



U.S. Department of State FY 2001 Country Commercial Guide: Belize

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I. Executive Summary

This Country Commercial Guide (CCG) presents a comprehensive look at Belize's commercial environment, using economic, political and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. Embassies through the combined efforts of several U.S. Government agencies.

Belize, the second smallest (8,866 square miles) and least populated country in Central America (1999 est. Pop. 243,000), has an open, private sector-led economy based primarily on export agriculture and services. Tourism continues to be the number one foreign exchange earner (\$103.2 million) followed, in ranking order, by cane sugar (\$41 million), citrus (\$36.9 million),

marine products (\$27.8 million), bananas (\$27.3 million), and garments (\$19.6 million). Agricultural economic diversification and expansion of the tourism industry continue to be two of GOB's main economic strategies towards increased foreign exchange earnings and import substitution.

Traditionally, Belize has been a consumer nation, relying heavily on foreign imports. As in past years, the United States continues to be Belize's number one trading partner. In 1999, the U.S. imported 42.7 percent of Belize's total exports and supplied 50.9 percent of all Belizean imports. These proportions reflected a \$112.8 million U.S. trade surplus with Belize, up 27 percent from 1998. Other major trading partners include Mexico, United Kingdom, Western Europe, Guatemala, Canada, and Caricom member states.

Despite having the smallest consumer market in the region, American suppliers should not overlook Belize's unique advantages as a potential trading partner: proximity to the United States, strong cultural influences from North America, and excellent air and sea transportation links to the U.S. English is the official language, and the Belize dollar has been pegged to the U.S. dollar since May 1976 at the rate of two Belize dollars to one U.S. dollar.

Foreign investors are required to register any investment with the Central Bank of Belize to facilitate the repatriation of profits and dividends. International telecommunications are excellent and business service providers such as consultants, accountants, real estate appraisers and attorneys are readily available. The government's investment guide contains a list of preferred areas in which investors are generally encouraged to invest, including agro-industries, tourism, light manufacturing, and forestry-based industries.

The ruling People's United Party administration continues with its multi-million dollar housing project to build 10,000 units in fulfillment of a political campaign promise it made in August 1998. The government, through the Social Security Board and the Development Finance Corporation, has provided funds to construct so far about 2,400 houses across the country. An additional \$50 million will be invested this year in building more low-income houses. There are also several capital projects that are either currently underway or planned to begin in 2000/2001. The largest of these, which started in 1998, is a \$14.7 million project to rehabilitate the Southern highway. In addition, this year close to \$9.5 million will be invested in upgrading health centers and hospitals throughout Belize, and another \$8.5 million has been allocated for the construction of a by-pass road and two bridges in northern Belize.

Country Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-Rom or via the internet. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the world wide web at <http://www.stat-usa.gov>; <http://www.state.gov/>; and <http://www.mac.doc.gov>. CCGS can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-

specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by telephone at 1-800-USA-TRAD (E) or by fax at (202) 482-4473.

II. Economic Trends and Outlook

Major Trends and Outlook:

The People's United Party (PUP) administration of Prime Minister Said Musa seeks to continue in fiscal year 2000/2001 the expansionary fiscal and monetary policies that his administration aggressively pursued last fiscal year. In particular, the Musa administration plans to continue boosting public sector spending on infrastructure and housing, and aggressively promoting tourism and direct foreign investment. Also, as part of Belize's commitment to Caricom's common protective regime through the Common External Tariff (CET), the GOB implemented April 1, 2000, the fourth and final phase of the CET. The fourth phase entailed lowering import duties by 5 percent on over 1,030 items, e.g., foodstuffs, household goods and clothing. The administration also plans to privatize selected public enterprises and reinvest the receipts from such sales into high-quality, export-oriented infrastructure and the building of human resource capacity.

Due largely to a mixed expansionary fiscal and monetary policy, the Belizean economy rebounded remarkably in 1999. The Gross Domestic Product (GDP) last year is estimated at \$673.5 million, giving Belize a per capita income of approximately \$2,772 -- higher than most of its Central American neighbors. Real GDP growth in 1999 stood at 6.2 percent, compared to 1.4 percent in 1998. This trend was largely due to increases in total output of Belize's three main agricultural crops -- sugar, citrus, and bananas -- and fisheries, which are considered to be the backbone of the Belizean economy.

Following a decline of the consumer price index to negative 0.8 percent in 1998, last year Belize's CPI fell further to negative 1.2 percent. The unemployment rate also fell, from 14.3 percent in 1998 to 12.8 percent in 1999.

Because Belize is heavily dependent upon imports, international borrowing, and foreign investment which requires repatriation of profits, the availability of hard currency is watched closely. Following steady declines of the Net Foreign Assets (NFA) of the banking system, from a high of \$71.4 million in 1996, \$64.6 million in 1997, to \$50.9 million in 1998, the NFA last year increased to \$92.5 million.

At the end of December 1999, Belize had an outstanding external public debt of \$241.9 million, compared to \$258.6 million the year before. Contributing to this fall was the reclassification of \$30 million of debt stemming from the privatization of the Belize Electricity Limited in October 1999. Belize imported goods and services worth \$374.4 million and exported \$182.6 million, resulting in its biggest trade deficit of \$191.8 million. The gross official international reserves stood at \$70.2 million at the end of December 1999, an increase of \$27.8 million over 1998.

Economic growth in 2000 is projected to be in the range of 3 to 4 percent. This projection is largely dependent upon stable world prices for Belize's major agricultural exports, continued growth in the North American economy, and preferential trading agreements such as the Caribbean Basin Initiative (CBI) and the Lome Convention.

Agriculture, the primary sector of the economy, experienced impressive growth, notably the citrus, sugar, banana and fisheries industries. For instance, despite depressed world prices, cane sugar exports amounted to about 104,000 tons valued at \$41 million. Export earnings from citrus concentrate amounted to \$37 million, representing an increase of \$2.2 million in export earnings over 1998's. Banana production also increased, from 51,824 tons in 1998 to 56,289 tons last year with a value of \$27.3 million. Of all the industries, the fisheries industry recorded the highest expansion, estimated at 33 percent. According to the GOB, this gain was the result of a substantial expansion of shrimp farms with an increased production of about 51 percent to 4.6 million pounds of shrimp, earning \$18.2 million in foreign exchange.

Growth in the secondary sector was greatly impacted by the boom in the construction sector, which registered a growth rate of 21 percent alone as a result of GOB's huge investment in the housing subsector and national road network. The garment industry remained stable, earning about \$19.4 million in revenue.

The services sector grew by 4.7 percent as a result of strong performance of the trade, restaurants and hotels subsectors. For example, tourist arrivals by air increased by 5.5 percent compared to 1998, while the number of cruise ship visitors almost tripled, from 14,000 in 1998 to 34,000 last year. This positive trend is expected to continue as a result of the aggressive marketing and promotion campaigns by the re-structured Belize Tourist Board.

Principal Growth Sectors:

Primary activities: in 1999, the combination of agriculture, forestry, fishing, and mining accounted for 19.5 percent of total GDP, a trend that has been stable for the past decade. Agriculture alone contributed 13.4 percent of total GDP. After declining for three consecutive years -- \$109.9 million in 1997, \$107.8 million in 1997, and \$99.9 million in 1998 -- exports earnings from sugar, citrus concentrate, and bananas -- Belize's three major agricultural products -- rebounded in 1999 to \$105.2 million. In contrast, export earnings from marine products have been increasing for the past three consecutive years: \$17.6 million in 1997, \$21.8 million in 1998, and \$27.8 million in 1999.

However, in the long-term, the growing move toward freer trade could erode some of the preferential market arrangements Belize currently enjoys. In effect, the future of Belize's agriculture sector promises to be quite turbulent, unless it finds ways to become more efficient in a highly competitive and increasingly liberalized international market.

Service activities: tourism continues to take on increasing economic importance for Belize. Revenues from tourism have been increasing for the past three consecutive years: \$96.5 million in 1997, \$101 million in 1998, and \$103.2 million in 1999. This growth makes tourism second only to agriculture in terms of foreign exchange earnings. As in the past, the majority of the tourists last year came from the U.S., followed by Canada and the United Kingdom. In 1999, total tourists arrival amounted to 180,000, of which 92,695 were Americans.

Offshore services are relatively new to Belize, but show a significant potential for growth. Since 1990, over 10,000 offshore businesses and trusts have been registered in Belize. In August 1996, the Offshore Banking Act was added to the growing legal infrastructure for offshore services. At the same time, a Money-Laundering (Prevention) Act was passed to enhance the reputation and viability of Belize's offshore services sector. The Central Bank of Belize has so far granted a licence to only one offshore bank to operate in Belize.

Secondary activity: total export earnings from the garment industry stood at \$17.8 million in 1996. It increased to \$18.8 million in 1997 and to \$19.7 million in 1998. However, last year it declined slightly to \$19.6 million. In 1999, the garment manufacturing sector ranked sixth in total foreign exchange earnings of all sectors of the Belizean economy after tourism (\$103.2 million), cane sugar (\$41.2 million), citrus (\$36.9 million), marine products (\$27.8 million), and bananas (\$27.3 million).

