CENTRAL BANK OF BELIZE

Nineteenth Annual Report and Accounts

2000

Central Bank of Belize

Nineteenth Annual Report and Accounts, 2000

Abbreviations and Conventions used in this Report

Abbreviations:

ACP	African, Caribbean and Pacific
APR	Annual Percentage Rate
BEL	Belize Electricity Limited
BFIA	Banks and Financial Institutions Act, 1995
BIS	Bank for International Settlements
BSI	Belize Sugar Industries Limited
BSSB	Belize Social Security Board
BTB	Belize Tourism Board
BTL	Belize Telecommunications Ltd.
CARICOM	Caribbean Community and Common Market
CCMS	Caribbean Centre for Monetary Studies
CDB	Caribbean Development Bank
CET	Common External Tariff
CFATF	Caribbean Financial Action Task Force
CFZ	Commercial Free Zone
CPI	Consumer Price Index
CSO	Central Statistical Office
DFC	Development Finance Corporation
ECCB	Eastern Caribbean Central Bank
ECLAC	Economic Commission for Latin America & Caribbean Countries
ECU	European Currency Unit
EDF	European Development Fund
EIB	European Investment Bank
EU/EEC	European Union
FY	Fiscal Year
GDP	Gross Domestic Product
GOB	Government of Belize
IBC	International Business Company
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
IFS	International Financial Statistics
IMF	International Monetary Fund
OECD	Organisation for Economic Cooperation and Development
OECS	Organisation of Eastern Caribbean States
PAYE	Pay As You Earn
PGIA	Phillip Goldson International Airport
RECONDEV	Reconstruction and Development Corporation
ROC	Republic of China, Taiwan
SIF	Social Investment Fund
UK	United Kingdom
US/USA	United States
VAT	Value Added Tax
WTO	World Trade Organisation
WASA	Water and Sewerage Authority

Notes and Conventions:

--$ refers to the Belize dollar unless otherwise stated
--mn denotes million
--The figures for 2000 in this report are provisional, and the figures for 1999 have been revised.
--Since May of 1976 the Belize dollar has been tied to the US dollar at the rate of US$1.00 = BZ$2.00.
--Totals in tables do not always equal the sum of their components due to rounding.

April 30, 2001

Hon. Said Musa
Prime Minister and Minister of Finance
and Foreign Affairs
Office of the Prime Minister
Belmopan
BELIZE

Dear Prime Minister:

In accordance with Section 58 of the Central Bank of Belize Act, 1982, I have the honour of submitting 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, 2000, together with a copy of the Bank's Statement of Accounts, as certified by the External Auditors.

I am
Yours faithfully,

Keith Arnold
Governor

DIRECTORS AND PRINCIPALS

At December 31, 2000

BOARD OF DIRECTORS

KEITH ARNOLD
Chairman

YVETTE ALVAREZ
Vice Chairman

JAIME BRICEÑO

DEREK COURTENAY

FRANCIS FONSECA

ROBERT SWIFT

JOSEPH WAIGHT
Ag. Financial Secretary

PRINCIPAL OFFICERS

KEITH ARNOLD
Governor

YVETTE ALVAREZ
Deputy Governor - Operations

SYDNEY CAMPBELL
Deputy Governor - Research

CECILE REYES
Manager, Administration Department / Bank Secretary

DWAIN DAVIS
Manager, Finance Department

CAROL HYDE
Manager, Human Resource Department

MARILYN GARDINER
Manager, Banking and Currency Department

KENT HAYLOCK
Chief of Security

TABLE OF CONTENTS

List of Tables

LIST OF BOXES

LIST OF CHARTS

OVERVIEW OF THE BANK

Mission, Goals and Objectives

The Central Bank of Belize's objectives are stated in the Central Bank of Belize Act, 1982.

> "Within the context of the economic policy of the Government the Bank shall be guided in all its actions by the objectives of fostering monetary stability especially as regards stability of the exchange rate and promoting credit conditions conducive to the growth of the economy of Belize."

In light of these objectives, the Bank has the following Mission:

> "***to foster the development of an economic and financial environment in Belize that will facilitate economic growth.***"

In the pursuit of its mission, the Bank sets a number of goals and operating objectives. These are listed below. Emphasis is added in the first section to indicate the respective **client(s)** to which each of the Bank's goals is geared.

Goals

- √ Provide prompt and well-considered macroeconomic advice to the **Government**, the **business sector** and the **general public**.
- √ Provide efficient banking services to the **commercial banks**, the **government** and various **public sector bodies** and **regional and international organisations** that hold accounts at the Bank.
- √ Provide guidelines to the **banking community** on matters such as money supply, interest rates, credit and exchange rates.
- √ Set high standards of efficiency and organisation so as to encourage higher levels of attainment in the Bank.

Objectives

- √ Promote monetary stability.
- √ Regulate the issue and availability of money and its international exchange.

Organization And Functions

The Bank's mission and objectives are pursued through its various departments, with core functions as follows:

Office of the Governor

- Managing the operations of the Bank.
- Co-ordinating the various functions of the Bank's Departments.
- Formulating, developing and reviewing the Bank's policy prescriptions.
- Maintaining security operations within the Bank.
- Streamlining and monitoring systems and procedures to ensure appropriate internal controls.
- Ensuring that all communications necessary for the deliberations of the directors are prepared and submitted.
- Promoting and conducting anti money-laundering surveillance.

Administration

- As secretariat to the Board, ensuring that the decisions and relevant directives of the Board are communicated to all parties concerned.
- Procuring supplies, and conducting stock keeping and inventory exercises.
- Managing the Bank's records management system.
- Disseminating information produced by the Bank, particularly economic reports and bulletins, research papers, relevant acts and regulations and related guidelines.
- Maintaining the Bank's library of information.
- Managing the Bank's numismatic operations.

Human Resources

- Advising on personnel policy matters.
- Promoting the conditions necessary for staff development and training.
- Providing employee assistance.
- Administering staff compensation and benefits.
- Recruiting and selecting suitable staff.
- Fostering healthy industrial relations between the Bank and its employees' union.

Finance

- Preparing the Bank's budget and monitoring and controlling the Bank's financial activities.
- Performing fiscal agent functions on behalf of the Central Government and other public sector entities for the trading of securities.

Banking and Currency

- Issuing notes and coins.
- Providing banking services to Central Government, other public sector entities and financial institutions.
- Management of the Central Bank's foreign reserve holdings.
- Conducting clearing-house operations for the domestic banking system.

Financial Sector Supervision

- Screening and processing applications for domestic and offshore bank licenses.
- Conducting on-site examination and off-site surveillance of commercial banks and offshore banks.
- Processing of applications for large credit exposures under section 21(2) of the Banks and Financial Institutions Act.

Research

- Monitoring economic activities in Belize on a continuing basis.
- Conducting focused economic research on the Belizean economy and aspects pertaining to its development.
- Preparing monthly, quarterly and annual economic reports.
- Processing and monitoring foreign exchange transactions of the financial system.
- Producing appropriate statistics.

Office of Deputy Governor (Operations)

- Monitoring and maintaining the Bank's information technology requirements.
- Internal Audit
- Maintaining the Bank's plant and equipment.

Table I.1: Major Economic Indicators

	1995	1996	1997	1998	1999[R]	2000[P]
POPULATION AND EMPLOYMENT						
Population (Thousands)	216.5	222.0	230.0	238.0	243.0	249.8
Employed Labour Force (Thousands)	62.6	65.0	70.7	73.3	77.8	80.0
Unemployment Rate (%)	12.5	13.8	12.7	14.3	12.8	11.5
INCOME						
GDP at Current Market Prices ($mn)	1,174.4	1,211.4	1,235.0	1,259.2	1,375.6	1,509.9
Per Capita GDP ($, Current Mkt. Prices)	5,424	5,457	5,370	5,291	5,661	6,044
Real GDP Growth (%)	4.0	1.5	4.2	1.7	6.4	10.5
Sectoral Distribution of Constant 1984 GDP (%)						
Primary Activities	20.2	21.0	22.7	21.9	23.1	21.8
Secondary Activities	25.4	25.0	24.2	23.6	23.1	25.5
Services	54.4	54.0	53.1	54.5	53.8	52.7
MONEY AND PRICES ($mn)						
Inflation (Annual average percentage change)	2.9	6.4	1.0	-0.8	-1.2	0.6
Currency and Demand deposits (M1)	165.0	177.6	186.0	206.1	255.1	310.2
Quasi-Money (Savings and Time deposits)	448.5	467.8	524.1	561.3	585.1	655.7
Money Supply (M2)	613.5	645.4	710.1	767.4	840.2	965.9
Ratio of M2 to GDP (%)	52.2	53.3	57.5	60.9	61.1	64.0
CREDIT ($mn)						
Commercial Bank Loans and Advances	440.7	480.9	547.3	625.6	654.9	695.4
Public Sector	2.7	2.9	5.2	18.9	8.4	11.2
Private Sector	438.0	478.0	542.1	606.8	646.5	684.3
INTEREST RATE (%)						
Weighted Average Lending Rate (WALR)	16.3	16.2	16.6	16.3	16.3	15.8
Effective 3-year APR	28.0	27.8	28.5	28.0	28.0	27.1
Weighted Average Deposit Rate	7.2	6.2	6.7	6.0	5.7	5.0
CENTRAL GOVERNMENT FINANCES ($mn)						
Current Revenue	259.9	276.6	282.9	294.5	327.1	352.2
Current Expenditure	239.8	234.7	252.2	260.0	278.8	308.4
Current Account Surplus(+)/Deficit(-)	20.1	41.9	30.7	34.5	48.3	43.9
Capital Expenditure	83.2	75.3	81.8	93.6	165.3	250.5
Overall Surplus(+)/Deficit(-)	-46.9	-4.6	-25.3	-28.6	-29.1	-140.4
Ratio of Budget Deficit to GDP at mkt. Prices (%)	-4.0	-0.4	-2.0	-2.3	-2.1	-9.3
Domestic Financing (Net)	33.1	-40.9	19.5	27.6	-8.6	-71.9
External Financing (Net)	3.7	46.6	5.8	14.2	38.5	213.5
BALANCE OF PAYMENTS (US $mn)						
Merchandise Exports (f.o.b.)	164.3	171.3	199.9	194.4	213.2	212.2
Merchandise Imports (f.o.b.)	230.5	229.5	280.8	292.8	337.5	403.6
Trade Balance	-67.7	-58.2	-80.8	-98.4	-124.3	-191.4
Remittances (Inflows)	25.4	24.4	27.8	31.2	40.6	56.5
Tourism (inflows)	87.1	93.1	96.5	101.0	108.0	118.5
Services (Net)	56.0	53.1	52.1	49.6	53.4	52.7
Current Account Balance	7.3	2.3	-16.6	-39.5	-65.7	-130.8
Capital and Financial Flows	-25.9	-1.2	21.3	23.1	92.2	175.5
Gross Change in Official International Reserves *	-3.1	-20.9	-1.0	15.4	-27.2	-51.6
Gross Official International Reserves	37.4	58.3	59.3	43.9	71.1	122.8
Import Cover of Reserves (in months)	1.3	2.7	2.5	1.6	2.3	3.3
PUBLIC SECTOR DEBT						
Disbursed Outstanding External Debt (US $mn)	184.3	219.8	240.7	260.7	252.5	410.1
Ratio of Outstanding Debt to GDP at Mkt. Prices (%)	31.4	36.3	39.0	41.4	36.7	54.3
External Debt Service Payments (US $mn)	29.8	29.7	30.7	33.2	33.4	40.6
External Debt Service Ratio (%)	9.9	9.6	9.0	9.8	8.9	10.6
Disbursed Outstanding Domestic Debt ($ mn)	164.2	171.9	171.9	180.0	171.5	171.9
Domestic Debt Service Payments ($ mn)	n.a.	12.9	18.4	15.7	12.2	22.6

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

R – Revised P- Provisional
*Minus = increase
n.a – not available


Central Bank of Belize
$100
ONE HUNDRED
CA242292
Central Bank of Belize
$50
FIFTY
Central Bank of Belize
$20
TWENTY
Central Bank of Belize
$10
Central Bank of Belize
$5
FIVE
$2
AC929273
$2

ECONOMIC REVIEW

Overview

Belize's economy accelerated in 2000 with real GDP growing by 10.5%, driven by public sector spending on housing and other infrastructure, plus heightened activity in tourism and manufacturing. The second and tertiary sectors of the economy consequently expanded by 21.9% and 9.2%, respectively. In particular, the 'Trade, Restaurants & Hotels' sub-sector benefited from an 8.2% increase in stay-over bona fide tourists and a 52.9% rise in cruise ship visitors. Substantial increases in output of citrus products, beer and flour boosted manufacturing while construction again saw boisterous activity in various housing and infrastructure projects. In comparison, the primary sector grew modestly by 4.0% as increased output from fishing and mining were somewhat offset by Hurricane Keith's impact on agriculture.

Growth was accompanied by a rather low inflation rate of 0.6% with upward movements in fuel prices and the US export price index being offset by a 5% reduction in the average import duty payable following the implementation of the new CARICOM Common External Tariff level in April.

In the monetary sector, foreign inflows contributed to a 15.0% expansion in the broad money supply (M2), some 5.5% higher than that of 1999. Narrow money (M1) grew at a clipping pace with currency held by the public and demand deposits up 14.1% and 25.3%. Quasi-money also grew strongly reflecting increases in savings and time deposits of 22.3% and 8.5%, respectively.

Foreign inflows to Central Government and the financial public sector plus IBC deposits with commercial banks pushed the net foreign assets of the banking system upward by some $140.8mn. While Central Bank foreign exchange purchases were $203.1mn higher than that of the previous year, outflows also saw a substantial increase of 52.0% with sales to commercial banks, Central Government and other public sector entities up significantly in consonance with the expanded level of domestic and foreign transactions.

During the same period, net domestic credit rose by 6.3% with Central Bank loans to DFC and commercial bank loans to the private sector being partly offset by a substantial contraction in net domestic credit to Central Government, which reflected the latter's reliance on foreign financing of the capital budget over the year. As in the case of 1999, commercial bank credit to the private sector decelerated due to heightened lending activity by non-bank financial institutions. New loans were targeted mainly for merchandise trade, construction and banana cultivation.

Robust deposit growth, sluggish credit demand and IBC inflows set the stage for a more than doubling of excess statutory liquidity in the banking system. Commercial bank holdings of approved liquid assets rose by $95.6mn relative to a $26.8mn increase in required holdings as both primary and secondary liquidity ballooned during the latter part of the year. The expansion included marked increases in short-term foreign balances, cash held with the Central Bank and new housing loans.

Record levels of excess liquidity and minimal competition was also conducive to a further widening of the commercial banks' interest rate spread to 10.8% over the year. The weighted average lending rate declined by 40 basis points to 15.8% but this was overshadowed by a 70 basis points decline in the weighted average deposit rate, which ended the year at 5.0%.

The large fiscal stimulus to the economy led to a slight narrowing of Central Government's current account surplus and more substantial widening of its overall deficit to $140.4mn. Current revenues and expenditures rose by 7.7% and 10.6%, respectively. While Capital II (locally funded) expenditure held steady at around $69.4mn, Capital III (foreign funded) expenditure almost doubled to $181.1mn. Substantial outlays were made on hurricane rehabilitation, road construction, housing projects and purchases of equipment. The overall deficit was financed principally from external sources with loan disbursements significantly exceeding amortization payments.

Government's domestic debt saw a $0.4mn increase with loan disbursements of $12.0mn being largely offset by amortization payments of $11.6mn. In other developments, the public sector's disbursed outstanding external debt rose by $315.2mn to $820.2mn (54.3% of GDP). At $387.1mn, loan disbursements eclipsed amortization payments and negative valuation adjustments that amounted to $43.8mn and $5.9mn, respectively.

Strong GDP growth was accompanied by a US$66.1mn rise in imports that further expanded the visible trade deficit and widened the current account deficit on the balance of payments to US$128.3mn. Among other things, the rise in imports reflected increased fuel costs and expenditures on hurricane rehabilitation as well as various infra-structural, housing and other investment projects. The current account gap was financed mainly through official inflows such as two new Central Government bond issues, mortgage securitisation, and other loan disbursements to the Central Bank and government during the year.

Prospects at this time for 2001 are for growth upwards of 6.0% with moderate inflation and a stable rate of unemployment. This is based on estimated strong growth in banana, papaya and farmed shrimp production, a continuing boom in construction and modest growth in manufacturing. Concerted efforts by the tourism industry are also expected to pay off with further increases in cruise ship arrivals and stay over visitors that should boost activities in the tertiary sector such as distributive trades and other support services including transport, communications and finance.

International and Regional Developments

The global economy grew by approximately 4.3% in 2000, its fastest rate of expansion since 1984. The growth was heavily reliant on North America and the emerging economies of Asia, although other countries were key contributors. Strong expansion in the US economy in the first part of the year and easy monetary policies in Europe played a critical role in supporting the rise in global activity. After the difficulties experienced by many Latin American countries in 1999, a broad recovery swept through the region led by stronger domestic demand and investment. A number of countries nevertheless experienced serious economic problems, in some cases, due to natural disasters and in others, adverse movements in commodity prices.

Developments in Select OECD and Newly Industrialized Countries

Growth in the **US** economy slowed slightly from 3.9% in 1999 to 3.4% in 2000. Relatively robust expansion occurring during the first nine months of the year owed much to the consistent pursuit of sound macroeconomic policies, the flexibility of the country's product and labour markets and availability of cheap imports due to the strong dollar. However, this tailed off to an annualized rate of around 1.4% in the last quarter as higher energy prices contributed to a 0.7% rise in inflation, and declines in the stock market adversely affected consumer confidence and contributed to a softening in business and consumer demand. Contractions were observed both in housing starts and industrial production leading to a rise in fears that the nation was on the verge of a full-fledged recession at yearend.

Growth in the **United Kingdom's** GDP slowed to 2.4% with most of the deceleration occurring in the fourth quarter. The economy was somewhat affected by the downturn experienced by the United States during the latter part of the year since the US is Britain's largest overseas market. Exports were hit both by a fall in US demand and a loss of competitiveness due to the appreciation of the

Table II.1: Selected Indicators for Some OECD and Newly Industrialized Countries

Country	GDP Growth Rate (%)		Industrial		Inflation Rate (%)		Unemployment Rate (%)	
	1999	2000	1999	2000	1999	2000	1999	2000
Taiwan	6.8	4.1	10.9	-2.1	0.1	1.6	2.8	2.5
United States	4.2	3.4	5.0	3.1	2.7	3.4	4.1	4.0
United Kingdom	2.7	2.4	1.9	0.5	1.8	2.9	5.9	5.3
Canada	4.7	4.0	6.1	4.5	2.6	3.2	6.9	6.8
Japan	0.7	0.5	5.1	3.8	-1.1	-0.2	4.6	4.8

Source: The Economist

pound against the dollar. Industrial production fell by 0.6% in December but maintained an annual rate of increase of 0.5%. Some of the slack was picked up by other sectors and the number of unemployed also fell slightly in December although the overall level stayed above one million. Meanwhile, the rate of inflation rose above the Bank of England's 2.5% target to 2.9%, considerably above the 1.8% rate in 1999.

Canada's GDP grew vigorously by 4.0%, though slightly below the 4.7% expansion achieved in 1999. Growth was export-led and benefited from the sustained expansion of the neighbouring United States. It was also underpinned by low interest rates, low inflation and stable financial markets all of which was made possible by the implementation of conservative fiscal and monetary policies. These policies resulted in the elimination of federal and provincial fiscal deficits and a decline in the ratio of public debt to GDP. The expansion was accompanied by rising personal incomes, increased employment and an unemployment rate of 6.8% that was at its lowest level in 26 years. The relatively strong growth of the economy therefore reflected not only improvement in economic fundamentals but also overall soundness in macroeconomic policies over an extended period of time.

