

GraMar's

Report on

Cross Border Survey

Belize/Mexico Border

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EXECUTIVE SUMMARY

The findings from the various parts of the cross-border trade survey are detailed in the following sections. The number of individuals crossing the border to shop in Chetumal weekly is astonishing, an estimated 6,300 Belizeans cross over to shop in Chetumal. Their reasons for doing this is the perceived "value for money" and the "outing" aspects of going to Chetumal. In the northern districts, shopping in Chetumal is a way of life - affording them a wider variety of products and services at cheaper prices. The Belize City working class population dominates the list of travelers going to Chetumal in buses, and Batty Brothers Bus Service carries the lion's share (80% to 90% of travelers to Chetumal on buses; over 70% of the total number of Belizeans crossing the border each day). Another estimated 700 Orange Walk residence uses the Blue Creek/Union border to do their shopping, totaling 7,000 Belizeans weekly shopping in Mexico. An electronic travel card system could be implemented to facilitate the data collection process for the Immigration Department as well as the Customs Department at these border crossing points.

As was expected, there is a considerable amount of trading with Mexico that is not accounted for and as such distorts the true situation with our balance of trade position. For example, in 1997 there were some \$72million dollars in imports from Mexico - representing a 16% increase over the 1996 figure of \$62million; on the other hand, 1997 exports to Mexico fell to \$2.2million dollars (1996 figure was \$4.5million). The actual volume of trading being done with Mexico is almost double the amount reported for imports, as is detailed in section B (Quantifying the volume of cross-border trade). A conservative estimate places this unrecorded figure at over \$55million dollars. It is understood that the trading in currencies by individuals standing at the Santa Elena Border is the only available option to exchange Belize dollars for Mexican pesos. This is an estimated fifty-five million dollars a year operation that is not being addressed properly. Central Bank of Belize can enforce its authorized Foreign Exchange Centers law, thereby making it possible to achieve a more accurate estimate of the above mentioned \$55million dollars and bring it under proper controls by having Currency Exchange Centers at the border.

The items being crossed at the Santa Elena border are regular household items that are on every family's list of weekly/monthly purchases from the grocery stores. The only items not being crossed are those which have been prohibited or requires a permit or license to import into Belize. Soap, soap powder, fabric softener, dish washing liquids, toothpaste, deodorant, shampoo, toilet paper, paper towels, air refreshers, toilet cleaners, and pampers are all high on the list. Cereals, biscuits, sweets, fruit juices, powder drinks, coffee, and other snacks are on everyone's list. Of course these lists also includes cooking oil, ketchup, mayonnaise, mustard, jams, refried beans, mixed vegetables, vinegar, seasonings, macaroni, spaghetti, noodles, and at times clothing and footwear.

The items mentioned above were then chosen to sample prices in Chetumal and compare them with local merchants in Belize City and the district towns. The fact of the matter is that the perceived "value for money" is there - it exists; not to the extent as the average Chetumal shopper believes though. Most items being crossed are readily available in the district towns at roughly 30% to 35% over the cost in Chetumal, and some of the larger Belize City merchants have already started shelving these exact products at prices below their U.S. representative products sitting on other shelves. These items remain sufficiently higher for the Belizean shopper to still choose crossing the border to shop in Chetumal.

Comparing the services being utilized in Chetumal by Belizeans is where some very real "value for money" is being received. The medical industry stands out as the "BEST DEAL" winner after our survey. Automotive and Entertainment offers substantial savings as well; however, its the availability and variety of these services over in Chetumal that attracts many of Belizeans. The cost of hospitalization for one day comparison shows the largest variance, some 650% over Chetumal cost; while Cat Scans - a relatively new medical service being offered by Belizean practitioners, are only 5% at our LOW price in Belize and less than 60% at the HI price in Belize.

FINDINGS

A.) Reasons Belizeans travel across the border to shop

In an effort to identify the reasons why Belizeans travel to Chetumal to do their shopping, GraMar's came up with a list of questions to ask the passengers traveling on buses to Chetumal. The questions asked and the answers most frequently received are listed below. The bottom line is that there exists a perception that prices are considerable cheaper on ALL goods, so the average Belizean shopper normally responds with "...value for my money...". As section C of this part of our report shows, there exist a few "loss leaders" in Chetumal to attract the Belizeans - as is expected, the other items are not that great a savings, but the shoppers get caught up with spontaneous shopping.

Most Belizeans seem to enjoy the little "outing" that their weekly or semi-monthly trips to Chetumal affords them. They get a chance to receive perceived "value for their dollars" while getting away from the routine of life in Belize City or their respective district towns. Of note is the fact that most Orange Walk residents prefer to cross the border at Union instead of the Santa Elena/Chetumal option chosen by Belize City, San Ignacio, and Corozal residents. Most Corozal and Orange Walk residents that purchase goods across the border would make at least two trips weekly. Belize City and San Ignacio/Benque residents make weekly or semi-monthly trips - as is evident by the new service now being offered by Novelo's of San Ignacio (an excursion on the 15th and the end-of-month weekend dates from Benque to Chetumal).

