific (ACP) group of countries. The Caribbean Banana Exporters Association, which consists of exporters from the Windward Islands, Jamaica, Belize and Suriname, countered with a proposal for quotas and tariffs on "dollar bananas", as well as subsidy payments to ACP countries. The treatment of banana imports into Europe after 1992 is still under discussion.

Marine Products

During 1990, exports of marine products, excluding aquarium fish, shark, and other miscellaneous species amounted to 1.7 mn pounds, the same as in 1989. While exports of lobster tails, pink sea shrimp, stone crab claws and whole fish declined, exports of conch and fish fillet increased. The primary factor accounting for the decline in the exports of lobster and shrimp was the high rainfall during the year which reduced the salinity of coastal waters and resulted in the migration of lobsters to more saline but less accessible areas beyond the reef. Exports of stone crab claws declined because over-production in Florida resulted in lower international prices which diverted sales to the local market.

Table 5: Exports of Marine Products 1989 - 1990

	1989		1990	
	Volume '000lbs	Value $'000	Volume '000lbs	Value $'000
Lobster (Tails)	602	11,598	437	10,288
Lobster (Heads)	1	6	11	69
Conch	189	1,373	365	2,716
Shrimp	391	3,535	423	3,994
White Farmed	85	630	189	1,795
Pink Sea	306	2,905	234	2,199
Crab Claws	5	55	1	14
Fresh/Salted Fish	482	967	440	916
Aquarium Fish	-	5	-	39
Other	-	82	-	49
Total	1,670*	17,621	1,677*	18,085

Source: Belize Fisheries Unit
* Volume does not include aquarium fish which is in numbers.

Garments

Preliminary indications are that garment exports increased marginally to 3.5 mn pieces from the 3.3 mn pieces exported in 1989 while the total value declined to $28.6 mn in 1990 as compared with $31.6 mn received the previous year. This can be attributed mainly to a shift in output from higher valued jeans and overalls to the production of lower valued t-shirts, blouses and children's wear. Two new factories began operations in 1990 and so far their production levels have had only a marginal impact on the volume of garments exported.

Table 6: Garment Exports 1988 - 1990

	1988	1989	1990
Volume (mn pieces)	3.7	3.3	3.5
Value ($'000	37,271	31,566	28,642

Source: Central Statistical Office

Sawn Wood

Largely as a result of heavy rainfall which hampered production, lumber exports declined to 2.3 mn board feet from 3.6 mn board feet in 1989 while earnings fell by$1.1 mn to $3.8 mn. The average price increased from $1.58 to $1.66 per board foot. In an attempt to ensure adequate supplies of lumber for the local construction industry, the Ministry of Trade and Commerce required producers to allocate a portion of their output for the domestic market. The Ministry also relaxed price controls on lumber and introduced a change in the structure of royalties.

Table 7: Sawn Wood Exports 1988 - 1989

	1988	1989	1990
Volume ('000 bd ft)	3,540	3,573	2,287
Value ($'000)	5,447	4,922	3,778
Average Unit Price ($/bd ft)	1.54	1.58	1.66

Source: Central Statistical Office

If weather conditions are more favourable in 1991, the industry is expected to revive with increased production for both the foreign and local markets. There are no indications that international lumber prices will decline since demand is expected to remain constant or increase in 1991 and environmental conservation efforts have resulted in low world supply.

Tourism

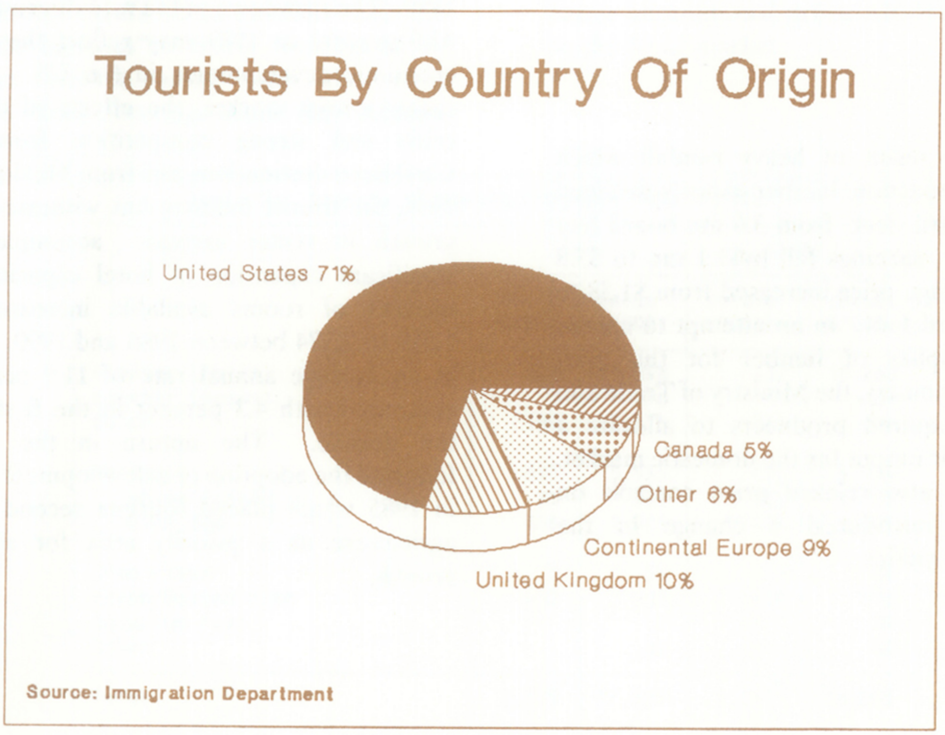
Preliminary indications are that tourist arrivals by air at 76,534 were 9.5 percent more than in 1989. The slowdown in the rate of growth from 41.5 percent in 1989 may reflect the adverse economic developments in the US - Belize's major tourist market, the effects of the Gulf crisis and strong competition from other Caribbean destinations and from Mexico. Since 1986, the tourist industry has witnessed strong growth in visitor arrivals accompanied by significant expansion of hotel capacity. The number of rooms available increased from 1,519 to 2,374 between 1986 and 1990, growing at an average annual rate of 11.9 percent as compared with 4.3 percent in the first half of the decade. The upturn in the industry followed the adoption of a development strategy in 1985 which placed tourism second only to agriculture as a priority area for economic growth.

Visitors from the US account for over 70 percent of total tourist arrivals although arrivals from mainland Europe and the UK have been increasing steadily. Such developments are encouraging since European tourists tend to stay longer, on average, than those from other destinations.

Table 8: Selected Tourism Statistics 1988 - 1990			
	1988	1989	1990P
ARRIVALS			
Totals	142,021	164,332	n.a.
Air	49,409	69,903	76,534
Land	82,959	77,991	n.a.
Sea	9,652	16,438	n.a.
HOTEL CAPACITY			
No. of Hotels	188	201	222
No. of Rooms	1,891	2,061	2,374
No. of Beds	3,237	3,467	4,021

Souce : Immigration Department
Belize Tourist Board
P= Preliminary
n.a. not available

Chart A



Monetary and Financial Developments

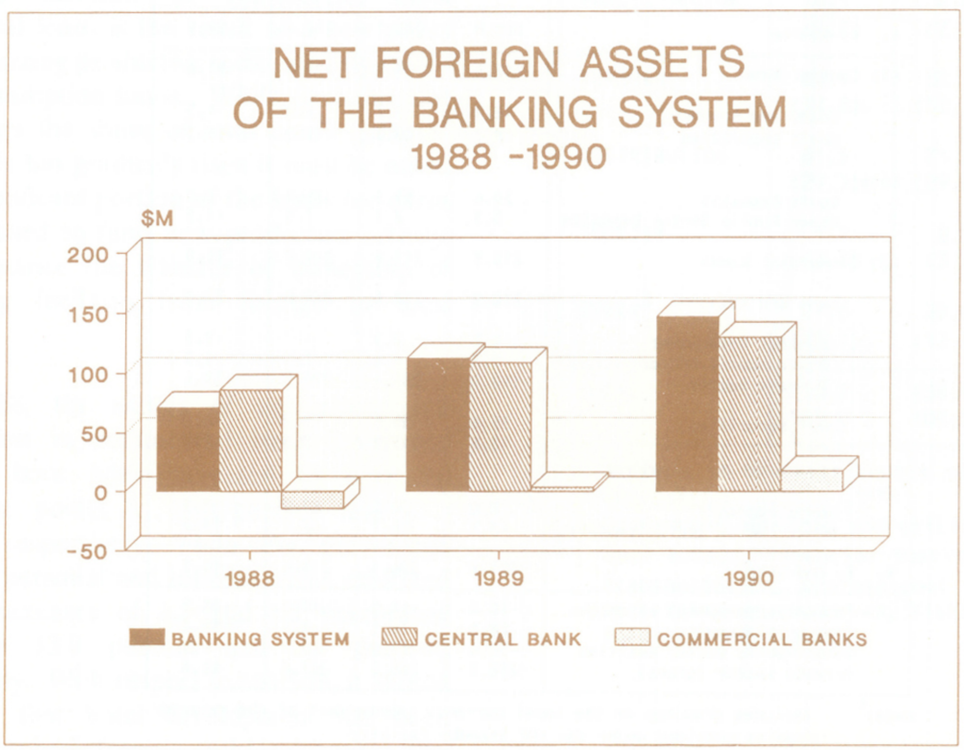
Overview

The economic expansion which Belize has experienced over the last few years continued into 1990 as the country's external sector remained buoyant. The net foreign assets of the banking system rose by $34.7 mn to $147.3 mn largely reflecting a reduction in the country's trade deficit and increased tourism earnings. There was also considerable expansion in credit to the private sector which relied heavily on the increased liquidity provided by the accumulating deposits of Central Government and other public sector bodies during the year, as well as on direct inflows to local banks from affiliates or parent companies abroad. The build up of commercial bank liquidity resulted in a $10.2 mn increase in statutory excess liquid assets to $28.7 mn by year end. There were no monetary policy interventions during the year.

Net Foreign Assets

The net foreign assets grew by $34.7 mn to $147.3 mn, $6.0 mn less than the $40.7 mn increase recorded in 1989. The Central Bank and the commercial banks accounted for $21.0 mn and $13.7 mn of the expansion, respectively. However, the growth in the net foreign assets of the commercial banks resulted primarily from loan transactions between banks and affiliates abroad which resulted in an increase in the level of foreign assets without an offsetting increase recorded in foreign liabilities.

Chart B



Domestic Credit

Net domestic credit expanded in 1990 as increases in credit to the private sector exceeded reductions in net credit to the public sector. Net domestic credit to the public sector fell by $28.5 mn reflecting decreases of $18.6 mn and $9.9 mn in net credit to Central Government and other public sector entities, respectively. The continued accumulation of surpluses by Central Government and other public sector entities resulted in a substantial rise in the level of public sector deposits in the banking system. Loans and advances extended to Central Government by the banking system fell by $6.8 mn while deposits increased by $11.7 mn to $65.2 mn. Other public sector enterprises received an additional $1.9 mn in loans and advances from the banking system while simultaneously increasing the level of their deposits by $11.8 mn to $68.2 mn. At year end, there were no outstanding loans and advances from the commercial banks to Central Government and the level of commercial bank loans and advances to the rest of the public sector stood at $7.3 mn.

Total credit extended to Government by the Central Bank fell by $20.8 mn as both loans and advances and holdings of Government securities declined. Commercial bank loans to Central Government fell by $2.3 mn and, as liquidity expanded during the year, the commercial banks purchased $16.2 mn of Government securities from the Central Bank.

