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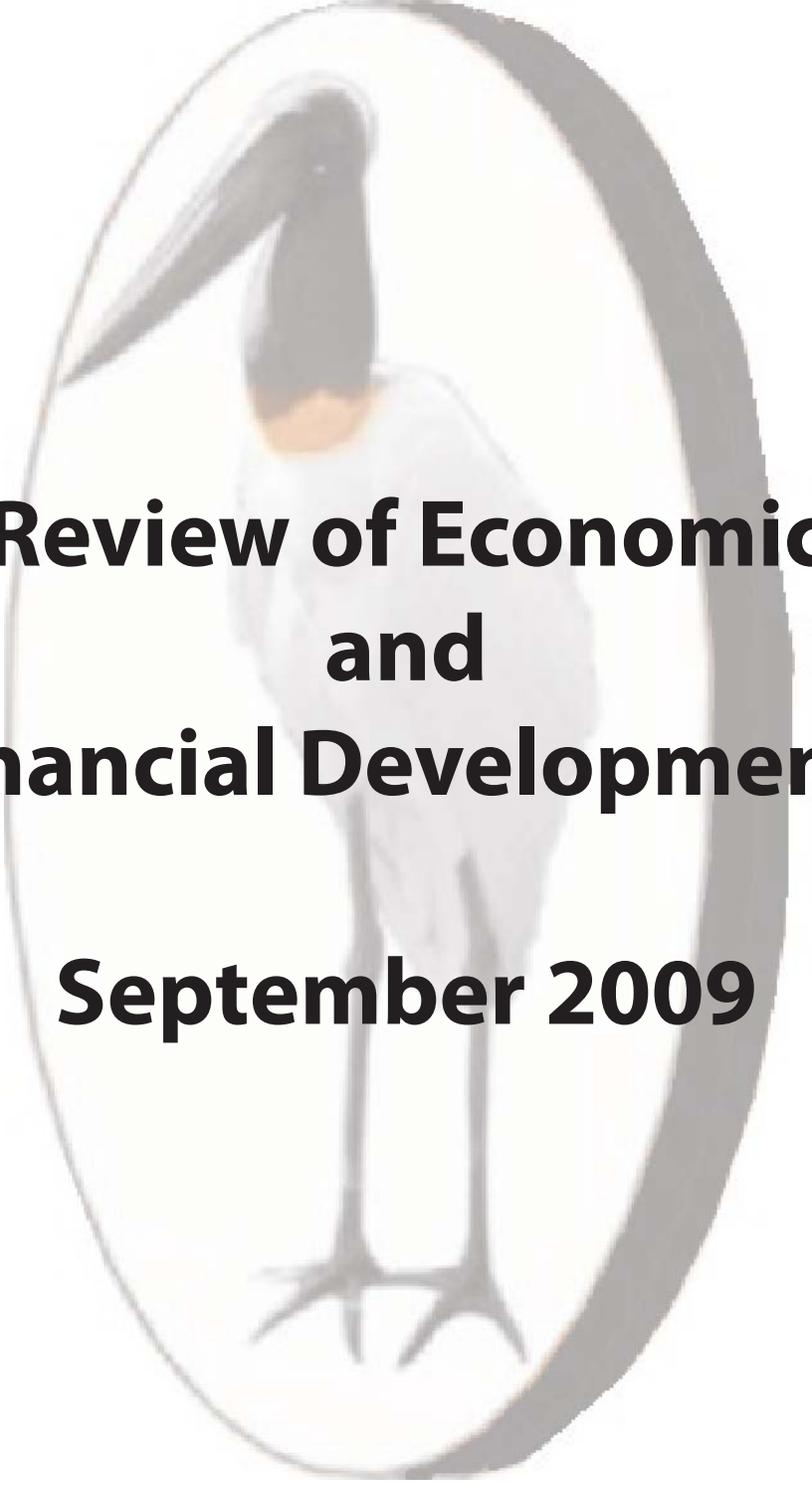
Correspondence and enquires regarding the Review should be addressed to:

Director (Research)
Central Bank of Belize
P.O. Box 852
Belize City, Belize
Central America

Telephone: (501) 223-6194
Facsimile: (501) 223-6219

Email: cbbrsh@btl.net
Bank's Website: www.centralbank.org.bz

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**Review of Economic
and
Financial Developments**

September 2009



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Overview

After having declined the first two quarters under pressure from the global financial crisis and the lingering effects of the 2008 floods, the domestic economy rallied slightly in the third quarter with GDP growth of 1.0%. The result was a year to date contraction of 0.7%, compared to the 4.4% growth recorded for the same period of 2008.

Services were particularly hard hit with contractions in “Hotels and Restaurants”, “Transport and Communications” and “Wholesale and Retail Trade” linked to the decrease in stay over tourist arrivals and commercial free zone (CFZ) cross border trade. Production downturns in the major export crops were the main causes of a slump in “Agriculture, Hunting and Forestry”. Softening these downturns were the double digit growths in “Construction” and “Manufacturing” and strong expansion in “Electricity and Water”.

Following its consecutive declines in the first two quarters in the wake of plummeting crude oil prices, the Consumer Price Index (CPI) rose by 0.8% between May and August in tandem with the recovery in fuel prices. However, the annual CPI change (August 2009 over August 2008) was a reduction of 3.6% due to lower food costs and fuel prices at the pump.

The external current account deficit shrank by 6.1% as a substantial fall in imports and profit repatriation more than outweighed smaller inflows from domestic exports, tourism, other services and private transfers. Lower foreign direct investment and larger loan repayments by commercial banks and the private sector combined to reduce the surplus on the capital and financial account. However, sizeable public sector inflows that included the new Special Drawing Rights (SDR) allocations boosted gross international reserves by 19.9% to the equivalent of 4.2 months of merchandise imports.

During the first half of the 2009/2010 fiscal year, revenues fell by 18.9% largely due to a 13.4% decline in current revenues, while expenditures edged up by 2.0%. The slowdown in distribution and tourist activities translated into notably lower collections of the general sales tax, environmental tax and social fees on Commercial Free Zone imports, while the annual transfer of Central Bank profits, which usually boosted receipts, occurred before the budgeted period. Even with all this, current, primary and overall surpluses were generated of \$18.8mn, \$53.9mn and \$7.0mn, respectively, facilitated by \$20.6mn in grant receipts. The fiscal surplus and external financing facilitated a build-up in government deposits with the Central Bank and a 3.0% reduction in its domestic debt stock. On the other



hand, the public sector's external debt increased by 5.7% to \$2,022.9mn with external loan disbursements totaling \$171.4mn, while principal and interest payments amounted to \$61.9mn and \$69.3mn, respectively.

In consonance with the economic slowdown, growth of broad money decelerated from 9.6% in 2008 to 3.9%, with the latter reflecting respective increases of 26.1% and 2.8% in net foreign assets and net domestic credit. An uptick in private sector credit growth and tightened foreign exchange inflows accounted for a decline in commercial banks' excess statutory liquidity at the end of September. An increase of 16 basis points was recorded in the weighted average interest rate spread of the banks, as the weighted average lending rate edged down by 1 basis point while the average deposit rate fell much faster by 17 basis points to 6.18%.



Monetary Developments

Symptomatic of the economic downturn, growth of broad money supply during the first three quarters of the year decelerated from 9.6% in 2008 to 3.9%. Net foreign assets of the banking system

expanded notably with inflows from the IMF-ENDA loan and new SDR allocations boosting the official foreign reserves and long term liabilities of the Central Bank. Concurrently, net domestic credit grew by 2.8% due to an expansion in private sector credit that was funneled mostly into construction projects.

