

THE NATIONAL

# TRADE POLICY



2019-2030



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**GOVERNMENT OF BELIZE**

MINISTRY OF ECONOMIC DEVELOPMENT, PETROLEUM,  
***INVESTMENT, TRADE & COMMERCE***

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NATIONAL TRADE POLICY

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# ACRONYMS

ACP	African, Caribbean and Pacific
AfT	Aid-for-Trade
BAHA	Belize Agricultural Health Authority
BBS	Belize Bureau of Standards
BCCI	Belize Chamber of Commerce and Industry
BCSP	Belize Coalition of Service Providers
BELTRAIDE	Belize Trade and Investment Development Services
CARICOM	Caribbean Community
CARIFORUM	Caribbean Forum of ACP States (CARICOM plus the Dominican Republic and Cuba)
CBB	Central Bank of Belize
CBERA	Caribbean Basin Economic Recovery Act
CBI	Caribbean Basin Initiative
CITO	Central Information and Technology Office
COMSEC	Commonwealth Secretariat
COTED	Council for Trade and Economic Development
CSME	CARICOM Single Market and Economy
DGFT	Directorate General for Foreign Trade
EPA	Economic Partnership Agreements
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GOB	Government of Belize
GSDS	Growth and Sustainable Development Strategy
MFN	Most Favoured Nation
TS	Multilateral Trading System
NCTF	National Committee on Trade Facilitation
NES	National Export Strategy
NTMs	Non-Tariff Measures
NTPF	National Trade Policy Framework
ODA	Official Development Assistance
PSA	Partial Scope Agreement
RTAs	Regional Trade Agreements
SDGs	Sustainable Development Goals
SIB	Statistical Institute of Belize
SICA	Sistema de la Integración Centroamericana (the Central American Integration System)
SIECA	Secretaría de Integración Económica Centroamericana (the economic subsystem of SICA)
SPS	Sanitary and Phyto-Sanitary Measures
SWOT	Strength, Weakness, Opportunities and Threats
TFA	Trade Facilitation Agreement
TIM	Tránsito Aduanero Internacional de Mercancia (Goods in International Transit System)
TRIPS	Trade Related Aspects of Intellectual Property Rights
TTT	Trade Technical Team
UNCTAD	United Nation Conference on Trade and Development
UNFCCC	United Nation Framework Convention on Climate Change
WB	World Bank
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

# DEFINITION OF KEY TERMS

**Ad Valorem Tariff/Duty:** A tariff applied as the percentage of the value of an imported product, as opposed to the weight or other criteria. For example, 20% duty levied on the Cost, Insurance and Freight (CIF) value of a product;

**Aid-for-Trade (Aft):** Assistance provided to support countries' efforts to develop and expand their trade as leverage for growth and poverty reduction. It can be in the form of financial and technical assistance;

**Asymmetrical Treatment:** Refers to a phenomenon in trade arrangements where there is an unequal set of obligations among members, mainly due to differences in economic standings and vulnerability, among other factors. For example, a Member Country can have asymmetrical treatment in a trade agreement by negotiating for a longer time-frame to liberalise (i.e. to reduce tariffs and remove non-tariff measures) its market;

**Caribbean Community (CARICOM):** A grouping of twenty countries in the Caribbean, Central America and South America comprising fifteen Member States and five Associate Members that first came together under the Treaty of Chaguaramas (1973) in order to promote trade and economic integration; it has since advanced under the Revised Treaty of Chaguaramas (2001) to status of a CARICOM Single Market and Economy (CSME) involving foreign policy coordination, human and social development and security. The main membership includes: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, and Trinidad and Tobago. The Bahamas does not yet participate in the trade policy and trade arrangements of CARICOM. Associate Members are: Anguilla, Bermuda, British Virgin Islands, Cayman Islands and the Turks and Caicos Islands;

**Common External Tariff (CET):** A schedule of tariff rates that is applied uniformly by a common market or customs union to imports from countries outside the market or union. The CARICOM, for example, is a free trade area (Customs Union) with a CET between 0% and 40% applied to products imported from non-member countries;

**Customs Union:** A group of countries that adopt a free trade regime among themselves, and also agree to levy the same tariff rate on each product imported from outside the group. It is therefore a free trade agreement plus a common external tariff;

**Economic Partnership Agreement (EPA):** Refers to the trade and development agreements negotiated between the European Union (EU) and the African, Caribbean and Pacific (ACP) regions engaged in a regional economic integration process, with emphasis on partnership;

**Free Trade Agreement (FTA):** A negotiated treaty among two or more countries or regions to form a free trade area;

**Free Trade Area (FTA):** A group of countries that adopt free trade (with low or zero tariffs and no other policy restrictions) among themselves, while not necessarily changing the trade criteria that each member country has with other countries outside the group;



**Intellectual Property (IP):** Refers to products of the intellect (i.e. the mind) including inventions, works of art, music and writing;

**Market Access (MA):** Refers to government-imposed conditions under which a product can enter a country. For goods trade, it is expressed through border measures such as tariffs and non-tariff measures and for services trade through regulations inside the market;

**Most Favoured Nation (MFN):** The principle of non-discrimination among WTO members and other trading partners. It refers to equal tariff or market access treatment for traded products of all trading partners. For example, if Country A allows imports from Country B at 30% tariff, then it must accord this tariff treatment to imports of all its trading partners. It is one of the core principles in multilateral trade rules under the WTO;

**Multilateral Trading System (MTS):** The non-discriminatory arrangement for international trade which came into existence through the General Agreement on Tariffs and Trade (GATT) in 1947 and which is now represented by the World Trade Organisation (WTO);

**National Treatment (NT):** The principle of giving others the same treatment as one's own nationals. Under the WTO, it applies to many agreements such as those for services and goods trade. For example, if country A produces apples and also imports apples, they must all be subject to the same domestic trade regime such as Value Added Tax (VAT), once on the market;

**Non-Tariff Measures (NTMs):** They refer to market access requirements and procedures that countries apply to products that are imported or exported. They can include, for example health regulations on food quality, rules about packaging, minimum safety standards for manufactured products;

**Partial Scope Agreement (PSA):** Refers to a trade agreement with less magnitude and coverage of contents, often with limited product range compared to a fully-fledged FTA which might include full trade liberalisation;

**Sanitary and Phyto-Sanitary (SPS) Measures:** Refers to laws, decrees, regulations, requirements, standards and procedures applied by countries in trade to protect human, animal or plant life or health from certain risks such as the establishment or spread of pests, diseases, disease-carrying/ causing organisms, risks from food/ chemical additives, contaminants and toxins among others;

**Trade Facilitation:** The simplification and harmonisation of international trade procedures, including activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the clearance for movement of goods in international trade. This reduces the cost of doing business and increases trade efficiency;

**Trade Liberalisation:** Refers to the gradual or complete removal of existing impediments (tariffs and non-tariff measures) to trade in goods and services;

**Trade Policy:** The complete framework of laws, regulations, international agreements and negotiating stances adopted by governments to achieve legally binding market access for goods and services;

**World Trade Organisation (WTO):** A membership based organisation (164 members as of December 2018) created for the discussion, negotiation and resolution of trade issues covering goods, services and intellectual property. It was established on 1st January, 1995, with its Secretariat in Geneva, Switzerland, as a successor to the General Agreement on Tariffs and Trade (GATT).



## FOREWORD

of the significance of services trade to the economy (over 60% contribution to GDP, 2017) and going forward, it is our desire to explore and develop this sector fully as outlined in this Policy.

Furthermore, Government is committed to creating an enabling business environment for the private sector to thrive. We are committed to reducing the cost of doing business and thus enhancing competitiveness of our business enterprises and the overall economy. The implementation of the WTO Trade Facilitation Agreement (TFA) is one among many targeted policy actions which is expected to significantly reduce the cost of doing business through logistical efficiency and transit cost reduction.

We are confident that this Policy will help to achieve our desired trade and development objectives, and contribute to wealth creation and enhancement of citizens' welfare. This Policy shall serve as a collaborative guide for the Ministry of Investment, Trade and Commerce and other as government institutions, stakeholders and international development partners in Belize's pursuit of trade development.

We are convinced that the success of this Policy will, to a large extent, depend on inter-sectoral and mutual collaboration as well as the aggressiveness of the private sector in translating opportunities that the policy provides into tangible outputs.

It is my privilege and honour to welcome you to our first ever National Trade Policy. This policy has been produced as a guide at a time when global economic dynamics have witnessed unprecedented changes and uncertainties for the future which require Belize's full preparedness.

Over the last five years (2013-2017), Belize has faced serious economic challenges which have affected economic performance. In this period, real GDP growth averaged 2.1%. However there is continued optimism for growth as the services and agro processing sectors gain traction.

Guided by four main pillars (i.e. institutional capacity strengthening, enhancement of supply and productive capabilities, increased market access and entry, and trade facilitation) the Policy seeks to achieve various objectives, chief among which is to enhance competitiveness of Belize's goods and services.

In international trade, Belize has been an active participant in the regional and multilateral trading arrangements under the auspices of the World Trade Organisation (WTO) and the Caribbean Community (CARICOM). There is also an expected shift in our regional trade focus, with ongoing government evaluation of the feasibility and prospects of Belize's integration into the Central American market to take advantage of a consumer market comprising over 45 million people. Government is also cognisant

Hon. Tracy Panton

MINISTER OF STATE IN THE  
MINISTRY OF ECONOMIC DEVELOPMENT, PETROLEUM,  
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## ACKNOWLEDGEMENTS

The National Trade Policy document is a product of extensive discussions and consultations with various stakeholders, public sector officials, private sector and non-state actors. The long and arduous policy development process that began in early 2017 has finally culminated in the production of this much needed policy.

The Government is very grateful for the technical assistance and capacity building support received from our development partners. I wish to convey special appreciation to the European Union which provided the support for the development of the Trade Policy Framework, which set the foundation for this Policy. I also wish to acknowledge the support of the Commonwealth Secretariat through its flagship programme the Hub and Spokes Programme, aimed at Enhancing Trade Capacity Development in the African, Caribbean and Pacific (ACP) States. Through this programme, Belize has been provided with the National Trade Adviser, Mr. Terrence Simfukwe, under whose leadership and guidance the Policy has been produced, among other trade related outputs. The contributions and support of the Trade Technical Team (TTT) and public sector partners, including the Central Bank of Belize, the Statistical Institute of Belize, the Belize Agricultural Health Authority, the Department of the Environment and the Customs & Excise Department, and also private citizens, in this process, are highly appreciated.

In the same vein, I wish to acknowledge the support provided by the Hon. Tracy Panton, Minister of State with responsibility for Investment, Trade and Commerce, and also commend the special contributions and support from Senator Mark Lizarraga representing the private sector, and other independent commentators. I also wish to acknowledge the support from various industry stakeholders throughout the country, including but not limited to the Belize Chamber of Commerce and Industry.

My sincere gratitude to all the staff at the Ministry of Investment, Trade & Commerce. In particular, I congratulate the Director General, Mr. Andy Sutherland and his hard working team at the Directorate General for Foreign Trade (DGFT), the principal department through which this Policy was developed and will be implemented. The professionalism, commitment, teamwork and unwavering dedication to this process were second to none. The list of individuals and organizations to acknowledge is endless, and therefore allow me to say thank you to all of you that participated in this important national process.

It is my sincere hope and trust that this National Trade Policy will provide the blueprint required for trade development in Belize.

Duane Belisle

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## THE ROAD AHEAD

*"Farming looks mighty easy when your plow is a pencil and you're a thousand miles from the corn field."*

- Dwight D. Eisenhower -

Belize's first National Trade Policy can be regarded as the focusing of stakeholder's knowledge, experience and aspirations towards attaining our national development goals, enshrined in overarching development plans such as Horizon 2030 – A National Development Framework for Belize, and Belize's Growth and Development Strategy (GSDS). The Policy is a truly collaborative effort encompassing the inputs of our public and private sector partners, along with civil society, towards mapping the gaps that exist between productive capacity and export growth; and general agreement on the responsibilities of Government which has a lead role.

Throughout the policy development process, we often encountered the question "will this important document be shelved to collect dust?". Let me reassure all, the Directorate General for Foreign Trade is cognisant that this policy is not the end, but the beginning of a steadfast drive towards trade and economic expansion. We are resolute in the full attainment of the goals, objectives and benefits within this policy. The collaboration with stakeholders was hinged on a firm commitment to the actions that comes next. The GSDS summarized it best, "the foremost requirement for success is not merely resources; it is the long-term commitment of all Belizean officials, civil servants, and engaged stakeholders to achieving the vision of Horizon 2030, and the goals of this national Growth and Sustainable Development Strategy", and by extension, Belize National Trade Policy.

The cross-cutting nature of trade policy will require astute leadership that will bridge the divide between national, regional and international partners; between inter-governmental ministries and agencies; between sectoral policies and strategies; and most importantly between the public and private sectors. Successful harnessing of the opportunities will require a robust implementation roadmap that can be monitored and evaluated to enable course adjustment where required. Of critical importance is an awareness and sensitization strategy that is executable across all levels of Belizean society. In this regard we would have truly met success when this policy can be leveraged by everyday aspiring Belizeans.

Let us put ourselves to task with shoulders to the wheel and heave as relentlessly as we can.

Andy Sutherland  
DIRECTOR GENERAL  
DIRECTORATE GENERAL FOR FOREIGN TRADE

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NATIONAL TRADE POLICY

# EXECUTIVE SUMMARY

*National Trade Policy (2019-2030) Vision:*

*“To develop a competitive economy by utilizing trade as a significant driver for inclusive and sustainable socioeconomic development.”*

Trade plays a significant role in the growth and development processes of countries through its linkages with most sectors of the economy. This happens via the effective operation of market mechanisms through which producers and consumers interact. Trade is equally of crucial significance to poverty reduction and welfare enhancement through employment creation in the formal and informal economies, in the trade in goods at the wholesale and retail levels, and trade in services which together provide MSMEs with opportunities for higher and more sustainable incomes through the exportation of their products. It is recognized that the very small size of the domestic market results in the need to rely on export markets to absorb the increased volumes of goods and services that is to be expected from new investments and existing ones under the existing policy of support to MSMEs and the prevailing Export Development Strategy. Thus, the Policy is founded on the understanding that maximization of benefits from trade is contingent on effective design and implementation of laws, regulations, and policy measures in the various disciplines, collectively referred to internationally as Trade Policy.

Since its independence, Belize has adopted a significant number of policy instruments on trade and has also actively participated in the multilateral, international and regional trade and economic frameworks, albeit without having in place a policy specifically referred to as “trade policy”. From its membership in the WTO (1995), the accession to the Treaty of Chaguaramas establishing the CARICOM (1974), and the Revised Treaty of Chaguaramas including the CSME (2001), Belize’s trade and development landscape has been guided by “fragmented” policy instruments. However, the complex demands of the regional and multilateral trading system, anchored on strong rules-based criteria, have necessitated the demand for focused, coherent and harmonious trade policy that meets national development needs as well as effectively positioning Belize to benefit from its engagement in the multilateral trading system. Added to this is the unpredictable and shifting dynamics in Belize’s primary and critical export markets such as the EU and U.S which further places greater emphasis on the need for effective and coherent trade policy to guide the country’s trade and development agenda. Additionally, an analysis of Belize’s trade performance has underscored the need for a comprehensive trade policy, rooted in a strong institutional and legal framework responsive to the inherent challenges and opportunities for trade growth.

With this rationale in mind, the Government of Belize has committed to the formulation and implementation of the National Trade Policy (2019-2030), the Vision of which is:

***“To develop a competitive economy by utilizing trade as a significant driver for inclusive and sustainable socioeconomic development.”***

The vision and the policy reflect the outcomes of the extensive nationwide stakeholder consultative process which can be summarised in three major themes i.e. (i) the need to enhance competitiveness; (ii) reducing the cost of doing business; and (iii) political drive. Further, the Policy is directly linked to and seeks to be one of the main instruments through which the objectives outlined in the Horizon 2030 and the Growth and Sustainable Development Strategy (GSDS) Critical Success Factor No.1 - Optimal National Income and Investment are to be achieved.

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The National Trade Policy seeks to achieve the following objectives:

- I. Reduce the cost of doing business, enhance competitiveness and develop efficient production systems and capacities;
- II. Improve Trade Performance, Diversify Production and Export Basket and Enhance Value Addition;
- iii. Develop and enhance the growth of services trade and put in place an effective institutional and legal framework;
- iv. Build and strengthen multilateral, regional and bilateral trade relations and enhance market access and entry; and
- v. Build a strong and effective institutional and legal framework for trade development, with competent human capital and an entrepreneurial mindset.

The National Trade Policy is guided by three Principles and rooted in four Pillars, as outlined below:

GUIDING PRINCIPLES	POLICY PILLARS
I. Promoting Competitiveness II. Attainment of Asymmetrical Treatment III. Commitment to Regionalism	I. Supply Capacity II. Institutional Strengthening III. Enhancement of Market Access IV. Trade Facilitation

The Trade Policy takes into consideration the global, regional and domestic trade outlook. On the domestic front, Belize's main export commodities fall within a narrow range of products including sugar, bananas, citrus, aquaculture and fisheries, as well as a few value-added products that include pepper-sauce, cornmeal and turmeric paste. In addition, Poultry and Livestock are poised for export, having secured major food safety certifications in 2017. On the other hand, the expanding services sector, which as of 2017 accounted for over 60% of GDP, has been identified as a priority growth sector owing to its low per unit capital investments and relatively quick return-on-capital compared to merchandise.

Regionally, it has been observed that despite the implementation of the CSME, as well as significant reduction and elimination of tariffs, intra-CARICOM merchandise trade has underperformed from initial expectations largely due to the preponderance of non-tariff barriers that increase trade costs and restrict the free movement of goods. For example, in 2015, CARICOM intra-regional exports accounted for only 12.7% of CARICOM's total exports to all destinations, down from 15.6% in 2014<sup>1</sup>. While trade in goods has taken centre stage in the integration process, trade in services continues to grow although the sector is in need of significant infrastructure investments and effective regulatory and legislative framework. The sector's performance has also remained largely undocumented due to various challenges.

<sup>1</sup> This data does not include the Bahamas. Further reference to CARICOM data presupposes this fact.

Looking beyond CARICOM there is general consensus, as reflected in the policy, that Belize must seriously consider its prospects in the Central American region, with an estimated (2016) 46 million consumers<sup>2</sup>. Preliminary indicators reveal enormous potential trade benefits to be had from this region, *ceteris paribus*. Further, of high priority on the national and CARICOM agenda is the BREXIT<sup>3</sup> and its anticipated direct and indirect implications, especially that Britain and the EU are priority markets for the region, more so Belize. Consequently, the Trade Policy has been formulated with these developments, the current realities and their implications in mind.

The Trade Policy places significant importance on the value of synergies and interplay with other national policies, strategies and frameworks, which include but are not limited to, *inter alia*, the National Agricultural Policy, the National Export Strategy and the National Investment Policy (to be developed). Thus, the interaction among sectors in the economy and institutional collaboration is a key ingredient for the effective application of this Policy.

The Trade Policy takes cognizance of the need to build synergies between sectoral policies with a view to creating a conducive business environment that facilitates private sector-led development. It highlights Belize's strengths, weaknesses, opportunities and threats, as well as constraints and challenges in international and domestic trade within the context of existing trade-related policies, and identifies strategies and programmes to sustain the economy within the tenets of the national development plans. It also gives due regard and attention to the cross-cutting factors linking all sectors, and makes provision for continuous strengthening of national capacities under the Aid-for-Trade agenda of the WTO.