GraMar's team of five made frequent visits to the border and district towns (Belize City, Orange Walk Town, Corozal Town, and Chetumal) on the local Buses to make observations, ask questions, and gather sampling information. Some two hundred travelers on the buses were questioned, answers to these questions asked by the project team members are as follows:

(1) Are you going to Chetumal for pleasure, weekend relaxation, or to shop?

Answers:	<u>Reason</u>	<u>#'s</u>	<u>%of Total</u>
	Shop	162	78.64%
	Pleasure	27	13.12%
	Medical	17	8.24%
	TOTAL	206	100.00%

(2) Do you shop at a specific store? Where? _____ Why? _____

Answers:	<u>ShopWhere?</u>	<u>#'s</u>	<u>%of Total</u>	<u>Why?</u>
	SanFran de Aziz	131	63.59%	bus park
	Isste	62	30.10%	convenience
	Medical	13	6.31%	necessity
	TOTAL	206	100.00%	

(3) Which items do you find are the best bargains?

Answers: cereals, vinegar, biscuits, and toiletries

(4) How regularly do you cross the border to shop?

Answers:	<u>#ofXing</u>	<u>#'s</u>	<u>%of Total</u>
	Weekly	86	41.75%
	SemiMoly	77	37.38%
	2to3xWeekly	43	20.87%
	TOTAL	206	100.00%

(5) What are some of the things you cannot find in Belize that you travel to Chetumal for?

Answers: None, some medical services

(6) How much money do you spend in Chetumal with each trip?

Answers:	<u>Dollars</u>	<u>#'s</u>	<u>%of Total</u>
	under \$100	28	13.59%
	\$101 - \$150	106	51.45%
	\$150 - \$250	53	25.73%
	> \$250	19	9.23%
	TOTAL	206	100.00%

(7) What percent of your monthly purchases are from Chetumal?

Answers:	<u>%of moly</u>	<u>#'s</u>	<u>%of Total</u>
	< 50%	69	33.49%
	50% - 60%	113	54.85%
	> 60%	24	11.66%
	<u>TOTAL</u>	<u>206</u>	<u>100.00%</u>

(8) Have you ever used the medical services in Chetumal? Which kind?

Answers: 75%No, Mammograms for those that have used medical services

(9) Have you ever used any other services in Chetumal (tourism, auto)?

Answers >80%Yes, Tourism (restaurants, bars, etc.)

(10) Have you ever encountered problems while shopping in Chetumal?

Answers: >80%No, occasional language problems for others

(11) Do you speak Spanish fluently?

Answers:	<u>District#’s</u>	<u>#’sFluent</u>	<u>%fluency</u>	
	Belize	157	38	24.20%
	OrangeWalk	23	23	100.00%
	Corozal	26	25	96.50%
	<u>TOTAL</u>	<u>206</u>		

Language barrier notwithstanding, Belize City residents, who make up the greater part of bus travelers to Chetumal, still seems to think that prices are sufficiently low enough to feel that they are receiving value for money and consequently take the opportunity to get a little “outing” while doing a little grocery shopping. With prices of these items lower in the districts (as can be seen on Schedule B attached, the average prices of the items sampled in the districts were below 35% over Chetumal prices), and with population considerations, the numbers of district travelers that do take the buses do so as part of their normal lives - shopping in Chetumal offers them more variety and better prices than their respective district towns and villages.

B.) Quantifying the volume of cross-border trade

Statistical information on cross-border trade were difficult to come by, as all three government departments contacted (**Customs Department, Immigration Department, and Central Statistical Office**) were not utilizing any subsystem to capture the data needed to get these statistics. All three were very helpful in assisting in every way possible, and have allowed us to carry out our sampling and observations smoothly.

Customs Department received us very warmly in Corozal; however, the information we thought they would have been able to provide us with was not available.

The only information that the department has is a dollar figure for *actual revenues collected* and the *declared value of goods* these revenues were charged on - available through Belize City branch. Information received revealed that for the 1997 year there were some \$72million dollars in imports from Mexico - this representing mainly merchant traders and a 16% increase over the 1996 figure of \$62million. Conversely, 1997 exports to Mexico fell to \$2.2million dollars (1996 figure was \$4.5million).

It is not practical for Customs to undertake a 100% check; attempts to do so in the past resulted in very long lines at the border, with persons standing either in the sun or the rain. Customs was forced to reverse/revise their operations. Currently, a Belizean is legally allowed to import up to \$200.00 worth of items annually free of import duties. Belizeans making weekly/semi-monthly/monthly trips to the border imports close to this figure with each trip - some exceeding it. There is no mechanism in place to ascertain the extent to which this figure is being adhered to at the moment; a higher annual dollar amount would certainly need to be established if adherence will be expected.

From our observations, it is obvious that the above referred to *declared value of goods* being documented and reported is only a part of the actual figure. After questioning and observing Custom's Officers, it is clear that individuals are almost never assessed duty - it is mainly those individuals suspected/known to be traders that will definitely be checked. With the exception of those individuals trying to cross restricted items or items requiring permits, most won't even have to open their plastic bags in front of Customs Officers.

Taking the reported declared value of goods being imported from Mexico of \$72 million for 1997 and factoring a 15% growth, this figure alone should grow to an estimated \$82million dollars for 1998. Estimated numbers crossing the Mexican border without being declared is over \$55million (7,000 Belizeans weekly [Chetumal = 6,300 and Union = 700], spending an average of \$150 each), bringing the estimated total to over \$137million dollars.