The gradual slowing of the US economy and instability in stock markets provided the backdrop for sluggish growth in **Japan's** economy during the year. Easy monetary policy and high levels of public investment notwithstanding, GDP edged up by only 0.5% as compared to a 0.7% increase in 1999. Private consumption demand remained weak and a slowdown in exports led to a 1.3% decline in the growth rate of industrial production in 2000. Unemployment rose marginally from 4.6% to 4.8% and consumer prices fell by 0.2%, the second consecutive year of deflation in the Japanese economy.

After vigorous growth in the first three quarters of the year, the growth rate of **Taiwan's** GDP tailed off somewhat, finishing the year at approximately 4.1%. Growth was supported by strong performance from industry and the international trade sectors. Net exports rose by $7.9 billion over the year boosting international reserves to even higher levels. The vibrancy of the industrial sector also helped to push the unemployment rate down from 2.8% to 2.5%. However, consumer price inflation registered a sharp increase, rising from 0.1% to 1.6% largely due to higher energy prices in 2000.

Developments in Select Regional Economies

The Caribbean

Barbados recorded an approximate 3.7% rise in GDP stimulated by an upsurge in tourism. Arrivals of long stay tourists and cruise ship passengers rose by 5% and 23%, respectively, contributing to an estimated 10% rise in income from this sector and also pushing up activity in wholesale and retail trade, transport, storage, communications and corporate and other services. Increased tax rates and more efficient tax collection contributed to a narrowing of the fiscal deficit and helped to contain the level of domestic demand for imported goods. By the end of the third quarter, imports had contracted by 4% and with strong foreign exchange inflows from tourism and capital inflows to the public and private sectors, net international reserves rose to 24 weeks worth of imports at the end of September.

Jamaica's economy staged a minor recovery with positive growth of 0.5%, reflecting expansion of the construction, manufacturing, transport, hotel & restaurant, and communication sectors. The agriculture sector was however adversely affected by drought and high input costs much of the year. Inflation rose by 1.9% to 8.7% largely due to the drought, devaluation and high oil prices, the latter of which also contributed to a widening of the balance of payments current account deficit. International reserves were nevertheless built up due to private investment inflows and official loan disbursements. Meanwhile, the financial system moved toward stability as profitability of some of the main commercial banks improved even though the lending market remained sluggish. The fiscal accounts also improved somewhat during the first half of the year as current revenues increased due to greater efficiency of collection and a rise in non-tax income.

Trinidad & Tobago's GDP grew by around 7.9% during the first six months of 2000 mainly due to good performance from non-energy sectors of the economy such as agriculture, finance, distribution and communications. The expansion was accompanied by a 0.3% fall in the rate of unemployment to 12.8%. Tight monetary policy and active support of the exchange rate contained the rate of inflation to 3.6% over a period of twelve months ending in August 2000. Improvements were also recorded in Central Government's fiscal position as revenues rose at an even faster rate than expenditures mainly due to collections of VAT, income tax and increased taxation of oil companies. The policy of containment resulted in significant improvements in the external sector as a balance of payments deficit of US$60.0mn in the first quarter was followed by a surplus of US$400.0mn in the second.

Table II.2: Selected Indicators for Some Caribbean Countries

Country	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)		Deficit/GDP Ratio (%)	
	1999	2000	1999	2000	1999	2000	1999	2000
Barbados	2.5	3.7	2.6	1.8	9.8	9.3	n.a.	n.a.
Jamaica	-0.2	0.5	6.8	8.7	15.7	15.8	-7.5	n.a.
Trinidad	6.9	7.9	3.4	3.6	13.1	12.8	24.1	20.9

Source: ECLAC
n.a.= not available

Strong performance in mining (bauxite, diamonds and gold) and in the services sector contributed to an estimated 2.9% growth in **Guyana's** GDP during the first half of 2000. At 4.8%, inflation was well below expectations and reflected a tight monetary policy as well as the relative stability of the exchange rate during the period. Over the twelve-month period from June 1999 to June 2000, the Government's fiscal position moved from a current account deficit to a surplus due to a considerable increase in revenues. The balance of payments also moved from a deficit position to a surplus as substantial inflows of private investment capital more than offset an expansion in the current account deficit that was due to a worsening in the terms of trade.

OECS

Economic growth during 2000 was favourable. There was mixed activity in selected manufacturing firms, and expansion in the construction and tourism sectors. In Dominica, the central government fiscal deficit increased one percentage point more than in 1999. As a result, a restrictive monetary policy was applied for most of the year in an attempt to correct fiscal and external disequilibria. The overall rate of inflation increased marginally, in many cases being due to the adjustment in oil prices. Revenue from international business declined. Trade statistics indicated that the visible trade balance deficit worsened overall. Tourism arrivals increased by 5.1% in Antigua, mainly as a result of visitors from the UK.

Mexico

Backed by higher oil prices, rapid growth in the United States and healthy demand for investment goods, Mexico's GDP grew by 5.1%, the highest rate of expansion for nearly 20 years. Unemployment fell to 2.3% and real wages rose during the year. The expansion in domestic demand contributed to a 40% rise in imports of consumer goods expanding the merchandise trade deficit from US$7.0bn to US$8.0bn. As the year progressed, a tight monetary policy was implemented in order to contain inflation and prevent overheating of the economy. Inflation was consequently brought down to 9.0% assisted by the real appreciation of the peso, the latter being influenced not only by oil sales but also by abundant foreign direct investment, which helped to build up international reserves.

Central America

The region's economic recovery, after the emerging market crisis of 1997-98, continued during 2000 with GDP growing by an average of 4.0%. Growth was fueled by buoyant exports (particularly to the United States) while domestic demand weakened due to a tightening of monetary and in some cases, fiscal policies. The export boom contributed to the narrowing of the current account deficit from the equivalent of 3.1% of GDP in 1999 to 2.5% of GDP, despite the rise in fuel prices and a deterioration in the prices for major traditional export crops. The region was able to cover this deficit with capital inflows and so did not have to draw down on its reserves. Unemployment remained at nearly 9.0% with inflation stabilizing at around 9.0% as well.

After averaging 8.0% over the previous two years, **Costa Rica's** GDP rose marginally by 1.5% with primary sector activities and manufacturing down and construction stagnating. Declines in exports of Intel products, banana and sugar were partly offset by increases in tourism, coffee exports and sales of manufactured products in the free zones. Deterioration in the terms of trade, a decline in exports and higher payments abroad created a current account deficit totaling 5.1% of GDP. Reduced capital inflows caused the deficit to be financed by a decline in reserves of US$100.0mn. The situation was exacerbated by an increase in the consolidated public sector deficit (including central bank) to 4% of GDP. Central government's deficit was 2.6% of GDP as current expenditures rose faster than revenues and burdensome interest payments accounted for 26% of current expenditure. Inflation remained relatively stable at 10.0% and the urban unemployment rate declined from 6.2% to 5.3%.

In **El Salvador**, economic growth slowed to 2.5%, owing to the adoption of restrictive monetary policies, a less vibrant performance by exports and higher fuel prices. While monetary policy was tightened, spending by central government caused the fiscal deficit to increase to 2.5% of GDP in 2000. Inflation rose to 3.4% while unemployment fell slightly from 6.9% to 6.7%. A deterioration in the terms of trade and a surge in imports led to a widening of the trade deficit to US$1.7bn. Higher financial inflows offset the current account deficit and pushed reserves up by US$5.0mn. In November, the country opted to dollarise the economy, with the dollar becoming the official medium of exchange effective January 1, 2001.

GDP in **Guatemala** rose by 3.5% as a downturn in mining and construction was offset by moderate expansions in agriculture and manufacturing. Fiscal and monetary

Table II.3: Selected Indicators for Mexico and Central America

Country	GDP Growth Rate (%)		Inflation Rate (%)		Unemployment Rate (%)		Deficit/GDP Ratio (%)		Trade Balance US $ bn	
	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000
Costa Rica	8.0	1.5	10.1	10.0	6.2	5.3	-2.3	-2.6	0.1	0.3
El Salvador	3.4	2.5	-1.0	3.4	6.9	6.7	-2.2	-2.5	-1.5	-1.7
Guatemala	3.6	3.5	4.9	4.2	n.a.	n.a.	-2.8	-2.5	-1.5	-1.7
Honduras	-1.9	4.0	10.9	10.6	5.3	n.a.	-2.9	-4.0	-0.7	-0.8
Mexico	3.7	5.1	12.3	9.0	2.5	2.3	-1.1	-1.0	-7.0	-8.0
Nicaragua	7.0	5.5	7.2	9.2	10.7	9.0	-4.5	-5.5	-1.2	-1.1
Panama	3.0	2.5	1.5	1.4	14.0	15.2	-2.3	-2.4	-0.8	-0.8

Source: ECLAC

policies were tightened resulting in a narrowing of the fiscal deficit to 2.5% of GDP and a decline in the rate of inflation from 4.9% to 4.2%, despite an increase in fuel prices, telecommunication rates and wages. The trade deficit increased from US$1.5bn to US$1.7bn, attributable in part to declines in sugar and coffee exports and a 50.0% increase in fuel imports. Substantial capital and financial inflows, particularly short-term capital, were sufficient to offset the deficit on the current account and raise international reserves by US$0.7bn to US$1.8bn.

After contracting by 1.9% in the aftermath of Hurricane Mitch, the **Honduras** economy revived with 4.0% growth, fueled by the manufacturing and agricultural sectors and Government spending. The fiscal deficit rose to 4.0% of GDP with financing mainly derived from external sources. Inflation remained high at 10.6% as a result of increases in wages, fuel prices and electricity rates. A surge in imports for ongoing reconstruction work widened the trade deficit to US$0.8bn and contributed to a US$0.2bn decline in international reserves to US$1.5bn, still the equivalent of 5 months worth of imports. During the year, Honduras also qualified for the Heavily Indebted Poor Countries (HIPC) debt relief initiative that is expected to provide US$556mn in external debt relief at net present value.

Nicaragua's GDP expanded by 5.5% driven by reconstruction activities, the farm sector and exports. The fiscal deficit rose to 5.5% of GDP due to sharp increases in expenditures. Meanwhile, unemployment fell from 10.7% to 9.0% while inflation rose by two percentage points to 9.2%. Strong export growth led to a narrowing of the trade deficit to US$1.1bn. An overall surplus of US$10.0mn was nevertheless recorded due to a higher level of remittances from abroad and inflows linked to privatization operations. Nicaragua is on the list of countries eligible for the HIPC debt relief initiative.

Deceleration of growth in international banking services, construction and manufacturing coupled with weak domestic demand led to a slowdown in **Panama's** economic growth to 2.5%. Unemployment rose to 15.2%, while inflation remained steady at 1.4%., despite the rise in fuel prices and a 10.0% increase in the minimum wage in August. Fiscal restraint helped to maintain the fiscal deficit at 2.4% of GDP. The trade deficit remained stable at US$0.8bn while the current account deficit narrowed to US$1.2bn due to increased earnings from the Panama Canal and tourism. Declining financial inflows nevertheless resulted in international reserves being drawn down to the tune of US$0.4bn.

Domestic Production and Prices

Production

During 2000, the economy performed robustly with real GDP growing by 10.5%, an expansion driven principally by activity in the secondary and tertiary sectors.

The primary sector grew by 4.0% as growth in the agriculture, fishing and mining sub-sectors offset a contraction in forestry and logging. Agriculture registered a 3.4% increase with expansion in the producing acreage of export crops more than compensating for reductions in grain production caused by Hurricane Keith during the last quarter of the year. An expansion (relatively modest when compared to previous years) also occurred in the fishing sub-sector as a result of larger production volumes of lobster, conch and farmed shrimp while mining surged upward mainly due to the production of aggregates for various construction projects.

An impressive 21.9% expansion occurred in the secondary sector fuelled primarily by increases in manufacturing and construction activities. Citrus processing surged to a new plateau with the volume of fruit delivered to the factory up 21.7%. Flour production also rose and new investments into the beverage industry increased its processing capacity and production level. Growth in output of the

Table III.1: Annual Percentage Change in Selected Indicators

	1998	1999	2000
GDP at Current Market Prices	2.0	9.2	9.8
Real GDP at Factor Cost (1984 prices)	1.7	6.4	10.5
Primary Activities	-1.9	12.5	4.0
of which: Agriculture	-9.2	8.9	3.4
Fishing	36.2	29.8	7.8
Forestry	-3.1	-6.9	-6.9
Secondary Activities	-1.1	4.5	21.9
of which: Construction	-1.5	20.5	23.8
Services	4.3	5.1	9.0
of which: Trade & Tourism	6.6	3.1	18.8
Public Administration	1.9	1.1	2.4
Transport and Communication	2.5	7.7	2.2
Consumer Price Index			
Average	-0.8	-1.2	0.6
End of period	-0.9	-1.0	1.0

Source: Central Statistical Office

construction sub-sector reflected the intensification of activities for infrastructural development as well as housing projects in midstream.

Meanwhile, lively activity in the tourism and finance and insurance sub-sectors propelled the tertiary sector upward by some 9.0% during the year. A surge in tourist arrivals coupled with growth in international trade were major contributory factors to an 18.8% expansion in the trade, restaurants and hotel sub-sector. Heightened performance in manufacturing, trade and construction also boosted the level of finance and insurance activities. Expansion in all three of these sectors generated sufficient new jobs to bring about a lowering of the rate of unemployment from 12.8% to 11.5%.

The strong growth in output was accomplished with a very low inflation rate of 0.6%. This achievement was partly due to Government's decision to reduce the maximum average import duty from 25% to 20% in April. To some extent, this offset the increase in import costs caused by the higher acquisition cost of fuel. Furthermore, Government ameliorated the effects of higher fuel costs by foregoing part of its tax revenues on fuel and by arbitrating for a lower price hike on butane gas.

Agriculture

Sugarcane

Agronomic conditions for the 1999/2000 sugarcane harvest were excellent, leading to the accumulation of sugars in the crop and, hence, one of the best crop quality of the last three years. Sugarcane purity measured 86.23%, a 0.64% improvement. However, after 204 days of harvest, sugarcane deliveries for the 1999/2000 season amounted to 1,098,771 long tons, down from 1,162,578 long tons received in 227 days of harvest for the 1998/99 crop. In contrast to previous years, no standing sugarcane was left over.

The harvest concluded 23 days earlier than in the previous year as low yields led to a shortage of sugarcane. Since 1997/98, the average price paid per ton of sugarcane has fallen by $8.60 (from $50.78 to $42.18), causing a price squeeze on farmers that, when combined with their high level of indebtedness, was a disincentive to crop investment. The result has been poor crop management practices that have reduced the average yield per acre. This culminated in a sugarcane shortage for the first time in many years even though the acreage under cultivation remained relatively constant.

Table III.2: Sugarcane Deliveries

	1997/98	1998/99	1999/00
Deliveries to BSI (long tons)	1,159,657	1,162,578	1,098,771

Source: Belize Sugar Industries Ltd.

For the third consecutive year, the factory at Libertad remained closed. Various options are presently being explored for its re-opening, including a soybean project that would involve the production, processing and marketing of soybeans.

Citrus

The 1999/2000 crop got off to a late and poor start due to problems caused by the early onset of cool weather. Fruit maturation was delayed so the harvest commenced in November rather than in October as is customary. In addition, fruit deliveries were also temporarily slowed as the cool weather created a false blush on the fruit that led to their premature harvesting. This raised the rejection rate at the factory from the norm of approximately 2.7% to 6.9%.

Despite these initial problems, fruit deliveries exceeded the crop forecast of 6.4mn boxes, totalling an impressive 6.9mn boxes, a 21.7% increase over the 1998/99 crop. Young groves coming into production ratcheted deliveries of oranges upward from 4.4mn to 5.6mn boxes and that of grapefruit from 1.3mn to 1.4mn boxes. Overall yields for the industry are expected to continue to increase on a yearly basis for the next four years, expanding supply capacity by at least another 40.0% as more groves reach maturity.

With the surge in fruit deliveries, the industry found it necessary to implement scheduling to reduce the delivery bottleneck at the factory. Farmers were given specific periods within which they were to deliver their produce to the factory – the delivery schedule being set after their fruit was tested by a technical team for readiness to harvest. Since the entire current capacity of the industry for fruit acceptance is approximately 9.0mn boxes, the consecutive yearly increases in fruit volume will necessitate the permanent adoption of delivery scheduling.

Depressed prices for orange juices on the export market translated into a final price of $5.03 per box, a 6.3% reduction on the price received for the 1998/99 crop. In contrast, the final price for grapefruit settled at $4.13 per box, a substantial improvement from the $2.56 low of the previous crop year. A cutback in production by certain major international producers in response to several years of very depressed prices and a major international

Table III.3: Deliveries of Citrus Fruits

	1997/98	1998/99	1999/00
Deliveries ('000 boxes)	4,917	5,734	6,981
Oranges	3,766	4,412	5,590
Grapefruits	1,151	1,322	1,391

Sources: Del Oro Belize Limited; Citrus Growers Association advertising campaign that was successful in raising product demand tightened global supplies and, hence, pushed up the export prices for grapefruit juices.

Banana

For the second consecutive year, banana production expanded with yields of 66,373 metric tons, some 18.1% above that achieved for 1999. The surge in production not only reflected an intensification of management practices but also an increase in actual producing acreage. Between October 1999 and December 2000, acreage under cultivation expanded from 4,076.0 to 5,211.9 acres, of which 4,750.6 acres were producing and 461.3 acres were non-producing (Non-producing refers to land with plants that have not yet reached maturity).

Because of a need to achieve better economies of scale in shipping costs, farmers expanded acreage during the year. Farmers also opted to utilise assistance from the EU to improve agronomic practices, increase yields and lower per unit production costs in the realisation that the future survival of the industry is contingent on improving the international competitiveness of their product.

Papaya

During 2000, approximately 545.9 acres of papayas were under cultivation, of which 260.5 acres were producing and 285.4 acres were non -producing. Cultivation was concentrated in the Corozal and Orange Walk districts (475.4 acres), Cayo district (60.5 acres) and Stann Creek district (10 acres).

Output during the year was very good, with both yields and quality showing improvements. A better and more consistent planting regime and improvements in the spraying programme ensured a steady supply of high quality fruit throughout the year. Towards the end of the year, however, rains from Hurricane Keith damaged some 25 acres of papayas in the northern districts and the moist conditions also affected fruit quality.

The majority of the cultivated acreage remains under small varieties with approximately 26.0% consisting of the large varieties. The market for the large variety appears to be healthy and work continues on exploiting this market niche further.

Other Agricultural Production

The production of other major agricultural crops was mixed. Corn and rice production fell by 32.9% and 10.5%, respectively, reflecting Hurricane Keith's impact. The harvests of both crops that usually occur between October and December were down substantially due to the floods and rains following in the wake of the storm that had already decimated the crops. On the other hand, bean production increased by 15.6% in response to export demand while that of cocoa beans rose by more than 50.0% due to a small revival of output in the Stann Creek district.

Unlike the chequered performance of crops, livestock production, specifically cattle and pigs, declined overall when compared to the previous year. A small decrease in stocks arising from the limited domestic demand for cattle coupled with damage to pastures caused by Hurricane Keith accounted for the performance of the cattle sub-sector. Milk production declined in line with that of cattle and the damage suffered by hives during the hurricane also caused honey production to contract. Egg production, in contrast to the rest of the livestock sector, grew by 2.6%.

Marine Products

Prior investments into the farmed shrimp sub-sector bore fruit during 2000 with a 7.4% surge in output when compared to the previous year. This growth was achieved despite one farm being taken out of production (due to salinity problems) and another farm experiencing a halving of output due to disease problems. Investments into this lucrative sub-sector continued at a clipping pace with a new 16-acre farm coming on stream during the year and additional pond expansions of at least 513.5 acres undertaken by some of the existing farms. The lobster catch was marginally larger when compared to the previous year because of favourable marine and reproductive conditions. Production normally fluctuates cyclically between 0.5mn to 0.6mn pounds yearly, with output varying in response to environmental and reproductive factors. The conch catch, in response to the same favourable factors as lobster, rose by 0.1mn pounds to 0.5mn pounds, showing signs of recovery after two years of depressed output following Hurricane Mitch.

Forestry, Mining and Construction

Forestry continued on the declining trend of previous years, contracting by 6.9% during 2000. The decline reflected reductions in the volume of harvestable trees and highlighted the need to do more sustainable logging and re-forestation practices. The closure of a major logging company during the year contributed to the poor performance.