Table 1.1: Factors Responsible for Money Supply Movements

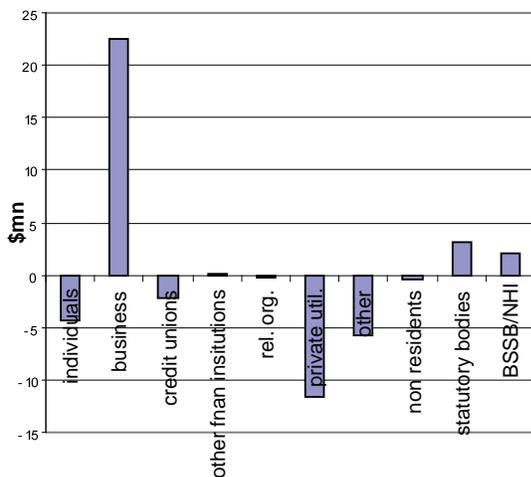
BZ\$m

	Position as at Sept 2009	Changes during	
		Dec 2008 to Sept 2009	Dec 2007 to Sept 2008
Net Foreign Assets	536.9	111.4	70.8
Central Bank	430.8	100.7	124.1
Commercial Bank	106.1	10.7	-53.3
Net Domestic Credit	1986.3	54.2	68.4
Central Government (Net)	185.2	-5.3	-55.9
Other Public Sector	10.1	-2.9	-3.0
Private Sector	1791.0	62.4	127.3
Central Bank Foreign Liabilities (Long-term)	71.6	71.6	0.0
Other Items (net)	408.6	17.6	-26.9
Money Supply M2	2043.0	76.4	166.1



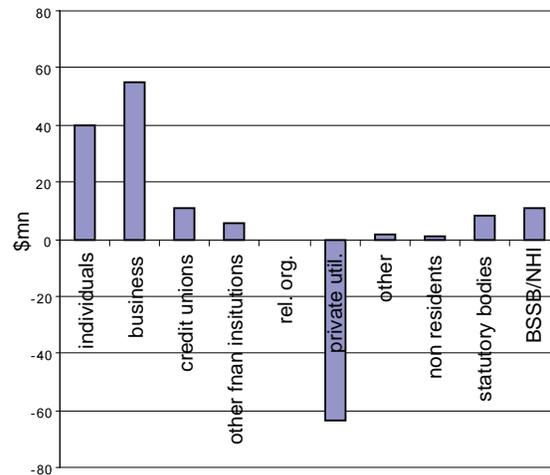
After rising in the first five months, narrow money gradually declined to register an overall 1.1% fall for the nine month period. The decline was largely attributable to a \$10.9mn reduction in currency held by the public which outweighed an increase of \$3.2mn in demand deposits. The latter included substantial underlying changes in holdings, as combined increases by businesses, BSSB and other statutory bodies of \$25.6mn were almost matched by \$21.8mn in withdrawals of private utilities, individuals and others.

Chart 1.1: Changes in Demand Deposits, by Sector: Jan - Sep 2009



Growth in quasi money more than halved from 14.2% in 2008 to 6.7% due to moderation in the growth of time deposits, as increased holdings by businesses (\$55.0mn), individuals (\$39.9mn), BSSB/NHI (\$11.0mn) and credit unions (\$10.7mn) were partially offset by withdrawals of \$63.3mn by

Chart 1.2: Changes in Time Deposits, by Sector: Jan - Sep 2009



private utilities for dividend payments.

The banking system's net foreign assets rose by 26.1%, compared to the 20.2% growth in the previous year. Underpinning this growth was a \$100.7mn boost in Central Bank's net assets that was supplemented by a \$10.7mn increase in the commercial banks' net position.

Despite lower inflows from commercial banks and grant funding, Central Bank's net foreign assets grew by \$99.7mn as inflows of \$283.9mn exceeded outflows of \$184.2mn. A sizeable portion of inflows came from loan disbursements that included an emergency disaster assistance loan from the IMF, new IMF-SDR allocations (19.6%) and sugar receipts (13.5%), while the remainder consisted mostly of purchases from commercial banks, grant funding, the



Table 1.2: Net Foreign Assets of the Banking System

BZ\$m

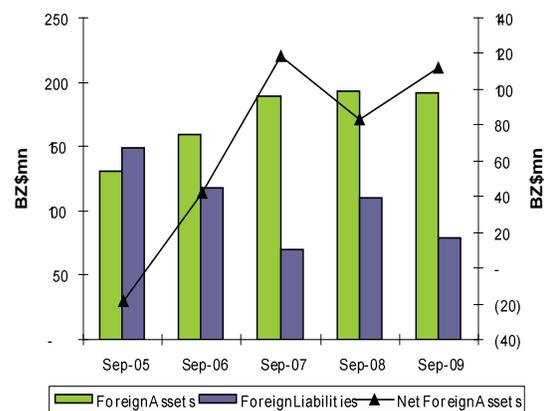
	Position as at Sep 2009	Changes during	
		Dec 2008 to Sep 2009	Dec 2007 to Sep 2008
Net Foreign Assets of Banking System	536.9	111.4	70.8
Net Foreign Assets of Central Bank	430.8	100.7	124.1
Central Bank Foreign Assets	432.9	99.7	123.4
Central Bank Foreign Liabilities (Demand)	2.1	-1.0	-0.7
Net Foreign Assets of Commercial Banks	106.1	10.7	-53.3
Commercial Bank Foreign Assets	190.4	-45.1	-10.2
Commercial Bank Foreign Liab. (Short-Term)	84.3	-55.8	43.1

domestic sale of Venezuelan fuel and tax receipts from Belize Natural Energy. Three-quarters of total outflows went to Central Government and were used mostly for external debt servicing.

Contrasting with the 39.2% decline recorded in the first nine months of 2008, commercial banks' net foreign assets also rose by 11.2%, as they reduced their short term foreign liabilities by \$55.8mn, in part facilitated by lower outflows for imports and in part by navigating around a backlog of fuel payments. Concurrently, foreign assets declined by \$45.1mn.

Driven solely by an expansion in private sector credit, net domestic credit grew by \$54.2mn as net credit to Central Government and statutory bodies declined. Most of this increase was channeled into new loans for construction,

Chart 1.3: Commercial Banks' Net Foreign Asset Position



utilities and manufacturing activities as well as personal loans.

Net domestic credit to central government declined by \$5.3mn, as a \$25.5mn reduction in credit to central government



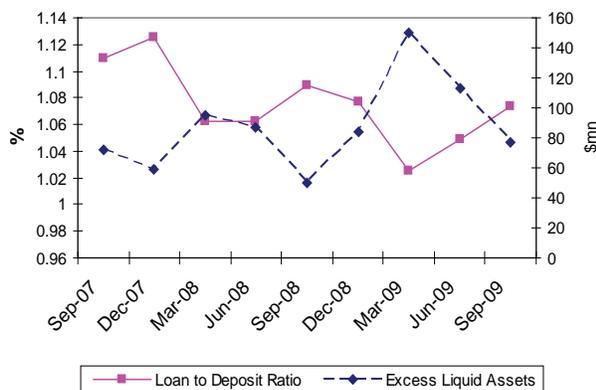
outpaced a \$20.2mn drawdown of deposits. Central Government withdrew \$29.5mn in deposits held with the Central Bank and increased its Central Bank overdraft facility by \$2.6mn. Simultaneously, accelerated payments on the Marine Parade loan earlier in the year partly led to a \$5.2mn reduction in borrowings from commercial banks, while deposits held with these institutions increased by \$9.3mn

While excess statutory liquidity peaked in the first quarter, the revival in private sector credit over the next two quarters and tightened foreign exchange inflows factored into a \$6.8mn decline

(\$27.1mn) and Treasury bills (\$14.9mn), while short term foreign balances and other approved assets fell by \$8.2mn and \$5.0mn, respectively. Primary liquidity expanded by \$15.2mn, as cash holdings rose by \$30.7mn compared to a \$15.5mn increase in the required holdings.

With liquidity 17.4% higher than required, deposit rates fell across the board, pushing down the weighted average rate by 17 basis points to 6.18%. However, the weighted average lending rate declined by a mere 1 basis point, which consequently increased the weighted average spread by 16 basis-points to 7.91%.

Chart 1.4: Private Sector Loan to Deposit Ratio vs. Excess Statutory Liquidity



Reflective of the sluggish economy, weakened loan demand during the year pushed down rates on new deposit by 75 basis points, while lending rates on new loans were cut by a less-than-proportional 27 basis points. The net result was a widening of the marginal interest rate spread by 48 basis points to 8.12%.

in commercial banks' excess statutory liquidity at the end of September. During the review period, commercial banks' holdings of approved liquid assets rose by \$28.8mn relative to a \$35.6mn increase in the required level as liquidity positions tightened for three out of five banks. Portfolio adjustments included increases in balances held with the Central Bank



DOMESTIC PRODUCTION AND PRICES

The domestic economy contracted by 0.7% during the first nine months of the year in response to production downturns in sugarcane, papaya, banana and citrus caused by the 2008 floods and the impact of the depressed international environment on trade, foreign direct investment and tourism. "Agriculture, Hunting and Forestry" declined by 6.1%, while "Hotels and Restaurants" and "Transport and Communications" contracted by 8.2% and 3.1%, respectively, with declines in stay over tourist arrivals. "Wholesale and Retail" activities also fell by 8.4% with the drop in imports and reduction in the Mexican cross border trade in the CFZ. Softening these downturns was continued buoyancy in 'Construction', 'Manufacturing', 'Electricity and Water', and 'Other Private Sector Services'.

With the tourism industry caught in the throes of the global economic slowdown and rising unemployment in key markets, stay-over arrivals declined for the second consecutive year. On the other hand, cruise ship disembarkations increased as ships were diverted to Belize due to the A(H1N1) influenza scare in Mexico and the marketing drive of the cruise ship companies to counter the economic slowdown.

Between May 2009 and August 2009,

prices increased marginally by 0.8%, while annual point to point inflation (August 2009 over August 2008) declined by 3.6% largely in response to lower fuel prices at the pump.