The Trade Policy recognizes the need to reduce the high cost of doing business which has been identified internationally as one of the main impediments to trade development. This requires the review and harmonization of existing trade-related regulations, processes and procedures and, where necessary, the development of new ones. It also identifies hurdles to efficient production, competitiveness and economic investment activities, and proposes measures rooted in structural, institutional and legislative reform. These measures and policy prescriptions have been outlined under the following thematic areas:

THEMATIC POLICY CONSIDERATIONS	
I. Trade Facilitation;	XV. Institutional & Human Capital Development;
II. Non-Tariff Measures (NTMs);	XVI. Legal and Business Reforms;
III. Promotion of Industrial Development;	XVII. Competition & Consumer Welfare;
IV. Product, Market Development and Export Promotion;	XVIII. Intellectual Property (IP);
V. Trade Remedies Mechanisms;	XIX. Investment Programmes;
VI. Aid for Trade (Aft);	XX. Agricultural Trade;
VII. Trade in Services;	XXI. Public Procurement;
VIII. Electronic Commerce (E-Commerce);	XXII. Entrepreneurship & Youth Inclusiveness;
IX. Economic Diplomacy;	XXIII. Information & Communications Technology (ICT);
X. Multilateral Trade;	XXIV. Gender & Disability Inclusiveness;
XI. Cotonout Agreement (ACP-EU Relations);	XXV. Innovation, Research & Development (R&D); and
XII. Regional Trade;	XXVI. Trade & Environment
XIII. Bilateral Trade;	
XIV. Formalisation of Businesses & Informal Trade;	

<sup>2</sup> Central America Population. (2018-06-12). Retrieved 2019-01-21, from <http://worldpopulationreview.com/continents/central-america/>

<sup>3</sup> The decision by the United Kingdom to leave the European Union.



An implementation plan for the Policy has been developed, which outlines the institutional framework as well as a monitoring and evaluation (M&E) mechanism. The implementation plan also identifies some “quick win” measures that will require short term administrative policy reengineering. It also proposes long-term and continuous policy actions that are contingent on adequate financing for infrastructure and relevant projects. The DGFT will be the principal institution coordinating the implementation of the Trade Policy. Additionally, collaboration is expected with all relevant Ministries, government departments and agencies including the Cabinet-approved TTT. The Policy has a 12 year life, to be implemented from 2019 to 2030 and will have a mid-term review after 6 years of implementation.

It is to be noted that one of the critical factors emphasized by the Policy is resource mobilisation, both human and financial. For such major policy pronouncements and ambitions, adequate resources are a prerequisite for success. The Policy emphasizes the significance of resource mobilisation through Government funding as well as from cooperating partners through Aid for Trade. It is emphasised that strong political drive and close collaboration among all stakeholders, public and private, will be key success factors of the trade policy.

Finally, the Policy seeks to consolidate all of Belize's trade policy rights and obligations under the rules-based system of the WTO and the corresponding elements under the RTC. In essence, the Policy provides a solid basis for Belize's continued integration into the multilateral and regional trading system. It also provides for a basic policy framework for all future review of Belize's trade policy by the WTO under its Trade Policy Review Mechanism and for monitoring and evaluation of Belize's current and future implementation of the CARICOM Single Market (CSM).



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NATIONAL TRADE POLICY

# INTRODUCTION

The National Trade Policy (NTP) provides an outline of the rules and regulations that will guide Belize's trade development over the next decade.

The National Trade Policy (NTP) provides an outline of the rules and regulations that will guide Belize's trade development over the next decade. The Policy is in synchrony with the national **Growth and Sustainable Development Strategy (GSDS)**, with special reference to Critical Success Factor No.1 - Optimal National Income and Investment. The trade policy is complementary to the GSDS and the **Horizon 2030**, both overarching national development programs for Belize.

A committed CARICOM Member since 1974 and a founding member of the WTO in 1994, Belize has been an active participant in the regional and multilateral trading landscape. The role of trade in the economy has never been more significant, with the exports of goods and services contributing as much as 57% of GDP while merchandise trade as a percentage of GDP stood at a staggering 89% in 2015<sup>4</sup>. At the core of the economy is the agro- processing and tourism sectors contributing significantly to foreign exchange earnings and employment.

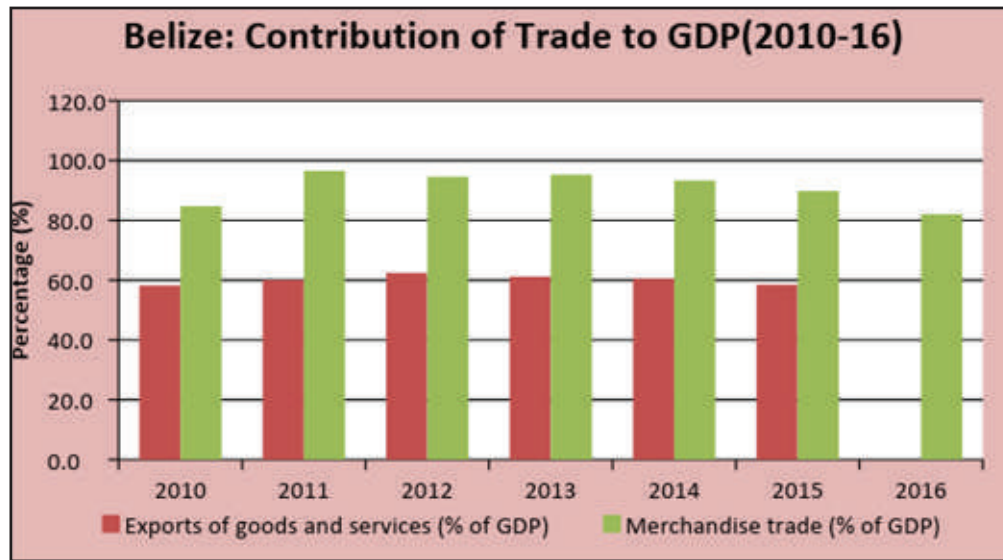
Despite the importance of trade to the Belizean economy and Belize operating in the rules-based multilateral trading system with its sophisticated demands, Belize has never had a National Trade Policy. Belize's trade development agenda has been guided by "fragmented" legal and policy instruments clustered in various trade related institutions. With this in mind, there is recognition that policy development and effective coordination with regard to trade are as important to the development process as they are to economic management. This scenario has necessitated the development of the first National Trade Policy for Belize.

The trade policy development process commenced in 2014 with the development of the National Trade Policy Framework (NTPF) which was launched in July 2016. Subsequently, the trade policy was drafted with technical assistance from the Commonwealth Secretariat and approved by Cabinet in November 2018. The Trade Policy would provide policy guidance and government's commitment to stimulate the growth of Belize's trade domestically and abroad. The development of the NTP is thus as much rooted in the acknowledgement of the present policy deficiencies, the difficulty arising from its lack thereof, and the need to fulfill Belize's regional and multilateral trade obligations.

The NTP is expected to positively contribute to trade and export development for merchandise as well as services. Additionally, it is expected that the Trade Policy will generate sufficient appetite for a robust industrialisation agenda which will assist the country to create employment, wealth and prosperity, in line with the objectives of the national vision encapsulated in the Horizon 2030. The Policy is also linked to and aligned with other national and sector policies (including NES, Agricultural and ICT Policies) as well as regional and multilateral trade agreements such as the Trade Facilitation Agreement (TFA) to ensure smooth and coordinated implementation. Through this process, the NTP has outlined the strategic vision and focus for Belize's trade development agenda for the next decade, encompassing the situation analysis, guiding principles, policy objectives, policy prescriptions as well as the institutional and legal framework.

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<sup>4</sup> Computed from data from the World Bank's World Development Indicators database, 2017. Merchandise Trade as percentage of GDP is calculated as the sum of merchandise exports and imports divided by the value of GDP, all in current U.S. dollars.



Source: World Bank WDI database, 2017

**Figure 1:** Contribution of Trade as % of GDP (2010-2016)<sup>5</sup>



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<sup>5</sup> Note the difference in the computation of parameters on the graph: Merchandise trade is total exports plus total imports as % of GDP. Because the import bill is larger, it inflates the contribution of merchandise trade compared to exports only as % of GDP as shown in the graph. Over and above, the graph illustrates the importance of trade in general, to Belize.

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NATIONAL TRADE POLICY

# 2 | SITUATION ANALYSIS

Domestic. Regional. Global.

## 2.1 Domestic Macroeconomic Outlook

Belize's economy remains rooted in the significant performance of the services sector and the resilience of the agro-productive sector, particularly the sugar, banana and citrus industries which contribute significantly to the country's foreign exchange earnings. Over the last decade (2008-2017), the contribution of the services sector to Gross Domestic Product (GDP) continued to rise, from 59.5% to 67%. In terms of output performance, Real GDP growth in the same period fluctuated from a high of 3.2% to 1.2%, reaching a record 4% in 2014<sup>6</sup>. The negative growth figure for 2016 (-0.5%) reflects the economic challenges encountered as a result of external factors including, hurricanes and de-risking, as well as diseases that affected the citrus and shrimp industries. Further, the economy was also negatively impacted by the settlement of government external debt obligations which diverted much needed resources away from the economic development agenda.

In the last quarter of 2017, the country's level of economic activity increased by 0.5% compared to the same period in 2016. The total value of goods and services produced amounted to BZ\$662.5 million, up BZ\$3.4 million from BZ\$659.1 million in the third quarter of 2016<sup>7</sup>. The primary sector, which accounts for almost 10% of the country's economic activity, experienced a decline of 2.2% during the third quarter of 2017 compared to the same period in 2016. Marine exports also fell by 16.4%, contributing significantly to a 15% decline in the "fisheries sector, as the shrimp industry continues to struggle towards recovery. The effects of Hurricane Earl in 2016 resulted in a decrease in Banana exports by 4%, from 24,000 metric tons to 23,000 metric tons. These declines were partially offset by an 8% increase in the livestock industry, as cattle production rose by 15.9% while poultry production was up by 7.1% compared to the third quarter of 2016. The country also recorded an 18% increase in banana exports in 2017.

## 2.2 Regional Trade Outlook

CARICOM is a regional grouping of 15 Member States that have come together, through the Treaty of Chaguaramas (1973) establishing the Caribbean Community and Common Market to promote trade and regional economic integration, foreign policy coordination, human and social development and security. In 1989, a decision was taken to establish the CARICOM Single Market and Economy to deepen and widen the integration process in response to globalisation and liberalisation. The Treaty was revised leading to the Revised Treaty of Chaguaramas (RTC) including the CARICOM Single Market and Economy (CSME). In 2006, thirteen Member States committed to the implementation and operationalization of the CARICOM **Single Market**, (CSM) with the **Single Economy** deferred to 2016, a target date that has unfortunately not been met. CARICOM is home to approximately sixteen million (16,000,000) citizens, 60% of whom are under the age of 30 years. Trade integration is one of the critical strategic objectives in creating economic resilience in the region. CARICOM has been implementing the CSM since 2006 and all imports from outside the CSM are subject to the CET<sup>9</sup>. Despite the implementation of the CSM as well as significant reduction and elimination of tariffs, intra-CARICOM merchandise trade has underperformed from initial expectations, largely due to the preponderance of non-tariff barriers that increase trade cost and restrict the free movement of goods. While trade in goods has driven the integration process, trade in services continues to grow but has remained largely undocumented due to the lack of administrative and monitoring mechanisms.

<sup>6</sup> Central Bank of Belize, Economic Indicators (2001-2018). Retrieved 11th February, 2018 from <https://www.centralbank.org.bz/rates-statistics/economic-indicators>. Table of Indicators has been provided in Appendix II

<sup>7</sup> Statistical Institute of Belize (SIB) 3rd Quarter Report, 2017. Retrieved 12th February, 2018 from [http://sib.org.bz/wp-content/uploads/GDP\\_2017\\_03\\_Quarter.pdf](http://sib.org.bz/wp-content/uploads/GDP_2017_03_Quarter.pdf)

In 2015, CARICOM intra-regional exports accounted for 12.7% of its total exports to all destinations, down from 15.6% in 2014<sup>10</sup>. This is a matter for concern as the trend may be connected to several factors ranging from inadequate trade facilitation and transport logistics to domestic infrastructural bottlenecks and regulatory barriers. There are also emerging issues that will require revisiting CARICOM's collective trade policy. The region's trade decision-making body, the Council for Trade and Economic Development (COTED), is currently reviewing the CET including the mechanisms for derogation to ensure that the intent of the CSM is realized.

Of high priority on the CARICOM agenda is the BREXIT and its expected implications for CARICOM, recognising that the EU is a priority market for the region and preferences in the UK market must be preserved. Of the entire EU market, the UK market is of particular importance to Belize among all CARIFORUM states, as more than 90% of the country's exports to the EU are in fact to the UK. The importance of the UK market to Belize prompted governmental action to evaluate the likely consequences of Brexit for Belize, including an independent study to guide Belize's participation in the ongoing regional effort towards preserving the region's trade interests in the UK market. Further developments in the EU sugar policy, targeting self-sufficiency, are expected to reduce market share for Caribbean sugar into the EU. This will call for integrated regional solutions in consolidating the CARICOM sugar market, seeing that sugar is one of the top commodities for four CARICOM CSME-participating states. The priority concerns for Belize remain the preservation of existing EPA trade preferences in the UK market and improving the capacity to use the successor agreement with the UK to its own benefit in achieving the development goals already subscribed, should BREXIT materialize.

## 2.3 Global Trade Outlook

The future of the multilateral trading system has not been so bleak than was perceived during the 11th WTO Ministerial Conference held in Buenos Aires, Argentina, in December 2017. At this highest decision-making body of the WTO, there was no tangible outcome in the form of a multilateral commitment/agreement. This has led to scepticism among trade policy experts about the future of global trade policy. Nonetheless, there is continued recognition of the positive relationship between trade, economic growth and development at the global level. Factual data and global statistics have periodically revealed that trade continues to support economic growth and development, helping to reduce poverty around the world. In its annual flagship publication, World Trade Statistical Review, 2017, the WTO reported that world merchandise exports had increased in value by about 32% since 2006, reaching US\$ 16 trillion in 2016. At the same time, world exports of commercial services had accelerated by about 64%, reaching a total of US\$ 4.77 trillion. The highest growth in merchandise trade has been achieved by manufactured goods and agricultural products, which increased by 37% and 67% in value respectively<sup>11</sup>.

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<sup>8</sup> CARICOM Secretariat, Who We Are. Retrieved 28th January, 2018 from <https://caricom.org/about-caricom/who-we-are>

<sup>9</sup> The CET is an approved core set of rates applicable to individual tariff lines. However, upon its first introduction under the common market arrangement the CET was suspended for an indefinite period in respect of four Lists of goods (A,B,C and D) and individual Member States simply had to indicate the rate it preferred. The CET rate was the reference rate, and the policy was either to apply a rate above the CET (revenue and protection effect) or below (for cost-of living, health, education, etc.). All CET derogations are currently in effect except for List A which was terminated and the official CET rates have been reinstated. CET application for certain LDCs, such as Belize and there are flexibilities inbuilt in the Treaty of Chaguaramas to allow for CET suspension under certain conditions.

<sup>10</sup> CARICOM Secretariat, 2017, Performance of CARICOM's Intra-Regional Merchandise Trade (2011 – 2015).

<sup>11</sup> World Trade Organisation, World Trade Statistical Review, 2017, Page 5. Retrieved 17th January, 2018 from [https://www.wto.org/english/res\\_e/statis\\_e/wts2017\\_e/wts17\\_toc\\_e.htm](https://www.wto.org/english/res_e/statis_e/wts2017_e/wts17_toc_e.htm)

Although these statistics heralded some good news for the global economy overall, they are plagued with inconspicuous concerns that depict the plight of the global economy, in so far as trade is concerned. In 2016, for example, world merchandise trade recorded its lowest growth in volume terms since the financial crisis of 2008, increasing by just 1.3%. The low level of trade growth in 2016 was driven in part by weak GDP growth of just 2.3%, down from 2.7% in 2015 and also below the 2.8% average annual rate since 1980<sup>12</sup>. There has also been a decline in recent years in the ratio of trade growth to GDP growth, which has fallen to around 1:1 in the wake of the financial crisis of 2008. However, the leading trade indicators for 2017 are generally more positive, with an estimated trade growth of 2.4%. Trade is also expected to be given a boost by the implementation of the WTO's Trade Facilitation Agreement (TFA), which entered into force in February 2017, with an overarching goal to streamline customs procedures and speed up the flow of goods across borders, thereby improving efficiency and reducing the cost of international trade. It has been estimated that full implementation of the TFA could lead to an increase of as much as 2.7 percentage points per year to world trade growth by 2030.

Taking a critical look over the global trade picture in 2016, it is evident that trade remains highly concentrated in that for both merchandise and commercial services, the top ten traders represent more than half of world trade. Nevertheless, developing economies are increasing their participation and their share of world merchandise trade has increased to 41% while commercial services have risen to 36%. However, the share of least-developed countries (LDCs) in world merchandise and commercial services exports remains far too low, below 1%.

Despite this fact, it is worth noting that trade among developing economies has continued to rise. In 2015, for example, it represented more than half of their total exports, with manufactured goods reaching as high as 67%. In the services sector, travel and other commercial services (a category that includes financial and business services) grew the fastest. Travel was driven in particular by strong intra-regional tourism. Among other commercial services, information and communication technology (ICT) has been the fastest-growing category. Computer services represented over 72% of ICT exports, or US\$ 353 billion, partly boosted by the recent expansion of the WTO's Information Technology Agreement<sup>13</sup>. The rise of new technologies is likely to have a positive impact on digital trade in years to come, offering many new opportunities to entrepreneurs including small businesses around the world.

## 2.4 Domestic and International Trade Outlook

Belize, a small open economy located in Central America with historical trade links to the Caribbean, is a member of the Central American Integration System (SICA) and CARICOM with participation in the CSME. Belize shares its northern border with Mexico and is two hours away from the USA by air. One of Belize's advantages is its strategic location next to large markets: Guatemala with a population of approximately 16 million; Mexico with a population of approximately 130 million; and the USA, the world's largest economy, with a population of approximately 325 million. Along with free trade in the CARICOM Single Market, tremendous opportunities exist for trade expansion with our onshore neighbours.

Belize's main export products fall within a narrow range of products including sugar, banana, and citrus. However, other notable products in the export basket include: petroleum (although in decline), aquaculture and fisheries products, corn, and legumes such as red kidney beans, black eye peas and black beans. In addition, Poultry and Livestock are poised for export, as

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<sup>12</sup> World Trade Organisation, World Statistical Review, Ibid

<sup>13</sup> WTO, World Trade Statistical Review, *Op cit*, page 6



major food safety practices and certification were achieved in 2017. The expanding services sector which, as at 2017<sup>14</sup>, accounted for over 60% of GDP has begun to organize and push for measures to better regulate more sectors other than tourism and professional services.

As a CARICOM Member Belize benefits from preferential trading arrangements such as the United States' Caribbean Basin Initiative (CBI), the Caribbean-Canada Preferential Trading Arrangement (CARIBCAN) and five CARICOM bilateral trade agreements with its Latin American neighbours-The Dominican Republic, Costa Rica, Cuba, Colombia and Venezuela. Further preferential trade benefits include the CARIFORUM-European Union/Economic Partnership Agreement (EPA). In addition, Belize has in place a Partial Scope Agreement (PSA) with Guatemala and is currently pursuing a similar trade agreement with Mexico. Despite these favourable variables in Belize's trade and trade policy landscape, a number of indicators reflect the need for significant improvements in trade policy. Among these are the prioritisation of markets, enhancement of the investment climate to attract new investments to expand productive capacities and enable the private sector to make maximum use of Belize's market access rights under all trade agreements. The negotiation of new trade agreements remain on Belize's development agenda both as a part of CARICOM and as an individual WTO member.

## Trade with the United States of America

In the recent past, Belize's trade landscape has been shifting. The U.S.A has been Belize's largest trading partner for both imports and exports. However, exports to the US fell over the period (2015 to 2017), depicting a 47% decline, along with notable declines in petroleum, shrimp and papaya exports to that market. Current exports include sugar, fish, crustaceans (lobster & conch), petroleum, citrus and its oils, sauces and condiments. On the other hand, imports from the USA remained relatively constant in the same period, with approximately 36% of Belize's total imports sourced from the USA<sup>15</sup>.