Government Role in the Economy:

The administration of Prime Minister Said Musa continues to implement its growth economics policy, whose major economic characteristics, all started in 1998/1999, entail lowering taxes to stimulate consumption and investment and increasing government spending to achieve full employment and alleviate poverty.

For instance, in late 1998, in order to boost the productive sector of the economy, the GOB lowered the liquidity and cash reserve requirements of commercial banks. The liquidity requirements went down from 26 to 24 percent, while the cash reserve requirement was reduced from 7 to 5 percent. The net effect of this expansionary monetary policy was an increase of funds that banks had to lend to their customers. Similarly, in an effort to expand credit at a low-interest rate to micro-enterprises, the GOB established the Small Farmers and Business Bank in November 1998 and allocated \$4 million to the bank, courtesy of a soft loan from the Government of Taiwan. Government hopes to encourage small entrepreneurs, especially women, to invest in non-traditional sectors of the economy, thus creating employment opportunities for minorities.

The government plans to carry out other short-term initiatives to improve the standard of living of Belizeans. These are: 1) eliminating poverty in rural areas, 2) assisting rural communities in southern Belize to employ productive and sustainable land use systems, 3) initiating a land

adjudication system for granting secure land tenure, and 4) improving the level of primary education by building new classrooms.

In this regard, last year the National Human Development Advisory Committee prepared, on behalf of the GOB, the country's "1998-2003 National Poverty Elimination Strategy and Action Plan." The report describes three approaches the GOB should implement to combat poverty in Belize: poverty alleviation, poverty reduction, and poverty elimination. Similarly, last March the GOB launched the \$7.1 million Community-Initiated Agriculture and Rural Development project (CARD) in southern Belize, whose major objective is to increase the capacity of community-based organizations to formulate and implement small-scale projects and manage initiatives, which will increase incomes, reduce poverty and stimulate social development.

Also in late 1999, as part of the Ministry of Tourism's (MOT) product development plan to provide professional services to arriving tourists at Belize's two inland entry points, the MOT established a Border Management Agency (BMA) to administer Belize's border points. The BMA will work hand-in-hand with the Belize Tourist Board in this regard.

The GOB also recognizes that improving the physical infrastructure of the country is important for attracting foreign investors to Belize. With this in mind, the GOB is rehabilitating the entire Southern highway and other major roads across Belize. The GOB has also established the Karl Huesner Memorial Hospital Authority as part of a plan to ensure that quality and affordable health services are available to its citizens.

The Ministry of Industry (MOI) is working on a proposal to establish an Industrial Development office as part of the ministry's plans to encourage and promote industrial development of non-traditional industries of the productive sector. The proposal calls for the office to be run by an Industrial Development Board. The office will also have the mandate to ensure the gradual removal of quantitative import restrictions on the 27 categories of products that presently require licenses prior to importation.

In February 2000, the Trade and Investment Promotion Service (TIPS) was renamed the Belize Trade and Investment Promotion Service (BELTRAIDE), whose functions have been considerably expanded. In addition to continue being a one-stop shop for investors and assisting local exporters, BELTRAIDE is now tasked with the added responsibility of advising and assisting the GOB in the formulation and implementation of trade agreements, conventions and treaties. Once the function of the Ministry of Economic Development, BELTRAIDE is also now responsible for accepting and reviewing development concession applications and recommending them for approval.

In April 2000, the Ministry of Agriculture, Fisheries and Cooperatives launched the Belize Agricultural Health Authority (BAHA) as part of its program to certify all exports from Belize and to ensure that local and imported products for domestic consumption are safe and wholesome.

The GOB's Task Force on Services submitted its report to government on April 1999, in which it identified five sub-sectors of the services sector with strong growth potential: information technology, tourism, financial services, creative services and research and development. The GOB has so far heavily promoted the development of the tourism and information technology sub-sectors. As an example, the GOB will invest a major portion of a \$14 million tourism project to improve access to archaeological sites across Belize.

The internationally-financed Social Investment Fund (SIF), officially launched in 1997, continues to address the basic human needs of Belize's poorest citizens. It is built on the idea of community participation through collaborative efforts between the GOB and community, regional, national, and international organizations. The main goal of SIF is to provide community-based sustainable solutions to the social and economic problems of the poor with consideration for the special needs of women, children, and youth.

On August 1999, the GOB established the Public Utilities Commission, whose function is to regulate the provision of public utilities in Belize with the view of reducing utility rates. The commission is an autonomous body with one representative each from the public utilities (water, telephone, and electricity), Trade Union Congress, civil society and BELTRAIDE.

Prior to July 1996, Belize's legal infrastructure of the offshore financial services sector included only the Registration of Merchant Ships Act (1989), International Business Company Act (1990), and the Trust Act (1992). In August 1996, however, the GOB enacted the Offshore Banking Act in order for the country to remain competitive in the global offshore financial business. To complement the Offshore Banking Act and to avoid the spin-offs of illegal activities occurring in Belize, the GOB implemented, also in August 1996, the Money Laundering (Prevention) Act.

Additionally, in an effort to attract additional capital into the country, the National Assembly passed in early 1999 several pieces of legislation. Examples of these statutes include: 1) the Retired Persons Act, which seeks to encourage foreign retirees to come to retire in Belize by providing them tax exemptions, 2) the Gaming Control Act, which seeks to regulate and encourage gaming in Belize, 3) the International Insurance Act, which seeks to promote international insurance business by Belize-based companies to persons or businesses not domiciled in Belize, and 4) the Mutual Funds Act, which seeks to attract companies to Belize to manage mutual funds for collective investment.

So that Belize's offshore financial sector can be developed as a reputable and viable industry with an appropriate oversight and regulatory authority in place, the GOB passed the International Financial Services Commission Act in 1999. Its function is to promote, protect and enhance Belize as an offshore financial services center and to supervise the provision of international financial services within Belize. In addition, there is a Bill presently before the national assembly that seeks to amend the International Business Companies Act of 1990. The proposed amendment would increase international supervision and regulation of the sector by requiring

that registered agents for IBCs obtain a licence from the International Financial Services Commission.

Balance of Payments:

For the past three consecutive years, Belize's current account deteriorated due mostly to a corresponding deterioration of its trade balance. In 1999, Belize recorded its biggest current account deficit of \$62.2 million, \$22.7 million and \$45.6 million more than in 1998 and 1997, respectively. On the import and export side of the current account item, Belize's 1999 trade deficit of \$128.8 million increased by \$30.4 million and \$47.9 million, respectively, over 1998 and 1997 trade deficits. The widening of the trade deficit, especially since the latter part of 1998, is largely due to an increase in purchases of manufactured goods for the industrial and construction sectors.

After recording deficits in 1998 (\$2.5 million) and 1997 (\$3.4 million), in 1999 the capital account posted a small surplus of \$0.8 million. The financial account, on the other hand, has seen surpluses: \$24.7 million in 1997, \$25.6 million in 1998, and \$88 million in 1999. Unlike 1998 when the economy recorded an overall balance of payments deficit of \$15.4 million, Belize ended last year with a surplus of \$27.2 million.

Infrastructure:

Work continues on the rehabilitation of the entire Southern highway and the paving of the last 17 miles of the Hummingbird highway near Belmopan. When both projects are completed, the entire country will then be connected by a two-lane paved highway. In spite of all these major infrastructure improvements, the general condition of Belize's physical infrastructure continues to be a major constraint on the economic development of the country.

For instance, large tracts of land which would be suitable for development are inaccessible due to lack of roads, and many existing roads are impassable during the rainy season. Despite Belize's relatively high per capita income, its small economy has difficulty generating sufficient capital and investment for infrastructure development. That is why Belize continues to rely either on high-cost financing from foreign financial institutions or the generosity of donors such as the U.S., The United Kingdom, the European Union, the Republic of China (Taiwan), Kuwait, and the Inter-American Development Bank (IDB). These donors have all contributed to recent and on-going internal road improvements.

On the other hand, international transportation is relatively good. Ports in Belize City and Big Creek handle regularly scheduled shipping from the U.S. and the United Kingdom, although draft is limited to a maximum of 15 feet in Belize City and 22 feet in Big Creek. International air service is provided by American Airlines, Continental Airlines, and TACA.

III. Political Environment

U.S. - Belize relations:

The United States and Belize have traditionally enjoyed close and cordial relations. The U.S. is Belize's principal trading partner: in 1999, the U.S. supplied 51 percent of Belize's imports and bought 43 percent of Belize's exports. The U.S. is also the primary source of investment funds and home to the largest Belizean community outside Belize. Because Belize's economic growth and democratic political stability are important U.S. objectives in an often troubled region, Belize benefits from the Caribbean Basin Initiative (CBI) program which forms part of the U.S.-Caribbean Basin Trade Partnership Act (signed into law by President Clinton on May 8, 2000).

International crime issues dominate the agenda of bilateral relations between the U.S. and Belize. The U.S. has sought a cooperative effort with Belize in the fight against illicit narcotics. The U.S. is also working with Belize to control the flow of illegal immigrants to the U.S. through Belize. In 1997, the U.S. Government and GOB signed a "Stolen Car Treaty." Belize is considered a major drug trafficking country because of its vulnerable position as a transit point for illicit narcotics. The U.S. Drug Enforcement Agency maintains an office in Belize City to assist Belizean officials in their efforts to disrupt, dismantle, and destroy major drug trafficking organizations in Belize.