**Table 2.1: Growth Rate of Real GDP
by Sector (%)**

	Year on Year growth (%)	
	Jan-Sept 08 ⁽¹⁾	Jan-Sept 09 ⁽¹⁾
	Over Jan-Sept 07	Over Jan-Sept 08
Agriculture, hunting & forestry	1.5	-6.1
Fishing	6.5	0.5
Manufacturing (incl. mining & quarrying)	2.9	7.6
Electricity & water	4.6	19.2
Construction	33.8	20.3
Wholesale & Retail	6.7	-8.4
Hotels & Restaurants	-4.3	-8.2
Transport & communication	3.8	-3.1
Other private services exc. FISIM	4.7	2.7
Producers of government services	2.7	4.4
All industries at basic prices	4.7	0.7
Taxes on products	2.8	-9.2
GDP at market prices	4.4	-0.7
GDP at market prices (\$Bz mn)	1,812.7	1,800.3
Constant 2000 prices		

Source: Statistical Institute of Belize

(1) constant 2000 prices— changes in per cent

Sugar

Sugarcane production did not rebound as expected from flood damage, so sugarcane deliveries for the 2008/2009 crop year declined by 6.4% to 917,723 long tons, the smallest harvest since 1988. In a beneficial twist, the relatively dry weather during the first half of the year raised the sucrose content of the crop (pol of 12.32% compared to 10.52% in 2008). This, combined with higher factory efficiency, increased sugar production by 18.0% to 92,409 long tons and improved the cane to sugar



ratio from 12.52 to 9.93. In contrast, molasses output contracted by 31.0% to 27,707 long tons, reflecting its inverse relationship with sugar production .

Table 2.2: Deliveries of Sugarcane and Production of Sugar and Molasses

	Dec-Sept 2007/08	Dec-Sept 2008/09
Deliveries of Sugarcane to		
BSI (long tons)	980,114	917,723
Sugar Processed by		
BSI (long tons)	78,305	92,409
Molasses processed by		
BSI (long tons)	40,134	27,707
Performance		
Factory Time Efficiency (%)	88.46	93.27
Cane Purity (%)	80.47	84.81
Cane/Sugar	12.52	9.93

Source: Belize Sugar Industries

The final price for the 2008/2009 crop increased by 11.0% to \$61.28 per long ton, notwithstanding the scheduled 9.7% EU sugar price cut effective since October 2008. The impact of this price cut was nullified by a significant reduction in international freight rates, exchange rate gains from the average Euro unit price negotiated on the futures market, the higher sugar out-turn per unit of sugarcane and the sale of virtually all the limited sugar supply (99.8%) to the EU market where the highest export prices were realized.

Citrus

Following the previous year's bumper crop, citrus yields for the 2008/2009 crop year returned to average levels with deliveries down by 6.4% to 6.6mn boxes. While the orange crop had been forecasted to contract by 19.7%, the 5.5mn boxes of deliveries equated to only a 2.5% decrease that was due to a larger second crop than initially anticipated. In the case of grapefruit, production was to have decreased by 5.6%, but low prices combined with fruit quality problems discouraged harvest and triggered a much sharper fall of 22.0% in deliveries to 1.1mn boxes.

Partially countering this volume contraction was a higher average juice outturn per box of fruit, so juice production fell by only 2.5%. Output of concentrate fell by 1.6% as a 23.1% decline in grapefruit concentrate outweighed a 2.1% increase in that of orange. Orange and grapefruit concentrate outturns accounted for 87.6% and 11.4%, respectively, of juice production, as NFC output was minimal. Pulp production increased by 53.6%, while oil production rose by 17.5% to 2.4mn ps.

Notwithstanding large grapefruit juice stocks in Florida at the beginning of the season and an increase in grapefruit processing volume, grapefruit export prices edged up modestly, albeit still well below pre-2007 levels. High beginning juice stocks and a good orange harvest



in Florida weakened orange juice export prices. Consequently, the final prices paid to local farmers for the 2008/2009 crop were \$1.38 per pound solid for orange and \$1.08 per pound solid for grapefruit, compared to the \$1.41 and \$0.89 received, respectively, in the previous year.

Table 2.3: Output of Citrus Products

	Oct-Sept 2007/2008	Oct-Sept 2008/2009
Deliveries (boxes)		
Orange	5,659,841	5,518,509
Grapefruit	1,440,893	1,124,249
Total	7,100,734	6,642,758
Concentrate Produced (ps)		
Orange	33,399,699	34,100,436
Grapefruit	5,792,792	4,452,685
Total	39,192,699	38,553,121
Not from concentrate (ps)		
Orange	710,210	331,412
Grapefruit	23,977	38,378
Total	734,187	369,790
Pulp (pounds)		
Orange	1,959,864	2,404,350
Grapefruit	1,440	607,592
Total	1,961,304	3,011,942
Oil Produced (pounds)		
Orange	1,794,400	2,192,200
Grapefruit	211,800	164,600
Total	2,006,200	2,356,800

Sources: Citrus Products of Belize, Belize Citrus Growers Association

Banana

During the first three quarters of the year, banana production continued to lag behind last year's outturn due to delays in the EU funded meristem investment. A 9.0% gain in the third quarter harvest bumped up the year to date production to 3.3mn boxes, just below the 3.4mn boxes recorded in the comparative period of 2008.

Table 2.4: Banana Production

	2008	2009
	40 pound boxes	
Quarter I	1,105,354	857,657
Quarter II	1,075,872	1,128,893
Quarter III	1,253,451	1,366,649
Total	3,434,677	3,353,199

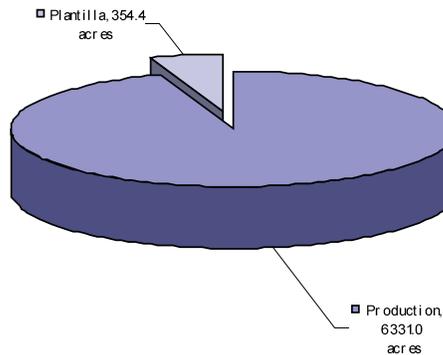
Source: Banana Grower's Association

The average box price paid to farmers improved by 1.8% to US\$7.47 in the absence of the per box deduction levied in 2008 to meet the growers' share of the EU banana import tariffs incurred in 2007 as well as the cost of improved packaging.

Acreage under harvestable trees in September 2009 stood at 6,331.0 compared to 6280.3 acres in September 2009. There were 354.4 acres under plantilla (trees below harvestable age), while an estimated 288.6 acres were prepped for planting .



Chart 2.1: Banana Acreage - September 2009



Tourism

For January through August, the global economic downturn, loss of consumer confidence and the travel scare brought on by the Influenza A(H1N1) outbreak underpinned a 7.0% decline in international tourist arrivals, compared to the same period of 2008. Destinations worldwide received an estimated 600 million international tourists, down from the 643 million recorded in 2008. All world regions posted negative growth except Africa. In the Western hemisphere, arrivals to North America, the Caribbean and Central America declined by 8.0%, 5.0% and 6.0%, respectively, while South America held some ground with only a marginal decline of 0.1%.

Belize likewise experienced a downturn in stay-over tourist arrivals. For the first nine months of the year, stay over visitors declined by 6.5% to 173,348 persons as arrivals through the international airport and the land borders fell by 6.5%

Table 2.5: Bona Fide Tourist Arrivals Year to Date

	2008	2009
	Jan-Sept	Jan-Sept
Stay-over Arrivals		
Air	142,840	133,535
Land	35,343	32,203
Sea	7,305	7,610
Total	185,487	173,348
Cruise Ship	389,381	430,943

Sources: Belize Tourism Board, Immigration Department and Central Bank of Belize

and 8.9%, respectively, while visitors through the sea ports increased by 4.2%. Visitors from the United States fell by 5.4%, while those from the EU and other countries declined by 10.9% and 7.1%, respectively. The United States, the main market, accounted for 65.2% of the total long-stay tourists, while the EU ranked second with 12.7%.

Notwithstanding the fall in port calls (198 to 193) year to date, the number of cruise visitors increased by 10.7% to 430,943, as tourists substituted destinations further from home for short-haul trips. The diversion of some ships from Mexico to Belize because of the influenza scare also provided a boost.

