DOCUMENT OF INTERNATIONAL MONETARY FUND
AND NOT FOR PUBLIC USE

FOR AGENDA

SM/83/80
+ Corr. 1

CONTAINS CONFIDENTIAL
INFORMATION

May 13, 1983

To: Members of the Executive Board

From: The Secretary

Subject: Belize - Staff Report for the 1983 Article IV Consultation

Attached for consideration by the Executive Directors is the staff report for the 1983 Article IV consultation with Belize, which will be brought to the agenda for discussion on a date to be announced.

If Executive Directors have technical or factual questions relating to this paper prior to the Board discussion, they should contact Mr. van Beek, ext. 73311.

Att: (1)

Other Distribution:
Department Heads

CONTAINS CONFIDENTIAL INFORMATION

INTERNATIONAL MONETARY FUND

BELIZE

Staff Report for the 1983 Article IV Consultation

Prepared by the Staff Representatives for the 1983 Consultation with Belize

Approved by E. Wiesner and W. A. Beveridge

May 12, 1983

Article IV consultation discussions with Belize were held in Belize City and Belmopan in the period March 2-16, 1983. These were the first such discussions since Belize became a member of the Fund on March 16, 1982.1/ The representatives of Belize in the discussions included the Financial Secretary; the Governor of the Central Bank; the Permanent Secretaries of the Ministries of Trade and Industry, Energy and Communications, and Agriculture and Natural Resources; as well as other senior officials from the Central Bank, the Ministries, and various government agencies and enterprises. The mission was also received by the Prime Minister. The staff representatives were Mr. van Beek (Head), Mr. Hernandez, Ms. Suss (all WHD), Mr. Tarab (STAT), Mr. Schiller (FAD), and Ms. McLeod (Secretary-WHD). Mr. Joyce, the Executive Director for Belize, participated in the final round of discussions.

I. Background

The analysis of recent economic developments in Belize is hampered by deficiences in the statistical information in regard to national accounts and prices, fiscal operations, and the balance of payments. The authorities are working actively to overcome these deficiencies with assistance from the United Kingdom and from international organizations. The Fund is providing technical assistance in budgeting and fiscal accounting and in the area of central banking.

The Belizean economy expanded rapidly in the 1970s. Supported primarily by increases in sugar production, real GDP is estimated to have grown at an average annual rate of around 5 per cent in the period 1972-78. The manufacturing sector also performed well in this period, with the expansion of an enclave garment industry and the introduction of a number of basic import-substituting activities. Reflecting in part the buoyancy of the economy, the fiscal performance of the public sector was generally strong in this period; the current savings of the

1/ Belize has not yet informed the Fund whether it will accept the obligations of Article VIII or avail itself of the transitional arrangements of Article XIV.

public sector averaged an estimated 4 per cent of GDP and the overall deficit about 2-1/2 per cent. The balance of payments showed an overall surplus in every year except 1976 when sugar prices declined sharply.

Although the statistical picture is not complete, it is clear that the pace of economic activity has slowed down markedly since 1978. Real GDP growth averaged about 4 per cent in 1979-80, declined to only a little more than 1 per cent in 1981, and is estimated to have been negative by close to 2 per cent in 1982. The slowdown was broad based, reflecting not only a weakened performance of the dominant agricultural sector, sugar in particular, but also sluggishness in manufacturing activity, construction, and services. The terms of trade, which had risen by 20 per cent from 1978 to 1980, declined by almost 30 per cent in the following two years.

Domestic inflation in Belize largely reflects foreign inflation, as the economy is very open with domestic exports and retained imports representing--until recently--about one half and three fourths of GDP, respectively. Official indexes of domestic prices are not available, but the partial evidence available suggests that the rate of price increase has come down in 1982 to around 6-7 per cent from at least twice as much in 1980-81.