The United States contributed \$1.1 million in various bilateral economic and military aid programs to Belize in 1999. The U.S. Agency for International Development (USAID) closed its Belize office in August 1996 after a 13-year stint during which USAID provided \$110 million worth of development assistance to Belize. Although not physically present in Belize, USAID continues to assist the GOB in various regional projects in labor, trade, environment, and health from its offices in Guatemala. In addition, during the past 36 years, over 1600 Peace Corps volunteers have served in Belize. The Peace Corps currently has 37 volunteers working in Belize. In Punta Gorda, Voice of America operates a medium-wave radio relay station that broadcasts to the neighboring countries of Honduras, Guatemala, and El Salvador. The U.S. military has a diverse assistance program in Belize, which includes training of the local defence force and equipment. Last, but not least, private American investors, responsible for some \$260 million total investment in Belize, continue to play a key role in Belize's economy.

Major Political Issues Affecting Business Climate:

Belize is a parliamentary democracy that has traditionally enjoyed a stable political and economic environment. However, because of the antagonistic rivalry between the two major political parties, party patronage does influence local government expenditures and, occasionally, foreign investments. For instance, the Belize Airports Authority -- a quasi-government institution run by a board of directors -- forcibly ejected a legitimate U.S.-owned duty free shop from the arrival lounge of the international airport in April 1999, over a contract dispute. The dispute was eventually taken to Belize's supreme court, where the bench ruled in favor of the American-owned duty free shop and awarded damages close to half a million U.S. dollars.

Belize has supported the implementation of a Caricom single market and economy that would give significant trade and investment preferences to Caricom member states. Additionally, Belize has sought to build closer ties with the neighboring Spanish-speaking countries of Central America to complement its historical ties to the English-speaking Caribbean states. Belize established diplomatic relations with Cuba in July 1995 and following the general elections in August 1998, the PUP administration opened an embassy in Cuba.

Government and Political System:

Belize is a parliamentary democracy on the Westminster model and is a member of the Commonwealth. Queen Elizabeth II is head of state and is represented in the country by Governor-General Dr. Colville N. Young, Sr., a Belizean. The primary executive organ of government is the cabinet, led by a Prime Minister, who serves as the head of government. Cabinet ministers are members of the majority political party in parliament and hold elected seats in the national assembly concurrently with their cabinet positions.

The national assembly consists of a House of Representatives and a Senate. The 29 members of the House are popularly elected to a maximum 5-year term. Of the senate's eight members, five are elected by the Prime Minister, two by the leader of the opposition, and one by the Governor-General.

The Belize government is controlled by the People's United Party (PUP), which won 26 of the 29 seats in the House of Representatives in August 1998, the widest winning margin ever in the history of elective politics in Belize. The United Democratic Party (UDP) won the other 3 seats. Since independence in 1981, the government has changed hands with each national election. In each case, power transferred peacefully between the PUP and UDP. Before 1984, the PUP had dominated the electoral scene for over 30 years and was the party in power when Belize became independent. The UDP governed Belize from 1984-1989 and 1993-1998. The PUP governed from 1989-1993 and 1998-present. The next national election is due by August 2003.

IV. Marketing U.S. Products and Services

Distribution and Sales Channels:

Because the local economy is extremely small, the best way for American exporters to penetrate the Belizean market is to seek a local importer/wholesaler who would generally act as their agent/distributor in Belize. A typical distribution channel for an American-made product involves the U.S. manufacturer or distributor, the local importer or wholesaler (who almost always acts also as the distributor), the retailer, and finally the buyer/consumer.

Finding a Partner:

Consistent with U.S. Department of Commerce guidelines, the Economic and Commercial section of the U.S. Embassy in Belize can assist interested American companies find agents and distributors in the country through the Agent/Distributor service (ADS). The embassy also provides the Gold Key Service (GKS), another business facilitation program that includes, among several other personalized services, introductions to potential partners. The embassy can also supply lists of the major local firms in a particular industry to interested American firms upon request. Nominal fees are charged for these services on a cost-recovery basis. Interested American companies should contact the U.S. Embassy in Belize or the nearest U.S. Commerce Department Export Assistance Center for detailed information.

Franchising:

Although many Belizeans are familiar with most popular U.S. brand names, franchising remains rare, since competition in the local market is more often based on price than name recognition or perceived quality standards. Franchising in Belize currently extends to just a few well-known brand names, including Best Western in the hospitality industry, Coca-Cola and Pepsi in the softdrink industry, and Avis, Budget, Hertz and National in the auto rental business.

Direct Marketing:

Direct marketing in Belize by U.S. companies is rare. Normally, a local representative of the American firm performs all the local marketing functions.

Joint Ventures:

The government welcomes foreign capital in the domestic economy and supports joint venture and partnership investments whenever possible as the preferred mechanism for the employment of such capital.

Steps to Establish an Office:

The following is taken from the laws of Belize, Chapter 206, Part IX. It applies to foreign companies wishing to establish an office in Belize.

1. Overseas companies which establish a place of business within Belize shall, within one month of the establishment of the place of business, deliver the following to the Registrar for registration:

- a certified copy of the charter, statutes or memorandum and articles of the company or other instrument constituting or defining the constitution of the company, and if the instrument is not written in the English language, a certified translation thereof;
- a list of the directors and secretary of the company containing the particulars:

In the case of an individual, his present Christian name and surname and any former Christian name and surname, his usual residential address, his nationality and his business occupation;

In the case of a corporation, its corporate name and registered or principal office; and

With respect to the secretary, or, where there are joint secretaries, with respect to each of them, his present Christian name and surname, any former Christian name and surname and his usual residential address.

- the names and addresses of someone or more persons resident in Belize authorized to accept on behalf of the company service of process and any notices required to be served on the company.

2. Every overseas company shall, in every calendar year, file with the Registrar such a statement in the form of a balance sheet as would, if it were a company incorporated in Belize and having a share capital, be required to be included in the annual summary.

3. Every overseas company shall do the following:

- in every prospectus inviting subscriptions for its shares or debentures in Belize, state the country in which the company is incorporated;

- conspicuously exhibit on every place where it carries on business in Belize the name of the company and the country in which the company is incorporated;

- cause the name of the company and of the country in which it is incorporated to be stated in legible characters in all bill heads and letter paper, and in all notices and other official publications of the company; and

- if the liability of the members of the company is limited, cause notice of that fact to be stated in legible characters in every such prospectus as aforesaid and in all bill heads, letter paper, notices and other official publications of the company in Belize, and to be affixed on every place where it carries on business.

In addition, foreign companies are required to pay a registration fee of BZ\$84 (\$42) at the office of the Registrar General in the Supreme Court Building in Belize City.

Selling Factors:

Most major importers and wholesalers employ local commission agents who sell and deliver the product to the retailer. Most major supermarkets also deliver the product to the doorsteps of the customer. Personal contact with the clientele, therefore, is always recommended.

Advertising and Trade Promotion:

Advertising in Belize is done mainly through radio, newspapers, magazines, and television. The Economic and Commercial Section of the U.S. Embassy in Belize puts out a quarterly newsletter titled "Commercial Opportunities." American companies are welcome to place advertisements in this publication free of charge. The U.S. Embassy also participates in two national trade events: the National Agriculture and Trade Show, normally held in May, and EXPO Belize, held in September as part of the country's independence day celebration. American firms are also welcome to join the U.S. Embassy's pavilion at these two trade shows. The following is a list of the major local newspapers, magazine, and television stations:

Newspapers:

Amandala Press
3304 Partridge Street, P.O. Box 15
Belize City, Belize
Tel: 501-2-24476
Fax: 501-2-24702
Web site: <http://www.belizemall.com>
Editor-in-Chief: Russel Vellos

The Belize Times Press
3 Queen Street, P.O. Box 506
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Pricing Product:

Certain items, including basic foodstuffs (rice, beans, sugar, bread and flour), butane gas, and fuel, have government price controls (1987 supplies control regulations). Most items are subject to two sales tax rates: 12 percent on petroleum products, alcohol and tobacco, and 8 percent on all other commodities. Staple food items such as rice, beans, corn, fresh meat, flour, sugar, eggs, bread and tortilla are sales tax exempted.

Sales Service/Customer Support:

Sales service in Belize is limited to business establishments dealing with electronic equipment, including photocopiers, typewriters, computers, and air conditioners.

Selling to the Government:

Suppliers of U.S. products and services generally have little difficulty selling to the GOB. In many cases, however, success of the suppliers in selling to the government depends on their political affiliation or personal contacts with the governing party. Local suppliers who are not members of the party of the day may not have the opportunity to sell to the government, and whenever they do, they may experience late payments. Numerous opportunities exist for selling to local projects that are funded by multilateral financial institutions, such as the Inter-American Development Bank.

In addition, the general orders, a list of government rules and regulations pertaining to the administration of the public service, govern the contractual and purchasing practices of government departments and agencies. Under this order, government purchases of over \$50,000 must be submitted for public bidding by both local and foreign companies. However, bidders for tenders for externally-funded projects must comply with the procurement rules and regulations of the foreign funding organization.

