

CENTRAL BANK OF BELIZE



12TH Annual Report and Accounts 1993



CENTRAL BANK OF BELIZE

Twelfth Annual Report and Accounts 1993

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CENTRAL BANK OF BELIZE

Keith A. Arnold
Governor

P.O. BOX 852
BELIZE CITY, BELIZE

April 29, 1994

The Rt. Hon. Manuel Esquivel
Prime Minister and
Minister of Finance and Defence
Office of the Prime Minister
Belmopan

Dear Prime Minister,

In accordance with Section 56 of the Central Bank of Belize Act, 1982 (No. 15 of 1982), I have the honour to submit to you, in your capacity as Minister of Finance, the Report on the Central Bank of Belize's operations for the period January 1 to December 31, 1993, together with a copy of the Bank's Statement of Accounts, as certified by the External Auditors.

I am,
Yours faithfully,



Keith Arnold
Governor

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Abbreviations:

ACP	African, Caribbean & Pacific Countries
BEL	Belize Electricity Limited
BSI	Belize Sugar Industry
BTL	Belize Telecommunication Limited
CARICOM	Caribbean Community and Common Market
CBB	Caribbean Development Bank
CET	Common External Tariff
c.i.f.	cost, insurance and freight
COCESNA	Cooperacion Centro Americana de Servicios de Navigaciones Aeria
CPI	Consumer Price Index
CTO	Caribbean Tourism Organisation
DFC	Development Finance Corporation
EEC	European Economic Community
EC	European Community
EMS	European Monetary System
FCCA	Florida-Caribbean Cruise Association
f.o.b.	free on board
GATT	General Agreement on Trade and Tariff
GDP	Gross Domestic Product
NAFTA	North America Free Trade Agreement
OECS	Organization of Eastern Caribbean State
PETROJAM	Petrojam Belize Limited
RECONDEV	Reconstruction and Development Corporation
SSB	Social Security Board
USA	United States of America
US	United States
UK	United Kingdom

\$ refers to the Belize dollar unless otherwise stated.

mn = million
bn = billion

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



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Auditors' Certificate and Financial Statements



Table 1: Major Economic Indicators

	1989	1990	1991	1992	1993P
POPULATION (Thousands)	183.2	184.3	189.4	199.0	205.0
PER CAPITA GDP (BZ\$, Current Prices)	3,327	3,569	3,739	3,976	4,146
GDP AT CURRENT MARKET PRICES (BZ \$mn)	613.2	675.4	726.5	793.1	827.1
Real GDP Growth (%)	12.4	10.2	3.2	7.6	3.3
Sectoral Distribution of Real GDP (%)					
Agriculture, Forestry & Fishing	18.4	18.8	18.9	19.5	18.8
Mining	0.5	0.7	0.9	0.8	0.9
Manufacturing	17.4	17.1	16.2	16.6	16.1
Utilities	1.8	1.8	2.0	2.2	2.4
Construction	7.2	7.2	7.4	7.3	7.6
Trade, Restaurant & Hotels	18.8	19.3	18.4	17.5	17.4
Transport and Communication	12.5	12.6	13.7	14.4	15.4
Finance, Insurance, Real Estate & Business Services	9.7	9.5	9.3	9.1	9.0
Public Administration	9.3	9.0	9.1	8.8	8.7
Other Services	8.1	7.6	7.5	7.2	7.1
Less Imputed Bank Charges	3.7	3.6	3.4	3.4	3.4
MONEY AND PRICES (BZ \$mn)					
Inflation (Annual %age rate)	2.1	3.1	5.6	2.8	1.6
Currency and Demand deposits (M1)	99.0	107.9	122.8	143.8	149.2
Quasi-Money (Savings and Time deposits)	225.1	269.2	306.4	325.4	324.4
Money Supply (M2)	324.1	377.1	429.2	469.2	473.6
CREDIT (BZ \$mn)					
Commercial Banks Loans and Advances	241.0	280.0	336.0	373.2	387.2
Public sector	7.7	7.3	4.9	1.2	0.3
Private sector	233.3	273.7	331.1	372.0	386.9
INTEREST RATES (%)					
Weighted Average Lending Rate	14.0	14.3	14.3	14.4	14.6
Weighted Average Deposit Rate	6.0	6.3	6.4	6.0	6.0
CENTRAL GOVERNMENT FINANCES (BZ \$mn)*					
Current Revenue	184.2	210.9	224.4	230.1	250.8
Current Expenditure	127.0	137.8	150.5	173.2	207.1
Current Account Surplus/(Deficit)	57.2	73.1	73.8	56.9	43.7
Capital Expenditure	69.0	85.8	118.4	148.6	120.1
Overall Surplus/(Deficit)	1.6	1.7	-42.5	-50.2	-48.4
Domestic Financing	-12.1	-7.4	24.7	26.4	31.7
External Financing	10.5	5.7	17.8	30.9	44.2
Other Financing				-7.2	-27.6
BALANCE OF PAYMENTS (US \$mn)					
Merchandise Exports	124.8	129.2	126.1	140.6	132.0
Merchandise Imports	192.6	188.4	223.6	244.5	250.5
Trade Balance	-67.8	-59.2	-97.4	-103.9	-118.4
Current Account Balance	-19.0	15.2	-25.9	-28.8	-48.5
Capital Flows	27.2	25.1	14.4	22.4	32.8
Net Change in Official International Reserves note: minus = increase	-12.0	-12.5	20.8	-1.4	18.9
Net Official International Reserves	57.5	70.1	49.4	50.7	31.9
Import Cover of Reserves (in months)	3.9	4.2	2.9	2.7	1.4
EXTERNAL PUBLIC DEBT (US \$mn)					
Disbursed Debt Outstanding	130.6	133.0	150.6	149.9	166.3
Debt Service Payments	14.6	17.3	15.0	13.4	15.5
Debt Service Ratio	6.6	6.8	5.8	4.6	5.3

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

P: Provisional
* 1989,1990 = Fiscal Year
1991-1993 = Calendar Year



ECONOMIC REVIEW

Overview

During 1993, recovery in world economic activity was sluggish and uneven as some countries emerged from recession and growth declined sharply in several countries. Many developing countries continued to struggle with structural adjustment in spite of the weakness of activity in industrial countries. In the Caribbean Community and Common Market (CARICOM) region, performance was mixed as some countries recorded growth following the successful implementation of tight macroeconomic policies while economic activity declined in others. The United States of America (USA) government announced a further 16% cut in sugar quotas to the region for the 1993/94 year but world market sugar prices are expected to increase following significant reductions in supply from Cuba, Thailand and India. Caribbean banana producers are having difficulty with the new European Community (EC) regime as the General Agreement on Trade and Tariff (GATT) ruled against them on the EC quota and tariff regime.

Belize recorded growth in real gross domestic product (GDP) of 3.3% after growth of 7.6% in 1992. The slowdown in growth was most marked in the agriculture and manufacturing sectors where declines in economic activity of 1.8% and 0.3%, respectively were recorded following the 22.2% fall in citrus fruit delivery and the 27.0% drop in citrus concentrate production.

Between January and December 1993, Central Government recorded an overall deficit of \$48.4mn following a 19.6% increase in current expenditure and a 53.3% fall in capital revenue. The overall deficit was funded from both domestic and external sources. Domestic financing amounted to \$31.7mn while external financing amounted to \$44.2mn as disbursements of \$54.4mn outweighed repayments of \$10.3mn. Most of the capital expenditure during the year was on infrastructure projects.

The disbursed outstanding external public debt increased from \$299.6mn at the end of December 1992 to \$334.8mn at the end of December 1993 following net financial inflows (disbursements minus repayments) of \$39.4mn and negative valuation adjustments of \$5.5mn.

Money supply (M2) grew by 1.0% in 1993, 8.3% less than the growth recorded in 1992. The growth in M2 was largely influenced by internal factors as net domestic credit grew by \$50.5mn (11.8%) with the largest increase in domestic credit going to the Central Government (91.9%). Net foreign assets fell by \$52.0mn (55.9%) as those of the Central Bank and commercial banks fell by \$37.7mn and \$14.3mn, respectively. Statutory liquidity tightened a bit during the year as the Central Bank increased the liquid assets requirement by one percentage point in November. By the end of the year, excess statutory liquidity stood at \$10.8mn. There was little change in the interest rate structure during the year as the weighted average lending rate increased by 20 basis points and the weighted average deposit rate remained unchanged. This resulted in a widening of the weighted average spread to 8.6%.

Economic growth is expected to fluctuate between 3% and 6% over the next three years as the productive sector expands and fiscal performance improves. This outlook assumes implementation of the appropriate set of monetary and fiscal policies by Government to promote economic growth and enhance competitiveness at the macro level and that the private sector will organise productive activity more efficiently at the micro level.



International Economic Developments

During 1993, global recovery was hesitant and uneven as some countries emerged from recession and growth declined sharply in many other countries largely reflecting extensive balance sheet restructuring, persistently high short term real interest rates, considerable financial tensions and depressed levels of consumer and business confidence. World output grew by 2.2% in 1993 after growth of 1.7% in 1992 and 0.6% in 1991. The outlook for 1994, however, remains unusually uncertain.

There were encouraging stronger signs of growth in North America which contrasted with recent marked deterioration in economic performance in Japan and especially in Europe. Many developing countries continued to show resilience to the weakness of activity in industrial countries. Low interest rates on dollar-denominated external liabilities, and considerable capital inflows in some cases, helped to offset the effects of declining terms of trade for commodity exporters and of generally weak demand in industrial countries. The more important reason for the comparatively stronger performance of developing countries has been the beneficial effects of sustained stabilization and reform efforts in the context of outward-oriented economic strategies.

Industrial Countries

The recovery in the USA continued, albeit slowly, as GDP grew by 2.7% as compared with growth of 2.6% in 1992. Consumer prices increased by 3%; the same as in 1992. The adoption of the fiscal budget for FY 1994 represented a significant effort to slow the rise in public debt and to reverse the declining trend in national savings and investment. There, however, continues to be mixed signals about the strength of the recovery, but the favorable reception by financial markets of the deficit reduction package, and the associated decline in long term interest rates should help to achieve a larger growth rate in 1994.

The recovery in Canada gained momentum in 1993

as GDP grew by 2.6% after growth 0.7% in 1992. Low inflation, estimated at 1.8% in 1993, permitted short term interest rates to fall significantly but long term interest rates remain high in real terms. With a relatively large margin of slack in the economy and an increasingly credible policy of promoting price stability, output and employment seem poised to grow faster than in other industrial countries during the next years.

A sharp slowing of growth in Europe suggests stagnation in 1993 as compared with growth of 1.1% the previous year and largely reflects a range of adverse factors, including tight monetary conditions, inadequate progress toward inflation convergence and budgetary consolidation in many countries, and the attendant weakness of consumer and business confidence.

In the United Kingdom (UK), the lowering of interest rates and the improvement in competitiveness that followed the decision to float the exchange rate in September 1992 have helped to turn an incipient recovery into a moderate expansion, while inflation has continued to decline. Real GDP is estimated to have grown by 1.8% in 1993 after a decline of 0.5% in 1992. Consumer prices increased by 3.2% after an increase of 4.7% in 1992.

In Germany, real GDP declined by 1.6% after growing by 1.9% the previous year and consumer prices rose by 4.6% following an increase of 4.7% in 1992. The rising economic slack has led to a marked reduction of underlying inflationary pressures, and conditions are now in place for continuing the policy of a gradual, but cumulatively significant, decline in short-term interest rates.

Growth in Japan in 1993 slowed from 1.3% in 1992 to a decline of 0.1% in 1993 largely reflecting the effects of balance sheet problems and the substantial appreciation of the yen during the past year. Consumer prices increased by 1.2% after rising by 1.7% in 1992. The principal short-term objective of economic policy will be to provide adequate support to domestic demand to permit sustainable recovery of economic activity.



Regional Developments

Caribbean banana producers continue to have difficulty with the new EC banana regime which makes no allowance for other Caribbean islands to make up shortfalls in exports from any individual island. They are lobbying for a regional quota. On April 26, GATT ruled that the EC quota and tariff regime which was designed to protect traditional banana suppliers was discriminatory towards Latin American producers. The ruling recommended that the quotas for Latin American "dollar bananas" be removed and the tariffs lowered. The GATT ruling was a severe blow especially to Windward Island producers who had welcomed the EC proposals as a lifeline for the industry. Dominica, St. Lucia and St. Vincent subsequently joined GATT in order to present their case to the world trade body since in previous hearings, as non-members, they had to ask Jamaica to represent their interests. In December GATT recommended, as a compromise, an increase in quotas to Latin American banana producers as part of the GATT negotiations between the USA and the EC. This was seen as a further harm to Caribbean Commonwealth producers and is expected to exacerbate downward pressure on banana prices.

The United States (US) Government announced a further 16% cut in sugar quotas to 1.037mn tons in the October 1993/September 1994 year. This compares with the quota of 1.231 mn tons in 1992/93. This is the third consecutive annual reduction, and reflects high domestic production levels and low world prices. News that the Cuban crop will be only 4.2mn tons as compared with last year's 7.0 mn, together with falls in production in Thailand and India, are expected to produce a sizeable global sugar deficit this year, which may push prices up from current levels of US cents 11/lb to perhaps as much as US cents 15/lb in 1994. Fears that the North American Free Trade Agreement (NAFTA) might lead to Mexican sugar displacing Caribbean US quotas have receded following negotiation of a six year agreement restricting Mexico's sales to the US.

The row which has been simmering between the

cruise lines and Caribbean governments since September 1992 came to a head in May, when the Florida-Caribbean Cruise Association (FCCA) suspended its links with the government-backed Caribbean Tourism Organization (CTO) accusing CTO of colluding in smears against the cruise industry by failing to disassociate itself from what the FCCA termed a "misinformation campaign" being conducted by the Caribbean Hotels Association. Meanwhile, the CTO's attempts to persuade governments to introduce a common \$10 head tax for cruise visitors to the various islands are likely to founder under the threat of a boycott by the cruise lines.

A major source of Caribbean investment funds looks set to dry up following a May announcement by the Puerto Rico government that it is to suspend most of on lending of Section 936 funds (used for investment in approved Caribbean countries). Some \$700 mn of potential lending will be put on hold until the future of Section 936 funds is finally decided by the US government.

Regional integration moved forward in 1993 with the Port of Spain Agreement between CARICOM, the G3 (Colombia, Mexico, Venezuela) and Surinam. There is to be a timetable for setting up an Association of Caribbean States covering all islands and littoral countries. CARICOM'S backing of the NAFTA proposals also indicates acceptance of free trade. CARICOM authorized the establishment of a \$50 mn Caribbean Investment Fund.