The deficit in the merchandise trade account of the balance of payments widened from the equivalent of 22 per cent of GDP in 1978 to 24 per cent in 1981; in 1982 it declined again to 22-1/2 per cent of GDP (or about US$38 million). The value of exports fell by 9 per cent in 1981 and by 20 per cent in 1982; the value of sugar exports declined by almost one third from 1980 to 1982 as prices declined sharply, but with the exception of citrus, fish and wood products most other exports were weak too. Recorded imports also declined, as income weakened and as transactions were shifted from the established channels to direct purchasing by consumers in border towns in Mexico because of the depreciation of the Mexican peso in 1982. Belize has a surplus on services transactions, reflecting mainly the expenditures by the British garrison, and there are sizable remittances from Belizeans living abroad. It is estimated that the current account was in deficit by the equivalent of a little more than 6 per cent of GDP in 1982, down from an average of more than 8 per cent in the preceding three years.

Belize receives a fairly steady flow of development assistance (both grants and loans), but other capital flows have fluctuated greatly from year to year. The net official international reserves changed little from the end of 1978 to the end of 1980, but they declined by US$2-1/2 million in 1981 and by a further US$350,000 in 1982, despite a substantial increase in foreign borrowing by both the public and private sector. A US$5 million loan by the U.S. Government under the Caribbean Basin Initiative was disbursed in December 1982. At the end of December 1982, the gross official reserves stood at about US$11 million, equivalent to six weeks of recorded imports.

The medium- and long-term external debt of Belize has increased fairly rapidly in recent years. Public and publicly guaranteed debt rose from US$27 million in 1978 to US$58 million in 1982,1/ or from the equivalent of 22 per cent of GDP to 34 per cent. Most of the debt has been contracted at highly concessionary terms. Interest payments amounted to only US$750,000 in 1982 and total debt service payments to US$2 million (1-1/3 per cent of GDP). In relation to estimated exports of goods and services, debt service payments rose from about 1/2 per cent in 1978 to 2-1/2 per cent in 1982.

The public sector finances remained strong through FY 1980/81 (the year ended March 31, 1981), but weakened a great deal in the following two years. The current balance of the consolidated public sector shifted from a sizable surplus in FY 1980/81 to a small deficit in FY 1982/83, due mainly to a steep decline in the surplus of the general government, and the overall deficit of the consolidated public sector increased in the same period from the equivalent of 4-1/4 per cent of GDP to 9-1/2 per cent. The major element in this deterioration was the weakness of central government revenues arising from lower foreign trade transactions, especially in 1982; total revenues declined by 8-1/2 per cent from FY 1980/81 to FY 1982/83. In addition, there was a relatively large increase in government wages and salaries in late 1980-early 1981. An apparent reduction in foreign grants in 1982 and financial difficulties in the public enterprises also contributed to the recent deterioration in the public sector finances.

The sharp rise in the fiscal deficit led to increased borrowing from the domestic financial system, thereby reducing the availability of credit to the private sector. In 1980 some 48 per cent of the increase in the net domestic assets of the banking system took the form of credit to the public sector; in 1981 this proportion dropped to just below 40 per cent, but in 1982 it jumped to 58 per cent. Credit to the private sector rose by 10-1/2 per cent in 1980, 18 per cent in 1981, and 9 per cent in 1982.

Financial system liabilities to the private sector grew by about 10 per cent in both 1980 and 1981, reflecting mainly the response of time deposits to upward adjustments in interest rates. The growth of time deposits slowed in 1982 (to 12 per cent, from 42 per cent in 1981), keeping the growth in total liabilities to the private sector to only 3 per cent. The net foreign assets of the financial system declined in both 1981 and 1982 (by the equivalent of 6 per cent and 10 per cent of the beginning-of-year stock of liabilities to the private sector, respectively), as the commercial banks stepped up short-term borrowing from their head offices abroad for relending to the public and private sectors.

1/ The total debt of the public sector denominated in U.S. dollars amounted to US$62 million in 1982.

II. Report on the Discussions

1. Prospects and policies for 1983

The Belizean representatives expected the pace of economic activity to remain sluggish in 1983, with little or no increase in real GDP projected. Agricultural production would show a small increase, mainly on the strength of a good sugar crop, but activity in other sectors--particularly trade and manufacturing--was likely to weaken further.

