



CENTRAL BANK
of BELIZE

Not Just Tariffs: Understanding Belize's Exposure in the Face of a Global Polycrisis

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Presentation Outline

I

Belize's Trade and
Economic Linkages

II

Transmission Channels
and Early Warnings

III

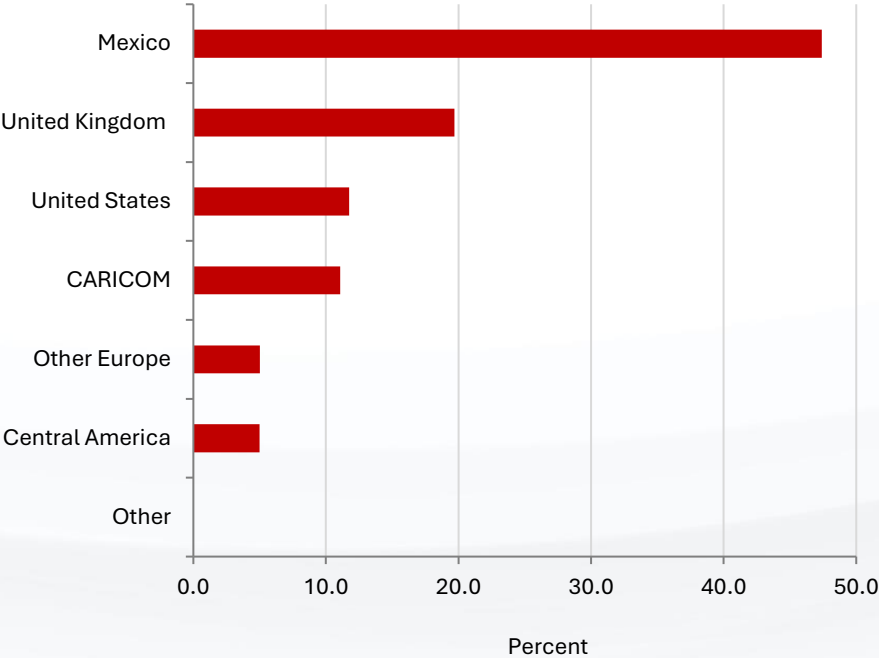
Opportunities

Belize's Trade Snapshot

Belize maintains significant trade relationships with the U.S., making it particularly vulnerable to its trade policy changes.

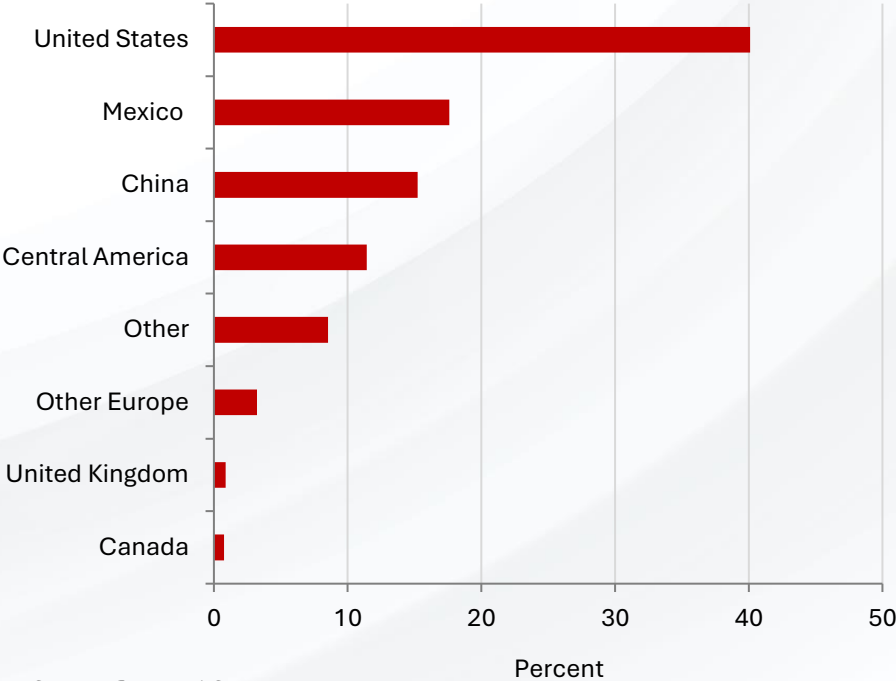


Figure 1: Direction of Visible Trade- Exports



Source: CBB and SIB

Figure 2 : Direction of Visible Trade- Imports



Source: CBB and SIB

Beyond Direct Trade



Intermediate Goods

- Many inputs for Belizean products are sourced from the U.S.