Belize exports to the US primarily under the CBI. However, sugar exports are not covered by the CBI and are instead subject to the US quota system and the Generalised System of Preferences (GSP) programme of the USA. In 2017, exports to the USA amounted to BZ\$88 million<sup>16</sup>. Given the significant amount of exports under this arrangement and uncertainty of the US foreign trade policy, Belize recognizes the importance of the GSP and CBI on its export performance. The CBI is periodically reviewed by the US Congress and is dependent on a WTO waiver, which makes it susceptible to possible shifts in US Trade Policy. To this effect, Belize would be well served by focusing on new markets.

## CARICOM Bilateral Trade

Belize maintains a positive trade balance within CARICOM. In 2017, exports exceeded BZ\$76 million, accounting for 17.6% of exports inclusive of citrus, red kidney beans, petroleum and sugar, among others. CARICOM remains a viable market for Belizean products and still holds significant trade opportunities for new products that Belize has prioritized from 2017 onwards. These include pineapple juice, poultry and refined sugar, for which the Government of Belize is working towards an integrated CARICOM market.

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<sup>14</sup> Statistical Institute of Belize (SIB) data, 2017.

<sup>15</sup> SIB data, 2017, *ibid*

<sup>16</sup> Information provided by the Directorate General for Foreign Trade (DGFT), Belmopan

Additionally, through the CARICOM CET suspension mechanism, the consistent demand for a number of products has been identified for which Belize is suited for production. An important point is that CARICOM trade is largely commodity based, with potential for Belizean producers to integrate themselves into regional value chain systems. Another avenue of opportunity rests within the CARICOM bilateral trade agreements with Cuba, Venezuela, Colombia, Costa Rica and the Dominican Republic. Belize, as a Less Developed Country (LDC) in CARICOM, is entitled to duty-free market access for a wide range of products under the CARICOM - bilateral trade agreements on an asymmetrical basis. However, this market access benefit remains untapped. Unfortunately, the basis for asymmetrical treatment- the CARICOM policy of non-reciprocity for the LDCs - is set to be eroded as trading partners call for tariff concessions under existing trade agreements.

### Trade with Central America and Mexico

Belize's export trade with the Central American region and Mexico has been very minimal despite the fact that these markets represent tremendous trade opportunities. In an effort to take advantage of these markets, Belize has signed and ratified a PSA with Guatemala that covers 78 product lines. Further, an analysis of present data reveals that trade with regional countries such as Mexico has been to the benefit of these countries, albeit on the Most Favoured Nation (MFN) basis. In 2017, for example, Belize's imports from Guatemala and Mexico amounted to 7% and 11%, respectively, of total imports, while exports stood at 2% and 1% of total exports respectively<sup>17</sup>. Notably, products traded between Belize and Guatemala are classified under approximately 20 % of the tariff lines under the PSA. There is a conspicuously wide trade deficit between Belize and its neighbours. Thus, improving trade relations with Central America and Mexico through the expansion of the existing agreement and the negotiation of new ones would enhance Belize's export opportunities and lead to improved competitiveness of the productive sector. This is critical for improving the domestic investment climate.

### Trade with the European Union

The CARIFORUM-EU Economic Partnership Agreement (EPA) provides for duty-free-quota-free (DFQF) access to over 90% of all goods along with significant market access for services. In 2017, Belize exported 34% of its products to the UK and 21% to the other EU countries. Exports to the UK in significant quantities include sugar, bananas, citrus, and lobster; other EU countries imported lesser quantities of the same goods, along with sauces and condiments. With the UK's decision to leave the EU, significant attention must be placed on the BREXIT process and how the EPA benefits are transitioned to a CARIFORUM-UK Free Trade Agreement. If BREXIT comes to fruition, some significant trade and cooperation prospects should still remain with the EU 27, and the original challenges and opportunities of EPA implementation must continue, but in re-alignment with BREXIT. Included in this overall framework with the EU is the negotiation and implementation of the Revised Cotonou Agreement, which should have a strong bearing on the development of partnerships in cooperation.

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<sup>17</sup> SIB data, *op cit*

## Merchandise Trade Performance (2013-2017)

From the international trade perspective, Belize's gross exports had declined by 34%, from US\$ 678.6 million in 2012 to US\$445.6 million in 2017. On the other hand, gross imports grew by 8.3% from US\$1,686.1million to US\$1,826.6million over the same period, resulting in a growing trade deficit from US\$1,007.5million to US\$1,381 million over the same period<sup>18</sup>. Figure 2 below summarises Belize's gross merchandise trade performance from 2013-2017. Over the years, Belize's exports have been largely dominated by primary and agro-processed commodities that include sugar, citrus and banana with traditional top destination markets being the USA and EU – but primarily to the UK. In more recent years, exports have included smaller volumes of corn and beans, mainly destined for the Caribbean and Guatemalan markets. Seafood and aquaculture have also been an important component of the export basket. Despite the fact that Belize benefits from a number of preferential market access arrangements such as the CBI and the US GSP, there are preconditions set that Belize must fulfil.

It is Government's commitment to ensure that preconditions required for effective market access, competitiveness and integration into the multilateral trading system, are met.



Source: Computed from SIB data, 2017<sup>19</sup>

Figure 2: Belize Merchandise Trade: 2013-2017

<sup>18</sup> SIB data, *op cit*

<sup>19</sup> SIB Data, 2018. Retrieved 21st January, 2019 from <http://sib.org.bz/statistics/merchandise-trade/>

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NATIONAL TRADE POLICY

# 3 | RATIONALE FOR POLICY

Belize's trade and development landscape has been guided by "fragmented" policy instruments.

Since its independence in 1981, Belize has adopted a significant number of policy instruments on trade and has actively participated in the multilateral, international and regional trade and economic frameworks, albeit without having a specific trade policy. From its membership in the WTO (1995), the accession to the Treaty of Chaguaramas establishing the CARICOM, and the Revised Treaty of Chaguaramas including the CSME (2001), Belize's trade and development landscape has been guided by "fragmented" policy instruments.

However, the complex demands of the regional and multilateral trading system, anchored on strong rules-based criteria, have necessitated the demand for focused, coherent and harmonious trade policy that meets national development needs as well as effectively positioning Belize to benefit from its engagement in the multilateral trading system. The unpredictable and shifting dynamics in Belize's primary export markets such as the EU and US further places greater emphasis on the need for effective trade policy to guide the country's trade and development agenda. Additionally, the Policy seeks to be one of the instruments through which the objectives outlined in the national development planning documents, Horizon 2030 and GSDS, especially Critical Success Factor No.1 - Optimal National Income and Investment, are to be achieved.

A careful analysis of Belize's trade performance further underscores the need for the development of a comprehensive trade policy, which is responsive to the inherent challenges and opportunities for trade growth. Thus, the Trade Policy presents a comprehensive response to this critical need by providing an institutional and a legal framework for Belize's trade and development agenda for the next decade.

### 3.1 Strengths, Weaknesses, Opportunities and Threats

The development of the NTP has recognised Belize's SWOT for trade development as summarised below:

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Strong and growing service industry;</li> <li>• Political stability and rule of law;</li> <li>• Strong cultural orientation that provides linkages between Spanish and English speaking countries;</li> <li>• Strong agricultural sector with growth potential;</li> <li>• Untapped arable land and other natural resources including marine and exclusive economic zone;</li> <li>• Demographic advantage, with at least 71% of total population being young people under 35 years;</li> <li>• Vast export opportunities based on market access rights under the CSM, the CARIFORUM-EU EPA, and the five CARICOM bilateral trade agreements; and designated beneficiary of tariff preferences under the CBI and CARIBCAN and GSP Schemes.</li> </ul>	<ul style="list-style-type: none"> <li>• Small domestic consumption market;</li> <li>• High cost of production inputs that include energy and capital;</li> <li>• Small and weak manufacturing;</li> <li>• Primary production with low value addition;</li> <li>• Weak industrial sector;</li> <li>• Lack of effective policy coherence and coordination;</li> <li>• Need to improve on domestic soft and hard infrastructure such as roads, ICT, port facilities;</li> <li>• Undiversified economy rooted in primary commodities with limited agro processing;</li> <li>• Still developing National Quality Infrastructure;</li> <li>• Inadequate trade facilitation and logistical system within CARICOM and Central America; and</li> <li>• Shortage of skilled labour, presently 16%</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Growing domestic and regional demand for services including e-commerce, educational services;</li> <li>• Proximity to the Central American and Mexican markets;</li> <li>• Proximity to large neighbouring markets for specific products, such as shrimp, corn, and livestock.</li> <li>• Enhanced value addition benefits from market access;</li> <li>• Strategic regional location, making Belize a trade logistical hub between Central America and CARICOM</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change effects and natural disasters such as hurricanes may affect the productive sector;</li> <li>• Disease outbreaks that affect the agriculture sector;</li> <li>• De-risking;</li> <li>• Rising incidence of crimes may decrease investor confidence;</li> <li>• Challenges faced by the national banking system affecting international financial transactions, e.g. money laundering, terrorist screening, base erosion and profit sharing;</li> <li>• Uncertainty of the multilateral trading system;</li> <li>• BREXIT and the future of the EU market access, which forms one of significant markets for Belize;</li> <li>• Insufficient financial resources to effectively implement trade development programmes</li> </ul>

Table 2: SWOT Analysis

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## NATIONAL TRADE POLICY

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TRADE POLICY VISION

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GENERAL POLICY  
OBJECTIVES

6

GUIDING PRINCIPLES

The Trade Policy seeks to achieve five (5) general objectives, guided by three (3) principles.

## 4. Trade Policy Vision

To develop a competitive economy utilizing trade as a significant driver for inclusive and sustainable socio-economic development.

## 5. General Policy Objectives

The Trade Policy seeks to achieve the five (5) general objectives outlined below. These are expanded further through thematic specific policy objectives and measures outlined in section 8.

- I. Reduce the cost of doing business, enhance competitiveness and develop efficient production systems and capacities;
- II. Improve trade performance, diversify production and export basket and enhance value addition;
- iii. Develop and enhance the growth of services trade and put in place an effective institutional and legal framework;
- iv. Build and strengthen multilateral, regional and bilateral trade relations and enhance market access and entry; and
- v. Build a strong and effective institutional and legal framework for trade development, with competent human capital and an entrepreneurial mindset.

## 6. Guiding Principles

In line with the NTPF, the Trade Policy is guided by three main principles outlined below:

### 6.1 Promoting Competitiveness

The current multilateral trading system thrives on efficient and integrated production systems, quality assurance and competitiveness. Thus, for effective market access, Belizean producers must ensure that their products and services are competitive by producing efficiently, meeting international standards and quality and integrating into regional/global value chain systems.

### 6.2 Attainment of Asymmetrical Treatment

In recognition of the economic and development disparities among trading partners, Belize has committed to negotiating for asymmetrical treatment in its trade agreements within the regional, bilateral and multilateral trading frameworks. This asymmetry is justified mainly from the perspective of Belize as a Small and Vulnerable Economy (SVE) under the WTO system, and with recognition for Belize's status as a LDC in CARICOM.

### 6.3 Commitment to Regionalism

As a small developing country, Belize continues to recognize the importance of regionalism, and consistent with this principle continues its active participation in CARICOM and Central America. As a CARICOM member and participant in the CSME, Belize is also a member of the SICA and is exploring avenues for closer trade relations with the Central American Economic Integration System (SIECA).

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NATIONAL TRADE POLICY

# 7 | TRADE POLICY PILLARS

The Trade Policy is anchored on four (4) main pillars:

- I. Institutional Capacity Strengthening
- II. Supply Capacity Enhancement
- III. Market Access and Entry
- IV. Trade Facilitation



## 7.1 Institutional Capacity Strengthening

Belize's Growth and Sustainable Development Strategy (GSDS) objectives states that within government, development outcomes will be pursued through better management. Additionally, the GSDS's necessary condition 1.6 stipulates the need for adequate human resource skills and capacity to support economic growth, development and resilience. This pillar intends to prescribe specific actions that are necessary to build strong institutional frameworks, which are foundational for the successful implementation of this policy.

## 7.2. Supply Capacity Enhancement

For several decades, Belize has been a designated beneficiary of unilateral tariff preferences in North America (United States of America and Canada) and also entitled to preferential access to markets in Europe, CARICOM and Central America. However, it has faced numerous constraints in expanding exports primarily due to an underperforming productive sector characterised by limitations in accessing affordable capital, concentrated export basket and inefficient production methods, among others. This has resulted in limited export supply capabilities. The availability and export readiness of products to markets covered by existing and new trade agreements and arrangements is vital to realize increased trade and the expansion of exports.

Thus, Government has committed to the development of efficient productive systems and capabilities for domestic and export by streamlining the existing investment incentives, promoting private sector development and improving the local business environment to attract new investments in identified growth sectors and in conformity with Belize's National Export Strategy (NES). The NTPF calls for close synergies between targeted investment promotion efforts, enhancing the efficiency of production and distribution systems, and support services. The result is increased production efficiency and product diversification, guided by available market access opportunities.

## 7.3. Market Access and Entry

Securing market access (MA) in external markets for goods and services is one of the critical pillars of Belize's Trade Policy. From the WTO perspective, market access represents the totality of government-imposed conditions (tariff and non-tariff measures) under which goods may enter into a member's customs territory (the market). Most WTO Agreements have rules on MA that apply to both agricultural products and non-agricultural products. There are also specific rules for MA for trade in services. Because the capability of a country to trade goods and services across borders is often governed and constrained by tariffs, non-tariff barriers and regulations, MA forms a crucial component of trade policy for every country. It is also worth noting that aside from price competitiveness, MA is directly related to quality and standards, with the degree of MA increasing by meeting specified minimum quality and standards requirements, *ceteris paribus*. Notwithstanding the foregoing, it is fully recognized and understood that MA is merely a legal right to enter a particular market, and the actual realization of trade takes place only at the point of market entry, i.e. the release into national Customs territory.

This policy, therefore, takes cognizance of the domestic and international requirements and obligations that Belize must fulfil in its entire production value chain as it pursues MA for its goods and services. These include, among others:

- I. Investments in and upgrade of the National Quality Infrastructure;
- II. Sensitization of the business community on trade agreements and associated opportunities;
- III. Harmonisation of import and export procedures (trade facilitation);
- IV. Development of market intelligence on specific export market regulatory requirements including packaging and labelling;
- V. Standards and food safety certification;
- VI. Assessment of domestic and export market structures; and
- VII. Enhancement of logistics and distribution systems.

## 7.4. Trade Facilitation

Trade facilitation is a significant function of government, focusing on improving the operational efficiency in the clearance of imports and exports at customs' points of entry, and involving the synchronization of the functions of various stakeholders in trade. For Belize, this entails streamlining import/export procedures and requirements into integrated systems and enhancing procedures of frontline trade related institutions that include the Customs and Excise Department, the Belize Agricultural Health Authority (BAHA), the Department of Health, the Bureau of Standards and the Supplies Control Unit. This is expected to contribute to improving the “doing business” environment and enhancing competitiveness through reduced trade costs.



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NATIONAL TRADE POLICY

# 8 | POLICY IMPLEMENTATION MEASURES

The main purpose of the Trade Policy is to outline Belize's trade development agenda for the next decade.

## 8.1 OBJECTIVE 1

### Reduce the Cost of Doing Business , Enhance Competitiveness and Develop Efficient Production Systems Capacities

#### 8.1.1 Trade Facilitation

**“ There is a 14.5% expected reduction in total trade costs for low-income countries once the Trade Facilitation Agreement enters into force”.**

*- World Trade Organisation, 2015<sup>20</sup> -*

#### POLICY CONTEXT

The WTO Trade Facilitation Agreement (TFA), which came into force on 22nd February, 2017, seeks to reduce the cost of doing business by improving logistical efficiency in international trade. It seeks to magnify the provisions of Articles V (Freedom of Transit), VIII (Fees and Formalities Connected with Importation and Exportation) and X (Publication and Administration of Trade Regulations) of the GATT 1994 in order to expedite the movement, clearance and release of goods, including goods in transit.

Belize ratified the TFA on 2nd September, 2015, indicating the Government's commitment to improve the country's trade competitiveness. At ratification, Belize's TFA implementation was at different compliance levels between categories A, B and C<sup>21</sup>. Comparatively, Belize is ranked 104th among 190 countries in the Trading Across Borders (TAB) index of the World Bank's Doing Business Report<sup>22</sup>. For example, the average cost (border compliance) of exporting a container in Belize (2018) is US\$ 710, much higher than the Latin America and Caribbean average cost at US\$ 526.50<sup>23</sup>. Notwithstanding the recent customs modernization programme, trade facilitation within Belize is constrained by numerous factors, among which are poor quality of port and road infrastructures, poor logistics and distributional management, institutional and human resource gaps, and lack of technical means and coordinated border control processes to support and facilitate the work of Customs Officials and other border agencies.

#### POLICY OBJECTIVES

- I. Improve domestic and international business competitiveness of goods, services and suppliers; and
- II. Enhance Belize's attractiveness for domestic and foreign direct investments.

<sup>20</sup> World Trade Organisation, 2015: Trade Facilitation Agreement. Retrieved 8th April, 2018 from [https://www.wto.org/english/thewto\\_e/20y\\_e/wto\\_tradefacilitation\\_e.pdf](https://www.wto.org/english/thewto_e/20y_e/wto_tradefacilitation_e.pdf)

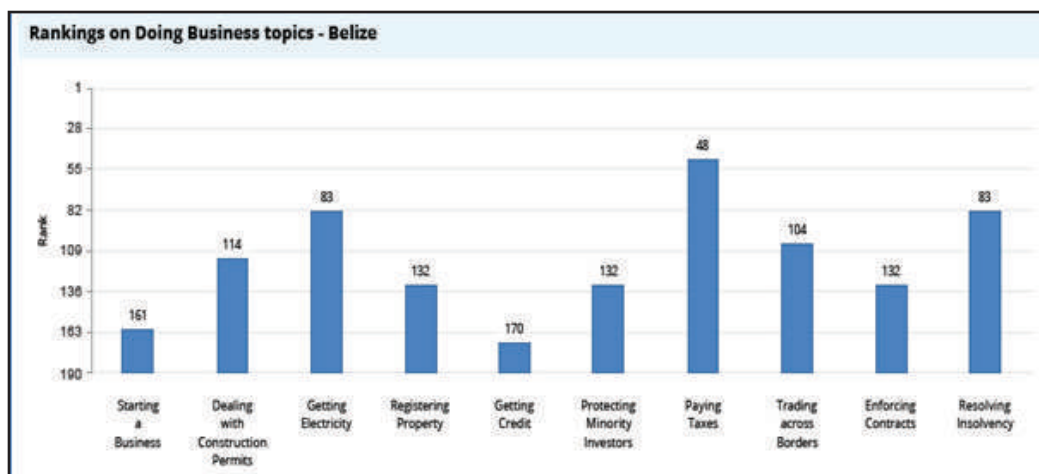
<sup>21</sup> 33.5% Category A, 15.1% Category B and 51.3% Category C measures.

<sup>22</sup> The Doing Business Report provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level. Launched in 2002, it looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle. The Report provides quantitative rankings on 10 indicators: regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

<sup>23</sup> World Bank Trading Across Border (TAB) ranking, 2018. Retrieved 15th April, 2018 from <http://www.doingbusiness.org/data/exploreeconomies/belize#trading-across-borders>. The cost to export includes the time and cost for border compliance incurred for obtaining, preparing and submitting documents during port or border handling, customs clearance and inspection procedures. It is worth noting that the indicators are based of varying assumptions and may result in higher figures than the real cost.