As regards the balance of payments, the current account deficit is expected to widen again. Partly because of a continued improvement in the sugar to cane ratio, the volume of sugar exports is projected to rise by almost 9 per cent from 1982 to 1983. However, the unit price would drop by 11 per cent, to about 13 U.S. cents per pound, reflecting for the most part a sizable increase in the amount of sugar that will have to be sold at the free-market price following the imposition in 1982 of a quota in the U.S. market far below the amount which Belize had been selling there in earlier years. Thus, the value of sugar exports would show a small decline in 1983. The value of total exports, however, is projected to show a small increase. The value of imports would rise even more, due mainly to an increase in capital goods imports attendant upon entry-into-operation of Phase II of the Belize City water and sewerage project financed by a grant from the Government of Canada. With a reduction in the surplus on services transactions, the current account deficit might widen to about US$13 million in 1983 or 7-1/4 per cent of GDP (compared with 6 per cent in 1982).

The capital account would be bolstered by the water and sewerage grant from Canada and by the disbursement of another US$5 million by the U.S. Government under the Caribbean Basin Initiative. However, other net new borrowing by the public sector--mainly from international development agencies--is expected to decline, as few major new projects are being undertaken.

In the view of the mission, there was little or no room for a further loss of reserves in 1983. In both 1981 and 1982 there was substantial foreign borrowing by the commercial banks, much of which was for budget support to the Central Government at commercial lending rates. The mission cautioned the authorities about the costs and likely unsustainability of this borrowing; it also suggested that in the absence of such financing the expansion of credit to the public sector by the domestic banking system should be kept to no more than approximately half the 1982 rate and half the 1983 internal fiscal gap.

The Belizean representatives recognized that the balance of payments would remain under pressure in the period ahead. However, they noted that some relief might come from a further loan by the United States as part of the U.S. Administration's supplemental aid package for Central America submitted recently to the U.S. Congress, and from the inclusion of Belize in the San Jose Agreement on petroleum imports from Mexico. More importantly, the authorities said they would review their monetary and fiscal projections in the light of the mission's recommendations and they stressed their determination to tighten the stance of financial policies if necessary.

a. Demand policies

The Belizean representatives indicated that fiscal restraint would would be a key element in their efforts to restore a better measure of external and internal balance to the economy. They recalled that new revenue measures--mainly in the form of higher import taxes on certain "nonessential" items 1/--had been adopted in 1981 and again in 1982, as sugar earnings declined and the economy began to weaken. Nevertheless, the Central Government's revenues had declined to just above 22 per cent of GDP in FY 1982/83, from 24-1/2 per cent in FY 1980/81. In an effort to stem the consequent deterioration of the government finances, midway in FY 1982/83 steps were taken to reduce expenditures below budgeted levels. Expenditures on a number of capital projects were postponed and strict controls were imposed on current spending, which was expected to show little or no increase in nominal terms from FY 1981/82 to FY 1982/83.

The budget for FY 1983/84, which had just been approved by the legislature, includes a number of additional tax measures, again mainly in the form of higher import taxes, but their net effect on revenues will be relatively small (probably no more than BZ$2-3 million or 3-4 per cent of FY 1982/83 revenues). In the view of the mission additional fiscal measures would be needed to reduce the public sector deficit to a level consistent with equilibrium in the balance of payments. The Belizean representatives said it might be difficult to impose additional tax measures, but they noted that efforts were under way to strengthen the collection of income taxes, mainly through the establishment of regional offices. They added that fiscal developments would be monitored very closely and that the authorities were committed to take measures as needed. Already, the expenditure budget just approved was being re-examined with an eye to achieving further economies in current spending and determining priorities in capital spending. The Government was doing all it could to hold the line on wage increases for civil servants, but the pressures were strong because no increase had been granted for two years. A 5 per cent wage increase, the minimum that could be expected, was equivalent to almost 2-1/2 per per cent of FY 1982/83 current expenditures. The second phase of the Belize City water and sewerage project was one of the few new major investment projects that would get under way in 1983.