Table 9: Net Domestic Credit of the Banking System

($mn)

	1988	1989	1990	Change 1989-1990
A. By Source	201.9	204.1	218.4	14.3
(1) Central Bank	-12.4	-9.7	-13.3	-21.6
Loans and Advances[1]	12.1	6.7	2.2	-4.5
Gov't Securities	18.2	19.6	3.3	-16.3
Less				
Gov't Deposits	39.4	33.3	35.3	2.0
Other Public Sector Deposits	3.3	2.7	1.5	-1.2
(2) Commercial Banks	214.3	213.8	249.7	35.9
Loans and Advances	210.2	238.8	277.8	39.0
Central Government	4.2	2.3	-	-2.3
Other Public Sector	7.3	5.4	7.3	1.9
Private Sector	198.7	231.1	270.5	39.4
Gov't Securities	35.6	35.0	51.2	16.2
Other[2]	13.8	13.9	17.3	3.4
Less				
Gov't Deposits	2.0	20.2	29.9	9.7
Other Public Sector Deposits	43.3	53.7	66.7	13.0
B. By End-User	201.9	204.1	218.4	14.3
Public Sector (net) of which:	-10.6	-40.9	-69.4	-28.5
Central Government	28.8	10.1	-8.5	-18.6
Other Public Sector Entities	-39.4	-51.0	-60.9	-9.9
Private Sector (gross)	212.5	245.0	287.8	42.8

Notes[1] Includes drawings on the local currency counterpart of the external credits provided under the IMF Standby Facility

2 Outstanding letters of credit, bank guarantees, and bank acceptances.

Private sector credit has witnessed considerable expansion since 1988 with an average annual rate of growth of 16.4 percent. During 1990, loans and advances to the private sector rose by 17.0 percent to $270.5 mn and was influenced by favourable growth trends in agricultural exports and construction. Approximately 49.0 percent of this increase was directed toward agriculture and 46.4 percent toward building and construction, the sectors which exhibited the strongest growth rates during the year. There was also a modest expansion in personal and tourism loans.

In comparison with growth of 17.7 percent in agricultural loans in 1989, there was a 56.0 percent increase in commercial bank loans to agriculture in 1990. Loans for citrus and bananas increased by $13.2 mn and $7.6 mn, respectively, while loans for sugar cultivation fell by $3.0 mn. Since 1988, loans by DFC to the agriculture sector have declined and the commercial banks may be taking up some of the slack. It is not clear, however, that the significant increase in commercial bank agricultural loans is the result of a new policy of emphasizing productive sector activity rather than consumption loans. While over the past three years the share of total credit going to agriculture has gradually risen it must be noted that a significant portion of the loans for citrus was not used to fund new productive activity, but to finance the transfer of ownership of processing facilities from foreign to local interests.

Since 1988, the shares of agriculture and construction in commercial bank loans and advances have both increased by over 5.0 percentage points to 19.0 percent and 21.2 percent, respectively, while the percentage shares of personal and tourism loans exhibited smaller increases of 1.2 and 1.1 percentage points to 13.0 percent and 3.9 percent, respectively. With respect to tourism, it should be noted that hotel development has been financed by both foreign and local funds. The sectors whose share of loans and advances have declined since 1988 include manufacturing, the public sector and distribution.

Table 10: Sectoral Distribution of Commercial Banks Loans and Advances 1988 - 1990 ($mn)[1]

SECTOR	1988	1989	1990
AGRICULTURE	28.8 (13.7)	33.9 (14.2)	52.9 (19.0)
Sugar	7.4 (3.5)	11.0 (4.6)	8.0 (2.9)
Citrus	7.3 (3.5)	8.1 (3.4)	21.3 (7.7)
Bananas	8.3 (3.9)	9.7 (4.1)	17.3 (6.2)
Other	5.8 (2.8)	5.1 (2.1)	6.3 (2.3)
MANUFACTURING	17.5 (8.3)	18.1 (7.6)	17.2 (6.2)
CONSTRUCTION	33.9 (16.1)	40.8 (17.1)	58.8 (21.2)
PUBLIC SECTOR[2]	10.1 (4.8)	6.4 (2.7)	2.7 (1.0)
PERSONAL	24.9 (11.8)	30.9 (12.9)	36.2 (13.0)
DISTRIBUTION	61.5 (29.3)	71.2 (29.8)	71.4 (25.7)
TOURISM	5.9 (2.8)	8.5 (3.6)	10.7 (3.9)
OTHER[3]	27.6 (13.1)	29.1 (12.2)	27.9 (10.0)
TOTAL	210.2 100.0	238.9 100.0	277.7 100.0

1 Numbers in brackets denote percentage of the total

2 Government services and utilities

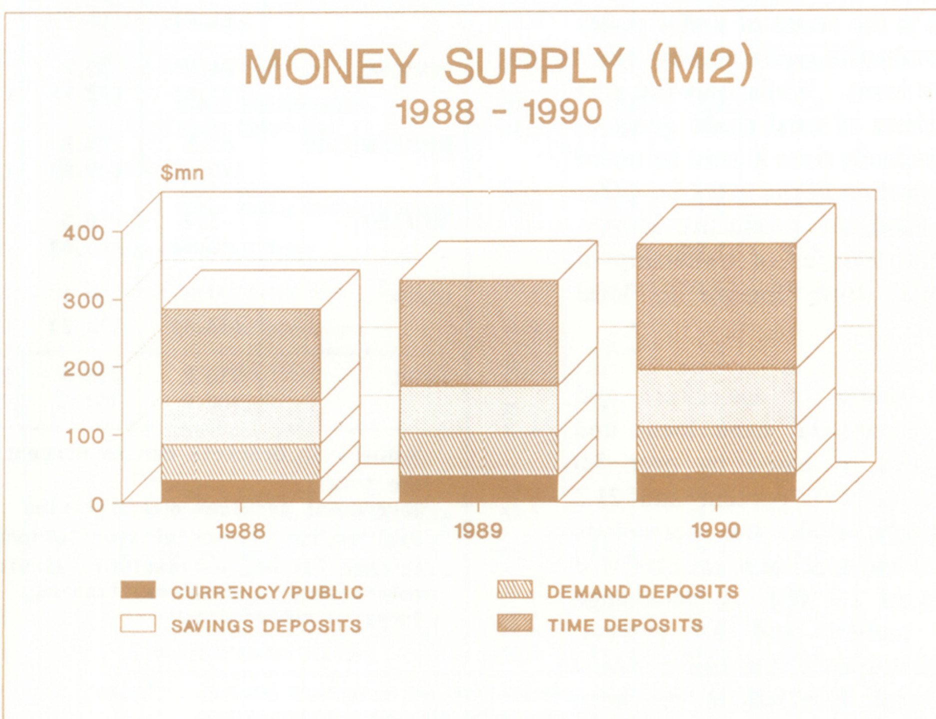
3 Real estate, financial institutions, transportation, professional services, entertainment, sundries, fishing, forestry and mining.

Money Supply

Money Supply (M2) expanded by $53.1 mn to $380.2 mn, a growth rate of 16.2 percent led by deposit growth of 17.5 percent. Because the increase in deposits was concentrated in savings and time, M2 (M1 plus savings and time deposits) grew at a faster rate than M1 (demand deposits adjusted for Central Government deposits and currency with the public). Indications are that M2 expanded approximately 3.0 percent faster than nominal GDP, resulting in a marginal reduction in the income velocity of broad money.

After growing by 11.0 percent in 1989, private sector savings and time deposits rose by 18.6 percent with the 20.5 percent growth in time deposits greatly exceeding the 4.1 percent increase in savings deposits. This may suggest uneven growth in incomes since time deposits tend to be held by incorporated businesses and individuals in the higher income brackets, while savings deposits are dominated by middle and lower income earners. The sharp increase in time deposits may also reflect changes in policy by the commercial banks with respect to the acceptance of deposits. In 1989, growing excess liquidity had prompted some banks to raise the minimum level of time deposits, but this was eased in 1990. The growth in quasi-money may also be explained by a deceleration in the growth of consumption expenditures. Preliminary estimates indicate that the ratio of private savings to private income increased during 1990 and this would contribute to an increase in the level of savings and time deposits.

Chart C



Acceleration in the growth of savings and time deposits contrasts with a slow down in M1. In 1990, M1 rose by 8.9 percent compared with a growth of 18.5 percent in the previous year. There was an even sharper fall in the growth of currency and private sector demand deposits (demand deposits adjusted for Central Government and other public sector deposits) which grew by approximately 20.5 percent in 1989 but declined by 4.1 percent in 1990, significantly less than the growth in nominal GDP. Currency and private sector demand deposits as a percentage of nominal GDP amounted to 14.6 percent in 1989 but this fell to 13.4 percent by the end of 1990.

Liquidity

There were no changes in the statutory cash and liquid asset requirements which remained fixed at 7 percent and 28 percent of average deposit liabilities, respectively during 1990. Bank liquidity increased during the year as deposit growth outstripped expansion in bank lending. Statutory excess liquidity rose by $10.2 mn to $28.7 mn reflecting increases in commercial bank holdings of Treasury Bills, foreign holdings, and balances with the Central Bank. Since 1988, bank liquidity has been boosted by the build up of public sector deposits in the commercial banks. During 1990, Central Government and other public sector deposits with the commercial banks increased by $9.7 mn and $12.9 mn respectively to reach a combined total of $96.6 mn.

While total deposits increased at a faster rate than credit, the expansion of private sector credit was not matched by private sector deposit growth. Over the past three years, the private sector relied increasingly on financial savings generated by the public sector. During 1989, private sector deposits rose by 13.3 percent while credit expanded by 15.3 percent. The trend continued in 1990 with private sector deposits and credit increasing by 16.1 percent and 17.5 percent, respectively.

Table 11: Commercial Bank Liquidity 1988 - 1990

($mn)

	1988	1989	1990	Change in 1989-90
Approved Liquid Assets	82.1	102.7	128.6	25.9
Vault cash	5.9	6.2	6.3	0.1
Balances with Central Bank	24.2	22.6	28.5	5.9
Treasury Bills	34.2	39.9	52.9	13.0
Other Local Holdings	3.1	2.9	3.1	0.2
Foreign Holdings	12.1	30.3	37.2	6.9
Other Approved Assets	2.7	0.9	0.6	-0.3
Required Liquid Assets	73.3	84.2	99.9	15.7
Excess Liquid Assets	8.8	18.5	28.7	10.2
Daily Average Cash Reserves	22.5	22.1	27.6	5.5
Required Cash Reserves	22.0	21.1	25.0	3.9
Excess Cash Reserves	0.5	1.0	2.6	1.6

Interest Rates

The Central Bank made no adjustment to the structure of interest rates during 1990. The minimum rates payable on ordinary passbook savings and premium savings accounts are 5 and 6 percent, respectively. Fixed deposits lasting up to three months, from three to six months, and from six to twelve months earn minimum interest of 7, 8 and 8.5 percent, respectively. The minimum lending rate of the commercial banks has been unchanged at 10.0 percent over the past three years. There were marginal increases in the weighted average deposit and lending rates as both rose by 0.3 percentage points to 6.3 percent and 14.2 percent, respectively. Commercial bank spreads were thus maintained at 8.0 percent. The average rate payable on Treasury Bills remained at 7.5 percent which is slightly higher than the US Treasury Bill rate but significantly less than the rates earned on UK and Canadian bills. Similarly, the Central Bank's discount rate at 12 percent exceeded the prevailing US rate but was several percentage points less than the UK rate.

Institutional Developments

During the year, a new bank was licensed and a commercial bank branch was opened in the Toledo district. Banca Serfin, a Mexican commercial bank, was granted a licence to operate in Belize and is expected to commence operations early in 1991 bringing the number of commercial banks in Belize to five. Belize Bank considerably expanded the scope of its operations by opening a branch in Toledo, in recognition of the economic growth prospects of the area, and by assuming control of branches in Corozal and Orange Walk previously owned by Barclays Bank. Barclays Bank's closure of its Corozal and Orange Walk branches was effected in accordance with a global strategy of cutting back and consolidation of its operations.

In other developments, Central Government made substantial injections into DFC during 1990. This support was designed to improve DFC's capital base and assist with debt servicing so as to enable the corporation to continue granting loans for development expenditure in the short term, improve the institution's viability and re-open foreign credit lines. There was some restructuring of DFC and certain credit lines have been re-opened. The funds received in 1990 were used to finance agriculture, tourism, housing and student loans.

Central Government Operations and the Public Debt

Overview

Central Government projects an overall surplus for the 1990/91 fiscal year as compared with an original projection of a $48.2 mn deficit. During the first ten months of the fiscal year, Central Government achieved an overall surplus of $16.0 mn, compared to a $0.1 mn surplus during the corresponding period of last year. Total revenue and grants amounted to $183.0 mn while total expenditure totalled $167.0 mn.

Current Operations

Current operations resulted in a surplus of $56.8 mn, for the first ten months of the 1990/91 fiscal year, $15.7 mn above the same period of 1989/90. Current revenue totalled $170.0 mn with increases of $8.1 mn, $5.3 mn and $1.8 mn recorded in taxes on international trade and transactions, income and profits, and excise taxes, respectively. This reflected improved collections by both the Income Tax and Customs and Excise Departments. Non-tax revenue rose by $9.8 mn or 43.9 percent with increases in revenue from the Post Office Department and dividends from Central Government's holdings of BTL shares.

Up to the end of January, 1991, current expenditure at $113.2 mn was 88.3 percent of budget projections for the full fiscal year, and 9.3 percent higher than the comparable period of 1989/90.