Plans to streamline and coordinate the Caribbean's nine separate airlines were thrown into further confusion at the end of 1993 with the launch of yet another carrier, Atlantic Caribbean International Airlines. This is a charter company which will compete directly with the scheduled airlines on the North America-Caribbean routes. Meanwhile, Trinidad and Jamaica are studying the feasibility of merging their national airlines. But national rivalries will remain a major obstacle to airline integration, even though a survey by the CTO identified savings of up to \$64 mn a year which could be made if the nine carriers entered into



cooperative bulk-buying agreements.

Preliminary estimates indicate that the Jamaican economy grew by 1.2 % in 1993; the same as in the previous year. The annual inflation rate is estimated to have reached 30.0 % by the end of November largely reflecting the depreciation of the Jamaican dollar. Further price rises can be expected in 1994 as the currency continues to lose value. Balance of payments figures released for the first half of 1993 show the re-emergence of a current account deficit of J\$100 mn. By the end of December, the Jamaican dollar had depreciated to J\$28.4 mn and foreign exchange reserves has risen from J\$130 mn at the end of 1992 to J\$150 mn at the end of 1993.

In Trinidad and Tobago (TT), preliminary estimates indicate that real GDP declined by 1% after declining by 0.6% in 1992. The slowdown in domestic production largely reflects a fall in oil output which has adversely affected the trade balance position. The annual rate of inflation increased by 17.0% after an increase of 8.5% in 1992 following the depreciation of the TT dollar. Further depreciation of the currency seems inevitable in 1994, with a concomitant rise in prices. Foreign exchange reserves fell from TT \$0.17 bn at the end of 1992 to TT \$0.16 bn at the end of 1993.

Real growth in Barbados is estimated at 0.5% in 1993 after decline of 4.0% in 1992. The increase in domestic production was marked by a 2.4% improvement in tourism earnings but the overvalued Barbados dollar continues to hinder manufacturing expansion. Import surcharges and export incentives are being introduced over the next five years in a bid to offset the lack of competitiveness and a wage freeze will be maintained in 1994 and 1995 to compensate for high domestic production costs caused by the strong dollar. The annual inflation rate fell from 3.3% at the end of 1992 to 1.0% at the end of 1993. Foreign exchange reserves increased from B\$140 mn at the end of 1992 to B\$150 mn at the end of 1993.

Preliminary estimates indicate that growth in real GDP in Guyana averaged 8.1% in 1993 after 7.8%

in 1992. Annual inflation fell from 15.0% in 1992 to 9.0 % at the end of 1993 and the Guyana dollar stabilized by the end of 1993 at GY \$126.20 to US\$1. Foreign exchange reserves increased to GUY \$218.9 mn at the end of 1993 from GUY \$191.5 mn at the end of 1992.



Domestic Production, Exports and Prices

Overview

Preliminary estimates indicate that growth in real GDP decelerated to 3.3% in 1993 from 7.6% in 1992 as a result of a decline in agricultural and

manufacturing activities and slowdown in the rate of growth of the services sector.

	1991	1992	1993P
GDP at Current Market Prices	7.6	9.2	4.3
Real GDP (at 1984 prices)	3.2	7.6	3.3
Primary Activities	4.9	10.8	-0.1
of which: Agriculture	-1.8	12.8	-1.8
Secondary Activities	1.6	9.3	3.3
of which: Manufacturing	-2.4	10.8	-0.3
Construction	7.2	4.6	8.4
Services	3.1	5.7	4.6
of which: Trade & Tourism	-1.7	2.1	2.9
<u>Consumer Price Index</u>			
Average	5.6	2.8	1.6
End of Period	4.5	2.4	2.0

Source: Central Statistical Office
P: Provisional

Activity in the primary sector declined by 0.1% reflecting a decline in agricultural activity and forestry and logging. The decrease in agricultural activity largely reflects the cyclical downturn in citrus production. Forestry and logging contracted by 16.2% as the Government's policy to conserve forest resources and increase the local value added of wood products slowed the rate at which trees were harvested. Fishing activities grew by 14.8% as shrimp farm production continued to increase and shrimp exports surpassed lobster tails as the primary source of foreign exchange from the marine sector. Although the quantity of sugar processed declined

and the USA quota was reduced, sugar industry earnings rose by \$7.6 mn as the European Economic Community (EEC) prices increased and the pound sterling moved in favour of the industry. Citrus earnings, at \$27.9mn, was 48.7% lower than in 1992. This reflects a decline in production from the record high of 1992 and lower prices for orange and grapefruit concentrate. Banana exports topped \$28.4 mn reflecting continuing benefits from structural enhancements and the control of Black Sigatoka disease since 1992.



	\$mn		
	1991	1992	1993P
Traditional			
Sugar	83.4	75.3	82.9
Citrus	21.6	54.4	27.9
Molasses	5.2	4.5	9.3
Bananas	14.9	20.5	28.4
Marine	19.8	24.1	26.0
Other ¹	40.5	43.4	45.6
Non-traditional	10.0	6.0	13.0
Total	195.4	228.2	233.1

Source: Central Statistical Office
 1 Garments and sawn wood
 P: Provisional

Growth in the secondary sector moderated to 5.7% as citrus processing declined following a fall in citrus production. Public sector investment in several infrastructural projects such as the new Belize City Hospital, the expansion of the water supply main and the new prison boosted growth in the construction sector from 14.2% in 1992 to 19.5% in 1993. Electricity and water services grew by 10.8% as Government made significant investment in rural electrification and water supply. The services sector grew by 2.8% largely reflecting expansion in the operations of the Belize Telecommunications Ltd. (BTL). The contribution of trade, restaurants and hotels grew by 3.0%. This is explained by expansion in the tourism and commercial sectors. Public Administration increased by 2.0% as a result of the implementation of wage and salary increases to public officers.

The Consumer Price Index (CPI) fell from 2.8% in 1992 to 1.6% in 1993 with declines in food, clothing and footwear. The decrease in the CPI was experienced in all districts with the largest decline in the Orange Walk and Stann Creek districts.

Sectoral Review

Sugar

During the 1992/93 crop year, 1.1 mn long tons of sugar cane were delivered, approximately the same

as in 1991/92. Sugar cane deliveries to the Belize Sugar Industries Ltd. (BSI) increased by 1.5% to 992,877 long tons while deliveries to Petrojam Belize Limited (PETROJAM) for the production of molasses increased by 46.4%. The shift in deliveries is as a result of PETROJAM increasing the price which it pays to farmers. This shift in deliveries to PETROJAM resulted in an increase in the production of molasses of 17.4% and a concurrent marginal decline in sugar production to 100,050 long tons. There were improvements in the overall factory efficiency and cane purity which were reflected in a decline in the cane/sugar ratio from 9.73 to 9.55. These improvements largely reflect the successful implementation of the control delivery system which was designed to increase the delivery of fresh cane which has a higher sucrose content than stale cane. Final payment for the 1992/93 crop indicates that farmers in the Orange Walk division received \$54.71 per ton while those in the Corozal division received \$56.18 per ton.



	1990/91	1991/92	1992/93P
Production of Sugar cane (long tons)	1,113,961	1,103,700	1,176,468
Sugar cane deliveries to BSI	964,505	978,318	992,877
Sugar cane deliveries to PETROJAM	149,456	125,382	183,591
Sugar Processed (long tons)	101,914	100,528	103,683
Molasses processed by BSI	31,660	29,921	29,209
High test molasses processed by PETROJAM	22,253	5,957	12,438
Cane juice molasses processed by PETROJAM ²	-	9,697	12,761
Performance			
Overall Factory Efficiency (%)	90.58	90.53	91.04
Cane Purity (%)	85.48	86.72	87.04
Cane/Sugar	9.47	9.73	9.55

Source: Belize Sugar Board

¹ Crop year = December to June

² Exportation of cane juice molasses began in April, 1992

P: Provisional

The year 1994 will be an important year for the sugar industry. During this year, Government is expected to divest its final holdings in BSI completing the restructuring of the industry which was begun in the mid 1980s.

Exports of sugar during 1993 totalled 90,298 long tons at a value of \$82.9 mn with the share going to preferential markets falling from 62.2% in 1992 to 60.2% in 1993 as a result of a cut in the USA quota. During the year, prices in the EEC and

world markets improved and the ECU/Sterling exchange rate moved in Belize's favour. The net effect of these varied movements was an increase in the unit value of exports and a rise in earnings from \$75.3 mn to \$82.9 mn. The value of molasses more than doubled to \$9.3 mn following PETROJAM's decision to export higher valued edible molasses in addition to high test molasses for the production of ethanol.

	\$mn					
	1991		1992		1993P	
	Volume	Value	Volume	Value	Volume	Value
Sugar (long tons)	91,886	83.4	89,934	75.3	90,298	82.9
EEC (Quota)	45,224	52.0	42,102	48.9	42,234	56.4
USA (Quota)	21,215	20.3	13,822	12.5	12,136	10.8
Other (World)	25,447	11.1	34,010	13.9	35,928	15.7
Molasses ('000 gals.)	9,677	7.5	6,670	6.4	9,293	8.1

Sources: Central Statistical Office
Belize Sugar Industries Ltd.

P: Provisional



The 1993/94 sugar crop is expected to produce 1,175,000 long tons of cane from which 105,000 long tons of sugar and 69,416 long tons of molasses will be produced.

In the 1993/94 crop year, the US Government once again reduced Belize's sugar quota for export to the US market. The quota now stands at approximately 10,500 long tons down from 12,500 long tons during the previous crop season.

Citrus

Following the all time record high achieved in 1991/92, citrus fruit deliveries decreased by 22.2% to 2.8 mn boxes during the 1992/93 crop year. This decline reflected the downward swing in the production cycle and resulted in a 27.0% decrease

in the manufacture of citrus concentrate. With international prices for orange concentrate also falling during 1993, export earnings dropped to \$27.9 mn after the \$54.4 mn received in 1992. While production and earnings declined significantly in 1992/93, performance exceeded that achieved in 1990/91.

	1990/91	1991/92	1992/93P
Deliveries ('000 boxes)	2,454	3,606	2,805
Oranges	1,314	2,414	1,790
Grapefruit	1,140	1,192	1,015
Concentrate Exported* ('000 gals)	1,569	2,621	1,914
Orange	981	1,917	1,324
Grapefruit	588	704	590
Value (\$mn)*	21.6	54.4	27.9
Orange	16.0	41.2	17.6
Grapefruit	5.6	13.2	10.3

Sources: Central Statistical Office
Belize Food Products
Citrus Company of Belize

¹ Crop years = October to June

* Calendar year

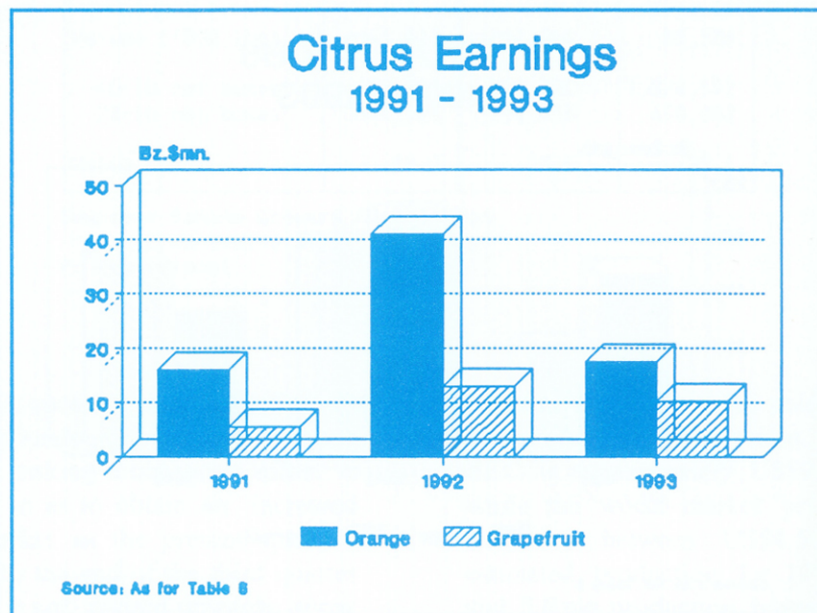
P: Provisional

Production in the 1993/94 crop year is expected to rise by approximately 25.0% to 3.5 mn boxes. Early in the crop year, the yield from both orange and grapefruit decreased due largely to unfavourable

weather conditions. However, it is expected that the overall situation will have improved by the end of the crop year.



Chart A

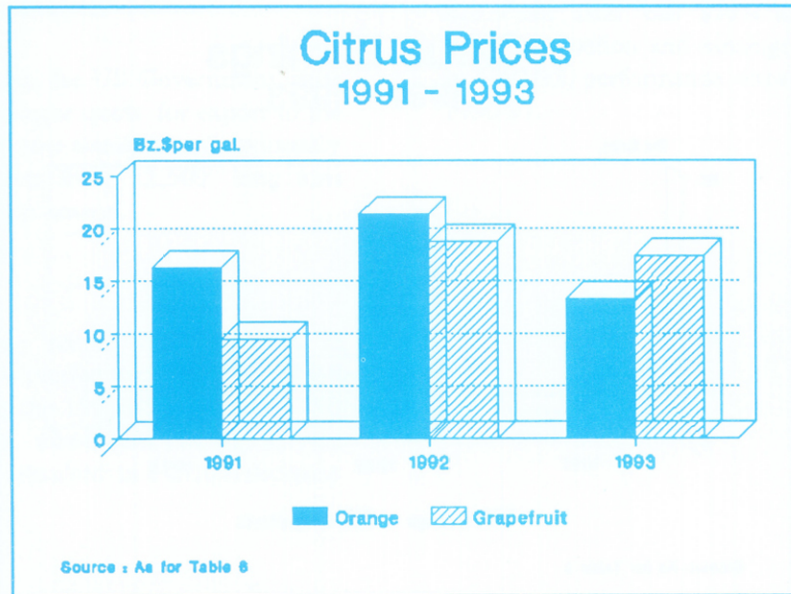


Orange concentrate prices are expected to fluctuate between \$1.00 and \$1.10 per pound solid which will be an improvement on 1993 prices but will remain

low compared to 1992 prices. No significant change in grapefruit prices is expected.



Chart B



Belize is the third largest exporter of frozen orange juice concentrate to the US, after Brazil and Mexico. With NAFTA, tariffs on Mexican exports of citrus concentrate to the US market will be phased out over a fifteen year period thereby gradually eroding the benefits to Belize under the Caribbean Basin Initiative. This is a significant amount of time for Belize to adjust to the changes. During this period, if the world market price for frozen orange concentrate falls below a predetermined level, a tariff of US\$0.35 per gallon will be charged against Mexican but not Belizean exports.