## POLICY PRESCRIPTIONS

- I. Prioritise the implementation of the TFA with focus on identified bottlenecks;
- II. Develop, finance and adhere to a clear Trade Facilitation Implementation Plan and Roadmap; and
- III. Create a collaborative atmosphere with all relevant stakeholders aimed at trade facilitation.



Source: World Bank Doing Business Report, 2018<sup>24</sup>

Figure 3: Belize Ranking on Doing Business Index, 2018

### 8.1.2 Non-Tariff Measures (NTMs)

#### POLICY CONTEXT

NTMs constitute trade policy instruments such as quantitative restrictions; administrative arrangements; and standards and quality requirements that affect domestic and international trade. These are necessary for the safety of human, animal and plant life and health, and ensure enhanced consumer welfare through product quality and safety.

The “birth” of the WTO in January 1995 was hailed as a significant milestone in the multilateral trading system, due to its rules based *modus operandi*. Global trade through its predecessor, the GATT 1947, had attained its share of successes and failures on trade liberalisation through various negotiating rounds until 1995. The negotiating focus of the early life of the WTO's trade liberalisation was to substantially reduce high tariffs thus enabling “freer trade”. As the multilateral trading system evolved, the WTO has been the primary forum for the development of rules governing trade liberalisation. Further, a general analysis and practical observation on trade liberalisation over the last two decades has revealed that there has been substantial tariff liberalisation as committed by member states during their accession to the WTO, except for sectors like agriculture that still boast high applied tariffs<sup>25</sup>. In fact, it is a historical and established fact that high tariff rates were preponderant among barriers to international trade pre-WTO. In recent years, however, applied tariffs have fallen significantly to historically low levels, as a result of the growing number of multilateral, regional and bilateral trade agreements.

<sup>24</sup> Extracted from the World Bank Doing Business Report. Retrieved 17th April, 2018 from <http://www.doingbusiness.org/reports/global-reports/doing-business-2018>

<sup>25</sup> United Nations Economic and Social Commission of Asia and Pacific ( ESCAP), 2005

In most cases, goods traded today are not subject to customs tariffs but are likely required to comply with various regulations (NTMs) before gaining access to a particular market<sup>26</sup>. Examples of such regulations include, among others: import licenses, quality requirements, inspections and price controls. NTMs are now recognised as the most significant impediment in expanding global trade, thereby becoming the primary focus in trade policy.

Regionally, a review of the CARICOM integration agenda has shown mixed perceptions among technocrats and citizens in so far as attaining the initially envisaged objectives. Despite the fact that CARICOM is a Free Trade Area (with special provisions for derogation under certain circumstances), intra-regional trade has been curtailed by the plethora of NTMs.

Domestically, Belize continues to pursue efforts to meet international standards and quality requirements. The strengthening of the entire national quality infrastructure that includes the BBS, BAHA and other relevant stakeholders is a demonstrated commitment in pursuit of quality and standards harmonisation and competitiveness. Further, Belize currently operates an import licencing regime, through the Supplies Control Act, to regulate the quantities of a select list of goods that require authorization prior to importation. The national quality infrastructure will be developed as part of the regional quality infrastructure under leadership of the Caribbean Regional Organization for Standards and Quality (CROSQ).

### **POLICY OBJECTIVES**

- I. Enhance domestic and international competitiveness of Belizean products by promoting the development of NQI; and
- II. Reduce the cost of doing business by minimizing the negative effect of NTMs on Belize's domestic and international trade. Enhance Belize's attractiveness for domestic and foreign direct investments.

### **POLICY PRESCRIPTIONS**

- I. Create political awareness in collaboration with domestic and regional stakeholders on the importance of the NQI;
- II. Strengthen a collaborative relationship with all relevant stakeholders in the administration and regulation of NTMs;
- III. Monitor the administration of Belize's import licensing regime with a view to rationalize it with multilateral trade obligations;
- IV. Strengthen and enhance transparency in the utilisation of quantitative measures such as quotas in accordance with the Agreement on Import Licencing;
- V. To pursue harmonisation and recognition of standards and technical regulations and SPS measures regionally and internationally;

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<sup>26</sup> United Nations Conference on Trade and Development (UNCTAD), 2012

## 8.2 OBJECTIVE 2

Improve Trade Performance, Diversify Production and Export Basket and Enhance Value Addition

### 8.2.1 Promotion and Industrial Development

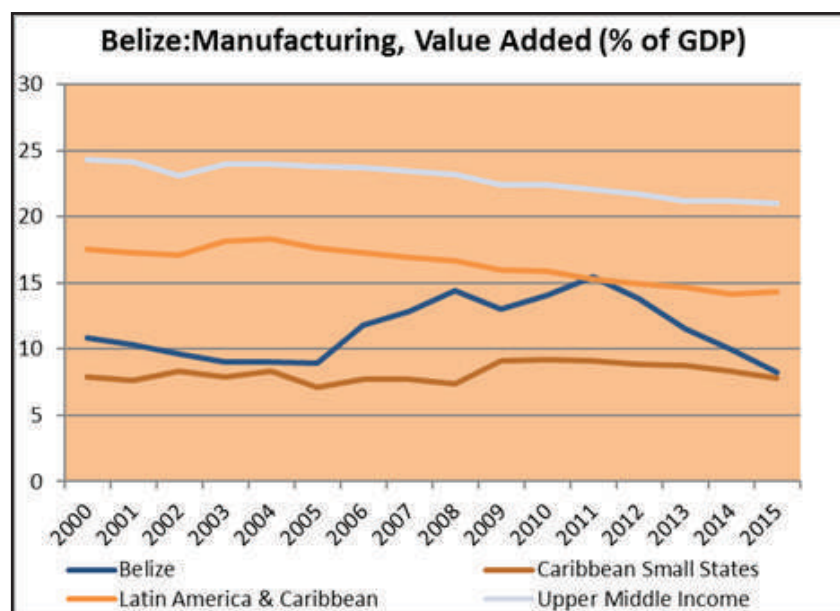
#### POLICY CONTEXT

Trade and industrial development are complimentary activities whose independent growth and dynamics affect one another. Policy makers have chronicled how a thriving industrial and manufacturing sector is a significant catalyst for increased trade development.

The industrial structure and policy necessary to augment trade development with other synergies to drive economic development in Belize remains fragmented, with the main legal industrial policy instrument applied being the Article 164 Regime (Promotion of Industrial Development), established under the RTC. Article 164 provides for the LDCs to promote the development of key industries in their manufacturing sectors through tariff support and technical assistance from the MDCs of CARICOM.

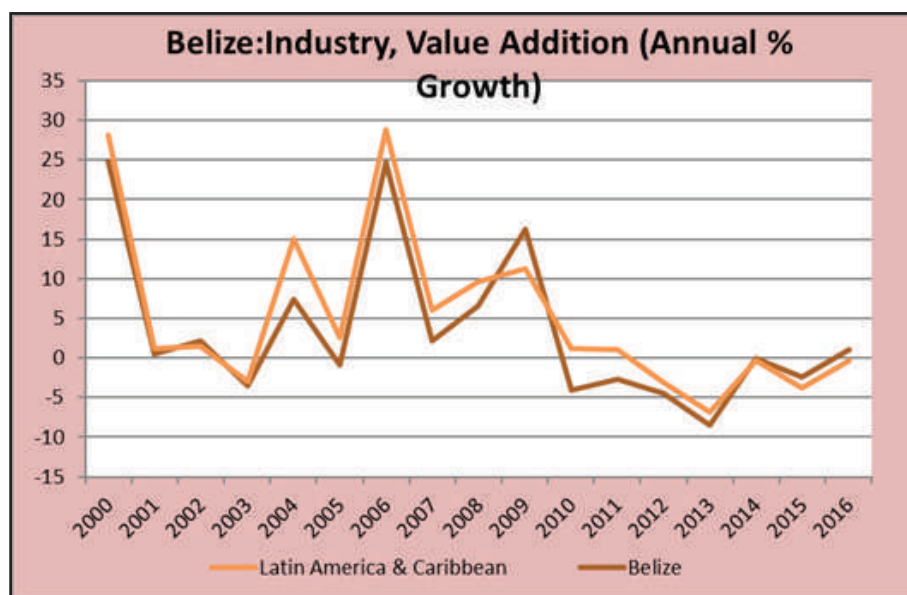
The RTC provides Member States with the policy space for the development of primary and secondary economic sectors. Belize has made substantial progress in developing notable agro-processing industries including processed meats, pepper and other sauces, milk and cheese, ice cream, animal feed and cornmeal. Several of these have already entered and expanded Belize's export basket. Additionally, under the Article 164 Regime, Belize currently supports manufacturing for the following products: beer, flour, aerated beverages, and malt beverages<sup>27</sup>. However, notwithstanding the above Regime currently in place, Belize is operating without a formal national industrial policy to support its industrialisation agenda. This policy gap therefore, necessitates the creation of a robust industrialisation roadmap through a National Industrial Policy.

The following industry indicators (Manufacturing in terms of Value Added as percentage of GDP<sup>28</sup> and Annual Industrial Growth<sup>29</sup>) illustrates Belize's industrial performance over the 15 years.



Source: Computed from World Bank (WDI) database, 2017

Figure 4: Manufacturing, Value Added (% of GDP): Belize (2000-2015)



Source: Computed from World Bank (WDI) database, 2017

**Figure 5:** Industry, Value Addition Annual Growth: Belize (2000-2016)

## POLICY OBJECTIVE

Increase the contribution of the manufacturing sector to at least 20% of GDP in the next decade.

## POLICY PRESCRIPTIONS

- I. Develop a National Industrial Policy focused on value addition and value chain system growth;
- II. Recommend for and support the creation of a unit responsible for industrial development and manufacturing;
- III. Establish a monitoring mechanism for the RTC Article 164 industries in Belize, with focus on production capabilities and competitiveness;
- IV. Expand the current scope of implementation of the Article 164 regime to include wood and wood products and animal feed; and
- V. Support the extension of the Article 164 Regime through the COTED and promote its expansion to include other relevant sectors.

<sup>27</sup> The industries designated under the Article 164 regime included Pasta products and other industries for an initial period of 5 years from 2006. This designation has now expired for Pasta.

<sup>28</sup> World Bank World Development Indicators, 2017: Note-Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources;

<sup>29</sup> Ibid: Note-Annual growth rate for industrial value added based on constant local currency. Aggregates are based on constant 2010 U.S. dollars. Industry corresponds to ISIC divisions 10-45 and includes manufacturing (ISIC divisions 15-37). It comprises value added in mining, manufacturing (also reported as a separate subgroup), construction, electricity, water, and gas. Value added is the net output of a sector after adding up all outputs and subtracting intermediate inputs. It is calculated without making deductions for depreciation of fabricated assets or depletion and degradation of natural resources. The origin of value added is determined by the International Standard Industrial Classification (ISIC), revision 3.



## 8.2.2 Product , Market Development and Export Promotion

### POLICY CONTEXT

Export promotion is key to increasing the value and volume of exports. This can be achieved through exploiting existing and new markets and leveraging exporters and products. Belize has established institutional and legal framework to pursue these policy options, which includes BELTRAIDE and other private entities such as the Belize Chamber of Commerce and Industry (BCCI). With export promotion as a significant component in the product-market cycle, the need for product development is critical to the success of the latter. The enormous resource endowment of Belize must be exploited for value addition and be promoted for favourable economic returns. It is also critical that the need for national branding and marketing strategies for Belizean products and services from all sectors be embraced and championed through the policy.

### POLICY OBJECTIVE

To unlock the untapped natural resource endowment and enhance the contribution of exports to Belize's social-economic development.

### POLICY PRESCRIPTIONS

- I. Undertake a natural resource endowment mapping to determine the feasibility of market and product development in line with the National Export Strategy (NES) and other trade related strategies;
- II. Collaborate with BELTRAIDE in implementing the NES;
- III. Pursue efforts to undertake the Diagnostic Trade Integration Study (DTIS) necessary to mainstream trade into the Belizean economy, in partnership with cooperating partners; and
- IV. Strengthen the capacity of export development and promotion institutions and stakeholders to conduct research on product and market development and diversification.

## 8.2.3 Trade Remedies Mechanism

### POLICY CONTEXT

Trade remedies are provided through trade defense mechanisms, which refer to various policy instruments available to countries, and which may be used to protect domestic industries, firms and consumers from injury arising from unfair trading practices. The instruments for trade remedies include: safeguard measures; subsidies and countervailing duties; and anti-dumping duties.

### POLICY OBJECTIVE

To safeguard the local industry from the adverse effects of unfair trading practices and promote industrialisation.

## POLICY PRESCRIPTIONS

- I. Create legislation on trade defense mechanisms, that include Anti-Dumping Laws, Safeguards, and Countervailing Laws;
- II. Pursue a regional approach to a trade remedies mechanism, that would be implemented on behalf of member states that lack implementation capacity;
- III. Create a legal and institutional framework for the establishment of the necessary trade remedy regime; and
- IV. Review and as necessary harmonise relevant legislation that complement the trade remedies mechanism.

### 8.2.4 Aid for Trade (Aft)

***“We recognize the importance of the Aid-for-Trade Initiative in supporting developing country Members to build supply-side capacity and trade-related infrastructure and we shall accord priority to the LDCs’ needs. We take note of the outcomes of the WTO global reviews on Aid for Trade, in particular the Fifth Global Review, and recognize the continuing need for this initiative”***

*- 10th WTO Ministerial Declaration, 15-18 December, 2018, Nairobi, Kenya -*

## POLICY CONTEXT

Aid for trade (Aft) is assistance provided to support countries' efforts to augment their domestic resources in developing and expanding trade. It is an integral part of regular official development assistance and aims to help developing countries overcome the supply-side and trade-related infrastructure constraints that inhibit their ability to benefit from market access opportunities. It is usually administered through five (5) criteria that include: (i) Technical Assistance for Trade Policy and Regulations, (ii) Trade-Related Infrastructure, (iii) Productive Capacity Building including Trade Development, (iv) Trade-Related Adjustment and (v) Other Trade-Related Needs<sup>30</sup>. The MTS has created an Aft facility that helps least developed countries integrate fully into the system. From the WTO perspective, the Aft initiative was launched at the 2005 Hong Kong WTO Ministerial Conference to tackle these kinds of constraints associated with trade obstacles faced by developing and least developed countries<sup>31</sup>.

Domestically, the implementation of the trade policy will require a huge resource outlay and serious government commitment especially in respect of domestic financing requirements. The required resources cannot be fully met by the Government of Belize alone. Thus, cooperation from development partners through Aft programs and initiatives is expected to augment domestic resources. The DGFT will work with other government agencies including the Ministries of Finance, Foreign Affairs and Economic Development in the development, implementation and monitoring of Aft programmes.

<sup>30</sup> OECD, Aid for Trade Database. Retrieved 20th December, 2017 from <http://www.oecd.org/dac/aft/aid-for-tradestatisticalqueries.htm>

<sup>31</sup> OECD/WTO (2015), Aid for Trade at a Glance 2015: Reducing Trade Costs for Inclusive, Sustainable Growth, OECD Publishing, Paris; p23. Retrieved 20th December, 2018 from [http://dx.doi.org/10.1787/aid\\_glance-2015-en](http://dx.doi.org/10.1787/aid_glance-2015-en)

**POLICY OBJECTIVE**

To establish and sustain an AfT system that meets Belize's trade and development needs.

**POLICY PRESCRIPTIONS**

- I. Develop a National AfT and Resource Mobilisation Strategy;
- II. Identify specific trade-related needs and programs and map them with relevant aid for trade cooperating partners; and
- III. Develop and maintain an AfT database system that takes stock of all AfT activities and programmes for Belize and CARICOM.

## 8.3 OBJECTIVE 3

### Develop and Enhance the Growth of Services Trade and put in Place an Effective Institutional and Legal Framework

**8.3.1 Trade in Services**

***“Growth in the services sector is the largest contributor to job creation and poverty reduction than with growth in manufacturing.”***

*- World Bank, 2012<sup>32</sup> -*

**POLICY CONTEXT**

The age-old perception that trade is predominantly merchandise is slowly changing as the global trade locus swings towards services, thanks to advances in technology. According to the WTO<sup>33</sup>, services account for two thirds of global output, one third of global employment and nearly 20% of global trade. The WTO General Agreement on Trade in Services (GATS) defines services trade through four modes of supply. The first mode is cross-border supply which is the supply of a service from the territory of one Member into the territory of any other Member; the second mode is consumption abroad which is the supply of a service in the territory of one Member to the service consumer of any other Member; the third mode is commercial presence which is the supply of services by one Member, through commercial presence in the territory of any other Member; and the fourth mode involves the movement of natural persons to supply the service by a Member, through presence of natural persons in the territory of other Members<sup>34</sup>.

<sup>32</sup> World Bank Presentation (July, 2012), Geneva, on Role of Services in Economic Development. Retrieved 15th January 2018, from <https://docslide.net/documents/role-of-services-in-economic-development-geneva-july-2012.html>.

<sup>33</sup> World Trade Organisation (2017). Services: Rules for Growth and Investment. Retrieved 16th February, 2018 [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm6\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm6_e.htm)

<sup>34</sup> World Trade Organization, GATS Training Module: Chapter 1, Retrieved 15th January, 2018 from [https://www.wto.org/english/tratop\\_e/serv\\_e/cbt\\_course\\_e/c1s3p1\\_e.htm](https://www.wto.org/english/tratop_e/serv_e/cbt_course_e/c1s3p1_e.htm)

The services sector contributes more than 60% to the GDP in Belize. In 2016, the Central Bank of Belize recorded services trade inflows valued at BZ\$1,030.5 million against outflows of BZ\$444.4 million resulting in a surplus of BZ\$586.1 million<sup>35</sup>. Travel, computer and information services, communication, and other business services (including government services), represent the top four revenue generating services.

The development of the services sector in Belize is aligned with CARICOM's development agenda, with prioritised sectors that include: professional services, entertainment, recreational, sporting and cultural services, financial, ICT, tourism and health and wellness. In its Export Strategy and Roadmap Report, Belize identified six priority services sectors in the areas of spa and wellness, music, real estate, ICT, Business Process Outsourcing (BPOs) and professional services<sup>36</sup>. Spa and wellness, ICT and professional services have also been identified as important sectors in the NES (2015-2019), whose development objective is to provide a framework for the expansion and promotion of exports<sup>37</sup> including services to take advantage of opportunities provided by CARICOM, EPA, and other future trade agreements. Potential for export of services to the UK must also be secured under a separate trade agreement between the UK and CARIFORUM, potentially to take effect after the UK leaves the EU.

### POLICY OBJECTIVE

To develop and expand the capacity and contribution of the services sector to the economy.

### POLICY PRESCRIPTIONS

- I. Facilitate the removal of restrictions on cross-border data flows that disrupt the supply of services over the internet;
- II. Identify, develop and promote investments in existing and new service sectors;
- III. Undertake financial liberalisation to enable significant domestic and foreign investments in the services sector;
- IV. Adopt and use international standards and involve statistical, development and planning agencies to provide reliable measurement figures, and track achievements, status of trade in services locally and regionally;
- V. Enhance competitiveness through the development of strong, transparent, and effective regulatory policies for priority services;
- VI. Collaborate with private sector to enhance their capacity and capability to drive economic growth and development and take advantages of new market opportunities; and
- VII. Enhance the public sector capacity for the development of the services sector, as well as promote greater collaboration among various stakeholders.

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<sup>35</sup> Central Bank of Belize (2018) Extended Balance of Payments Services. Retrieved 22nd February, 2018 from <https://www.centralbank.org.bz/rates-statistics/balance-of-payments>.

<sup>36</sup> Linda Schmid (2013), Belize National Export Strategy and Roadmap Consultancy Final Report

<sup>37</sup> For priority economic areas for Belize which are: Fisheries and marine products, agriculture, agro-processing, tourism and related services, professional services, ICT services and Energy.