Supply Chains

- Disruptions in U.S. trade policies can ripple through Belize's production process



Consumer Impact

- Increased costs of imported goods can lead to higher consumer prices

Transmission Channels of U.S. Trade Measures

Belize's exposure goes far beyond customs revenue or direct trade balance shifts. The true risk lies in the indirect transmission channels, including:



Tourism

A downturn in the U.S. consumer confidence can affect overnight arrivals to Belize



Import Costs and Inflationary Pressures

Tariffs can increase the cost of goods, leading to inflationary pressures



Foreign Direct Investment

Increased global uncertainty deters investors



Remittances

A slowdown in U.S. job markets or immigration enforcement can suppress remittance flows



Aids and Grants

U.S. budget cuts may reduce funding for health, education, and security



Sentiment and Credit

Lower expectations can drive caution in both American and Belizean consumers and businesses

Sector Spotlight: Services

USA: Main Market Locations

70.9%

TOURISM

70.0%

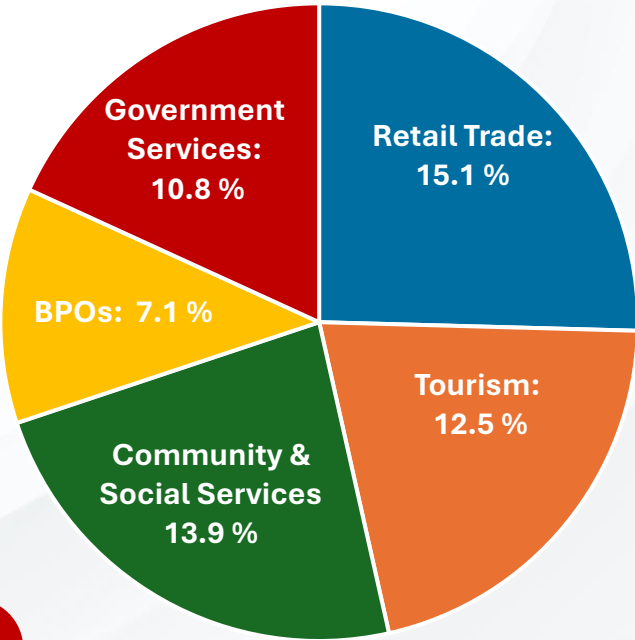
BPO



Tourism and BPOs are driven by demand from the US market

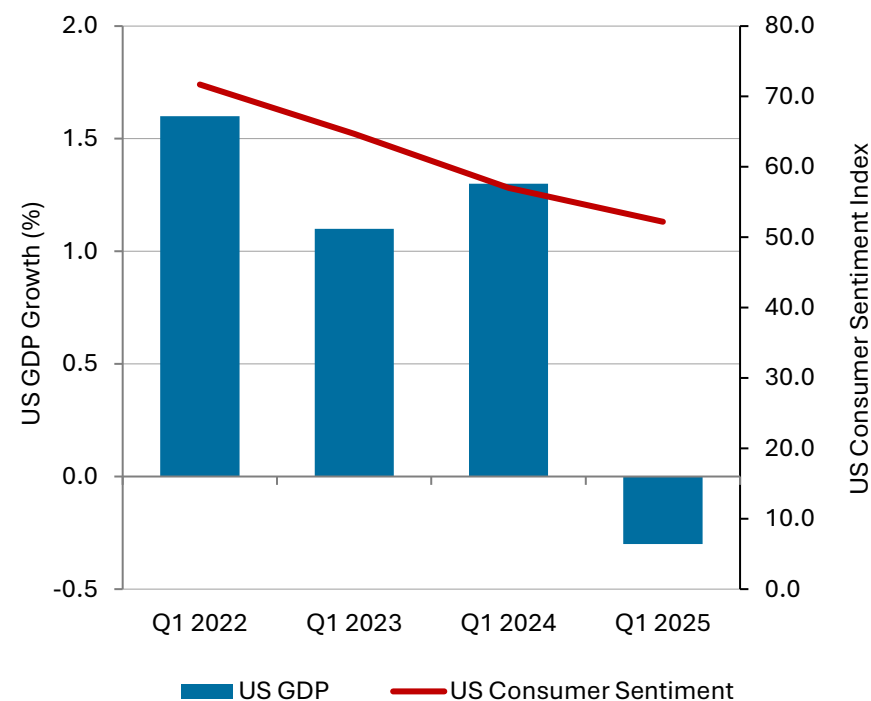
These industries are key pillars that employ approximately 20.0% of Belizean workers