Bananas

During 1993, banana exports increased by 38.2% to 85.6 mn pounds at a value of \$28.4 mn. This expansion follows from infrastructural enhancements, the control of the Black Sigatoka disease and favourable weather conditions. In addition to the \$28.4 mn earned, the industry also obtained \$10.9 mn in quality bonus indicating the high quality of bananas being exported from Belize.



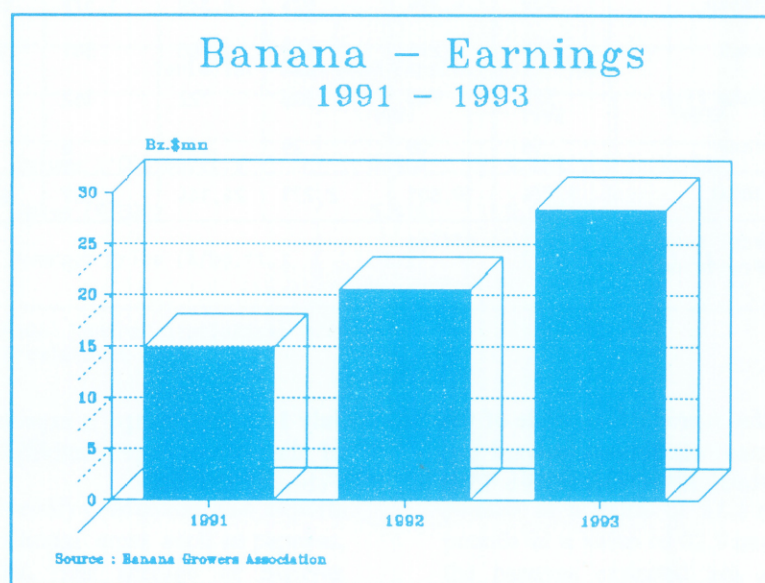
	1991	1992	1993P
Volume ('000 lbs)	45,613	61,944	85,586
40-lb net boxes	688,880	999,220	1,824,592
28-lb net boxes	644,928	784,818	450,082
Value (\$mn)	14.9	20.5	28.4

Sources: Banana Growers Association
Central Statistical Office
P: Provisional

Belize presently, has a quota to the EEC of 40,000 long tons or 89.6 mn pounds. The Banana Growers Association has been making a concerted effort to expand their exports so as to obtain an increased quota to the EC Market as the present quota is expected to be filled by the end of the third quarter of 1994. If the quota is not revised upwards, some

bananas may have to be sold on the world market at significantly lower prices. Prices offered by the EEC is approximately US\$9.38 per 40 pound box while the world market price for the same box fluctuates between US\$4.50 and US\$5.00. The estimated production for 1994 is between 2.8 mn and 3.0 mn production boxes.

Chart C





Marine Products

Exports of marine products grew by 7.8% as a fall in all categories of marine products was outweighed by a 48.8% increase in farmed shrimp exports. During 1993, farmed shrimp exports grew to become the most important foreign exchange earner after lobster tails. The increase in shrimp exportation is mainly attributable to more reliable financing and prudent management. Farmed shrimp is sold primarily in the US and the prices received are market determined.

Plans are underway to substantially expand the number of ponds under operation and expansion should commence sometime in 1995. The decline in the export of conch and whole fish is partly attributable to increased local sales which may be a reflection of the growing tourist industry.

Table 8: Exports of Marine Products 1991 - 1993

	1991		1992		1993P	
	Volume ('000lbs)	Value (\$'000)	Volume ('000lbs)	Value (\$'000)	Volume ('000lbs)	Value (\$'000)
Lobster Tails	467	11,655	433	10,818	420	10,496
Lobster Head	6	36	14	86	7	41
Whole Cooked Lobster	56	789	76	1,069	4	55
Shrimp	509	4,194	925	8,328	1,377	12,393
Conch	343	2,294	432	2,980	381	2,970
Whole Fish	377	743	366	722	162	331
Other	16	90	25	141	6	30
TOTAL	1,774	19,801	2,271	24,144	2,357	26,016

Source: Central Statistical Office
P: Provisional

Following a study of the reproductive cycle of the lobster, the lobster season was shifted forward one month to February 15 to June 14 from March 15 to

July 14. This change is expected to take advantage of the higher reproductivity of lobster between February and June.



Other Exports

Garments

Preliminary indications are that during 1993, 4.3 mn pieces of garments were exported, 4.9% more than last year. This, together with the shift toward the

exportation of higher valued goods, resulted in an increase in the value of garment exports.

	1991	1992	1993P
Volume (mn pcs.)	3.8	4.1	4.3
Value (\$mn)	35.1	37.3	41.2

Source: Central Statistical Office
P: Provisional

Wood Products

During 1993, 3.1 mn board feet of sawn lumber were exported, 23.5% less than last year while the value at \$4.4 mn was 23.2% less. This decline reflects the Government's policy to increase the

value added in the use of exotic woods such as zericote and mahogany and to promote the production and export of finished wood products.

	1991	1992	1993P
Volume ('000 bd.ft.)	3,442	4,081	3,124
Value (\$'000)	5,416	5,705	4,392
Average Price (\$/bd.ft.)	1.57	1.40	1.41

Source: Central Statistical Office
P: Provisional

Non-traditional Exports

Belize's efforts to diversify production and exports continued in non-traditional areas such as papayas, peanuts and dolomite. The acreage of papayas under cultivation increased from 120 acres to 200

acres. Exports of papayas increased from 1.5 mn pounds at a value of \$1.1 mn in 1992 to 4.5 mn pounds at a value of \$2.9 mn in 1993. Presently, all the papayas exported are sold to JR Brooks in Miami.



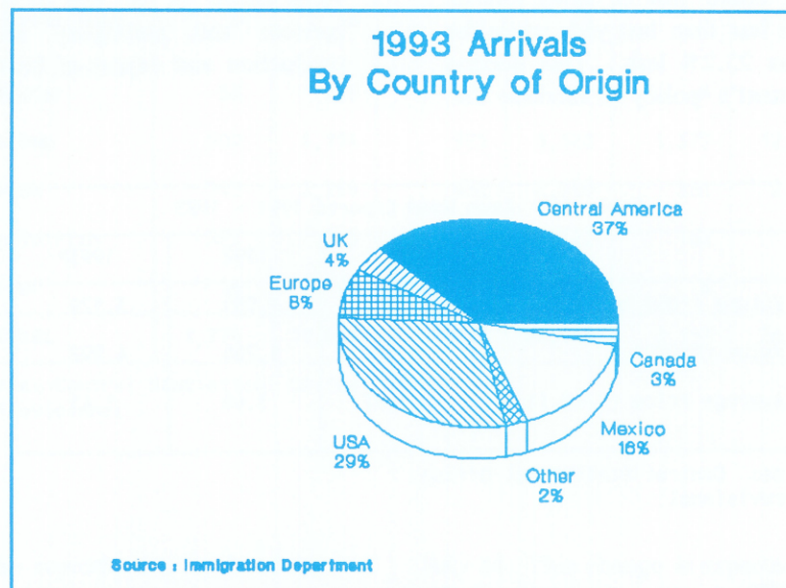
In 1992, there were only 50 acres of peanuts planted. This has since expanded to 250 acres. Exports of peanuts in 1993 were 122,500 pounds at a value of \$142,000. Peanuts are exported largely to Barbados where it is manufactured into peanut butter and other related products.

Production of dolomite, a magnesium fertilizer mined in the Toledo district, increased from 3,534 tons in 1992 to 8,000 tons in 1994. The 180 acres set aside for dolomite production has the capacity to produce 50,000 tons. While dolomite was not exported in 1993, exports to Costa Rica will commence in February of 1994. Other possible market destinations include: Panama, the Windward Islands and Dominica.

Tourism

Based on estimates of total arrivals of 291,013 recorded by the Immigration Department, the Central Bank of Belize estimates 'bona-fide' tourist arrivals of 96,627 during 1993 as compared to 89,997 in 1992. US tourists continue to record the highest arrivals, with UK and Canadian tourists second. As can be seen from the chart below, Central Americans and Mexican travellers account for a significant share of overall arrivals. However, the majority of these visitors (95.0%) traditionally include excursionists and intransit travellers.

Chart D





During the year, the private sector pursued a marketing strategy aimed at evening out arrivals around the year. The strategy targeted tourists for both the winter and summer seasons by highlighting attractions such as deep sea diving in the summer and tours in the winter. Marketing was also aimed at the Central American tourists for both the Easter season and the slow summer months, the latter was achieved through the Second Annual Sea and Air Festival at San Pedro, Ambergris Caye.

Work was completed in September on the new apron at the Philip Goldson International Airport, and plans for further infrastructure improvements, such as a parallel runway to accommodate domestic air traffic, are being considered. Decisions regarding the implementation of these plans will be based on the final recommendations coming out of a Caribbean Development Bank (CDB) sponsored study on aviation activity and practices in Belize.

In November, Belize became a full member of the Cooperacion Centro Americana de Servicios de Navigaciones Aeria (COCESNA), which is responsible for all aircraft communication in the Central America region. While Belize will pay a higher membership fee than the previous affiliation fee, COCESNA will provide training for air traffic controllers, maintenance and parts for equipment necessary to maintain communication.



Monetary and Financial Developments

Money and Credit

Money supply (M2) growth slowed from 9.3% in 1992 to 1.0% in 1993 largely as a result of the \$52.0 mn fall in net foreign assets of the banking system and slower growth in net domestic credit to the private sector. M2 grew by \$4.4 mn and was

recorded as a \$5.4 mn increase in M1 since quasi-money fell by \$1.0 mn. Demand deposits increased by \$2.2 mn while savings deposits declined by \$1.0 mn and time deposits remained unchanged at \$223.2 mn. Currency with the public rose by \$3.2 mn.

	Position as at			Change
	Dec 1991	Dec 1992	Dec 1993	Dec 1992 to Dec 1993
Net Foreign Assets	115.8	93.1	41.1	-52.0
Central Bank of Belize	98.7	101.4	63.7	-37.7
Commercial Bank	17.1	-8.3	-22.6	-14.3
Net Domestic Credit	363.1	426.9	477.4	50.5
Central Government (Net)	9.2	34.5	66.2	31.7
Other Public Sector	22.5	11.6	21.0	9.4
Private Sector	331.4	380.8	390.2	9.4
Other Items (net)	49.7	50.8	44.9	-5.9
Money Supply M2	429.2	469.2	473.6	4.4

After growth of 7.7% in 1992, total deposits rose by 0.6% as deposit growth in the public sector declined and that in the private sector slowed. The 31.4% decline in public sector deposit growth is explained by the \$28.1 mn withdrawal of funds by the public sector. Government withdrew \$1.9 mn in deposits from the commercial banks, the Social Security Board (SSB) withdrew \$23.1 mn and the rest of the public sector drew down \$3.1 mn in deposits. In the case of the SSB, the funds were invested in various projects in the housing, tourism and agriculture sectors. Private sector deposits grew by 8.8% in 1993 after 19.1% growth in 1992. This slowdown in growth is largely explained by the decline in citrus earnings in 1993 relative to 1992. Private sector demand and time deposits rose by \$7.8 mn and \$24.8 mn, respectively and savings deposits declined

by \$1.7 mn. The increase in time deposits includes \$14.0 mn in foreign currency deposits which sought to benefit from the relatively higher domestic interest rates.



	Position as at			Change
				Dec 1992 to Dec 1993
	Dec 1991	Dec 1992	Dec 1993	
Money Supply (M2)	429.2	469.2	473.6	4.4
Money Supply (M1)	122.8	143.8	149.2	5.4
Currency with the Public	47.9	51.0	54.2	3.2
Demand Deposits	74.9	92.8	95.0	2.2
Quasi-Money	306.4	325.4	324.4	-1.0
Savings Deposits	90.1	102.2	101.2	-1.0
Time Deposits	216.3	223.2	223.2	0.0

Net domestic credit of the banking system rose by \$50.5 mn (11.8%) to \$477.4 mn after the 17.6% increase in 1992. On the one hand, growth in credit to the private sector slowed from 14.9% in 1992 to 2.5% in 1993. On the other hand, net domestic credit to the Government increased by \$31.7 mn (91.9%) to \$66.2 mn as a result of an \$18.6 mn increase in Central Bank overdraft facilities and the \$13.3 mn draw down on deposits in the banking system. Government used the credit extended by the banking system to finance its deficit which arose from Government's investment in the following areas: urban and rural housing, water and sewerage expansion, Government buildings and the construction and maintenance of roads and bridges.

The increase in Central Bank overdraft facilities was accommodated within the context of a revised Government budget, passed by the new Legislature in November, which sought to address the problem of an increasing fiscal deficit and the consequential decline in international reserves. Government had financed its overall deficits for the two previous consecutive fiscal years from external sources.

Credit to other public sector bodies rose by \$9.4 mn to \$21.0mn as commercial banks' holdings of public sector securities increased by \$10.9mn following the privatisation of the Belize Electricity Limited

(BEL). Credit from the Central Bank declined by \$1.5 mn to \$8.5 mn as Recondev reduced outstanding balances owed on the Taiwan housing loan.

After expanding by 20.2% in 1991, growth in credit to the private sector slowed to 14.9% in 1992 and then to 2.5% in 1993. The \$9.4 mn increase in credit to the private sector in 1993 was largely to the agriculture, manufacturing, transport and distribution sectors with \$5.2 mn in loans and advances to agriculture largely directed to the citrus and banana sub-sectors. Citrus growers received \$3.0 mn in financing given the prevailing low international prices and banana farmers received \$2.8 mn to assist in the continuing consolidation of their farms. The \$2.6 mn increase in loans and advances to manufacturing was largely for citrus processing given the soft international market for citrus concentrate. Credit to distribution grew by \$6.7 mn in 1992 and slowed to \$5.2mn in 1993; loans and advances for personal purposes fell by \$7.2mn after the \$8.3 mn reduction recorded in 1992. The slowdown in credit growth to distribution and for personal purposes largely reflects the tightening of liquidity in the banking system in 1993.