Consumer Price Index

The Consumer Price Index (CPI) for August rose by 0.8% over the quarter, May 2009 to August 2009. The upward



Chart 2.2: Tourist Arrivals

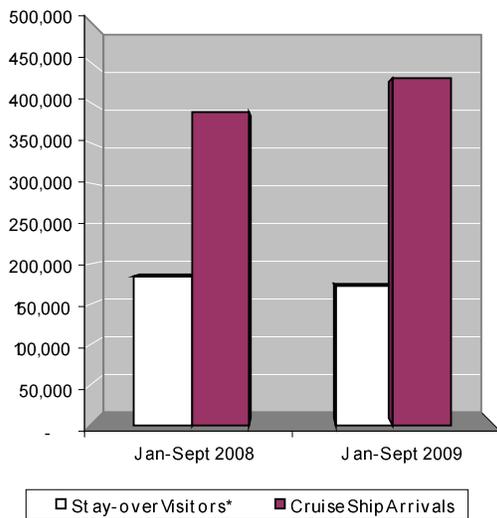
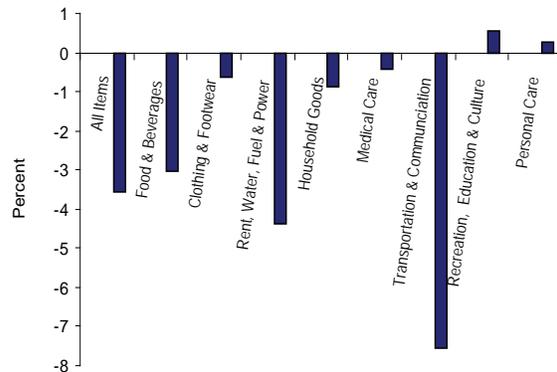


Chart 2.3: Annual Percentage Change in Consumer Price Index



impetus was attributable to increases in diesel, butane and gasoline prices (22.3%, 11.2% and 9.2%, respectively) that pushed up the cost of “Transportation & Communications” by 3.5%.

milk and whole chicken. On the other hand “Recreation, Education & Culture’ and Personal Care’ recorded increases of 0.5% and 0.3%, respectively.

Year on year, (August 2009 over August 2008), the consumer price index fell by 3.6% as prices declined for all categories of goods and services, except “Recreation, Education & Culture” and “Personal Care”.

“Transportation & Communications” underwent the largest fall of 7.6% due to lower fuel prices at the pump. Next was a 4.4% contraction in “Rent, Water, Fuel & Power” resulting from the double digit price declines for butane and kerosene. The subcategory, “Food, Beverages and Tobacco”, also had a 3.4% deflation, which reflected lower prices for food staples such as rice, flour, powdered



International Trade and Payments

A substantial contraction in imports and repatriation of profits more than compensated for lower inflows from domestic exports, tourism, other services and private transfers, so the external current account deficit narrowed from \$190.3mn in 2008 to \$178.6mn over the first three quarters of the year. Similarly, the surplus on the capital and financial account fell from \$409.4mn to \$211.6mn in response to a decline in foreign direct investments and higher outflows for loan payments by commercial banks and the private sector. Notwithstanding the smaller capital and financial account surplus, inflows to the public sector, which included the new allocations of Special Drawing Rights (SDRs), boosted gross international reserves from \$332.9mn to \$424.6mn, the equivalent of 4.2 months of merchandise imports.

The trade deficit narrowed by 18.3% to \$370.0mn as a 22.9% decline in total imports (f.o.b) outpaced a 25.7% fall in total exports (f.o.b). Contributing to the slashing of the import bill was a \$182.5mn contraction in imports for domestic consumption. In addition to lower fuel outlays, significant declines were recorded in electricity imports, which fell by \$27.9mn, as well as in purchases of machinery, transport equipment and manufactured goods. Furthermore, Commercial Free Zone

Table 3.1: Balance of Payments Summary

	BZ\$m	
	2008 ^R	2009 ^P
	Jan-Sept	Jan-Sept
A. CURRENT ACCOUNT		
(I+II+III+IV)	-190.3	-178.6
I. Goods (Trade Balance)	-452.6	-370.0
Exports, f.o.b.	759.1	563.7
Domestic Exports	483.2	377.0
CFZ Gross Sales	243.8	174.6
Re-exports	32.0	12.2
Imports, f.o.b.	1211.7	933.8
Domestic Imports	1004.8	822.3
CFZ Imports	207.0	111.5
II. Services	347.6	278.1
Transportation	-68.5	-55.3
Travel	373.6	330.6
Other Services	42.5	2.8
III. Income	-267.5	-202.0
Compensation of Employees	-6.7	-6.0
Investment Income	-260.9	-196.0
IV. Current Transfers	182.3	115.3
Government	45.4	-1.2
Private	136.9	116.5
B. CAPITAL & FINANCIAL ACCOUNT		
(I+II)	409.4	211.6
I. Capital Account	14.9	26.7
II. Financial Account (1+2+3+4)	394.5	184.9
1. Direct Investment in Belize	321.8 ⁽¹⁾	160.2
2. Portfolio Investment	-1.0	-16.5
Monetary Authorities	0.0	-8.1
General Government	-7.0	-7.6
Banks	6.6	0.0
Other Sectors	-0.5	-0.8
3. Financial Derivatives	0.0	0.0
4. Other Investments	73.7	41.2
Monetary Authorities	-0.7	68.6
General Government	-8.7	42.1
Banks	53.3	-10.7
Other Sectors	29.8	-58.6
C. NET ERRORS & OMISSIONS	-95.7	58.7
D. OVERALL BALANCE	123.4	91.6
E. RESERVE ASSETS⁽²⁾	-123.4	-91.6

P- indicates Provisional, R- indicates Revised

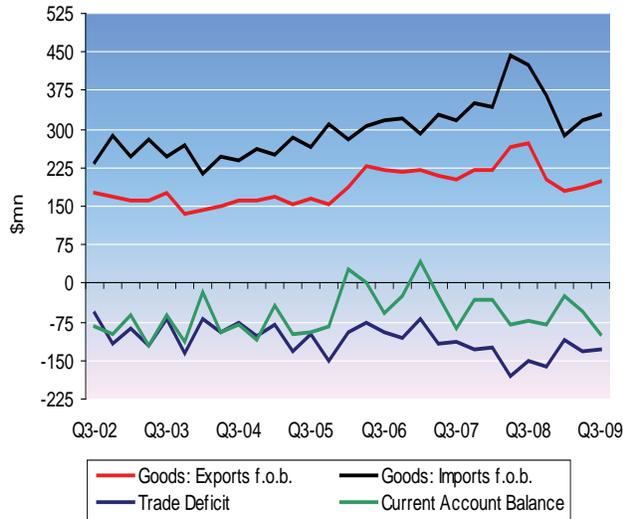
(1) Includes sale of UHS for \$45.0mn.

(2) Minus = increase



(CFZ) imports halved to \$111.5mn as cross border trade fell with the loss in

Chart 3.1: Current Account vs. Trade Deficit

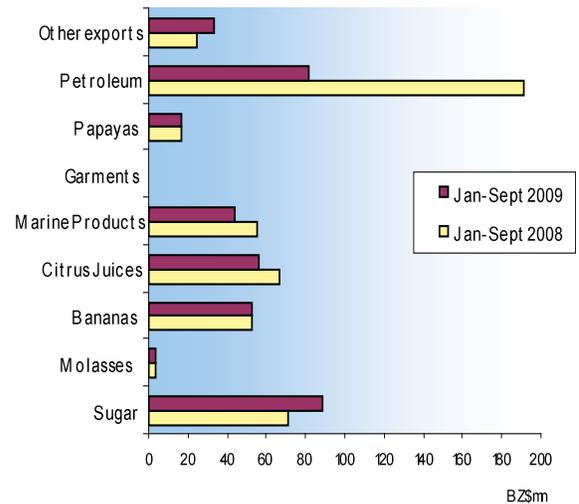


Mexican purchasing power caused by the depreciation of the Mexican peso against the US dollar.

There were declines in domestic exports, CFZ sales and re-exports of \$106.2mn, \$69.2mn and \$19.8mn, respectively. Substantially lower petroleum earnings accounted for much of the fall in domestic exports, although revenues from citrus, bananas, marine products and molasses also fell. Partly softening these losses were higher receipts from sugar, papayas and other miscellaneous exports.

The volume of sugar exports increased by 16.9% and earnings grew by 24.7% to \$89.0mn. Except for 79 long tons that were sold to Canada, all sugar sales went to the EU market. The higher than anticipated growth in revenue reflected euro exchange rate gains and lower

Chart 3.2: Domestic Exports



freight rates. However, as was the case in 2008, the industry sacrificed its US sales for the more lucrative EU market.

The volume of citrus concentrate exports increased by 6.9%, while earnings fell by 16.2% to \$56.1mn as prices declined in key markets. Weak prices across all major markets resulted in a 20.2% decline to \$46.6mn in orange concentrate receipts. The largest revenue slippage occurred in the US, the largest market for orange concentrate, as revenues contracted by 36.1% with a 30.7% price decline that reflected higher US inventories at the start of the season, and declining per capita consumption of orange juice by US consumers. Earnings from the Caribbean in response to a significant rise in export volume that outweighed a fall in the average price per pound solid. Sales of orange concentrate to Japan also expanded significantly. Earnings from grapefruit concentrate rose by 9.9% to



\$9.4mn, reflecting the increase in volume sold as well as favourable prices in the European market. In contrast, earnings from the Caribbean fell by 27.5% to \$1.4mn, while Japanese sales remained relatively constant at \$2.4mn.