Protecting your Product from IPR Infringement:

On May 19, 2000, the Belize national assembly passed a set of Intellectual Property Rights (IPR) legislation as part of Belize's obligation under the World Trade Organization to implement the agreement on Trade-Related Aspects of Intellectual Property (TRIPS agreement). The six pieces of IPR legislation include Copyrights, Industrial Designs, Patents, Trademarks, Protection of New Plant Varieties, and Protection of Layout – Designs (topographies) of Integrated Circuits. The GOB also hopes that with the enactment of these laws Belize would be able to accede to the Paris Convention for the Protection of Industrial Property of Literary and Artistic Works and the Patent Copyright Treaty.

Need for a Local Attorney:

It is advisable to seek legal assistance when planning to do business in Belize. The U.S. Embassy can provide a comprehensive list of the major law firms in Belize on request, as well as a list of local certified public accountants.

V. Leading Sectors for U.S. Exports and Investment

Trade statistics for 1999 reveal that Belize imported \$190.7 million worth of goods from the U.S., of which 92 percent was comprised of machinery and transport equipment (\$72.3 million), manufactured goods (\$57.9 million), food and live animals (\$27.7 million), and chemicals and related products (\$18.2 million).

As a micro-economy, Belize has a very limited local manufacturing industry. Best prospects for U.S. exports to Belize, therefore, include the following:

- food processing and packaging equipment: the GOB considers the agro-processing sector as one of its top priorities for economic development. The local demand for food processing and packaging equipment is increasing due to local and foreign investment in agribusiness ventures. Trade statistics for 1999 show that Belize imported close to \$103 million (27.5 percent of total imports) worth of machinery and transport equipment, although this covered a wide range of uses well beyond food processing and packaging. Nonetheless, the potential in this sector is significant, particularly if and when local industrial electricity rates are reduced.

- consumer goods: because of its limited manufacturing capacity, Belize is a net importer of most of its consumable and durable goods. The U.S. alone contributed about half (\$190.7 million) of all of Belize's imports (\$374.4 million) in 1999. Last year, too, Belize imported approximately \$54 million of consumable goods, almost \$5 million more than last year. Of 1999 consumable goods imports, a little more than half came from the U.S. (\$27.7 million). The proximity of Belize to the United States, cultural influences, and strong transportation links give U.S. suppliers a distinct advantage over European and Asian exporters.

- new products: because several local television and cable companies broadcast U.S. programs complete with commercials, demand for new U.S. products is high.

VI. Trade Regulations, Customs and Standards

Trade Barriers:

On April 1, 1999, the GOB repealed the 3-year old 15 percent value-added tax and replaced it with two different sales tax rates: 12 percent on petroleum products, alcohol and tobacco, and 8 percent on all other commodities. Staple food items such as rice, beans, corn, fresh meat, flour, sugar, eggs, bread and tortilla are sales tax exempted. Also, the GOB implemented on April 1, 2000, the fourth and final phase of Caricom's common external tariff, bringing Belize's import duties

on industrial products to an average of 20 percent. There is also a variable revenue replacement duty ranging from 15 to 25 percent for non-essential goods, such as beer, cigarettes and liquor.

In order to protect certain domestic industries, the government maintains a list of 27 categories of products that require import licenses. This list includes mostly consumer goods. In January 1999, the GOB contracted a local private firm to conduct post-importation inspection for the Belize Customs Department by randomly reviewing completed customs declaration forms and looking for under-valued invoices. The Belize Business Bureau and the Belize Chamber of Commerce and Industry have expressed concerns about the potential negative impact the scheme could have on legitimate local importers.

In addition, the Belize Investment Guide notes that the following areas are not normally open to participation by foreign private investors: merchandising (distributive trades), commercial fishing (inside the barrier reef), sugar cane cultivation, internal transportation, and restaurants and bars.

Customs Valuation:

The Belize Customs Department generally uses original commercial invoices and product catalogs to determine the value of goods coming into the country. For instance, the valuation unit of the Belize Customs Department uses the U.S. National Automobile Dealers Association (N.A.D.A.) publication, commonly known as the Blue Book, to value used vehicles being imported into Belize. However, there are occasional reports of harassment, pilferage, and requests for bribes in order to facilitate lower valuations.

Under the post-importation inspection scheme, duly authorized customs agents will review the customs declaration forms submitted by the local importers and verify that the declared prices on the invoices are indeed correct. This scheme is intended to recover the tremendous loss of customs revenue as a result of underinvoicing.

Import Licenses:

A list of 27 categories of products require import licenses prior to importation into Belize. The list includes products such as rice, beans, eggs, sugar, citrus, flour, meats, jams/jellies, pepper sauce, matches, peanuts, pasta, soap, toilet paper, beer, aerated beverages, fuel, brooms, and boats. The new industrial development office in the Ministry of Industry will soon be submitting recommendations to government for the gradual removal of these quantitative import restrictions. Belizean importers continue to complain that the process for obtaining import licenses is prone to corruption and needless red tape.

In addition, the Belize Agricultural Health Authority (BAHA), working under the Ministry of Agriculture, Fisheries, and Cooperatives (MAFC), also has its own requirements for the importation of agricultural products into Belize. For instance, BAHA requires importers of fresh plant products to obtain an import permit and to supply phytosanitary certificates and certificates

of origin. Importers of live animals are also required to obtain an import permit from MAFC and to supply a zoosanitary certificate from the country of origin, while importers of pesticides must also obtain an import permit.

Export Controls:

Certain products also require export licenses and/or zoosanitary certificates prior to exportation. The list includes cattle, pigs, fish, crustaceans and mollusk (excluding aquaculture species), logs and lumber, sugar, honey, citrus fruits, and beans.

Import/Export Documentation:

Both importers and exporters must obtain the appropriate permits prior to importing into or exporting from Belize. Importers are required to submit all original commercial invoices to the Customs Department. The exportation of animals (including pets) and agricultural products from Belize require zoosanitary and phytosanitary certificates issued by the Belize Agricultural Health Authority in addition to export permits.

Temporary Entry:

The Belize Customs Department allows temporary entry or transit of certain items into Belize. Products brought in temporarily or in-transit would generally enter duty-free, providing they are not modified or transformed while in Belize. If, however, the importer later decides to modify or sell the product locally, all necessary duties must be paid at the Belize Customs Department.

Labeling and Marking Requirements:

The Belize Bureau of Standards introduced in late 1998 a standard for labeling and marking of locally manufactured and imported products sold in Belize. The three-part standard explains, for example, that the label affixed to a product shall give a description of a good and shall provide adequate information to a potential purchaser enabling him to select the goods best suited to his needs.

Prohibited Imports:

Certain goods are generally not allowed into Belize unless they originate from another Caricom state. The list includes peanut butter, jam, jellies, matches, pasta, beans, rice, wheat flour, and pepper sauce. Beans and rice, however, like many other locally produced agricultural products, may not be imported at all whenever there is a surplus of these products on the domestic market.

Standards:

The Belize Bureau of Standards was established in 1992 to promote and encourage the maintenance and use of codes of practice, specifications and standards. However, it was only at the beginning of 1997 that the bureau became relatively active in drafting standards regulations. In some cases, the bureau has introduced standards regulations modeled off those of other Caricom member states, such as the standard on labeling.

Free Trade Zones:

The 1990 Export Processing Zone (EPZ) Act of Belize enables companies to operate within special or general export processing zones in the country. Special EPZs are enclosed one-factory operations and general EPZs are enclosed multi-factory operations. Belize's first EPZ, consisting of 28.5 acres and located just 8 miles from the Mexican border in the northernmost district of Corozal, was officially opened in July 1992.

The Commercial Free Zone (CFZ) Act of 1995 provides for the establishment and operation of CFZs within Belize to foster commercial trade and investment with neighboring countries. One of the features of the CFZ Act is that it establishes an autonomous body known as the Commercial Free Zone Management Authority (CFZMA) with full supervision authority of the CFZs in the country. However, the autonomy of the CFZMA board has been eroded as a result of amendments to the Free Zone Act, specifically the amendment which changed the composition of the board, from one previously controlled by zone investors to one controlled now by government-appointed representatives. The other two major amendments seek to impose a social fee of 1.5 percent on all imports and 10 percent on petroleum products in the zone and change the foreign exchange regulations. Business enterprises generally encouraged under the CFZ scheme include commercial offices, warehouses, manufacturing, insurance services, and financial services.

Membership in Free Trade Arrangements:

Belize, as a Caricom member state, has free trade agreements with the Governments of Venezuela and Columbia. Belize does not have a FTA with either the U.S. or with any EU member countries. Nevertheless, it enjoys preferential treatment from the U.S. under the Caribbean Basin Initiative (CBI) program and from the European Union under the Lome Convention as an African, Caribbean, and Pacific (ACP) member state for its major agricultural exports.

Belizean goods also enjoy duty-free entry into Canada based on commonwealth membership. In addition, there is presently a draft proposal for a bilateral free trade agreement between the Governments of Belize and Mexico.

VII. Investment Climate

Openness to Foreign Investment:

The Belize government generally welcomes foreign investment and normally encourages projects which result in increased production, domestic income, employment opportunities, foreign exchange earnings and savings, diversification of the economic base, and the transfer of technology and skills. Above all, the government gives special consideration to export-oriented businesses established in less-developed areas.