The buoyancy of the mining sub-sector owed much to the increase in construction works, since much of it relied on increased supplies of aggregate. The 23.8% upsurge in construction was driven by several infra-structural and housing projects. Further adding to the construction activities were hurricane rehabilitation works, especially as the two principal tourist islands made preparations for the commencement of the major tourist season in November and December.

Manufacturing

Sugar and Molasses

Notwithstanding a 5.5% decline in sugarcane deliveries, sugar production rose by 3.6% to 120,275 long tons..

The increase in output was attributable to superior sugarcane quality (sugarcane purity improved from 85.68% to 86.23%) and higher overall factory efficiency (up from 89.39% to 91.08%. Investments into the factory increased its rate for sugarcane acceptance and milling and also improved its sugar extraction process. Faster sugarcane processing lowered the waiting time for sugarcane acceptance and, hence, reduced the loss of sugars from the cut sugarcane. The efficiency gains resulted in a cane/sugar ratio of 9.14, the lowest achieved over the past three years.

In contrast, molasses production contracted by 13.8% to 35,633 long tons in response to the lower sugarcane processing volumes as well as the higher sugar extraction rate. The output of molasses, a by-product, has an inverse relationship to sugar out-turn.

Citrus Concentrates, Not-from-concentrate Juices and Pulp

The 1999/2000 season saw a record production of citrus juices, with output surging by 32.0% to 8.4mn gallons. The substantial growth in manufacturing output was due to a 21.7% increase in the volume of fruit deliveries arising from the expansion in productive acreage as young groves reached harvest maturity.

Production of concentrate rose by 54.9% to 5.7mn gallons, comprising 4.8mn gallons of orange concentrate and 0.9mn gallons of grapefruit concentrate. Whereas in the past, the strategy was to maximise production of the not-from-concentrate juices (NFC), market developments forced the processor to scale back production of orange NFC and redirect the bulk of orange deliveries into the production of concentrate. Grapefruit concentrate juices, on the other hand, grew by 28.0%, principally due to higher processing volumes since the emphasis remained on maximising NFC output.

Table III.4: Sugar and Molasses Production

	1997/98	1998/99	1999/00
Sugar Processed (long tons)	118,111	116,067	120,275
Molasses Processed (long tons)	44,844	41,361	35,633
Performance			
Overall Factory Efficiency	91.11	89.39	91.08
Cane Purity (%)	85.46	85.68	86.23
Cane/Sugar Ratio	9.82	10.02	9.14

Source: BSI

Table III.5: Production of Citrus Juices and Pulps

	1997/98	1998/99	1999/00
Production ('000 gals)	6,200	6,400	8,446
Orange Concentrate	2,580	2,978	4,795
Grapefruit Concentrate	674	678	868
Not-from-concentrate (NFC)	2,946	2,743	2,783
Production (pounds)			
Pulp	-	-	2,037

Source: Del Oro Belize Limited

Output of NFC juices grew by a modest 1.5% to 2.8mn gallons, a growth attributable solely to grapefruit NFC juices since that of orange contracted. Favourable prices for grapefruit NFC on the export market allowed this product to maintain its premier status as an export earner.

Pulp, a new product, was launched during the year, requiring an investment of some $1.6mn. Production began in February and was targeted to niche markets primarily in Europe. Total production amounted to 2.0mn pounds, the majority of which was orange.

Box 1: Product Development - Pulp

The 1999/2000-crop year brought new developments as Del Oro (Belize) Limited continued its revitalization of the industry. Part of these efforts involved developing new products that would maximize the industry's value added. Through its marketing arm, Del Oro (Europe), the company identified the exportation of pulp cells (the succulent part of both oranges and grapefruit) as a niche market.

The pulp and additional components of the fruit, such as the seeds, were previously extracted from the fruit during the juice extraction process and discarded. The company invested approximately BZ$1.6mn in equipment to recover the pulp. Production commenced in February with the pulp cells being packaged in boxes and kept in cold storage abroad.

The benefits of the new product are twofold. The processor not only saves on the transport cost to dispose of the pulp, but also gains on the returns generated by its sale. The price for pulp cells is stable at approximately US$0.30 per pound. This by-product is highly demanded in Europe because of the European preference for the more natural tasting citrus juice that results when the pulp cells are mixed with the juice.

Other Manufacturing Production

The performance of other manufacturing production was mixed. Cigarette and fertiliser production declined 8.7% and 7.7%, respectively. On the other hand, output of flour, beer and soft drinks increased substantially. Beer production rose from 1.5mn to 2.0mn gallons as capacity expanded due to investments made earlier in the year. After a steep drop in output to 17.8mn pounds in 1999, flour production rose to 25.2mn pounds in 2000, a level around which it had fluctuated for the two years prior to 1999. Output of battery units also experienced a moderate 4.9% increase.

Tourism

Despite the extensive damage wreaked by Hurricane Keith on two of the major tourist islands in October, arrivals of stayover, bona fide tourists increased by 8.1% to 180,760. The surge in arrivals was due to a 14.7% increase in air passengers that more than offset the decline in arrivals through the land border points and by sea. The Philip Goldson International Airport (PGIA) continued to be the major entry point for tourists, accounting for 68.4% of total arrivals with the land border points and sea ports comprising the remaining 26.3% and 5.3%, respectively.

The United States and Europe were once again the two major markets with bona fide tourists from these countries comprising 54.5% and 15.3% of total arrivals by air and land. An intensive advertising campaign aimed primarily at the US market was apparently successful in promoting interest in the country since Americans accounted for 83.8% of the growth in arrivals.

The cruise ship sector enjoyed another year of vibrant growth, with arrivals up by 52.9% to 44,361. This was accomplished by an increase in the number of visiting ships as well as in the number of port calls made by the same lines. The tour companies were able to offer various attractive tour packages that contributed to raising the average expenditure per cruise ship passenger from US$20 to US$45.

Table III.6: Bona Fide Tourist Arrivals

	1998	1999	2000
Stayover Arrivals			
Air	101,939	107,847	123,664
Land	51,334	48,219	47,621
Sea	11,855	11,226	9,475
Total stayovers	165,128	167,292	180,760
Cruise Ship Arrivals	14,183	29,011	44,361

Sources: Immigration Department, BTB, Central Bank of Belize

Box 2: Tourism Developments and Prospects

Developments in 2000

A two pronged approach was used during the year to maximise the opportunities arising from this sector. The market appeal of the country was expanded through an intensive, advertising campaign featuring national attractions, which was aimed primarily at the North American market. In addition to the mass approach of the advertising media, specific educational seminars and presentations were pitched to foreign travel agents. Further, these agents were brought to the country and given a first hand view of its tourist attractions.

The other major focus was internal, to develop and upgrade its product. In line with this objective, various activities were held, including a workshop for in-bound tour operators, the launching of the first annual Belize National Tourism Awards and a National Directional Signs Project. Additionally, a 'Team Belize' campaign was launched to create public awareness of the socio-economic benefits of tourism. Negotiations on a $28.0mn Tourism Management Project were finalized between the Inter-American Development Bank and the Government of Belize. The project is to be implemented over a four-year period and will improve access to various archaeological sites and carry out restoration works on particular Mayan sites. Excavation and consolidation work were completed at Cahal Pech while work is in progress at Xunantunich.

The Border Management Agency was implemented with a mandate to improve the infrastructure at the northern and western land borders. In December, the Tourism Board finalised agreement with Belize Tourism Village Ltd. for the construction of the Belize Tourism Village on the old Customs site. The village will cater to cruise ship tourists and will contain restaurant and bar facilities, duty free shopping along with a cultural center, and secondary terminal.

Prospects

During the year 2001, the tourism industry hopes to achieve the following objectives:

- The start and completion of the first phase of the Belize Tourism Village.
- Continuation of consolidation work, road and facilities refurbishment on Caracol and other secondary and tertiary archeological sites under the Tourism Management Project
- Erection of 15 new road signs to complete the last phase of the National Directional Signs Project
- Construction of new buildings and support facilities at the northern and western borders by the Border Management Agency.

Prices

The rate of inflation during 2000 as measured by the Consumer Price Index (CPI) was 0.6%. The quarterly percent change in the CPI was greatest during the last two quarters of the year, reflecting, in part, the substantial hike in the acquisition cost of fuel and a rise in butane gas prices during this period. Ameliorating the rise in the general price level was the government's move in April to reduce import duties to an average of 20.0% in conformity with its commitment under the CARICOM Common External Tariff (CET).

Apart from 'Clothing & Footwear' and 'Households Goods & Maintenance', all other categories in the basket of goods and services comprising the CPI experienced a price increase. The greatest surge in costs was in medical care (2.6%), followed by 'Transport & Communication' (1.9%) and 'Rent, Water, Fuel & Power' (1.6%), the last two categories being most impacted by the rise in fuel prices.

Further adding to upward price pressures was an increase in import prices as estimated by the 1.8% rise in the export price index of the US during the year. This was to be expected with at least half of Belize's imports being sourced from the US, and imports comprising a relatively significant part of the CPI.

Table III.7: Quarterly Percent Changes in CPI Components

Major Commodity	Weights	Feb-00	May-00	Aug-00	Nov-00	Inflation
Food, Beverage and Tobacco	346.6	0.0	-0.1	0.1	0.5	0.6
Clothing and Footwear	92.0	-1.1	0.2	-0.5	-2.6	-3.7
Rent, Water, Fuel and Power	167.0	0.3	0.7	0.2	0.7	1.6
Household Goods & Maintenance	85.3	0.0	0.1	0.7	-0.6	-0.6
Medical Care	20.1	0.1	2.1	0.9	0.7	2.6
Transport and Communication	170.1	0.3	-0.4	1.8	1.9	1.9
Recreation , Education, Culture	80.4	0.4	-0.5	0.7	-0.2	0.4
Personal Care	37.9	1.7	0.0	0.2	-0.9	1.2
All items	1000.0	0.1	0.0	0.5	0.4	0.6

Source: Central Statistical Office

Monetary and Financial Developments

Money Supply

Developments in the monetary sector were strongly influenced by public sector financial transactions with overseas entities during the year. These inflows caused the net foreign assets of the banking system to grow by $140.8mn contributing substantially to a 15.0% ($125.7mn) expansion in the broad money supply. Also contributing, though to a lesser extent, was a $48.1mn rise in net domestic credit and $14.2mn contraction in other items (net) each of which was also strongly influenced by public sector transactions. The expansion was partly offset by growth in the Central Bank's long term foreign liabilities of some $77.4mn. The banking system continued to experience high levels of liquidity evidenced by substantial increases in both primary and secondary liquidity. This put downward pressure on interest rates, particularly on the weighted average deposit rate, which fell by 70 basis points to its lowest recorded level.

Following a rather striking increase in 1999, narrow money (M1) again expanded robustly with currency held by the public and demand deposits up 14.1% and 25.3%, respectively, only marginally lower than growth rates in 1999. Most of the expansion occurred in the first and fourth quarters of the year and was largely concentrated in holdings by business

Table IV.1: Factors Responsible For Money Supply

$mn

	Position as at			Changes during 2000
	Dec 1998	Dec 1999	Dec 2000	
Net Foreign Assets	**101.7**	**185.0**	**325.8**	**140.8**
Central Bank	84.6	140.2	243.9	103.7
Commercial Bank	17.1	44.8	81.9	37.1
Net Domestic Credit	**750.8**	**774.4**	**822.5**	**48.1**
Central Government (Net)	123.1	117.5	41.9	-75. 6
Other Public Sector	18.0	7.5	94.5	87.0
Private Sector	609.7	649.4	686.1	36.7
Central Bank Foreign Liabilities(Long-term)	**25.9**	**24.6**	**102.0**	**77.4**
Other Items (net)	**59.2**	**94.6**	**80.4**	**-14.2**
Money Supply M2	**767.4**	**840.2**	**965.9**	**125.7**

Table IV.2: Money Supply

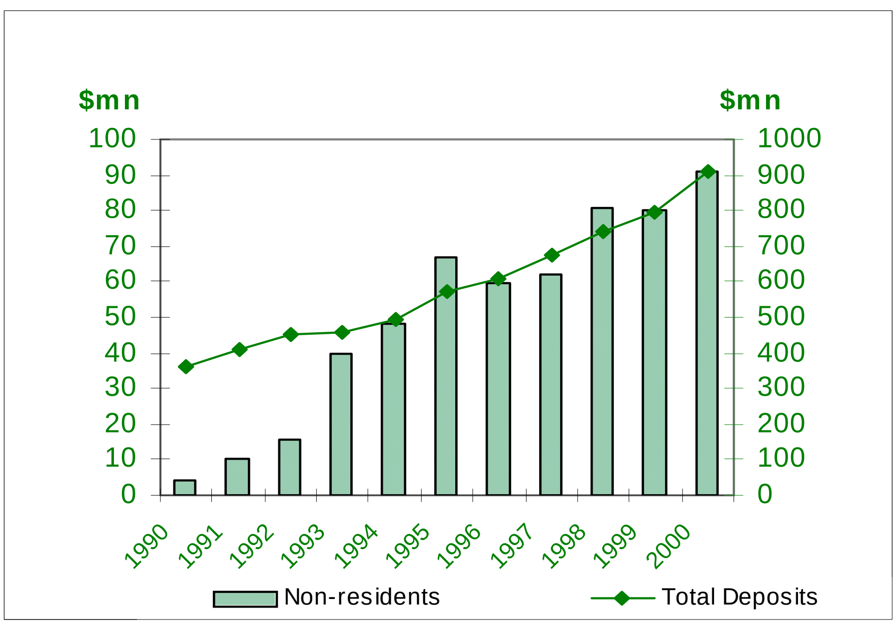
$mn

	Position as at			Changes During 2000
	Dec 1998	Dec 1999	Dec 2000	
Money Supply (M2)	**767.4**	**840.2**	**965.9**	**125.7**
Money Supply (M1)	**206.1**	**255.1**	**310.2**	**55.1**
Currency with the Public	70.4	84.2	96.0	11.8
Demand Deposits	135.7	170.9	214.2	43.3
Quasi-Money	**561.3**	**585.1**	**655.7**	**70.6**
Savings Deposits	133.4	150.9	184.5	33.6
* Time Deposits	427.9	434.2	471.2	37.0

* Includes Non-Residents Foreign Currency Time Deposits of $ 45.7 mn.

enterprises and individuals. Relatively strong growth was also seen in quasi-money with a 12.1% increase reversing the deceleration observed in 1998 and 1999. The expansion included a 22.3% rise in savings deposits (mainly by individuals) that was 9.2% higher than in 1999. Time deposit growth accelerated to 8.5% as compared to the marginal 1.5% increase in the previous year. Over 90% of its build-up came from individuals and IBC's with smaller contributions from DFC, co-operatives & credit unions, and private financial institutions. On the other hand, holdings by

Chart IV.1 : Commercial Banks' Deposit Liabilities



the BSSB, business enterprises and WASA declined.

Total deposit liabilities of the commercial banks grew by 17.0% to $931.1mn, significantly in excess of the 7.2% growth recorded in 1999. Resident individuals accounted for 53.3% of the increase but there was also a notable contribution from non-residents as IBC foreign currency deposits rose by 46.0% up to a level of $90.9mn. These entities consequently accounted for approximately 20.6% of the overall growth in deposits. Business enterprises contributed 16.8% and the remaining 9.3% came from Central Government, co-operatives & credit unions and private financial institutions.

Net Foreign Assets

The substantial boost from international inflows to the public sector and IBC's caused the net foreign assets of the banking system to rise by $140.8mn over the year comprising increases in the net foreign assets of the Central Bank and commercial banks of $103.7mn and $37.1mn, respectively.

Inflows to the Central Bank totalled $546.6mn, some $203.1mn higher than that of 1999. Over 75.0% were derived from public sector loan disbursements and mortgage securitisation. The remainder came from BSI, commercial banks, ROC/Taiwan grants, investment earnings and the economic citizenship programme. Sales rose by 52.0% to $442.3mn with gross sales to commercial banks up 36.8% to $218.0mn mainly to facilitate a sharp rise in imports of goods and services and a build up in the foreign asset position of the banks. Of note as well was that foreign exchange provided to the public sector rose by $73.3mn to $196.4mn, a 59.5% increase. These included $116.8mn to Central Government and $79.6mn to statutory

Table IV.3: Net Foreign Assets Of The Banking System

$mn

	Position as at			Changes During 2000
	Dec 1998	Dec 1999	Dec 2000	
Net Foreign Assets of Banking System	**101.7**	**185.0**	**325.8**	**140.8**
Net Foreign Assets of Central Bank	**84.6**	**140.2**	**243.9**	**103.7**
Central Bank Foreign Assets	87.8	142.3	245.6	103.3
* Central Bank Foreign Liabilities (Demand)	3.2	2.1	1.7	-0.4
Net Foreign Assets of Commercial Banks	**17.1**	**44.8**	**81.9**	**37.1**
Commercial Bank Foreign Assets	73.8	86.3	138.7	52.4
# Commercial Bank Foreign Liabilities	56.7	41.5	56.8	15.3

* Does not include Central Bank's Long-term Foreign Liabilities of $ 102.0 mn.
# Does not include Non-Residents Foreign Currency Time Deposits of $45.7mn held with Commercial Banks.

bodies. BEL received $24.0mn for oil and electricity imports and $3.9mn was allocated for bilateral payments and revaluation losses. Meanwhile, the Central Bank's short-term foreign liabilities registered a small decline of $0.4mn principally due to a reduction in the CARICOM bilateral clearing balance and withdrawals from deposits held by the EDF and the Ministry of Finance Infodev Trust.

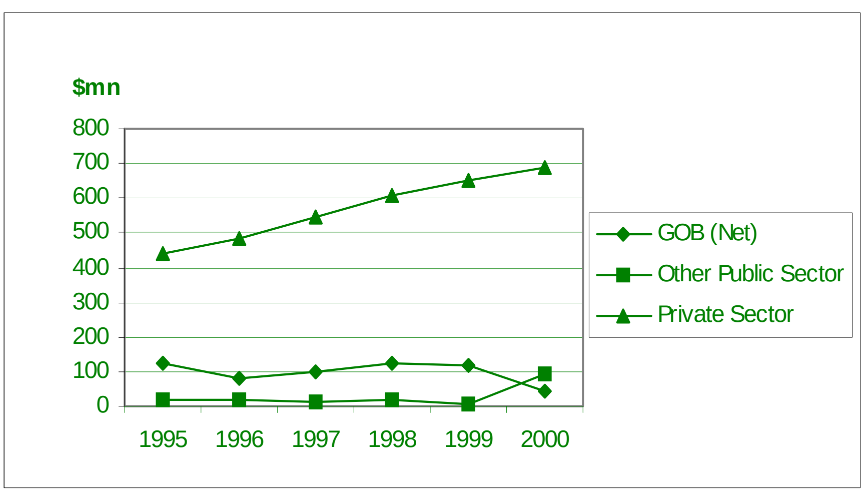
Commercial banks' net foreign assets rose markedly for the second consecutive year notwithstanding a substantial rise in net trade related outflows. The $52.4mn rise in foreign asset holdings was largely made possible by a $25.6mn growth in IBC deposits and a $69.0mn (57.2%) increase in net purchases of foreign exchange from the Central Bank. Short-term foreign liabilities grew by $15.3mn mostly due to a $9.9mn increase in IBC demand deposits and an additional $4.8mn in borrowings from head offices and foreign banks.

Net Domestic Credit

After slowing to 3.0% in 1999, net domestic credit of the banking system rose by 6.2% with Central Bank loans to DFC for various projects contributing significantly to the expansion. Of the $87.0mn rise in credit to statutory bodies, Central Bank loans to DFC accounted for $84.0mn. Commercial banks also loaned the Port Authority and Belize Marketing Board some $3.7mn and $0.5mn, respectively, whilst receiving net repayments from Recondev and local government entities.