Marine exports declined by 0.9%, while receipts plummeted by 20.1% to \$44.1mn in response to weaker prices and lower volumes. Earnings from shrimp exports declined by 16.3% as a 25.1% fall in the average price per pound more than offset an 11.8% rise in volume. Similarly, lobster export volume rose by 7.2%, and receipts declined by 18.5% due to a 24.0% plunge in the average price per pound. Earnings from conch fell by 33.3%, while contractions in tilapia and cobia production reduced finned fish export volume by 43.4% and receipts by 50.6% to \$1.7mn.

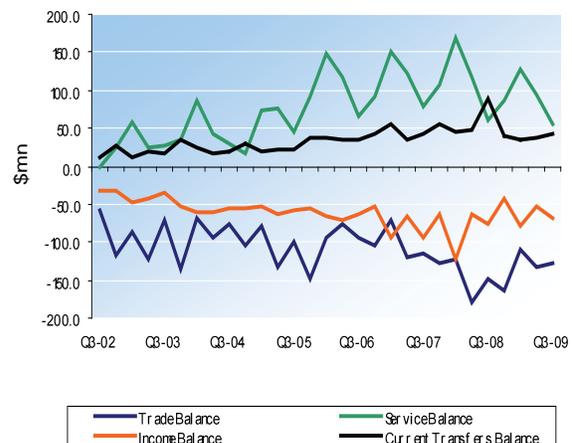
A fall in banana export volume outweighed a small improvement in the average box price, so receipts contracted by 1.2% to \$52.2mn. Petroleum exports rose by 31.5% to 939,824 barrels, while earnings plunged by 57.2% to \$81.9mn with the fall in the average price per barrel from US\$119.79 to US\$43.58. On the positive side, revenues from papaya increased by 1.5% to \$17.0mn due to a price rally since the export volume declined 13.9%. Receipts from other miscellaneous exports also rose by 42.0% to \$35.0mn with higher receipts from non-traditional exports, orange oil,

grapefruit oil, oranges, black eye peas, beans and pepper sauces.

Meanwhile, lower inflows from tourism and other services contributed to a 20.0% decline in the surplus on the service account to \$278.1mn. Net travel receipts fell by 11.5% to \$330.6mn with the decrease in stay-over visitors. At the same time, net inflows from other services plummeted by 93.4% to \$2.8mn as outflows for business services increased while inflows to embassies and military units fell. On the upside, net outflows for transportation services fell by 19.2% to \$55.3mn as a significant reduction in international freight charges more than outweighed lower earnings by the port caused by the drop in volume of international trade.

There was marked year on year improvement on the income account as net outflows decreased by 24.5% to \$202.0mn with a significant reduction in

Chart 3.3: Service, Income, and Current Transfers Balances





the repatriation of profits and workers' remittances. Net inflows from current transfers shrank by 36.7% to \$115.3mn due to a 14.9% drop in transfers to religious organizations, credit unions and insurance companies. In contrast, workers remittances from abroad were almost the same level as 2008.

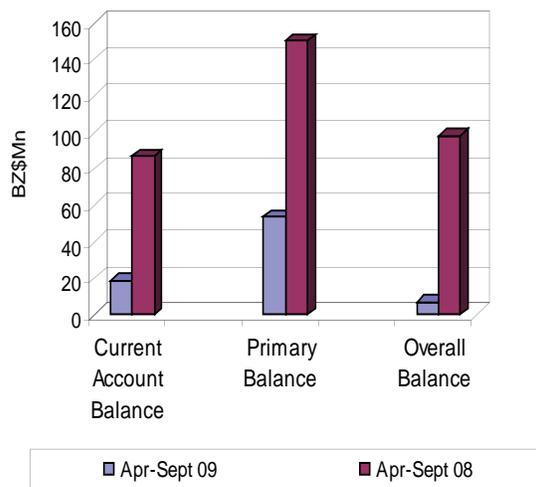
The capital and financial account netted a surplus of \$211.6mn, compared to the \$409.4mn in the first three quarters of 2008. Inflows to the capital account almost doubled to \$26.7mn due primarily to \$5.0mn in debt relief from the United Kingdom and grants of \$18.0mn from the CARICOM Petroleum Fund. The surplus on the financial account more than halved to \$184.9mn as foreign direct investment inflows, particularly for hotels, condominium developments and petroleum, plummeted. Other notable developments included an \$8.1mn investment in a Barbadian bond by the Central Bank. Offsetting this were Central Bank inflows from a disaster relief loan and new SDR allocations received during the third quarter. While commercial banks and the private sector made net loan repayments, the government recorded net inflows as loan disbursements exceeded repayments.



Government Operations and Public Debt

During the first half of fiscal year 2009/2010, Central Government's revenues were down by \$84.2mn, while outlays rose by \$7.1mn to \$355.0mn, year-on-year. Even with the revenue decline, Central Government's fiscal operations yielded current, primary and overall surpluses of \$18.9mn, \$53.9mn and \$7.0mn, respectively.

Chart 4.1: GOB Fiscal Operations



The fiscal out-turn remained heavily dependent on grants, however, as their exclusion would have reduced the primary surplus to \$33.2mn and converted the overall balance to a deficit of \$13.6mn. The overall surplus combined with net external financing facilitated a build-up in deposits with the Central Bank,

which featured largely in the reduction in domestic financing.

Table 4.1: Central Government's Revenue & Expenditure

	BZ\$m	
	Apr-09 Sep-09	Apr-08 Sep-08
Total Revenue & Grants	362.0	446.2
<i>of which: Current Revenue</i>	338.3	390.5
<i>of which: Grants</i>	20.6	53.5
Total Expenditure	355.0	347.9
Current Expenditure	319.4	303.8
Capital Expenditure	35.5	44.1
Current Balance	18.9	86.7
Primary Balance	53.9	150.4
Overall Balance	7.0	98.3

With the economic downturn negatively impacting business activities through a slump in distributive trade, stay-over tourism and domestic consumption, current revenue contracted by 13.4%, as tax and non-tax revenues declined by 6.8% and 46.1%, respectively. With the exception of property tax and taxes on international trade & transactions, all categories of tax collections fell, with the largest decline occurring in goods and services due to a 21.2% fall in GST receipts. Although revenues from international trade and transactions did not fall because of the hike in import duties on fuel, environmental taxes were lower and the slowdown in CFZ imports reduced receipts from the social fee. The 2.3% slippage in taxes on income and profits was due to lower collection from domestic oil production, in part influenced by falling international prices. Non-tax revenue was \$29.8mn lower because the



Central Bank profit transfer, which usually buoyed receipts, occurred before the reporting period, and the previous year included a one-off \$20.0mn refund of Venezuelan grant monies. Grant receipts also more than halved to \$20.6mn, of which \$18.0mn came from the CARICOM Petroleum Fund for flood infrastructure rehabilitation .

Table 4.2: Summary of Central Government's Revenue

BZ\$mn

	Apr-09 Sept-09	Apr-08 Sept-08
Current revenue	338.3	390.5
Tax revenue	303.6	325.9
Income and profits	105.0	107.5
Taxes on property	3.2	3.0
Taxes on goods & services	111.8	132.6
Int'l trade and transactions	83.5	82.8
Non-Tax Revenue	34.8	64.6
Property income	0.6	9.6
Licenses	8.3	6.9
Other	25.9	48.1
Capital revenue	3.0	2.2
Grants	20.6	53.5

Total expenditure increased by 2.0%, as a \$15.6mn expansion in current outlays more than outweighed a cut in development spending. The hike in spending occurred in wages & salaries (\$11.8mn), goods & services (\$9.3mn) and subsidies & current transfers (\$3.1mn). Payments for goods and services went mainly on contractors, materials, supplies and maintenance, while those for subsidies and current transfers went to educational institutions and statutory bodies .

Table 4.3: Central Government's FY Expenditure

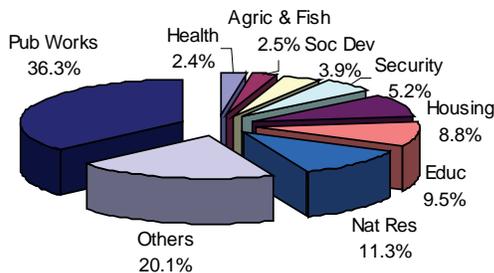
BZ\$mn

	Apr-08 Sept-08	Apr-09 Sept-09
Current Expenditure	303.8	319.4
Wages & Salaries	120.5	132.3
Pensions	24.0	20.6
Goods & Services	63.5	72.8
Interest Payments	52.1	46.8
of which: External	40.6	35.0
Subsidies & current transfers	43.7	47.0
Capital Expenditure	44.1	35.5
Capital II	28.7	23.0
Capital III	13.8	10.9
Net lending	1.6	1.6

Of the \$35.5mn in capital outlays, 36.3% went on infrastructural works such as the completion of the Southern Highway, roads, culverts/causeways, the Poverty Alleviation Project, Placencia Road upgrading and feeder roads, with 8.8% assigned to housing & home improvement. Education accounted for 9.5% with Technical & Vocational Training Projects and Georgetown High School being the main recipients. The land development program, landowners' share of petroleum royalties and solid waste management program accounted for another 5.8%, while 3.9% went to social development, 2.4% went to Health for the Technical Agreement between Belize and Cuba and 5.2% was for national security. Other notable payments included contributions to international agencies, purchase of vehicle parts and furniture/equipment.