Immigration Department (Corozal) as well was very warm and helpful; however, again the information being sought after was not available, as the department had stop recording the names of individuals crossing the border just to go to Chetumal. If an individual is crossing the border to go beyond Chetumal, then his/her name will be written in a log book for future references; otherwise, the Immigration Officers just verify the travel document and stamp it - the same is repeated upon return. Implementing an electronic travel card system for our frontier border crossing points could be done very cost effectively to address this situation. The same card will be used to record data for both Customs and Immigration Departments.

Our research method to estimate the number of individuals crossing to shop in Chetumal took us to the major Bus operators (Batty's, Venus, Escalante, Novelo's, etc.) whom gave to us their numbers based on passengers by Districts. This along with the assistance afforded us by *Mrs. Sharon Neal* (Officer in Charge - Immigration

Department Corozal) and the department helped us establish a reasonable estimate of the number of individuals crossing the border solely to go shopping in Chetumal (6,300 individuals weekly). Currently, Batty Brothers Bus Services shows average week day crossing of five hundred passengers, while Saturday and Sunday averages almost one thousand passengers on each of these days (approximately 4,500 individuals crossing the border weekly on Batty's buses alone - this represents over 70% of the 6,300 total Belizeans crossing the Santa Elena Border).

As noted earlier, Orange Walk residents with vehicles use the Union/Blue Creek border to do their shopping and illegal trading - with 30 to 60 individuals crossing on weekdays, and any where from 200 to 300 individuals crossing on weekends (a weekly estimate of 700 individuals crossing at Union). A check around Orange Walk reveals that most of the retail outlets display Mexican products on their shelves, and claim to have paid their duties on items stocked. The greater part of those Orange Walk individuals using the Union crossing seem to be small merchant traders with retail outlets in the town and various village locals in the district. The resident shoppers of Orange Walk Town and the villages still seem to enjoy the "outing" aspect of shopping in Chetumal - as opposed to Union which is really a small village outpost across the river along the border.

The numbers observed on Saturday, October 3rd and on Tuesday, September 28th are detailed in Figure 1.1. The numbers collected for weekends (Saturday and Sunday), especially "15th and Ending" weekend dates almost double the weekday traffic.

Figure 1.1

Cross-border Trade Survey

Santa Elena Border		Observations			
	# of Bzeans Xing in Bus	% of Bus	# of Bzeans Xing	% of Total	
Saturday : 03/10/98 Observations					
Total Bzeans Xing Border			1301		
-Bus Lines			1160	89.16%	
Batty's - Belize City	975	84.05%			
Novelo's - San Ignacio	105	9.05%			
Escalante - Orange Walk	30	2.59%			
Venus - Corozal	50	4.31%			
-Other Transportation			141	10.84%	
Tuesday : 28/09/98 Observations					
Total Bzeans Xing Border			723		
-Bus Lines			595	82.30%	
Batty's - Belize City	525	88.24%			
Novelo's - San Ignacio	15	2.52%			
Escalante - Orange Walk	20	3.36%			
Venus - Corozal	35	5.88%			
-Other Transportation			128	17.70%	

Central Statistical Office was very helpful in identifying BASKET ITEMS as determined by the CPI (Consumer Price Index) items sampled. This department performs a quarterly sampling on these items, all major retail outlets in urban areas countrywide are visited so as to estimate the rate of inflation based on the CPI. *Mr. Sylvan Roberts* (Chief Statistician) and *Mr. Rick Willoughby* (Statistician) were very helpful in providing all information being requested, but CSO's information system is not designed to generate price listings by establishments being sampled. Additional information received through this department assisted us in evaluating the entire scenario, as Belize's Inflation rate and the Mexican Peso's fluctuation tendencies seem to be the major reasons being offered for perceived "value for the dollar" justification of crossing the border to purchase BASKET ITEMS.

The following items were observed in the plastic bags of shoppers returning to Belize through the Santa Elena Border:

soap * soap powder * fabric softener * dish washing liquid * toothpaste * pampers * deodorant * shampoo * toilet paper * paper towels * aluminum foil * cereals * cooking oil * ketchup * mayonnaise * mustard * jams * refried beans * mixed vegetables * vinegar * biscuits * chips * sweets * fruit juices * powder drinks * sodas * canned meats * macaroni * coffee * spaghetti * noodles * seasonings * air refreshers * toilet cleaners * clothes and footwear *

Of note is the fact that a few of the larger merchants countrywide have started carrying substitute items from Chetumal on their shelves along with the usual U.S. items. In Belize City, **Romac's** stands out with its lower prices (as compared to **Brodie's** and **SaveU**), and even has isle of products exclusively from Chetumal. Most noteworthy of all the best bargains locally, is **Kardim's** of Corozal Town (with almost 80 - 90 percent of its line being from across the border in Chetumal).