In a contrasting development, net credit to Central Government shrank by $75.5mn as some of the proceeds of US dollar international bond issues in June and December were deposited in accounts held with the Central Bank and commercial banks. The Government's overdraft balance held with the Central Bank registered a small

Chart IV.2: Net Domestic Credit



increase of $3.0mn, while commercial bank overdraft financing fell by $1.0mn. In secondary market transactions the banks increased their Treasury Bills portfolio by purchasing an additional $8.1mn worth from the Central Bank over the year. High liquidity plus a 6% interest rate made Treasury Bills an attractive option and the commercial banks therefore maintained holdings at high levels, averaging around $65.5mn on a monthly basis, or over 93% of the total Bills available on the secondary market in 2000.

Competition from non-bank institutions for traditional clientele was an important factor where private sector credit trends were concerned. Increased lending activity by entities such as the DFC, St. James Building Society and the BSSB caused the growth rate in private sector credit from commercial banks to slow down for the third consecutive year to 5.7%. This was particularly noticeable in the first six months of the year when credit grew by only 1.9%. The pace quickened somewhat in the third quarter with a 3.4% expansion before dropping off sharply again to 0.4% in the fourth quarter. Loans mostly went to the tertiary sector, which accessed additional funding of some $26.1mn. Over 60.0% of this was allocated for distribution and the balance was shared among transport (principally aviation and road), real estate and professional services. The tourism sub-sector was the exception with net repayments from various entities paving the way for a $6.1mn decline in outstanding loans from the commercial banks.

Loans to the primary sector rose by $9.2mn in contrast to a decline of almost the same amount in 1999. Banana growers were among those receiving the largest amounts with additional financing of $7.2mn to enable further expansion in acreage under

Table IV.4: Net Domestic Credit - Summary

$mn

	Position as at			Changes During 2000
	Dec 1998	Dec 1999	Dec 2000	
Total Credit to Central Government	**153.5**	**147.9**	**149.9**	**2.0**
From Central Bank	95.0	67.8	62.7	-5.1
From Commercial Banks	58.5	80.1	87.2	7.1
Less Central Government Deposits	30.5	30.4	107.9	77.5
Net Credit to Central Government	**123.1**	**117.5**	**41.9**	**-75.6**
Plus Credit to Other Public Sector	**18.0**	**7.5**	**94.5**	**87.0**
Plus Credit to the Private Sector	**609.7**	**649.4**	**686.1**	**36.7**
Net Domestic Credit of the Banking System	**750.8**	**774.4**	**822.5**	**48.1**

Table IV.5: Sectoral Composition of Commercial Banks' Loans & Advances

$mn

	Position as at			Changes During 2000
	Dec 1998	Dec 1999	Dec 2000	
PRIMARY SECTOR	**78.6**	**68.1**	**77.3**	**9.2**
Agriculture	69.2	55.6	65.5	9.9
Commercial Fishing	6.8	10.9	10.1	-0.8
Forestry	1.2	0.8	0.8	0.0
Mining & Exploration	1.4	0.8	0.9	0.1
SECONDARY SECTOR	**153.7**	**190.3**	**198.3**	**8.0**
Manufacturing	28.6	44.4	44.5	0.1
Building & Construction	119.0	142.5	153.3	10.8
Public Utilities	6.1	0.0	0.0	0.0
Private Utilities	0.0	3.4	0.5	-2.9
TERTIARY SECTOR	**248.1**	**226.2**	**252.3**	**26.1**
Transport	19.1	28.6	32.9	4.3
Tourism	33.6	31.9	25.8	-6.1
Distribution	123.0	117.3	133.0	15.7
Other*	72.4	48.4	60.6	12.2
Personal Loans	**145.2**	**170.3**	**167.5**	**-2.8**
TOTAL	**625.6**	**654.9**	**695.4**	**40.5**

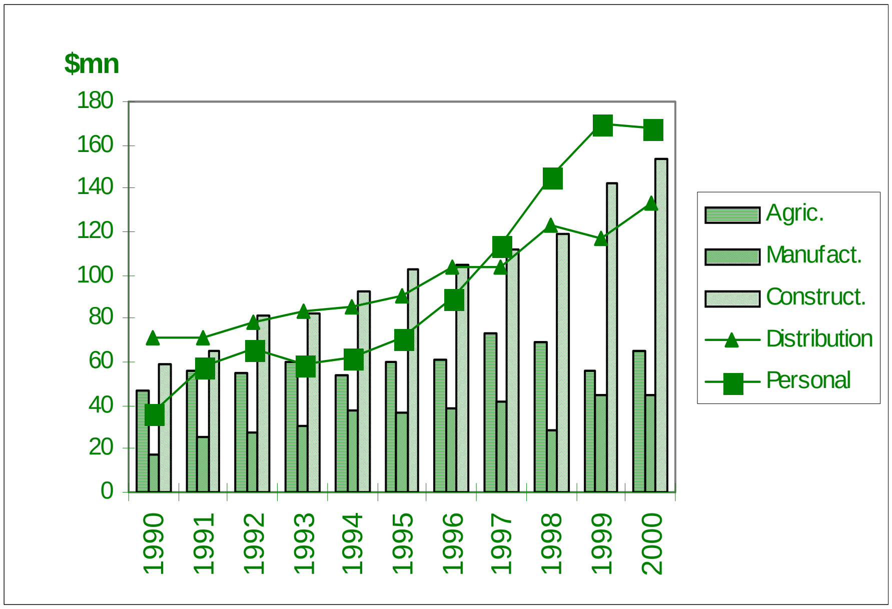
* Includes government services, real estate, financial institutions, professional services, and entertainment.

cultivation. On the other hand, citrus loans rose by only $1.5mn and for the second straight year, sugarcane growers made net repayments to effect reductions on loan balances. An apparent slackening in demand for manufacturing loans following the completion of programmed investments in beverages and agricultural processing resulted in loans to the secondary sector rising by $8.0mn (4.2%), a notable deceleration when compared to the previous year's growth of $36.6mn (23.8%). At $10.8mn, the increase in construction loans was second only to loans for distribution. This nevertheless represented a slowing in growth of such loans relative to that of the previous year as borrowers were able to access funds from other sources such as DFC and St. James Building Society.

Liquidity

The saturation of the loan market and consequent lacklustre growth in commercial bank credit to the private sector was instrumental in bringing about a 7.5%

Chart IV.3: Commercial Banks' Loans to the Private Sector



reduction in the loans/deposits ratio of the commercial banks during 2000. While, on one hand loans were sluggish, deposits from residents and non-residents grew at relatively robust rates in each of the four quarters of the year. Hence, following its rapid and sustained expansion in 1999, excess statutory liquidity of the commercial banks continued to increase geometrically, more than doubling from $62.9mn to $131.7mn at yearend. Interestingly, although substantial growth was seen throughout the year, the bulk (approximately 54%) took place in the last quarter of the year, a period that usually displays either a slowing in growth or an actual reduction in the level of liquidity.

Over the year, commercial banks' holdings of approved liquid assets rose by $95.6mn relative to a $26.8mn increase in required holdings. The expansion was largely concentrated in a $40.1mn build-up in short-term foreign balances that covered exposure to offshore entities such as IBC's plus a $28.7mn rise in cash balances held with the Central Bank. Average holdings of Treasury Bills and other approved assets (mostly new loans for residential housing plus smaller amounts for non-traditional export products) also rose by $11.6mn and $16.5mn, respectively.

Excess cash reserves also escalated from $2.5mn at the end of 1999 to $39.8mn as daily average holdings rose by $30.1mn while required cash reserves fell by $7.2mn. A marginal increase of $0.2mn in the first quarter was followed by growth of $3.0mn and $9.0mn in the second and third quarters after the Central Bank lowered the cash reserve requirement from 5% to 3% on April 3, 2000.

Table IV.6: Commercial Banks' Holdings of Approved Liquid Assets

$mn

	Position as at			Changes during 2000
	Dec 1998	Dec 1999	Dec 2000	
Holdings of Approved Liquid Assets	**203.1**	**252.9**	**348.5**	**95.6**
Vault Cash	15.6	19.5	18.2	-1.3
Balances with Central Bank	43.2	42.3	71.0	28.7
Money at Call and Foreign Balances (due within 90 days)	67.3	85.2	125.3	40.1
Treasury Bills maturing in not more than 90 days	49.8	53.5	65.1	11.6
Treasury Notes	17.8	23.3	23.3	0.0
Other Approved assets	9.4	29.1	45.6	16.5
Required Liquid Assets	**173.3**	**190.0**	**216.8**	**26.8**
Excess / (Deficiency) Liquid Assets	**29.8**	**62.9**	**131.7**	**68.8**
Daily Average holdings of Cash Reserves	40.1	42.1	72.2	30.1
Required Cash Reserves	36.1	39.6	32.4	-7.2
Excess / (Deficiency) Cash Reserves	**4.0**	**2.5**	**39.8**	**37.3**

The latter was implemented as part of a strategy to induce banks to provide more low cost financing for non-traditional, export oriented enterprises. The Central Bank agreed to accept new loans to the targeted areas arising out of the rate reduction as meeting part of the commercial banks' secondary liquidity requirement. However, this decision in itself could not account for a further $27.6mn increase in excess cash reserves during the

Chart IV.4: 4th Quarter Changes in Excess Liquidity

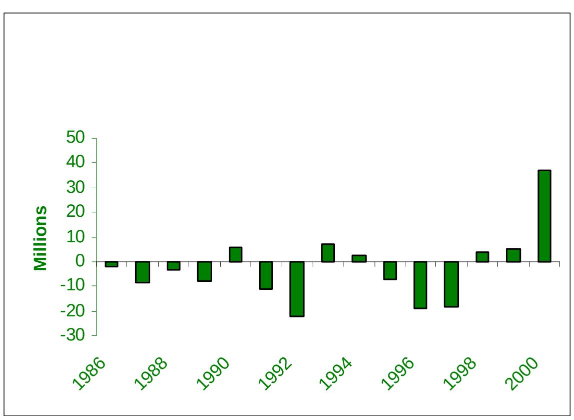
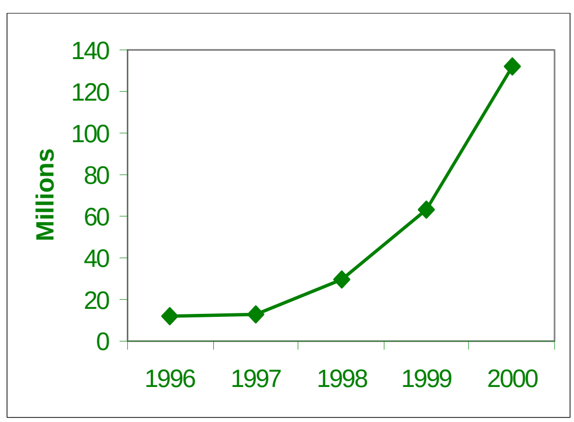


Chart IV.5: Commercial Banks' Excess Liquidity



fourth quarter. The exorbitant size of the latter was unprecedented, seeming to be a temporary phenomenon that would be reversed when conditions enabled commercial banks to adjust their portfolios in order to maximise their earnings position.

Interest Rates

Record expansion in excess liquidity was a key factor behind the decline in weighted average interest rates over the year. As is their wont, the banks once again appeared to opt for a wider interest rate spread with the weighted average lending rate being somewhat sticky downward notwithstanding strong deposit growth and competition from other sources. As a point of comparison, the weighted average rate on new loans in December 1999 was 17.38% while that for December 2000 was 17.31%. Hence, at yearend, a 40 basis points reduction in the weighted average lending rate lagged behind an even larger decline of 70 basis points in the weighted average deposit rate resulting in a 30 basis points increase in the spread to 10.8%. Growth in non-resident deposits was also one of the key ingredients in the 80 basis points reduction of the weighted average time deposit rate that in turn caused the weighted average deposit rate to fall to 5.0%, its lowest recorded point.

Table IV.7: Commercial Banks' Weighted Average Interest Rates

Percentages

	Position as at			Changes During 2000
	Dec 1998	Dec 1999	Dec 2000	
Weighted Lending Rates				
Personal Loans	16.8	16.9	16.5	-0.4
Commercial Loans	16.3	16.2	15.5	-0.7
Mortgage Loans	15.7	15.3	14.7	-0.6
Other	10.5	14.2	14.5	0.3
Weighted Average	**16.3**	**16.2**	**15.8**	**-0.4**
Weighted Deposit Rates				
Savings	5.4	5.3	5.4	0.1
Time	8.3	8.0	7.2	-0.8
Weighted Average	**6.0**	**5.7**	**5.0**	**-0.7**
Weighted Average Spread	**10.3**	**10.5**	**10.8**	**0.3**

Central Government Operations and Public Debt

Central Government Operations

During 2000, Central Government's fiscal operations generated a current account surplus of $43.9mn, representing 2.9% of GDP, as compared to 3.5% of GDP in 1999. As a consequence of reconstruction works following Hurricane Keith and higher levels of investment, the overall deficit rose to $140.4mn (9.3% of GDP) in 2000, up from 2.1% of GDP in the previous year. If the reconstruction works were not undertaken the overall deficit would have stood at $120.2mn (8.0% of GDP).

Current revenues increased by 7.7% to $352.2mn reflecting heightened collections for all revenue categories. Tax receipts went up significantly mainly due to the sales tax (up $30.0mn), taxes on income and profits (up $10.5mn), and excise duties (up $5.9mn).

On the other hand, capital revenues fell by 31.2% to $49.2mn. The previous year's revenues had been markedly higher due to receipts from the privatization of BEL. In 2000, increases in debt service receipts ($10.0mn) and other capital revenue categories were eclipsed by the decline in receipts from the sale of equity/property. Grant receipts went up by a mere $0.5mn to $17.0mn.

Current expenditures rose by 10.6% to $308.4mn of which almost 50% was allocated to wages and salaries ($152.5mn). Except for a marginal decline in subsidies and current

Table V.1: Government of Belize-Revenue and Expenditure

$mn

	Jan-Dec 1998	Jan-Dec 1999	Jan-Dec 2000	Change during 2000
Current Revenue	294.5	327.1	352.2	25.1
Tax Revenue	265.3	266.5	289.3	22.8
Non-Tax Revenue	29.2	60.5	62.9	2.4
Current Expenditure	260.0	278.8	308.4	29.6
CURRENT BALANCE	**34.5**	**48.3**	**43.9**	**(4.4)**
Capital Revenue	19.7	71.5	49.2	(22.3)
Capital Expenditure (Capital II local sources)	50.7	69.3	69.4	0.1
OPERATING SURPLUS	**3.5**	**50.5**	**23.7**	**(26.8)**
Total Grants	10.8	16.5	17.0	0.5
(of which non-project)	5.0	10.0	0	(10.0)
Total Revenue and Grants	325.0	415.0	418.4	3.4
Total Capital Expenditure	93.6	165.3	250.5	85.2
of which Hurricane Reconstruction	0	0	20.3	20.3
Total Expenditure	353.6	444.1	558.8	114.7
OVERALL BALANCE	**(28.6)**	**(29.1)**	**(140.4)**	**(111.3)**
balance excluding Hurricane ERF	(28.6)	(29.1)	(120.2)	(91.1)
FINANCING	28.6	29.1	140.4	111.3
Domestic Financing	27.6	(4.2)	(71.9)	(67.7)
Financing Abroad	14.2	38.5	213.5	175
Other	(13.2)	(5.2)	(1.1)	4.1

Sources: Central Bank of Belize; Ministry of Finance transfers, all other categories of current expenditure rose. The most significant increase occurred in purchases of goods and services which rose by $15.4mn.

Locally funded Capital II expenditure remained steady at approximately $69.4mn with notable outlays being made on community projects and services ($3.6mn), pension management ($1.5mn), the Population Census ($1.3mn), and the Social Investment Fund ($1.3mn). Other significant expenditures involved local counterpart funding for the land administration and Southern Highway projects.

Capital III expenditure almost doubled, growing from $91.2mn in 1999 to $181.1mn in 2000. The most substantial outlays were on hurricane rehabilitation ($33.9mn) the Southern Highway ($17.3mn), computer purchases ($9.4mn), housing projects ($9.3mn), and procurement of road maintenance equipment ($6.5mn).

Financing for the overall fiscal deficit came from external sources as loan disbursements ($270.8mn) completely offset amortization payments ($54.8mn). Net financing from the Central Bank and local commercial banks registered declines of $68.6mn and $4.5mn, respectively, mainly due to increases in deposits derived from Government's foreign bond issues in June and December.

Central Government's Domestic Debt

During 2000, Central Government's domestic debt rose by $0.4mn to $171.9mn as a loan disbursement of $10.0mn combined with a $2.0mn increase in Central Government's overdraft balance with the Central Bank and commercial banks outweighed amortisation payments of $11.6mn. The domestic debt to GDP ratio nevertheless declined from 12.5% to 11.4%.

The loan disbursement from DFC was obtained for the purpose of facilitating debt restructuring. This process involved repayments to the BSSB of some $10.3mn in respect of loans for rural electrification, housing, and rice crop. Other amortisation payments were made to the Belize Bank for a land acquisition loan ($1.0mn) and to DFC ($0.3mn).

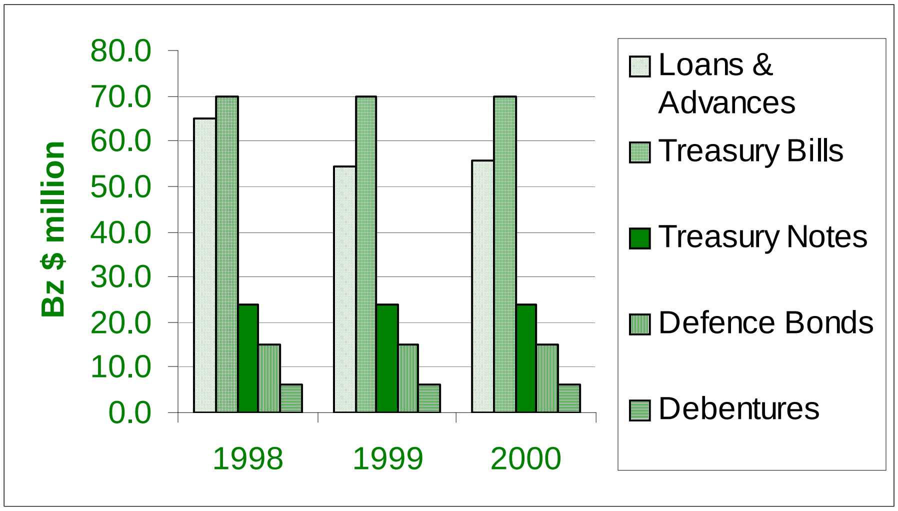
Table V.2: Central Government's Domestic Debt

$ mn

	1998	1999	2000
Loans & Advances	64.8	56.3	56.7
Treasury Bills	70.0	70.0	70.0
Treasury Notes	24.0	24.0	24.0
Defence Bonds	15.0	15.0	15.0
Debentures	6.2	6.2	6.2
Total	180.0	171.5	171.9

Sources: Ministry of Finance
Belize Social Security Board

Chart V.1: Central Government's Domestic Debt by Instrument



In secondary trading, the Central Bank sold $8.1mn worth of Treasury Bills almost all of which was taken up by commercial banks with a marginal amount of $0.1mn going to other individuals and organizsations. In other transactions, the BSSB sold $4.0mn in debentures to individuals and organizations.

Interest payments totalled $11.0mn, including $5.4mn on the overdraft account at the Central Bank, $4.4mn on government securities and debentures and the remainder on loans from various institutions. Payments on securities and debentures consisted of $3.6mn on Treasury Bills, $0.6mn on Defence Bonds, and $0.2mn on debentures.

External Public Debt

The public sector's external debt rose by $315.2mn to $820.2mn during the year, pushing the debt/GDP ratio upward from 36.0% to 54.3%. At $365.3mn, loan disbursements overshadowed amortisation payments of $43.8mn and negative valuation adjustments of $6.2mn. Principal and interest payments totalled $81.3mn contributing to an increase in the debt service ratio from 8.9% to 10.6%, well below the 15.0% benchmark. The disbursement from the RMB was net of $22.1mn that was set aside for a sinking fund.