Wages and salaries rose by 10.8 percent or $6.3 mn, reflecting increases in salaries following the restructuring exercise in 1989, while payments for pensions rose by $0.6 mn. Interest payments on the public debt increased by $1.3 mn and at the end of January was 81.6 percent of initial budget projections. Expenditure on goods and services rose by $4.0 mn largely as a result of increases in utilities of $1.4 mn, and transfers and subsidies of $0.9 mn.

Capital Revenue and Expenditure

Capital revenue during the first ten months of the 1990/91 fiscal year totalled $10.4 mn, which was $1.3 mn less than in 1989/90 but more than twice the budgeted projection, mainly because of the $9.1 mn earned from the sale of BTL shares. Revenue from the Citizenship Bond Programme and the Economic Citizenship Programme, both of which were discontinued, totalled $0.8 mn compared with $11.5 mn collected during the first ten months of fiscal year 1989/90.

Grants received for the implementation of Capital III projects amounted to $2.7 mn. This represented an increase of $1.7 mn over the comparable period of fiscal year 1989/90 and may reflect increased data coverage rather than expanded inflows.

Capital II (locally funded) expenditure up to the end of January, 1991 stood at 95 percent of budget projections while Capital III (externally funded) expenditure amounted to $17.2 mn and was 25.1 percent of budget projections. Major capital expenditure included $7.0 mn on road rehabilitation and construction of roads and bridges, $3.3 mn on land acquisition countrywide and land reclamation in Belize City, $1.6 mn on the construction of a new office building in Belmopan, a $1.0 mn equity injection into the DFC and $2.7 mn on rural electrification. An overall saving of $16.0 mn on Government operations resulted in a reduction in domestic and external liabilities of $15.8 mn and $0.2 mn, respectively. Government's net domestic debt to the banking system fell by $4.0 mn to -$15.2 mn and other domestic financing resulted in a net saving of $11.8 mn. External liabilities were reduced by an estimated $1.6 mn as repayments of $11.1 mn plus Sinking Fund deposits of $1.2 mn out- stripped disbursements on foreign loans of $12.1 mn.

Chart D

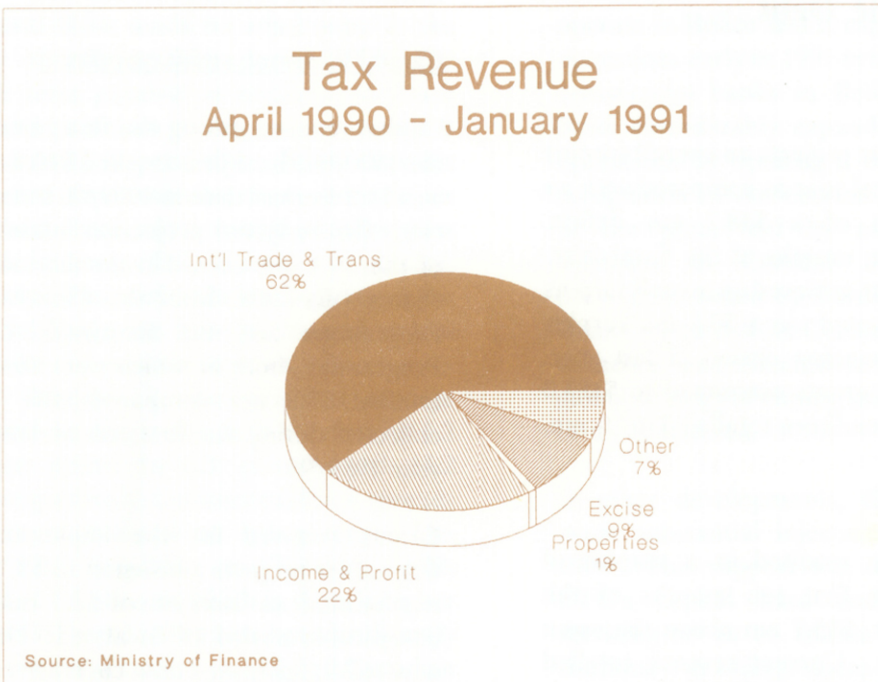


Chart E

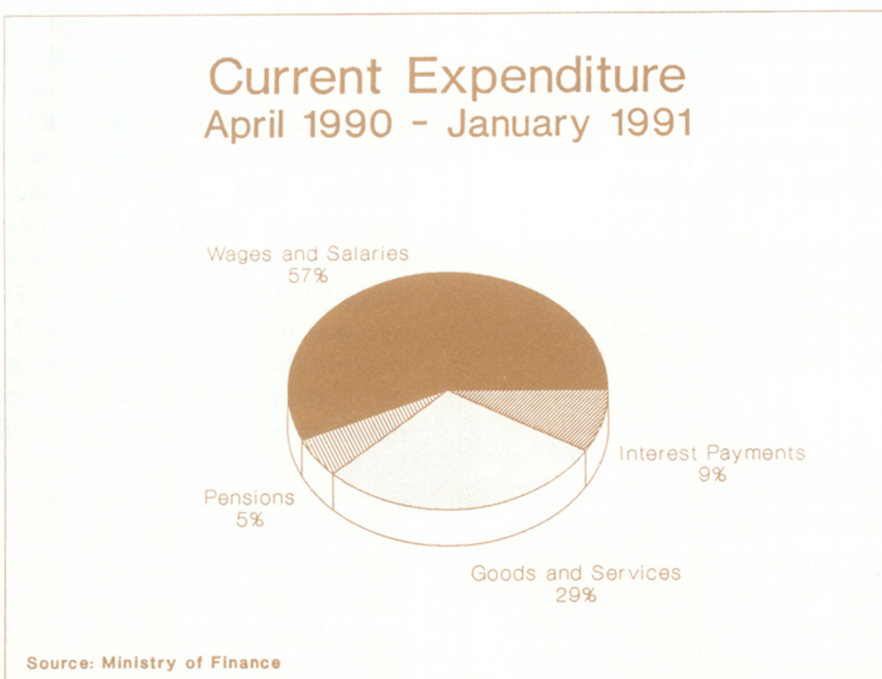


Table 12: GOVERNMENT OF BELIZE: Revenue and Expenditure $'000	1988/89	1989/90	1990/91 Budget	Apr 1990-Jan 1991[P]	Apr 1989-Jan 1990[R]
Current Revenue	159,454	184,206	174,821	169,952	144,710
Current Expenditure	114,855	127,031	135,796	113,184	103,587
Current Surplus (+)/Deficit(-)	+44,599	+57,176	+39,025	+56,768	+41,123
Capital Revenue	42,079	12,399	5,000	10,370	11,656
Grants	1,868	958	14,783	2,726	958
Capital Expenditure	31,569	64,781	106,970	53,847	53,590
Overall Surplus (+)/Deficit(-)	+56,997	+5,752	-48,162	+16,017	+147
Financing	-56,997	-5,752	+48,162	-16,017	-147
Domestic (Net)	-51,588	10,532	12,610	-15,850	-2,953
External (Net)	-5,389	-16,284	35,552	-167	2,806
Memorandum Item					
Current Surplus (+)/Deficit(-) as % of GDP (Market Prices)	7.8	8.8	-	9.3*	7.6*
Overall Surplus (+)/Deficit(-) as % of GDP (Market Prices)	10.0	0.9	-	2.1*	0.0*

Sources: Ministry of Finance
Central Bank of Belize

* Figures were annualized to calculate GDP percentage

P = Preliminary

R = Revised

Public Sector Debt

The external public debt at December 31, 1990 was US$132.8 mn, an increase of US$2.5 mn during the year which was significantly less than the annual increase of nearly US$7.0 mn in 1988 and 1989. The decline in the growth of outstanding external debt was largely the result of the exclusion of US$9.2 mn owed to Canada on which a two year moratorium was granted pending eventual cancellation.[1]

Net financing flows (disbursements minus repayments) fell to US$3.0 mn from US$10.0 mn as a result of significantly lower disbursements from multilateral sources. Net flows from bilateral and commercial sources increased slightly. Interest payments amounted to US$5.6 mn in 1990, an increase of US$0.7 mn over the 1989 figure. Taken together, net financing flows and interest payments resulted in a net transfer abroad of US$2.6 mn.

Multilateral and bilateral creditors each accounted for 43.8 percent of outstanding external debt at the end of 1990. Among the multilateral agencies Caribbean Development Bank (CDB) held 23.1 percent of the debt and the World Bank held 13.3 percent. Among the bilaterals, the United States Agency for International Development had 21.2 percent and the UK 18.8 percent.

The Canadian Government has announced its intention to obtain Parliamentary approval for the cancellation of the official debt owed to it by Caribbean countries. Belize is not required to service the debt initially for a two year period beginning April 1990, and the amount is therefore not included in the outstanding debt position at December 31, 1990.

Central Government's share of the debt increased by 6.3 percent to 59.1 percent, while the rest of the non-financial public sector reduced its share of the debt by 6.5 percent to 23.7 percent. The financial public sector experienced a marginal increase in their share of the debt to 17.1 percent.

Debt servicing totalled US$17.0 mn, an increase of US$2.4 mn over the previous year. Notwithstanding increased export earnings, the debt service ratio (debt servicing/exports of goods and services) increased to 7.0 percent from 6.5 percent in 1989. This is well below the 1989 ratio of 22.0 percent for all developing countries and 14 percent for countries without debt servicing difficulties. The ratio of outstanding debt to exports of goods and services decreased from 58.4 percent in 1989 to 55.1 percent which can also be favourably compared with a ratio of 187 percent for all developing countries and 86 percent for countries without debt servicing difficulties.

Chart F

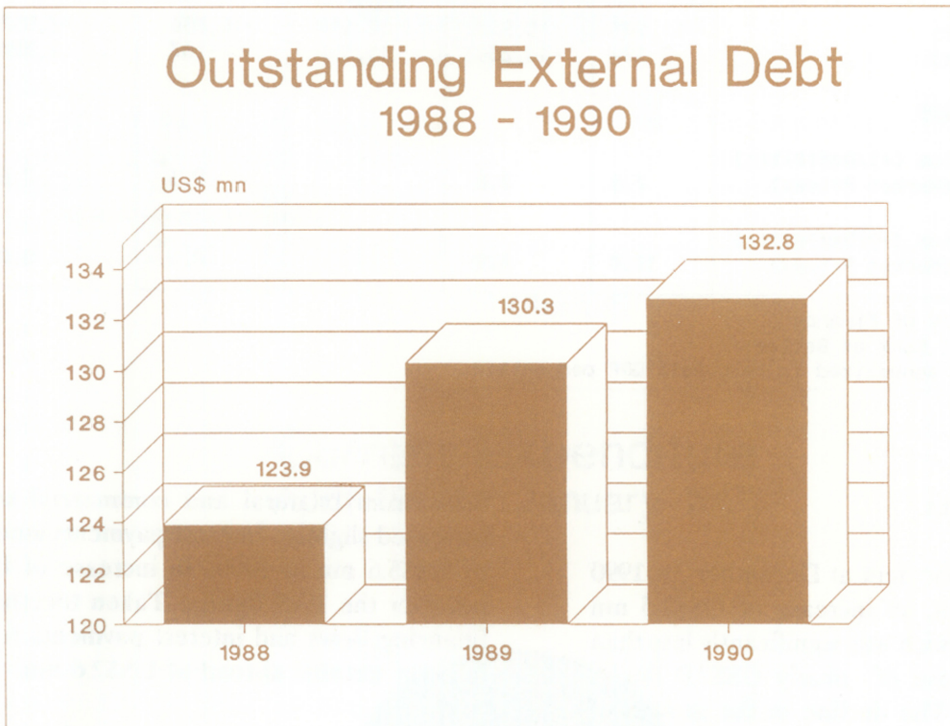


Table 13: Financing Flows and Net Transfers 1988 - 1990 US$'000			
	1988	1989	1990
Disbursements	17,081	19,679	14,364
Repayments	9,245	9,674	11,414
Net Financing Flows	7,836	10,005	2,950
Interest	3,986	4,939	5,597
Net Transfers	3,850	5,066	-2,647

The average rate on fixed interest public sector debt has been stable at 4.2 percent since 1989. This does not include the relatively high cost of recent commercial borrowings which are subject to variable interest rates.

At December 31, 1990 Central Government's external debt, including IMF obligations, was US$78.5 mn, an increase of US$9.6 mn over the previous year. Of this amount, US$6.3 mn is the result of currency valuation changes.