C.) Sample prices in Chetumal compared with locals in Belize City

<u>Description of Goods</u>	<u>BZE</u> <u>HI</u>	<u>BZE</u> <u>LOW</u>	<u>CHET</u> <u>AVG</u>	<u>BZE HI</u> <u>Var %</u>	<u>BZE Low</u> <u>Var %</u>
TOOTHPASTE					
Colgate 125 ml	\$3.60	\$2.40	\$2.41	49.29%	0.00%
Colgate 100 ml	\$4.79	\$4.10	\$2.93	63.48%	39.93%
TOILET PAPER					
Cottonelle 4pk	\$3.30	\$2.85	\$2.24	47.65%	27.52%
SOAP POWDER					
Roma 5k	\$16.60	\$14.35	\$10.24	62.19%	40.21%
Foca 5k	\$17.40	\$15.60	\$10.68	63.00%	46.14%
Foca 2k	\$7.25	\$6.25	\$4.34	67.05%	44.01%
Roma 2k	\$5.98	\$5.70	\$4.32	38.59%	32.10%
PAMPERS					
Baby Comfort 20pk	\$9.60	\$9.40	\$8.15	17.83%	15.38%
CORNFLAKES					
Corn Flakes 680g	\$14.58	\$8.45	\$4.05	260.44%	108.90%
Zucaritas 510g	\$8.30	\$7.49	\$4.57	81.82%	64.07%
FABRIC SOFTENER					
Sauvitel 2 liter	\$9.99	\$8.60	\$5.52	81.14%	55.94%
Downy 2 liter	\$9.99	\$7.75	\$5.32	87.96%	45.81%
PLASTIC WARES					
Tepsa Cups 50, 12.3oz		\$1.98	\$1.54	2.55	65.58%
Upri Plates 20	\$3.35	\$2.80	\$1.96	70.92%	42.86%
DISH CLOTH					
Magitel 5 telas	\$2.20	\$1.65	\$1.10	100.00%	50.00%
SANITARY PADS					
Kotex anatomia	\$2.80	\$2.10	\$2.06	35.92%	1.94%
SHAMPOO					
Pert Plus 300m	\$6.25	\$5.95	\$3.45	81.16%	72.46%
ANTISEPTIC SOLUTIONS					
Fabuloso 960ml	\$4.00	\$3.85	\$2.61	53.26%	47.51%
Harpic 500ml	\$3.96	\$3.65	\$2.65	49.43%	37.74%
KETCHUP					
Hunts 680ml	\$3.45	\$3.45	\$2.65	30.11%	30.11%
Cariolla Katsup 5.65g			\$1.58	42.41%	42.41%

\$2.25

<u>Description of Goods</u>	BZE	BZE	CHET	BZE HI	BZE Low
	<u>HI</u>	<u>LOW</u>	<u>AVG</u>	Var %	Var %
REFRIED BEANS					
Maggi 440g	\$2.05	\$1.75	\$1.06	93.40%	65.09%
La Costena 580g	\$2.85	\$2.25	\$1.64	74.31%	37.61%
VINEGAR					
La Costena 1000ml	\$2.30	\$1.65	\$0.64	262.20%	159.84%
SOAP					
Palmolive 200g	\$1.99	\$1.60	\$1.02	95.10%	56.86%
Zest 200g	\$1.80	\$1.60	\$1.02	76.47%	56.86%
BISCUITS					
Box Choco Tips 800g	\$6.75	\$6.75	\$3.27	106.42%	106.42%
Galletas Bizcochitos 150g	\$1.10	\$1.10	\$0.58	89.66%	89.66%
COOKING OIL					
Ideal Aciete 1 liter	\$2.65	\$2.65			
1-2-3 1 liter	\$3.20	\$3.15	\$2.18	46.79%	44.50%
MIX VEGETABLES					
Salsa Casera 220g	\$1.18	\$0.98	\$0.58	103.45%	68.97%
Costena Jalapenos 380g	\$2.20	\$1.60	\$0.91	141.76%	75.82%
Costena jalapenos 220g			\$0.53	273.58%	60.38%
FRUIT JUICES					
Valle 2 liter	\$5.45	\$4.85	\$4.59	18.74%	5.66%
Valle 1 liter	\$3.65	\$2.85	\$2.28	60.09%	25.00%
Jumex 1 liter	\$3.30	\$2.75	\$2.17	52.07%	26.73%
FRUIT COCKTAIL					
Del Monte 851g	\$5.16	\$5.16	\$3.87	33.47%	33.47%
POWDER DRINKS					
Mi Choco 400g	\$2.25	\$1.80	\$1.93	16.58%	0.00%
Quick 200g	\$2.79	\$2.50	\$1.25	122.45%	99.33%
Milo 300g	\$4.59	\$4.59	\$2.87	59.93%	59.93%
JAM					
La Costena 275g	\$3.35	\$3.35	\$1.45	130.57%	130.57%
Del Monte 300g	\$2.75	\$2.60	\$1.45	90.01%	79.64%
Average Varaince % of items above:				82.84%	
52.58%					