Figure 3: Employment by Main Services Subsectors in Belize



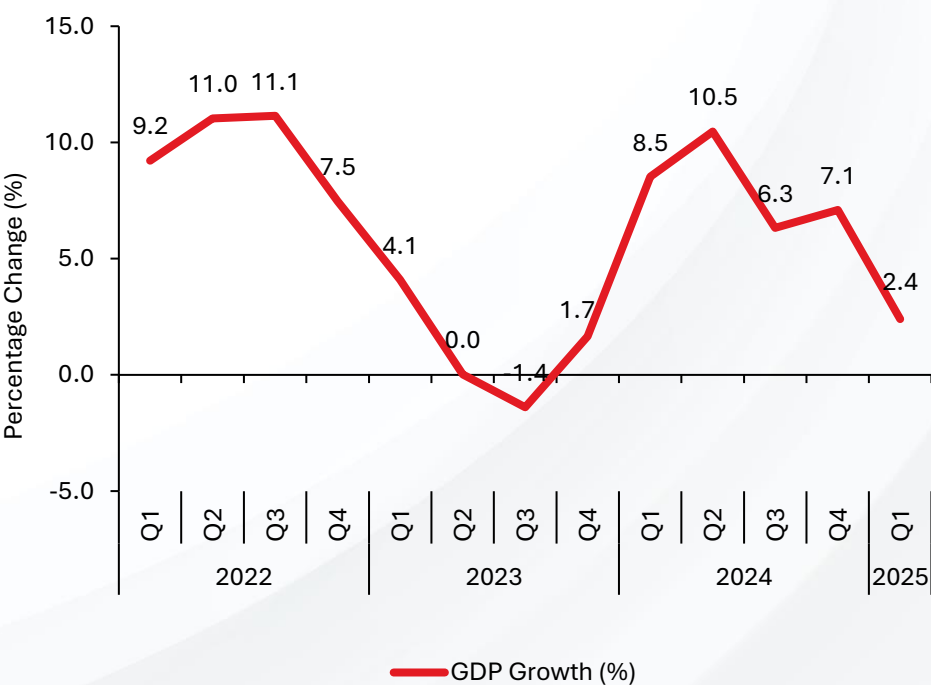
Warning Signals: U.S. Trends and Belize's Economic Outlook

Figure 4: U.S. Real GDP and Consumer Sentiment



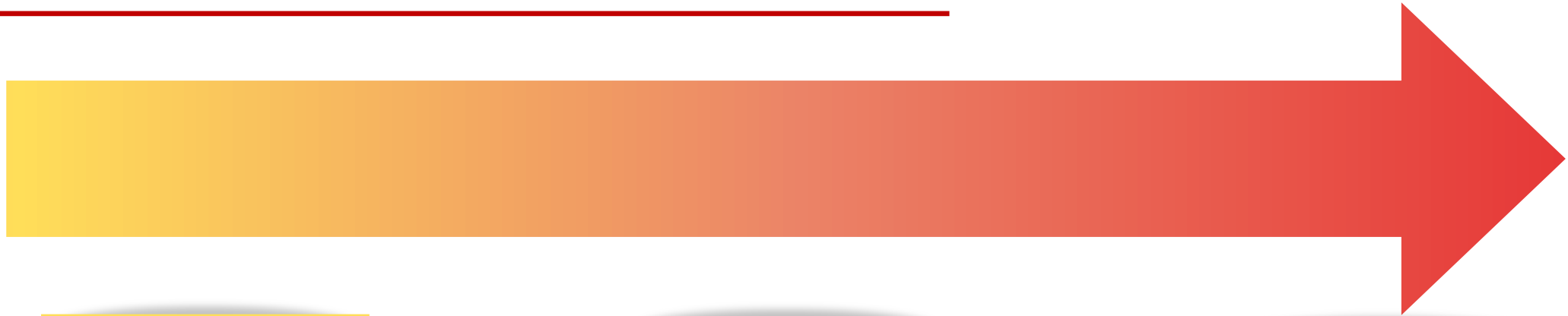
Source: BEA, MSCI

Figure 5: Belize Real GDP



Source: CBB

Major External Shocks: Historical Parallels



9/11 Terrorist Attacks

Economic Activity
BZE: ↓ 7.2pp (2001)
USA: ↓ 3.2pp (2001)