Chart 4.2: GOB Development Expenditure for Apr to Sept 09



Central Government's Domestic Debt

During the first nine months of the year, the accelerated retirement of some loans (\$7.5mn) and the retirement of \$5.0mn of Defence Bonds offset a \$3.7mn increase in the overdraft balance, so Central Government's domestic debt contracted by 3.0%. Amortization payments totaled \$8.7mn, of which \$6.2mn and \$1.3mn went to retire the Belize Bank infrastructural development loan and RECONDEV Cohune Walk Housing Loan, respectively. Other smaller payments went to the Debt for Nature Swap and Belize Social Security Board (BSSB) for the Hopeville Housing Loan.

Of the \$19.2mn in interest payments, \$10.1mn went to the Central Bank for short term credit such as the overdraft and Treasury bills and \$3.2mn went on long term credit such as Treasury notes. The commercial banks and the non-bank entities received \$3.0mn and \$2.4mn,

respectively, on government securities. Other smaller payments went to the Belize Bank, BSSB, Debt for Nature Swap and Guardian Life.

In secondary trading, the Central Bank sold \$9.1mn in Treasury bills and \$42.5mn in Treasury notes to the commercial banks and non-bank entities.

Table 4.4: Central Government's Domestic Debt

BZ\$mn

	Dec 2008	Sept 2009	Changes in Stock
Overdraft	130.9	134.6	3.7
Loans	21.1	12.3	-8.8
Treasury Bills	100	100	0.0
Treasury Notes	65.8	65.8	0.0
Defence Bonds	15	10	-5.0
Total	332.8	322.7	-10.1

Public Sector External Debt

The public sector external debt rose by 5.7% (\$109.6mn) to \$2,022.9mn, during the first nine months, as disbursements of \$171.4mn and small upward valuation adjustments exceeded amortization payments of \$61.9mn.

Of total disbursements, \$100.8mn went to Central Government, with bilateral and multilateral lenders accounting for \$57.5mn and \$41.3mn, respectively. Notable amounts consisted of \$25.0mn from CDB as the second tranche of the policy based loan, \$40.0mn from ROC/Taiwan and \$17.0mn from Venezuela as



trade credit on fuel. Of the remaining untendered Bear Stearns notes, \$2.1mn was exchanged for the 'super bond'. The Central Bank also received \$70.6mn from the IMF, which included \$13.9mn for

public sector paid \$7.6mn to the Belize Mortgage Company and \$1.5mn to multilateral lenders. Additionally, the non-financial public sector amortized a total of \$1.7mn to CDB, Deutsche Bank and the Government of Kuwait.

Table 4.5: Public Sector's External Debt

BZ\$m

	DOD at: 31/12/08	DOD at: 31/09/09	Change in Debt Stock
Central Government	1,819.8	1,869.9	50.1
Bilateral	325.8	351.5	25.7
Multilateral	394.5	418.9	24.4
Bonds	1,093.5	1,093.5	0.0
Commercial Banks	6.0	6.0	0.0
Export Credit	0	0	0.0
Rest of NFPS	35.2	33.3	-1.9
Bilateral	5.8	5.2	-0.6
Multilateral	28.5	27.4	-1.1
Commercial Banks	0.8	0.6	-0.2
Export Credit	0	0	0.0
Financial Public Sector	58.3	119.7	61.4
Bilateral	1.5	1.2	-0.3
Multilateral	16.5	85.8	69.3
Bonds	40.3	32.6	-7.7
Export Credit	0	0	0.0
Grand Total	1,913.3	2,022.9	109.6

Of the \$69.5mn in interest payments, \$46.9mn was paid on the 'super bond'. Central Government's bilateral and multilateral creditors received \$8.9mn and \$10.1mn, respectively. On the other hand, the financial public sector made interest payments totaling \$2.8mn to the Belize Mortgage Company and multilateral lenders. The non-financial public sector paid \$0.7mn to CDB, Government of Kuwait and Deutsche Bank.

The value of the outstanding debt stock rose by \$0.1mn as the US dollar depreciated against the Euro and SDR, causing upward valuation of \$0.9mn to the loans denominated in these currencies. On the other hand, loans denominated in Kuwait dinar had a downward valuation of \$0.8mn.

disaster assistance facility (ENDA Loan) and \$56.7mn in new SDR allocations.

Central Government amortized \$31.2mn to bilateral creditors, including \$14.0mn to the Government of Venezuela for short term credit on fuel imports and \$12.6mn to ROC/Taiwan for housing and highway rehabilitation. Multilateral creditors were paid a total of \$17.5mn, including \$5.9mn to IDB, \$5.8mn to IBRD and \$4.0mn to CDB. The financial



ANNEX I



Table 5.1: Money Supply

BZ\$mn

	Position as at Sep 2009	Changes during	
		Dec 2008 to Sep 2009	Dec 2007 to Sep 2008
Money Supply (M2)	2043.0	76.4	166.1
Money Supply (M1)	698.6	-7.6	19.7
Currency with the Public	143.0	-10.9	-10.1
Demand Deposits	371.2	3.2	13.1
Savings/Cheque Deposits	184.4	0.1	16.7
Quasi-Money	1344.4	84.0	146.4
Savings Deposits	179.6	14.2	11.5
Time Deposits	1164.8	69.8	134.9



Table 5.2: Net Domestic Credit

BZ\$mn

	Position as at Sep 2009	Changes during	
		Dec 2008 to Sep 2009	Dec 2007 to Sep 2008
Total Credit to Central Government	281.7	-25.5	-24.3
From Central Bank	163.2	-49.0	-40.4
Loans and Advances	133.5	2.6	-12.6
Gov't Securities ⁽¹⁾	29.7	-51.6	-27.8
From Commercial Banks	118.5	23.5	16.1
Loans and Advances	1.0	-5.2	-10.8
Gov't Securities	117.5	28.7	26.9
(of which) Treasury Bills	97.5	8.8	26.9
Treasury Notes	20.0	20.0	0.0
Other	0.0	-0.1	0.0
Less Central Government Deposits	96.5	-20.2	31.6
With Central Bank	79.8	-29.5	39.3
With Commercial Banks	16.7	9.3	-7.7
Net Credit to Central Government	185.2	-5.3	-55.9
Credit to Other Public Sector	10.1	-2.9	-3.0
From Central Bank	0.0	0.0	0.0
From Commercial Banks	10.1	-2.9	-3.0
(of which) Local Government	7.0	-0.8	-0.4
Public Financial Institutions	0.0	-1.3	-0.3
Public Utilities	0.0	0.0	0.0
Other Statutory Bodies	3.1	-0.8	-2.3
Securities	0.0	0.0	0.0
Plus Credit to the Private Sector	1791.0	62.4	127.3
Loans and Advances	1789.7	65.0	127.1
Securities	1.3	-2.6	0.2
Net Domestic Credit of the Banking System⁽²⁾	1986.3	54.2	68.4

(1) Includes Gov't T-Bills, T-Notes & Debentures from Central Bank

(2) Differences due to rounding



Table 5.3: Sectoral Composition of Commercial Banks' Loans and Advances

BZ\$m

	Position as at Sep 2009	Changes during	
		Dec 2008 to Sep 2009	Dec 2007 to Sep 2008
PRIMARY SECTOR	195.3	0.1	8.7
Agriculture	131.4	-2.3	8.6
Sugar	16.6	-0.7	2.8
Citrus	17.7	-0.9	0.0
Bananas	76.6	-2.3	1.4
Other	20.5	1.6	4.4
Marine Products	32.0	4.1	0.3
Forestry	2.3	0.1	0.3
Mining & Exploration	29.6	-1.8	-0.5
SECONDARY SECTOR	463.5	43.3	-5.2
Manufacturing	49.9	9.2	9.4
Building & Construction	392.0	28.2	-9.9
Utilities	21.6	5.9	-4.7
TERTIARY SECTOR	654.7	-22.5	48.4
Transport	78.3	3.5	10.6
Tourism	121.7	-8.1	-10.5
Distribution	214.6	-7.6	33.9
Other ⁽¹⁾	240.1	-10.3	14.4
Personal Loans	484.9	35.1	61.3
TOTAL	1,798.4	56.0	113.2

(1) Includes government services, real estate, financial institutions professional services, and entertainment.