The net foreign assets of the banking system fell by \$52.0mn (55.9%) to \$41.1mn after falling by \$22.7

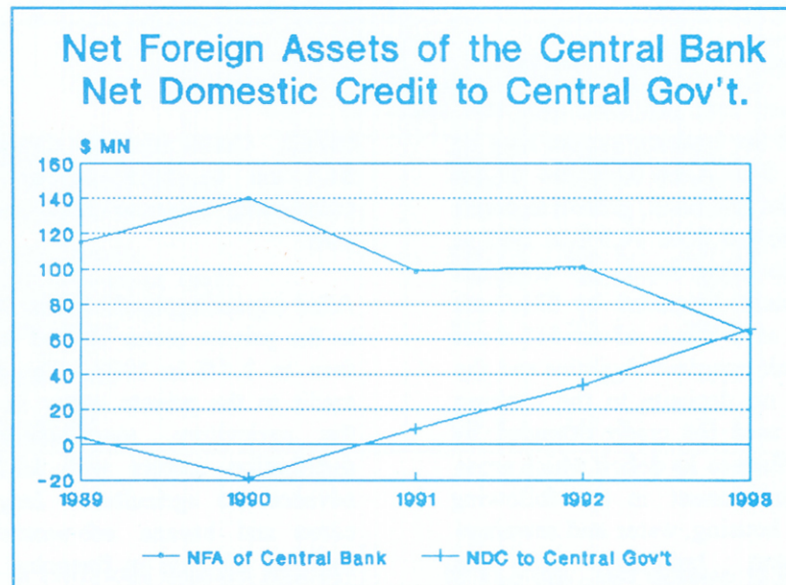


mn (19.6%) in 1992. The net foreign positions of both the Central Bank and the commercial banks fell largely as a result of the increase in demand for foreign exchange as a result of Government's deficit spending and the decline in export receipts.

The net official international reserves fell by \$2.7 mn to \$101.4 mn in 1992 and the situation deteriorated further in 1993 as the fiscal deficit and

Central Bank financing increased, resulting in an unseasonal decline in the foreign assets of the Central Bank during the first half of 1993. The net foreign assets of the Central Bank continued to decline during the second half of the year but the rate of decline slowed somewhat following a tightening of monetary policy at the end of October.

Chart E



The net foreign assets of the Central Bank dropped by \$37.7 mn (37.2%) in 1993 as foreign assets fell by \$41.7 mn to \$77.3 mn and foreign liabilities declined by \$4.0 mn to \$13.6 mn. Central Government also independently holds, on average, \$13.0 mn in foreign assets. The \$90.8 mn foreign asset holding of the Central Bank and the Central Government was equivalent to 1.4 months of imports which was significantly less than the 2.7 months of import cover at the end of 1992.

The 35.0% drop in Central Bank foreign assets arose from a shift of net average monthly purchases

of \$0.5 mn in 1992 to a shift of net average monthly sales of \$3.0 mn in 1993. The decline in the Central Bank's foreign liabilities is largely as a result of repayments on the Taiwan housing loan and the reclassification of the Remimbi swing bridge loan to Central Government external debt.

The net foreign assets of the commercial banks declined by \$14.3 mn in 1993 after falling by \$25.4 mn in 1992. Commercial banks' foreign assets increased by \$23.1 mn because of the net purchase of \$16.8 mn in foreign exchange from the Central Bank during 1993. Commercial banks also



borrowed \$37.4 mn from their head offices and affiliates abroad. The increase in sales of foreign exchange to the public in 1993 was largely to facilitate vacation and business travel, debt servicing by the private sector, payment for imports and International Business Companies transactions. The reduction in purchases of foreign exchange from the public was largely because of lower receipts from the export of citrus and marine products, lower remittances from relatives living abroad, lower disbursements to non-governmental organisations and a reduction in foreign direct investment as compared with 1992.

Interest Rates and Liquidity

On November 1 1993, the Central Bank of Belize increased the required assets ratio by one %age point to 28% in order to reduce the level of excess liquidity in the system and thereby dampen the demand for foreign exchange and encourage financial institutions to bring in funds from abroad.

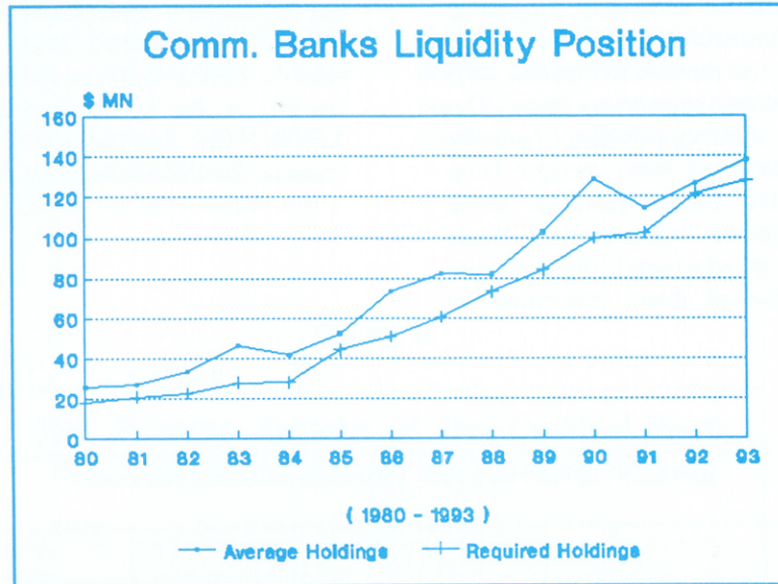
	Position as at			Change
	Dec 1991	Dec 1992	Dec 1993	Dec 1992 to Dec 1993
Holdings of Approved Liquid Assets	114.4	126.9	138.6	11.7
Vault Cash	7.0	7.4	7.6	0.2
Balances with Central Bank	26.0	34.6	36.1	1.5
Money at Call and Foreign				
Balances (due within 90 days)	27.7	29.4	39.4	10.0
Treasury Bills maturing in				
not more than 90 days	50.3	50.6	51.8	1.2
Other Approved assets	3.4	4.9	3.7	-1.2
Required Liquid Assets	102.4	121.8	127.8	6.0
Excess/(Deficiency) Liquid Assets	12.0	5.1	10.8	5.7
Daily Average holdings of Cash				
Reserves	25.9	35.9	36.5	0.6
Required Cash Reserves	24.6	31.6	32.0	0.4
Excess/(Deficiency) Cash Reserves	1.3	4.3	4.5	0.2

Excess statutory liquidity rose from \$5.1 mn at the end of 1992 to peak at \$25.1 mn in June and subsequently fell to \$10.8 mn by the end of December 1993. The build-up in liquidity during the first half of the year was seasonal and is largely explained by the receipt of foreign exchange from the sale of goods and services. The subsequent decline in liquidity during the second half of the year was also seasonal but was exacerbated by the

increase in aggregate demand following Government's deficit spending. By the end of November, liquidity requirements increased by \$6.7 mn and the banks were experiencing a shortfall of \$2.9mn. In response, commercial banks brought in funds to improve their liquidity position and excess liquid assets amounted to \$10.8 mn at the end of the year.



Chart F



The Central Bank made no changes to the interest rate structure during 1993. The Central Bank's discount rate remained unchanged for the fourth consecutive year at 12.0%, the minimum rate

payable on ordinary and premium savings remained at 5% and 6%, respectively and the minimum lending rate remained at 10%.

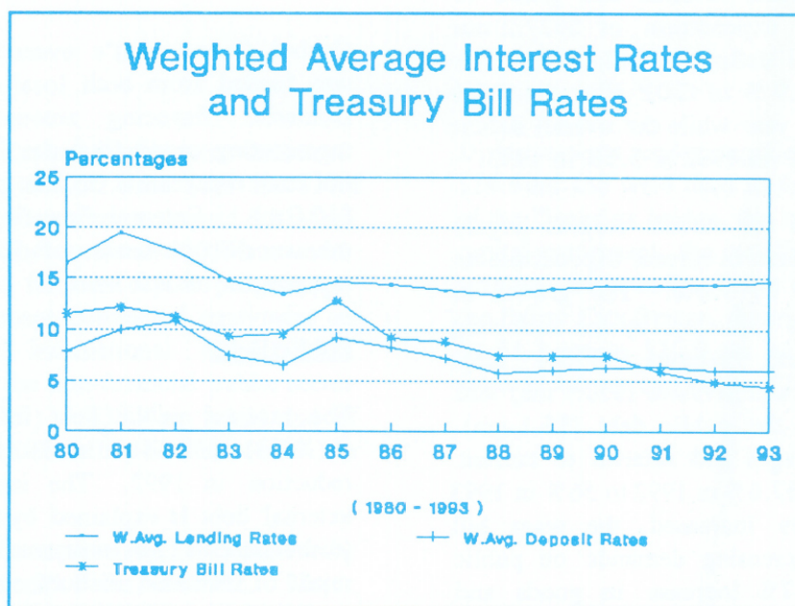
Table 14: Commercial Banks Weighted Average Interest Rates (%ages)				
	Dec 91	Dec 92	Dec 93	Change 92 - 93
Weighted Lending Rates				
Personal Loans	14.4	14.9	15.0	0.1
Commercial Loans	14.1	14.1	14.4	0.3
Mortgage Loans	14.4	14.0	14.0	0.0
Other	15.9	15.7	16.2	0.5
Weighted Average	14.3	14.4	14.6	0.2
Weighted Deposit Rates				
Savings	5.4	5.4	5.4	0.0
Time	8.3	8.1	8.3	0.2
Weighted Average	6.4	6.0	6.0	0.0
Weighted Average Spread	7.9	8.4	8.6	0.2



Commercial banks' weighted average spread increased by 20 basis points to 8.6% during 1993 as the weighted average lending rate increased by the same amount following the Central Bank's increase in liquidity requirements. The increase in lending rates, which began rising in early November, was seen in the personal, commercial and other categories. The weighted average interest rate on mortgages increased to 14.4% in August but subsequently fell to 14.0% by year end. While the weighted average interest rate paid on all deposits remained at 6.0% during 1993, that paid on time deposits increased by 20 basis points to 8.3% as commercial banks competed for scarce funds. Despite this increase in the rate, the proportion of time deposits to total deposits in the banking system

fell from 56.2% in 1992 to 54.9% in 1993 largely reflecting the withdrawal of funds by the public sector. The share of savings deposits decreased from 27.9% in 1992 to 27.1% in 1993 while that of demand deposits increased from 15.9% to 18.0%. The yield on Government of Belize Treasury bills fell from 4.9% at the end of 1992 to 4.4% at the end of 1993 as commercial banks' demand waned during the year. The decline in demand was more pronounced during the second half of the year when inflows of foreign exchange were particularly low. Commercial banks' holdings of Treasury bills fell by \$11.3 mn (18.7%) to \$48.9 mn and the Central Bank's holdings consequently increased by \$11.0mn to \$14.5 mn.

Chart G





Central Government Operations and the Public Debt

Central Government Operations

Central Government operations during the first seven months of Fiscal Year (FY) 1993/94 were guided by the budget passed in February 1993. In November, a revised budget was passed by the Legislature which projected a reduction of \$24.5mn in the current surplus and an increase of \$13.3 mn in the overall deficit when compared to the original budget. These changes were largely influenced by reductions in current (\$14.2mn) and capital revenue (\$1.1 mn) and increases in current (\$21.1 mn) and capital expenditure (\$21.3 mn).

Between January and December 1993, Central Government recorded a current surplus of \$43.7 mn, \$13.2 mn (23.2 %) less than the surplus recorded in 1992. Total revenue and grants of \$278.9 mn and total expenditure of \$327.2 mn resulted in an overall deficit of \$48.4 mn. The current surplus was 4.9 % of GDP after the 7.0% achieved the previous year while the overall deficit fell from 6.2% of GDP in 1992 to 5.5% in 1993.

The 23.2% decline in the current surplus largely reflected a 19.6% increase in current expenditure as current revenue rose by 9.0%. The growth in current expenditure is explained by the following increases: wages and salaries (\$16.4 mn), expenditure on goods and services (\$10.9 mn) and interest payments on the public debt (\$5.1 mn). While the ratio of wages and salaries to current expenditure fell from 57.6% in 1992 to 56% in 1993 as current expenditure increased, the wage bill continues to place increasing demands on public resources. The 20.7% increase in goods and services largely reflects an increase in subsidies and current transfers to the private sector largely for education and the increase in interest payments follows increased short term debt service requirements. Current revenue increased by 9.0% during 1993 as compared with 2.5% in 1992. Both tax and non-tax revenue performed more buoyantly this year as compared with 1992 as the respective categories grew by 8.3% and 13.2%. All categories

of tax revenue increased except property taxes which fell by \$1.0 mn. The \$4.7 mn increase in non-tax revenue largely reflects increased collections by Government departments.

Capital revenue fell by \$14.0 mn as there were no further privatisations in 1993 following the divestment of 49% of Government's ownership in BEL at the end of 1992. Capital expenditure fell by a significant \$28.5 mn as capital II (locally funded) expenditure and capital transfers fell by \$36.3 mn and \$5.2 mn, respectively. Capital III (foreign funded) expenditure increased by \$13.0 mn. The reduction in capital II outlays in 1993 as compared with 1992 largely reflects Government's decision to halt implementation on some locally funded projects beginning July 1993. Government's capital programme in 1993 concentrated on investment in the following areas: housing, education, land development and acquisition, road works and social development.

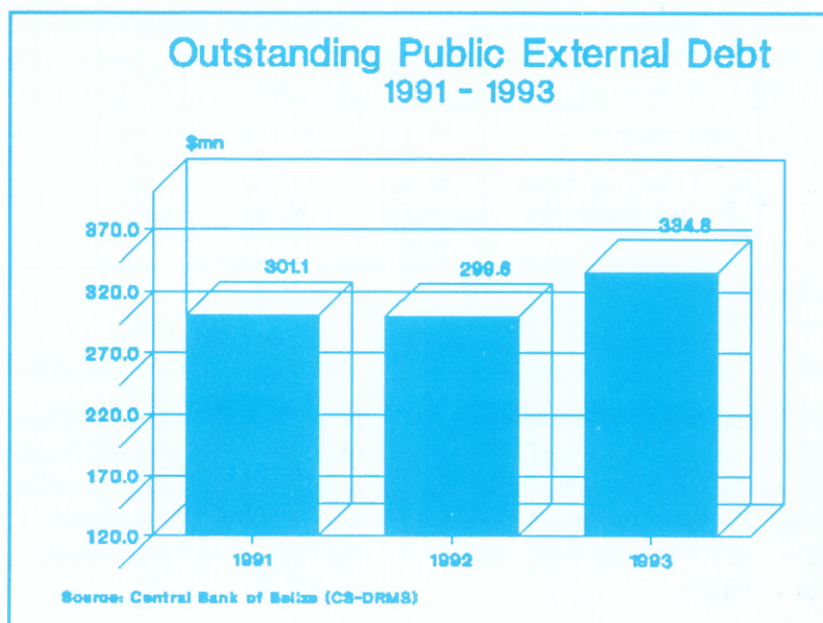
Central Government's overall deficit of \$48.4 mn was funded from both local and foreign sources. Domestic financing amounted to \$31.7 mn representing credit from the Central Bank of \$41.9 mn and repayments to the commercial banks of \$10.0 mn. External financing amounted to \$44.2 mn as disbursements of \$54.4 mn outweighed repayments of \$10.3 mn.