The GOB has stated that it recognizes the importance of creating an enabling environment to attract genuine local and foreign investors as a catalyst to achieve sustained economic growth and facilitate further diversification of the Belizean economy. To this end, the Ministry of Industry will soon open an Industrial Development office, whose primary function will be to promote industrial development of non-traditional industries of the productive sector.

Because promotion of investment in Belize has always been complicated by red-tape, with several government ministries sharing authority over any given investment, the GOB established the Belize Trade and Investment Development Service (formerly the Trade and Investment Promotion Service) to serve as an one-stop shop for information to investors. BELTRAIDE has identified the following sectors of the economy as priority areas for investment:

- agriculture, agro-industries, food processing and livestock.
- tourism and tourism-related industries.
- aquaculture and horticulture.
- light-manufacturing industries and offshore assembly plants.
- deep-sea fishing and processing.
- forestry and forestry-based industries.

There are several incentive schemes designed to encourage investment in Belize, including the Fiscal Incentives Act, International Business and Public Companies Act, Export Processing Zone Act, and Commercial Free Zone Act. However, many foreign investors have complained that these investment promotion tools are rarely as open and effective as they are portrayed. Investors are not required to have development concessions or to work in free trade zones in order to invest in Belize. Nonetheless, many factor these incentives into their investment decisions as an essential tool to save on local taxes and duties.

Sectors Closed to Foreign Direct Investment:

While non-Belizeans can invest in any sector of the economy, certain activities require special permits and licenses, which may not be granted to non-Belizeans. These activities include:

- merchandising
- fishing (within the barrier reef)
- sugar cane cultivation
- internal transportation
- restaurants and bars

- souvenir manufacturing for local market
- bee-keeping
- cruise ships
- sightseeing tours (sea, overland, river)
- accounting
- legal services
- real estate and insurance
- entertainment
- beauty salons

Visa, Residence, and Work Permit Requirements:

In February 1999, the GOB introduced a set of new policies governing immigration and nationality requirements for visitors to Belize. The new policies were introduced to achieve four objectives: 1) Protect Belizean workers, 2) control and manage Belize's borders, 3) apprehend and deport those who willfully violate Belizean laws, and 4) improve the services of the immigration and nationality department.

As before, no visas are required for citizens of the U.S., United Kingdom and any other commonwealth country. Upon arrival at any of Belize's principal points of entry, a visitor is given a maximum of thirty days permit to remain in the country. This time period depends on the visitor's financial situation (\$30/day) to cover his/her planned stay in Belize. However, if the visitor wishes to stay in Belize for an extended period past the initial thirty days, the individual will have to visit the Immigration Department to renew his/her visitor's permit. In this case, the Immigration Department may grant the individual an extension of three months, depending on the specific needs of the individual. A visitor is required to pay a monthly permit fee of BZDOLS 25 (\$12.50) for the first six months; thereafter the fee is BZDOLS 50 per month. If, on the other hand, the visitor inadvertently lets her/his permit expire, s/he is subject to a fine of BZDOLS 1,000.

Foreigners who wish to become legal residents of Belize must satisfy several requirements of the immigration department. Americans wishing to obtain permanent residency in Belize are required to pay an application fee of BZDOLS 1,250 and BZDOLS 125 for the permanent residence card. Detailed information can be had by contacting the department at tel: 501-8-22611 or fax: 501-8-22662.

Non-Belizeans in Belize on a visitor's permit are not allowed to work. Also, as part of government's immigration policies introduced in 1999, businesses that hire illegal immigrants are subject to heavy fines of up to BZDOLS 5,000 and payment of repatriation costs. Work permits will not be issued to aliens who seek employment as waiters, vendors, domestic and farm workers. Foreigners who qualify for a work permit are required to pay a fee for the permit. The following fees apply to the different categories of work permits (figures are in BZDOLS):

- professional and technical workers 1,500/year

| | |
|--|----------|
| - general workers (except seasonal agricultural Workers) | 200/year |
| - seasonal agricultural workers | 50/crop |
| - entertainers performing in groups of two Or more but less than six persons | 500/week |
| - entertainers in groups of six persons Or more | 750/week |
| - entertainers performing alone | 300/week |
| - religious, educational and voluntary workers | 50/year |

To apply for a work permit, visitors may contact the Labor Department at tel: 501-8-22281 or fax: 501-2-34545.

Conversion and Transfer Policies:

The Belize Investment Guide states that foreign investors are required to register any investments made in Belize with the Central Bank of Belize to facilitate the repatriation of profits, dividends, etc. The GOB allows companies with proper documentation to go directly to the commercial banks to request foreign exchange. However, there are occasional shortages of foreign exchange in the commercial banks, which result in some delays in payments for current international transactions. Transfer or sale of land in excess of 10 acres to or from non-Belizeans requires the approval of the minister of lands, but this is usually not an obstacle.

Expropriation and Compensation:

There have been no instances where the government has expropriated or nationalized a foreign company. However, there have been several contentious cases where government, under its right of eminent domain, appropriated land which belonged to private property owners, including some foreign investors. These expropriations were ostensibly made for public purposes, but several were uncovered as political payoffs. The government has subsequently strengthened the Ministry of Natural Resources to prevent abuses and made a good faith effort to settle claims. Nevertheless, although Belizean law requires that the government assess and pay appropriate compensation based on fair market value, such compensation can often take years to settle. The Government of Belize allocates a very small amount of its annual budget to pay the large and growing amount of unpaid property claims.

Dispute Settlement:

Since 1967, Belize has recognized among its national legal statutes the Arbitration Act (International Investment Disputes) of 1966 of the United Kingdom. The act establishes the machinery for arbitration in case of disputes and compensation is binding. However, in recent years, there have been no cases that have applied this law, because most individual contracts include a clause that provides for binding arbitration.

Performance Requirements and Incentives:

The GOB offers a number of fiscal and other incentives in order to attract private investment. Four of the most popular incentives schemes include: (a) the Fiscal Incentives Act, (b) International Business and Public Investment Companies Act, (c) Export Processing Zone Act, and (d) Commercial Free Zone Act.

Under the Fiscal Incentives Act, a minimum investment of \$125,000 must be made to qualify for a development concession. Concessions are evaluated based on the investment's contribution to the Belizean economy and its appropriateness in terms of the government's development plan.

Investment incentives include:

- tax holiday periods for up to 25 years;
- exemption from import duties on capital equipment, as well as on imports for export production (duty exemption is not available on personal-use passenger cars or fuel);
- exemption from tax on profits earned during the tax holiday (up to an amount equivalent to the shareholder's investment);
- guaranteed repatriation of initial investment as well as profits and returns from capital gains;
- carrying forward of net losses incurred during the tax holiday is permitted upon expiration of the holiday; and
- rental of factory shells in an industrial estate on concessionary terms, when available.
- the length and extent of a development concession is determined by several factors, including: (a) the extent of local value added; (b) the projected profitability of the enterprise; (c) foreign exchange earnings or savings; and (d) employment opportunities created.

Under the International Business Company (IBC) initiative, IBCs, also known as offshore companies, are not allowed to own property or conduct business in Belize, but nonetheless enjoy a host of incentives, including tax exemptions on the following:

- all income of an IBC;
- all dividends or other distributions paid by an IBC to persons resident in Belize or elsewhere;
- all interest, rent, royalties, compensation and other amounts paid by an IBC to persons who are not resident in Belize;

- capital gains realized with respect to any shares, debt obligations, or other securities of an IBC by persons who are not resident in Belize.

Belize's main Export Processing Zone incentives include:

- full import duty exemption, extending to all spare parts, office furniture, capital equipment, intermediate goods and service vehicles utilized inside the EPZ;
- exemption from capital gains tax, property and land tax, value-added tax, sales and consumption tax, trade turnover, excise tax, foreign exchange tax, and transfer tax;
- a guaranteed income tax holiday of 20 years with an option to extend and to deduct losses from profits following the tax holiday period;
- dividend tax exemption in perpetuity;
- opportunity to open foreign currency bank accounts in Belize and abroad;
- opportunity to sell, lease, or transfer items, goods, and services within an EPZ;
- customs inspection at the zone for expediency;
- work permits at no cost for all professional and technical staff and, if necessary, for a 20 percent foreign workforce;
- no quotas on imports or any raw material restrictions;
- no trade, import, or export license requirements.

Belize's main Commercial Free Zone incentives include the following:

- all merchandise, articles, or other goods entering a CFZ for commercial purposes shall be exempt from import duties and revenue replacement duties;
- all fuel and goods including building materials, furniture, equipment, supplies and parts required for the proper functioning of a CFZ business shall be exempt from all duties and taxes mentioned above;
- all imports and exports of a CFZ to or from whatever destination shall be exempt from all customs duties, consumption taxes, excise taxes, in-transit taxes, or value-added taxes, except those destined for and directly entering areas subject to the national customs territory. Another exception is the social fee charged on the selling price of all CFZ exports to any destination outside the national territory of Belize;

- each CFZ business shall open an account in any currency with a duly registered bank of its choice which is located in the CFZ;
- during the first ten years of its operation, a CFZ business shall be exempt from income tax or capital gains tax or any new corporate tax levied by the GOB, and any dividends paid by a CFZ business shall be exempt from such tax for the first 20 years of its operation; and
- where a CFZ business incurs a total net loss over the ten year tax holiday, that loss may be carried forward and deducted against profits in the three years following the tax holiday period.