Table 5.4: Commercial Banks' Liquidity Position and Cash Reserves

BZ\$mn

	Position as at Sep 2009	Changes during	
		Dec 2008 to Sep 2009	Dec 2007 to Sep 2008
Holdings of Approved Liquid Assets	520.1	28.8	39.6
Notes and Coins	47.0	0.0	3.6
Balances with Central Bank	221.4	27.1	23.0
Money at Call and Foreign Balances (due 90 days)	141.1	-8.2	-3.1
Treasury Bills maturing in not more than 90 days	94.3	14.9	25.4
Other Approved assets	16.3	-5.0	-9.3
of which: Treasury Notes	0.0	0.0	-10.0
Required Liquid Assets	442.8	35.6	48.3
Excess/(Deficiency) Liquid Assets	77.3	-6.8	-8.7
Daily Average holdings of Cash Reserves	222.8	30.7	31.0
Required Cash Reserves	192.5	15.5	21.0
Excess/(Deficiency) Cash Reserves	30.3	15.2	10.0

Table 5.5: Commercial Banks' Weighted Average Interest Rates

Percentages

	Position as at Sep 2009	Changes during	
		Dec 2008 to Sep 2009	Dec 2007 to Sep 2008
Weighted Lending Rates			
Personal Loans	15.81	-0.13	-0.37
Commercial Loans	13.52	-0.03	-0.08
Residential Construction	12.81	0.03	-0.36
Other	13.54	0.09	-0.06
Weighted Average	14.09	-0.01	-0.13
Weighted Deposit Rates			
Demand	0.72	-0.38	0.71
Savings/ Cheque	4.96	-0.13	-0.15
Savings	5.26	-0.02	0.04
Time	8.29	-0.22	0.09
Weighted Average	6.18	-0.17	0.33
Weighted Average Spread	7.91	0.16	-0.46



Table 5.6: GDP by Activity at Constant 2000 Prices (BZ\$ million)

	Constant 2000 prices– BZ\$ million					
	07 Q2	7 Q3	08 Q2	08 Q3	09 Q2	09 Q3
Agriculture, hunting & forestry	73.0	39.2	72.7	43.1	64.3	48.0
Fishing	4.5	16.3	12.6	13.4	11.8	12.6
Manufacturing (incl. mining & quarrying)	73.0	50.9	78.6	60.4	94.3	59.6
Electricity & water	20.6	24.5	19.5	34.4	20.2	41.9
Construction	17.0	16.9	23.3	16.3	28.2	26.4
Wholesale & Retail	84.6	83.1	93.0	91.6	84.8	80.5
Hotels & Restaurants	24.7	16.1	22.7	17.2	20.8	15.9
Transport & communication	66.5	60.2	68.8	62.8	65.5	60.5
Other private services exc. FISIM	93.1	93.8	97.7	95.6	100.1	100.8

Table 5.7: Percentage Change of GDP by Activity at Constant 2000 Prices

	Quarter-on-quarter growth (%)					
	Q2-07	Q3-07	Q2-08	Q3-08	Q2-09	Q3-09
	Over Q2-06	Q3-06	Over Q2-07	Q3-07	Over Q2-08	Q3-08
Agriculture, hunting & forestry	0.5	0.1	-1.4	10.1	-11.6	12.2
Fishing	-74.6	-57.1	177.5	-18.1	-6.1	-11.4
Manufacturing (incl. mining & quarrying)	2.5	6.1	-27.3	18.8	20.0	1.7
Electricity & water	4.6	-18.2	-5.2	40.6	3.6	21.5
Construction	-5.5	-6.1	44.4	-3.2	21.2	11.7
Wholesale & Retail	8.1	-5.7	9.5	10.3	-8.8	-7.9
Hotels & Restaurants	5.4	-0.1	-7.4	6.7	-8.5	-5.4
Transport & communication	13.9	15.8	2.2	4.4	-4.8	-1.4
Other private services exc. FISIM	2.8	2	4.5	2	2.5	2.5
Producers of government services	5.3	7.9	3.2	-2.5	-2.1	9.7
All industries at basic prices	1.9	-3.7	6.3	7.4	0.0	2.6
Taxes on products	19.5	2.6	5.0	11.8	-9.4	-8.1
GDP at market prices	4.1	-2.8	6.1	8.2	-1.3	1.0

Source: Statistical Institute of Belize (YTD): year to date



**Table 5.8: Percent Variation in Consumer Price Index (CPI)
Commodity Group**

Major Commodity Group	Weight					Aug-09	Annual Change
		Aug-08	Nov-08	Feb-09	May-09		
Food, Beverage & Tobacco	346.6	5.8	0.9	0.4	-3.6	-0.7	-3.0
Clothing & Footwear	92.0	-0.1	-1	-0.3	0.3	0.4	-0.6
Rent, Water, Fuel, & Power	167.6	0.7	-1.4	-4.2	-0.8	2.0	-4.4
Household goods & maintenance	85.3	0.5	-1	-0.1	-0.2	0.3	-0.9
Medical care	20.1	1.4	-1.1	0.6	0.2	0.1	-0.4
Transport & Communication	170.1	1.3	-12.7	-6	8.8	3.5	-7.6
Recreation, Education & Culture	80.4	0.2	0.3	0.2	0.0	0.1	0.5
Personal care	37.9	1.3	0.3	-0.6	0.5	0.1	0.3
ALL ITEMS	1000	2.7	-2.7	-1.6	-0.1	0.8	-3.6

Source: Statistical Institute of Belize

Table 5.9: Gross Imports (CIF) by SITC

BZ\$m

SITC Section	Jan-Sept 2008	Jan-Sept 2009
0 Food and Live Animals	123.6	122.1
1 Beverages and Tobacco	10.8	16.6
2 Crude Materials	8.5	9.6
3 Minerals, Fuels and Lubricants	284.7	189.4
<i>of which electricity</i>	<i>59.1</i>	<i>31.2</i>
4 Oils and Fats	4.2	4.2
5 Chemical Products	90.3	94.4
6 Manufactured Goods	175.3	136.9
7 Machinery and Transport Equipment	265.3	208.3
8 Other Manufactures	73.6	72.3
9 Commodities N.E.S	1.6	0.5
Export Processing Zones	70.8	57.5
Commercial Free Zone	227.4	122.5
Personal Goods	2.3	1.9
Total	1338.4	1036.2

Source: Statistical Institute of Belize



Table 5.10: Balance of Payments

BZ\$mn

	2008 ^R	2009 ^P
	Jan-Sept	Jan-Sept
CURRENT ACCOUNT	-190.3	-178.6
Goods: Exports f.o.b.	759.1	563.7
Goods: Imports f.o.b.	-1211.7	-933.8
<i>Trade Balance</i>	-452.6	-370.0
Services: Credit	604.6	524.8
Transportation	37.3	27.2
Travel	435.4	392.1
Other Goods & Services	84.9	65.1
Gov't Goods & Services	46.9	40.5
Services: Debit	-257.0	-246.8
Transportation	-105.7	-82.5
Travel	-61.9	-61.4
Other Goods & Services	-76.4	-90.4
Gov't Goods & Services	-13.0	-12.5
<i>Balance on Goods & Services</i>	-105.0	-92.0
Income: Credit	9.3	6.6
Compensation of Employees	3.5	3.5
Investment Income	5.7	3.1
Income: Debit	-276.8	-208.6
Compensation of Employees	-10.2	-9.6
Investment Income	-266.6	-199.1
<i>Balance on Goods, Services & Income</i>	-372.5	-294.0
Current Transfers: Credit	224.4	149.2
Current Transfers: Debit	-42.1	-33.9
CAPITAL ACCOUNT	14.9	26.7
Capital Account: Credit	16.2	27.2
Capital Account: Debit	-1.3	-0.5
FINANCIAL ACCOUNT	394.5	184.9
Direct Investment Abroad	-5.4	-0.5
Direct Investment in Reporting Economy	327.3 ⁽¹⁾	160.7
Portfolio Investment Assets	6.0	-8.9
Portfolio Investment Liabilities	-7.0	-7.6
Financial Derivatives	0.0	0.0
Other Investment Assets	17.8	42.3
Other Investment Liabilities	55.9	-1.1
NET ERRORS & OMISSIONS	-95.7	58.7
OVERALL BALANCE	123.4	91.6
RESERVE ASSETS*	-123.4	-91.6

* (Minus = Increase)

Source: Central Bank of Belize

(1) Includes the sale of UHS for \$45.0mn

P: Indicates Provisional

R: Indicated Revised



Table 5.11: Private Sector External Debt by Economic Sector⁽¹⁾

BZ\$'000

Economic Sectors	DOD at 31/12/08	Transactions (January to March '09)			DOD as at 31/03/09
		Disbursements	Principal Payments	Interest Payments	
Long Term:					
Agricultural Production	6,572	0	531	33	6,041
Air Transport	49,082	353	2,868	1,047	46,567
Banana	660	0	250	15	410
Citrus	27,236	1,312	545	83	28,003
Development of Port Facilities	50,202	0	65	1,007	50,137
Education & Training	337	0	7	3	330
Energy (Electricity)	111,541	78	1,875	1,305	109,744
Ground Transport	2,186	0	63	27	2,123
Land (Purchase & Development)	185	0	15	5	170
Marine Products	122,834	0	450	90	122,384
Maritime Transport	1,929	0	107	25	1,821
Telecommunications	22,549	0	0	0	22,549
Tourism & Hotel Industry	39,346	0	1,652	93	37,694
Other	15,296	0	41	259	15,256
Grand Total	449,955	1,743	8,468	3,991	443,230

(1) The loans only cover that portion of the private sector debt that is reported to the Central Bank of Belize.