\$0.85

Description of Goods	BZE	BZE	CHET	BZE HI	BZE Low
	HI	LOW	AVG	Var %	Var %
Automobile Service					
Oil Change & Service	\$150.00	\$75.00	\$40.00	275.00%	87.50%
engine repair	\$0.00	\$0.00			
Automobile Tinting	\$250.00	\$175.00	\$100.00	150.00%	75.00%
Body Works w/ Spray	\$1,800.00	\$1,500.00	\$1,200.00	50.00%	25.00%
automobile repair	\$0.00	\$0.00			
Tyres for cars	\$0.00	\$0.00			
Windshield installed	\$1,300.00	\$1,100.00	\$885.00	46.89%	24.29%
Battery 11plates	\$225.00	\$185.00	\$95.00	136.84%	94.74%
Water pump for car	\$240.00	\$205.00	\$145.95	64.44%	40.46%
Rear Shocks for car	\$435.00	\$350.00	\$285.00	52.63%	22.81%
gasoline	\$0.00	\$0.00			
Average Varaince % of items	above:			110.83%	52.83%
MEDICAL					
Ultrasound	\$125.00	\$75.00	\$31.86	292.34%	135.40%
Color Doppler	\$200.00	\$100.00			
Basic X-Ray	\$60.00	\$50.00	\$17.58	241.30%	184.41%
Mammogram	\$125.00	\$75.00	\$30.76	306.37%	143.82%
Cat Scan	\$450.00	\$300.00	\$285.71	57.50%	5.00%
Hospitalization 1 day		\$500.00	\$65.88	58.38%	658.38%
Hospitalization 6 hrs		\$300.00	\$300.00		
Average Varaince % of items	above:			311.18%	225.40%

The attached Schedules expands these items to include Kardim's of Corozal and People's Store of Orange Walk Town in the their respective columns. As can be seen from these schedules, the average price variances in Corozal and Orange Walk is under 35% over the Chetumal prices. The why behind this seems to be the fact that they don't carry the items with larger variance as do the Belize City vendors; they actually stock a lot of Chetumal products and as such their prices reflect an average markup on these items.

The medical field is where Belizeans receive the most savings, both in terms of the tangible medical products, and the services being provided. Belizeans utilize these facilities as their own in the districts; Belize City residents are not as ready to cross the border for medical services, unless absolutely necessary.

HOTELS

Hotel accommodations in Belize and Chetumal are very similar in pricing structure. For instance in Belize/Chetumal the prices are as follows:

A.)

-Radisson Fort George on an average cost US\$159.00 per night + 7% tax.

There is a Belizean rate which is ½ this rate, offered by the Radisson.

-Holiday Inn in Chetumal is the hotel most comparable to the Radisson and will cost you US\$149.00 per night + 15% tax.

B.)

-The Fiesta Inn (Belize) offers a rate of US\$119.00 per night + 7% tax.

-Los Cocos (Chetumal) is the closest in comparison to Fiesta Inn (Belize) and will cost you US\$125.00 per night + 15% tax.

C.)

-The smaller hotels seem to be cheaper in Chetumal than in Belize. One can stay at a small hotel in Chetumal for approximately BZ\$45.00 and in Belize for about BZ\$60.00 per night (plus respective taxes).

FOOD

The cost of food in Chetumal varies from one extreme to another, depending on where and what one wants to eat. There are street side vendors that sell tacos, tortas, burritos, and other Mexican snack foods. On an average one can fill one's self with about BZ\$5.00 on a selection of the above; in comparison, Belize's vendors are not far off from this pricing system. For example,

ITEM	COST	BZE QTY	Chet QTY
Tacos	BZ\$1.00	3	5
Tortas/sandwich	BZ\$1.50	1	1 ½
Burritos	BZ\$2.00	1	2

The more middle class spots are a bit more spaced out when it comes to prices. The main food to fall under this category is Chinese food. For example,

ITEM	BZE COST	Chet COST
Fried Rice	BZ\$ 7.00	BZ\$ 4.50
Sweet & Sour	BZ\$ 9.00	BZ\$ 6.50
Chow Mein	BZ\$ 7.00	BZ\$ 4.50

AUTOMOTIVE

The market place in Belize when it comes to auto parts has proven to be much more expensive than Chetumal. Parts quoted to us such as water pumps, spark plugs, head lights, engine blocks, brake pads, struts, shocks and rebuilding kits show a price difference of approximately 22% to 40% depending on the item. For example, a water pump for a 1992 Ford Escort was priced at its cheapest in Belize for BZ\$205.00, while the same water pump in Chetumal at its cheapest was found for BZ\$145.95. Likewise, a pair of rear shocks for the same car were priced at BZ\$350.00, while in Chetumal the same item was priced at BZ\$285.00 installed.

The service industry for vehicles in Chetumal also showed large variations in pricing as compared to Belizean prices for similar services. To do minor body works on a 1993 Ford Ranger pickup it was estimated at BZ\$1500.00 to BZ\$1800.00 in Belize, while in Chetumal the price quoted was BZ\$1200.00. To tint a four door car in Belize costs BZ\$175.00 to BZ\$250.00, while in Chetumal this service cost BZ\$100.00. A basic oil change and service in Belize costs BZ\$75.00 to BZ\$150.00, while in Chetumal this can be had for BZ\$40.00. The costs of labour and electrical power may play as major factors in the lower cost of service oriented industries in Chetumal.