With respect to the public enterprises, the Belizean representatives said that the Government was making a concerted effort to strengthen their finances through improvements in expenditure control and revenue collection. The administrative machinery of the Electricity

---

1/ Mainly alcoholic beverages, cigarettes, and fuels.

Board had weakened considerably in 1982, but the Government had stepped in; the management was changed and the entire Board of Directors was replaced. The Banana Control Board also was experiencing difficulties--production was far below the minimum required volume, shipping facilities were poor and there were problems as regards the performance under the management contract with a foreign concern. The Caribbean Development Bank, a major lender for the project, was due to make an assessment within the next two months. Efforts were also being made to put the operations of the Marketing Board (for basic food products) on a commercially sound footing. The authorities recognized that their approach to redressing the financial situation of the public enterprises would take time to implement and that meanwhile it might be necessary to resort to tariff increases.

In the area of public accounting and budgeting, the Cabinet recently had approved the proposal made by the Fund's fiscal adviser for improving fiscal management through the establishment of an Office of Budget and Management and the complete overhaul of the fiscal accounts. Implementation of this project would take some time and would depend importantly on successful computerization of the accounts. The plan was to test the new system in November of this year with a review of the FY 1983/84 budget and to prepare the FY 1984/85 budget on the new basis.

In the monetary area, the authorities have followed a realistic interest rate policy. Deposit interest rates were raised to international levels in 1980 and 1981, and in early 1983 they were reduced by about 3 percentage points, to a level that is still some 4 percentage points above that of corresponding rates in the United States. However, the flow of time deposits into the banking system has slowed down and total private financial savings accruing to the banking system have been sluggish. The Belizean representatives shared the view of the staff that again only a modest increase could be expected in banking system liabilities to the private sector during 1983, given the continued weakness in economic activity and trade that was in prospect. They noted that in the recent past both the statutory foreign asset coverage of the Central Bank's demand liabilities 1/ and the statutory limitation on Central Bank advances to the Central Government (15 per cent of budgeted current revenues) had been in jeopardy at various times and would have to be monitored closely in the period ahead.

The Belizean representatives said that the monetary authorities intended to proceed very cautiously in the matter of the implementation of the recently approved legislation permitting offshore banking activities. In particular, in order to avoid any possible weakening of

1/ The Monetary Authority was required to hold foreign assets equivalent to at least 50 per cent of its demand liabilities. With the establishment of the Central Bank in November 1982, this ratio was changed to 40 per cent retroactively to January 1, 1982.

monetary management, no action would be taken before a banking supervision department--which is to be established with the assistance of a Fund advisor--would be in operation.

b. External policies

The Belizean representatives emphasized that the authorities had not tried to cope with the economy's external imbalances by restricting either current or capital transactions. There had been some intensification of trade restrictions in late 1982, when a list of prohibited imports was introduced and many products were added to the list of restricted imports, but this action was in line with the Government's objective of encouraging local production of certain commodities now imported. The mission noted that the exchange system of Belize appeared to be free of restrictions, and it urged that Belize assume Article VIII status in the Fund as early as possible. The Belizean representatives indicated that this issue continued to be under consideration and that they hoped to reach a decision soon.

With respect to exchange rate policy, the Belizean representatives were satisfied that the peg of the Belizean dollar to the U. S. dollar--at a rate of BZ$2 = US$1--was appropriate to Belize's circumstances, taking into account the depressed market conditions for the country's major exports and the behavior of domestic wages and prices. To be sure, the present exchange rate arrangement had given rise to certain problems, but they believed that these were manageable. They noted that U.K. aid funds and expenditures by the British garrison--which are sizable--are denominated in pound sterling, and their value in Belizean dollars has fluctuated. Also, all banana exports and a sizable portion of sugar exports were sold in the U.K. market. The nominal value of the Belizean dollar in relation to Belize's principal trading partners was fairly stable in the period 1976 to 1980, but with the subsequent appreciation of the U.S. dollar it increased by about 10 per cent in 1981-82. The real weighted exchange rate may be expected to have behaved in a similar fashion.