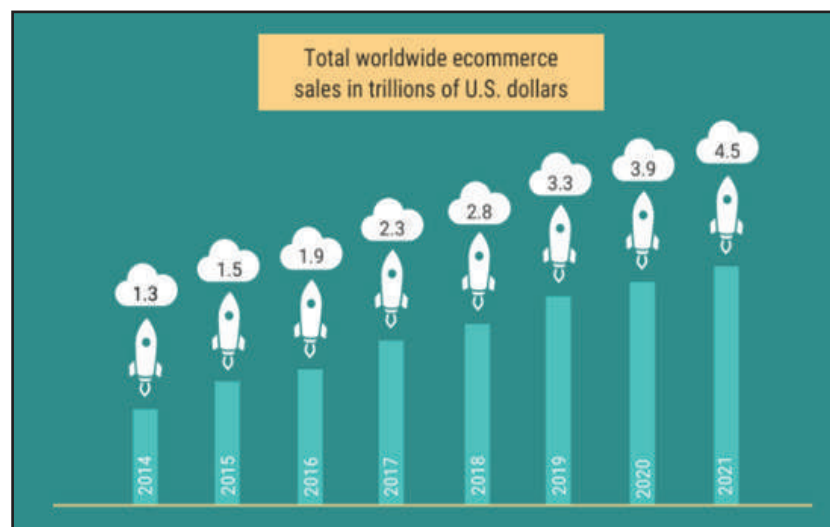
### 8.3.2 Electronic Commerce (E-Commerce)

**“The Internet is dramatically expanding opportunities for business-to-business and business-to-consumer e-commerce transactions across borders.”**

- Nuray Terzi, 2011, in *The Impact of E-Commerce on International Trade and Employment* -

#### POLICY CONTEXT

The WTO defines e-commerce as the production, distribution, marketing, sale or delivery of goods and services by electronic means<sup>38</sup>. As e-commerce expands, countries need to explore mechanisms on how to create an enabling trade policy environment, enhance transparency and information exchange as well as improve the e-infrastructure for cross-border e-commerce. In 2017, an estimated 1.66 billion people worldwide purchased goods online. During the same year, global e-retail sales amounted to US\$2.3 trillion and projections show a growth of up to US\$4.48 trillion by 2021. In Asia Pacific, e-retail sales accounted for 12.1% of retail sales in 2016 and 1.8% of retail sales in the Middle East and Africa<sup>39</sup>.



Source: ShopifyPlus, 2017<sup>40</sup>

**Figure 6:** Global E-Commerce Trends (2014-2021)

In 2017 for example, global business-to-customer e-commerce sale transactions totalled almost U.S.\$ 2.4 trillion and continues to grow, projected to reach U.S.\$ 2.8 trillion by end of 2018.

At its second Ministerial Conference in Geneva, September 1998, the WTO adopted the Declaration on Global Electronic Commerce<sup>41</sup> work programme which was reaffirmed by subsequent Ministerial Declarations and Decisions. From the multilateral perspective, the critical importance of this sector has led Members States to continue the practice of not imposing customs duties on electronic transmissions and uphold a moratorium agreed through the MTS in line with the current work programme on e-commerce.

<sup>38</sup> WTO, MC11 in Brief, Electronic Commerce. Retrieved 22nd January, 2018 from [https://www.wto.org/english/thewto\\_e/minist\\_e/mc11\\_e/briefing\\_notes\\_e/bfecom\\_e.htm](https://www.wto.org/english/thewto_e/minist_e/mc11_e/briefing_notes_e/bfecom_e.htm)

<sup>39</sup> Statista; E-commerce worldwide - Statistics & Facts. Retrieved 23rd March, 2018 from <https://www.statista.com/topics/871/online-shopping/>

<sup>40</sup> ShopifyPlus, Global Ecommerce: Statistics and International Growth Trends, 1. Retrieved 23rd March, 2018 from <https://www.shopify.com/enterprise/global-ecommerce-statistics>

<sup>41</sup> WTO, MC 11 in Brief, *ibid.* Retrieved 22nd January, 2018

However, there is continued optimism that negotiations will continue as evidenced in the draft consideration during the 11th WTO Ministerial Conference in 2017.

Belize is taking the necessary infrastructural steps to support e-commerce, such as nationwide installation of fibre optic networks and interconnectivity of the commercial banking system. With these developments, the economy is poised to begin reaping the benefits of e-commerce that include increased economic efficiency, reduced cost of doing business and socio-economic development.

### **POLICY OBJECTIVE**

To support the integration of e-commerce into the business culture of Belize.

### **POLICY PRESCRIPTIONS**

- I. Strengthen the consultative mechanism between the agencies responsible for e-commerce development;
- II. Advocate for greater internet penetration and access to information across Belize – access to information on CARICOM and SICA connectivity to also be promoted;
- III. Advocate for the mainstreaming of information technology education across the educational sector to build trust in the use of ICT tools for development;
- IV. Promote the use of electronic and mobile payment systems across the banking and business sector in order to build a culture of e-commerce;
- V. Conduct regular reviews of Belize's legislative and regulatory e-commerce frameworks, with a view to strengthening policies that both support and increase e-commerce transactions;
- VI. Create systems aimed at the protection of confidential data and online privacy;
- VII. Support the development of an online market that allows for regulated business to consumer trade; and
- VIII. Actively participate in the regional and multilateral trade fora to register Belize's support for the development and implementation of e-commerce oriented policies.



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## 8.4 OBJECTIVE 4

### Build and Strengthen Multilateral, Regional and Bilateral Trade Relations and Enhance Market Access and Entry

#### 8.4.1 Economic Diplomacy

##### POLICY CONTEXT

Economic diplomacy entails the use of a full spectrum of economic tools of the State to achieve national interests in the context of external relations - bilaterally, regionally or multilaterally. Thus, it involves all the economic activities, including but not limited to free trade agreements, export, import, investment and donor cooperation. The need for economic diplomacy also requires a robust institutional and legal framework to enable the State to achieve various economic benefits. Trade is one of the most important economic activities that require the use of economic diplomacy. Thus, the active participation of Belize in the regional and multilateral trading landscape greatly hinges upon the effective execution of its economic diplomatic policy.

##### POLICY OBJECTIVE

To build a strong economic and commercial diplomatic policy for increased economic and trade benefits to Belize.

##### POLICY PRESCRIPTIONS

- I. Undertake a comprehensive audit of diplomatic missions for Belize with a view to strengthen economic diplomacy in line with national economic goals;
- II. Establish missions abroad in countries with specific trade interests for Belize;
- III. Work with the Ministry of Foreign Affairs (MFA) to establish national presence (Permanent Mission) at the WTO Secretariat;
- IV. Ensure Belize's active participation in regional and multilateral trade affairs; and
- V. Collaborate effectively with MFA regarding training and placement of trade technical officials in Belize's missions.

#### 8.4.2 Multilateral Trade

Belize has traditionally participated in the Multilateral Trading System with a view to securing asymmetrical treatment, taking into account its economic characteristics and needs. It joined the GATT on 7th October, 1983 and is a founding Member of the WTO since 1995. Within the WTO multilateral negotiation framework, Belize has joined development alliances with the African, Caribbean and Pacific Group (ACP); Group of Ninety (G-90); SVEs and the Group of Thirty-Three (G- 33) to secure and advance its interests in the multilateral arena, given the various challenges and constraints of participating in these negotiations and in integrating into

the multilateral trading system. Resulting from the Uruguay Round of negotiation that culminated in the Marrakesh Agreement establishing the WTO, Belize secured a schedule of tariff concessions covering both agricultural and non-agricultural products, along with a list of specific services commitments under the GATS. To date, Belize operates a relatively flexible tariff structure with significant “tariff water” (the difference between the bound tariffs and MFN applied rates). Belize’s tariff structure is based on the CET of CARICOM, which is based on the 2017 version of the Harmonized Commodity Description and Coding System (HS)<sup>42</sup>.

In terms of the multilateral tariff profile, following 20 years of membership in the WTO, Belize, as at 2016 had 96.6% binding coverage on all tariff lines at the 6-digit level. The maximum bound tariff for agricultural and non-agricultural products is 110%. Belize also has a 96% binding coverage on non-agricultural products<sup>43</sup>. Further, Belize has a total of 6,302 MFN applied tariff lines at 6 digit subheading level, of which 9.5% are duty-free while 0.5% of the MFN applied tariffs, which represents 3.6% of agricultural products are non-ad valorem. There are a total of 5,273 non-agriculture tariff lines and the maximum MFN tariff that can potentially be applied on agricultural products is 110%, while it is 60% for non-agricultural products. 12.6% of agricultural products and 9% of non-agricultural products are duty-free at the applied MFN rate<sup>44</sup>.

Under the GATS, Belize has cautiously scheduled a limited number of services sectors which are: (i) professional services (general medical services, neurosurgery, epidemiological services, and CATScan services; and (ii) Telecommunication services. Belize has also made horizontal commitments only to Mode 4, where market access is unbound except for senior management personnel and technical experts not available in the local labour market, and there are no national treatment limitations on the categories of persons<sup>45</sup>.

## POLICY OBJECTIVE

To strengthen the institutional and legal framework for effective participation of Belize in the multilateral trading system.

## POLICY PRESCRIPTIONS

- I. Pursue effective engagement in the multilateral trading system through negotiations and economic integration processes;
- II. Seek and establish alliances with countries that share common trade and development interests and convergence in trade policy perspectives;
- III. Strengthen the national institutional capacity to implement multilateral trade rules and trade agreements to which Belize is a party;
- IV. Promote the use of the multilateral framework to leverage trade finance and trade capacity building support;
- V. Harmonise domestic trade policy with regional trade rules and obligations and ensure compliance with multilateral trade rules under the WTO;

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<sup>42</sup> An international nomenclature for the classification of products developed by the World Customs Organization (WCO). It is also known as the harmonized system (HS).

<sup>43</sup> WTO Tariff Profile (Belize), 2017

<sup>44</sup> *ibid*

<sup>45</sup> World Tariff Profile , *op cit*



- VI. Mobilise resources and pursue technical cooperation for the development of domestic systems needed for effective integration of Belize into the multilateral trading system; and
- VII. Mainstream trade policy into the macro-economic development process.

### 8.4.3 Cotonou Agreement (ACP-EU Relations)

#### POLICY CONTEXT

Belize is a member of the ACP group of States and participates in the ACP-EU relations. This ACP-EU Partnership Agreement, commonly referred to as the Cotonou Agreement, was signed in Cotonou, Republic of Benin on 23rd June, 2000 for implementation over a 20-year period from 2000 to 2020. The agreement entered into force in April 2003 and was revised in 2005 and 2010 in accordance with the revision clause to re-examine the agreement every five years. It is the most comprehensive partnership agreement between developing countries and the EU. Since 2000, the agreement has been the framework for EU relations with the 79 ACP countries. In 2010, following the revision of the agreement, the ACP-EU cooperation was adapted to new social and economic challenges such as climate change, food security, regional integration, State fragility and aid effectiveness<sup>46</sup>.

The Cotonou Agreement was designed to establish a comprehensive partnership with the following three pillars: development cooperation; political cooperation; and economic and trade cooperation (for the period 2000-2007). The Agreement expires in 2020 and is expected to be renegotiated with the ACP group of States within 18 months before its expiry.

The proposed new framework for the EU-ACP relations which will guide the work of the relationship will be anchored on three main pillars: (i) trade, investment, industrialisation and services, (ii) development cooperation, technology, science and innovation plus research, and (iii) policy dialogue and advocacy.

#### POLICY OBJECTIVES

- I. Maximise Belize's trade benefits from ACP-EU relations; and particularly the cooperation, financing and technical assistance available under the Revised Cotonou Agreement; and
- II. Enhance trade relations with the European communities.

#### POLICY PRESCRIPTIONS

- I. Increase private sector awareness of existing opportunities under the agreement;
- II. Strengthen Belize-ACP relations as well as institutional representation and diplomatic relations at ACP level;
- III. Enhance product competitiveness through value addition for favourable market access in the EU; and
- IV. Develop a Resource Mobilisation Strategy and identify specific trade-related needs.

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<sup>46</sup> European Commission: ACP - The Cotonou Agreement. Retrieved 10th April, 2018 from [https://ec.europa.eu/europeaid/regions/african-caribbean-and-pacific-acp-region/cotonou-agreement\\_en](https://ec.europa.eu/europeaid/regions/african-caribbean-and-pacific-acp-region/cotonou-agreement_en)

### 8.4.3.1 CARIFORUM-EU Economic Partnership Agreement (EPA)

#### POLICY CONTEXT

The ACP-EU Cotonou Agreement, in its progressive nature, made provisions for the transition of trade relationships from an ACP-EU relationship to one of more decentralised relationships between the EU and the African Forum, the CARIFORUM<sup>47</sup>, and the Pacific Forum. The commitment was to a regime of EPAs. EPAs are therefore trade agreements with a development dimension, negotiated between the EU and the ACP partners engaged in regional economic integration processes. They are rooted in the Cotonou Agreement and are "tailor-made" to suit specific regional circumstances within the ACP. The CARIFORUM was the first to conclude EPA negotiations with the EU in October 2008.

The CARIFORUM-EU EPA includes regional economic integration as a founding pillar with trade policy obligations. As a CARIFORUM Member, Belize signed the CARIFORUM-EU EPA in 2008 and ratified the agreement in 2011. Subsequently, in accordance with the agreement, the National EPA Implementation Unit was established in the DGFT in 2015 to oversee and monitor the implementation of EPA activities/obligations in Belize. The EPA Implementation Unit also plays a vital role in collaborating with and facilitating active involvement of the domestic private sector and other non-state actors in the implementation process.

In context of EPA implementation to date, Belize has benefited from the British-financed Caribbean Aid for Trade Regional Integration Trust Fund (CARTFUND<sup>48</sup>). The project was aimed at enhancing the capacity of the DGFT to promote and implement the CSME and the EPA. The project saw the development of a National EPA Implementation Plan, approved by the Belize Cabinet in 2014, and a legal review of existing legislation. The current national EPA work programme is focused on monitoring the implementation of the national EPA roadmap and the development of national capacity to use the EPA, in partnership with the EU.

#### POLICY OBJECTIVES

- I. Ensure maximum benefit of the CARIFORUM-EU EPA for Belize's structural reforms, enhancing supply side capacity and institutional strengthening, and sustainable development; and
- II. Promote Belize's integration into the regional and global economy.

#### POLICY PRESCRIPTIONS

- I. Review and update existing policies, legislation and regulations for consistency with the CARIFORUM-EU EPA, in conformity with the Treaty obligations under the RTC, and in compliance with WTO multilateral rules that govern the implementation of existing trade (association) agreements between the EU and Mexico and the EU and Central America;
- II. Communicate and disseminate the contents of the EPA and related agreements to all stakeholders;

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<sup>47</sup> CARIFORUM refers to the Body comprising Caribbean ACP States which are signatories of the Georgetown Agreement. This Agreement was signed in 1975, and it created the African, Caribbean and Pacific Group of States (ACP). The ACP comprises 79 African, Caribbean and Pacific States. The CARIFORUM Member States are: Antigua and Barbuda, The Bahamas, Barbados, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname and Trinidad and Tobago. All participating States in CARIFORUM, with the exception of Cuba, are signatories to the ACP-EU Partnership Agreement or "Cotonou Agreement" and the EPA, respectively.

<sup>48</sup> Financing for the CARTFUND was provided to CARIFORUM Member States to initiate the process of the EPA implementation

- III. Provide support to the public and private sector in developing capacity to access available resources to reap the economic and trade benefits of the agreements;
- VI. Encourage strategic investments in specific sectors covered under the agreement; and
- V. Provide advice to the Cabinet on EPA implementation; and provide update to the CARIFORUM Directorate.

## 8.4.4 Regional Trade

***“As a small developing country, Belize continues to recognize the importance of regionalism in all its forms, and consistently with this recognition, it actively participates in the regional integration processes of the Caribbean and Central America.”***

*- Belize National Trade Policy Framework, 2016 -*

### POLICY CONTEXT

The complexities arising from membership and participation in the multilateral trading framework have prompted many countries and customs territories to explore other mutually beneficial means of cooperation and trade relations. The principles of the WTO as espoused in the MFN and National Treatment<sup>49</sup>, coupled with the single undertaking and consensus, have in some instances been seen as hindrances to trade development. In particular, it has been argued that the Doha Development Agenda and its round of talks have stalled due to lack of consensus on many issues in the MTS. Coincidentally, the uncertainties surrounding the future of the MTS were made evident during the recently concluded WTO Ministerial Conference in December, 2017 in Buenos Aires, Argentina, where no significant trade outcome was achieved, save the commitment to continue negotiating pending issues. Additionally, other external factors such as geographic proximity and cultural ties have been seen as drivers for RTAs and/or bilateral trade agreements (BTAs).

In view of these realities, Members are increasingly looking for other trading options outside the MTS to enhance their trade and development agenda. The main alternatives are BTAs, Bilateral Investment Treaties (BITs) and Investment Promotion and Protection Agreements (IPPAs) whose notifications to the WTO, have in the recent past, proliferated. These have been perceived to be efficient ways of circumventing the lengthy negotiations in the MTS, for win-win and efficient trade outcomes. In keeping with these realities, Belize has signed a PSA with Guatemala in 2006 and is also exploring other similar options in the region and beyond.

### 8.4.4.1 The CARICOM Single Market and Economy (CSME)

#### POLICY CONTEXT

Belize has been a member of CARICOM since May, 1974. During this time, Member States have been slowly removing trade restrictions to facilitate the free movement of people, goods and capital. CARICOM, with approximately 16 million people, is Belize's third largest market after the EU and the United States and is one of the few markets with which Belize has a trade surplus.

<sup>49</sup> World Trade Organisation (WTO) 2015, Understanding the WTO, p 10

According to the Statistical Institute of Belize (SIB)<sup>50</sup>(2017), Belize generated a trade surplus of approximately BZ\$ 240 million with CARICOM over the period 2012 to 2016. Additionally, in this period, Belize exported BZ\$ 176 million worth of goods to the CARICOM market with orange juice, sugar, petroleum oils and red kidney beans accounting for 78% of this total. The main export markets are Jamaica and Trinidad & Tobago.

#### 8.4.4.2 CARICOM Bilateral Trade Agreements

##### POLICY CONTEXT

Over the past two decades, CARICOM has negotiated five bilateral trade agreements in its bid to take advantage of larger markets in the Latin American and Caribbean region. A common feature of these agreements is the CARICOM non-reciprocity provision for LDCs in market access concessions for goods. This means that LDCs are entitled to tariff concessions but are not required to grant reciprocal market access to other parties in the agreement. These agreements are, in chronological order of signature:

- I. CARICOM-Venezuela Agreement on Trade, Economic and Technical Cooperation (signed in October, 1992);
- II. The CARICOM-Columbia Agreement on Trade and Technical Cooperation (signed in May, 1998);
- III. The CARICOM-Dominican Republic Free Trade Agreement (signed in August, 1998);
- IV. The CARICOM-Cuba Trade and Economic Co-operation Agreement (signed July, 2000 and Revised through second protocol signed on 9th November, 2017); and
- V. The CARICOM-Costa Rica Free Trade Agreement (signed in March, 2004).

From 2011 to 2016, Belize's trade under the CARICOM bilateral agreements has surpassed BZ\$ 200 million, (19% representing exports and 81% representing imports). The main products exported are beans and hardwood (mahogany) and agro-processed goods. Imported products include food preparations, agricultural chemicals, glass containers, pneumatic tires, bathroom fixtures, medicaments, coffee, insecticides, and pharmaceutical products. The list of goods with preferential treatment for exports from Belize ranges from seasonal fruits and vegetables into Costa Rica and Venezuela, and agro-processed goods into other bilateral CARICOM member countries.