MEDICAL

The Medical industry is where the greatest price discrepancies exists; the only problem with sampling the goods classified as Medical were that mainly substitute items are offered in Chetumal. There are cases where specialty drugs are found by name in both Belize and Chetumal pharmacies (Ladogal fertility pills, which must be taken three times daily by the female under treatment, sells for BZ\$7.25 each in Belize, as opposed to BZ\$2.85 each in Chetumal). Medical supplies in general are a few hundred percent cheaper in Chetumal than in Belize for the private practitioners that use these supplies. Isste's pharmacies are subsidized by the government of Mexico, and as such are able to greatly undersell the private pharmacies in Chetumal itself, much less Belizean pharmacies.

In the services being offered in the Medical field prices really spread out. With the exception of Cat Scans which seem to be a loss leader service being offered by the competing Belizean diagnosis centers new to the market, most medical services are at the least 135% cheaper in Chetumal (going up to 650% cheaper when it comes to daily hospitalization charges). Ultrasounds cost BZ\$75.00 to BZ\$125.00 in Belize, and BZ\$31.86 in Chetumal (135% to 292% cheaper). Mammograms cost BZ\$75.00 to BZ\$125.00 in Belize, and BZ\$30.76 in Chetumal (143% to 306% cheaper). Basic X-Rays cost BZ\$50.00 to BZ\$60.00 in Belize, and BZ\$17.58 in Chetumal (184% to 241% cheaper). Cat Scans, as eluded to earlier, costs BZ\$300.00 to BZ\$450.00 in Belize, and BZ\$285.71 in Chetumal (5% to 57.5% cheaper only).

ILLEGAL TRADING

The information received was mainly gathered from the Corozal and Orange Walk districts. In studying the problem of the goods which cross over into Belize without paying duty, it became very clear that the best source of information would be the contraband groups themselves. This was able to be done with reassurances to the information givers that their names not be disclosed.

The largest good to be brought across the border illegally proves to be beer. The beer of choice has proven to be Budweiser that has been made for the Mexican market. At a cost of BZ\$92.00 per case in Belize for the Belize market, it is a highly profitable business for those who bring in this product from Mexico at the low cost of roughly BZ\$35.00 per case (depending on the rate of exchange). The case of Budweiser is then sold in Belize for a price of BZ\$50.00 to BZ\$60.00 per case. The next most popular beer crossing the border is Modelo, followed by Corona; these are brought into Belize for personal consumption. The Modelo and Corona beers can be purchased in Chetumal or Union for BZ\$22.00 per case, and is sold for BZ\$35.00 to BZ\$45.00.

The investigation of this matter also uncovered that the pipeline has become longer. An illegal activity that was once confined to the Corozal and Orange Walk districts has now trickled down to the Belize district. To make matters worst, the product is being brought into Belize in large quantities (estimated at 100 to 200 cases weekly). In the districts, the larger night-time spots have been named as outlets for these products, but the retail business being carried on at a few of the traders houses is even more ludicrous.

Though illegal border crossing points are blamed, the majority of products being brought into the country illegally (without paying duties or acquiring permits) are said to be passed at the Santa Elena border - in the day time. Alternative crossing points are only considered when the Custom's Department is cracking down on the trade and checks at the border with new personnel. It was also brought to our attention that these products are being stored in warehouses in both Corozal and Orange Walk districts until ready for delivery throughout Belize.

Other items on the list of illegal trading includes mainly those requiring permits to be brought into the country - cigarettes, liquors, fuels, goods and produce in demand. Although the local merchants have started carrying Mexican line of products as substitute to the existing products, their prices still are sufficiently higher it may seem for the Belizean shopper is still crossing the border in the thousands weekly.

RECOMMENDATIONS:

The government of Belize has to take the bull by the horn and deal with this problem at its source. A Bi-lateral agreement with the government of Mexico has to be reached to facilitate Belizean exports of livestock and agricultural produce to Mexican markets at preferred prices to ensure sustainability until profitability can be achieved at the open market prices. The balance of trade currently stands at BZ\$137million in Imports (declared and undeclared), and a couple of millions (\$2.2million in 1997) in export to Mexico - this cannot and should not continue. They obviously won't want to assist in reducing the amounts of their Exports, so we'll have to work on them committing to Import Belizean products at preferred prices to the tune of BZ\$100million annually - starting with livestock and agricultural produce. Although these figures represents roughly 10% of Belize's GDP, they are very small and inconsequential to Mexico's GDP; therefore they should be able to appreciate our position and work with Belize to address this situation.

Also, If Customs Department were to actually assess duties on those items going undeclared at the moment, not only will G.O.B.'s revenues increase by some BZ\$5 to \$7million dollars, but this might just sufficiently raise prices on the items being crossed to the point where some of the shoppers may start making less trips across the border for "DEALS" which aren't there anymore with duties now being levied on these goods. The \$200 annual import exemption for each person should be raised - initially to \$500 until a more reasonable figure can be established.

Central Bank authorized Foreign Exchange Centers can be set up (operated through either private or public sector - a further study would be required to determine which option is preferred), thereby controlling this multimillion dollars operation currently going on at Belize's northern border crossing. Also, serious consideration should be given to the implementation of an Electromagnetic Travel Card to be used by Belizeans traveling to Mexican and Guatemalan border towns. This system would be used to provide logistical data for various government departments (Immigration, Customs, Central Bank, etc.)