Approximately 31.8 percent of Central Government debt is denominated in pound sterling which appreciated against the US dollar by 20.0 percent over the year, and led to upward valuation adjustments of US$4.6 mn on Central Government's debt. This has implications for the management of foreign **reserves, especially the currencies in which they** are held.

With the exclusion of approximately US$7.7 mn in Canadian debt owed by the Rest of the Non-Financial Public Sector, its share dropped to 23.7 percent of total outstanding external debt. In recent years, loans to this sector have been used to finance the expansion of electricity and telecommunications services and have come from commercial and multilateral sources. These loans have all been guaranteed by the Central Government and there are implications for the fiscal accounts if these statutory bodies are unable to service their debt. For example, there were indications late in the year that Government would be called on to service a loan on behalf of Belize Electricity Board.

Table 14: External Public Debt by Creditor

US$'000

	Disbursed Outstanding 31/12/89	Disbursement	Repayments	Valuation Adjustment	Interest Payments	Disbursed Outstanding 31/12/90
Multilateral	55,476	5,671	5,921	2,924	2,925	58,150
CDB	31,036	819	1,849	616	1,243	30,622
IMF	3,331	0	3,006	96	246	421
EDF	5,920	1,402	249	866	187	7,939
IBRD	13,710	3,255	617	1,300	1,170	17,648
OTHER	1,479	195	200	46	79	1,520
Bilateral	59,026	5,803	3,116	5,683	1,233	58,208
USAID	24,344	3,750	0	0	435	28,094
CIDA	9,315	0	108	-19	0	0
UK	19,471	2,053	1,104	4,555	54	24,975
CDC	4,221	0	924	1,147	491	4,444
OTHER	1,675	0	980	0	253	695
Suppliers Credit	2,292	0	389	83	84	1,986
Commercial	13,515	2,890	1,988	0	1,355	14,417
TOTAL	130,309	14,364	11,414	8,690	5,597	132,761

The financial public sector's debt consists primarily of loans to the DFC and at the end of 1990 included two loans to the Central Bank. The outstanding external debt for this sector was US$22.8 mn, a small increase from US$22.1 mn in 1989 which reflected the exclusion of approximately US$1.5 mn in Canadian debt and net financing inflows of US$1.3 mn.

Disbursements have begun on the US$5.0 mn Taiwan Housing loan signed by the Export Import Bank of Taiwan and the Central Bank. The CDB, through its lending to DFC, is the primary source of credit to the sector holding and accounting for 43.1 percent of financial public sector outstanding debt at the end of 1990.

Foreign Trade and Payments

Overview

The balance of payments recorded an estimated overall surplus of US$10.6 mn in 1990, slightly lower than the US$11.4 mn recorded in 1989. A US$9.3 mn reduction in net capital inflows offset the positive effects of a US$12.9 mn narrowing of the current account deficit. Indications are that the current account deficit, which reached US$20.2 mn in 1989, narrowed to approximately US$7.3 mn in 1990 as a result of improvements in the trade deficit and increased earnings from tourism. The capital account surplus declined by 33.5 percent from US$27.8 mn in 1989 to US$18.5 mn in 1990 as a result of reduced net official capital inflows.

Merchandise Trade

The merchandise trade account recorded a deficit of approximately US$59.2 mn in 1990, down from US$67.7 mn deficit in 1989. The value of exports rose by US$6.6 mn, or 5.3 percent to US$131.4 mn which is indicative of the strong performance of the sugar and citrus industries.

Table 15: Balance of Payments 1988 - 1990 US$mn

	1988	1989	1990
A. CURRENT ACCOUNT	-8.1	-20.2	-7.3
i) Merchandise Trade	-44.8	-67.7	-59.2
Exports (f.o.b.)	116.5	124.8	131.4
Imports (f.o.b.)	161.3	192.5	190.6
ii) Services (net)	13.2	19.9	26.8
Travel	15.6	21.0	25.3
Investment Income	-6.2	-8.7	-8.1
Other	3.8	7.6	9.6
iii) Transfers (net)	23.5	27.6	25.1
Official	10.6	11.2	10.9
Private	12.9	16.4	14.2
B. CAPITAL ACCOUNT	26.1	27.8	18.5
i) Long Term Capital Flows (net)	24.8	38.6	22.9
Official	9.6	13.8	3.2
Private	15.2	24.8	19.7
ii) Short Term Capital Flows (net)	1.3	-10.8	-4.4
C. NET ERRORS AND OMISSIONS	0.8	3.8	-0.6
D. CHANGE IN RESERVES (minus = increase)	-18.8	-11.4	-10.6
Memo Items			
Current Account/GDP (%)	-2.8	-6.2	-2.0
Import Cover (months)	3.4	3.3	3.9

Chart G

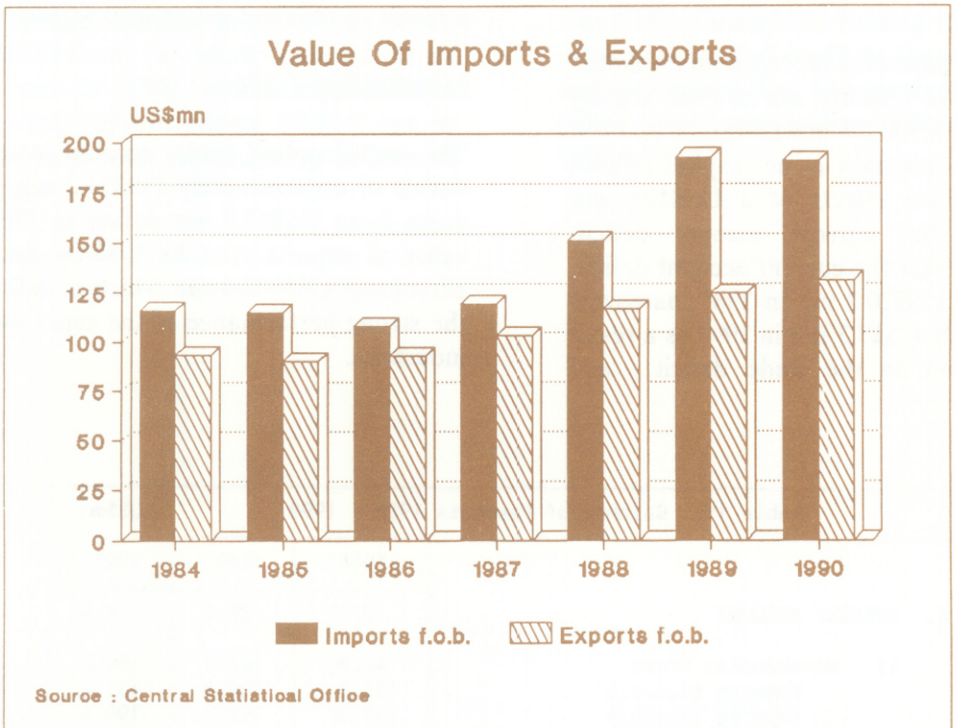


Table 16: Gross Imports (C.I.F.) by SITC Categories 1986 - 1990

US$mn

	1986	1987	1988	1989	1990
Food & Live Animals	29.1	31.6	37.4	45.5	43.6
Beverages & Tobacco	3.8	4.1	5.0	6.6	5.5
Crude Materials	0.3	0.4	0.5	0.7	1.2
Fuels & Lubricants	17.0	18.8	19.0	26.9	27.2
Animal & Vegetable Oil	0.4	0.4	0.5	0.3	0.3
Chemicals	10.2	15.7	15.6	18.3	20.3
Manufactured Goods	16.9	20.3	28.0	35.3	36.6
Machinery & Equipment	21.9	30.0	47.4	53.7	49.7
Miscellaneous Manufactured Goods	21.4	20.7	25.1	27.3	25.5
Commodities N.I.E.	1.0	0.9	2.5	1.1	1.3
TOTALS	122.0	142.9	181.0	215.7	211.2

Source: Central Statistical Office

Table 17: Direction of Trade for Domestic Exports 1986 - 1990

(Percentages)

	1986	1987	1988	1989	1990*
USA	60.8	49.9	45.1	47.2	49.3
UK	34.3	35.8	36.8	34.5	33.2
OTHER EEC	0.9	0.6	2.5	0.1	1.3
CANADA	0.4	3.9	3.6	3.7	5.3
MEXICO	0.2	0.2	2.6	1.6	1.8
CARICOM	1.9	9.2	8.6	8.8	8.0
OTHER	1.5	0.4	0.8	4.1	1.1
TOTAL	100.0	100.0	100.0	100.0	100.0

Source: Central Statistical Office
* First 9 months of the year

Table 18: Direction of Trade for Gross Imports (C.I.F.) 1986 - 1990

(Percentages)

	1986	1987	1988	1989	1990*
USA	57.1	57.9	53.5	57.1	57.6
UK	8.1	8.2	8.9	9.2	8.2
OTHER EEC	8.3	8.6	8.7	5.2	7.1
CANADA	3.4	3.9	4.1	2.2	2.3
MEXICO	7.3	8.8	6.9	6.9	6.8
CARICOM	2.2	2.4	4.6	4.7	6.2
OTHER	13.6	10.2	13.3	14.7	11.8
TOTAL	100.0	100.0	100.0	100.0	100.0

Source: Central Statistical Office
* First 9 months of the year

Table 19: Gross and Net Official Foreign Reserves

US$'000

	1988	1989	1990
1. Gross Official Foreign Reserves	51,630	59,860	69,771
Reserve Position in the IMF	2,547	2,487	2,623
Holdings of SDRs	6	21	14
Central Bank of Belize	49,077	57,352	67,134
2. Gross Official Foreign Liabilities	8,501	5,380	4,678
IMF Standby Facility	7,980	3,540	668
Caribbean Development Bank	17	39	132
CARICOM	20	109	62
Commission for European Community (EDF)	58	68	44
World Bank	184	746	1,270
Other	242	878	2,593
3. Net Official Foreign Reserves	43,129	54,480	65,093

Indications are that the value of imports fell by US$1.9 mn or 1.0 percent to US$190.6 mn in 1990, which may reflect slower growth in consumption and reduced expenditure on private investment. After declining in 1986, gross imports grew at an average annual rate of 22.9 percent between 1987 and 1989, reflecting the increased importation of capital goods as economic activities expanded. Machinery and transport equipment grew at an average annual rate of 36.1 percent between 1986 and 1989 to account for 25.0 percent of gross imports in 1989. Manufactured goods, with a relative share of 16.4 percent, grew at an average annual rate of 28.0 percent, and food, beverage and tobacco, which accounted for 24.2 percent of imports in 1989, increased at an average annual rate of 16.7 percent.

The US and the UK continued to be Belize's major trading partners, accounting for 82.4 percent of Belize's exports and 65.9 percent of its imports in the first nine months of 1990. Most of Belize's exports to the US and the UK are under preferential trading arrangements and, except for sugar, these exports are generally free of quota restrictions. Trade between Belize and CARICOM grew from US$4.1 mn in 1986 to approximately US$15.7 mn in first nine months of 1990. Exports to the region consisted mainly of citrus concentrate, sawn wood and red kidney beans with Jamaica being Belize's major trading partner within CARICOM.

Services

A net inflow of US$26.8 mn was recorded on the Services account in 1990, 34.7 percent more than the US$19.9 mn recorded in 1989. Gross expenditure by tourists was estimated at US$31.9 mn, 11.5 percent more than the US$28.6 mn estimated for 1989 while sales of foreign exchange to Belizeans for travel fell from US$7.6 mn in 1989 to US$6.7 mn.

Net investment income amounted to -US$8.1 mn, a marginal increase over the -US$8.7 mn of 1989. Gross investment receipts of US$5.6 mn reflected interest earned mainly by the Central Bank. Outflows of investment income amounted to US$13.7 mn, after payments of US$14.2 mn in 1989. The level of interest payments on external debt by the public sector increased by US$0.7 mn to US$5.6 mn. Payments by the private sector at US$8.1 mn were US$5.3 mn lower than in 1989.

Payments for freight and merchandise insurance were estimated at US$23.5 mn in 1990, virtually unchanged from 1989. Other transportation recorded a net inflow of US$8.8 mn, a US$2.2 mn increase over the previous year. The improvement stemmed mainly from increased inflows from port disbursements. Other Goods, Services and Income not included elsewhere (n.i.e) recorded net inflows of US$24.3 mn, approximately the same as in 1989.

Unrequited Transfers

A net inflow of US$25.1 mn in unrequited transfers was recorded in 1990 as compared with US$27.6 mn in 1989. Net receipts by the private sector fell from US$16.4 mn to US$14.2 mn. The US$2.5 mn decline in remittances - mainly from Belizeans living in the US - may reflect economic conditions there. Inflows to the official sector were US$0.3 mn lower.