Application and Screening Process:

Investors interested in obtaining a development concession under the Fiscal Incentives Act are required by law to incorporate their companies in Belize. The application form for a development concession should be submitted to the Belize Trade and Investment Development Service in triplicate along with the following documents:

- copy of the company's articles of association;
- copy of the company's memorandum of association;
- copy of the certificate of incorporation;
- banker's reference on the bank's official letter-head;
- land tenure deed;
- pro forma profitability statement up to the second year of full production;
- list of items requested for duty exemptions; and
- details of local inputs.

The Belize Trade and Investment Development Service estimates that the development concession approval process takes about sixty days after applications have been submitted. These concessions are valid for up to 25 years for export industries exclusively or for 5 years with an option for renewal of up to 10 years for other industries. The concessions normally include provisions for tax holidays and relief from import duties on capital equipment and raw materials.

Fees for these development concessions vary depending on the amount of the proposed investment capital. If the investment is not less than \$125,000 and does not exceed \$250,000, there is an application fee of \$2,500; if the investment is not less than \$250,000 and does not exceed \$375,000, the application fee is \$3,000; and if the investment exceeds \$375,000, the application fee is \$3,500. Application fees are nonrefundable.

Investors interested in establishing a business in an export processing zone must first apply to the director of the EPZ unit in the Ministry of Trade and Investment for EPZ status. Investors are required to submit the following:

- cover letter with general description of the project;
- two bank references on the company's main partners;
- company's memorandum and articles of association and certificate of registration for a limited liability company;
- completed general information forms; and
- business plan with:
 - five-year cash flow projection;
 - flow chart of production process with waste and pollution management plan;
 - marketing plan for achieving 100 percent export sales;
 - organizational management chart.

The Commercial Free Zone Act stipulates that an investor desiring of establishing a business within a CFZ must submit the following:

- copies of the company's memorandum of association, articles of association and certificate of incorporation;
- two bank references on the company and its partners;
- one commercial reference on the company and its major shareholders; and
- a project proposal including:
 - company profile;
 - physical master plan showing overall layout;
 - proposed construction schedule;
 - capital cost estimate;
 - staff and management organization;
 - five-year financial projections, including leasing or sale arrangement plan;
 - a procedural manual describing inventory control and record keeping in accordance with internationally accepted accounting principles to be used by the company; and
 - a formal cover letter of application.

Right to Private Ownership and Establishment:

The Belize Investment Guide states that while government supports and encourages joint venture and partnership investments as a preferred mechanism for investment, it does allow 100 percent foreign ownership of an enterprise. While non-Belizeans can invest in any sector of the economy, certain activities require special permits and licenses, which may not be granted to non-Belizeans. These restricted activities are listed in "Sectors Closed to Foreign Direct Investment" above. In addition, foreigners must obtain approval from the Minister of Natural Resources in order to purchase or hold land in excess of half an acre for urban areas or in excess of ten acres for rural areas.

Protection of Property Rights:

The Constitution of Belize protects the right to private property. Chapter II, Article (3a) guarantees “protection from arbitrary deprivation of property.” Among other documents, records of companies and real estate mortgages are kept in the government’s General Registry office.

There are many property disputes involving foreign investors and other land owners, because it is often difficult to reliably trace the ownership history or specific borders of land holdings. Title insurance is not commonly available in Belize. Generally, as in the U.S., property buyers will avoid problems by dealing with reputable real estate professionals and lawyers experienced in local property law.

Regarding Intellectual Property Rights (IPR), as discussed in Section IV above, Belize is a member of the Universal Copyright Convention, but not a member of the World Intellectual Property Organization (WIPO) nor of the Bern Convention on Copyrights. This is about to change, however. Specifically, on May 19, 2000, the Belize national assembly passed a set of Intellectual Property Rights (IPR) legislation as part of Belize’s obligation under the World Trade Organization to implement the agreement on Trade-Related Aspects of Intellectual Property (TRIPS agreement). The set of six IPR legislation includes Copyrights, Industrial Designs, Patents, Trademarks, Protection of New Plant Varieties, and Protection of Layout – Designs (topographies) of Integrated Circuits.

The GOB also hopes that with the enactment of these measures Belize would be able to accede to the Paris Convention for the Protection of Industrial Property of Literary and Artistic Works and the Patent Copyright Treaty.

This set of IPR legislation will come into effect on January 1, 2000. Meanwhile, music and video stores in Belize continue to carry hand-copied tapes for sale or rent and local television stations and cable companies also continue to pirate American television networks and cable channels with impunity.

Regulatory System - Laws and Procedures:

Belize's laws and regulations on tax, labor, customs, and health and safety do not significantly distort or impede the efficient mobilization and allocation of investment capital. However, some investors have found a lack of transparency in the administration of some Belizean laws and procedures, such as compulsory acquisition of land, investment incentive programs and import licenses.

Although many basic commodities have government price controls (e.g., rice and flour), Belize’s regulations largely encourage competition. There is also a list of 27 categories of products which require import licenses prior to importation into Belize. The Ministry of Trade and Investment, however, intends to submit for cabinet’s approval a plan for the gradual removal of this quantitative restrictive policy. Similarly, exporters have to acquire an export permit and either a zoosanitary or

phytosanitary certificate to be able to export certain agricultural products, such as fresh fruits, livestock, and marine products.

Foreign currency transactions come under the exclusive control of the Central Bank of Belize (CBB). In order to pay for goods and services procured outside of Belize in a foreign currency, a foreign exchange permit must be obtained from an authorized dealer or directly from CBB. The CBB also has to grant approval to businesspeople or firms who wish to secure a loan from outside Belize which involves a foreign currency, and for these businesspeople or firms to be able to service repayment of the loan. In addition, foreign investors are required to register any investments made in Belize with CBB in order to facilitate the repatriation of profits, dividend, etc. Officially, no person, other than authorized dealers and authorized depositories, may retain any foreign currency in their possession without the consent of CBB.

Efficient Capital Markets:

Belize's financial system is small but sound. It is limited to four commercial banks, a parastatal lending institution (the Development Finance Corporation), and several small credit unions nationwide. The Central Bank of Belize regulates the liquidity and cash reserve requirements as well as the interest rate structure of the commercial banks. Interest rates in Belize are relatively high. Current prime lending rates of local banks are high, ranging from 13 percent for mortgage loans to 17 percent for personal loans. The weighted average in 1999 was 16.3 percent.

The GOB has encouraged the formation of a local capital market. A counter at the central bank has been established to trade Belize treasury bills and notes. In general, foreign investors are welcome to invest in these business opportunities.

Political Environment:

Belize has traditionally enjoyed one of the most stable political environments in the region.

Corruption:

As with most countries in the region, corruption remains a problem in Belize. Belize's first step to combat corruption in public life came with the hiring of a parliamentary commissioner on June 25, 1999. The parliamentary commissioner, known as Ombudsman, has the primary responsibility of investigating any administrative action and complaints of official corruption and wrongdoing.

The Prevention of Corruption in Public Life Act was enacted in 1994. This act makes provision for the prevention of political corruption and to provide for the public disclosure of the assets, income and liabilities of persons in public life, such as the Governor-General and members of the national assembly. It also seeks to strengthen the code of conduct prescribed in the constitution.

There are occasional reports of requests for bribes from customs officials in order to facilitate lower valuations and thus lower import duties. Bribery is officially considered a criminal act in Belize, but laws against bribery are rarely enforced. The office of the Attorney General is responsible for combating corruption. Under U.S. law, American companies and their affiliates are subject to the Foreign Corrupt Practices Act, which strictly prohibits the bribery of foreign officials.

The GOB has signed the Inter-American Convention on Corruption and supports the revival of the Committee on Public Probity and Ethics. This committee will be empowered to review implementation of the Convention.

Bilateral Investment Agreements:

Belize has no bilateral investment treaty or tax treaty with the United States.

OPIC and Other Investment Insurance Programs:

The Overseas Private Investment Corporation (OPIC) offers political risk insurance, which includes coverage for exchange inconvertibility, expropriation, and war. OPIC also offers financing for qualified investments and is involved in several American investments in Belize. Belize is a member of the Inter-American Development Bank (IDB) and the Multilateral Investment Guarantee Agency (MIGA) of the World Bank.

Labor:

Belize has a total population of only 243,000 (1999 estimate). Of this total amount, about 93,000 or 38 percent is below working age. Many other residents, such as subsistence farmers, are not counted in the total labor force estimate of 89,210. At the end of 1999, Belize had a total of 11,455 unemployed persons -- accounting for an unemployment rate of 12.8 percent. About 7,650 workers, mainly public sector employees, are unionized. In general, labor-management relations are relatively good.

Foreign investors who have a development concession are permitted to bring in skilled personnel to complement their local labor force, provided that appropriate training programs for Belizean nationals are established. Most of the unskilled or semi-skilled workers in commercial agriculture are recent immigrants or migrant workers from neighboring spanish-speaking countries.

There is a national minimum wage of BZDOLS 2.25 (\$1.13) per hour for manual labor and BZDOLS 2.00 (\$1.00) per hour for agriculture and export industries. The wage scale in Belize is the highest in the region.

Foreign Trade Zones:

The 1990 Export Processing Zone (EPZ) Act of Belize enables companies to operate within special or general export processing zones in the country. Special EPZs are enclosed one-factory operations and general EPZs are enclosed multi-factory operations.