The above mentioned recommendations would have to be complemented with a massive public/private sectors initiative to market the concept of purchasing in Belize first - crossing the border secondly, only when absolutely necessarily. Imagine if these millions were being kept at home - the dynamics to the monetary system is such that our economy would receive a boost like never before felt. Our merchants would be selling more for less, while making greater profits which would be reinvested and trickle down into our economy through more jobs at better wages. Understanding that reversing the trend is easier said than done - the researchers have to conclude that the more attainable alternative is to get the Mexicans to the table to address the vast deficit in our balance of trade and strike a bi-lateral agreement with them.

GraMar's

SCHEDULE A
Prices sampled in Chetumal compared with locals

Cross Border Trade Survey

Rate of Exchange 1BZ = 4.55Peso

Description of Goods	BZE HI	BZE LOW	Peoples Price	Kardims Price	CHET AVG	BZE HI Var %	BZE Low Var %	Peoples Var %	Kardims Var %
TOOTHPASTE									
Colgate 125 ml	\$3.60	\$2.40		\$2.50	\$2.41	49.29%	0.00%	0.00%	3.67%
Colgate 100 ml	\$4.79	\$4.10		\$3.60	\$2.93	63.48%	39.93%	0.00%	22.87%
TOILET PAPER									
Cottonelle 4pk	\$3.30	\$2.85	\$3.10	\$2.90	\$2.24	47.65%	27.52%	38.70%	29.75%
SOAP POWDER									
Roma 5k	\$16.60	\$14.35	\$15.00	\$14.00	\$10.24	62.19%	40.21%	46.56%	36.79%
Foca 5k	\$17.40	\$15.60	\$15.75	\$14.25	\$10.68	63.00%	46.14%	47.54%	33.49%
Foca 2k	\$7.25	\$6.25	\$6.00	\$5.60	\$4.34	67.05%	44.01%	38.25%	29.03%
Roma 2k	\$5.98	\$5.70	\$6.25	\$5.50	\$4.32	38.59%	32.10%	44.84%	27.46%
PAMPERS									
Baby Comfort 20pk	\$9.60	\$9.40		\$11.50	\$8.15	17.83%	15.38%	0.00%	41.15%
CORNFLAKES									
Corn Flakes 680g	\$14.58	\$8.45		\$6.00	\$4.05	260.44%	108.90%	0.00%	48.33%
Zucaritas 510g	\$8.30	\$7.49			\$4.57	81.82%	64.07%	0.00%	0.00%
FABRIC SOFTENER									
Sauvitel 2 liter	\$9.99	\$8.60	\$8.95	\$8.25	\$5.52	81.14%	55.94%	62.28%	49.59%
Downy 2 liter	\$9.99	\$7.75	\$7.90	\$7.95	\$5.32	87.96%	45.81%	48.64%	49.58%
PLASTIC WARES									
Tepsa Cups 50, 12.3oz	\$2.55	\$1.98		\$2.00	\$1.54	65.58%	28.57%	0.00%	29.87%
Upri Plates 20	\$3.35	\$2.80		\$2.00	\$1.96	70.92%	42.86%	0.00%	2.04%
DISH CLOTH									
Magitel 5 telas	\$2.20	\$1.65	\$2.10	\$1.65	\$1.10	100.00%	50.00%	90.91%	50.00%
SANITARY PADS									
Kotex anatomia	\$2.80	\$2.10	\$2.45	\$2.45	\$2.06	35.92%	1.94%	18.93%	18.93%

CENTRAL BANK OF BELIZE

GraMar's

SCHEDULE A
Prices sampled in Chetumal compared with locals

Cross Border Trade Survey

Rate of Exchange 1BZ = 4.55Peso

<u>Description of Goods</u>	<u>BZE HI</u>	<u>BZE LOW</u>	<u>Peoples Price</u>	<u>Kardims Price</u>	<u>CHET AVG</u>	<u>BZE HI Var %</u>	<u>BZE Low Var %</u>	<u>Peoples Var %</u>	<u>Kardims Var %</u>
SHAMPOO									
Pert Plus 300m	\$6.25	\$5.95			\$3.45	81.16%	72.46%	0.00%	0.00%
ANTISEPTIC SOLUTIONS									
Fabuloso 960ml	\$4.00	\$3.85	\$3.95	\$3.50	\$2.61	53.26%	47.51%	51.34%	34.10%
Harpic 500ml	\$3.96	\$3.65	\$4.75		\$2.65	49.43%	37.74%	79.25%	0.00%
KETCHUP									
Hunts 680ml	\$3.45	\$3.45			\$2.65	30.11%	30.11%	0.00%	0.00%
Cariolla Katsup 5.65g	\$2.25	\$2.25			\$1.58	42.41%	42.41%	0.00%	0.00%
REFRIED BEANS									
Maggi 440g	\$2.05	\$1.75	\$1.80	\$1.65	\$1.06	93.40%	65.09%	69.81%	55.66%
La Costena 580g	\$2.85	\$2.25	\$2.25	\$2.75	\$1.64	74.31%	37.61%	37.61%	68.20%
VINEGAR									
La Costena 1000ml	\$2.30	\$1.65	\$2.00	\$2.00	\$0.64	262.20%	159.84%	214.96%	214.96%
SOAP									
Palmolive 200g	\$1.99	\$1.60			\$1.02	95.10%	56.86%		0.00%
Zest 200g	\$1.80	\$1.60	\$1.72	\$1.25	\$1.02	76.47%	56.86%	68.63%	22.55%
BISCUITS									
Box Choco Tips 800g	\$6.75	\$6.75			\$3.27	106.42%	106.42%	0.00%	0.00%
Galletas Bizcochitos 150g	\$1.10	\$1.10			\$0.58	89.66%	89.66%	0.00%	0.00%
COOKING OIL									
Ideal Aciete 1 liter	\$2.65	\$2.65							
1-2-3 1 liter	\$3.20	\$3.15	\$3.25	\$3.15	\$2.18	46.79%	44.50%	49.08%	44.50%
MX VEGETABLES									
Salsa Casera 220g	\$1.18	\$0.98	\$1.00	\$1.05	\$0.58	103.45%	68.97%	72.41%	81.03%
Costena Jalapenos 380g	\$2.20	\$1.60	\$1.60	\$1.50	\$0.91	141.76%	75.82%	75.82%	64.84%
Costena jalapenos 220g	\$1.98	\$0.85	\$0.95	\$0.90	\$0.53	273.58%	60.38%	79.25%	69.81%