Capital Flows

The surplus on the capital account, at US$18.5 mn, was markedly lower than the US$27.8 mn recorded in 1989 and resulted from lower net official capital inflows. With the completion of the international airport project official capital inflows fell from US$19.7 mn to US$14.4 mn. At the same time, official payments rose from US$5.9 mn to US$11.2 mn. The private sector recorded net inflows of US$15.3 mn during 1990 as compared with net inflows of US$14.0 mn during the previous year. Direct foreign investment inflows were estimated at US$17.5 mn with investments undertaken primarily in tourism and agriculture. Other Private Capital recorded a net outflow of US$0.4 mn as compared with US$3.5 mn for 1989. The improvement resulted largely from a reduction in short term investments abroad by the commercial banks.

Foreign Exchange Reserves

At the end of 1990, Belize's net official foreign exchange reserves stood at US$65.1 mn, a US$10.6 mn improvement over 1989. The gross foreign assets of the Central Bank increased by US$9.9 mn and the gross official foreign liabilities decreased by US$0.7 mn. Although there was a US$2.9 mn reduction in the amount outstanding under the IMF Standby Facility, other liabilities increased by US$2.2 mn including US$1.5 mn under the Taiwan Housing Loan. Gross official foreign exchange reserves stood at US$69.8 mn at the end of 1990, higher than the US$59.9 mn recorded at the end of 1989.

Exchange Control

During the year, Authorized Dealers recorded net purchases of foreign exchange amounting to $30.2 mn resulting from transactions with the public. Sales of foreign exchange amounted to $405.5 mn, 4.3 percent higher than 1989, while purchases totalled $435.7 mn representing an expansion of 8.2 percent. Stamp duty collection from foreign exchange transactions amounted to $4.5 mn in 1990.

During 1990 the International Business Companies and the Export Processing Zones Acts were passed giving significant exemptions from Exchange Control Regulations. The principal objective of these acts is to give the country a competitive edge in attracting foreign investment. The impact on the economy, is difficult to assess at this time, given the short period since the Bills were enacted.

OPERATIONS

Central Bank Operations

Foreign Exchange Operations

After net purchases of $22.8 mn in 1988, and $7.7 mn in 1989, the Central Bank's foreign exchange operations resulted in net purchases of $3.5 mn in 1990. Trading in US dollars, Pound Sterling, and Canadian dollars resulted in a net sale of $0.3 mn during 1990. Similar trading during 1988 and 1989 resulted in a net purchase of $14.4 mn and $4.1 mn respectively. The Bank's trading in CARICOM currencies resulted in a net purchase of $3.9 mn during 1990. Trading in these currencies in 1988 and 1989 resulted in net purchases of $6.4 mn and $3.6 mn, respectively.

Currency

Currency in circulation - currency with the public plus commercial banks' vault cash - rose from $46.7 mn at the end of 1989 to $51.8 mn at the end of 1990. The total value of notes in circulation increased by $4.3 mn as compared to $6.5 mn in 1989 while the total value of coins in circulation rose by $0.7 mn in 1990 as compared to $0.3 mn in 1989.

The Bank introduced several new currencies in 1990. For the first time, a $1 coin was issued to circulate along with the $1 banknote while the banknote is gradually withdrawn from circulation. A series of seven denominations of banknotes highlighting aspects of the natural and social history of Belize was also introduced into circulation. In addition to the five existing banknote denominations, the $2 banknote was reintroduced to fill the gap between the $1 and $5 banknotes and a $50 denomination was introduced for the first time.

Table 20: Central Bank Dealings in Foreign Exchange/1990 $'000

	Trading in U.S. Dollars, Canadian Dollars and Pound Sterling			Trading in CARICOM Currencies		
	PURCHASES	SALES	NET PURCHASES	PURCHASES	SALES	NET PURCHASES
January	7,561	11,986	-4,425	501	1,344	-842
February	10,133	8,027	2,106	778	652	126
March	4,789	7,034	-2,245	584	1,398	-814
April	9,861	6,363	3,498	798	420	378
May	6,768	5,057	1,711	2,210	1,050	1,160
June	8,047	8,478	-431	3,598	1,562	2,036
July	16,829	9,425	7,404	2,360	720	1,640
August	9,032	11,021	-1,989	1,908	1,068	840
September	6,435	8,134	-1,699	1,456	756	700
October	12,205	8,632	3,573	714	1,000	-286
November	9,157	10,216	-1,059	212	1,066	-854
December	4,117	10,910	6,793	232	418	-186
Total	104,934	105,283	-349	15,352	11,454	3,898

Clearing House Operations

A new clearing house agreement was entered into between the Central Bank and the commercial banks during 1990. The table below shows the monthly value of cheque clearing operations conducted in the morning sessions during 1990. Special clearings are also conducted in the afternoons as a supplement to the morning sessions.

Cash Balances and Liquid Assets

Commercial banks are required to keep cash balances with the Central Bank equivalent to at least 7 percent of average deposit liabilities. The excess cash reserves for 1990 ranged from a low of $2.0 mn recorded in March to a high of $7.2 mn in August. The banks are also required to keep 28 percent of average deposit liabilities in approved liquid assets. This requirement has been effective since February 1, 1989. The excess liquid assets for 1990 ranged from a low of $17.6 mn in January to a high of $28.9 mn in June.

Table 21: Currency in Circulation 1990 $'000

MONTH[1]	NOTES	COINS	TOTAL	COMM. BANK VAULT CASH	CURRENCY WITH PUBLIC
January	38,178	4,490	42,668	5,411	37,257
February	38,323	4,633	42,956	5,113	37,843
March	38,813	4,723	43,536	2,935	40,601
April	40,117	4,829	44,946	3,023	41,923
May	42,407	4,921	47,328	5,694	41,634
June	41,826	5,035	46,861	3,732	43,129
July	43,340	5,070	48,410	5,850	42,560
August	40,902	5,095	45,997	2,417	43,580
September	41,117	5,160	46,277	3,260	43,017
October	41,035	5,185	46,220	6,178	40,042
November	43,521	5,168	48,689	5,918	42,771
December	46,534	5,242	51,776	6,292	45,484

[1] Figures as at the last day of the month

Table 22: Notes and Coins in Circulation 1988-90 $'000

Month[1]	1988	1989	1990
January	32,303	35,775	42,668
February	33,966	36,647	42,956
March	36,185	38,768	43,536
April	37,553	40,746	44,946
May	37,736	40,829	47,328
June	39,383	41,516	46,861
July	38,281	42,906	48,410
August	37,153	42,285	45,997
September	35,232	40,869	46,277
October	34,704	41,265	46,220
November	35,919	43,640	48,689
December	39,908	46,739	51,776
AVERAGE	**36,527**	**40,999**	**46,305**

[1] Figures as at the last day of the month

Table 23: Clearing House Operations 1990 $'000

MONTH	MORNING CLEARINGS
January	87,106
February	75,870
March	85,790
April	75,373
May	88,231
June	77,779
July	79,632
August	74,015
September	71,373
October	93,233
November	79,269
December	80,604
TOTAL	968,275

Table 24: Commercial Bank Balances with Central Bank
Monthly Averages of Daily Balances 1990

$'000

	AVERAGE DEPOSIT LIABILITIES	REQUIRED BALANCE	ACTUAL BALANCE	EXCESS (DEFICIENCY)
January	302,123	21,149	25,796	4,647
February	304,782	21,335	23,844	2,509
March	312,394	21,868	23,836	1,968
April	320,582	22,441	24,808	2,367
May	325,583	22,791	25,006	2,215
June	330,451	23,132	25,290	2,158
July	335,427	23,480	28,017	4,536
August	337,860	23,650	30,875	7,225
September	343,823	24,068	29,016	4,948
October	342,915	24,004	29,294	5,290
November	347,644	24,335	27,407	3,072
December	352,111	24,648	28,414	3,766

Table 25: Commercial Banks' Liquid Assets
Monthly Averages 1990

$'000

MONTH	AVERAGE DEPOSIT LIABILITIES	REQUIRED HOLDINGS	ACTUAL HOLDINGS	EXCESS (DEFICIENCY)
January	302,123	84,594	102,161	17,567
February	304,782	85,339	103,636	18,297
March	312,394	87,470	108,211	20,741
April	320,572	89,760	113,883	24,123
May	325,583	91,163	117,138	25,975
June	330,451	92,526	121,454	28,928
July	335,427	93,920	119,994	26,074
August	337,860	94,601	118,838	24,237
September	342,456	95,888	118,116	22,228
October	343,629	96,216	116,262	20,046
November	350,206	98,058	122,276	24,218
December	356,689	99,873	128,593	28,720

External Assets Ratio

The Central Bank is required to maintain a reserve of approved external assets equal to not less than 40 percent of its domestic demand liabilities (notes and coins in circulation plus sight and time deposit liabilities). The Bank exceeded this legal requirement throughout 1990 and the ratio reached as high as 114.1 percent at the end of October. During 1989, the external assets ratio fluctuated between 96.1 percent and 111.9 percent.

Table 26: External Assets Ratio 1990			
Month[1]	Assets (a) $'000	Domestic Demand Liabilities (b) $'000	Ratio
January	115,281	108,845	105.9
February	116,484	108,382	107.5
March	115,595	103,996	111.2
April	119,181	113,870	104.7
May	124,482	114,556	108.7
June	126,184	113,944	110.7
July	136,799	124,390	110.0
August	137,969	123,371	111.8
September	138,984	122,995	113.0
October	144,128	126,317	114.1
November	145,595	131,107	111.1
December*	138,867	128,274	108.3

* Provisional
Note: (a) Approved external assets
(b) Currency in circulation plus deposit liabilities.

[1] Figures as at the last day of the month

Table 27: External Assets Ratio 1986 - 1990					
Month[1]	1986	1987	1988	1989	1990
January	56.6	83.3	91.2	96.1	105.9
February	58.3	85.4	90.9	104.0	107.5
March	70.1	94.7	98.6	108.4	111.2
April	75.4	98.6	103.3	111.3	104.7
May	81.6	98.3	95.4	108.5	108.7
June	81.4	101.7	101.5	110.6	110.7
July	82.9	100.8	105.0	111.9	110.0
August	81.7	96.3	92.3	111.2	111.8
September	73.4	96.4	101.3	111.1	113.0
October	69.6	93.7	98.7	107.6	114.1
November	61.5	86.3	94.5	102.3	111.1
December	72.0	87.5	93.9	96.4	108.3
AVERAGE	**72.0**	**93.6**	**97.2**	**106.6**	**109.8**

[1] Figures as at the last day of the month

Transactions with Central Government

Under the provisions of the Central Bank of Belize Act of 1982, the Bank can extend advances to Central Government up to a maximum of 15 percent of estimated current revenue for the current fiscal year and can hold Government securities up to a maximum of five times the Bank's paid-up capital and reserves. There were no advances to Government during 1990.

Table 28: Central Bank Credit to Government 1990 $'000			
MONTH	TREASURY BILLS	OTHER SECURITIES	(a)
January	2,063	6,170	0.49
February	7,525	6,170	0.81
March	3,524	6,170	0.57
April	6,495	6,170	0.75
May	2,143	6,170	0.49
June	160	6,171	0.37
July	499	6,171	0.39
August	-	5,537	0.33
September	1,000	2,537	0.21
October	5	2,537	0.15
November	162	5,170	0.32
December*	3,160	5,170	0.55

* Provisional

(a) Total Central Bank holdings of Government of Belize Treasury Bills and other Government of Belize securities as a multiple of the Central Bank's paid-up capital and reserves.

Table 29: Government of Belize Treasury Bill Issues 1990				
ISSUE NO.	TENDER $'000	ALLOTMENT $'000	AVERAGE DISCOUNT RATE (%)	AVERAGE YIELD TO MATURITY (%)
1/1990	13,400	13,400	7.36233	7.5
2/1990	13,150	13,150	7.36233	7.5
3/1990	38,158	35,608	7.36233	7.5
4/1990	13,410	13,400	7.36233	7.5
5/1990	13,150	13,150	7.36233	7.5
6/1990	35,608	35,608	7.36233	7.5
7/1990	13,400	13,400	7.36233	7.5
8/1990	17,500	13,150	7.36233	7.5
9/1990	40,608	35,608	7.36233	7.5
10/1990	13,400	13,400	7.36233	7.5
11/1990	21,150	13,150	7.36233	7.5
12/1990	35,903	35,608	7.36233	7.5

Actual holdings of Government securities by the Bank during 1990 were well below the legal limit with the highest level being 0.81 of the Bank's capital and reserves in February. Holdings of government securities by the Bank are largely influenced by commercial banks' requirements which vary with their changing liquidity position.