##### POLICY OBJECTIVE

Increase Belize's exports under the CARICOM bilateral agreements.

##### POLICY PRESCRIPTIONS

- I. Evaluate existing CARICOM bilateral trade agreements and determine areas for improvements as necessary, in collaboration with CARICOM;

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<sup>50</sup> Statistical Institute of Belize, op cit

- II. Strengthen relationship between the public and private sectors and continuously engage them in identifying export-ready goods and services; and
- III. Assess the trading patterns of the countries that are party to the CARICOM bilateral agreements and facilitate market entry.

### 8.4.4.3 Trade with Central America

#### POLICY CONTEXT

Belize is a member of the Sistema de la Integración Centroamericana (SICA)<sup>51</sup>, which was constituted under the Protocol of Tegucigalpa in 1991 to which Belize acceded in 2000. It aims at establishing a region of peace, freedom, liberty, democracy and development through political, economic, social, cultural and environmental integration processes. Although afforded the right to participate in the three principal organs of SICA - the General Secretariat, the Central American Parliament and the Central American Court of Justice, Belize only participates in the General Secretariat and its institutions.

Belize's trade with SICA has been minimal despite its proximity to the region. For example, in 2016, imports from SICA accounted for 7% of Belize's global imports while exports to SICA accounted for merely 2% of global exports<sup>52</sup>. This nascent trade pattern can be attributed to numerous factors such as, limited or non-existent preferential market access in the region (except with Costa Rica), lack of in-transit agreements, inability to meet market requirements, and cumbersome customs and border requirements that operate as technical barriers to trade. The above scenario vividly indicates that there is room for Belize to integrate within the Central American economic sub-system.

On the other hand, Belize has not subscribed to the Treaty of Guatemala, which would allow its participation in the Secretaría de Integración Económica Centroamericana (SIECA<sup>53</sup>) which is the economic sub-system of SICA. The main objective of SIECA is to achieve equitable and sustainable economic and social development for Central American countries through: the transformation and modernization of productive, social and technological structures; increased competitiveness; and active participation in the international economy.

The Central American economic integration process represents an avenue through which Belize can establish itself as a regional trade, investment, and logistics hub. Participating in this process would widen the scope of trade opportunities for Belize, as it gains preferential access to a market of approximately 48 million consumers, access to regional value chain systems, technical and bilateral cooperation, and access to enhanced logistical infrastructure. These benefits are ultimately expected to increase Belize's competitiveness within the regional and global economy.

#### POLICY OBJECTIVE

Enhance Belize's participation in the Central American region.

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<sup>51</sup> Sistema de la Integración Centroamericana (SICA) is the Spanish acronym of the Central American Integration System whose membership is made of: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama

<sup>52</sup> Extracted from SIB 2016 Data

<sup>53</sup> SIECA is the Spanish acronym for the Secretaría de Integración Económica Centroamericana, which is the Central American Economic Integration System

## POLICY PRESCRIPTIONS

- I. Evaluate the economic, political and social implications of signing onto the Treaty of Guatemala establishing the Central American Economic Integration System (SIECA);
- II. Enhance trade promotion efforts in the region to make better use of the current opportunities; maintain participation in the Central American integration system to further strengthen Belize's political, diplomatic, social and cultural ties with the region;
- III. Strengthen national public and private sector dialogue on the Central American trading environment; and
- IV. Evaluate the requirements and feasibility of implementing the TIM<sup>54</sup>.

### 8.4.5 Bilateral Trade

Establishing trade arrangements with countries in close proximity to Belize (especially with contiguous boundaries) would allow exporters to access closer markets by land and thus eliminate the logistical challenges that exporting to CARICOM present, comparatively. Thus, in taking advantage of the economic and trade benefits that accrue from contiguous border proximity, Belize has signed a bilateral trade agreement i.e. a PSA - with Guatemala, and maintains an active policy to further pursue similar bilateral PSAs with other countries in Central America, all of which have already conveyed to Belize their "expressions of interest" in this regard.

There is a growing interest in improving Belize's trade relations with Mexico and other Latin American countries including Brazil. Presently, preparations for establishing a bilateral PSA with Mexico are in the pre-negotiation phase. The need for a Belize-Mexico agreement is further heightened by the fact that the two countries, as geographical neighbours, share contiguous borders, and thus, enjoy a historic relationship cemented by mutual interests, demographic linkages and shared values that have generated opportunities for trade and investment. Both countries have consistently considered it mutually beneficial to establish a bilateral trade arrangement that improves and modernizes the trade relationship and provide new export market opportunities.

#### 8.4.5.1 Belize-Guatemala PSA

### POLICY CONTEXT

In June 2006, the Governments of Belize and Guatemala signed a PSA that entered into force in early 2010 following delayed ratification by Guatemala. The PSA remains Belize's first bilateral trade agreement which emanated from the Confidence-Building Measures<sup>55</sup> of the Organization of American States' (OAS) within the context of the Belize-Guatemala Differendum. The PSA established an Administrative Commission to supervise the implementation, administration and compliance with the Agreement by both parties.

<sup>54</sup> TIM is a Spanish acronym for Goods in International Transit. It is a Mesoamerican trade facilitation mechanism within Mesoamerican states aimed at electronically managing and controlling the movement of goods in transit, harmonizing previously cumbersome procedures into a single electronic document.

<sup>55</sup> During the session of the OAS Permanent Council on 8th November, 2000, the Heads of the Belizean and Guatemalan Delegations signed an agreement to adopt a comprehensive set of confidence-building measures to avoid incidents between the two countries. An OAS confidence building measure is a peace instrument whose central purpose is to reduce the risk of tension and armed conflict, simultaneously encouraging national, bilateral, and multilateral cooperation and transparency, especially in the defence and arms sectors.

In 2015 it was agreed by the Administrative Commission to expand the product coverage and address hurdles identified by Belizean exporters. Discussions have since been suspended, pending improvements in official relations and communications between the parties.

The PSA covers 72 tariff lines for Belizean exports to Guatemala with duty-free market access, except for yellow maize and black beans which are subject to a quota system. Correspondingly, Guatemalan exports have duty-free market access into Belize for 79 tariff lines. The margin of preference granted by Belize was between 50% and 100% and was implemented either immediately or in equal annual instalments over 3 or 5 years. Belize has not yet completed all required phases of tariff reductions as outlined in the Schedules of Tariff Concessions under the PSA. This is to be rectified under the work programme for implementation of the National Trade Policy.

Among the main Belizean products benefiting from the PSA are: citrus, tilapia, cattle, red beans, poultry and pepper sauce. In 2017, exports to Guatemala amounted to approximately BZ\$9million<sup>56</sup>. However, a careful evaluation of the PSA implementation has revealed that it has been greatly underutilized given the large amount of trade that is carried out informally. This is attributed mainly to the existence of cumbersome procedures and delays experienced at the points of formal entry/exit and the inadequate/costly trade facilitation mechanisms such as payment systems. Additionally, the ongoing political tension between Belize and Guatemala has affected official efforts to address trade issues through the established Administrative Commission.

Despite these challenges, Belize's trade policy objective remains the same: to formalise and increase trade under the PSA by addressing the inherent and critical concerns that have thus far been identified.

### **POLICY OBJECTIVE**

To increase formal trade between Belize and Guatemala as well as other bilateral trade partners.

### **POLICY PRESCRIPTIONS**

- I. Engage the Government of Guatemala to find a practical and workable trade facilitation mechanism;
- II. Accelerate efforts aimed at formalizing all trade between Belize and Guatemala;
- III. Evaluate the prospects of establishing bilateral trade arrangements with other countries in the region; and
- IV. Upgrade border facilities and documentation procedures to expedite cross-border movement of products (agricultural and otherwise).

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<sup>56</sup> DGFT Trade Intelligence and Research Unit.

## 8.5 OBJECTIVE 5

### Build a Strong and Effective Institutional and Legal Framework for Trade Development, with Competent Human Capital and Entrepreneurial Mindset.

#### 8.5.1 Formalisation of Businesses and Informal Trade

##### POLICY CONTEXT

It is an established principle that formal business transactions produce maximum gains to the economy, provided there is strict adherence to the rule of law and business principles. A well-organised and formalised business environment is also a good ingredient in the growth of an economy as it helps the government to effectively plan for relevant policy intervention. On the other hand, informal business transactions can have serious economic implications if unabated. Trade statistics tend to be understated, leading to policy misdiagnosis. Additionally, Government loses revenue in uncollected taxes and this might have ripple effects on public expenditure and service delivery among others, including lack of reinvestment in infrastructure to enhance the business environment. On the social front, informal trade could also result in the perpetration of social vices that might destabilise society through informal and illicit transactions. Further, the desire to circumvent established legal business norms and regulations often results in general apathy by society to abrogate the law.

From Belize's perspective, informal trade (goods and services) occurs at two fronts: (i) along the porous borders with our contiguous neighbours and (ii) within the country through informal or unregistered and unregulated business entities. While there is an established Companies Registry, its reach and criteria for business registration and formalization can benefit from expansion and strengthening to effectively capture all business operators. It has been argued that the informal sector generates a significant amount of revenue, but the government does not collect its fair share. As a result, this might put pressure on the already small formal sector in terms of tax burden. This policy, therefore, proposes that a re-engineering is undertaken to formalise all business entities as well as to institute measures aimed at reducing informal cross-border trade.

##### POLICY OBJECTIVE

Implement measures to enhance formalisation of business entities in Belize.

##### POLICY PRESCRIPTIONS

- I. Establish and upgrade trade facilitation infrastructure at appropriate borders with neighbouring countries;
- II. Modernise the Companies Registry;
- III. Advocate for partnership between the local authorities and the Companies Registry to undertake decentralisation of the business registration processes and modernisation of the Trade Licensing Act and the Business Registration Act;
- IV. Undertake a study to establish best practices on small scale business formalisation;



- V. Develop and enforce legislation that requires all business entities to be formalised, prescribing incentives for compliance; and
- VI. Develop, enhance and enforce an effective system (such as electronic cash registers) by all businesses for monitoring business transactions.

## 8.5.2 Institutional and Human Capital Development

### POLICY CONTEXT

The Government of Belize recognized the importance and took the necessary action to strengthen trade-related institutions, which among others include the DGFT, BAHA, Customs and Excise Department and BBS. This policy action acknowledges the evolving needs of the above institutions and how they should be adequately equipped with sufficient soft and hard infrastructure as well as a competent human resource in order to effectively fulfill Belize's trade and development interests and agenda in the domestic, regional and multilateral trading framework. This action must be supported by strong work ethics, recognition and respect for technical competences in execution of their responsibilities.

### POLICY OBJECTIVE

Enhance the capacity of trade related institutions to effectively contribute to Belize's trade and development agenda.

### POLICY PRESCRIPTIONS

- I. Establish a Permanent Mission to the WTO in Geneva to address the expanding multilateral trade demands for Belize;
- II. Strengthen the Trade Negotiating Team (TNT) and Trade Technical Team (TTT);
- III. Promote and strengthen the development of the national quality infrastructure in collaboration with the BBS;
- IV. Modernise and strengthen the Trade Intelligence and Research Unit with adequate personnel and state-of-the-art equipment;
- V. Promote a collaborative atmosphere between the DGFT and other trade-related institutions;
- VI. Strengthen existing embassies and missions abroad in strategic areas of national trade and economic interests and rationalise the establishment of new missions abroad; and
- VII. Seek and support targeted technical cooperation for human resource development for trade officials.

### 8.5.3 Legal and Business Reforms

#### POLICY CONTEXT

The effectiveness of trade policy is strongly anchored on a sound legal framework and conducive business environment. Further, the regulation of business processes for positive policy outcomes, enforcement and respect for contracts, and protection of intellectual property rights are among the requisite ingredients for policy effectiveness. This is in recognition of the interplay between trade policy and other sectoral policies.

Additionally, at the core of the policy implementation process are the fundamental issues associated with competitiveness and the cost of doing business, including trade and business financing, energy costs as well as business licencing and registration. The above factors are well summarised in the World Bank's annual Doing Business Index Report<sup>57</sup>. Belize, through the Trade Policy, will seek to review existing legal provisions affecting trade as well as undertake respective business process reforms to ensure that they are in harmony with modern legislative requirements of Belize's trade policy. This will in turn ensure reduction in the cost of doing business and the reaping of corresponding benefits therefrom.

#### POLICY OBJECTIVE

Harmonise existing laws and develop new legislation (where necessary) to facilitate Belize's trade development and reduce the cost of doing business.

#### POLICY PRESCRIPTIONS

- I. Conduct legal review of all trade related legislation and recommend appropriate amendments;
- II. Harmonise all diverse and "conflicting" intersectoral trade related regulations; and
- III. Collaborate with relevant agencies to improve the mechanism to monitor the "doing business" index for Belize and develop appropriate policy measures.



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<sup>57</sup> World Bank, Doing Business Index Report. Retrieved 29th February, 2018, from <http://www.doingbusiness.org/>

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NATIONAL TRADE POLICY

# 9 | POLICY COMPLIMENTARITY & SYNERGIES

Competition . Intellectual Property . Investment . Agriculture .  
Public Procurement . Exclusive Economic Zones . Entrepreneurship .

## 9.1 Competition and Consumer Welfare Protection

***“Competition is good for consumers for the simple reason that it compels producers to offer better deals – lower prices, better quality, new products, and more choice.”***

*- Sir John Vickers, former Chairman of the Office of Fair Trading, UK -*

### POLICY CONTEXT

In recent years, the multilateral trading system has made efforts to integrate and strengthen competition policy and law through international treaties and regional integration agreements. These efforts have had the support of the multilateral trading system including the WTO and UNCTAD. One of the motivations behind this phenomenon has been the emerging awareness that with the globalisation of markets, anticompetitive practices are likely to have more international effects. Additionally, Art 170 of the RTC provides for and encourages Member States to establish and maintain institutional arrangements as well as administrative procedures to enforce competition policy and laws.

A competitive economy where consumer rights are respected and enforced has a direct and positive nexus with trade growth and development. It has been established that competition breeds innovation, ensures quality goods and services and widens consumer choice and preferences at reduced costs. Although there are legal obligations under the RTC (Chapter 8) and the CARIFORUM-EU EPA, to establish competition infrastructure, Belize currently has no established legislative framework for competition. In recognizing the need to fill this critical gap, a draft National Competition Policy and legislation have been developed. Following completion of the legislative consultative process, the current work programme is focused towards establishment of the institutional framework and requirements necessary for a National Competition Authority of Belize.

### POLICY OBJECTIVES

- I. Create an economic environment in which competition and consumer welfare thrive and effectively contribute to Belize’s trade development process; and
- II. Ensure protection of effective, satisfactory consumer welfare for Belizeans through enhanced innovation and quality goods and services.

### POLICY PRESCRIPTIONS

- I. Finalise the institutional and legislative framework necessary for the establishment of the competition authority; and
- II. Develop, formalise and implement the national competition policy.

## 9.2 Intellectual Property (IP)

### POLICY CONTEXT

Ideas and knowledge are an increasingly important part of trade. Many products that have previously been traded as low-tech goods now contain a higher proportion of invention and design in their value<sup>58</sup>. It has also been an established axiom that there exists a critical nexus between IP and international trade. This can be seen through the increasing number of applications for IP rights nationally and globally. As a result, there have been extraordinary changes in intellectual property law and policy over the last 20 years, many as the result of their intersection with international trade and the numerous international trade agreements (such as the WTO Agreement on Trade Related Aspects of Intellectual Property Rights-TRIPS). The TRIPS agreement was negotiated in the 1986–94 Uruguay Round, which resulted in the introduction of intellectual property rules into the multilateral trading system for the first time. It is one of the three main areas of work in the WTO, alongside trade in goods and trade in services.

The increase in cross-border exchanges of goods, services, capital and knowledge is one reason for this shift while structural changes in economies is another, with knowledge emerging as society's most important tradable economic asset<sup>59</sup>. Thus, as countries pursue development through trade, Belize inclusive, there is an increasing demand for integration, mainstreaming and harmonisation of IP in the trade and development process.

At its independence in 1981, Belize retained and continued to apply much of its pre-independence laws and regulations. Various legislative reforms led to the creation of the Belize Intellectual Property Office (BELIPO) in 2001 as a principal government institution responsible for IP development, law and policy, following Belize's membership to the World Intellectual Property Organisation (WIPO) in 2000. Although Belize does not have an IP Policy yet, it has a number of IP legislation used in the administration and registration of trademarks, designs, utility models, copyright, plant varieties and patents. These laws include:

- I. Patents (Amendment) Act No. 40 of 2005 (CAP. 253);
- II. Trademarks Act (CAP. 257, Revised Edition 2000);
- III. Industrial Designs Act, 2000 (CAP. 254);
- IV. Protection of New Plant Varieties Act (CAP. 255, Revised Edition 2000);
- V. Protection of Layout Designs (Topographies) of the Integrated Circuits Act, 2000 (CAP. 256);
- VI. Copyright Act (CAP. 252, Revised Edition 2000);
- VII. Cinematographs Act, 2000 (CAP. 241); and
- VIII. Broadcasting and Television Act, 2000 (CAP. 227)

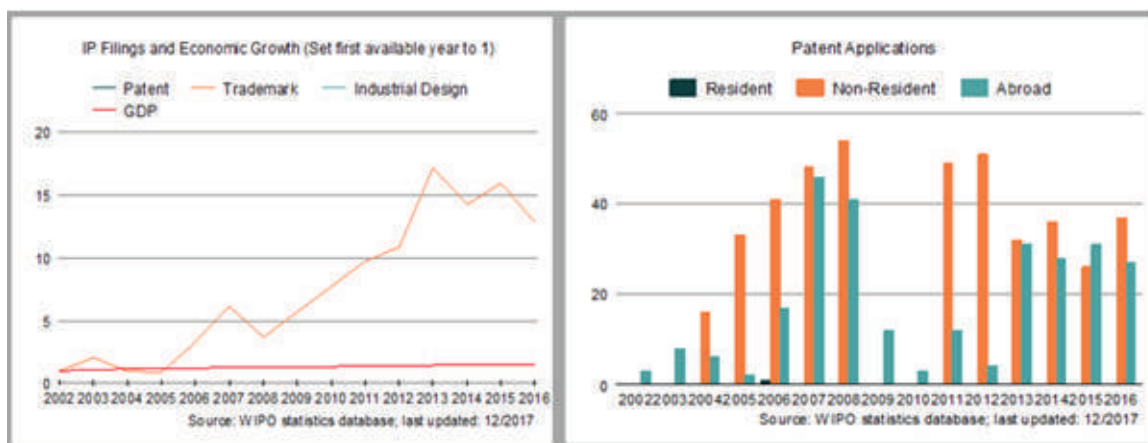
<sup>58</sup> World Trade Organisation (WTO), Intellectual Property: Briefing on current issues in intellectual property. Retrieved 24th January, 2018, from [https://www.wto.org/english/tratop\\_e/trips\\_e/trips\\_issues\\_e.htm](https://www.wto.org/english/tratop_e/trips_e/trips_issues_e.htm)

<sup>59</sup> John M. Curtis, 2012: Intellectual Property Rights and International Trade: An Overview, p4. Retrieved January 24th, 2018, from <https://www.cigionline.org/sites/default/files/no.3.pdf>

Further, in recognition of its multilateral obligations under the WTO TRIPS Agreement, WIPO as well as the CARIFORUM- EU EPA, Belize has recently acceded to the following international IP conventions:

- I. Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (Rome Convention) (1961);
- II. WIPO Copyright Treaty (WCT) (1996);
- III. WIPO Performances and Phonograms Treaty (WPPT) (1996);
- IV. Beijing Treaty on Audio-visual Performances (BTAP) (2012);
- V. Marrakesh Treaty to Facilitate Access to the Published Works for Persons Who are Blind, Visually Impaired, or Otherwise Print Disabled (Marrakesh Treaty) (2013); and
- VI. The Geneva (1999) Act of the Hague Agreement concerning the International Registration of Industrial Designs.