As regards the public external debt, the authorities are committed to maintaining the favorable profile which Belize now enjoys. They explained that the Central Government's recent recourse to costly commercial borrowing--which had taken the form of domestic bank credit in U.S. dollars financed by credit lines from foreign parent banks to their branches in Belize--was primarily the result of a one-time emergency caused by the failure of the Electricity Board to stay current in its obligations to Mexico on account of fuel imports.

2. Development policies

The basic development strategy of the Government of Belize is to provide the economic and social infrastructure required to stimulate economic growth, leaving to the private sector most direct investment in productive projects. This strategy is reflected in the public sector investment program for the period FY 1983/84-FY 1987/88, which focuses on the provision of such services as roads, electricity, ports, water and sewerage, housing and education. Total public sector investment in this period is programed at BZ$285 million, or BZ$57 million a year, which compares with an execution of about BZ$43 million a year in the five years through FY 1982/83. At the time of independence in 1981, Belize received from the United Kingdom a commitment for an interest-free long-term loan in the amount of £6 million, and for a similar amount in grants, the latter to be disbursed in the period 1982-84. Belize also receives sizable development assistance forn the United States, Canada, and Trinidad and Tobago.

In the view of the Government, the growth of the Belizean economy must depend largely on the development of agriculture (including livestock and fisheries); the country has ample agricultural resources, and it has nearby export markets in the United States and the Caribbean as well as guaranteed markets in Europe for certain products under the Lome Convention. There is also scope to develop agro-based and some light offshore industries, which would have to be primarily export oriented, although there also was some room for a certain amount of import substitution. Tourism is a third sector which is being emphasized in the development strategy, but the Government has made it clear that it does not want to encourage high-volume tourism.

The Belizean representatives noted that the development efforts were constrained not only by the scarcity of investment capital and skilled labor but also by the size of the domestic market. They were trying to overcome the problem of a very limited domestic market by favoring export-oriented activities. In this connection, the mission noted that care should be taken in the implementation of the strategy to prevent the establishment of inefficient industries behind tariff barriers, and to keep wage costs in line with those abroad. On a related matter, the staff team pointed to the artificially low price ceilings being applied to a number of products, and to the need to keep agricultural support prices in line with world prices. The Belizean representatives replied that the Government's policy with respect to price controls had been very flexible, and that many controls had been abolished--most recently those on meat and meat products.

3. Energy situation and policies

Petroleum, all of it imported, supplies the bulk of Belize's energy requirements. In 1982, Belize imported a total 22 million gallons of petroleum and products at a cost of US$22-1/2 million (or about 23 per cent of total import value). The Electricity Board takes about 15 per cent of these imports, and the remainder mainly goes into gasoline and fuel oil consumption.

Domestic prices of petroleum products have followed the course of world prices, but certain individual products are subsidized at the expense of others. Fuel prices were last adjusted in March 1983, when they were reduced by amounts ranging from 3 U.S. cents per gallon for kerosene to 20 U.S. cents for diesel oil. Gasoline currently sells at the pump for about US$1.70 per gallon. Import duties amount to 16 U.S. cents per gallon for fuel oil and 26 to 28 U.S. cents per gallon for other refined products; in addition, there are revenue replacement duties of 20 per cent on gasoline and aviation fuel (10 per cent prior to February 1983) and 10 per cent on diesel, as well as stamp duties of 6 per cent on gasoline, aviation fuel, and lubricants (5 per cent prior to November 1982).

An energy assessment study for Belize was completed in 1982 with technical assistance from the UNDP. Belize has some potential for hydroelectric power, but to date no specific projects have been identified for implementation. The authorities have under consideration a scheme in which Belize would purchase all of its electricity requirements from Mexico, which would require construction of a transmission line from the power plant in Mexico to the various consuming areas in Belize. Based on geological evidence, it is believed that Belize has considerable potential for oil production. Exploration for oil is pursued actively across the country, but the potential for commercial exploitation has not been assessed.