The Commercial Free Zone (CFZ) Act of 1995 provides for the establishment and operation of CFZs within Belize to foster commercial trade and investment with neighboring countries. Business enterprises generally encouraged under the CFZ scheme include commercial offices, warehouses, manufacturing, insurance services, and financial services.

Capital Outflow Policy:

The government generally encourages local businesses to reinvest capital, but has a liberal policy toward capital outflows. The Belize Investment Guide states the government's commitment to guaranteed repatriation of investment as well as profits and returns from capital gains. Investors should note that this policy is dependent on the availability of foreign exchange in the local financial system.

Major Foreign Investors:

The 10 largest American investments in Belize (figures are in U.S. dollars) follows:

1. BECOL - Belize Electric Company Ltd. (95 percent U.S.- owned)
 - Sector: energy (hydroelectricity)
 - Date established: 1994
 - Amount invested: \$57 million (of \$60 million total)
2. Belize Telecommunications Limited (23.5 percent U.S.-owned)
 - Sector: telecommunications
 - Date established: 1987 (date of U.S. investment: 1995)
 - Amount invested: \$20 million (of \$85 million total)
3. Caye Chapel Ventures Ltd.
 - Sector: tourism
 - Date established: 1996
 - Total amount invested: \$10 million
4. Esso Standard Oil S.A. Ltd. - Belize
 - Sector: importer (petroleum products)
 - Date established: 1954
 - Total amount invested: \$9.6 million
5. Yalbac Ranch and Cattle Corporation (Belize) Ltd.
 - Sector: timber and agriculture (citrus, cattle)

Date established: 1986
Total amount invested: \$8 million

6. ADM Belize Mills Ltd.

Sector: agro-processing
Date established: 1974
Total amount invested: \$7 million

7. Nova Companies (Belize) Ltd.

Sector: aquaculture (shrimp)
Date established: 1989
Total amount invested: \$6 million

8. Ramon's Village (Reef Resorts Ltd.)

Sector: tourism
Date established: 1981
Total amount invested: \$5 million

9. Texaco Belize Ltd.

Sector: importer (petroleum products)
Date established: 1964
Total amount invested: \$4.5 million

10. Williamson Industries, Ltd.

Sector: manufacturing (garments)
Date established: 1961
Total amount invested: \$2.5 million

VIII. Project Financing

Brief Description of Banking System:

Belize's financial system is limited to four commercial banks (see list below), a parastatal lending institution (the Development Finance Corporation), and several small credit unions nationwide. The Central Bank of Belize regulates the liquidity and cash reserve requirements as well as the interest rate structure of the commercial banks.

Foreign Exchange Controls Affecting Trading:

Under the Exchange Control Regulations (Chapter 43 of the Laws of Belize - 1980), only the Central Bank of Belize and authorized dealers/depositories (i.e., commercial banks) may deal in foreign currencies. In order to pay for goods and services procured outside of Belize in a foreign

currency, a foreign exchange permit must be obtained from an authorized dealer or directly from the Central Bank of Belize.

The permission of the Central Bank of Belize is also required to secure a loan from outside Belize that involves a foreign currency, and also to service repayment of foreign debt. According to the Belize Investment Guide, "the necessary approvals can be easily secured in the case of genuine, approved enterprises."

Foreign investors are required to register any investments made in Belize with the Central Bank in order to facilitate the repatriation of profits, dividends, etc. Officially, no person, other than authorized dealers and authorized depositories, may retain any foreign currency in their possession without the consent of the Central Bank of Belize. In practice, however, many local businesses accept payment in U.S. currency.

Foreign exchange controls can be summarized by the following rules and guidelines:

- residents and non-residents need permission to buy foreign currency for whatever purpose;
- authorized dealers (i.e., commercial banks) are allowed to sell foreign currency up to \$2,500 for private travel and up to \$10,000 for business travel per calendar year; requests in excess of these amounts must be approved by the Central Bank of Belize;
- exporters are required to register their exports with the central bank, guaranteeing delivery of their foreign exchange earnings;
- authorized dealers may authorize payments for imports, where goods are paid for through letters of credit or bank collection. They may also authorize payments for imports against copies of invoices and customs entries, where the documents show that the goods were obtained on credit;
- authorized dealers may also approve individual prepayments up to a maximum of \$1,000, in each case, on presentation of the original pro forma invoice and where payment is to be made directly to the supplier;
- all other applications for the prepayment of imports should be forwarded to the Central Bank of Belize accompanied by a copy of the pro forma invoice certified by the importer or his/her agent and by evidence that such advance payment is a condition of the contract. In the absence of such documentary evidence, a declaration by the supplier that the goods will be dispatched immediately on receipt of advance payment;
- Belizean residents, who wish to borrow abroad and where debt service will be in hard currencies, must apply to the Central Bank of Belize for permission to do so.

General Financing Availability:

The availability of financing for economic activities is limited to short-term credit. Current prime lending rates of local banks are high, ranging from 13 percent for mortgage loans to 17 percent for personal loans. The weighted average in 1999 was 16.3 percent. The Development Finance Corporation (DFC), a quasi-government financial institution, provides loans to almost all sectors of the economy. The DFC's three largest loan portfolios include the tourism, agriculture and construction sectors.

How to Finance Exports and Methods of Payment:

Letters of Credit are the most common forms of payment arrangement used by importers in Belize.

Types of Available Export Financing and Insurance:

Local export financing is generally not available from commercial banks nor from any other financial institution in the country.

Project Financing Available:

International development agencies such as the World Bank, the Inter-American Development Bank, the Caribbean Development Bank, and the British Department for International Development provide funds for development projects in Belize. These projects have generally been aimed at alleviating poverty and improving public health, education and roads. OPIC and the Export-Import Bank of the United States offer limited financing for American business ventures in Belize and U.S. equipment sales.

List of Local Commercial Banks:

Atlantic Bank Limited
Freetown Road
Belize City, Belize
Contact: Sandra Bedran, General Manager
Tel: 501-2-77124
Fax: 501-2-33907

Barclays Bank PLC
Albert Street
Belize City, Belize
Contact: Jorge Omar Espejo, Manager
Tel: 501-2-77211
Fax: 501-2-78572

The Bank of Nova Scotia

Albert Street
Belize City, Belize
Contact: Claude Marcel, Manager
Tel: 501-2-77027
Fax: 501-2-77416

The Belize Bank
Market Square
Belize City, Belize
Contact: Louis Swazey, Senior Vice President
Tel: 501-2-77132
Fax: 501-2-72712

IX. Business Customs

Business Customs:

Foreign businesspeople should not expect to find their Belizean counterparts in suit and tie. In Belize City, Belmopan, and the district capitals, the normal business attire is just an open-collar business shirt or a guayabera shirt. Normal business hours for the private sector are from 8:00 a.m. to 12:00 noon and from 1:00 p.m. to 5:00 p.m., Monday through Friday. Government follows the same schedule except that on Fridays government offices close at 4:30 p.m. Appointments are preferred and punctuality is encouraged and appreciated.

Travel Advisory and Visas:

A passport, valid for at least six months past one's planned stay in Belize, along with a return ticket are required to enter the country. No visas are required from citizens of the U.S., United Kingdom and any other commonwealth country. For such visitors, a visitor's permit of a maximum of thirty days is given upon arrival at the international airport. Departure taxes and fees totaling \$15 must be paid before leaving from the international airport or \$3.75 from either of the Santa Elena or Benque Viejo borders. It is not possible to access U.S. bank accounts through automated teller machines (ATMs) in Belize.

More detailed and updated travel information on Belize is available through the U.S. Department of State in Washington, DC. For recorded information, call 202-647-5225. To receive this information by fax, call 202-647-3000 from your fax machine.

2000 Holidays:

| | |
|-------------|---|
| January 1 | New Year's Day |
| March 6 | Baron Bliss Day |
| April 21-24 | Easter Holidays (Good Friday and Easter Monday) |

| | |
|--------------|--------------------------------------|
| May 1 | Labor Day |
| May 22 | Commonwealth Day |
| September 11 | St. George's Caye Day (National Day) |
| September 21 | Independence Day |
| October 9 | Columbus Day |
| November 20 | Garifuna Settlement Day |
| December 25 | Christmas Day |
| December 26 | Boxing Day |

Business Infrastructure:

Foreign businesspeople find it relatively easy to operate in Belize. The official language is English and the exchange rate is fixed to the U.S. dollar (two Belize dollars equal one U.S. dollar). International transportation is relatively good with daily direct flights from Miami and Houston. Ports in Belize City and big creek handle regularly scheduled shipping from the U.S. and UK. International telecommunications are excellent and professional services, such as accountants and attorneys, are readily available. Accommodations range from deluxe hotels in Belize City to beachfront resorts in the cayes and numerous small lodges and guest houses nationwide. All hotel guests are charged a 7 percent tax. The three largest hotels and major auto rentals in Belize City are:

Hotels:

Radisson Fort George Hotel
 Marine Parade
 Belize City, Belize
 Tel: 501-2-31234
 Fax: 501-2-30276

Princess Hotel and Casino
 Newtown Barracks
 Belize City, Belize
 Tel: 501-2-32670
 Fax: 501-2-32660

Belize Biltmore Plaza
 Mile 3 Northern Highway
 Belize City, Belize
 Tel: 501-2-32302
 Fax: 501-2-32301

Auto Rental:

Budget Rent-A-Car

771 Bella Vista, Northern Highway
Belize City, Belize
Tel: 501-2-32435
Fax: 501-2-30237

National Car Rental
12 North Front Street
Belize City, Belize
Tel: 501-2-31587
Fax: 501-2-31586

Avis Rent-A-Car
50 Vernon Street
Belize City, Belize
Tel: 501-2-70730
Fax: 501-2-70728

Hertz Rent-A-Car
11 A Cork Street
Belize City, Belize
Tel: 501-2-35395

Temporary Entry of Goods:

The Belize Customs Department allows temporary entry of certain items into Belize, providing that the items are not modified or transformed while in Belize. Business people traveling with items such as laptop computers and exhibit materials generally do not have any difficulty in getting a temporary permit to bring in these items into the country.