Approximately 69.7% ($270.8mn) of total disbursements were directed to Central Government. The balance was shared between the financial public sector ($103.2mn) and the non-financial public sector ($13.4mn). The two largest disbursements to Central Government were derived from bond issues, arranged by the Royal Merchant Bank ($120.0mn) and Salomon Smith Barney ($52.0mn). Other notable disbursements came from ROC/Taiwan ($24.3mn) for housing projects and highway reconstruction, commercial suppliers ($34.4mn), IDB

Table V.3: Financial Flows on Public Sector External Debt

$ mn

	1998	1999	2000
Disbursements	72.1	79.9	387.1
Repayments	40.8	36.1	66.0
Net Financing Flows	31.3	43.8	321.1
Interest Payments	26.4	24.8	37.5
Net Transfers	4.9	19.0	283.6

($17.0mn) for highway and Hurricane Keith reconstruction and Provident Bank & Trust ($11.0mn) for computer purchases. Among other loan disbursements were $3.4 each from CDB and the IBRD and $4.5mn from All First Bank of Maryland to finance rural electrification.

In the case of the financial public sector, the Central Bank received loan disbursements from the International Bank of Miami ($64.0mn) for DFC financing and Hurricane Keith reconstruction and $10.0mn each from Citicorp Merchant Bank and Citibank Trinidad & Tobago. DFC also obtained $15.0mn from the Republic of Germany for the La Democracia project and $3.9mn through its CDB credit lines.

Disbursements to the non-financial public sector included $8.5mn from Amtrade of Georgia for WASA and $4.8mn from CDB for projects being implemented by WASA and the Port Authority.

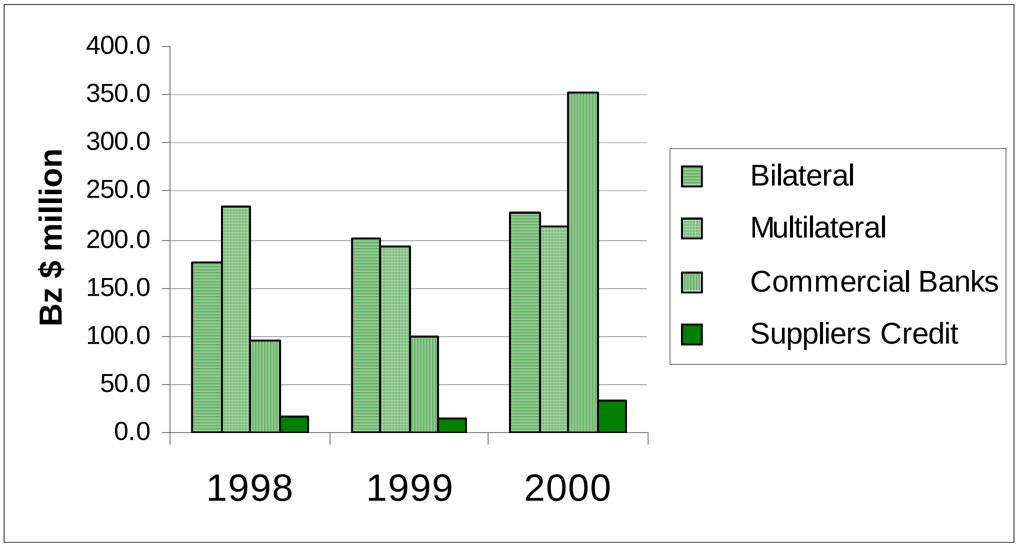
Amortisation payments totalled $66.0mn during 2000. The largest single payment was the sum of $22.1mn that was used to set up a sinking fund for the bonds issued by Royal Merchant Bank on Central Government's behalf. The Government also made substantial principal repayments to commercial suppliers ($6.6mn), IBRD ($4.6mn), Instituto Nazionale di Credito ($4.0mn), UK Government ($4.4mn), ROC Taiwan ($4.7mn), and the US Government ($2.9mn). Smaller payments totalling $1.4mn went to CDB in respect of various loans and the Government of Kuwait and Fondo de Inversiones de Venezuela each received $1.1mn. All UK loan payments were deposited into an account at the Central Bank primarily earmarked to fund poverty alleviation projects in Belize.

Table V.4: Public Sector External Debt by Source

$ mn

	Disbursed Outstanding Debt December	Transactions During 2000				Disbursed Outstanding Debt December 2000
		Disbursement	Amortization	Interest	Valuation Adjustments	
Bilateral	200.1	46.5	16.0	8.1	(3.5)	227.1
Multilateral	192.4	33.7	10.2	10.2	(2.6)	213.3
Commercial Banks	98.7	280.0	33.2	17.3	(0.1)	345.4
Suppliers Credit	13.8	26.9	6.6	1.8	0.3	34.4
Total	505.0	387.1	66.0	37.5	(5.9)	820.2

Chart V.2: Public Sector External Debt by Source



Among the amortisation payments made by the financial public sector were some $6.0mn paid by the Central Bank to Citibank Trinidad & Tobago in respect of the Central Bank Building Bonds, and DFC payments to CDB of $1.6mn. Smaller amounts were directed to the Export/Import Bank of Taiwan, the US Government and the EU. The non-financial public sector made two principal repayments one of which was to CDB ($1.3mn) and the other to CIBC Bank & Trust Co. ($0.9mn).

Depreciation of the euro and pound sterling against the US dollar led to negative valuation adjustments of $6.2mn during the year. Euro -denominated loans from the EU were adjusted downwards by $2.3mn, while loans from the Republic of Germany and Spain declined by $0.4mn and $0.2mn, respectively. Negative valuation adjustments to sterling-denominated loans from the UK totaled $3.0mn.

Interest payments totalled $37.5mn, with Central Government, financial and non-financial public sector organizations accounting for $25.0mn, $10.5mn and $2.1mn, respectively. Some of the more notable payments made by Central Government were to ROC Taiwan ($5.3mn), IBRD ($4.6mn), Salomon Smith Barney ($2.7mn), Citibank of Trinidad ($2.4mn), Citicorp Merchant Bank ($2.0mn), commercial suppliers ($1.8mn), CDB ($1.8mn), the US Government ($1.1mn), and Provident Bank & Trust ($1.0mn).

Interest payments by the financial public sector included those by the Central Bank to the International Bank of Miami ($3.7mn) and Citibank Trinidad & Tobago ($3.2mn). DFC also paid $2.3mn in interest to CDB on various credit lines. The most notable interest payments by the non-financial public sector were $1.1mn paid to CIBC Bank & Trust Co. for the airport project and $0.4mn each to CDB and the Government of Kuwait.

Foreign Trade and Payments

During 2000, financial transactions between residents of Belize and the rest of the world yielded a net inflow of US$51.6mn. Gross official international reserves consequently rose to US$122.8mn, the equivalent of 3.3 months of imports.

The improvement in reserves was attributable to substantial inflows on the financial account that were able to more than compensate for increased outflows resulting from the widening of the current account deficit.

Merchandise Trade

The visible trade deficit in the balance of payments widened by US$67.1mn to US$191.4mn as exports of goods contracted marginally by US$1.0mn while imports of goods and electricity grew by 19.6%. Expansion of fuel sales in the Commercial Free Zone and increased sales of domestic exports such as bananas, farmed shrimps and papayas only partly compensated for a sharp drop in sales of citrus juices during the year. This led to a marginal decline in the value of total export sales from US$213.2mn to US$212.2mn. The rise in imports primarily reflected the higher acquisition cost of fuels, increased imports of materials used for various infra-structural and housing construction projects and other capital investment projects. Hurricane rehabilitation was another factor that pushed construction activities upward and also increased the level of food imports to the extent necessary to offset the loss of food crops, mainly basic grains.

Domestic Exports

The value of domestic exports amounted to $400.1mn, some $60.9mn higher than the total

Table VI.1: Balance of Payments - Summary and Financing Flows

(US$ mn)

	1999	2000
CURRENT ACCOUNT	**-65.7**	**-130.8**
Visible Trade	-124.3	-191.4
Invisible Trade	9.6	-1.4
Services	53.4	52.7
Factor Income	-43.8	-54.1
Current Transfers	49.0	61.9
CAPITAL ACCOUNT	**0.8**	**0.8**
FINANCIAL ACCOUNT	**91.4**	**174.7**
NET ERRORS & OMMISSIONS	0.7	6.9
OVERALL BALANCE	27.2	51.6
FINANCING	-27.2	-51.6
Memo Items		
Import cover in months	**2.3**	**3.3**
Current Account/GDP Ratio (%)	**-9.6**	**-17.3**

Table VI.2: Domestic Exports

	1998	1999	2000
			$mn
Traditional Exports	290.1	316.7	370.0
Sugar	89.0	86.6	74.2
Citrus Concentrate*	43.1	54.9	94.4
Not-from-Concentrate*	18.2	18.9	24.2
Molasses	2.2	0.4	0.3
Bananas	49.4	56.8	65.8
Marine	43.5	55.6	66.5
Garments	39.4	39.3	39.8
Sawn Wood	5.3	4.2	4.8
Non-traditional Exports	20.4	22.5	30.1
Total	310.5	339.2	400.1

Source: Central Statistical Office

realised for 1999. The main cause of the increase was a surge in export shipments of citrus products, the majority of which went into inventory abroad to be sold at a later point in time. Banana exports rose from $56.8mn to $65.8mn with export volume rising in response to increases in producing acreage as well as better management practices. The value of sawn woods and garment exports also rose as a result of increases in volume exported. Sugar experienced the largest drop in export value as both export volume and the average unit price received declined. Continued competition from low priced grains kept demand for molasses at a minimum and forced unit prices to fall even lower during the year. Meanwhile, marine exports earnings rose by 19.7% as increases in conch and shrimp revenues more than offset a decline in revenues from exports of lobster products.

Sugar and Molasses

For the third consecutive year, the value of sugar exports contracted, falling from $89.0mn in 1998 to $74.2mn in 2000. The underlying average unit price received by the industry plummeted from US $0.19 per pound in 1998 to US $0.16 in 1999 and slipped even further in 2000 to US $0.15 per pound. The processor

Table VI.3: Exports of Sugar and Molasses

($mn)

	1998		1999		2000	
	Volume	Value	Volume	Value	Volume	Value
Sugar (long tons)	104,255	89.0	117,848	86.6	107,597	74.2
E.U. (Quota long tons)	54,568	57.4	57,408	58.4	54,855	51.5
USA (Quota long tons)	15,875	14.4	11,275	10.3	11,015	8.3
Other (World, long tons)	33,812	17.2	49,165	17.9	41,727	14.4
Molasses	46,874	2.2	36,511	0.4	33,424	0.3

Source: Central Statistical Office

recorded a loss for the fiscal year ended September 2000, the first time this has happened since the mid-1980's when the industry was in crisis. The decline in revenues reflected the erosion of the preferential markets as well as the global surplus supply that resulted from six consecutive years of positive harvest growth.

Exports to the EU market fell by 2,553 long tons to 54,855 long tons when compared to 1999. While the amount of Protocol Sugar

Box 3: Future Prospects for the Sugar Industry

The performance of sugar exports has deteriorated rapidly during the last five years and the industry is now on the verge of losing its status as the number one agricultural export earner.

Export revenues have been on a declining trend since 1995, moving from $95.5mn in 1995 to $74.2mn in 2000, with the underlying average per unit price declining from US$0.19 to US$0.15 per pound over the same time period.

Dynamic changes in the export market as well as in the international business climate have undermined the industry's earning power and relentlessly exerted increasing pressures on its profit margins. A major element has been the reduction in the USA sugar quota that has forced a proportionately larger volume of sales onto the notoriously unstable world market. This move has not only forced down the average per unit price received for sugar, but has increased the vulnerability of the country to the price vagaries of the world market while at the same time heightening reliance on one market - the EU. Further, the globalisation and open competition principles promoted by the WTO means that preferential market arrangements are nearing their end. The EU is committed under the WTO to put in place an arrangement for ACP exports that conforms with WTO principles by 2008. The more recent 'Everything But Arms Initiative' (EBA) by the EU proposes to extend Lomé type benefits to all less developed countries within a two to three year period, well short of the 2008 deadline.

Despite the gloomy international environment, the industry can continue to survive if competitive restructuring can be accomplished. Of foremost importance is the vital necessity of reducing costs of production to enable survival at a lower average export price. At the farm level, costs can be squeezed out by having larger and more economic sized production units as well as by rationalising sugarcane harvesting and delivery costs. Costs for sugar handling are also very high because of the need to barge the sugar from the factory to a storage site and from the storage site to the ship. A deep water port could reduce these barging and handling costs. The industry has raised the concern of the lack of a good deep water port, a project they feel should be spearheaded by the government since the economies of scale puts it outside the aegis of a single industry to attempt. In addition, the co-generation project that is being actively pursued provides a viable option to reduce power generation costs and diversify revenue earnings for the industry.

Given the rapid erosion of the preferential markets and the continuing decline in export revenues, the future survival of the industry rests on the flexibility of the various players to make the tough adjustments necessary.

shipped increased by some 8,224 long tons due to a reallocation of 3,667 metric tons white sugar equivalent (caused by a production shortfall in Mauritius) and pre delivery of a further 5,200 metric tons white sugar equivalent, the sale of Special Preferential Sugar (SPS) fell from 14,945 long tons to only 4,168 long tons. Higher EU production dampened the demand for SPS, a quantity allocated annually based on EU supply requirements. Revenues from this market contracted sharply by $6.9mn to $51.5mn as the average price per pound declined from US $0.23 to US $0.21 in response to the 12.3% depreciation of the euro versus the dollar and higher freight charges (prices are quoted in euros on a c.i.f. basis).

Meanwhile, the US quota declined by 260 long tons to 11,015 long tons in 2000. Despite the protection offered by the tariff rate quota system, revenues shrank by $2.0mn to $8.3mn with the average price per pound falling sharply from US$0.20 in 1999 to US$0.17 in 2000 in the face of excessive US supplies and stocks. In fact, US producers forfeited in excess of one million tons of sugar to the US Commodities Credit Corporation (CCC) and the latter has had to resort to a payment in kind programme to induce farmers to withhold planting in exchange for sugar from its stocks.

Sales to the world market totalled 41,727 long tons valued at $14.4mn, representing reductions of 15.1% and 19.6% in volume and value. While sales volume for 1999 had been boosted by stocks held over from the previous year, sales for 2000 were restricted to the residual left after satisfying the preferential and domestic markets. The average price received slipped by 4.9% to slightly below US$0.08 per pound as world market prices succumbed to the downward pressure exerted by the global surplus supply. In an attempt to improve margins, BSI diversified into the sale of limited quantities of bagged sugar, which commanded a higher price.

Citrus

The value of export shipments of citrus juices surged to $118.5mn as limited storage capacity in-country along with increased production caused more stocks to be shipped into storage abroad. Export sales nevertheless contracted rom $79.1mn in 1999 to $59.6mn in 2000 as prices fell due to increased competition and a huge global oversupply of orange juices.

Sales of concentrate amounted to 3.4mn gallons valued at $50.1mn, down 11.0% and 9.2% in volume and value, respectively. Orange concentrate fared rather poorly. Brazil was awash with record high levels of orange concentrate inventories that precipitated a price war between its smaller and larger exporters. The resulting price instability prevailed for most of the first half of the year and made buyers reluctant to close off sales contracts in the expectation of further price declines. Further adding to the market pressure was the excellent harvest reaped by the United States, another major global producer. Reduced demand from the US and increased

Table VI.4: Export Sales of Citrus Products

	1998	1999	2000
Concentrate ('000 gals)	3,143	3,857	3,432
Orange	2,436	3,036	2,707
Grapefruit	707	821	725
Concentrate value ($mn)	48.0	55.2	50.1
Orange	41.4	45.6	39.3
Grapefruit	6.5	9.6	10.8
Not-from-concentrate Exports ('000gals)	3,328	4,572	2,034
Not-from-concentrate Value ($mn)	18.3	23.9	9.5
Pulp Export ('000 pounds)	0.	0	1,352
Pulp Value ($mn)	0	0	1.0

Source: Citrus Industry

competition from Brazil not only reduced sales volume but also caused the average price per gallon to decline from $15.02 in 1999 to $14.52 in 2000. Export revenues from this product consequently fell by some $6.3mn below that of the previous year. The drop in revenues from orange concentrate was partly ameliorated by grapefruit concentrate, which brought in an additional $1.2mn despite an 11.7% reduction in export volume. A tightening of global supplies caused prices for grapefruit juices to rise substantially after two consecutive years of very depressed prices. This led to a $3.21 increase in the average price per gallon received from $11.69 in 1999 to $14.90 in 2000.

The product that fared the worst during the year was the not-from-concentrate (NFC) orange juice. Total export sales of all NFC juices amounted to 2.0mn gallons valued at $9.5mn, down from 4.6mn gallons valued at $23.9mn sold during 1999. The entrance of Brazil during 2000 with a flood of orange NFC juices into this niche market along with bountiful production from Spain shrank market share and left the country with a large stock of unsold inventory. This market shock forced the processor to change the strategy of maximising orange NFC production and revert to maximising production of orange concentrate juices since the market for the latter was larger as well as more stable. While the sale volume of grapefruit NFC juices was also smaller than the previous year, a rise in price from an average of $4.90 per gallon in 1999 to $5.11 per gallon in 2000 partly ameliorated the reduction in export revenues. Given its current favourable market position, the emphasis will remain on maximising sales of this premier product.

In an effort to maximise value added from the industry, a new product, pulp, was launched this year. Sales were consistent and amounted to 1.4mn pounds valued at approximately $1.0mn.

Banana

Banana exports rose for the third consecutive year, registering a 14,008 metric tons increase over the three year period to 64,913 metric tons in 2000 with a corresponding rise in export revenues of $16.4mn to $65.8mn over the same period.

Box 4: Future Prospects for the Citrus Industry

The export performance of the citrus industry slumped in 2000 and placed the industry into a tight cash squeeze position.

After highly successful marketing trials with the not-from-concentrate (NFC) juices prior to 2000, the industry was set to maximise returns by focusing on these juices as its premier products with the EU as the major target market.

The entrance of Brazil into the orange NFC niche market in 2000 called for a radical change to the marketing strategy. The loss of market share and decline in the price for orange NFC have caused the focus to shift back to the concentrate juices that have a much larger market and, currently, more stable prices. In addition, with the EU flooded with low-priced Brazilian juices, the marketing focus has shifted to the US.

The timing of the sales slump could not have been worse in view of the yearly increases in fruit output that started in 2000 and will continue to occur over the next four years due to the maturing of young groves.

The short-term issue is to manage the industry out of the sales slump. The exporter's objective is to sell off the stocks of unsold NFC juices in storage in Europe, even if done at a loss, while reducing costs wherever possible. More upscale customers in the US that can pay better prices based on product quality will be targeted.

In the longer term, the concern is to develop a more competitive cost structure that will allow the industry to survive the erosion of its preferential markets, this preference taking the form of zero tariffs. Per unit field costs can be lowered with improvements in field productivity and higher yields. Loans have already been made available to growers to rehabilitate orchards. Further, the industry is investigating organic certification, a move that may increase the value added. Lowering the cost of shipping and handling remain a prime concern. Players in the industry have voiced their concerns on the need for an efficient deep-water port facility. Other areas being explored are diversification into other niche markets for citrus products. The industry has already successfully launched pulp, a new product, during 2000.

While the industry does produce a quality citrus juice, it is still highly vulnerable to competition from large scale and low cost producers like Brazil, as the loss of market share in the niche orange NFC market has demonstrated. Consequently, in addition to protecting its tariff preference as long as possible, the industry will have to lower its cost structure while exploiting the value added from other niche markets for citrus products.

The expansion in exports can be attributed to the EU's removal of individual ACP country quotas since January 1, 1999 and the new arrangement where the ACP quota is open to all ACP countries but is limited to a total of 857,000 metric tons.