III. Staff Appraisal

The pace of economic activity in Belize has slowed down noticeably in the last few years, reflecting mainly the weakness of the sugar sector, the recession in the industrial countries and the economic crisis in Mexico. Real GDP increased by only about 1 per cent in 1981 and in 1982 it is estimated to have declined by close to 2 per cent. Both the trade deficit and the estimated current account deficit narrowed in 1982, as imports fell by more than exports, but the overall balance of payments was in deficit for the second year in a row. The fiscal deficit of the consolidated public sector has increased sharply in the past two years, due mainly to very slow revenue growth and financial difficulties in the public enterprises. The analysis of economic developments is hampered by weaknesses in the data base. The staff welcomes the current efforts of the Government to overcome these statistical deficiencies.

The authorities have sought to tighten the public finances and keep the balance of payments pressures within bounds by substantial increases in import taxes, improvements in the collection of income taxes, restraint on current and capital expenditure, and management improvements in the public enterprises. The staff welcomes these measures, but it notes that substantially more may need to be done than is currently envisaged. In its view, if public sector borrowing from the banking system is to be reduced from the 1982 level, expenditure reductions may have to be made and new revenue sources may have to be sought, including price adjustments for public sector enterprises.

In this connection, the staff urges restraint as regards a general increase in public sector wages, although it recognizes the problems faced by the Government in attracting and keeping skilled personnel. The staff notes the commitment of the authorities to take fiscal measures as needed, and it welcomes the efforts underway to improve fiscal management and budgeting procedures, which will facilitate the monitoring of fiscal developments.

The need to raise savings is not only a short-term requirement to restore financial equilibrium, but also a requirement for strengthening the ongoing investment effort. The staff notes that the pursuit of a flexible interest rate policy has facilitated the growth of private savings. Maintaining a flexible approach to the price controls that still apply to a number of goods should increase economic efficiency and also strengthen savings. The recent intensification of import restrictions, while in line with the Government's objective of encouraging local production, should not be allowed to lead to the establishment of inefficient industries behind tariff barriers. Successful promotion of exports in a small economy like Belize will require that cost competitiveness be maintained.

The exchange system of Belize has remained free of restrictions on payments and transfers for international transactions, current and capital, and the staff urges Belize to adopt Article VIII status in the Fund at an early date. The staff notes that caution in demand management, especially fiscal policy, is needed to maintain the present exchange system.

Fund Relations with Belize
(As of April 29, 1983)

Date of membership:	March 16, 1982		
Status under Articles of Agreement:	To be decided.		
Quota:	SDR 7.2 million		
		Millions of SDR	Per Cent of Quota
Fund holdings of Belize dollars:	Total	5.9	81.7
		Millions of SDR	Per Cent of Net Cumulative Allocation
SDR Department:	Net cumulative allocation	--	--
	Holdings	--	...

Exchange and trade system:	The Belize dollar is pegged to the U.S. dollar, the intervention currency, at the rate of BZ$2 per U.S. dollar.
Exchange practices under Article VIII:	Belize does not maintain any multiple currency practices nor any other restrictions on payments and transfers for current international transactions.
Recent staff contacts:	(1) Technical assistance mission in goverment finance and money and banking statistics in July 1982. (2) Informal staff visit in April 1982. (3) Pre-membership mission in October 1981. (4) Fund staff participation in an IBRD economic mission in October 1981.
Technical assistance:	Since September 1980, a research advisor has been assigned to the Central Bank from the CBD panel. Since October 1982, a FAD panel expert has been assigned to the Ministry of Finance to advise on budgetary and accounting procedures. In addition, a request for technical assistance in the area of bank supervision is being considered by CBD.