Treasury Bill operations are handled by the Bank on behalf of the Central Government. Although there are no restrictions on participation in the Treasury Bill market, the commercial banks dominate the market and purchases by individuals remain insignificant.

Banking Supervision

The Banking Supervision Department maintains a general surveillance over the activities and performance of financial institutions in Belize. The duties and functions of the Department are defined in Part VI of the Banking Act. Supervision of financial institutions is done through off-site surveillance and on-site inspections. Off-site surveillance entails continuous analysis and review of financial information which banks submit regularly to the Central Bank of Belize. During on-site inspections, banks are examined to verify that they are conducting their affairs within the requirement of and in the interest of depositors and the public.

The Banking Supervision Department monitors concentrations of credit in the banking system through the processing of applications by commercial banks under section 13 (1) (a) of the Banking Act. Under this section, commercial banks are required to apply through the Central Bank of Belize for the permission of the Minister of Finance to grant credit facilities to a borrower or a group of related borrowers which in aggregate exceed 25 percent of the bank's capital. During 1990, credit facilities approved by the Minister under these applications amounted to $185.0 mn, an increase of 77.4 percent over prior year figures when the total approved was $104.3 mn. Since in some cases, banks applied more than once for renewals and/or increases in credit facilities for the same borrower, these figures do not reflect the actual increase in credit to large borrowers.

Administration

The Board of Directors

Between January 1, 1990 and August 31, 1990, the Board of Directors of the Central Bank consisted of the following persons:

Alan Slusher - Governor and Chairman of the Board
Frank J. Garbutt - Deputy Governor and Vice Chairman
Mario Arguelles - Director
Kathlyn Tillett - Director
Derek Courtenay - Director
Edmund Marshalleck - Director
Keith Arnold - Financial Secretary/Director

The term of office of Ms. Kathlyn Tillett ended in August, Mr. Mario Arguelles resigned in October and Governor Alan Slusher resigned his post at the Central Bank in November 1990. The Deputy Governor carried out the functions of Governor until December 31, 1990.

Two appointments were made to the Board in November and the reconstituted Board at December 31, 1990 was:

Frank J. Garbutt - Deputy Governor and Vice-Chairman
Derek Courtenay - Director
Jose Coye - Director (with effect from 8 November, 1990)
Edmund Marshalleck - Director
Edmund Nisbet - Director (with effect from 8 November, 1990)
Keith Arnold - Financial Secretary/Director

Staffing

In July, Dr. J.C. Rao completed his term as Director of Research and left the country to continue his duties with the IMF. In December, Mrs. Yvette Alvarez took up appointment as Director of Research. The principal officers of the Bank at the end of 1990 were:

Frank J. Garbutt - Deputy Governor
Yvette Alvarez - Director, Research Department
Sydney Campbell - Director, Exchange Control Department
Dwain Davis - Director, Accounts & Budget Department

Barbara Locke - Director, Banking & Currency Department

Cecile Reyes - Director, Administration Department/Bank Secretary
Manuel Vasquez - Director, Banking Supervision Department

The total number of persons employed by the Bank at the end of 1990 were 135, four of whom were on study leave. At the end of 1989 the Bank had 109 employees.

The Research Department was represented at three conferences during the year: the 1990 Midterm Meeting of the Regional Programme of Monetary Studies (RPMS), the 22nd Annual Conference of the RPMS and the XXVII Meeting of Technicians of Central Banks of the American Continent.

Papers presented at these meetings were:

1. "The Belizean Economy in 1989: A Review of Fiscal and Monetary Developments", by Martin Brownbridge

2. "Investment, Savings and External Financing in Belize", by Martin Brownbridge and Murna Morgan

3. "Direct Foreign Investment in Belize", by Murna Morgan.

Mr. Brownbridge also collaborated with Economists of other Caricom Central Banks in the preparation of a joint paper entitled "Critique of the Caribbean Common Market: Trade Policies and Regional Integration in the 1990's".

During 1990, the computerization of the Exchange Control Department advanced significantly. Monitoring of the inflows of export and re-export proceeds was fully computerized by mid-year while the computerization of the monitoring of outflows of foreign exchange is expected to be completed mid-1991. With computerization, it is expected that data collection will be more timely and accurate.

STATISTICAL APPENDIX

Table 1: Major Economic Indicators

	1988	1989	1990[P]
GDP, market prices ($mn)	568.3	648.9	734.5
GDP, factor cost ($mn)	432.7	491.2	553.8
Real GDP Growth (%)	7.1	13.5	12.8
Per Capita GDP ($)	2,697	2,998	3,337
Net Foreign Assets ($mn)	71.9	112.6	147.3
Money Supply, M2 ($mn)	285.3	327.1	380.2
Government Current Revenue, Fiscal Year ($mn)	132.8	160.2	185.8[1]
Fiscal Current Surplus (+)/Deficit(-)	+23.6	+44.6	+48.7[1]
Fiscal Current Surplus (+)/Deficit(-) % of GDP	+4.8	+7.8	+8.0[2]
BOP Current Account (US$mn)	-8.1	-20.2	-7.3
Retail Price Index (% Change)	3.3	2.1	4.0

Sources: Central Bank of Belize
Central Statistical Office
Ministry of Finance

P = Provisional

1 This figure covers the period April, 1990 to January, 1991

2 Figures were annualized to calculate GDP percentage

Table 2: Gross Domestic Product, by Industrial Origin, at Factor Cost

$'000

	[CONSTANT (1984) PRICES]										
	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989[R]	1990[P]
GROSS DOMESTIC PRODUCT	324,733	334,087	334,245	329,745	338,953	347,305	356,452	403,939	432,716	491,178	553,824
PRIMARY ACTIVITIES	73,425	73,125	76,417	72,019	73,703	72,750	69,654	85,571	83,536	90,491	99,992
Agriculture	55,800	55,658	58,301	54,594	55,686	54,461	53,962	62,777	59,654	64,940	74,202
Forestry & Logging	8,468	6,875	8,452	6,793	7,460	6,985	6,319	12,820	12,995	-	12,712
Fishing	8,357	9,792	8,864	9,832	9,757	10,504	8,573	9,174	10,087	-	12,278
Mining	800	800	800	800	800	800	800	800	800	-	-
SECONDARY ACTIVITIES	75,531	78,249	75,683	73,376	72,847	72,983	75,891	86,891	95,906	115,672	138,413
Manufacturing	48,353	50,345	49,720	49,167	44,967	45,412	46,500	50,264	50,057	55,246	57,290
Electricity & Water	6,664	7,041	7,872	8,068	8,238	8,847	9,221	10,020	12,629	11,938	14,564
Construction	20,514	20,863	18,091	16,141	19,642	18,724	20,170	26,607	33,220	48,488	66,559
SERVICES	189,713	197,071	195,463	196,916	204,831	214,942	224,660	246,707	274,234	303,874	335,517
Trade, Restaurants, Hotels	64,101	65,908	54,581	52,258	56,054	60,724	64,936	74,813	96,071	100,641	115,824
Transportation & Communications	21,737	24,189	28,623	30,176	32,240	33,939	36,984	37,967	42,526	60,685	70,332
Finance & Insurance	21,274	21,997	19,757	19,172	19,079	20,103	21,112	26,700	26,798	28,950	30,365
Real Estate & Business Services	19,610	20,012	19,450	19,345	19,411	19,864	20,305	21,540	22,963	23,581	27,064
Public Administration	30,361	31,432	38,609	40,573	41,668	42,999	43,074	46,367	45,455	48,565	49,746
Commerce & Other Services	32,630	33,533	34,443	35,392	36,379	37,313	38,249	39,320	40,421	41,182	42,186
LESS:											
Imputed Bank Service Charges	13,936	14,358	13,318	12,566	12,428	13,370	13,753	15,230	17,980	18,859	20,098
Annual percent Change in GDP		2.88	0.05	-1.35	2.79	2.46	2.63	13.32	7.12	13.51	12.75
IMPLICIT DEFLATOR	94.89	92.62	87.24	91.69	100.00	96.50	99.4	103.93	110.19	110.17	111.40

R: Revised
P: Provisional
Source: Central Statistical Office

Table 3: Monetary Aggregates of the Banking System

$mn

	Position as at the end of			Change in Year 1989-1990
	December 1988	December 1989	December 1990	
NET FOREIGN ASSETS	71.9	112.6	147.3	34.7
Central Bank	86.3	109.0	130.0	21.0
Commercial Banks	-14.4	3.6	17.3	13.7
NET DOMESTIC CREDIT	201.9	204.1	218.4	14.3
Public Sector (net)	-10.6	-40.9	-69.4	-28.5
Private Sector (gross)	212.5	245.0	287.8	42.8
OTHER ITEMS (NET)	11.5	10.4	14.5	4.1
MONEY SUPPLY (M2)	285.3	327.1	380.2	53.1
MONEY SUPPLY (M1)	86.0	101.9	111.0	9.1
Currency with the public	34.1	40.4	43.4	3.0
Demand Deposits	51.9	61.5	67.6	6.1
QUASI-MONEY	199.3	225.2	269.2	44.0
Savings Deposits	62.6	69.3	83.4	14.1
Time Deposits	136.7	155.9	185.8	29.9

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Commercial Banks	-14.4	3.6	17.3	13.7
NET DOMESTIC CREDIT	201.9	204.1	218.4	14.3
Public Sector (net)	-10.6	-40.9	-69.4	-28.5
Private Sector (gross)	212.5	245.0	287.8	42.8
OTHER ITEMS (NET)	11.5	10.4	14.5	4.1
MONEY SUPPLY (M2)	285.3	327.1	380.2	53.1
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Savings Deposits	62.6	69.3	83.4	14.1
Time Deposits	136.7	155.9	185.8	29.9

Table 4: Central Bank Summary of Assets and Liabilities

$mn

ASSETS	Dec. 1989	Dec. 1990	Absolute Change in Year	Percentage Change in Year	LIABILITIES	Dec. 1989	Dec. 1990	Absolute Change in Year	Perentage Change in Year
APPROVED FOREIGN ASSETS	119.6	139.5	19.9	16.6	TOTAL DEMAND LIABILITIES	122.8	128.3	5.5	4.5
CREDIT TO GOVERNMENT	20.9	4.7	-16.2	-77.5					
					Currency	46.8	51.8	5.0	10.7
Advances to Government	1.3	1.3	0.0	0.0	Deposits by Financial Institutions in Belize	35.6	28.8	-6.8	-19.1
Treasury Bills	19.4	3.2	-16.2	-83.5	Deposits by Government and Rest of Public Sector	36.1	38.4	2.3	6.4
Other Government Securities	0.2	0.2	0.0	0.0					
					Deposits by Foreign Government and Financial Institutions abroad	3.3	8.3	5.0	151.5
					Unredeemed Demonetised Issue	1.0	1.0	0.0	0.0
OTHER ASSETS	9.2	10.8	1.6	17.4	OTHER LIABILITIES	10.9	9.8	-1.1	-10.1
					CAPITAL AND RESERVES	16.0	16.9	0.9	5.6
TOTAL ASSETS	149.7	155.0	5.3	3.5	TOTAL LIABILITIES	149.7	155.0	5.3	3.5

Central Bank External Asset Ratio: 31/12/90 108.3%
31/12/89 96.4%

Table 5: Commercial Bank Summary of Assets and Liabilities

$mn

ASSETS	Dec. 1989	Dec. 1990	Absolute Change in Year	Percentage Change in Year	LIABILITIES	Dec. 1989	Dec. 1990	Absolute Change in Year	Perentage Change in Year
LOANS AND ADVANCES	238.9	277.7	28.8	16.2	DEPOSITS	302.7	361.2	58.5	19.3
To: Central Government	2.3	-	-2.3	-100.0	Demand	58.4	63.6	5.2	8.9
Other Public Sector	5.5	7.2	1.7	30.9	Savings	69.3	83.4	14.1	20.3
Private Sector	231.1	270.5	39.4	17.0	Time	175.0	214.2	39.2	22.4
GOVERNMENT SECURITIES	35.0	51.2	16.2	46.3					
Of which: Treasury Bills	29.8	46.1	16.3	54.7	BALANCES DUE	4.0	3.2	-0.8	-20.0
					To: Central Bank	3.6	2.9	-0.7	-19.4
					Other Local			0.0	
CASH	6.3	8.3	2.0	31.7	Financial Institutions	0.4	0.3	-0.1	-25.0
BALANCES WITH CBB	36.0	29.6	-6.4	-17.8	FOREIGN LIABILITIES	21.1	19.4	-1.7	-8.1
BALANCES WITH OTHER LOCAL					Short Term	21.0	19.4	-1.6	-7.6
FINANCIAL INSTITUTIONS	0.3	4.2	3.9	1300.0	Long Term	0.1	0.0	-0.1	-100.0
FOREIGN ASSETS	24.7	36.7	12.0	48.6	OTHER LIABILITIES	37.9	38.4	0.5	1.3
OTHER ASSETS	43.5	35.7	-7.8	-17.9	CAPITAL AND RESERVES	19.0	21.2	2.2	11.6
TOTAL ASSETS	384.7	443.4	58.7	15.3	TOTAL LIABILITIES	384.7	443.4	58.7	15.3