While growers may be uncertain about the impact that a banana import regime revised to comply with WTO principles would have, they nevertheless seized the opportunity to expand production and exports to achieve better economies of scale in shipping and to lower per unit costs overall. The marketing agreement negotiated with Fyffes for 2000 allowed growers to sell as much fruit as possible between January and September but imposed a limit of 75,000 boxes per week and a price reduction of $2.50 per box effective October to December. The market restrictions for the last quarter of the year were justified on the grounds that this was the period when the EU market was most inundated with bananas. Growers therefore had a price incentive to maximise yields and exports during the first nine months of the year.

At 64,913 metric tons, export volume for 2000 was still below the desired minimum volume of 85,000 metric tons that the industry feels is necessary to gain economies of scale in shipping. While the industry has increased its export capacity for the coming year, additional market access for the desired tonnage will require skilled marketing negotiations.

Marine Products

Marine exports also expanded for the third consecutive year with an 8.8% increase in volume to 6.2mn pounds and a 19.7% increase in value to $66.5mn when compared to 1999.

Continuing a cyclical upswing, lobster exports increased in volume, albeit by a marginal 2.6%. Sales totalled 0.6mn pounds valued at $16.0mn, a 4.6% decrease in value that was due to a fall in the average price per pound for lobster tails. Facilitated by a larger catch, conch exports surged to 0.6mn pounds valued at $4.0mn, increases of 50.0% and 53.9% in volume and value over 1999. Shrimp exports rose by 5.6% in volume and 28.7% in value as the industry's expanded production capacity and high shrimp quality

Table VI.5: Exports of Banana

	1998	1999	2000
Volume ('000 lbs)	112,231	123,879	145,029
Metric Tonnes	50,905	56,189	64,913
Total Value ($mn)	49.4	56.8	65.8

Source: Central Statistical Office

compensated for various productivity problems that affected farms during the year. These problems included one farm being taken out of production due to salinity problems, reduced yields on one major farm because of disease, and difficulty in obtaining sufficient seed larvae to stock the ponds on a timely basis because of the outbreak of white spot virus in the usual supplier countries. Hence, while at $46.4mn, the value of exports substantially exceeded the 1999 level, it still remained below the $58.1mn forecasted at the start of 2000.

Box 5: Future Prospects for the Banana Industry

The banana industry has been operating for the past two years under a cloud of uncertainty, ever since the WTO ruled that the EU banana regime was not in conformity with WTO principles.

With the opening of the ACP banana quota to all ACP countries effective January 1, 1999, the local industry seized the opportunity to expand production to achieve better economies of scale in shipping costs. Between October 1998 and December 2000, acreage cultivated rose from 4,076 to 5,982. During 2000, the expanded exports have been facilitated by buying import licenses for the quantity above the country's pre-1999 quota (or 55,000 metric tons). In the current marketing negotiations, Fyffes has already indicated that they would want to limit purchases to 75,000 boxes per week (equivalent to approximately 70,000 metric tons per annum) at a lower price per box.

Against this market picture is the latest proposal by the EU to have a First Come, First Served (FCFS) scheme where banana imports would be divided into three sub-quotas – quota A for the dollar bananas, quota B for dollar bananas and quota C for ACP bananas. ACP bananas would still enjoy duty free access. While the sub-quotas are open to any country, any country exporting into a quota other than their own would be subject to a tariff penalty. Import rights would be granted to operators who apply at the opening of weekly or fortnightly quota periods from vessels already at sea. If the sub-quota becomes oversubscribed, every application would be scaled down, pro rata. This new system means that non-ACP countries can now export into the ACP quota if they pay the penalty of 275 euros per tonne of banana. The proposal is to implement this FCFS system on July 1, 2001. Should agreement not be reached, the EU is threatening to move immediately to a flat rate tariff system.

Despite the gloomy outlook, the local banana growers strongly believe that they can become sufficiently price competitive to survive (with a tariff protection) if they achieve economies of scale in shipping and increase field productivity. To this end, the growers have elected to utilise the grant assistance from the EU to improve productivity and competitiveness, rather than to diversify away from banana cultivation. During 2001, the grant disbursement should begin with the implementation of a new drainage and irrigation system.

The industry faces very challenging times ahead. Pivotal to its survival is the ability of the growers to raise productivity and drastically slash costs so that a box price of at least half the current level can sustain the industry.

Table VI.6: Exports of Marine Products

	1998		1999		2000	
	Volume ('000 lbs)	Value ($'000)	Volume ('000 lbs)	Value ($'000)	Volume ('000 lbs)	Value ($'000)
Lobster Tail	504	14,822	561	16,493	573	15,701
Lobster Head	13	73	45	256	49	281
Whole Lobster	32	511	0	0	0	0
Shrimp	3,136	24,491	4,637	36,064	4,897	46,419
Conch	479	3,356	365	2,557	564	3,951
Whole Fish	108	160	65	96	97	143
Other	11	100	10	100	4	41
Total	4,283	43,514	5,683	55,566	6,184	66,535

Source: Central Statistical Office

Other Major Exports

Garment exports grew by 8.3% to 2.6mn pieces valued at $39.8mn. The 1.3% increase in export value reflected an export mix of more low priced items as compared to the previous year.

Sawn wood exports, on the other hand, grew by 17.9% and 14.3% in volume and value, respectively, bolstered by the export of primary woods from the northern part of the country.

After a mediocre performance during the previous year, papaya exports rebounded with volume and value up by 34.4% and 68.0%, respectively. The former was achieved through an increase in producing acreage while the surge in revenues was due to a combination of larger sale volume as well as a rise in the average unit price per pound from $0.83 to $1.03. The latter reflected the price premium commanded by the improved fruit quality that resulted from enhanced field management practices.

Table VI.7: Other Major Exports

	1998	1999	2000
Garments			
Volume (mn pieces)	2.1	2.4	2.6
Value ($mn)	39.4	39.3	39.8
Sawn Wood			
Volume ('000 bd ft.)	3,118	2,063	2,433
Value ($mn)	5.3	4.2	4.8
Papayas			
Volume ('000 lbs)	10,049	9,069	12,189
Value ($mn)	5.1	7.5	12.6

Source: Central Statistical Office

Non-traditional Exports

Other miscellaneous domestic exports grew by 8.2% reflecting increased exports of pepper sauces, grapefruit oils and other miscellaneous products. Bean exports remained relatively stable as a fall in the volume of RK beans was offset by an increase in that of black eye peas. While mango exports increased, mediocre fruit quality led to a lower per unit price and hence, a fall in revenues. Honey was not exported during the year as the industry was not able to meet the new certification procedures instituted by England, the traditional export market, during 2000.

Re-exports

Re-exports contracted by $2.1mn during the year with increased sales of '*Mineral, Fuel & Lubricants*', '*Miscellaneous Manufactured Articles*' and '*Manufactured Goods: Materials*' being offset by decreases in all other categories of re-exports. Indications are that the expanded retailing activities in the Commercial Free Zone (CFZ) at the Mexican border may be contributing to the small decline in re-exports as retail sales (the value of which are not reflected in the re-export numbers) replace part of the bulk sales that were previously made to merchants in the Mexican border town of Chetumal.

Gross Imports

Gross imports (FOB), as derived from the balance of payments, increased by US$66.1mn, with fuels, chemicals & related products, manufactured goods and machinery & transport equipment accounting for more than 90.0% of this growth. The growth in the value of fuel imports was attributable to the rise in the acquisition cost of fuel since the volume imported actually contracted. A substantial portion of manufactured goods imports consisted of cartons, other industrial materials such as reservoirs and tanks and building materials such as cement and steel. Under the machinery and transport equipment category, more than half of the growth in imports consisted of purchases of beer production equipment, road building machinery, electric generators, motors and vehicle parts, motor vehicles and switches.

Direction of Visible Trade

The United Kingdom (UK) and the USA remained the major destination for exports, together accounting for almost three-quarters of total exports. The share of exports to the UK did fall from 29.9% in 1999 to 22.9% in 2000 as increased banana exports only partly offset reductions in honey, sugar and citrus juices exports. On the other hand, the US export share rose due to more citrus juices and marine products being sold there. The decrease in Mexico's export share reflected a reduction in re-exports to this market – part of these re-exports being replaced by retail sales to Mexicans occurring at the CFZ. CARICOM's share fell by 1.1 percentage point due to lower sales of citrus juices.

Table VI.8: Direction of Visible Trade

	Exports			Imports		
	1998	1999	2000	1998	1999	2000
United Kingdom	23.5	29.9	22.9	4.2	4.2	2.6
United States	44.3	41.9	50.1	48.8	51.6	49.8
Mexico	3.7	3.6	1.3	11.1	12.1	9.3
CARICOM	4.0	5.4	4.3	3.3	3.5	3.2
Other Countries	24.6	19.2	21.4	32.5	28.6	35.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Central Statistical Office

The US was once again the primary source for imports, supplying 49.8% of the total. Mexico's share declined as more imports were sourced from Central and South America. For Central America, the import expansion consisted primarily of construction materials and bottles while the growth in import values from South America was mainly due to the higher acquisition cost of fuels. While imports from CARICOM actually increased by approximately $2.0mn, its proportionate share in the total declined by a marginal amount. On the other hand, purchases from Germany and the Netherlands were significantly higher, with imports from the former reflecting capital inputs in relation to the La Democracia construction project and expansion in the beer and beverage industry.

Invisible Trade

The invisible trade balance yielded a deficit of US$1.4mn as net outflows of US$54.1mn from factor income exceeded net inflows of US$52.7mn from services.

The higher volume of international trade drove up transportation and insurance costs, leading to net service outflows of US$53.2mn, some US$7.9mn higher than that of the previous year. Revenues from tourism and net inflows from embassy services to non-residents and local expenditures of foreign embassies and military units also rose to US$105.9mn, a US$7.3mn increase over 1999 levels. The surplus on the services account of US$52.7mn was hence only marginally below the comparative outturn for 1999.

In contrast, net factor income outflows totalled US$54.1mn, with seasonal and border workers and investment income accounting for US$6.8mn and US$47.3mn, respectively. Net outflows from investment income rose by US$10.0mn to US$47.3mn mainly due to dividend repatriation, distributed branch profits and interest payments by the Central Bank, government and private sector on foreign loans and bonds.

Table VI.9: Balance of Payments- Invisible Trade

(US$ mn)

	1999			2000		
	Credit	Debit	Net	Credit	Debit	Net
INVISIBLE TRADE	**164.3**	**154.7**	**9.6**	**177.2**	**178.6**	**-1.4**
Services	***161.6***	***108.2***	***53.4***	***172.4***	***119.7***	***52.7***
Transportation	8.5	40.5	-32.0	11.3	48.4	-37.1
Travel	111.4	25.8	85.6	122.0	30.0	92.0
Other Goods and Services	20.5	33.8	-13.3	18.9	35.0	-16.1
Govt. Goods and Services, N.I.E	21.1	8.1	13.0	20.2	6.3	13.9
Factor Income	***2.7***	***46.5***	***-43.8***	***4.8***	***58.9***	***-54.1***
Labour income	0.0	6.4	-6.4	0	6.8	-6.8
Investment Income	2.7	40.0	-37.3	4.8	52.1	-47.3
Current Transfers	***52.4***	***3.4***	***49.0***	***65.1***	***3.2***	***61.9***
Government	11.8	1.5	10.3	8.5	1.6	6.9
Private	40.6	1.9	38.7	56.6	1.6	55.0
Invisible Trade and Current Transfers	216.7	158.1	58.6	242.3	181.8	60.5

Current transfers rose by US$12.9mn to US$61.9mn, primarily due to insurance receipts for damages suffered as a result of Hurricane Keith.

Capital and Financial Accounts

Net capital inflows remained stable at US$0.8mn with a significant reduction in outflows in the form of migrant transfers offsetting the loss of debt forgiveness from the UK government. In contrast to US$2.7mn in debt forgiveness on loans from the UK and Spain in 1999, debt forgiveness in 2000 was restricted to Spain and consequently shrank to US$0.3mn.

Financial transactions resulted in net inflows on the financial account almost doubling to

Table VI.10: Balance of Payments- Capital and Financial Accounts

(US$ mn)

	1999	2000
CAPITAL ACCOUNT	**0.8**	**0.8**
Capital Transfers	0.8	0.8
FINANCIAL ACCOUNT	**91.4**	**174.7**
Direct Investment Abroad	0.0	0.0
Direct Investment in Reporting Economy	47.3	17.8
Portfolio Investment Assets	0.0	0.0
Portfolio Investment Liabilities	32.9	113.1
Other Investment Assets	-8.9	-39.4
Monetary Authorities	0.0	0.0
General Government	0.0	-11.1
Banks	-6.2	-26.2
Other Sectors	-2.7	-2.1
Other Investment Liabilities	20.1	83.2
Monetary Authorities	-0.6	41.8
General Government	14.8	46.1
Banks	-8.9	15.5
Other Sectors	14.7	-20.1
CHANGES IN RESERVES (Minus = increase)	**-27.2**	**-51.6**

US$174.7mn in 2000. This reflected marked increases in portfolio and other investment liabilities since the level of direct investment inflows actually declined. The sharp rise in portfolio investment liabilities was attributable to two new bond issues by the government and proceeds from mortgage securitisation. Growth in other investment liabilities represented increased inflows from loans disbursed to the Central Bank and to the government. Outflows in other investment assets rose markedly by US$30.5mn to US$39.4mn as deposits held abroad by the commercial banks and the government increased, the latter being due to the establishment of a sinking fund in the wake of the December bond issue.

Official International Reserves

Despite a widening of the current account deficit, substantial growth in net financial inflows pushed gross official international reserves up by US$51.6mn to US$122.8mn. Holdings by the Central Bank of Belize and Central Government increased by US$50.4mn and US$1.2mn, respectively. Net official international reserves rose slightly to US$51.9mn as foreign liabilities fell by US$0.2mn.

Table VI.11: Official International Reserves

(US$ mn)

	Position as at Dec-1998			Changes During 2000
	Dec-98	Dec-99	Dec-00	
Gross Official International reserves	**43.9**	**71.1**	**122.8**	**51.6**
Central Bank of Belize	**37.2**	**64.2**	**114.7**	**50.4**
Holdings of SDRs	1.2	1.2	1.6	0.4
IMF Reserve Tranche	4.1	5.9	5.5	-0.4
Other	31.9	57.1	107.6	50.4
Central Government	**6.7**	**6.9**	**8.1**	**1.2**
Foreign Liabilities	**1.6**	**1.0**	**0.8**	**-0.2**
CARICOM	0.1	0.2	0.1	-0.1
Other	1.5	0.9	0.7	-0.2
Net Official International Reserves	**42.3**	**70.1**	**122.0**	**51.9**

Economic Prospects

Although the primary sector is expected to deliver mixed results for 2001 due to Hurricane Keith's impact on various areas of production, modest growth is still anticipated for 2001. In the aftermath of the hurricane, estimates for sugarcane production, which had already shown a declining trend prior to the storm, was scaled back by a further 100,000 long tons to 950,000 long tons - a significant reduction from the 1,098,771 long tons delivered during 2000. Sugar production is therefore forecasted to fall by 21.0% to 95,000 long tons. Improvements in factory efficiency notwithstanding, the cane/sugar ratio is likely to decline due to loss in cane quality caused by the heavy rains during the latter part of 2000.

The reduction in sugarcane volume is expected to cause molasses output to fall by approximately 12.1% to 31,350 long tons. Revenues from the sale of this product should nevertheless improve from $0.3mn to $0.5mn due to a small recovery in prices that began at the end of 2000. Also reflecting the reduction in sugar production, export sales should contract to 80,200 long tons valued at $57.7mn, substantially lower than the volume and value of 107,595 long tons and $74.2mn achieved during 2000. Pre-delivery of quota sugar for the EU market during 2000 will result in lower sales volume to the EU in 2001. There are also no prospects for an increase in the US quota of 11,000 long tons given the serious oversupply situation there and the access that Mexico has under the NAFTA agreement.

Young citrus groves now coming into production should raise fruit deliveries from 6.9mn boxes to between 7.1mn to 7.4mn boxes during 2001. Although heavy rains during the last quarter of 2000 delayed fruit maturation and could cause deliveries to fall below forecast, the output of juices on a pounds solid basis should increase by 5.2% from 39.8mn pounds solid in 2000 to 41.9mn pounds solid in 2001. Approximately 94.4% of output will be in concentrates with NFC juices and pulp comprising the remaining 3.8% and 1.8% of production, respectively. A strong sales push during 2001 could raise total exports from 25.7mn pounds solids valued at $60.7mn to 42.8mn pounds solids valued at $84.4mn. The sale strategy encompasses a full-scale effort to sell stocks of unsold NFC juices from the previous crop.

Banana production is also poised for another year of substantial growth with acreage under cultivation expanding by approximately 800 acres during the year to 6000 acres. Exportable volume should therefore reach 82,000 metric tons. Fyffes has however indicated that they are only willing to buy approximately 70,000 metric tons at $2.50 less per box, a price that would garner export revenues of only $62.0mn, some $3.8mn lower than revenues received in 2000. The industry has not yet solved this problem but is actively pursuing avenues for the favourable sale of all exportable volume during the year.

Papaya production and, hence, exports should grow by 8.0% to 13.6mn pounds. Revenues are however expected to fall by 4.0% to $12.1mn, down from the $12.6mn received in 2000. The fall in revenues are attributable to the loss in price premium due to poorer fruit quality, especially during the first part of the year, caused by the heavy rains that affected the crop after the hurricane in October.

In other developments, a record performance is expected from the fishing sub-sector principally due to expansion in exports of farmed shrimp. Exports of the latter should more than double from 4.9mn pounds valued at $46.5mn in 1999 to 13.0mn pounds valued at $80.8mn. This year marks the attainment by the country of self-sufficiency in the production of larvae from local hatcheries to seed all the ponds. The availability of disease free seed stock and major pond expansions of approximately 1000 acres during 2001 are the propelling forces behind the export boost. On the other hand, lobster and conch production are likely to remain close to the previous year's levels.

The secondary sector should experience reasonably strong growth during the year as construction activity is expected to continue at a boisterous pace while manufacturing, despite the decline in sugar output, may grow modestly due to the increased citrus processing capacity. A further boost would come from works presently underway on improving the water infrastructure and various road construction projects.

Brisk growth in the services sector should occur with tourist arrivals, in particular stay-over passengers, expected to increase in response to concerted efforts by the industry to promote the country as a premier tourist destination. Reports are that intensive advertising campaigns aimed at the major markets are now underway. Cruise ship arrivals, based on agreements currently in place, are projected to remain at the same level as the previous year. Transactions in the secondary sector as well as the continued development of tourism opportunities should boost activities in the distributive trades and other support services such as transport, communications and finance.

Inflation is projected to increase only moderately, especially given the economic slowdown in the United States, a major trading partner against whose inflation rate Belize's seems to run in parallel. On the other hand, the full impact of the higher fuel prices should be felt in 2001, especially since the outlook for any substantial drop in prices is poor. Given the expected performance in all three sectors of the economy, the rate of unemployment should remain at approximately the same level as the growth in the work force should be absorbed readily by the expansion in economic activities.

In general, the outlook for the economy during 2001 is for growth upwards of 6.0% with moderate inflation and a stable rate of unemployment.

Administration

The Board of Directors

The Board of Directors held 10 meetings in 2000 and considered 71 submissions.

Overseas Meetings

In their capacities as executive officers of the Bank and as advisors to the Government, the Governor and Deputy Governors attended a variety of meetings during the course of 2000.

Of particular importance were the series of meetings dedicated to discussing and resolving concerns related to offshore banking services. These meetings were held by the CARICOM Countries bloc with OECD authorities against the background of an OECD initiative on so-called Harmful Tax Competition. Some of the other meetings attended are shown in Box 6.

Finance

The Central Bank's financial statements for the year ended December 31, 2000, with comparative figures for the previous year, are annexed to this report. During the year, the total assets of the Bank increased by 78.3% to $409.5mn. External assets increased by 79.2% to $228.2mn and domestic assets grew by 76.5% to $181.3mn.

At year-end, the net operating surplus amounted to $2.0mn compared to $2.3mn in 1999. Gross earnings totalled $21.2mn including interest income of $18.5mn and commission and other income of $2.6mn. Current expenditure totalled $19.5mn with staff costs, interest payments and other operating cost accounting for 19.9%, 52.4% and 27.7%, respectively.