Prices sampled in Chetumal compared with locals

Rate of Exchange 1BZ = 4.55Peso

Description of Goods	BZE HI	BZE LOW	Peoples Price	Kardims Price	CHET AVG	BZE HI Var %	BZE Low Var %	Peoples Var %	Kardims Var %
FRUIT JUICES									
Valle 2 liter	\$5.45	\$4.85	\$5.00		\$4.59	18.74%	5.66%	8.93%	0.00%
Valle 1 liter	\$3.65	\$2.85	\$3.00		\$2.28	60.09%	25.00%	31.58%	0.00%
Jumex 1 liter	\$3.30	\$2.75	\$3.00	\$2.99	\$2.17	52.07%	26.73%	38.25%	0.00%
FRUIT COCKTAIL									
Del Monte 851g	\$5.16	\$5.16			\$3.87	33.47%	33.47%	0.00%	0.00%
POWDER DRINKS									
Mi Choco 400g	\$2.25	\$1.80	\$2.35	\$2.00	\$1.93	16.58%	0.00%	21.76%	3.63%
Quick 200g	\$2.79	\$2.50			\$1.25	122.45%	99.33%	0.00%	0.00%
Milo 300g	\$4.59	\$4.59			\$2.87	59.93%	59.93%	0.00%	0.00%
JAM									
La Costena 275g	\$3.35	\$3.35	\$3.25	\$2.85	\$1.45	130.57%	130.57%	123.69%	96.16%
Del Monte 300g	\$2.75	\$2.60		\$2.50	\$1.45	90.01%	79.64%	0.00%	72.73%
Average Varaince % of all items above:						82.84%	52.58%	36.48%	31.72%
Automobile Service									
Oil Change & Service engine repair	\$150.00	\$75.00			\$40.00	275.00%	87.50%	0.00%	0.00%
Automobile Tinting	\$250.00	\$175.00			\$100.00	150.00%	75.00%		
Body Works w/ Spray automobile repair	\$1,800.00	\$1,500.00			\$1,200.00	50.00%	25.00%		
Tyres for cars	\$0.00	\$0.00							
Windshield installed	\$1,300.00	\$1,100.00			\$885.00	46.89%	24.29%		
Battery 11plates	\$225.00	\$185.00			\$95.00	136.84%	94.74%		
Water pump for car	\$240.00	\$205.00			\$145.95	64.44%	40.46%		
Rear Shocks for car	\$435.00	\$350.00			\$285.00	52.63%	22.81%		
gasoline	\$0.00	\$0.00							
Average Varaince % of all items above:						110.83%	52.83%		

Prices sampled in Chetumal compared with locals

Rate of Exchange 1BZ = 4.55Peso

Description of Goods	BZE HI	BZE LOW	Peoples Price	Kardims Price	CHET AVG	BZE HI Var %	BZE Low Var %	Peoples Var %	Kardims Var %
MEDICAL									
Ultrasound	\$125.00	\$75.00			\$31.86	292.34%	135.40%		
Color Doppler	\$200.00	\$100.00							
Basic X-Ray	\$60.00	\$50.00			\$17.58	241.30%	184.41%		
Mammogram	\$125.00	\$75.00			\$30.76	306.37%	143.82%		
Cat Scan	\$450.00	\$300.00			\$285.71	57.50%	5.00%		
Hospitalization 1 day	\$500.00	\$500.00			\$65.93	658.38%	658.38%		
Hospitalization 6 hrs	\$300.00	\$300.00							
Average Varaince % of all items above:						311.18%	225.40%		

Description of Goods	BZE HI	BZE LOW	Peoples Price	Kardims Price	CHET AVG	BZE HI Var %	BZE Low Var %	Peoples Var %	Kardims Var %
Average Varaince % of all items above:						82.84%	52.58%	36.48%	31.72%
Average Varaince % of all items above:						110.83%	52.83%		
Average Varaince % of all items above:						311.18%	225.40%		

Description	BZ HI VAR	BZ LO VAR
Goods	82.84	52.58
Auto	110.83	52.83
Medical	311.18	225.4