Public Debt

The external public debt increased by \$35.2 mn (11.8%) to \$334.8 mn in 1993 following the \$6.3 mn reduction in 1992. The increase in the public external debt is explained by net financing inflows (disbursements less repayments) of \$39.4 mn as a result of increased disbursements under suppliers' credit and bilateral arrangements to Central Government.



Chart H



The external debt of Central Government increased by \$44.4 mn (21.2%) to \$252.6 mn after the \$20.2 mn increase in 1992. Government repaid \$10.4 mn on its external debt and received \$57.0 mn under several credit lines to fund its capital programme. During 1993, Government completed repayment on the Belize/UK 1968 International Airport loan. The external debt of the non-financial public sector fell by \$6.1 mn (13.4%) to \$39.4 mn while that of the financial public sector fell by \$3.1 mn (6.9%) to \$41.7 mn.

Net financing inflows increased by \$10.5 mn during 1993 after falling by \$3.1 mn in 1992. Major disbursements from multilateral and bilateral creditors included CDB Construction of Water and Sewerage Supply (\$1.3 mn), World Bank Primary Education project (\$4.0 mn), EEC and the Government of Spain, New Belize City Hospital (\$1.5 mn), UK/Belize 1989 loan (\$5.4 mn), FINEXPO of Venezuela housing loan (\$8.3 mn) and FIVE construction of Water Supply (\$5.7 mn).

Disbursements under suppliers credit amounted to \$24.6 mn and were used to finance the construction of the Dangriga bridge, the supply of miscellaneous capital equipment, the installation of the water and sewerage main in San Pedro and the refurbishing of the Belize City Centre. Interest payments increased by \$1.2 mn to \$10.9 mn with net transfers rising from \$19.6 mn in 1992 to \$28.5 mn in 1993.



Table 15: Financing Flows and Net Transfers
\$'000

	1991	1992	1993P
Disbursements	53,116	47,018	59,761
Repayments	21,056	18,086	20,354
Net Financing Flows	32,060	28,932	39,407
Interest Payments	9,456	9,362	10,919
Net transfers	22,604	19,570	28,488

P: Provisional

At the end of 1993, bilateral creditors held the largest share of the public external debt (41.6%) with multilateral creditors holding 37.3%. The Governments of the United Kingdom, United States of America, Venezuela and Taiwan are the country's major bilateral creditors.

In 1992, multilateral creditors held the largest share (41.1%) while bilateral creditors held 40.5%. The share held by suppliers credit increased during the year from 7.3% in 1992 to 10.0% largely reflecting the increased disbursements under these credit lines.



Foreign Trade and Payments

During 1993, Belize's balance of payments recorded an overall deficit of US\$18.9 mn as compared with an overall surplus of US\$1.4 mn in 1992. The bulk

of the deterioration occurred in the current account which dropped by US\$19.6 mn as the capital account improved by US\$10.4 mn.

	US\$mn		
	1991	1992	1993
A. CURRENT ACCOUNT	-25.3	-25.3	-45.1
i) Merchandise Trade	-97.5	-103.9	-118.5
Exports (f.o.b.)	126.2	140.6	132.0
Imports (f.o.b.)	223.6	244.5	250.5
ii) Services (net)	44.1	48.3	43.7
Travel	38.6	48.9	52.3
Investment Income	-9.3	-15.2	-16.2
Other	14.8	14.6	7.7
iii) Transfers (net)	28.1	30.3	29.7
Official	12.6	12.8	14.2
Private	15.5	17.6	15.5
B. CAPITAL ACCOUNT	14.5	22.5	35.2
i) Long Term Capital Flows (net)	20.0	24.3	30.3
Official	10.2	6.1	18.7
Private	9.8	18.2	11.7
ii) Short Term Capital Flows (net)	-5.6	-1.9	4.8
C. NET ERRORS AND OMISSIONS	-10.0	4.3	-9.0
D. CHANGE IN RESERVES (minus = increase)	20.8	-1.4	18.9
Memo Items			
Current Account/GDP (%)	-6.1	-6.7	-10.8
Import Cover (months)	2.9	2.7	1.4

P: Provisional

The Current Account

The current account deficit increased from US\$25.4 mn to US\$45.1 mn and stemmed primarily from a US\$14.6 mn increase in the visible trade deficit and a US\$4.5 mn decline in net inflows on the services account. Net transfers recorded a decline of US\$0.8 mn.

Visible Trade

The value of total exports (f.o.b.) declined by US\$8.5 mn mainly as a result of a US\$7.6 mn decline in re-exports. The reduction in the re-export trade largely reflects a slowdown in recorded trade through Belize by Mexican businesses following measures taken by the Mexican government to increase tariffs on imports from



countries other than the US and Canada in anticipation of NAFTA. Many of the goods Belize re-exports to Mexico normally originate in the Far-East.

Imports (f.o.b.) increased by US\$6.0 mn during the year. Available information on trade by Standard International Trade Classification (SITC) categories indicate that the increase was most significant in chemicals, machinery, equipment and manufactured goods. Most of the items included in these categories are used for construction, a sector which recorded significant expansion during the year.

Services

The services account recorded net inflows of US\$43.7 mn, US\$4.5 mn less than the net inflows recorded during 1992. Tourism receipts increased by US\$9.5 mn to US\$72.7 mn, a result of more arrivals, while travel expenditure by residents rose from US\$14.3 mn to US\$20.5 mn. Much of the increase, in the latter, occurred during the months immediately preceding and following the general elections in June.

Investment income recorded a deficit of US\$16.2 mn during the year. Public sector payments of interest on external debt increased by US\$0.6 mn while that of the private sector increased by US\$0.2 mn. Interest income earned by the public sector declined from US\$2.6 mn to US\$1.7 mn, a result of the decline in deposits held abroad coupled with low international interest rates.

The rise in the volume of imports resulted in an increase in payments for merchandise freight and insurance from US\$30.2 mn to US\$31.3 mn. The decline in re-exports led to a loss in port revenue which, coupled with lower payments for bunker fuel, resulted in a reduction of US\$1.6 mn in receipts for other transportation.

Net transfers declined only marginally during the year reflecting a slight decline in receipts by individuals which was partially offset by an increase in official receipts.

The Capital Account

The capital account recorded a net surplus of US\$35.1 mn compared with a 1992 surplus of US\$22.4 mn as improvements were recorded in both long term and short term capital flows. There was an increase in net inflows of official capital as loan disbursements to the public sector rose by US\$11.9 mn to US\$29.9 mn. Net private capital flows remained virtually unchanged as a decline in long term flows was offset by an increase in net short term capital flows. The reduction in long term capital flows reflects a US\$6.5 mn fall in direct investment flows to US\$11.3 mn largely as a result of a slowdown in privatization activity. Increases in short term speculative capital flows included a US\$6.8 mn rise in portfolio investment and a US\$5.5 mn deterioration in the commercial banks' net foreign position. The latter was mainly the result of increased borrowing from foreign branches and affiliates.

Official Reserves

The net official foreign reserves stood at US\$31.9 mn at the end of 1993 following a deterioration in the net foreign position of the Central Bank. The Bank's foreign assets fell by US\$21.1 mn while its foreign liabilities declined by US\$2.1 mn. Government deposits abroad increased by US\$0.2 mn to US\$6.8 mn. The import coverage of reserves stood at 1.4 months, as compared to 2.7 months and 2.9 months at the end of 1992 and 1991, respectively.



Table 17: Official International Reserves		US\$'000		
	1991	1992	1993	
1 Gross Foreign Exchange Reserves	56,835	59,517	38,641	
Central Bank of Belize	50,786	52,963	31,890	
Holdings of SDRs	82	1,611	406	
Reserve Position in the IMF	2,613	2,610	4,103	
Other Central Bank of Belize	48,092	48,742	27,382	
Central Government	6,049	6,554	6,751	
2 Gross Foreign Liabilities	7,505	8,788	6,706	
IMF Stand by Facility	0	0	0	
Caribbean Development Bank	105	310	2	
Caricom	108	(57)	102	
Other	7,293	8,478	6,704	
3 Net Foreign Reserves	49,330	50,729	31,936	



Economic Prospects

During 1994, the Belizean economy is expected to experience some acceleration in growth as the productive sector expands and fiscal performance improves. Citrus industry earnings are expected to reach \$41.0 mn, 47.0 % higher than in 1993, as a result of recovery in world prices for citrus concentrate and an increase in production. Sugar production is not expected to significantly surpass 100,000 long tons, the level it has achieved and sustained for the past several years. Export receipts may decline somewhat due to the further reduction in the US quota. While world sugar prices are expected to increase this year, this will not fully compensate for the reduction in the US quota.

Since the banana industry has addressed most of the structural and disease problems which it faced in the past, banana production should continue to increase to 3 mn boxes during 1994. Growth in exchange foreign earnings may slowdown, however, as the quota to the EEC is expected to be filled relatively early and the sale of bananas to the world market will be at significantly lower prices. The export of marine products should continue to increase as shrimp farms continue to make an increasing contribution to the foreign exchange earnings of the country.

With indications that the industrial countries are on a path of sustained recovery, and the intended focus on marketing and promotion by the Belize Tourist Board and the Belize Tourism Industry Association, the tourist industry should see a further increase in tourist arrivals in 1994. The focus on the European gateways and ecotourism, where per capital expenditure by visitor tends to be higher is expected to yield significant returns in earnings for the industry.

Government's fiscal performance should show improvement during fiscal year 1994/95, as the Government has indicated its intention to reduce the fiscal deficit and to implement necessary mechanisms to facilitate prudent management of Government operations. The extent to which any improvement will have a positive impact on the

country's official international reserve position will be determined by the extent to which the deficit will be financed from domestic sources.

NAFTA will come into effect on the 1st January 1994 creating one of the world's largest trading block. While the full effects of NAFTA on the Belizean Economy cannot be anticipated at this time, it has brought to the forefront the urgent need for the restructuring of the economy through export diversification to reduce the dependence on traditional exports into preferential markets. As barriers to the world trade fall in the region and worldwide, the need to identify alternative sources of financing for Government activity must also be emphasized.

Within the current environment, economic growth is expected to fluctuate between 3% and 6% over the next three years. The country's performance will depend on two important internal factors. Government's success in fashioning an appropriate set of fiscal and monetary policies to promote economic growth and enhanced competitiveness at the macro-economic level shall be key. Just as important, however, shall be the ability of the private sector to respond to the removal of protective barriers by organizing productive activity with a higher degree of efficiency at the micro-economic level.



OPERATIONS AND ADMINISTRATION

Central Bank Operations

Foreign Exchange Operations

The Central Bank of Belize buys and sells foreign currencies from authorized dealers at daily specified rates. The main currencies in which transactions occur are:-

- a) The US Dollar
- b) The Pound Sterling
- c) The Canadian Dollar
- d) The currencies of CARICOM Member Countries

During 1993, the Central Bank's trading in the US dollar, Canadian dollar and the pound sterling resulted in a net sale of \$34.7 mn as compared to a net purchase of \$5.6 mn in 1992. Trading in CARICOM currencies resulted in a net sale of \$5.0 mn. Compared to 1992, net sales increased by \$2.8 mn with purchases decreasing by \$7.2 mn and sales falling by \$4.3 mn. These figures largely reflect trading in Barbados and Trinidad and Tobago dollars.

Trading in US Dollars, Canadian Dollars and Pound Sterling				Trading in CARICOM Currencies		
Month	Purchases	Sales	Net Purchases/ (Sales)	Purchases	Sales	Net Purchases/ (Sales)
January	6,023	10,121	(4,098)	167	642	(475)
February	11,712	16,359	(4,647)	110	401	(291)
March	9,045	15,258	(6,213)	8	1,001	(993)
April	11,321	13,480	(2,159)	273	478	(205)
May	11,871	9,840	2,031	14	367	(353)
June	10,303	9,920	383	7	395	(388)
July	8,712	18,508	(9,796)	7	1,049	(1,042)
August	10,478	12,457	(1,979)	22	247	(225)
September	9,541	18,909	(9,368)	2	273	(271)
October	12,299	14,727	(2,428)	20	366	(346)
November	26,707	7,210	19,497	4	274	(270)
December	9,438	25,340	(15,902)	8	212	(204)
TOTAL	137,450	172,129	(34,679)	642	5,705	(5,063)



Currency in Circulation

At the end of December 1993, currency in circulation was \$4.7 mn higher than the position at the end of December 1992. Total notes in circulation increased by \$4.4 mn, while total coins in circulation increased by \$0.3 mn. Currency with

the public increased by \$4.8 mn while commercial banks' vault cash decreased by \$0.1 mn. Currency in circulation displayed the usual seasonal pattern of reaching its peak during the summer months and the christmas season.

Table 19: Currency in Circulation, 1993 \$'000

Month	Notes	Coins	Total	Com. Bank Vault Cash	Currency with Public
January	51,525	5,059	56,584	4,569	52,015
February	52,868	5,057	57,925	4,718	53,207
March	53,026	5,125	58,151	6,481	51,670
April	57,163	5,181	62,344	4,839	57,505
May	59,250	5,242	64,492	7,267	57,225
June	59,891	5,282	65,173	7,692	57,481
July	57,760	5,301	63,061	5,254	57,807
August	56,262	5,361	61,623	7,471	54,152
September	53,328	5,363	58,691	6,233	52,458
October	53,151	5,322	58,473	4,172	54,301
November	53,997	5,331	59,328	6,825	52,503
December	56,051	5,431	61,482	7,288	54,194

Cash Balances

Since October 1992, commercial banks are required to keep seven % of their average deposit liabilities on deposit with the Central Bank. During 1993, the

actual average held reached as high as 10.2% in January and as low as 7.2% in September.

Table 20: Commercials Bank Balances with Central Bank
Monthly Averages of Daily Balances, 1993 \$'000

Month	Average Deposit Liabilities	Minimum Required Balance	Balances Actually Held	Excess/(Deficiency)
January	451,357	31,595	45,947	14,352
February	449,875	31,491	41,090	9,599
March	469,093	32,837	36,436	3,599
April	479,437	33,560	37,736	4,176
May	486,989	34,090	45,755	1,665
June	485,986	34,019	34,934	915
July	494,719	34,631	36,674	2,043
August	478,581	33,501	39,441	5,940
September	476,724	33,370	34,108	
October	466,166	32,632	33,560	928
November	458,921	32,125	33,367	1,242
December	456,572	31,960	36,510	4,550



External Asset Ratio

Section 25 (2) of the Central Bank of Belize Act, 1982 states that the Bank shall maintain at all times a reserve of external assets of not less than forty % of the aggregate amount of notes and coins in circulation and the Bank's liabilities to customers in respect of its sight and time deposits. The Bank was able to maintain the legal requirement of 40% throughout the year despite the fact that outflows of foreign exchange were greater than inflows.