As provided for under Section 9(1) of the Central Bank Act, $0.2mn or 10% of the net operating surplus will be paid into the Central Bank's General Reserve Fund. The balance of $1.8mn will be transferred to the Accountant General for the Government of Belize's Consolidated Revenue Fund.

Internal Audit Activities

During 2000, the Internal Audit Unit dedicated a substantial amount of time to ensuring the accuracy of the Bank's accounts, analysing the 1999 financial statements and preparing for the implementation of the international payments system, S.W.I.F.T. (Society for Worldwide Interbank Financial Telecommunication).

In the process, the unit undertook an extensive audit/assessment of the adequacy of the existing system of controls for processing foreign transfers.

Box 6: Meetings/Conferences Attended by the Governor and Deputy Governors During 2000

Name of Meeting/Conference	Month	Place
3rd Meeting of the Council for Finance & Planning (COFAP)	January	Antigua & Barbuda
14th Reunion of Governors from Central American	February	Dominican Republic
XI Meeting of CFATF Plenary	March	Trinidad & Tobago
Annual Meeting of Board of Governors of IDB & IIC	April	New Orleans
CCMS Senior Level Policy Seminar	May	Trinidad & Tobago
30th Annual Meeting of the Board of Governors of CDB	May	Bahamas
CARICOM Central Bank Governors Meeting	May	Jamaica
Bank of England Governors Meeting	June	England
70th Annual General Meeting of the BIS	June	Switzerland
IMF Outreach Meeting on Assessments of Offshore	August	St. Kitts & Nevis
Commonwealth Finance Ministers & Senior Finance	September	Malta
IMF/World Bank Board of Governors Annual Meetings	September	Czech Republic
Meeting on the Role of Finance in Disaster	October	Washington, D.C
32nd Annual CCMS Conference	October	Jamaica
CARICOM Central Bank Governors Meeting	November	Jamaica
CFATF Conference on International Financial Services	December	Trinidad & Tobago

in message processing and in guidelines for auditing S.W.I.F.T.

Issues raised in the 1999 management letter were responded to, including several initiatives to improve management systems and operational efficiency. The Audit Committee concentrated its efforts on the status and results of the 1999 audit by reviewing the issues addressed by the External Auditors.

Human Resources

Staffing

The average number of staff employed by the Bank during 2000 totalled 107 persons representing 88% of the total manpower requirement of 122 established positions. Seventeen new persons were hired and fourteen persons were separated from the Bank resulting in the average turnover rate being reduced from 16% in 1999, to 13% in 2000. Of the newly hired staff, 9 were on a temporary basis.

Staff Development

In addition to the annual training programmes for professional staff, training objectives for the year 2000 focused on information technology, the role of central banks and supervisory management.

Training sessions in information technology were conducted in-house. The staff of the Management Information Systems Unit (MISU) developed and presented training sessions for management and Bank staff in Windows NT Operating Systems that included an Introduction to NT, Windows Basics, NT Systems Architecture and Network Features. MISU also facilitated training for Research Department staff in a newly developed Y2K compatible Currency Inflows System, Crystal Reporting Writer and Structured Query Language (SQL) for the Foreign Exchange Systems. Training for staff of the Banking & Currency and Finance Departments focused on the SWIFT software system operations and telecommunications infrastructure. The Bank also acquired the Microsoft Office 2000 Suite of training compact disks and made them available to staff for self-paced training.

The Human Resources Department also embarked on an in-house campaign to ensure a greater understanding of the functions of the Central Bank. The Department began by coordinating a series of training seminars facilitated by management staff of the operations arm of the Bank, on "Accounting in the Central Bank of Belize". The main objective was to help staff to better understand the Central Bank's accounting system and its relationship with other operational areas of the Bank. Special emphasis was placed on functions of the Finance and Banking & Currency Departments and the Internal Audit Unit.

The Department also launched a series of articles in its bimonthly news bulletin, The

Scoop, in which the functions of each department and unit were highlighted.

Local training focused on increasing the competencies of Auxiliary and Supervisory staff through participation in the Supervisory Management, and Management Skills for Executive Secretaries and Administrative Assistants training courses offered by the Belize Institute of Management.

Overseas training attended by Bank staff included: Banking Soundness from a Macroeconomic Perspective; Regional Senior Training Course for Bank Supervisors; Junior Bank Supervisors Course; Picture Perfect System Administrator Training; IMF/ECCB Balance of Payments Seminar; IX Cycle of Economic Lectures; Financial Programming and Policies; and SWIFT Auditing Guideline Course.

One employee at the assistant manager level was granted a partial training award to pursue a Masters Degree in Business Administration with a concentration in Finance in Florida, USA.

Employee Recognition Ceremony

In January 2000, the Bank held its first Employee Recognition Ceremony under the Theme "Success is more attitude than aptitude". The objective was to recognize and reward employees who reached a high level of achievement during 1999. Categories of recognition were: the traditional long service award; the Overall Achiever in each department selected by the respective management; the best Team Player in each department chosen by colleagues; and the Governor's Choice Award selected by the Governor.

Staff Club

The staff club organised the annual Central Bank of Belize Family Day outing held in May and hosted at the Clarissa Falls Resort located inland off the Western Highway in Cayo District. A total of 230 persons attended and participated in activities such as canoeing, boat rides, nature walks, swimming and picnicking.

Community Service

The Central Bank also participated in the annual work experience programme for high school seniors placing a total of nine students from various secondary schools throughout the Bank in order to afford them practical work experience. Five students participated in the Bank's Summer Employment Programme, which is designed to develop the skills of secondary and tertiary level Belizean students in addition to providing them with some economic benefit.

Staff participated zealously in the Belize Cancer Society's "Dalla Day" and Cancer Walk. In commemoration of cancer awareness month, staff members were allowed to dress casually in polo neck shirts with the Bank's logo and jeans on one work-day, in return for a minimum contribution of one dollar to the Belize Cancer Society. Staff also participated in the Cancer Walk by purchasing promotional T-shirts and hiking the 9-mile walk into Belize City.

The Central Bank's staff responded with great empathy to appeals for assistance to victims of Hurricane Keith. A group of staff members journeyed by boat to the devastated island of Caye Caulker to deliver cooked meals, boxes of non-perishable food items, bottled water and basic medical supplies. Accompanying the staff was a team of medical practitioners who provided free medical care to the island's residents. Staff also generously donated canned food and children's clothing for flood victims of Belize River Valley communities who were severely affected in the aftermath of the Hurricane.

Once again, staff members donated generously to the annual Salvation Army Christmas Appeal. Annually, the Belize Mission uses the monies collected through this drive to provide a Christmas dinner to needy and homeless Belizeans. The Bank matched the contributions made by staff.

Operations

Foreign Exchange Operations

During 2000, the Central Bank's trade in US dollars, Canadian dollars, and Pound Sterling resulted in net purchases of $96.5mn. Purchases exceeded sales in four of the twelve months, the largest net inflows occurring in the month of December when Central Government's second international bond issue for 2000 was successfully placed. Sales exceeded purchases in the remaining months with the largest net outflows occurring in July. Trade in CARICOM currencies (largely Barbados and Eastern Caribbean dollars) resulted in net sales of $1.6mn.

External Assets Ratio

Section 25(2) of the Central Bank of Belize Act 1982 requires the Bank to maintain external asset reserves of not less than 40.0% of the aggregate amount of notes and coins in circulation and the Bank's liabilities to its customers for sight and time deposits. During the year, the ratio fluctuated between a low of 66.4% in February and a high of 90.57% in May. The Bank held these assets in the form of foreign notes, deposits with foreign central banks and correspondent banks abroad, securities of foreign governments and holdings of Special Drawing Rights at the International Monetary Fund.

Table IX.1: Central Bank Dealings in Foreign Exchange 2000

($mn)

Month	US & Canadian $ and UK £			CARICOM Currencies		
	Purchases	Sales	Net	Purchases	Sales	Net
January	31.3	33.3	-2.0	0.00	0.14	-0.14
February	11.5	28.9	-17.4	0.00	0.28	-0.28
March	120.0	51.4	68.6	0.01	0.19	-0.19
April	34.8	46.9	-12.0	0.00	0.09	-0.08
May	42.3	42.9	-0.7	0.00	0.20	-0.20
June	66.5	55.4	11.1	0.00	0.21	-0.21
July	7.3	35.2	-27.9	0.01	0.08	-0.08
August	20.2	28.6	-8.4	0.05	0.07	-0.02
September	29.4	39.1	-9.7	0.01	0.15	-0.14
October	32.5	18.1	14.4	0.00	0.12	-0.11
November	25.9	27.4	-1.5	0.05	0.28	-0.23
December	115.3	33.4	81.9	0.00	0.12	-0.11
Total	**537.1**	**440.6**	**96.5**	**0.14**	**1.92**	**-1.79**

Table IX.2: External Assets Ratio 2000

Month	Assets ($mn)	Liabilities ($mn)	External Assets Ratio (%)
January	125.4	155.5	80.64
February	108.3	163.1	66.40
March	179.5	215.9	83.14
April	166.4	197.5	84.25
May	166.2	183.5	90.57
June	179.1	197.8	90.55
July	151.4	180.3	83.97
August	144.1	176.2	81.78
September	133.3	174.2	76.52
October	147.5	193.7	76.15
November	146.0	207.2	70.46
December	228.2	274.3	83.19

Relations With Commercial Banks

Cash Balances

The commercial banks were required to maintain 5% of their average deposit liabilities on deposit with the Central Bank during the first part of the year up until April 2, 2001. Effective April 3, 2000, the Central Bank reduced the requirements on time and savings deposits from 5% of average deposit liabilities, not including demand deposits, to 3%, as authorized by Section 13(1) of the Banks and Financial Institutions Act, 1995. The actual average cash balances held with the Central Bank fluctuated between 4.2% and 8.0% and averaged at around 5.5%. This translated to

Table IX.3: Commercial Banks' Balances with the Central Bank

($mn)

Month	Average Deposit Liabilities	Required Cash Reserves	Actual Cash Holdings	Excess
January	796.5	39.8	47.2	7.4
February	780.2	39.0	50.2	11.2
March	803.3	40.2	42.9	2.7
April	813.2	28.8	42.9	14.0
May	826.4	29.4	37.4	8.0
June	842.7	29.9	35.6	5.6
July	844.3	29.8	36.2	6.4
August	865.1	30.6	41.1	10.5
September	878.5	31.0	46.1	15.0
October	879.0	31.1	42.7	11.6
November	884.2	31.5	58.9	27.4
December	903.2	32.4	72.2	39.8

Table IX.4: Currency in Circulation 2000

($mn)

Month	Notes	Coins	Total	Commercial Bank Vault Cash	Currency With the Public
January	82.1	9.4	91.5	12.9	78.6
February	82.9	9.5	92.4	13.1	79.4
March	87.3	9.5	96.8	12.3	84.5
April	91.2	9.7	100.9	14.8	86.1
May	88.7	9.8	98.5	16.0	82.5
June	89.2	9.9	99.1	12.4	86.7
July	87.9	9.9	97.8	13.1	84.7
August	87.3	10.0	97.3	16.1	81.2
September	87.9	10.1	98.0	12.2	85.2
October	89.8	10.1	99.9	15.4	84.5
November	93.8	10.1	103.9	17.0	86.9
December	104.9	10.3	115.2	19.2	96.0

excess holdings ranging from a low of $2.7mn in March to a high of $39.8mn in December.

Currency in Circulation

Currency in circulation rose by a total of $11.5mn during the year displaying the usual seasonal pattern of the lowest level occurring in the first quarter and peaking during the last quarter. The most prominent increase occurred in December, a direct result of the Christmas season, when $115.2mn was in circulation consisting of $104.9mn in notes and $10.3mn in coins.

Table IX.5: Central Bank Credit to Central Government

($mn)

Month	Treasury Bills	Defence Bonds	Other Securities	Advances To Government	A	B
January	-	10.0	2.2	34.8	1.76	11.41
February	11.0	10.0	2.2	49.1	0.93	16.10
March	4.2	10.0	2.2	41.3	1.31	13.54
April	-	10.0	2.2	39.1	1.76	11.65
May	-	10.0	2.2	43.7	1.76	13.02
June	0.6	10.0	2.2	44.0	1.68	13.11
July	-	10.0	2.2	50.9	1.76	15.16
August	-	10.0	2.2	51.0	1.76	15.19
September	4.0	10.0	2.2	55.1	1.33	16.41
October	-	10.0	2.2	64.1	1.76	19.09
November	3.2	10.0	2.2	62.5	1.40	18.62
December	5.5	10.0	2.2	45.0	1.21	13.40

A: Central Bank Holdings of Government Securities as a multiple of Central Bank's paid up Capital and Reserves.

B: Advance to Government as a percentage of Government's estimated recurrent revenue of the previous fiscal year.

Estimates for Fiscal 1998/1999 $305.0 m Revised 1999/2000 $335.7m Revised

Table IX.6: Government of Belize Treasury Bill Issues

Issue Number	Issue Date	Subscription	Allotment	Discount Rate	Yield (%)	Maturity Date
1/2000	06/01/00	15.4	15.4	5.91	5.99	06/04/00
2/2000	03/02/00	22.5	13.2	5.91	5.99	04/05/00
3/2000	17/02/00	5.8	5.8	5.91	5.99	18/05/00
4/2000	15/03/00	35.6	35.6	5.91	5.99	14/06/00
5/2000	06/04/00	15.4	15.4	5.91	5.99	06/07/00
6/2000	04/05/00	21.2	13.2	5.91	5.99	03/08/00
7/2000	18/05/00	7.2	5.8	5.91	5.99	17/08/00
8/2000	14/06/00	40.7	35.6	5.91	5.99	13/09/00
9/2000	06/07/00	15.4	15.4	5.91	5.99	05/10/00
10/2000	03/08/00	16.3	13.2	5.91	5.99	02/11/00
11/2000	17/08/00	5.8	5.8	5.91	5.99	16/11/00
12/2000	13/09/00	35.7	35.6	5.91	5.99	13/12/00
13/2000	05/10/00	15.4	15.4	5.91	5.99	04/01/01
14/2000	02/11/00	13.2	13.2	5.91	5.99	01/02/01
15/2000	16/11/00	5.8	5.8	5.91	5.99	15/02/01
16/2000	13/12/00	38.5	35.6	5.91	5.99	14/03/01

Transactions with Central Government

Under Section 34 of the Central Bank of Belize Act, 1982 as amended in 1993, the Bank may extend advances to Government up to a maximum of 20% of current revenue collected during the preceding financial year or a sum of $50.0mn, whichever is greater.

An upper financing limit of $67.1mn was consequently established for 2000. Advances to Central Government posted a low of $34.8mn at the end of January and reached a high of $64.1mn at the end of October. At year-end this had subsided to $45.0mn following the placing of the second international bond issue.

Treasury Bills

The Central Bank conducted Treasury bill operations on behalf of the Government during the year. As in previous years, the secondary market was dominated by commercial banks with purchases by individuals being insignificant. The yield of 6.0% set by the government in November 1998 was unchanged and at 31 December 2000, total Treasury Bills outstanding stood at the legal maximum of $70.0mn.

Treasury Notes

Under the 1993 amendment to the Treasury Bill Act, the Government of Belize may issue up to $25.0 mn in Treasury Notes. These notes have a one-year maturity period and carry a 9% rate of interest. At the end of 2000, total Treasury Notes outstanding amounted to $25.0mn, all of which were held by private sector institutions and individuals.

Supervision of the Financial System

The Central Bank processed and approved six applications for banking licences during 2000. Two of these institutions, one domestic bank and one Unrestricted 'A' Class offshore bank, have since commenced operations. Three other offshore banks are in their pre-opening stages while one subsequently opted to exit the process.

In carrying out its supervisory functions, the Central Bank continued its on-site and off-site surveillance of the commercial banks during the year. One full scope on-site examination was carried out on an offshore bank, in which capital adequacy, asset quality, management, earnings, and liquidity (CAMEL) and compliance with the requirements stated in the BFIA were assessed.

Where large credit concentrations were concerned, the Central Bank approved ten applications totalling $204.9mn under Section 21(2) of the BFIA, which allows banks to grant credit facilities in excess of 25% of capital and unimpaired reserves to single or related borrowers. One such application was declined. In comparison, eleven applications totalling $169.0mn were authorized in 1999.

The Bank's supervisory scope was also further expanded during the year with the passing of Statutory Instrument No. 50 of 2000. This SI requires building societies to file financial statements with the Bank and authorizes the Central Bank to periodically examine the books and records of building societies.

Information Systems Developments

During 2000, the ISU oversaw the successful implementation of the Prophecy Open financial application, which went into production on January 3, 2000. Much emphasis was placed on customizing the General Ledger module to provide the Banking Department with the functionality necessary to replace the Advice Voucher System (AVS) system. In mid February, entry on the AVS system was finally discontinued.

The Foreign Exchange Outflows System (IM) that was designed for the Research Department also completed a successful year of production with many of the principal functions of the old IM system being incorporated into the new system. Development of the Foreign Exchange Inflows System (EX) began in June and implementation of the core system was completed in November.

Planning for the implementation of the money transfer system, SWIFT, began in February, and on September 4, 2000 the system went into production in the Central Bank's Banking & Currency and Finance Departments.

The Unit also provided in-house training on the Windows NT workstation operating system for all of the Bank's information systems users. The course addressed networking essentials of sharing files and folders for network access and also covered security permissions on files and folders.