Table 6: Commercial Bank Weighted Average Interest Rates

	1988	1989	1990	Change in Year 1989 - 1990
Weighted Lending Rates				
Personal	13.9	14.7	14.8	0.1
Commercial	13.4	14.0	14.3	0.3
Mortgage	12.4	12.6	13.6	1.0
Other	12.8	13.8	13.5	-0.3
Weighted Average	13.3	14.0	14.3	0.3
Weighted Deposit Rates				
Savings	4.9	5.3	5.4	0.1
Time	7.6	8.0	8.3	0.3
Weighted Average	5.7	6.3	6.3	0.3
Weighted Average Spread	7.6	8.0	8.0	0.0

Table 7: Comparative Bank Rates and Treasury Bill Rates

End Of Period	Belize		United States		United Kingdom		Canada	
	Treasury Bill	Bank Rate	Treasury Bill	Bank Rate	Treasury Bill	MLR	Treasury Bill	Bank Rate
1990								
Jan.	7.5	12.00	7.64	7.00	14.49	14.75	12.34	12.29
Feb.	7.5	12.00	7.76	7.00	14.34	14.75	13.16	13.25
Mar.	7.5	12.00	7.87	7.00	14.59	14.75	13.26	13.38
Apr.	7.5	12.00	7.78	7.00	14.62	14.75	13.55	13.77
May	7.5	12.00	7.78	7.00	14.46	14.75	13.67	14.05
June	7.5	12.00	7.74	7.00	14.32	15.00	13.58	13.90
July	7.5	12.00	7.66	7.00	14.33	15.00	13.23	13.59
Aug.	7.5	12.00	7.44	7.00	14.31	15.00	12.67	13.01
Sept.	7.5	12.00	7.38	7.00	14.26	15.00	12.40	12.61
Oct.	7.5	12.00	7.19	7.00	13.37	14.00	12.36	12.66
Nov.	7.5	12.00	7.07	7.00	12.92	14.00	12.01	12.25
Dec.	7.5	12.00	6.81	6.50	12.96	14.00	11.47	11.78

Table 8: GOVERNMENT OF BELIZE: Revenue and Expenditure

$'000

	1988/89	1989/90	1990/91 Budget	Apr 1990-Jan 1991[P]	Apr 1989-Jan 1990[R]
TOTAL REVENUE AND GRANTS	203,401	197,565	194,604	183,048	157,324
Current Revenue	159,454	184,207	174,821	169,952	144,710
Tax Revenue	140,093	155,886	144,650	137,859	122,406
Income and Profits	33,087	35,772	29,000	30,410	25,093
Properties	1,548	1,512	1,550	1,192	1,219
International Trade	84,479	94,047	92,800	85,056	77,017
Excise	11,625	12,903	12,200	11,857	10,082
Other	9,354	11,652	9,100	9,344	8,995
Non-tax Revenue	19,361	28,321	30,171	32,093	22,304
Capital Revenue	42,079	12,399	5,000	10,370	11,656
Grants	1,868	959	14,783	2,726	958
TOTAL EXPENDITURE	146,424	191,812	242,766	167,031	157,177
Current Expenditure	114,855	127,031	135,796	121,226	103,587
Wages and Salaries	62,627	71,099	79,560	64,325	58,057
Pensions	6,312	7,424	7,028	6,194	5,620
Goods and Services	32,504	35,229	37,269	32,917	28,890
Interest Payments on Public Debt	13,412	13,279	11,939	9,748	11,020
Capital Expenditure	31,569	64,781	106,970	53,847	53,590
Capital II (Local sources)	27,384	43,823	38,574	36,661	32,640
Capital III (Foreign sources)	4,185	20,958	68,396	17,186	20,950
CURRENT BALANCE (Surplus+/Deficit-)	+44,599	+57,176	+39,025	+56,768	+41,123
OVERALL BALANCE (Surplus+/Deficit-)	+56,977	+5,753	-48,162	+16,017	+147
FINANCING	-56,977	-5,753	48,162	-16,017	-147
Domestic (net)	-51,588	-16,284	12,610	-15,850	-2,953
External (net)	-5,389	10,531	35,552	-167	2,806

Sources: Central Bank of Belize
Ministry of Finance

P = Preliminary

R = Revised

Table 9: External Public Debt

Borrower and Creditor Categories

US$'000

	Outstanding 31/12/89	Disbursement	Repayments	Valuation Adjustment	Interest Payments	Outstanding 31/12/90
I. CENTRAL GOVERNMENT	68,853	10,074	6,682	6,254	2,105	78,499
CDB	7,375	346	127	63	182	7,657
EDF	3,583	418	59	630	49	4,572
IBRD	9,248	2,172	617	781	742	11,584
IFAD	553	105	0	46	25	704
UK	19,471	2,053	1,104	4,555	54	24,975
T & T	52		2	0	1	50
USA	21,485	2,000	0	0	371	23,485
RBC	400		200	0	38	200
PEMEX	478		478	0	223	0
FFE	0		0	0	0	0
ECCB & CBB DEBENTURES	700		700	0	40	0
SUPPLIERS' CREDIT	806		389	83	84	500
OPEC	726	90	0	0	43	816
GOC	645		0	0	0	645
ICLE/ITALIAN	0	2,890		0	7	2,890
IMF	3,331		3,006	96	246	421
II. REST OF NON-FINANCIAL PUBLIC SECTOR	39,400	1,319	3,063	1,520	2,137	31,500
				0		
CDB	13,449	236	968	430	586	13,147
IBRD	4,462	1,083		519	428	6,064
CIDA	7,803		108	-19	0	0
CDC	1,085		199	590	82	1,476
BNS	1,661		332	0	159	1,329
BARCLAYS	9,454		1,456	0	882	7,998
FYFFES	1,486		0	0	0	1,486
III. FINANCIAL PUBLIC SECTOR	22,056	2,971	1,669	916	1,355	22,762
CDB TO DFC	10,212	237	754	123	475	9,818
NON CDB TO DFC	8,985	984	915	793	816	8,335
EDF	475		8	71	5	538
EEC/EIB	1,862	984	182	165	133	2,829
CDC	3,136		725	557	409	2,968
PWRS	2,000			0	269	2,000
CIDA	1,512			0		0
CENTRAL BANK OF BELIZE	2,859	1,750			64	4,609
TOTAL	130,309	14,364	11,414	8,690	5,597	132,761

Table 10: Balance of Payments 1988 - 1990

US$mn

	1988	1989	1990
CURRENT ACCOUNT	-9.3	-20.2	-7.3
VISIBLE TRADE	-44.9	-67.7	-59.2
INVISIBLE TRADE	12.2	19.9	26.8
Freight & Merchandise Ins.	-20.3	-23.7	-23.5
Other Transportation	4.1	6.6	8.8
Travel	15.6	21.0	25.3
Investment Income	-6.2	-8.7	-8.1
- Direct Investment	-4.8	-7.8	-6.9
- Interest Income	-1.4	-0.9	-1.2
Other Goods, Services & Income	19.1	24.7	24.3
Official n.i.e.	13.5	20.7	18.5
Private	5.6	4.0	5.8
UNREQUITED TRANSFERS	23.5	27.6	25.1
Official	10.6	11.2	10.9
Private	12.9	16.4	14.2
CAPITAL ACCOUNT	26.2	27.8	18.5
Direct Investment	12.9	17.5	15.7
Other	13.3	10.3	2.8
Official	9.6	13.8	3.2
Private	3.7	-3.5	-0.4
- Commercial Banks	1.6	-9.0	0.0
- Other	2.1	5.5	-0.4
ERRORS AND OMISSIONS	1.9	3.8	-0.6
OVERALL BALANCE	18.8	11.4	10.6
NET CHANGE IN RESERVES (Minus = Increase)	-18.8	-11.4	-10.6

Table 11: Direction of Trade for Gross Imports (C.I.F) 1986 - 1990

US$'000

	1986	1987	1988	1989	1990*
USA	69,672	82,820	96,755	123,050	121,661
UK	9,906	11,742	16,029	19,812	17,370
OTHER EEC	10,083	12,334	15,743	11,168	15,053
CANADA	4,108	5,506	7,451	4,692	4,889
MEXICO	8,957	12,605	12,505	14,977	14,349
CARICOM	2,658	3,406	8,433	10,241	13,006
OTHER	16,579	14,529	24,058	31,756	24,920
TOTAL	121,963	142,942	180,974	215,696	211,248

Source: Central Statistical Office
* First 9 months of the year

Table 12: Direction of Trade for Domestic Exports 1986 - 1990

US$'000

	1986	1987	1988	1989	1990*
USA	45,278	43,367	42,901	44,375	51,499
UK	25,519	31,141	35,044	32,470	34,744
OTHER EEC	656	530	2,380	66	1,374
CANADA	292	3,427	3,442	3,473	5,570
MEXICO	155	151	2,473	1,544	1,898
CARICOM	1,437	7,969	8,200	8,244	8,341
OTHER	1,135	330	732	3,812	1,123
TOTAL	74,472	86,915	95,172	93,984	104,549

Source: Central Statistical Office
* First 9 months of the year

Auditors' Report and Financial Statements

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Price Waterhouse

April 19, 1991

AUDITORS' REPORT
TO THE BOARD OF DIRECTORS OF
CENTRAL BANK OF BELIZE

In our opinion, the accompanying financial statements present fairly the financial position of Central Bank of Belize at December 31, 1990 and 1989, and the results of its operations for the years then ended, in conformity with generally accepted accounting principles in Belize, consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards in Belize and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

CENTRAL BANK OF BELIZE

BALANCE SHEET

ASSETS	December 31, 1990	December 31, 1989
APPROVED EXTERNAL ASSETS (Note 3)		
Balances and deposits with foreign bankers and the Crown Agents	$112,300,828	$101,473,046
Reserve Tranche and balances with the Int'l Monetary Fund (Note 4)	5,420,086	4,986,367
Marketable securities issued or guaranteed by foreign governments and international financial institutions	586,868	1,595,446
Other foreign credit instruments	20,679,998	10,099,992
Accrued interest and cash intransit (Note 2f)	357,136	327,157
	139,344,916	118,482,008
DEFERRED INCOME		
Revaluation account (Note 2d)	(2,874,210)	(2,171,442)
	136,470,706	116,310,566
DEFERRED COSTS (Note 5)	725,135	691,325
DUE FROM THE BELIZE GOVERNMENT (Note 6)	1,289,595	1,289,595
BELIZE GOVERNMENT SECURITIES (Note 7)	3,330,118	19,558,053
INVESTMENT IN PUBLIC ENTITIES (Note 8)	6,000,000	6,000,000
BALANCES WITH LOCAL BANKERS AND CASH ON HAND	56,303	15,954
OTHER ASSETS (Note 9)	2,658,707	2,024,620
PROPERTY AND EQUIPMENT (Notes 2b and 10)	1,349,998	1,265,424
	$151,880,562	$147,155,537

The accompanying notes are an integral part of this statement.