In June 1993, the ratio reached a peak of 109.0% with the lowest being 55.8% in December 1993.

During 1993, the external assets of the Bank consisted of gold billion, foreign notes and coins, deposits with foreign central banks and correspondents abroad, documents/instruments used for the making of payments or transfers in international transactions, securities of foreign governments and international financial institutions, and Special Drawing Rights in the International Monetary Fund.

Month	1987	1988	1989	1990	1991	1992	1993
January	83.3	91.2	96.1	105.9	102.2	95.1	94.6
February	85.4	90.9	104.0	107.5	107.2	93.2	99.4
March	94.7	98.6	108.4	111.2	110.6	104.7	95.4
April	98.6	103.3	111.3	104.7	108.2	104.9	102.7
May	98.3	95.4	108.5	108.7	106.2	105.0	103.0
June	101.7	101.5	110.6	110.7	105.0	107.3	109.0
July	100.8	105.0	111.9	110.0	114.8	109.2	61.2
August	96.3	92.3	111.2	111.8	115.7	109.5	68.5
September	96.4	101.3	111.1	113.0	115.4	108.5	61.6
October	93.7	98.7	107.6	114.1	101.9	101.2	56.6
November	86.3	94.5	102.3	111.1	106.4	86.0	67.2
December ^P	87.5	93.9	96.4	108.3	93.2	94.5	55.8
Average	93.6	97.2	106.6	109.8	107.2	101.6	81.2

P: Provisional

Securities Market

Since its inception, the Central Bank has managed the trading of Government of Belize Treasury Bills on both the primary and secondary markets. In recent times, the Central Bank has played a pivotal role in the broadening and development of the securities market. It has mediated the issue of shares and debentures in the privatization of public assets and has been encouraging the trading of these shares and debentures on the secondary market. The Central Bank, as fiscal agent for the Government of Belize, was responsible for the sale

of Government's shares in BTL and BEL. BEL's shares were sold as a package which included a mix of shares and debentures. In its capacity as fiscal agent for BEL, the Bank is also responsible for maintaining the Register of share holders and debenture holders and the payment of interest and dividends.



Transactions with Central Government

Under the Central Bank of Belize Act, 1992 Section 34, the Bank may extend advances to Central Government up to a maximum of 15% of estimated current revenue for the current fiscal year. In November 1993, this section was amended to allow the Bank to advance to Central Government up to a maximum of 20% of current revenue collected during the preceding financial year or a sum of \$50 mn, whichever is the greater. During 1993, 20% of the preceding year's current revenue amounted to \$49,180,000.

Advances to Central Government reached a high of \$47,468,581 during December 1993 representing 19.3% of the current revenue collected during the preceding financial year.

The Central Bank may hold Government of Belize securities up to a maximum of five times the Bank's paid-up capital and reserves. During 1993, the Bank held Government securities totalling \$19,138,000. This was 0.27 times the Bank's paid-up capital and reserves of \$17,778,937.

Table 22: Central Bank Credit to Government, 1993

Month	Treasury Bills	Other Securities	Advances to Government	a	b
January	3,484	10,670	19,473	0.82	8.27
February	0	10,670	27,468	0.62	11.67
March	10,685	4,670	35,172	0.89	14.94
April	3,837	4,670	34,756	0.50	13.20
May	5,123	4,670	37,977	0.57	14.42
June	991	4,670	36,924	0.33	14.02
July	15,773	4,670	38,677	1.19	14.69
August	6,346	4,670	36,031	0.64	13.69
September	11,466	4,670	36,840	0.94	13.99
October	16,400	4,670	39,110	1.23	14.85
November	12,413	4,670	36,849	0.99	14.99
December	14,468	4,670	39,987	1.08	16.26

- a) Central Bank holdings of Government Treasury Bills and other GOB Securities as a multiple of Central Bank's paid up capital and reserves.
- b) Advances to Government as a percentage of Government's estimated recurrent revenue for fiscal years 1992/93 and 1993/94.

Estimated recurrent revenue 1992/93 = \$235,414
 Estimated recurrent revenue April 93 - Oct. 93 = \$263,342
 Estimated recurrent revenue Nov. 93/March 94 = \$245,900



Treasury Bill Operations

Treasury Bill Operations are handled by the Bank on behalf of the Central Government. Even though public participation is encouraged, the Treasury Bill market is still dominated by the commercial banks and purchases by individuals remained insignificant. The bidding process, introduced in 1992, was continued in order to determine yield on Treasury Bill issues. The commercial banks continued to bid competitively and as a result Treasury Bill yields declined steadily from a high of 4.9% in January to a low of 4.4% in December.

In November 1993, an amendment was made to the Treasury Bill Act, chapter 65 of the Laws of Belize, to provide for the issue of Treasury Notes up to a maximum of \$25,000,000, and to increase the amount of Treasury Bills outstanding to \$70,000,000. The first issue of these Treasury Notes will be made on January 4, 1994 for \$5,000,000. The total sum of Treasury Bills outstanding at December 1993 was \$64,158,200.

Table 23: Government of Belize Treasury Bill Issues, 1993

Issue #	Tender (\$000)	Allotment (\$000)	Average Discount Rate %	Average Yield to Maturity (%)
1/1993	15,400	15,400	4.8	4.9
2/1993	13,150	13,150	4.8	4.8
3/1993	40,108	35,608	4.7	4.8
4/1993	18,400	15,400	4.7	4.8
5/1993	16,300	13,150	4.7	4.8
6/1993	49,972	35,608	4.6	4.7
7/1993	20,500	15,400	4.6	4.7
8/1993	16,300	13,150	4.5	4.6
9/1993	50,828	35,608	4.5	4.5
10/1993	19,900	15,400	4.4	4.5
11/1993	13,151	13,150	4.4	4.5
12/1993	42,708	35,608	4.4	4.4

Banking Supervision

The main thrust of the Banking Supervision Department (BSD) is to assess the activities and policies of the commercial banks' operations on a continuous basis to ensure that the banks are operating within the requirements of the Banking Act and otherwise observing acceptable practices. During on-site inspections, the department concentrates on commercial banks' capital adequacy, asset quality, management, earnings, liquidity and other areas such as internal controls. In its off-site surveillance procedures, the banks' weekly returns are analyzed to monitor significant changes in the balance sheets and to assess

adherence to the legal liquid asset and capital requirements.

During 1993, the BSD conducted on-site inspections of three financial institutions including, for the first time, the Development Finance Corporation (DFC). The DFC was the first inspection conducted on an institution other than a commercial bank.

The department is also responsible for monitoring credit facilities in excess of 25% of the commercial banks' paid-up capital and reserves. The department monitors such movements through the



processing of applications under Section 13(1)(a) of the Banking Act. During 1993, 38 such applications were processed totalling \$179.6mn.

An additional responsibility of the BSD is to process applications for new banking licences. During 1993, several applications were received but no new banking licence was granted or revoked.

To keep pace with the rapid changes in the banking industry and also to foster an attractive banking environment, the department in concert with the Regional Coordinator of the IMF sponsored CARICOM Bank Supervision Project, commenced drafting a new financial institutions legislation. The new legislation will encompass other financial institutions such as trust and finance companies, investment banks and merchant banks. The drafting of off-shore banking legislation is also being promoted.

Management Information System (MIS)

The Inflow of Foreign Exchange (EX) and the Outflow of Foreign Exchange (IM) applications were successfully implemented in the Research Department on a Unix system using the Unibol Software which allows IBM System/36 (S/36) applications to run on a Unix system. With the removal of the IM and EX systems, the S/36 now only hosts the Accounts Maintenance System and its capacity limitation has been resolved.

The MIS Unit began testing a Supplies Inventory System in June. This led to major enhancements in user interfaces, audit trails, and processing controls. The enhanced system will be implemented in the General Services and MIS Units, Administration Department in January 1994.

The Central Bank Bonds system was converted from the DOS to the Unix environment and its functionality was enhanced to handle interest payment processing and the transfer of Bonds. It also provides a history of interest payments, transferred Bonds, mutilated bonds, and a variety of reports.

The two Unix systems in the Research Department were connected to the Unix system in the computer room via modems and regular telephone extensions allowing for routine system maintenance to be done from the MIS Unit.

Terminals were installed in the Administration and Bank Supervision Departments from the Unix system in the MIS Unit. Training on the new operating environment for these departments will be completed by January of 1994.

In 1993, there was a significant increase in the use of the Dbase IV relational database package by some end users.

ADMINISTRATION

The Board of Directors

At December 31, 1993 the Board of Directors of the Central Bank of Belize consisted of the following:

Carla Barnett - Acting Governor/Chairman of the Board
Frank Garbutt - Acting Deputy Governor/Vice Chairman of the Board
Arsenio Burgos - Director
Anwar Flores - Director
Joy Grant - Director
Manuel Sosa - Director
Keith Arnold - Acting Financial Secretary/Director

The appointments of Directors Flores, Grant and Sosa were made in August 1993 and that of Director Burgos in November 1993, all for a period of four years. From September 1, 1993 Governor Keith Arnold was assigned to the Ministry of Finance as Acting Financial Secretary. At the same time, Deputy Governor Carla Barnett was appointed to act as Governor, and General Manager Frank Garbutt appointed to act as Deputy Governor.



Staffing

The principal officers of the Bank at the end of 1993 were:

Carla Barnett - Acting Governor
Frank Garbutt - Acting Deputy Governor
Yvette Alvarez - Senior Manager, Research
Cecile Reyes - Manager, Administration/Bank Secretary
Barbara Locke - Manager, Accounts & Budget
Dwain Davis - Manager, Banking & Currency
Ricardo Pelayo - Manager, Banking Supervision

At the end of 1993 the total number of persons employed were 123. Four staff members were on study leave pursuing first degrees in Computer Science and Economics and three were pursuing graduate studies, two in Economics and one in Finance.

Overseas Meetings

In March, the Governor attended the 34th Annual Meeting of the Board of Governors of the Inter-American Development Bank (IDB) in Germany.

In May, the Governor attended the XXX Meeting of Governors of Central Banks of the American Continent and LVI Meeting of Governors of Central Banks of Latin America and Spain which was held in Costa Rica, and the 23rd Annual Meeting of the Board of Governors of Caribbean Development Bank held in Barbados.

In April, the Deputy Governor attended the CARICOM Central Bank Governors Meeting in St. Kitts.

In September, the Acting Governor attended the Meeting of Governors of Latin America and Spain and the IMF/World Bank Annual Board of Governors Meeting, both held in Washington D.C. In November, she attended the CARICOM Central Bank Governors Meeting in Guyana.

Other meetings at which the Bank was represented in 1993 were the Annual Conference of Caribbean Bank Supervisors in Barbados in April, the Regional Programme of Monetary Studies mid term meeting in St. Kitts in May and Annual Conference in Trinidad in November; the 10th Meeting of Association of Banking Supervisors of America and the Caribbean held in Chile in August; the Annual IMF/IBRD Constituency Meeting in Antigua in September and the XXI Meeting of Systematization of American and Iberian Central Banks held in Jamaica in October.

In November, the Bank hosted the Second Meeting of the Central American Information Group. This body, which is comprised of representatives of central banks and other government agencies in the countries of Central America and whose objective is a computerized system to host trade and investment data on all Central American countries, met to consider Terms of Reference for advancing the identification and integration of the different data sources within the region.

Staff Training

During 1993, overseas training for staff members included Balance of Payments Methodology at the IMF Institute, Project Appraisal and Analysis at the World Bank in Washington D.C., the Bank of England Central Banking Course, Financial Programming and Policy sponsored by the IMF, UNDP, and EEC in Barbados, Unix Computer Systems training in Florida, the Bank Examination School at the FDIC in Arlington, Virginia, and at the Federal Reserve in New York, and the CEMLAC course on Economics of Central Banking which was held in Guyana.



STATISTICAL APPENDIX



Table 1: Net Foreign Assets of the Banking System

	Position as at			Change
	Dec 1991	Dec 1992	Dec 1993	Dec 1992
				to Dec 1993
Net Foreign Assets of the Banking System	115.8	93.1	41.1	-52.0
Net Foreign Assets of the Central Bank	98.7	101.4	63.7	-37.7
Central Bank Foreign Assets	113.7	119.0	77.3	-41.7
Government of Belize Foreign Assets	12.1	13.1	13.5	0.1
Central Bank Foreign Liabilities	15.0	17.6	13.6	-4.0
Net Foreign Assets of the Commercial Banks	17.1	-8.3	-22.6	-14.3
Commercial Banks Foreign Assets	30.6	23.3	46.4	23.1
Commercial Banks Foreign Liabilities	13.5	31.6	69.0	37.4

Table 2: Net Domestic Credit of the Banking System

	Position as at			Change
	Dec 1991	Dec 1992	Dec 1993	Dec 1992
				to Dec 1993
Total Credit to Central Government	67.4	92.1	110.5	18.4
From Central Bank	22.0	31.4	61.6	30.2
Loans and Advances	1.3	23.8	42.4	18.6
Gov't Securities	20.7	7.6	19.2	11.6
From Commercial Banks	45.4	60.7	48.9	-11.8
Loans and Advances	0.0	0.0	0.0	0.0
Gov't Securities	45.4	60.7	48.9	-11.8
Less Central Government Deposits	58.2	57.6	44.3	-13.3
With Central Bank	22.2	26.4	14.9	-11.5
With Commercial Banks	36.0	31.2	29.4	-1.8
Net Credit to Central Government	9.2	34.5	66.2	31.7
Plus Credit to Other Public Sector	28.5	11.6	21.0	9.4
From Central Bank	20.6	10.0	8.5	-1.5
From Commercial Banks	7.9	1.6	12.5	10.9
Plus Credit to the Private Sector	331.4	380.8	390.2	9.4
Net Domestic Credit of the Banking System	369.1	426.9	477.4	50.5