Current Account Deficit
Widened by \$35.8mn

Tourism Inflows
Declined by 4.0%

Global Financial Crisis

Economic Activity
BZE: ↓ 5.0pp (2008)
USA: ↓ 2.8pp (2008)

Current Account Deficit
Widened by \$92.7mn

Tourism Inflows
Declined by 3.9%

Great Lockdown

Economic Activity
BZE: ↓ 18.2pp (2020)
USA: ↓ 5.2pp (2020)

Current Account Deficit
Narrowed by \$187.2mn

Tourism Inflows
Declined by 53.1%

Scenario Analysis: Moderate and Severe

Figure 6: Real GDP Growth (%)

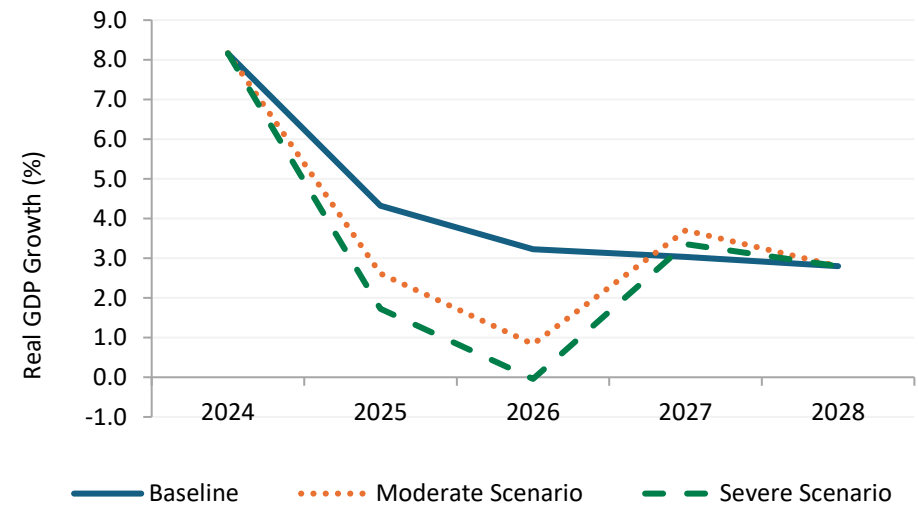


Figure 7 : External Current Account to GDP(%)

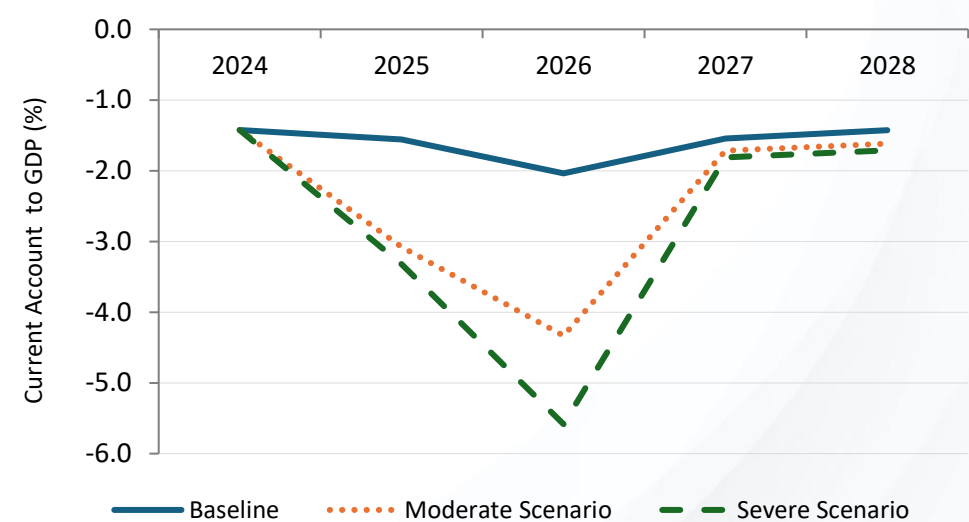


Figure 8: Inflation (%)