Despite Belize having a cadre of IP legislation, the conspicuous absence of IP integration in the operations of the country, especially in priority sectors like agriculture, ICT and culture helps to explain the sub-optimal return on some of the investments being made in these sectors. A key observation also lies in the paucity of local Belizeans involvement in IP exploitation through applications for patents and trademark registration over the last 15 years, in comparison to foreigners. Figure 7 below illustrates this scenario:



Source: WIPO Statistics Database<sup>60</sup>.

Figure 7: IP Filling and Patent Application: Belize (2002-2016)<sup>61</sup>

## POLICY OBJECTIVE

Ensure the development and growth of IP and integrate it in the trade and development process.

<sup>60</sup> World Intellectual Property Organisation (WIPO) database. Retrieved 18th January 2018 from [http://www.wipo.int/ipstats/en/statistics/country\\_profile/profile.jsp?code=BZ](http://www.wipo.int/ipstats/en/statistics/country_profile/profile.jsp?code=BZ)

<sup>61</sup> A resident filing refers to an application filed in the country by its own resident; whereas a non-resident filing refers to the one filed by a foreign applicant. An abroad filing refers to an application filed by this country's resident at a foreign office.

**POLICY PRESCRIPTIONS**

- I. Strengthen partnerships on IP among various stakeholders;
- II. Support BELIPO with the National IP Strategy and Policy implementation; and
- III. Update IP legislation.

**9.3 Investment Programmes****POLICY CONTEXT**

The Belizean economy has traditionally been dependent on a few export industries including cane sugar, banana, citrus, forestry products, and marine products (fish, lobster, and conch). The country has a rich endowment of natural resources including arable land, and has the potential to access additional resources from external sources (FDI). The opportunity exists for the expansion of exports through investments and enhanced production of both traditional and non-traditional products. This requires implementation of measures aimed at export diversification from primary to value-added products.

Government recognizes the important role of investments, export diversification, and an enabling business environment. For this reason, policies aimed at employment creation, income generation, foreign exchange earnings and facilitating technological transfers are crucial for economic growth.

Government has put in place three main investment programmes to promote investments, enhance production of non-traditional crops and value-added products, improve manufacturing and processing activities and create employment. These are Export Processing Zones (EPZs), Free Zones (FZs) and Fiscal Incentive programmes. These programs grant combinations of duty and tax concessions through the Export Processing Zone Act, the Commercial Free Zones Act and the Fiscal Incentive Act respectively. They have thus far substantially contributed to national economic growth and are partly responsible for the successful development of a more diversified export service sector.

Government is working on harmonising these investment programs and make them consistent with international obligations. In particular, the EPZ programme has been earmarked for reform to bring it into conformity with the WTO, under a new regime to be called the Designated Processing Areas (DPA).

**POLICY OBJECTIVE**

Enhance manufacturing and export development.

**POLICY PRESCRIPTIONS**

- I. Engage relevant government agencies to harmonise investment and incentive programme legislation to bring them in conformity with WTO and other international regulations;
- II. Support the development of export diversification programs;

- III. Encourage technological transfers in Designated Processing Areas (DPAs) and value chain clusters; and
- IV. Promote high standards and quality in production systems under these programmes.

## 9.4 Agricultural Trade

### POLICY CONTEXT

Agriculture continues to be the bedrock of the Belizean economy in terms of supporting rural livelihood, food security, employment, foreign exchange earnings and savings. Over the five-year period (2011-2015), the average contribution of agricultural value addition to GDP for Belize was 14.84%<sup>62</sup>. The annual percentage growth of agricultural value-addition over the same period was 1.52%<sup>63</sup>. The 2015 negative growth depicts the effects of the hurricane and disease attack that affected the sector. Despite the vulnerability of the agricultural sector to unpredictable weather patterns, Belize remains one of the Caribbean countries that is self-sufficient in food, with rising exports<sup>64</sup>. In recognition of the sector's significant contribution to the economy, the Government, through the Ministry of Agriculture, has developed a robust National Agricultural and Food Policy (2015-2030)<sup>65</sup> aimed at increasing agricultural productivity, competitiveness, and market opportunities.

In order to achieve these outcomes, emphasis has been placed on innovation, research and development and fostering strong domestic and external partnerships, to capitalize on available opportunities and market access<sup>66</sup>. From a trade policy perspective, there exists significant policy synergies that need to be jointly pursued and implemented in order to enhance the contribution of the agro sector to national development. This perspective gives due recognition to the need for innovation in financing for agricultural development and increased agro-processing incorporating R&D.

### POLICY OBJECTIVE

Support the improvement of agricultural productivity and ensure effective market access for Belizean products.

### POLICY PRESCRIPTIONS

- I. Strengthen collaboration between the DGFT and Ministry of Agriculture on policy implementation;
- II. Support the Ministry of Agriculture in the implementation of a sustainable Agriculture Information System (Database) for production, demand and exports;

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<sup>62</sup> World Bank World Development Indicators, *op cit*

<sup>63</sup> World Bank Development indicators, *op cit*

<sup>64</sup> National Agriculture and Food Policy (NAFP) 2015-2030, Ministry of Agriculture, Belize

<sup>65</sup> Still in Draft

<sup>66</sup> National Agriculture and Food Policy, *ibid*



- III. Undertake market intelligence on agricultural trade, support agro-processing ventures through market access information, and access to investment financing;
- VI. Formalise agro-trade; and
- V. Support the strengthening of institutional systems, processes, and structures that will facilitate the agro productive sector to achieve competitiveness.

## 9.5 Public Procurement

### POLICY CONTEXT

The public procurement of goods, services and works is a standard function of government which now constitutes a substantial share of international trade. Most countries now have vested interests in achieving “value for money” in the use of public funds for which governments are held accountable. At the multilateral level of the WTO, the Plurilateral Agreement on Public Procurement still has very limited participation, and the WTO Secretariat has been encouraging members to consider signing on to it or adopt alternatives disciplines on procurement such as may exist in regional trading regimes.

At the regional level, Belize and other members of the CARICOM Single Market (CSM) have undertaken the commitment under Article 239 of the Revised Treaty of Chaguaramas (RTC) to elaborate a Protocol relating to, inter-alia, government procurement. The regime is intended create a standardised procurement system for CARICOM<sup>67</sup>.

Under the “Project to Develop the Infrastructure and Instruments for an Integrated CSME Public Procurement Regime”, a final CARICOM Protocol on Public Procurement was developed and approved for provisional application. The Protocol establishes thresholds up to which members may restrict procurement to national firms and suppliers. The project also included the development of an e-learning platform, a regional electronic notice board and national portals within the public procurement authorities of individual Member States, and to integrate their current and future e-procurement systems.

The regime is now in effect in the CSM and Belize has commenced the process of establishing an e-portal for implementation of the regional public procurement regime. This covers infrastructure such as electronic equipment and processes that include legislative amendments and private sector awareness.

### POLICY OBJECTIVE

Enhance competitiveness and efficiency in public procurement.

### POLICY PRESCRIPTIONS

- I. Support the national roadmap for public procurement; and
- II. Ensure adherence to trade rules and disciplines in the implementation of public procurement.

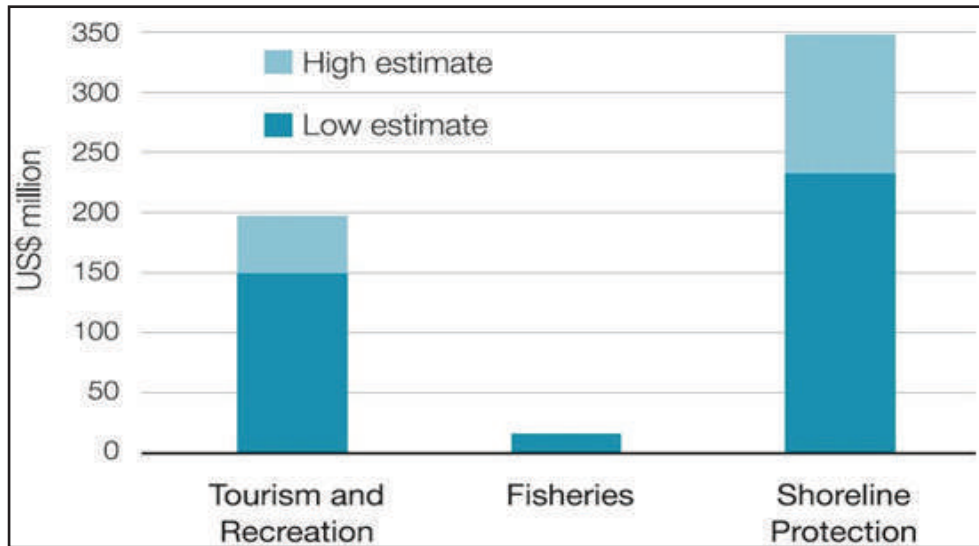
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<sup>67</sup> The regime also exempts some types of procurement including those conducted under aid and technical assistance by external donor agencies and financial institutions including the World Bank.

## 9.6 Exclusive Economic Zones (EEZ)

### POLICY CONTEXT

Belize is located on the eastern coast of Central America, bordering Mexico on the northern tip and Guatemala on the western side and southern tip. The eastern border lies on the Caribbean Sea, a gateway to the wider Caribbean. The central coast is on the open sea, placing Belize in a position where a substantial amount of natural resources rest in the sea directly to the East of its territorial waters.



Source: World Resource Institute, 2018

**Figure 8:** Annual Economic Contribution of Coral Reefs and Mangroves-Belize (2008)

The management and utilisation of this maritime resource endowment is governed by international law. The most comprehensive multilateral discipline on this subject is the United Nations Convention on the Law of the Seas (UNCLOS, 1982) to which Belize is a signatory. This legislation has evolved to yield what has been termed as the Exclusive Economic Zone (EEZ), under which the resources within this zone are controlled by a particular country in which it is ascribed to. The EEZ is the area of sea, seabed and subsoil from 12 to 200 nautical miles offshore (beginning at the edge of the territorial sea). It is an area beyond and adjacent to the territorial sea, under which the rights and jurisdiction of the coastal State and the rights and freedoms of other States are governed by the relevant provisions of the Convention<sup>68</sup>. In the EEZ, the coastal State has sovereign rights for the purpose of exploring and exploiting, conserving and managing the natural resources, whether living or non-living, of the waters superjacent to the seabed and of the seabed and its subsoil, and with regard to other activities for the economic exploitation and exploration of the zone, such as the production of energy from the water, currents and winds<sup>69</sup>.

From the Trade Policy standpoint, the harnessing and exploitation of these maritime resources presents an opportunity to evaluate the extent to which Belize can benefit from these maritime resources. The policy on EEZ would thus support the establishment of effective boundaries for Belize's EEZ and put in place a robust operationalisation and regulatory framework. It is worth noting that these resources can be harnessed for production of goods and services both for export and domestic consumption.

<sup>68</sup> Refers to The United Nations Conventions on the Law of the Sea, 1982, Article 55;

<sup>69</sup> Ibid, Article 56

## POLICY OBJECTIVE

Promote strategic investments in Belize's EEZ .

## POLICY PRESCRIPTIONS

- I. Undertake an assessment of Belize's resource endowment in the EEZ;
- II. Undertake a comprehensive review and/or study of Belize's disciplines and legislation regarding Belize's EEZs and other relevant international maritime legislation; and
- III. Promote investment initiatives targeted at EEZ development of benefit to Belize.

## 9.7 Entrepreneurship and Youth Inclusiveness

***“The more we increase the active participation and partnership with young people, the better we serve them. ... and the more comprehensively we work with them as service partners, the more we increase our public value to the entire community.”***

*- Carmen Martinez -*

## POLICY CONTEXT

The Policy recognizes that socio-economic development is spurred by various ingredients that range from demographics to technological efficiency. The role of demographics in the development path of an economy cannot be overemphasized, especially for Belize with a predominantly young population. In its post-census estimate, the Statistical Institute of Belize (SIB)<sup>70</sup> reported that of its total national population of 387,879, Belize has 275,830 young people aged between 0-34 years, representing 71.1% of the total population. Additional statistics reveal that in 2017, there were respectively 19.9% and 8.6% of the 14-24 and 25-34 age cohorts that was unemployed.

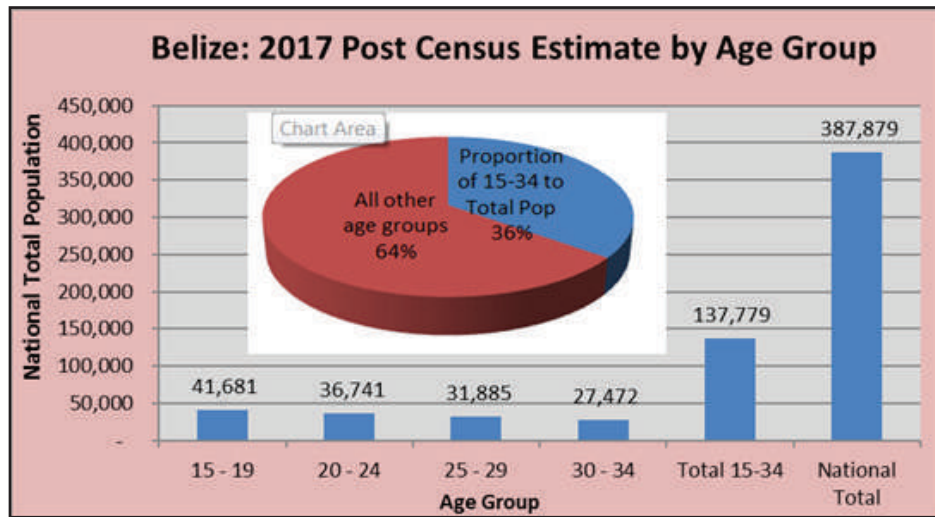
Further demographic analysis of the statistics reveals that the economically active age cohort of young people who are 15-34 years totals 137,779, representing just over a third of the total population, at 36%. Figure 7 illustrates this scenario. From this graph, it can be inferred that Belize has a predominantly young labour force. This, therefore, presents a compelling case for government and policy to look into the demographic and development dynamics of this young population, because young people are more likely to yield a greater return for sustainable development than attempts to build capacities later in the life cycle.

From figure 9, it can be inferred that Belize has a predominantly young labour force. This, therefore, presents a compelling case for government and policy to look into the demographic and development dynamics of this young population, because young people are more likely to yield a greater return for sustainable development than attempts to build capacities later in the life cycle<sup>71</sup>.

<sup>70</sup> Statistical Institute of Belize, *op. cit*

<sup>71</sup> Adapted from the OECD's "About Youth Inclusion Project". Retrieved 4th February, 2018 from <http://www.oecd.org/dev/inclusivesocietiesanddevelopment/youth-inclusion-project-about.htm>

From the trade and development perspective, there are enormous benefits and opportunities to be had from mainstreaming youth entrepreneurship in the trade agenda both domestically and regionally. The task requires political and economic effort to channel this youthful energy towards opportunities that will positively contribute to socio-economic development.



Source: Generated from data from Statistical Institute of Belize, 2017

Figure 9: Youth Population Distribution by Age Group: Belize

## POLICY OBJECTIVE

To develop an entrepreneurship culture and mind-set in Belizean youth and spur innovation for development.

## POLICY PRESCRIPTIONS

- I. Explore resource mobilisation, domestically and regionally, for the establishment and implementation of a Youth Entrepreneurship and Empowerment Fund;
- II. Undertake skills gaps assessment in relation to labour market needs;
- III. Support the integration of youth in the development and implementation of government policy, projects and contracts;
- IV. Emphasize and promote vocational-based entrepreneurship production including agriculture, carpentry, engineering and other market needs;
- V. Strengthen National Vocational Qualification system to regional and international standards;
- VI. Encourage national universities to develop training programmes on international trade;
- VII. Support the capacity building of BELTRAIDE's Small Business Development Entrepreneurship Centres and strengthen existing structures to better equip youth entrepreneurs with the skills needed to position themselves for success in value chain systems;

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NATIONAL TRADE POLICY

# 10 | CROSS-CUTTING ISSUES

Information & Communications Technology . Gender & Disability  
Inclusiveness . Innovation, Research & Development .

## 10.1 Information and Communications Technology (ICT)

***“Around 400 million people in the last year got a smartphone. If you think that’s a big deal, imagine the impact on that person in the developing world.”***

*- Eric Schmidt, Executive Chairman, Google. World Economic Forum, Davos, 2015 -*

### POLICY CONTEXT

ICT contributes to economic growth through increasing access to information and reducing the cost of doing business. ICT has revolutionized trade and commerce in the last few decades and continues to stretch technological boundaries. Its impact on supply and value-chain systems has affected even the smallest of economies, such as Belize, as competitive advantage derived from technological advancement is the distinguishing feature of a modern economy. Belize has a National ICT Innovation Policy and a National E-Governance Policy, spearheaded by the Central Information Technology Office (CITO). With the current internet penetration rate at 30.8%<sup>72</sup> and rising, there is greater optimism that ICT penetration will increase and bring about economic benefits that will positively enhance the contribution of trade to the economy. It is envisaged that digital government interconnectivity as well as nationwide digital citizen connectivity will create more efficient, cost-saving, accountable, secure, accurate and transparent service delivery to the public. Online government services will be delivered through various channels, including PC, mobile, kiosks, and assisted kiosks in convenient locations throughout Belize<sup>73</sup>.

The ICT sector is one of the most important sectors for trade in services and has over the recent past seen progressive growth in Belize. Between January and June, 2017, the Central Bank of Belize recorded inflows for services trade worth BZ\$575.9m and outflows worth BZ\$201.7m resulting in a trade surplus of BZ\$374.2m. Further, there is strong optimism and evidence for continuous growth of the services sector and particularly the ICT. It is worth noting that communication, computer and information services, other business services, and government services represent the top four revenue generating service sectors in Belize. Noteworthy, is that communication, computer and information services rank as the second highest revenue generating sector, after travel services with total trade inflows valued at BZ\$28.7m and outflows at BZ\$7.5m.

### POLICY OBJECTIVE

To integrate ICT systems in trade development and reduce the cost of doing business.

### POLICY PRESCRIPTIONS

- I. Promote use of ICT in business, schools, and the wider population in conjunction with CITO and relevant stakeholders;
- II. Promote integration of ICT in MSME development;

<sup>72</sup> Statistical Institute of Belize (SIB) Labour Force Survey, April 2017

<sup>73</sup> Central Information Technology Office (CITO), Belize, 2017

- III. Enhance ICT capacity and connectivity among public agencies towards a fully functional single window within the meaning of the WTO Trade Facilitation Agreement;
- IV. Adopt international standards in the classification of ICT services to enable effective monitoring of the sectors performance;
- V. Incorporate ICT in facilitating public-private sector dialogue;
- VI. Support ICT connectivity by financial sector institutions and systems to support e-transactions; and
- VII. Support and promote ICT retraining programmes in partnership with the private sector to retrofit workers with ICT skills.

## 10.2 Gender and Disability Inclusiveness

### POLICY CONTEXT

An understanding of the relationship between gender and trade is critical in the current global trading environment. It has been observed that trade policies and agreements are increasingly being linked to poverty reduction strategies and have a massive impact on people's daily lives. Belize recognizes the importance of trade development and its impact on gender as well as poverty reduction. These perspectives present a compelling case to mainstream gender perspectives in overall trade policy design and implementation. Incorporating gender considerations in trade policy means assessing the impacts of such policy on the well-being of men and women, evaluating how trade policies affect gender relations, for example, by either widening or closing the gender wage gap, and implementing trade policy in a gender-sensitive manner. This is done with a view to, among others: (i) better understanding the specific challenges and opportunities that women and men face from trade policy; (ii) designing and implementing trade and other macro-economic policies to maximize opportunities for all; (iii) facilitating the successful integration of women into more technologically advanced and dynamic sectors of the economy; (iv) avoiding the increase of gender disparities and mitigating what is in existence; and (v) facilitating women's empowerment and well-being.