Table 3: Sectoral Composition of Commercial Banks' Loans and Advances

\$mn

	Position as at			Change
	Dec 91	Dec 92	Dec 93	Dec 92 to Dec 93
PRIMARY SECTOR	59.8	61.3	67.9	6.6
Agriculture	55.5	55.1	60.3	5.2
Sugar	11.9	12.0	11.6	-0.4
Citrus	21.5	22.5	25.5	3.0
Bananas	16.8	14.2	17.0	2.8
Other	5.3	6.4	6.2	-0.2
Commercial Fishing	2.5	3.6	4.4	0.8
Forestry	0.8	1.5	1.8	0.3
Mining & Exploration	1.0	1.1	1.4	0.3
SECONDARY SECTOR	92.5	111.1	113.6	2.5
Manufacturing	25.9	27.6	30.2	2.6
Building & Construction	64.6	81.8	82.7	0.9
Public Utilities	2.0	1.7	0.7	-1.0
TERTIARY SECTOR	125.5	134.3	146.4	12.1
Transport	11.1	12.5	14.5	2.0
Tourism	22.2	21.7	21.4	-0.3
Distribution	71.4	78.1	83.3	5.2
Other*	20.8	22.0	27.2	5.2
PERSONAL LOANS	58.2	66.5	59.3	-7.2
TOTAL	336.0	373.2	387.2	14.0

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



**Table 4: External Public Debt
Borrower and Creditor Categories**

\$'000

	Disbursed Outstanding Debt	Transactions During 1993				Disbursed Outstanding Debt	
		31/12/92R*	Disbursements	Repayments of			Valuation Adjustments
				Principal	Interest		
CENTRAL GOVERNMENT	209,227	57,003	10,434	6,483	(3,475)	253,632	
Caribbean Development Bank	16,464	1,323	502	419	(84)	17,201	
European Economic Community	15,186	248	238	155	(1,183)	14,013	
Int'l Bank for Reconstruction Dev.	25,048	3,995	2,011	1,997	(685)	26,347	
Int'l Fund for Agricultural Dev.	2,346	694	394	101	25	2,671	
Gov't of United Kingdom	44,192	5,383	2,772	9	(1,166)	45,637	
Gov't of Trinidad and Tobago	92	0	4	2	0	88	
Gov't of United States of America	47,022	0	481	1,048	0	46,541	
Suppliers Credit	17,460	24,645	3,470	1,121	100	38,735	
OPEC Fund for International Dev.	2,400	0	100	126	0	2,300	
Instituto Nazionale di Credito	29,869	530	0	0	0	31,710	
Government of China	1,290	0	0	0	(463)	827	
Export/Import Bank of Taiwan	4,000	3,400	337	316	0	7,063	
Fondo de Inversiones de Venezuela	3,858	5,671	125	1,189	0	9,404	
Export/Import Bank of USA	0	9,897	0	0	0	9,897	
Government of Spain	0	1,217	0	0	(19)	1,198	
REST OF NON-FINANCIAL PUBLIC SECTOR	45,550	540	5,142	2,497	(1,522)	39,426	
Caribbean Development Bank	22,784	275	2,183	782	(809)	20,067	
Intl. Bank for Reconstruction Dev.	12,742	265	1,234	935	(566)	11,207	
Commonwealth Development Corporation	2,523		419	206	(55)	2,049	
Export/Import Bank of Taiwan	3,000		187	152	0	2,813	
Suppliers Credit	4,501	0	1,119	422	(92)	3,290	
FINANCIAL PUBLIC SECTOR	44,793	2,218	4,778	1,939	(505)	41,728	
Caribbean Development Bank	16,929	2,218	2,011	758	(160)	16,976	
European Economic Community	5,757		760	278	(291)	4,706	
Commonwealth Development Corporation	3,014		757	256	(54)	2,203	
Paine Webber Real Estate Securities Inc.	4,000		0	74	0	4,000	
Gov't of United States of America	5,718		0	114	0	5,718	
Export/Import Bank of Taiwan	9,375		1,250	459	0	8,125	
TOTAL	299,570	59,761	20,354	10,919	(5,502)	334,786	

R: Revised

P: Provisional

*: includes valuation adjustments



Table 5: GOVERNMENT OF BELIZE: Revenue & Expenditure

	Fiscal Years			Revised Budget 1993/94	Jan-Dec 1993P	Jan-Dec 1992R
	1990/91	1991/92	1992/93			
TOTAL REVENUE AND GRANTS	225,330	249,407	281,772	271,498	278,887	271,567
Current Revenue	210,896	217,660	245,907	249,138	250,827	230,067
Tax revenue	172,180	179,226	202,331	217,278	210,620	194,551
Income and profits	41,248	46,073	60,089	58,666	58,050	54,723
Properties	1,480	1,217	2,712	2,190	1,469	2,447
International trade	101,429	108,496	111,924	121,823	118,040	111,138
Excise	15,501	14,970	15,955	23,408	21,252	15,649
Other	12,522	8,470	11,651	11,191	11,809	10,594
Non-tax revenue	38,716	38,434	43,576	31,860	40,208	35,516
Capital Revenue	11,277	30,420	35,107	6,397	26,351	40,372
Grants	3,157	1,327	758	15,963	1,708	1,128
TOTAL EXPENDITURE	223,594	286,302	339,045	351,006	327,239	321,800
Current Expenditure	137,832	151,740	186,215	207,473	207,127	173,180
Wages and salaries	78,096	83,462	104,619	118,476	116,094	99,688
Pensions	7,331	9,661	11,438	12,042	12,739	11,119
Goods and Services	42,197	49,694	59,487	58,937	63,422	52,557
Interest Payments on Public Debt	10,208	8,923	10,671	18,018	14,872	9,816
Capital Expenditure	85,762	134,562	152,830	143,533	120,112	148,620
Capital II (local sources)	56,124	81,628	85,779	56,859	64,702	101,042
Capital III (foreign sources)	24,587	43,424	60,372	84,230	52,996	39,985
Capital Transfer	5,051	9,510	6,679	2,444	2,414	7,593
CURRENT BALANCE	73,064	65,920	59,692	41,665	43,701	56,887
OVERALL BALANCE	1,736	(36,895)	(57,273)	(79,508)	(48,352)	(50,233)
FINANCING	(1,736)	36,895	57,273	79,508	48,352	50,233
Net Domestic Financing	(7,439)	12,199	28,837	11,241	31,652	26,446
Net Foreign Financing	5,703	24,696	28,436	68,267	44,158	30,947
Other Financing					(27,458)	(7,160)

Sources: Ministry of Finance
Central Bank of Belize

R: Revised
P: Provisional



Table 6: Balance of Payments 1991 - 1993

US\$mn

	1991			1992			1993P		
	Credit	Debit	Net	Credit	Debit	Net	Credit	Debit	Net
CURRENT ACCOUNT	290.0	315.3	-25.2	328.9	354.2	-25.4	326.0	371.0	-45.1
VISIBLE TRADE	126.1	223.6	-97.4	140.6	244.5	-103.9	132.0	250.5	-118.4
INVISIBLE TRADE	131.6	87.4	44.2	152.9	104.7	48.2	159.8	116.1	43.7
FACTOR INCOME	8.9	19.5	-10.7	6.5	23.4	-16.8	6.2	23.7	-17.6
Labour Income	3.3	4.8	-1.6	3.4	4.7	-1.3	3.6	4.9	-1.3
Property Income	0.6	0.4	0.2	0.0	0.3	-0.3	0.1	0.1	-0.1
Investment Income	5.0	14.3	-9.3	3.1	18.4	-15.2	2.5	18.7	-16.2
NON FACTOR INCOME	122.7	67.9	54.8	146.4	81.3	65.0	153.6	92.3	61.3
Shipment	0.0	27.6	-27.6	0.0	30.2	-30.2	0.0	30.9	-30.9
Other Transport	11.4	8.7	2.7	13.8	9.9	4.0	12.2	9.4	2.8
Travel	46.1	7.5	38.6	63.2	14.3	48.9	72.7	20.5	52.2
Other Goods & Serv	65.2	24.1	41.2	69.3	27.0	42.3	68.7	31.5	37.2
Official N.I.E.	33.3	9.7	23.5	34.7	10.6	24.1	35.2	10.1	25.1
Private N.I.E.	32.0	14.3	17.6	34.6	16.3	18.3	33.5	21.5	12.0
TOTAL GOODS & SERVICES AND INCOME	257.0	311.0	-53.3	293.5	349.2	-55.7	291.9	366.6	-74.7
TRANSFERS	32.3	4.3	28.1	35.3	5.0	30.3	34.1	4.4	29.7
OFFICIAL	14.0	1.4	12.6	14.3	1.5	12.7	15.6	1.5	14.1
PRIVATE	18.3	2.9	15.5	21.1	3.5	17.6	18.5	2.9	15.5
CAPITAL ACCOUNT (EXCLUDING RESERVES)	45.9	31.5	14.4	55.1	32.7	22.4	74.1	39.0	35.1
Long Term Capital	41.8	16.3	25.5	41.6	17.3	24.3	46.7	16.4	30.3
Official	20.3	10.1	10.2	18.0	11.9	6.1	29.9	11.3	18.6
Private	21.4	6.1	15.3	23.6	5.4	18.2	16.8	5.1	11.7
Direct Investment	15.1	1.5	13.6	17.8	2.2	15.6	11.3	2.1	9.2
Other	6.4	4.7	1.7	5.8	3.2	2.5	5.5	3.0	2.5
Short Term Capital	4.1	15.2	-11.1	13.5	15.4	-1.9	27.4	22.6	4.8
Commercial Banks change in foreign reserves	3.0	4.9	-1.8	12.7	0.0	12.7	18.7	11.6	7.2
Portfolio	0.0	0.0	0.0	0.2	0.0	0.2	7.0	0.0	7.0
Other	1.1	10.3	-9.2	0.6	15.4	-14.8	1.7	11.0	-9.3

P: Provisional



Table 7: Gross Imports (c.i.f.) by SITC Categories 1991 - 1993

\$mn

	1991 Jan-Sept	1992	1993 Jan-Sept
Food & Live Animals	35.5	49.0	30.7
Beverages & Tobacco	4.4	6.5	5.1
Crude Materials	1.4	4.2	1.7
Fuels & Lubricants	30.7	32.5	23.8
Animal & Vegetable Oil	0.4	0.4	1.2
Chemicals	16.4	25.2	25.1
Manufactured Goods	37.0	47.6	42.3
Machinery & Equipment	45.8	67.8	57.5
Misc. Manufactured Goods	21.9	39.4	26.0
Commodities N.I.E	1.4	0.2	0.1
TOTAL	194.7	272.6	213.3

Source: Central Statistical Office

Table 8: Selected Tourism Statistics 1991 - 1993

	1991	1992	1993
ARRIVALS	75,098	89,997	101,283
Air	59,461	76,602	85,466
Land	8,958	8,282	9,618
Sea	6,679	5,113	6,199
HOTAL CAPACITY			
No. of Hotels	248	271	308
No. of Rooms	2,784	2,913	3,295
No. of Beds	4,742	4,991	5,433

Sources: Belize Tourist Board
Central Bank of Belize



**Table 9: Direction of Trade (c.i.f.)
1991 - 1993**

(percentages)

	Gross Exports			Gross Imports		
	1991	1992	1993	1991	1992	1993
USA	47.7	51.9	44.7	58.9	56.5	56.5
UK	28.5	27.3	36.4	7.8	8.5	7.0
OTHER EEC	2.9	4.9	3.7	8.7	6.8	4.5
CANADA	3.8	3.0	6.9	2.2	1.9	2.1
MEXICO	3.2	3.3	2.7	8.2	8.8	9.6
CARICOM	6.8	5.7	4.7	2.7	6.8	3.9
OTHER	7.1	3.9	0.9	11.5	10.7	16.4
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Statistical office

CENTRAL BANK OF BELIZE
INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 1993

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

We have audited the accompanying balance sheet of Central Bank of Belize as at 31 December 1993 and the related statement of operations for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements for the preceding period were audited by other auditors whose opinion thereon dated 26 March 1993 was unqualified.

We conducted our audits in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Bank of Belize as of 31 December 1993 and the results of its operations for the year then ended in conformity with International Accounting Standards.

Deloitte & Touche

Chartered Accountants
29 March 1994
Belize City
BELIZE

CENTRAL BANK OF BELIZE

BALANCE SHEET

<u>ASSETS</u>	<u>NOTES</u>	<u>December 31,</u>	
		<u>1993</u>	<u>1992</u>
APPROVED EXTERNAL ASSETS	4		
Balances and deposits with foreign bankers and the Crown Agents		\$12,779,982	\$14,011,218
Reserve Tranche and balances with the International Monetary Fund	5	8,733,072	8,366,600
Marketable securities issued or guaranteed by foreign governments and international financial institutions		26,267,237	12,739,218
Other foreign credit instruments		17,377,122	65,779,997
Accrued interest and cash intransit	2e	452,522	391,460
Gold		-	407,550
		<u>65,609,935</u>	<u>101,696,043</u>
DUE FROM THE BELIZE GOVERNMENT	6	-	1,289,595
BALANCES DUE FROM CARICOM CENTRAL BANKS		-	113,684
BELIZE GOVERNMENT SECURITIES	7	19,137,859	7,597,867
BELIZE GOVERNMENT CURRENT ACCOUNT	8	39,987,140	20,659,727
LOANS TO PUBLIC SECTOR	9	8,500,000	9,562,500
LOANS TO LICENSED FINANCIAL INSTITUTIONS	10	3,516,845	6,000,000
INVESTMENT IN PUBLIC ENTITIES	11	-	6,000,000
BALANCES WITH LOCAL BANKERS AND CASH ON HAND		72,037	46,025
OTHER ASSETS	12	3,122,206	3,753,211
PROPERTY AND EQUIPMENT	13	3,208,404	3,760,253
		<u>\$143,154,426</u> =====	<u>\$160,478,905</u> =====

See notes to financial statements.

CENTRAL BANK OF BELIZE

BALANCE SHEET




<u>ASSETS</u>	<u>NOTES</u>	<u>December 31,</u>	
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		<u>\$143,154,426</u> =====	<u>\$160,478,905</u> =====

See notes to financial statements.

CENTRAL BANK OF BELIZE

BALANCE SHEET (Continued)

<u>LIABILITIES, CAPITAL AND RESERVES</u>	<u>NOTES</u>	<u>December 31,</u>	
		<u>1993</u>	<u>1992</u>
DEMAND LIABILITIES			
Notes and coins in circulation		\$ 61,481,608	\$ 56,806,409
Deposits by licensed financial institutions	14	36,325,128	45,580,545
Deposits by and balance due to Government and Public Sector Entities in Belize		4,479,938	12,834,220
Deposits by international agencies	15	5,285,262	7,332,874
		<u>107,571,936</u>	<u>122,554,048</u>
BALANCES DUE TO CARICOM CENTRAL BANKS		203,322	-
OTHER LIABILITIES		369,203	551,491
COMMERCIAL BANK DISCOUNT FUND	16	3,693,542	4,531,668
BELIZE CREDIT FACILITY	17	412,486	-
LOANS PAYABLE TO FOREIGN INSTITUTIONS	18	8,125,000	10,664,595
CONSTRUCTION BONDS	19	5,000,000	5,000,000
Total liabilities		<u>125,375,489</u>	<u>143,301,802</u>
CAPITAL ACCOUNT			
Paid up capital (Authorized capital \$10,000,000)		10,000,000	10,000,000
GENERAL RESERVE FUND	20	7,778,937	7,177,103
		<u>\$143,154,426</u>	<u>\$160,478,905</u>

)	GOVERNOR
)	DIRECTOR
)	GENERAL MANAGER

See notes to financial statements.