CENTRAL BANK OF BELIZE

BALANCE SHEET (Continued)

LIABILITIES, CAPITAL AND RESERVES	December 31, 1990	1989
DEMAND LIABILITIES		
Notes and coins in circulation	$51,776,949	$46,738,902
Deposits by licensed financial institutions (Note 11)	28,858,270	35,573,576
Deposits by and balance due to Government and Public Sector Entities in Belize	38,397,666	35,174,927
Unredeemed demonetized issue (Note 12)	1,002,262	1,003,153
Deposits by international agencies (Note 13)	3,863,700	2,236,076
	123,898,847	120,726,634
BALANCES DUE TO (FROM) CARICOM CENTRAL BANKS	124,398	(216,864)
OTHER LIABILITIES	796,472	836,542
DUE TO THE BELIZE GOVERNMENT	1,745,905	4,730,910
COMMERCIAL BANK DISCOUNT FUND (Note 14)	3,666,824	2,876,538
LOANS PAYABLE TO FOREIGN INSTITUTIONS (Note 15)	4,289,595	1,289,595
Total liabilities	134,522,041	130,243,355
CAPITAL ACCOUNT		
Paid up capital (Authorized capital $10,000,000)	10,000,000	10,000,000
GENERAL RESERVE FUND (Note 16)	7,358,521	6,912,182
	$151,880,562	$147,155,537

________________) GOVERNOR

________________) DIRECTOR

________________) GENERAL MANAGER

The accompanying notes are an integral part of this statement.

CENTRAL BANK OF BELIZE

STATEMENT OF OPERATIONS

	For the year ended December 31, 1990	1989
INCOME		
Interest on investments	$10,933,097	$10,635,294
Discounts and other investment income	281,263	410,009
Realized gains from appreciation in market value of securities (Note 2e)	42,514	36,261
Commissions and other income	1,163,139	771,221
Total income	12,420,013	11,852,785
EXPENDITURE		
Printing of notes and minting of coins (Note 2g)	2,190,517	663,972
Salaries and wages, including superannuation contributions and gratuities	2,159,048	1,848,422
Interest expense	2,415,962	2,502,418
Other expenses, including depreciation	3,422,795	2,201,599
Unrealized loss from depreciation in value of investments (Note 2e)	-	21,857
Total expenditure	10,188,322	7,238,268
NET PROFIT	2,231,691	4,614,517
Transfer to General Reserve Fund in accordance with Section 9 (1) of the Act (Note 16)	446,339	922,903
Balance credited to the Accountant General for the Consolidated Revenue Fund	$1,785,352	$3,691,614

The accompanying notes are an integral part of this statement.

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1990 AND 1989

1. ORGANIZATION

The Central Bank of Belize was established by the Central Bank of Belize Act 1982 (the Act).

2. SUMMARY OF ACCOUNTING POLICIES

Following is a summary of the more significant accounting policies adopted by the Bank in preparing its financial statements which accord with generally accepted accounting principles in Belize:

a. The financial statements are presented in Belize dollars.

b. Property and equipment and depreciation -

Fixed assets are carried at cost, and are depreciated on a straight line basis over their estimated useful lives which, for the more important classes of assets, are as follows:

Buildings	20 years
Office furniture	10 years
Equipment	5 years
Vehicles	5 years

c. Notes and coins in circulation -

At December 31, 1976, when the Belize Board of Commissioners of Currency was wound up and its assets transferred to the Monetary Authority of Belize, a liability was recorded in respect of the sale of coins specially minted or packaged as collectors' items. Included in the financial statements is an amount of $1,161,059 recorded as a liability in respect of sales to that date.

Effective January 1, 1977 sales of special coins are included in income in the year of sale and no attaching liability is recorded. The coins are not issued for monetary purposes and in the opinion of the directors no liability will arise in respect of them.

d. Foreign currency translation and exchange gains and losses -

Foreign currency balances at year end are translated at the rates of exchange ruling at that date. Income and expenses in foreign currencies are translated at the rate of exchange ruling on the transaction date.

In accordance with Section 49 of the Act, gains and losses arising from changes in foreign exchange rates are excluded from the computation of net profit and carried to a Revaluation Account, with the provision that if the Revaluation Account shows a net loss, profits are credited to the Revaluation Account in an amount sufficient to cover the loss.

e. Valuation of securities -

Securities are stated at market value. Unrealised losses arising from changes in the market value of securities are charged against income while unrealised gains are deferred. Realised gains and losses are included in income.

f. Accrued interest and cash intransit -

Accrued interest and cash intransit in respect of foreign assets are shown as part of External Assets.

g. Printing and minting expenses -

The cost of printing notes and minting coins is charged against earnings in the year of delivery of the notes and coins.

3. APPROVED EXTERNAL ASSETS

Section 25(2) of the Act states that the Bank shall maintain at all times a reserve of external assets of not less than 40 percent of the aggregate amount of notes and coins in circulation and of the Bank's liabilities to customers in respect of its sight and time deposits.

At December 31, 1990, total approved external assets approximated 112.5 percent (1989-98.1 percent) of such liabilities.

4. INTERNATIONAL MONETARY FUND

The Government of Belize became a member of the International Monetary Fund in 1982 with a subscription of SDR 7,200,000 of which SDR 1,320,600 was paid in foreign currency (the Reserve Tranche) and the remainder in Belize dollars made up of currency and non-interest bearing promissory notes. In 1982, the Reserve Tranche was purchased by the Central Bank from the Government of Belize. At December 31, 1990, the Bank's subscription to the International Monetary Fund amounted to SDR 9,500,000, and the Reserve Tranche amounted to SDR 1,892,600. The Tranche which earns interest is included in Approved External Assets in the financial statements at the rate of BZ $2.85 to SDR 1. at December 31, 1990 (1989 BZ $2.63 to SDR 1.).

5. DEFERRED COSTS

Deferred costs consist of the design and implementation costs of computerizing the Bank's operations and are being amortized over 5 years commencing 1990.

6. DUE FROM THE BELIZE GOVERNMENT

Loan to the Belize Government repayable in 10 equal annual instalments commencing July 1, 1997, in convertible currencies to be agreed on at a later date. The loan is unsecured and does not bear interest (See Note 15)

7. BELIZE GOVERNMENT SECURITIES

Belize Government securities consist of:	1990	1989
Belize Government treasury bills	$3,160,118	$19,388,053
Belize Government debentures	170,000	170,000
	$3,330,118	$19,558,053

Section 35(2) of the Act stipulates that the Bank shall not at any time hold Belize Government Securities in an aggregate amount exceeding 5 times the aggregate amount at that time of the paid up capital and general reserves of the Bank. At December 31, 1990 the Bank's aggregate holding of Belize Government Securities approximated .19 times (1989 - 1.16 times) the amount of paid up capital and general reserves of the Bank.

8. INVESTMENT IN PUBLIC ENTITIES

Investment in public entities consists of 3,000,000 shares in Belize Telecommunications Limited at cost, which in the opinion of the Directors is not in excess of market.

9. OTHER ASSETS

At December 31 other assets are made up as follows:

	1990	1989
Prepayments	$1,462,578	$701,746
Accrued interest	7,113	11,190
Other	1,189,016	1,311,684
	$2,658,707	$2,024,620

10. PROPERTY AND EQUIPMENT

Property and equipment consist of:	1990	1989
Buildings and improvements	$538,067	$528,987
Furniture	358,070	325,070
Equipment	1,232,287	945,359
Vehicles	176,726	137,925
	2,305,150	1,937,341
Less: accumulated depreciation	955,152	671,917
	$1,349,998	$1,265,424

The Bank, except for its Research, Banking Supervision, Exchange and Administration Departments, is housed in premises provided rent free by the government.

11. DEPOSITS BY LICENSED FINANCIAL INSTITUTIONS

The total under this heading consists of balances maintained with the Bank by licensed financial institutions each of which under the provisions of Section 17 of the Banking Ordinance 1976 is required to keep on deposit an amount equivalent to at least 7% of its average deposit liabilities. Interest is not paid on these deposits.

12. UNREDEEMED DEMONETIZED ISSUE

With effect from January 1, 1981, currency notes which had been issued by the Belize Commissioners of Currency ceased to be legal tender in Belize. At December 31, 1990, notes amounting to $1,002,262, which the Bank is obliged to redeem at face value, had not yet been surrendered for redemption.

13. DEPOSITS BY INTERNATIONAL AGENCIES

The Central Bank of Belize is designated the monetary agency for Belize. At December 31, 1990, deposits by international agencies include deposits by the Commission for European Communities, International Monetary Fund and The Caribbean Development Bank as well as deposits of $2,538,785 in Belize dollars made by the International Bank for Reconstruction and Development.

14. COMMERCIAL BANK DISCOUNT FUND

Commercial Bank Discount Fund is a facility which was established by an Agreement signed in March 1983 by the Governments of Belize and the United States of America, providing for a discount fund to be operated through the Central Bank of Belize. The facility enables commercial banks in Belize to discount with the Central Bank up to 100% of loans made to sub-borrowers for projects approved by the Central Bank and the US Government acting through United States Agency for International Development (USAID). The Central Bank in turn was reimbursed by USAID which had earmarked US $5 million in loan funds up to June 30, 1987, to finance the facility. At December 31, 1990, outstanding loans discounted by commercial banks through the facility amounted to Bz $2.9 million net of repayments (1989 - $3.5 million) against a total drawdown of Bz $5.8 million from USAID.

15. LOAN PAYABLE TO FOREIGN INSTITUTIONS

Loans payable to foreign institutions consist of:

	1990	1989
Due to a foreign financial institution repayable in 10 equal annual instalments commencing July 1, 1997, in convertible currencies or Belize exports to be agreed on at a later date. The loan which was negotiated through the Bank for onlending to the Belize Government, is unsecured and does not bear interest. (See Note 6)	$1,289,595	$1,289,595
Due to a foreign financial institution repayable in 16 equal semi-annual instalments commencing December 22, 1992. Interest at 5% per annum. The loan was negotiated for US $5,000,000 for unlending to finance a housing construction project in Belize and is secured by a promissory note from the Central Bank of Belize.	3,000,000	-
	$4,289,595	$1,289,595

13. DEPOSITS BY INTERNATIONAL AGENCIES

The Central Bank of Belize is designated the monetary agency for Belize. At December 31, 1990, deposits by international agencies include deposits by the Commission for European Communities, International Monetary Fund and The Caribbean Development Bank as well as deposits of $2,538,785 in Belize dollars made by the International Bank for Reconstruction and Development.

14. COMMERCIAL BANK DISCOUNT FUND

Commercial Bank Discount Fund is a facility which was established by an Agreement signed in March 1983 by the Governments of Belize and the United States of America, providing for a discount fund to be operated through the Central Bank of Belize. The facility enables commercial banks in Belize to discount with the Central Bank up to 100% of loans made to sub-borrowers for projects approved by the Central Bank and the US Government acting through United States Agency for International Development (USAID). The Central Bank in turn was reimbursed by USAID which had earmarked US $5 million in loan funds up to June 30, 1987, to finance the facility. At December 31, 1990, outstanding loans discounted by commercial banks through the facility amounted to Bz $2.9 million net of repayments (1989 - $3.5 million) against a total drawdown of Bz $5.8 million from USAID.

15. LOAN PAYABLE TO FOREIGN INSTITUTIONS

Loans payable to foreign institutions consist of:

	1990	1989
Due to a foreign financial institution repayable in 10 equal annual instalments commencing July 1, 1997, in convertible currencies or Belize exports to be agreed on at a later date. The loan which was negotiated through the Bank for onlending to the Belize Government, is unsecured and does not bear interest. (See Note 6)	$1,289,595	$1,289,595
Due to a foreign financial institution repayable in 16 equal semi-annual instalments commencing December 22, 1992. Interest at 5% per annum. The loan was negotiated for US $5,000,000 for unlending to finance a housing construction project in Belize and is secured by a promissory note from the Central Bank of Belize.	3,000,000	-
	$4,289,595	$1,289,595

16. GENERAL RESERVE FUND

Section 9(1) of the Act provides for the establishment of a General Reserve Fund into which shall be paid 20 percent of the net profit of the Bank in each financial year until the Fund is equal to the amount of the Bank's paid up capital. Thereafter, 10 percent of net profit is to be paid into the Fund.

The balance of the General Reserve Fund is made up as follows:

	1990	1989
At January 1	$6,912,182	$5,989,279
Transfer from net profit in accordance with Section 9(1) of the Act	446,339	922,903
At December 31	$7,358,521	$6,912,182

17. COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 1990, the Bank is contingently liable to commercial banks under guarantees amounting to $1,367,516.

The Bank is also contingently liable to an international banking institution as guarantor of a facility made available to a public sector entity. At December 31, 1990, the facility was drawn to the extent of US $7,999,148. Under the guarantee, the Bank is required to pledge with the international institution a cash deposit equal to the amount of principal and interest due on the drawdown for each subsequent six month period. At December 31, 1990, the amount pledged amounted to US $1,500,000. The Bank is fully indemnified against losses by the public sector entity.

Outstanding letters of credit, not reflected in the accompanying financial statements, amounted to BZ $867,566 at December 31, 1990.

CENTRAL BANK OF BELIZE

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