Belize, through its Revised National Gender Policy (2013) sets out a vision for "A society in which men and women, boys and girls are able to achieve their full potential through the enjoyment of their human rights, living together in mutual respect, dignity and harmony, and are equal partners as they participate in services and resources for realizing and sustaining their economic, social, political, and cultural development for equal enjoyment for all."

On the other hand, mainstreaming disability in trade development is crucial to promoting inclusive, sustainable and equitable development. There is a global agenda to mainstream disability in policy implementation and programme development, especially through the UN systems. To this end, the trade policy recognizes the importance of gender and disability inclusiveness in trade development for Belize.

### POLICY OBJECTIVE

To mainstream and integrate gender disability agenda in the trade and development process of Belize.

## POLICY PRESCRIPTIONS

- I. Undertake gender mainstreaming capacity building activities that include entrepreneurship and education for men and women especially in rural communities;
- II. Forge strategic alliances with gender advocacy entities;
- III. Undertake deliberate efforts to specifically promote women entrepreneurs, women producers, and women-led-export related activities;
- IV. Advocate for gender parity and inclusiveness in trade-related investments and ensure that benefits of trade are equally shared between both sexes;
- V. Encourage participation of differently abled citizens in entrepreneurship activities;
- VI. Work with stakeholders responsible for persons with disability and integrate them into the trading environment;
- VII. Undertake educational and awareness programmes for men and women to ensure they have equal rights and opportunity of access to productive resources for trade-related investments;
- VIII. Create a framework for both men and women to have equal access and control over the benefits of trade and investment; and
- IX. Promote labour force participation of women by encouraging them to acquire in-demand skills and enable themselves to climb up the of value chains ladder in manufacturing and services.

## 10.3 Innovation, Research and Development (R&D)

### POLICY CONTEXT

It is a well-established proposition that innovation and R&D are critical ingredients in trade development. They are part of a value-chain system from product development to market entry. The trading landscape in Belize has been characterized by weak and often the absence of linkages between the manufacturing sector and research and training institutions. This is mainly caused by low funding and weak institutional mechanisms for promoting collaborative research on product development and export promotion. Industrial research, development and innovation are important ingredients in nurturing and promoting entrepreneurship and product development.

### POLICY OBJECTIVE

To promote innovation in the Belizean economy.

### POLICY PRESCRIPTIONS

- I. Identify R&D needs in product development and seek appropriate Aid-for-Trade initiatives;
- II. Promote investments in research and development;



- III. Promote the creation of industrial/eco-parks, research and development centres as well as innovation clusters and hubs;
- IV. Promote the creation of modern agricultural research and innovation centres;
- V. Collaborate with relevant domestic and international institutions responsible for R&D in product development; and
- VI. Strengthen trade and market intelligence research to generate empirical data to augment trade development.

## 10.4 Trade and Environment

***“We must now agree on a binding review mechanism under international law, so that this century can credibly be called the century of decarbonisation.”***

*- Angela Merkel, Chancellor of Germany, on Climate Change, December 2015, World Economic Forum-*

### POLICY CONTEXT

The dawn of the 21st century has brought about increased globalisation and economic integration. However, the positive effects therefrom have also left significant environmental damage, prompting global action in salvation of the planet. To that effect, there is increasing emphasis on the need to protect the environment in the conduct of economic activities as well as in trade and commerce at global, regional and national level.

Like many other low-lying coastal nations, Belize is vulnerable to the effects of climate change. Its geographical location leaves the country exposed to the risk of rising sea levels, and an increasing frequency and intensity of tropical storms. Additionally, the country's economic dependence on natural resources heightens its vulnerability to rising temperatures and the resulting negative impacts on agricultural productivity, fisheries ecosystems, and other economic. Furthermore, it has also been largely observed and concluded amongst the scientific community that global warming is unequivocal, according to the Intergovernmental Panel on Climate Change (IPCC)<sup>74</sup> and that human activities have exacerbated the effects thereof primarily through emissions of greenhouse gases such as carbon dioxide (CO<sub>2</sub>)<sup>75</sup>. The report further reveals that temperatures are increasing, sea levels rising, and polar ice is melting.

It is feared that if emissions of greenhouse gases continue unabated, the effects of climate change will jeopardize the sustainability of social, economic, and ecological systems throughout the world. Tropical islands and coastal areas face acute risks of flooding, coastal erosion, drought, and loss of ecosystems. The threat of climate change requires multilateral action from policy makers and the private sector throughout the world to seek solutions to reduce global emissions of greenhouse gases in order to mitigate the effects of climate change.

Globally, it is recognized that trade and economic development should be conducted with a view to raising standards of living while allowing for the optimal use of the world's resources in accordance with the objective of sustainable development<sup>76</sup>.

<sup>74</sup> IPCC, 2007: Climate Change 2007: Mitigation. Contribution of Working Group III to the Fourth Assessment Report of the Intergovernmental Panel on Climate Change [B. Metz, O.R. Davidson, P.R. Bosch, R. Dave, L.A. Meyer (eds)], Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA;

<sup>75</sup> Robert B. Richardson/UNDP Belize, 2009; Belize and Climate Change: The Cost of Inaction, p4

<sup>76</sup> WTO, Preamble, Marrakesh Agreement Establishing the World Trade Organization. Retrieved 22nd January, 2018 from [https://www.wto.org/english/docs\\_e/legal\\_e/04-wto\\_e.htm](https://www.wto.org/english/docs_e/legal_e/04-wto_e.htm)

According to the World Resources Institute, Belize's marine resources alone account for over BZE\$ 1 billion to the economy<sup>77</sup>. These figures should steadily improve as government increases both its promotion and protection efforts of the natural environment.

From the multilateral front, Belize as a member of the United Nations and a participant in the frameworks of the United Nations Environment Programme (UNEP) and the United Nations Framework Convention on Climate Change (UNFCCC) has taken steps to ensure that environmental issues and climate change are considered in trade development. The commitments made within the context of the UNFCCC have emphasised the need to incorporate adaptation and mitigation interventions at national level in line with the SDGs.

Further, Belize has a legal and institutional framework to facilitate the mainstreaming of environmental issues into development planning. The Department of Environment (DoE) under the Ministry of Natural Resources is the principal government institution for implementing environmental sustainability policies and programmes for Belize through the Environmental Protection Act CAP 328 of the Laws of Belize, Revised Edition, 2000. The Act requires among other things, that trade related activities such as investments and manufacturing activities undergo Environmental Impact Assessment (EIA) processes in order to ascertain the impact on the environment and ensure that necessary measures are put in place to control or mitigate the effects of pollution and protect the environment. The interplay between trade and the environment creates policy interest within the DGFT to collaborate with the DoE in promoting environmental sustainability and mainstream it in trade. Belize, through its actions<sup>78</sup>, holds firm the conviction that economic growth and development should not have deleterious effect on the country's environment.

## **POLICY OBJECTIVE**

To foster coherence between trade and environmental policies towards achieving sustainable development.

## **POLICY PRESCRIPTIONS**

- I. Promote the integration of environmentally safe and sustainable practices in the manufacturing, production and trading systems in accordance with the following SDGs: 6 - Clean Water and Sanitation; 7-Affordable and Clean Energy; 9 - Industry, Innovation and Infrastructure; 12 - Responsible Consumption and Production; 13 - Climate Action; 14-Life Below Water; and 15 - Life on Land;
- II. Strengthen the consultative mechanism between the departments responsible for foreign trade and environmental protection, to improve cohesion and collaboration;
- III. Conduct regular and joint reviews of Belize's tariff and non-tariff measures with a view of promoting more eco-friendly economic activities;
- IV. Promote certification for sustainable agriculture and agro-processing;
- V. Participate in international fora supporting environmentally-conscious trade development; and
- VI. Conduct regular legislative reviews aimed at strengthening policies that protect the environment.

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<sup>77</sup> World Resources Institute, Annual Economic Contribution of Coral Reefs and Mangroves in Belize. Retrieved 22nd January, 2018 from <https://www.wri.org/resources/charts-graphs/annual-economic-contribution-coral-reefs-and-mangroves-belize>

<sup>78</sup> Press Release on Belize Government Moratorium Legislation on Offshore Oil. Retrieved 22nd January 2018 from <http://oceana.org/press-center/press-releases/belize-makes-history-introducing-offshore-oil-moratorium-legislation>

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11

IMPLEMENTATION  
FRAMEWORK

In implementing the Policy, the DGFT acknowledges and recognises the significance of institutional partnerships and collaboration in achieving the Policy objectives.

## 11.1 Institutional Arrangement

The DGFT, under the Ministry of Economic Development, Investment, Trade and Commerce, is the primary government institution responsible for the formulation and implementation of Trade Policy for Belize, in line with the mission and goals. It will work with technical support from the Trade Technical Team (TTT), which has high level public and private sector representation. It is a Cabinet approved technical body that enhances dialogue and transparency in trade policy implementation. The DGFT comprises five (5) internal units: the CSME Unit, the Trade Intelligence & Research Unit, the WTO-Multilateral Unit, the Latin American Unit and the EPA Implementation Unit.

In implementing the Policy, the DGFT acknowledges and recognises the significance of institutional partnerships and collaboration in achieving the Policy objectives. These external institutions and stakeholders include but are not limited to the following:

- I. Government Ministries and Departments;
- II. Statutory Institutions;
- III. Academic Institutions;
- IV. Regulatory Authorities
- V. Civil Society;
- VI. Private Sector; and
- VII. Cooperating Partners

## 11.2 Legal Framework

The intersectoral nature of trade in the development process demands for sustainable synchrony, support and harmony among various national legislations and laws. In recognition of this fact, Government will work towards removing administrative barriers to business entry and operations in order to facilitate the effective contribution of trade to the national development process.

Additionally, in order to strengthen public sector agencies that support trade development, the DGFT in collaboration with partner agencies will identify laws and regulations which require updating and enactment to facilitate the successful implementation of the NTP. Furthermore, the NTP will maintain a harmonious relationship with the broader legal framework.

## 11.3 Implementation Timeframe

This Policy will be implemented over a 12 year period from 2019 to 2030 through an Implementation Plan. The implementation process will be aligned with other government initiatives and programmes including the GSDS and Horizon 2030.

## 11.4 Financing and Resource Mobilization

The successful implementation of the NTP will require adequate and sustainable human and financial resources. The Government of Belize is committed to funding the implementation of the NTP and will endeavour to secure additional resources from cooperating partners. A detailed resource mobilisation strategy will be developed to complement the Policy.

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# 12 | MONITORING AND EVALUATION

This Policy is accompanied by an Implementation Plan which will include an effective M & E mechanism. The DGFT will serve as the principal institution to coordinate and oversee the implementation of the NTP in collaboration with other stakeholders. The Policy will be subjected to a mid-term review after an initial 6 years, and a final review at the completion of the 12th year of implementation.

# Appendix I: LIST OF STAKEHOLDERS CONSULTED

## PUBLIC SECTOR INSTITUTIONS

1. Central Bank of Belize
2. BELTRAIDE
3. Belize Port Authority
4. Companies and Corporate Affairs Registry
5. Customs and Excise Department
6. Ministry of Finance
7. Public Private Sector Dialogue/ Economic Development Council, Office of the Prime Minister
8. Statistical Institute of Belize (SIB)
9. Belize Agricultural Health Authority (BAHA)
10. Investment Unit, Ministry of Investment, Trade and Commerce
11. Office of the Supervisor of Insurance and Private Pension
12. Ministry of Agriculture
13. Department of the Environment
14. Ministry of Foreign Affairs (MFA)
15. Belize Bureau of Standards (BBS)
16. Department of Labour
17. Belize Intellectual Property Office (BELIPO)

## PRIVATE SECTOR INSTITUTIONS

18. Representative of Private Sector in the Senate
19. Belize Chamber of Commerce and Industry
20. Belize Coalition of Service Providers
21. Belize Tourism Industry Association (BTIA)
22. Belize Agro-Productive Sector (BAS) Group
23. Belize Poultry Association (BPA)
24. Academia (Galen University, University of Belize)
25. Travellers Liquor
26. Sugar Industry
27. Citrus Industry
28. Cuello's Distillery Ltd.
29. Grace Kennedy (Bze)
30. Brothers Habet
31. Private Citizens
32. Caribbean Chicken
33. Imex, Inc. (Logistex Ltd)
34. 4Realty
35. Atlantic Bank
36. Calico Jack's Zipline and Resort
37. TKO Farms
38. Pragmatica Investments
39. Belize Tire Depot
40. Marie Sharp
41. TexBEL Farms

# Appendix II: BELIZE MACROECONOMIC INDICATORS

## Belize: Major Economic Indicators

	2009	2010	2011	2012	2013	2014	2015	2016 <sup>R</sup>	2017 <sup>P</sup>
<b>POPULATION AND EMPLOYMENT (At April)</b>									
Population (Thousands)	333.2	323.0	n.a.	338.9	347.8	356.9	366.3	375.9	385.8
Employed Labour Force (Thousands)	120.5	100.7	n.a.	126.7	131.4	134.6	138.1	146.9	150.1
Unemployment Rate (%)	13.1	23.3	n.a.	14.4	11.7	11.1	10.1	8.0	9.0
<b>INCOME</b>									
GDP at Current Market Prices (\$mn)	2,673.9	2,794.2	2,973.4	3,147.3	3,225.1	3,407.9	3,557.1	3,640.3	3,727.7
Per Capita GDP (\$, Current Market Prices)	8,025.0	8,651.6	8,937.3	9,285.9	9,272.4	9,547.4	9,710.9	9,684.0	9,663.1
Per Capita GDP (%)	-5.7	7.8	3.3	3.9	-0.1	3.0	1.7	-0.3	-0.2
Real GDP Growth (%)	0.8	3.3	2.1	3.7	0.7	4.0	3.8	-0.5	1.2
Sectoral Distribution of Constant 2000 GDP (%)									
Primary Activities	13.9	14.4	13.5	14.0	14.6	14.3	12.3	9.7	10.2
Secondary Activities	21.3	19.7	18.8	17.2	15.6	15.0	14.6	15.0	14.8
Services	59.8	60.4	60.3	60.3	60.0	59.9	62.0	66.2	67.0
<b>MONEY AND PRICES (\$mn)</b>									
Inflation (Annual average percentage change)	-1.1	0.9	1.7	1.3	0.5	1.2	-0.9	0.7	1.1
Currency and Demand deposits (M1)	713.3	707.9	839.3	1,102.9	1,121.9	1,313.9	1,528.4	1,471.9	1,565.9
Quasi-Money (Savings and Time deposits)	1,379.9	1,377.0	1,361.9	1,340.7	1,354.7	1,358.3	1,345.4	1,478.4	1,372.6
Annual Change of Money Supply (%)	6.4	-0.4	5.6	11.0	1.4	7.9	7.6	2.7	-0.4
Ratio of M2 to GDP (%)	78.3	74.6	74.0	77.6	76.8	78.4	80.8	81.0	78.8
<b>CREDIT (\$mn)</b>									
Domestic Bank's Loans and Advances	1,805.4	1,762.0	1,756.5	1,802.6	1,854.3	1,933.0	1,985.7	2,015.0	2,018.2
Public Sector	10.2	8.9	8.8	16.6	23.8	17.5	10.7	8.4	6.7
Private Sector	1,795.3	1,753.1	1,747.7	1,786.0	1,830.5	1,915.5	1,979.2	2,010.9	2,017.5
<b>INTEREST RATE (%)</b>									
Weighted Average Lending Rate	14.0	13.8	12.9	11.9	11.1	10.7	10.0	9.7	9.3
Weighted Average Deposit Rate	6.1	5.6	3.7	2.6	2.2	1.7	1.5	1.3	1.2
Weighted Average Interest Rate Spread	7.9	8.2	9.2	9.4	9.0	8.9	8.6	8.4	8.1
<b>CENTRAL GOVERNMENT FINANCES (\$mn)</b>									
Current Revenue	660.3	753.8	787.0	825.6	851.6	911.7	994.0	1,002.6	1,032.0
Current Expenditure	662.1	682.7	717.4	740.8	743.6	817.6	894.0	950.9	1,004.2
Current Account Surplus(+)/Deficit(-)	-1.8	71.0	69.6	84.8	108.0	94.1	100.0	51.6	27.7
Capital Expenditure	113.3	133.1	121.7	161.9	177.0	281.5	404.6	207.5	166.9
Overall Surplus(+)/Deficit(-)	-76.3	-46.3	-22.9	-25.1	-35.7	-98.7	-276.3	-119.1	-113.1
Ratio of Budget Deficit to GDP at Market Prices (%)	-2.9	-1.7	-0.8	-0.8	-1.1	-2.9	-7.8	-3.3	-3.0
Domestic Financing (Net) <sup>(1)</sup>	20.1	45.7	13.1	16.6	-148.0	-10.2	184.1	66.2	13.3
External Financing (Net)	63.1	7.1	17.8	15.5	183.9	104.1	100.2	47.1	90.0
<b>BALANCE OF PAYMENTS (US \$mn)</b>									
Merchandise Exports (FOB) <sup>(2)</sup>	383.6	478.2	603.7	621.6	608.1	589.2	537.9	442.8	457.5
Merchandise Imports (FOB)	620.5	653.0	774.6	818.1	888.6	938.7	961.3	875.1	845.9
Trade Balance	-236.9	-174.8	-170.9	-196.5	-280.5	-349.6	-423.4	-432.3	-388.3
Remittances (Inflows)	76.2	76.1	73.0	73.6	72.0	78.0	82.4	87.2	87.9
Tourism (inflows)	256.2	248.6	247.6	299.0	351.0	373.8	371.3	390.4	426.7
Services (Net)	182.6	174.9	169.1	221.6	253.0	285.6	277.1	293.1	340.8
Current Account Balance	-79.7	-46.5	-15.9	-19.3	-72.6	-127.8	-171.7	-151.6	-130.9
Capital and Financial Flows	135.5	32.8	42.6	84.3	174.0	218.6	100.9	86.4	68.4
Gross Change in Official International Reserves	47.3	4.3	18.1	55.4	113.6	81.8	-49.9	-60.3	-64.6
Gross Official International Reserves <sup>(3)</sup>	213.7	218.0	236.1	291.5	405.1	486.8	436.9	376.6	312.0
Monthly Import Coverage	3.7	3.7	3.3	3.9	5.0	5.7	5.0	4.5	4.0
<b>PUBLIC SECTOR DEBT</b>									
Disbursed Outstanding External Debt (US \$mn)	1,017.0	1,012.7	1,022.2	1,014.2	1,082.7	1,125.9	1,177.3	1,202.8	1,255.8
Ratio of Outstanding Debt to GDP at Market Prices (%)	76.1	72.5	68.8	64.4	67.1	66.1	66.2	66.1	67.4
External Debt Service Payments (US \$mn) <sup>(4)</sup>	81.2	76.6	81.4	79.0	61.9	76.3	125.0	83.9	85.1
<b>External Debt Service Ratio (%)<sup>(5)</sup></b>	14.3	11.7	10.5	9.4	7.2	8.7	15.3	11.4	10.7
Disbursed Outstanding Domestic Debt (\$mn)	320.2	367.8	381.2	389.9	386.0	376.1	494.4	747.8	1,026.5
Domestic Debt Service Payments (\$mn)	39.1	40.1	20.5	20.3	20.0	17.0	27.4	18.3	34.1

Sources: MOF, SIB and CBS

<sup>(1)</sup> Includes proceeds from the sale of BTL shares of \$47.5 mn (2010) that make up part of domestic sources. A total of \$135.3mn (2015), \$196.5mn (2016) and \$208.3 mn (2017) were of shares in the utility companies.

<sup>(2)</sup> Includes C&Z gross sales.



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