U.S. business travelers are encouraged to obtain a copy of the “Key Officers of Foreign Service Posts: Guide for Business Representatives” available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; tel. (202) 512-1800; fax: (202) 512-2250. Business travelers to Belize seeking appointments with U.S. Embassy-Belize officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at 501-2-77161, fax: 501-2-71468, or email at AldridgeGW@state.gov or uscic@btl.net.

X. Economic and Trade Statistics

Appendix A - Country Data:

- Population: 243,000 (1999 estimate)
- Population growth rate: 2.9 percent (1999 estimate)
- Religions: Catholic, Anglican, Methodist, other Protestant, Muslim, Hindu, and Buddhist.

- Government system: parliamentary democracy based on the Westminster model. A Governor-General represents Queen Elizabeth II as the head of state. The national assembly consists of a House of Representatives and a Senate.
- Languages: English (official), Creole, Spanish, Garifuna, and Mayan. Most Belizeans speak Spanish in addition to English.
- Work week: Monday-Friday, 8:00 a.m. - 12:00 noon, 1:00 p.m. - 5:00 p.m.

Appendix B - Domestic Economy:
(all monetary figures are in U.S. dollars):

| | 1998 | 1999 |
|---|---------|---------|
| | ----- | ----- |
| - GDP - current prices (\$ millions) | 630.0 | 675.0 |
| - GDP growth rate - constant prices (percent) | 1.4 | 6.2 |
| - GDP per capita (\$) | 2,647.0 | 2,771.5 |
| - Government spending as percent of GDP | 30.0 | 34.2 |
| - Inflation (percent) | -0.8 | -1.2 |
| - Unemployment (percent) | 14.3 | 12.8 |
| - Foreign reserves (\$ millions) | 42.4 | 70.2 |
| - Official exchange rate for \$ 1.00 | 2.0 | 2.0 |
| - External public debt (\$ millions) | 256.9 | 243.8 |
| - Debt service payments (\$ millions) (principal and interest) | 33.3 | 33.5 |
| - Direct U.S. economic/military assistance: excluding trade preferences such as CBI or sugar quotas (\$ millions) | 1.9 | 1.1 |

Appendix C- Trade:
(all monetary figures are in U.S. dollars):

| | 1998 | 1999 |
|--|-------|--------|
| | ----- | ----- |
| - Total exports (\$ millions) | 189.2 | 182.6 |
| - Total exports to the U.S. (\$ millions) | 70.5 | 77.9 |
| - U.S. share of Belizean exports (percent) | 37.3 | 42.7 |
| - Total imports (\$ millions) | 324.9 | 374.4 |
| - Total imports from the U.S. (\$ millions) | 159.3 | 190.7 |
| - U.S. share of Belizean imports (percent) | 49.0 | 50.9 |
| - Balance of trade with the U.S. (\$ millions) | -88.8 | -112.8 |

Imports of manufactured goods
(Standard International Trade Classification sections 5-9)

| | | |
|---|--------|--------|
| - Total from world (\$ millions) | 233.5 | 250.8 |
| - From the U.S. (\$ millions) | 126.6 | 156.5 |
| - U.S. share of manufactured imports (percent) | 54.2 | 62.4 |
| - Manufactured goods trade balance with U.S. (\$ millions) | -102.7 | -135.2 |

Imports of agricultural goods

(Standard International Trade Classification sections 0 and 4)

| | | |
|---|-------|-------|
| - Total from world (\$ millions) | 91.4 | 123.7 |
| - From the U.S. (\$ millions) | 32.8 | 34.1 |
| - U.S. share of agricultural imports (percent) | 35.9 | 27.6 |
| - Agricultural goods trade balance with U.S. (\$ millions) | +13.9 | +22.4 |

Principal U.S. exports: (top 5 by 4-digit tariff item)

- 6203 men's or boy's trousers and shorts of cotton, etc.
- 8703 motor cars and other motor vehicles
- 4819 paper box cartons, cardboard boxes
- 2309 inputs used in animal feed
- 1001 wheat and meslin

Principal U.S. imports: (top 5 by 4-digit tariff item)

- 0306 crustaceans (shrimps and prawns, frozen), etc.
- 2009 fruit juices, concentrated
- 6203 men's or boys' suits, ensembles, etc.
- 1701 raw cane sugar
- 6211 track suits and swimwear

(Sources: Central Statistical Office, Belize Ministry of Finance; and Research Department, Central Bank of Belize.)

Appendix D - Investment Statistics:

Refer to Section VII on Investment Climate.

XI. U.S. and Belize Contacts

Appendix E - U.S. and Belize Contacts:

Belize Government Agencies

Permanent Secretary
Ministry of Economic Development
Belmopan, Belize
Tel: 501-8-22526
Fax: 501-8-23673

Permanent Secretary
Ministry of Agriculture, Fisheries, and Cooperatives
Belmopan, Belize
Tel: 501-8-22330
Fax: 501-8-22409

Permanent Secretary
Ministry of Trade and Investment
Belmopan, Belize
Tel: 501-8-22231
Fax: 501-8-22195

Chief Statistician
Central Statistical Office
Ministry of Finance
Belmopan, Belize
Tel: 501-8-22352
Fax: 501-8-23206

Executive Chairman
Belize Trade and Investment Development Service
Orchid Drive
Belmopan, Belize, C.A.
Tel: 501-8-23737
Fax: 501-8-20595

Belize Trade Associations

Belize Business Bureau
194 A North Front Street
Belize City, Belize
Tel: 501-2-45459
Fax: 501-2-32694

Belize Chamber of Commerce and Industry

63 Regent Street
Belize City, Belize
Tel: 501-2-73148
Fax: 501-2-74984

The American Chamber of Commerce of Belize
The Great House
Cork Street
Belize City, Belize
Tel: 501-2-35616

Belize Market Research

Central Statistical Office (see above)
Belize Business Bureau (see above)
Belize Chamber of Commerce and Industry (see above)
The Belize Chamber of Commerce of Belize (see above)

Commercial Banks

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The Belize Bank
Market Square

Belize City, Belize
Contact: Louis Swazey, Senior Vice President
Tel: 501-2-77132
Fax: 501-2-72712

U.S. Embassy in Belize

Political, Economic and Commercial Section
U.S. Embassy - Belize
Corner Gabourel Lane and Hutson st.
Belize City, Belize
Tel: 501-2-77161
Fax: 501-2-71468
Email: AldridgeGW@state.gov
Contact: George Aldridge, Political/Economic Officer

Washington-based U.S. Government Agencies

U.S. Department of State, WHA/CEN
2201 C Street, NW
Washington, DC 20520
Tel: 202-647-3727
Fax: 202-647-0377
Contact: Ed Embrey, Desk Officer for Belize

U.S. Department of Commerce
International Trade Administration
14th Street and Constitution Avenue, NW
Washington, DC 20230
Tel: 202-482-1658 or 202-482-2527
Fax: 202-482-0464 or 202-482-4726
Contact: Michelle Brooks, Desk Officer for Belize

U.S. Trade and Development Agency
Room 309, SA-16
Washington, DC 20523-1602
Tel: 703-875-4357
Fax: 703-875-4009
Contact: John Hermann, Latin America Projects Officer

Overseas Private Investment Corporation
1100 New York Avenue, NW
Washington, DC 20527

Tel: 202-336-8453
Fax: 202-408-9859
Contact: Juan C. Alvarez, Financial Officer (Belize)

Export-Import Bank
811 Vermont Avenue, NW
Washington, DC 20571
Tel: 202-565-3992
Fax: 202-565-3931
Contact: Michael P. Filchock, Loan Officer (Americas desk)

Appendix F - Trade Events Schedule:

Date: May 19-21, 2000
Event: the National Agriculture and Trade Show.
This is an annual, three-day event. Dates may vary. The U.S. Embassy's Economic and Commercial section organizes a USA pavilion, which features some 4-6 private firms which offer U.S. products or services in Belize as well as U.S. Government agencies such as USDA and Peace Corps.
Location: Belmopan

Date: September 2000
Event: EXPO Belize 2000
Organized by the Belize Chamber of Commerce and Industry, the fifth annual EXPO Belize will provide business opportunities by promoting local and international manufacturers, exporters, and importers. Exhibition space is open to local and international companies. Exact dates to be determined.
Location: Belize City