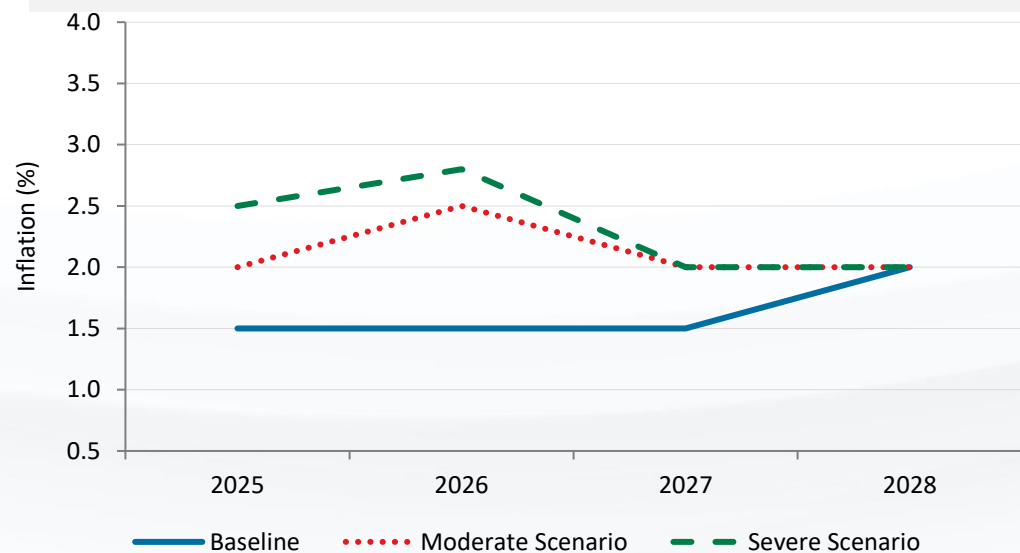
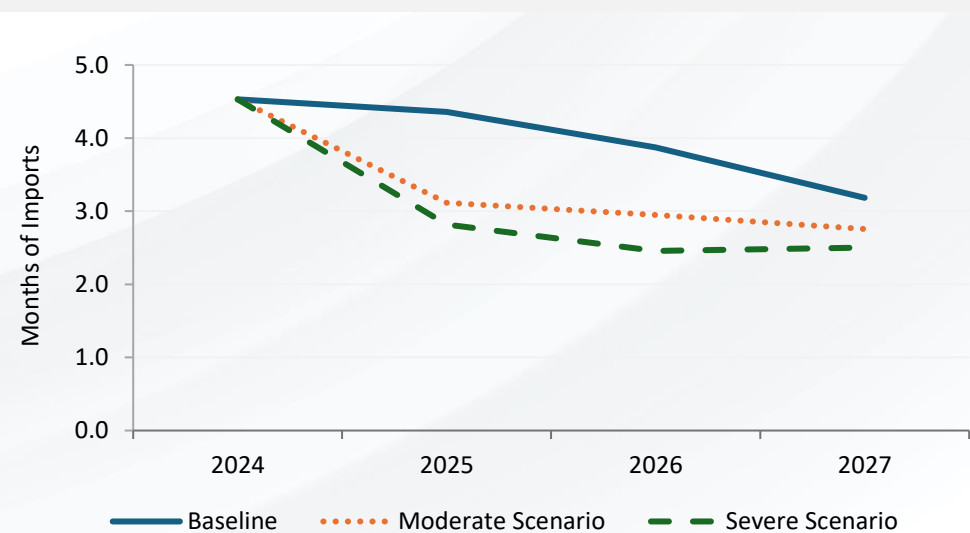


Figure 9: Import Coverage



Opportunities: Lemonade out of Lemons



Build Resilience

Improve fiscal buffers, climate infrastructure, and ease of doing business.



Engage Regionally

Strengthen CARICOM ties and trade diversification with Latin America, Europe, Asia.



Incentivize Private Sector Investment

Attract private capital to support economic diversification and resilience.



Accelerate Reforms

Improve business climate and investor confidence



Invest in Domestic Industry

Boost agriculture and services to reduce external dependence



Leverage Technology

Use digital solutions to strengthen adaptive capacity and service delivery.



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Thank you!

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