CENTRAL BANK OF BELIZE
STATEMENTS OF OPERATIONS

	<u>NOTES</u>	<u>For the year ended</u> <u>December 31,</u>	
		<u>1993</u>	<u>1992</u>
INCOME			
Interest			
Approved external assets		\$1,612,811	\$4,185,965
Advance to Government		4,094,780	324,303
Securities		2,449,900	1,194,454
Loans of financial institutions		168,952	24,959
Loans to statutory boards		513,452	573,920
		<u>8,839,895</u>	<u>6,303,601</u>
Discount			
Approved external assets		161,879	412,270
Securities		354,978	319,609
		<u>516,857</u>	<u>731,879</u>
Realized gains from appreciation in market value of securities	2c	89,908	27,205
Commissions and other income		1,385,967	1,156,685
Total income		<u>10,832,627</u>	<u>8,219,370</u>
LESS:			
Interest expense		1,252,167	1,211,137
Income from operations		<u>9,580,460</u>	<u>7,008,233</u>
EXPENDITURE			
Printing of notes and minting of coins	2	666,678	974,250
Salaries and wages, including superannuation contributions and gratuities		2,949,331	2,952,196
Depreciation and amortization		569,999	552,260
Administrative and general		2,309,102	2,267,270
Total expenditure		<u>6,495,110</u>	<u>6,745,976</u>
NET PROFIT			
Transfer to Revaluation Account in accordance with Section 49 of the Act	2c,21	76,181	262,257
Transfer to General Reserve Fund in accordance with Section 9 (1) of the Act	20	<u>601,834</u>	<u>-</u>
Balance credited to the Accountant General for the Consolidated Revenue Fund		\$ 2,407,335	-
		=====	=====

See notes to financial statements.

CENTRAL BANK OF BELIZE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1993 AND 1992

1. ORGANIZATION

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

The principal activity of the Central Bank of Belize is to foster monetary stability especially as regards to stability of the exchange rate and to promote banking, credit and exchange conditions conducive to the growth of the economy of Belize.

2. SUMMARY OF ACCOUNTING POLICIES

The Bank's financial statements are presented in Belize dollars using the accrual basis of accounting.

Following is a summary of the more significant accounting policies adopted by the Bank in preparing its financial statements which accord with International Accounting Standards and the Central Bank of Belize Act:

a. Property and equipment, depreciation and amortization -

Fixed assets are carried at cost, and are depreciated on the straight line basis over their estimated useful lives. Land and buildings are not depreciated.

Depreciation rates are as follows:

Office Furniture	5 years
Equipment	5 years
Vehicles	4 years

Improvements to the Treasury Building are amortized over the remaining period of intended use.

b. Sale of special coins -

Special coins, minted or packaged as collector items are legal tender. However, no liability is recorded under notes and coins since they are not expected to be placed in circulation as currency. Minting cost is charged against income in the year incurred. Income is recognized when sales are made.

c. Foreign currency translation and exchange gains and losses -

i. Assets and Liabilities

Foreign currency balances at year end are translated at the rate of exchange of BZ\$ 2 to US\$ 1.

ii. Income and Expenses

Income and expenses in foreign currencies are translated at the rate of exchange ruling on the transaction date.

iii. Central Bank of Belize Act Section 19

Profits or losses from any revaluation of the Bank's net assets or liabilities in gold, special drawing rights, foreign exchange or foreign securities as a result of any change in the par value of the Belize dollar or any change in the par value of the currency unit of any other country shall be excluded from the computation of the annual profits and losses of the Bank. All such profits or losses shall be carried in a special account called Revaluation Account. No profits shall be credited to the General Reserve Fund or paid to the Consolidated Revenue Fund under Section 9 of the Act whenever the Revaluation Account shows a net loss. Such profits shall be credited to the Revaluation Account in an amount sufficient to cover the loss.

d. Valuation of securities -

Securities are stated at lower of cost or market value. Unrealized losses arising from changes in the market value of securities are charged against income while unrealized gains are deferred. Realized gains and losses are included in income.

e. Accrued interest and cash intransit -

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

f. 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.

g. Pension -

The Pension Scheme, a defined benefit plan, is funded by contributions from the Bank and employees. It is financially separate from the Bank and is managed by a Board of Trustees.

h. Taxation -

In accordance with Article 51 of the Act, the Bank is exempt from the provisions of any law relating to income tax or customs duties and from the payment of stamp duty.

3. INTEREST ON CENTRAL BANK BUILDING CONSTRUCTION BONDS

Interest payable semi-annually on the Central Bank 9% Construction Bonds is \$450,000. Of this amount only that portion of the interest on the amount spent on the building project during construction is capitalized. Otherwise interest is charged to the annual income of the Bank. (See note 19).

4. CENTRAL BANK OF BELIZE ACT SECTION 25

- a. The Bank shall at all times hold assets of an amount in value sufficient to cover fully the value of the total amount of its notes and coins for the time being in circulation.

- b. 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 Bank's liabilities to customers in respect of its sight and time deposits. At December 31, 1993 total approved external assets approximated 61 percent (1992 - 83 percent) of such liabilities.

5. INTERNATIONAL MONETARY FUND - RESERVE TRANCHE

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 of Belize from the Government of Belize.

At December 31, 1993, the country's subscription to the International Monetary Fund amounted to SDR 13,500,000, and the Bank's Reserve Tranche amounted to SDR 2,913,690 (1992 - SDR 13,500,000 and SDR 2,892,600 respectively). The Reserve Tranche which earns interest is included in Approved External Assets in the financial statements at the rate of BZ\$2.85 to SDR 1.0 at December 31, 1993 (1992 BZE\$ 2.75 to SDR 1.0).

6. DUE FROM THE BELIZE GOVERNMENT

Loan to the Belize Government is repayable in 10 equal annual installments commencing July 1, 1997, in convertible currencies to be agreed at a later date. The loan is unsecured and does not bear interest (See Note 18). During 1993 the Government assumed direct responsibility for this loan thereby terminating the Bank's intermediary role.

7. BELIZE GOVERNMENT SECURITIES

Belize Government securities consist of:

	<u>1993</u>	<u>1992</u>
Belize Government treasury bills	\$14,467,859	\$2,927,867
Belize Government debentures	4,670,000	4,670,000
	<u>\$19,137,859</u>	<u>\$ 7,597,867</u>
	=====	=====

Section 35(2) of the Act stipulates that the Bank shall not at any time hold Belize Government Securities in an aggregate amount exceeding five times the aggregate amount at that time of the paid up capital and general reserves of the Bank. At December 31, 1993 the Bank's aggregate holding of Belize Government Securities approximated 1.08 times (1992 - 0.44 times) the amount of paid up capital and general reserves of the Bank.

8. BELIZE GOVERNMENT CURRENT ACCOUNT

In accordance with Section 34 of the Act, the Bank may make direct advances to the Government provided that at any one time the total outstanding amount of direct advances shall not exceed twenty percent of the current revenues of the Government collected during the preceding financial year or the sum of fifty million dollars, whichever is a greater. At December 31, 1993 advances to Government represent approximately 80 percent of the authorized limit.

9. LOANS TO THE PUBLIC SECTOR

	<u>1993</u>	<u>1992</u>
Loans to public sector consist of:		
5% p.a. loan due in 16 consecutive semi-annual payments commencing July 10, 1993	\$ 468,750	\$ 500,000
5% p.a. loan due in 16 consecutive semi-annual payments commencing July 10, 1993.	2,343,750	2,500,000
6% p.a. loan due in 16 consecutive semi-annual payments commencing December 22, 1992	5,687,500	6,562,500
	<u>\$8,500,000</u>	<u>\$9,562,500</u>
	=====	=====

Loans to the public sector are guaranteed by the Government of Belize.

10. LOANS TO LICENSED FINANCIAL INSTITUTIONS

	<u>1993</u>	<u>1992</u>
9% loan to a licensed financial institution due March 24, 1993 secured by hypothecation of Government of Belize Treasury Bills	\$ -	\$3,000,000
9 1/2% loan to a licensed financial institution due January 14, 1993 secured by hypothecation of Government of Belize Treasury Bills.	-	3,000,000
12 % loan to a licensed financial institution due March 30, 1994 secured by assignment of debt	3,516,845	-
	<u>\$3,516,845</u>	<u>\$6,000,000</u>
	=====	=====

11. INVESTMENT IN PUBLIC ENTITIES

Investment in 3,000,000 redeemable preference shares in Belize Telecommunications Limited was redeemed by that company in 1993.

12. OTHER ASSETS

At December 31 other assets are made up as follows:

	<u>1993</u>	<u>1992</u>
Prepaid printing and minting of notes and coins (See note 2 f)	\$1,973,117	\$2,367,176
Prepayments and accrued interest	166,879	468,766
Receivables	849,643	827,597
Other	132,567	89,672
	<u>\$3,122,206</u>	<u>\$3,753,211</u>
	=====	=====

13. PROPERTY AND EQUIPMENT

	<u>1993</u>	<u>1992</u>
Property and equipment consist of:		
Land	\$2,040,400	\$2,040,400
Properties and improvements	615,468	582,764
Improvements to Treasury Building	179,292	168,187
Furniture	129,725	443,216
Equipment	2,404,594	2,483,547
Vehicles	302,100	241,473
	<u>5,671,579</u>	<u>5,959,587</u>
Less accumulated depreciation/ amortization	\$2,463,175	\$2,199,334
	<u>\$3,208,404</u> =====	<u>\$3,760,253</u> =====

The Bank, except for its Research, Banking Supervision and Administration Departments, is housed in the Treasury Building provided rent free by the Government.

14. BANKING ACT 1976 SECTION 16

Licensed financial institutions under the provision of the Banking Act 1976 are required to keep on deposit with the Bank an amount equivalent to at least 7% of their average liabilities. These deposits are interest free.

15. DEPOSITS BY INTERNATIONAL AGENCIES

The Central Bank of Belize acts as agent for and accepts deposits from international financial institutions. At December 31 deposits consisted of:

	<u>1993</u>	<u>1992</u>
Commission for European Communities	\$3,195,659	\$3,191,983
International Monetary Fund	98,732	95,011
Caribbean Development Bank	2,770	619,276
International Bank for Reconstruction and Development	1,988,101	3,426,604
	<u>\$5,285,262</u> =====	<u>\$7,332,874</u> =====

16. COMMERCIAL BANK DISCOUNT FUND

Commercial Bank Discount Fund is a facility which was established by an agreement signed in March 1983 by the Government of Belize and the United States of America, providing for a discount fund to be operated through the Central Bank of Belize. The United States Government acting through United States Agency for International Development (USAID) had earmarked US\$5 million in loan funds up to June 30, 1987, to finance this facility. 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 USAID. In 1993 USAID and the Central Bank with mutual consent agreed that portion of the reflows to the Discount Fund could be used as a line of credit facility to a development foundation.

16. COMMERCIAL BANK DISCOUNT FUND (CONTINUED)

The Discount Fund loans bear the following terms:

Interest rate 2% for the first ten years and 3% thereafter. The loan is to be repaid within 25 years with a grace period of 9 1/2 years and 31 equal semi-annual principal payments for 15 1/2% years.

At December 31, 1993, outstanding loans discounted by commercial banks through the facility amounted to BZ\$2 million net of repayments against a total drawdown of BZ\$5.8 million from USAID.

17. BELIZE CREDIT FACILITY

Under the World Bank Agricultural Credit and Export Development Project Loan Agreement signed between the Government of Belize and the International Bank for Reconstruction and Development on July 19, 1988, the Central Bank acting as the agent for the Government of Belize assists the Government in operating the Belize Credit Facility through which loans are made available to the Development Finance Corporation and other financial intermediaries for specific development projects.

The Bank's responsibility to assist the borrower is set out in an agreement signed between the Government and the Central Bank of Belize on March 13, 1989.

18. LOANS PAYABLE TO FOREIGN INSTITUTIONS

Loans payable to foreign institutions consist of:

	<u>1993</u>	<u>1992</u>
Due to a foreign financial institution repayable in 10 equal annual installments commencing July 1, 1997, in convertible currencies or Belize exports to be agreed on a later date. The loan which was negotiated through the Bank for on lending to the Belize Government, is unsecured and does not bear interest. (See Note 6)	\$ -	\$1,289,595
Due to a foreign financial institution repayable in 16 equal semi-annual installments commencing December 22, 1992. Interest at 5% per annum. The loan was negotiated for US \$5,000,000 for on-lending to Reconstruction and Development Corporation to finance a housing construction project in Belize and is secured by a promissory note from the Central Bank of Belize	8,125,000	9,375,000
	<u>\$8,125,000</u>	<u>\$10,664,595</u>
	=====	=====

19. CONSTRUCTION BONDS

	<u>1993</u>	<u>1992</u>
BZ \$5,000,000 construction bonds maturing on September 30, 1997 secured by guarantee from the Belize Government. Interest at 9% per annum is payable semi-annually	\$5,000,000	\$5,000,000
	=====	=====

20. 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.

	<u>December 31,</u>	
	<u>1993</u>	<u>1992</u>
Balance at beginning of year	\$7,177,103	\$9,851,046
Transfer from profits for the year	601,834	-
Transfer from Revaluation Account	-	(2,673,943)
Balance at end of year	<u>\$7,778,937</u> =====	<u>\$7,177,103</u> =====

21. REVALUATION ACCOUNT

	<u>December 31,</u>	
	<u>1993</u>	<u>1992</u>
Balance at beginning of year	\$ -	\$ 2,645,480
Losses on revaluation during the year	(76,181)	(5,581,680)
Transfer from net profit for the year	76,181	262,257
Balance transferred to General Reserve Fund	<u>\$ -</u> =====	<u>\$(2,673,943)</u> =====

See Note 2c. iii

22. COMMITMENTS AND CONTINGENT LIABILITIES

The Bank is contingently liable to an international banking institution as guarantor of a facility made available to a public sector entity. At December 31, 1993, the principal outstanding under the facility was US\$3,636,000. 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, 1993, the amount pledged amounted to US\$1,500,000. The Bank is fully indemnified by the borrower against any losses .

Outstanding letters of credit not reflected in the accompanying financial statements amount to BZ\$6,188,422 at December 31, 1993 (1992 - BZ \$8,252,062).