Table 5.12: Central Government's Revenue and Expenditure

BZ\$ '000

	Approved Budget 2009/2010	Sep-09	Apr-09 to Sep-09	Apr 08 to Sep-08	Actual YTD as % of Budget
TOTAL REVENUE & GRANTS (1+2+3)	807,330	55,008	362,014	446,157	44.8%
1). Current revenue	751,271	54,263	338,336	390,482	45.0%
Tax revenue	670,112	47,589	303,551	325,870	45.3%
Income and profits	210,472	13,927	104,953	107,479	49.9%
Taxes on property	7,706	280	3,227	3,012	41.9%
Taxes on goods and services	261,525	18,446	111,842	132,610	42.8%
Int'l trade and transactions	190,409	14,937	83,529	82,769	43.9%
Non-Tax Revenue	81,158	6,674	34,785	64,612	42.9%
Property income	10,734	73	596	9,569	5.6%
Licenses	9,447	3,850	8,293	6,942	87.8%
Other	60,977	2,751	25,896	48,101	42.5%
2). Capital revenue	5,600	450	3,038	2,180	54.2%
3). Grants	50,459	295	20,640	53,495	40.9%
TOTAL EXPENDITURE (1+2)	856,426	56,240	354,985	347,851	41.4%
1). Current Expenditure	689,760	50,629	319,437	303,762	46.3%
Wages and Salaries	276,521	22,599	132,276	120,501	47.8%
Pensions	43,916	4,261	20,576	23,956	46.9%
Goods and Services	169,386	13,610	72,755	63,479	43.0%
Interest Payments on Public Debt	105,942	2,000	46,824	52,118	44.2%
Subsidies & current transfers	93,996	8,159	47,006	43,708	50.0%
2). Capital Expenditure	166,665	5,610	35,548	44,089	21.3%
Capital II (local sources)	63,379	3,847	23,005	28,697	36.3%
Capital III (foreign sources)	100,078	1,763	10,940	13,788	10.9%
Capital Transfer & Net Lending	3,208	0	1,603	1,604	50.0%
CURRENT BALANCE	61,510	3,633	18,899	86,721	30.7%
Primary Balance	56,846	768	53,852	150,424	94.7%
OVERALL BALANCE	-49,096	-1,231	7,028	98,306	-14.3%
PB less Grants	6,386	473	33,213	96,929	520.0%
OB less Grants	-99,555	-1,527	-13,611	44,811	13.7%
FINANCING		1,231	-7,028	-98,306	
Domestic Financing		-2,796	-26,698	-98,187	
Central Bank		-11,301	-51,156	-120,279	
Net Borrowing		-10,625	-20,372	-85,745	
Change in Deposits		-677	-30,784	-34,534	
Commercial Banks		8,443	6,019	21,965	
Net Borrowing		7,896	4,786	20,958	
Change in Deposits		547	1,233	1,007	
Other Domestic Financing		62	18,440	126	
Financing Abroad		4,225	30,443	-9,429	
Disbursements		4,856	65,842	35,054	
Amortization		-631	-35,399	-44,483	
Other		-198	-10,773	9,310	

Source: Ministry of Finance and Central Bank of Belize



Table 5.13: Central Government's Domestic Debt by Creditor⁽¹⁾

BZ\$'000

	Disbursed Outstanding Debt 31/12/08	Transactions (January to Sep 2009)				Disbursed Outstanding Debt 30/09/09
		Disbursements/ New Issue of Securities	Amortization/ Reduction in Securities	Interest	Net Change in Overdraft/ Securities	
Overdraft / Loans	130,959	0	0	9,767	3,613	134,572
Central Bank	130,959	0	0	9,767	3,613	134,572
Commercial Banks	0	0	0	0	1038	1,038
Treasury Bills	100,000	0	0	2,422	0	100,000
Central Bank	10,069	0	0	298	-9,102	967
Commercial Banks	88,625	0	0	2,103	8,848	97,473
Other	1,306	0	0	21	254	1,560
Treasury Notes	65,800	0	0	5,202	0	65,800
Central Bank	61,197	0	0	2,413	-42,470	18,727
Commercial Banks	0	0	0	900	20,000	20,000
Other	4,603	0	0	1,889	22,470	27,073
Defence Bonds	15,000	0	5000	1250	0	10,000
Central Bank	10,000	0	0	800	5	10,005
Commercial Banks	100	0	100	0	0	0
Other	4,900	0	4900	450	-5	-5
Infrastructure Dev. Ln (BBL)	6,238	0	6,238	67	0	0
BSSB Loan⁽²⁾	6,126	0	556	334	0	5,570
GOB (debt for Nature Swap)	6,419	0	653	85	0	5,766
Guardian Life Bze \$1mn Loan	1,000	0	0	90	0	1,000
Cohune Walk Loan	1,278	0	1,278	23	0	0
Total	332,820	0	13,725	19,240	3,613	322,708

(1) The transaction associated with UHS loan with the Belize Bank is not included in this table due to ongoing litigation.

(2) GOB has outstanding loans with BSSB consisting of (1) Hopeville Housing Project and (2) loan purchased from DFC (as of Jan 30th 2007).



Table 5.14: Public Sector External Debt by Creditor⁽¹⁾

BZ\$'000

	DOD at: 31/12/2008	Transaction (January to September '09)				DOD at: 30/09/2009
		Disburse- ments	Principal Payments	Interest & Other Payments	Parity Change	
CENTRAL GOVERNMENT	1,819,821	100,828	50,800	66,081	67	1,869,916
Banco Nacional de Comercio Exterior	6,881	0	1,038	403	0	5,844
Fondo de Financ. de las Exportaciones	109	0	109	3	0	0
Government of the United States ⁽²⁾	2,578	0	686	65	0	1,892
Government of Trinidad and Tobago	8	0	4	0	0	4
Government of Venezuela	36,494	17,019	13,957	0	0	39,556
Kuwait Fund for Arab Economic Dev	16,758	463	1,096	431	-550	15,575
Republic of China	258,660	40,000	12,616	7,814	0	286,044
Caribbean Development Bank	135,803	35,552	4,001	3,085	-1	167,354
European Economic Community	17,353	0	401	60	613	17,564
European Investment Bank	284	0	97	6	12	198
Inter-American Development Bank	188,522	5,316	5,911	5,461	0	187,927
International Fund for Agric. Dev.	994	0	61	26	-7	926
Intl. Bank for Reconstruction & Dev.	38,456	0	5,848	1,138	0	32,608
Opec Fund for Int'l. Development	13,116	389	1,167	376	0	12,338
BWS Finance Limited	4,961	0	0	0	0	4,961
Manufacturers & Traders Trust Co.	4,325	0	1,730	221	0	2,595
Provident Bank & Trust of Belize	1,000	0	0	90	0	1,000
Bear Stearns & Co.	7,994	0	2,078	0	0	5,916
Bank of New York (New Bond Issue)	1,085,525	2,089	0	46,904	0	1,087,613
NON-FINANCIAL PUBLIC SECTOR	35,162	16	1,660	686	-212	33,306
Kuwait Fund for Arab Economic Dev	5,791	0	343	110	-212	5,236
Deutsche Bank	818	0	173	27	0	644
Caribbean Development Bank ⁽³⁾	28,553	16	1,144	549	0	27,426
FINANCIAL PUBLIC SECTOR	58,290	70,572	9,435	2,782	228	119,655
Caribbean Development Bank	14,919	0	783	188	0	14,136
European Economic Community	529	0	18	2	18	528
European Investment Bank	1,022	0	690	17	0	332
Paine Webber Real Estate Securities Inc.	1,100	0	100	2	0	1,000
Belize Mortgage Company	40,267	0	7,619	2,516	0	32,648
International Monetary Fund ⁽⁴⁾	0	70,572	0	51	210	70,782
Government of the United States	454	0	225	7	0	229
GRAND TOTAL	1,913,273	171,416	61,895	69,549	82	2,022,877

(1) Guaranteed Outstanding external debt of private entities remain a contingent liability of Central Government and are not reported on this table.

(2) USAID Debt for Nature Swap Agreement as at 2nd August, 2001 was implemented on 30th November, 2001 for BZ \$17,168.

(3) Loans for the Water Company were re-classified as part of the non-financial public sector after the GOB bought the majority shares in the company on 3rd October 2005.

(4) IMF SDR Allocation is included as part of the financial sector external debt obligation.