BELIZE

Area and population	
Area	22,963 sq. kilometers
Population (mid-1982)	150,929
Annual rate of population increase (1977-82) 1/	2.6 per cent
GDP (1982)	SDR 153 million
	US$169 million
	BZ$337 million
GDP per capita (1982)	SDR 1,010

	1979	1980	1981	Prel. 1982
Origin of GDP		(per cent)		
Agriculture	17.9	18.7	18.8	20.1
Manufacturing	9.2	10.1	9.9	9.6
Construction	9.5	10.0	8.8	7.2
Commerce	16.4	17.0	16.6	15.2
Transport	9.9	9.8	10.6	11.1
Public administration	11.2	10.6	10.8	10.9
Other	25.9	23.8	24.5	25.9
Ratios to GDP				
Exports of goods and services 2/	64.0	65.9	58.4	52.1
Imports of goods and services 2/	82.6	82.1	75.3	68.0
Current account of the balance of payments	-9.0	-7.5	-8.3	-6.3
General government revenues and grants 3/	28.4	28.5	28.0	26.0
General government expenditures 3/	29.5	30.9	31.3	35.0
Public sector savings	4.9	4.7	2.2	-1.1
Public sector overall surplus or deficit (-)	-9.3	-4.2	-6.3	-9.5
External public debt (end of year)	28.7	26.0	27.4	34.2
Money and quasi-money (end of year)	33.8	31.7	32.7	35.5
Annual changes in selected economic indicators				
Real GDP per capita	0.9	0.6	-0.6	-3.6
Real GDP	4.0	4.4	1.3	-1.8
GDP at current market prices	16.2	20.2	7.1	-5.2
Wholesale prices (annual averages)	...	...	...	...
Cost of living (annual averages)	...	...	...	...
Central government revenues and grants 3/	23.3	20.7	2.3	-15.0
Central government expenditures 3/	24.3	25.7	7.7	5.5
Money and quasi-money	3.6	12.7	10.6	2.8
Money	2.0	9.4	1.3	-3.0
Quasi-money	4.6	14.8	16.2	6.1
Net domestic bank assets 4/	20.9	9.6	16.6	15.1
Credit to public sector (net)	1.3	6.3	8.0	9.4
Credit to private sector	21.8	5.4	14.0	8.3
Merchandise exports (f.o.b.) 2/	9.9	35.1	-8.9	-20.0
Merchandise imports (c.i.f.) 2/	24.6	18.9	-2.7	-17.1

	1979	1980	1981	Prel. 1982
Central government finances 3/	(millions of BZ$)			
Revenues and grants	78.3	94.5	96.7	82.2
Of which: grants	(14.0)	(12.9)	(13.3)	(7.6)
Expenditure	81.4	102.8	110.7	116.8
Current account surplus or deficit (-)	12.3	16.7	7.0	-3.3
Overall deficit (-)	-3.1	-8.3	-14.0	-34.6
External financing (net)	0.8	--	2.8	10.6
Internal financing (net)	2.3	8.3	11.2	24.0
Balance of payments	(millions of U.S. dollars)			
Merchandise exports (f.o.b.) 2/	60.7	82.1	74.7	59.8
Merchandise imports (c.i.f.) 2/	-101.7	-121.0	-117.7	-97.5
Factor income (net)	-0.5	-1.8	-1.9	-4.0
Other services and transfers (net)	29.1	28.3	30.2	31.2
Balance on current and transfer accounts	-12.4	-12.4	-14.7	-10.5
Official capital (net)	19.0	8.9	12.6	15.0
Financial system capital (net)	6.4	2.0	3.8	9.3
Private capital (net) and residual item	-15.7	3.3	-4.1	-14.2
Change in net official international reserves (increase -)	2.7	-1.8	2.4	0.4

International reserve position	Dec. 31 1980	Dec. 31 1981	Dec. 31 1982
	(millions of U.S. dollars)		
Official reserves (gross)	13.9	11.3	10.9
Official reserves (net)	13.5	11.1	10.7
Commercial banks (net)	-7.4	-9.2	-16.0

1/ The year-to-year rate of change varies widely from the average yearly rate of increase because of migration movements.

2/ Excluding re-exports and transshipments; changes are calculated on the basis of U.S. dollars.

3/ 1979 on a calendar year basis; other years on a fiscal year basis, beginning April 1.

4/ Measured in terms of the liabilities to the private sector at the beginning of the period.