Statistical Appendix

Table 1: Gross Domestic Product (GDP) by Industrial Origin at Current Factor Cost

$ mn

	1996	1997	1998	1999	2000
Gross Domestic Product	**1,014.5**	**1,040.0**	**1,055.4**	**1,179.4**	**1,288.1**
Primary Activities	**220.4**	**212.8**	**207.0**	**233.9**	**229.3**
Agriculture	174.0	163.3	150.0	164.3	164.6
Forestry & Logging	18.3	17.6	17.0	21.7	13.9
Fishing	21.6	25.6	33.8	40.6	41.9
Mining	6.6	6.4	6.2	7.2	9.0
Secondary Activities	**235.2**	**237.4**	**239.5**	**260.0**	**312.3**
Manufacturing	138.9	144.5	142.1	150.1	180.3
Electricity & Water	31.2	31.0	35.9	35.2	38.6
Construction	65.1	61.9	61.5	74.8	93.4
Services	**605.0**	**637.4**	**653.1**	**730.9**	**792.7**
Trade, Restaurant & Hotel	176.3	191.1	199.1	240.4	282.9
Transport & Communications	103.0	109.6	109.4	129.1	129.5
Finance & Insurance	68.0	73.3	73.2	76.1	78.7
Real Estate & Business Services	68.0	69.9	69.8	73.3	77.1
Public Administration	124.4	125.4	133.6	141.4	151.4
Comm. & Other Services	65.3	68.2	68.1	70.7	73.1
Less imputed bank service charges	41.9	43.7	44.2	45.5	46.4

Source: Central Statistical Office

Table 2: Percentage Share Of GDP By Industrial Sector At Current Prices *

	1996	1997	1998	1999	2000
Gross Domestic Product	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Primary Activities	**21.6**	**20.4**	**19.6**	**19.8**	**17.5**
Agriculture	17.1	15.6	14.2	13.9	12.6
Forestry & Logging	1.8	1.7	1.6	1.8	1.1
Fishing	2.1	2.5	3.2	3.4	3.2
Mining	0.6	0.6	0.6	0.6	0.7
Secondary Activities	**23.1**	**22.7**	**22.7**	**22.3**	**24.2**
Manufacturing	13.6	13.8	13.5	12.7	13.8
Electricity & Water	3.1	3.0	3.4	3.3	3.3
Construction	6.4	5.9	5.8	6.3	7.1
Services	**59.4**	**61.1**	**61.9**	**61.8**	**61.8**
Trade, Restaurant & Hotel	17.3	18.3	18.9	20.3	21.6
Transport & Communications	10.1	10.5	10.4	10.9	9.9
Finance & Insurance	6.7	7.0	6.9	6.4	7.2
Real Estate &Business Services	6.7	6.7	6.6	6.2	5.9
Public Administration	12.2	12.0	12.7	11.9	11.6
Comm. & Other Services	6.4	6.5	6.4	6.02	5.6
Less imputed bank service charges	4.1	4.2	4.2	3.8	3.5

Source: Central Statistical Office

* Figures in Table 1 may not reflect these percentages due to rounding

Table 3: Real Gross Domestic Product (GDP) by Industrial Origin at Factor Cost

$ mn

	1996	1997	1998	1999	2000
Gross Domestic Product	**719.5**	**750.0**	**762.8**	**811.9**	**896.9**
Primary Activities	**151.3**	**170.1**	**166.9**	**187.8**	**195.3**
Agriculture	112.7	126.0	114.4	124.5	128.8
Forestry & Logging	14.5	14.1	13.7	13.6	12.1
Fishing	19.1	25.0	34.1	44.3	47.7
Mining	5.1	4.9	4.7	5.5	6.8
Secondary Activities	**179.7**	**181.9**	**179.8**	**187.8**	**228.9**
Manufacturing	121.1	124.3	120.7	125.8	153.9
Electricity & Water	15.0	16.4	18.6	2	14.6
Construction	43.6	41.2	40.5	48.8	60.5
Services	**412.2**	**422.1**	**440.1**	**462.6**	**504.5**
Trade, Restaurant & Hotel	125.4	135.6	144.6	149.1	177.1
Transport & Communications	109.6	106.4	109.0	117.5	120.1
Finance & Insurance	34.4	35.0	34.9	38.4	46.2
Real Estate & Business Services	37.2	39.9	43.7	48.0	48.5
Public Administration	55.7	53.4	54.4	55.0	56.3
Comm. & Other Services	50.0	51.8	53.6	54.7	56.2
Less imputed bank service charges	23.6	24.1	24.0	26.5	31.8

Source: Central Statistical Office

Table 4: Annual Percent Change In GDP By Sector At Constant 1984 Prices *

	1996	1997	1998	1999	2000
Gross Domestic Product	**1.5**	**4.2**	**1.7**	**6.4**	**10.5**
Primary Activities	**5.9**	**12.5**	**(2.0)**	**12.5**	**4.0**
Agriculture	14.2	12.0	(9.3)	8.9	3.4
Forestry & Logging	(8.9)	(2.6)	(3.1)	(6.9)	(6.9)
Fishing	(17.2)	31.1	36.2	29.8	7.8
Mining	(4.1)	(3.2)	(4.4)	15.4	23.9
Secondary Activities	**(0.1)**	**1.2**	**(1.1)**	**4.5**	**21.9**
Manufacturing	0.3	2.7	(2.9)	4.2	22.4
Electricity & Water	2.0	9.9	13.3	(28.8)	9.9
Construction	(1.8)	(5.7)	(1.5)	20.5	23.8
Services	**0.6**	**2.4**	**4.3**	**5.1**	**9.0**
Trade, Restaurant & Hotel	(1.8)	8.2	6.6	3.1	18.8
Transport & Communications	4.2	(2.9)	2.5	7.7	2.2
Finance & Insurance	(1.0)	1.8	(0.3)	10.2	20.3
Real Estate &Business Services	4.3	7.2	9.4	9.8	1.2
Public Administration	(3.8)	(4.1)	1.9	1.1	2.4
Comm. & Other Services	2.5	3.6	3.5	2.1	2.7
Less imputed bank service charges	(1.1)	1.8	(0.3)	10.2	20.3

Source: Central Statistical Office

Table 5: GDP by Expenditure in Current Prices

	1996	1997	1998	1999	2000
GDP in $mn					
Gov't. final consumption expenditure	196.5	209.5	219.1	224.5	230.9
Private final consumption expenditure	765.3	822.3	850.0	894.5	1,031.7
Gross capital formation	273.7	289.8	305.5	407.4	518.5
Exports: goods & services	618.2	662.6	666.2	719.9	739.1
Imports: goods & services	642.2	749.2	781.6	870.7	1,010.3
Net Exports	-24.0	-86.6	-115.4	-150.8	-271.2
Domestic Savings	249.7	203.2	190.1	256.6	247.3
GDP market prices	**1,211.4**	**1,235.0**	**1,259.2**	**1,3751.6**	**1,509.9**
Percent Distribution of GDP					
Gov't. final consumption expenditure	16.2	17.0	17.4	16.3	15.3
Private final consumption expenditure	63.2	66.6	67.5	65.0	68.3
Gross capital formation	22.6	23.5	24.3	29.6	34.3
Exports: goods & services	51.1	53.7	52.9	52.3	48.9
Imports: goods & services	53.0	60.7	62.1	63.3	66.9
Net Exports	-2.0	-7.0	-9.2	-11.0	-18.0
Domestic Savings	20.6	16.5	15.1	18.7	16.4
GDP market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Central Statistical Office

Table 6: GDP by Expenditure in Constant 1984 Prices

	1996	1997	1998	1999	2000
GDP in $mn					
Gov't. final consumption expenditure	139.5	147.3	155.2	160.3	166.2
Private final consumption expenditure	509.0	501.6	533.7	490.3	571.3
Gross capital formation	194.3	203.6	216.4	290.9	373.3
Exports: goods & services	468.7	561.3	558.5	627.2	668.6
Imports: goods & services	455.8	526.5	553.7	621.8	727.3
Net Exports	12.9	34.8	4.8	5.4	-58.7
Domestic Savings	207.2	238.4	221.2	296.3	314.6
GDP market prices	**855.6**	**887.3**	**910.1**	**946.9**	**1,052.1**
Percent Distribution of GDP					
Gov't. final consumption expenditure	16.3	16.6	17.1	16.9	15.8
Private final consumption expenditure	59.5	56.5	58.6	51.8	54.3
Gross capital formation	22.7	23.0	23.8	30.7	35.5
Exports: goods & services	54.8	63.3	61.4	66.2	63.6
Imports: goods & services	53.3	59.3	60.8	65.7	69.1
Net Exports	1.5	3.9	0.5	0.6	-5.6
Domestic Savings	24.2	26.9	24.3	31.3	29.9
GDP market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Central Statistical Office

Table 7: Net Domestic Credit

$mn

	Position as at			Changes During 2000
	Dec 1998	Dec 1999	Dec 2000	
Total Credit to Central Government	153.5	147.9	149.9	2.0
From Central Bank	95.0	67.8	62.7	-5.1
Loans and Advances	45.1	42.0	45.0	3.0
Gov't Securities	49.9	25.8	17.7	-8.1
From Commercial Banks	58.5	80.1	87.2	7.1
Loans and Advances	3.3	2.0	1.0	-1.0
Gov't Securities	55.2	78.1	86.2	8.1
Less Central Government Deposits	30.5	30.4	107.9	77.5
With Central Bank	21.2	25.9	91.9	66.0
With Commercial Banks	9.0	4.5	16.0	11.5
Net Credit to Central Government	123.1	117.5	42.0	-75.5
Plus Credit to Other Public Sector	18.0	7.5	94.5	87.0
From Central Bank	2.3	1.0	84.2	83.2
From Commercial Banks	15.7	6.5	10.3	3.8
Plus Credit to the Private Sector	609.7	649.4	686.1	36.7
Loans and Advances	607.0	646.8	684.6	37.8
Securities	2.7	2.6	1.5	-1.1
Net Domestic Credit of the Banking System	**750.8**	**774.4**	**822.5**	**48.1**

Table 8: Gross Imports (cif) by SITC Categories

US$mn

	1996	1997	1998	1999	2000
Food and Live Animals	43.0	45.2	49.7	53.7	56.5
Beverages and Tobacco	6.9	9.2	4.9	5.5	3.8
Crude Materials	1.2	1.4	1.9	2.7	3.8
Fuels and Lubricants	29.0	36.9	34.0	59.9	75.5
Animal and Vegetable Oils	1.9	1.9	1.8	1.9	2.0
Chemicals	29.5	31.3	31.6	36.7	45.7
Manufactured Goods	46.4	52.5	56.8	57.3	79.6
Machinery and Transport Equipment	64.1	73.9	76.1	103.0	127.0
Miscellaneous Manufactured Goods	31.9	32.2	37.5	43.4	47.7
Commodities not classified elsewhere*	3.1	3.6	3.1`	14.0	9.8
Grand Total	257.0	288.1	297.4	378.0	451.3

Source: Central Statistical Office; Central Bank

Table 9: Balance of Payments Summary – 1999 & 2000*

(US$ mn)

	1999	2000
CURRENT ACCOUNT	**-65.7**	**-130.8**
Goods: Exports f.o.b.	213.2	212.2
Goods: Imports f.o.b.	-337.5	-403.6
Trade Balance	-124.3	-191.4
Services: Credit	161.6	172.4
Transportation	8.5	11.3
Travel	111.4	122.0
Other Goods & Services	20.5	18.9
Gov't Goods & Services	21.1	20.2
Services: Debit	-108.2	-119.7
Transportation	-40.5	-48.4
Travel	-25.8	-30.0
Other Goods & Services	-33.8	-35.0
Gov't Goods & Services	-8.1	-6.3
Balance on Goods & Services	-70.9	-138.7
Income: Credit	2.7	4.8
Compensation of Employees	0.0	0.0
Investment Income	2.7	4.8
Income: Debit	-46.5	-58.9
Compensation of Employees	-6.4	-6.8
Investment Income	-40.0	-52.1
Balances on Goods, Services & Income	-114.6	-192.7
Current Transfers: Credit	52.4	65.1
Current Transfers: Debit	-3.4	-3.2
CAPITAL ACCOUNT,	**0.8**	**0.8**
Capital Account: Credit	3.2	1.2
Capital Account: Debit	-2.4	-0.4
FINANCIAL ACCOUNT	**91.4**	**174.7**
Direct Investment Abroad	0.0	0.0
Direct Investment in Reporting Economy	47.3	17.8
Portfolio Investment Assets	0.0	0.0
Portfolio Investment Liabilities	32.9	113.1
Other Investment Assets	-8.9	-39.4
Other Investment Liabilities	20.1	83.2
NET ERRORS & OMISSIONS	**0.7**	**6.9**
OVERALL BALANCE	**27.2**	**51.6**
RESERVE ASSETS	**-27.2**	**-51.6**
(Minus = increase)		

* = Data for 1999 and 2000 are in BOP 5.0 format, while data prior to 1999 are

Table 10: Government of Belize—Revenue and Expenditure

$'000

	Fiscal Year 1999/2000	Estimated Budget 2000/2001	Jan-Dec 1998	Jan-Dec 1999	Jan-Dec 2000
TOTAL REVENUE & GRANTS (1+2+3)	431,417	406,301	324,967	415,006	418,412
1).Current revenue	**337,384**	**329,019**	**294,521**	**327,087**	**352,235**
Tax revenue	255,012	291,078	265,317	266,542	289,344
Income and profits	64,541	75,600	62,538	63,680	74,149
Taxes on property	2,139	3,200	1,673	1,962	2,036
Taxes on goods and services	81,974	89,978	97,459	81,560	91,354
Int'l trade and transactions	106,359	111,800	95,570	109,272	110,528
Other	0	10,500	8,077	10,067	11,277
Non-Tax Revenue	82,372	37,941	29,204	60,545	62,891
Property income	4,299	4,200	5,680	4,299	2,039
Contributions to pension fund	366	425	383	391	411
Transfers from NFPE's	12,912	6,850	1,370	8,250	5,411
Extrabudgetary revenue	1,870	0.0	1,907	1,661	625
Other	62,926	26,466	19,864	45,944	54,405
2). Capital revenue	**80,355**	**55,600**	**19,693**	**71,454**	**49,167**
3). Grants	**13,678**	**21,682**	**10,753**	**16,465**	**17,010**
TOTAL EXPENDITURE (1+2)	482,540	431,565	353,609	444,088	558,837
1). Current Expenditure	**291,250**	**295,578**	**260,035**	**278,774**	**308,367**
Wages and Salaries	148,691	152,708	137,730	146,448	152,510
Pensions	21,000	19,513	17,673	18,648	20,731
Goods and Services	62,374	54,916	48,550	57,331	72,698
Interest Payments on Public Debt	30,205	38,663	24,797	28,894	36,403
Subsidies & current transfers	28981	29,778	31,286	27,453	26,025
2). Capital Expenditure	**191,290**	**135,987**	**93,574**	**165,314**	**250,470**
Capital II (local sources)	109,808	58,395	50,749	69,311	69,420
Capital III (foreign sources)	81,482	75,043	38,258	91,249	181,051
of which Hurricane Reconstruction	0	0	0	0	20,272
Capital Transfer	0	2,549	4,567	4,754	0
CURRENT BALANCE	46,134	33,441	34,486	48,313	43,868
OVERALL BALANCE	(51,123)	(25,264)	(28,642)	(29,082)	(140,426)
balance excluding Hurricane ERF	(51,123)	(25,264)	(28,642)	(29,082)	(120,154)
FINANCING	51,123	25,264	28,642	29,082	140,426
Domestic Financing	(15,647)	(3,834)	27,571	(4,226)	(71,943)
Central Bank	(29,313)		34,943	(31,606)	(68,606)
Net Borrowing	(32,442)		4,724	(27,189)	(5,060)
Change in Deposits	3,129		30,219	(4,417)	(63,546)
Commercial Banks	27,922		(7,609)	26,288	(4,415)
Net Borrowing	27,915		(3,524)	21,722	7,004
Change in Deposits	7		(4,085)	4,566	(11,419)
Other Domestic Financing	(14,256)		237	1,092	1,078
Financing Abroad	67,046	21,430	14,167	38,494	213,504
Disbursements	97,680	53,360	45,662	69,240	270,842
Amortization	(30,893)	(32,106)	(31,704)	(30,421)	(54,756)
Sinking Fund & JCF	259	176	209	(325)	(2,582)
Other	(276)	0	(13,096)	(5,186)	(1,135)

Sources: Ministry of Finance
Central Bank of Belize

Table 11: Central Government's Domestic Debt 2000

$'000

	Disbursed Outstanding Debt 31/12/99[R]	Transactions To During 2000: Disbursement/ New Issues of Securities	Amortization/ Reduction in Securities	Interest Payment	Net Change in Overdraft/ Securities	Disbursed Outstanding Debt 31/12/00[P]
Overdraft	43,961	0	0	5,439	2,026	45,987
Central Bank	41,964	0	0	5,439	3,036	45,000
Commercial Banks	1,997	0	0	0	(1,010)	987
Belize Social Security Bd.	10,329	0	10,329	359	0	0
Loans						
Housing 11	2,479	0	2,479	0	0	0
Rural Electrification	5,000	0	5,000	202	0	0
Rural Electric. 11	2,500	0	2500	100	0	0
Rice Crop. 11	350	0	350	57	0	0
Treasury Bills	70,000	0	0	3,619	0	70,000
Central Bank	13,601	0	0	711	(8,086)	5,515
Commercial Banks	54,848	0	0	2,797	8,014	62,862
Other	1,551	0	0	111	72	1,623
Treasury Notes *	24,000	0	0	0	0	24,000
Central Bank	10	0	0	0	(10)	0
Commercial Banks	23,269	0	0	0	0	23,269
Other	721	0	0	0	10	731
Defence Bonds	15,000	0	0	624	0	15,000
Central Bank	10,000	0	0	400	0	10,000
Commercial Banks	100	0	0	4	0	100
BSSB	0	0	0	0	0	0
Other	4,900	0	0	220	0	4,900
Debentures	6,200	0	0	199	0	6,200
Central Bank	2,170	0	0	0	0	2,170
Commercial Banks	0	0	0	0	0	0
BSSB	3,980	0	0	199	(3,980)	0
Other	50	0	0	0	3,980	4,030
Land Purchase (BBL)	2,000	0	1,000	181	0	1,000
DFC Loan (Debt Restructuring)	0	10,000	280	558	0	9,720
TOTAL	171,490	10,000	11,609	10,979	2,026	171,907

R = Revised
P = Provisional
* Since October of 1998 Treasury Notes are being subscribed to in $US.
They are now, therefore, considered part of Foreign Liabilities. However interest is still paid in local currency.

Table 12: Public Sector External Debt by Creditor

$'000

	Disbursed Outstanding Debt 31/12/99R	Transactions During 2000				Disbursed Out-standing Debt 31/12/00P
		Disbursement	Amortiza-tion	Interest & Other Charges	Valuation Adjust-ments	
CENTRAL GOVERNMENT	**402,679**	**270,840**	**54,759**	**24,928**	**(5,137)**	**613,623**
Caribbean Development Bank	48,675	3,419	1,350	1,814	(80)	50,664
European Economic Community	17,988	0	353	136	(1,840)	15,795
Int'l Bank for Reconstruction Dev.	55,198	3,434	4,586	4,576	0	54,046
Int'l Fund for Agricultural Dev.	1,944	379	251	88	(94)	1,978
Gov't of United Kingdom	34,124	0	4,432	0	(2,969)	26,723
Gov't of Trinidad and Tobago	42	0	3	1	(1)	38
Gov't of United States of America	34,154	0	2,935	1,086	0	31,219
Suppliers Credit	13,775	26,945	6,610	1,817	317	34,427
OPEC Fund for International Dev.	3,520	311	513	234	128	3,446
Instituto Nazionale di Credito	7,928	0	3,964	506	0	3,964
Government of China	407	0	58	0	(1)	348
Republic of China	103,310	24,265	4,737	5,315	(1)	122,837
Republic of Germany	0	6,525	0	53	0	6,525
Fondo de Inversiones de Venezuela	5,977	0	1,145	343	1	4,833
Inter-American Development Bank	9,889	17,021	0	436	1	26,911
Government of Spain	2,204	0	581	87	(210)	1,413
Government of Kuwait	9,544	694	1,094	402	(67)	9,077
Citicorp Merchant Bank Ltd.	20,000	0	0	1,990	0	20,000
Citibank of Trinidad	24,000	0	0	2,379	0	24,000
Provident Bank & Trust	10,000	11,016	0	951	0	21,016
Salomon Smith Barney	0	52,030	0	2,692	0	52,030
Royal Merchant Bank**	0	120,000	22,147	0	0	97,853
All First Bank of Maryland	0	4,480	0	22	0	4,480
REST OF NON-FINANCIAL	**24,179**	**13,364**	**2,196**	**2,061**	**(164)**	**35,183**
Caribbean Development Bank	8,558	4,848	1,262	440	(127)	12,017
CIBC Bank & Trust Co.	9,919	0	934	1,101	0	8,985
Government of Kuwait	5,702	0	0	421	(37)	5,665
Amtrade of Georgia	0	8,516	0	99	0	8,516
FINANCIAL PUBLIC SECTOR	**78,112**	**103,248**	**9,025**	**10,476**	**(935)**	**171,400**
Caribbean Development Bank	42,310	3,938	1,615	2,313	(44)	44,589
European Economic Community	4,293	311	238	173	(428)	3,938
Paine Webber	2,900	0	200	198	(100)	2,600
Gov't of United States of America	3,984	0	347	117	0	3,637
Export/Import Bank of Taiwan	625	0	625	16	0	0
Citicorp Merchant Bank Ltd.	0	10,000	0	501	0	10,000
Citibank Trinidad & Tobago	24,000	10,000	6,000	3,190	0	28,000
International Bank of Miami	0	64,000	0	3,664	0	64,000
Republic of Germany	0	14,999	0	304	(363)	14,636
TOTAL	**504,970**	**387,452**	**65,980**	**37,465**	**(6,236)**	**820,206**

** - This disbursement was net of $22.147mn, the amount used to establish a sinking fund.

Auditor’s Report

CENTRAL BANK OF BELIZE

2000 FINANCIAL STATEMENTS

CONTENTS

CENTRAL BANK OF BELIZE

Nineteenth Annual Report and Accounts 2000

Central Bank of Belize
P.O. Box 852
Belize City, Belize
Central America

Telephone: (501) 2 36194   Facsimile (501) 2 36219
email: govcenbank@btl.net

Typeset at Central Bank of Belize
Printed by

Photo on cover by Jeremy Spooner

PRICE: BZ$20.00

ISSN 1025-1618