

BELIZE: ENDURING TRADE PARTNER HOLDS POTENTIAL

Canada and Belize, former colonies of Great Britain, share a commonality of heritage, culture and political institutions. This affinity helps account for the excellent, though small in monetary terms, trade relations the two countries enjoy. This relationship was enhanced with the implementation, in June 1986, of CARIBCAN, an agreement by which almost all of Belize's exports enter Canada duty-free.

Trade Relations

Canada is Belize's fourth-largest trading partner after Mexico, the United States and the Caribbean Community (CARICOM).

Two-way Canada-Belize trade between 1993-1995 grew by more than 100 per cent, largely due to an increase in Canadian imports which, in 1995, amounted to \$11.7 million and included raw cane sugar, molasses, citrus fruit (orange juice), meat, lobster, seafood and garments.

Canadian merchandise exports to Belize in 1995 totalled \$4.25 million and consisted primarily of telecommunications parts and equipment, petroleum oils, plastic articles, malt, paper and pharmaceutical products.

Fiscal Factors

Belize is grappling with economic problems brought on by the recent withdrawal of the British garrison, a sharp drop in central government capital expenditures, and the drop in the international price of sugar.

Since mid-1993, the government of Prime Minister Manuel Esquivel has been initiating tight fiscal policies to balance the country's finances.

Economic growth slowed in 1994 and 1995 as the Gross Domestic Product (GDP) increased at a rate of only 1.6 per cent and 1 per cent, respectively, in real terms. Gross National Product (GNP) per capita declined from US\$2,463 in 1993 to US\$1,700 in February 1996.

One fiscal measure of special interest to Canada has been Belize's reduction of import tariffs, a move that brings rates in line with the CARICOM Common External Tariff. This, combined with the continued support of the Government of Belize and the resources available through international financial institutions, creates a brighter climate for Canadian opportunities, including joint venture operations.

Opportunities

Most of these capital works opportunities are in telecommunications, energy, tourism, services, and infrastructure projects and are to be funded through international financial institutions (IFIs).

Major development projects, announced by Prime Minister Esquivel at the opening of the

National Assembly in September 1996 include: Power Line expansion (Belize Electricity Limited); Expansion of the Runway/Parking areas by the Belize Airport Authority; Re-construction of the Humming Bird Highway; and Provision of Fiber-Optic Cable, Belize City to Balmopan, by Belize Telecommunications Limited — all to be funded through such sources as the World Bank, the Inter-American Development Bank, and the Caribbean Development Bank.

The Belize Government also encourages investment and occupancy of the recently developed Free Trade Zones and Industrial Parks which offer a wide range of industrial/investment incentives and a window of opportunity to neighbouring markets in Central America with which Belize is striving to form stronger links.

Successes

One of the most recent developments involving a Canadian company is the optimistic announcement that Markham Electric International Limited, the wholly-owned subsidiary of Andaurex Industries Inc., is the lowest bidder on a \$5.2 million contract in Belize.

There is reason for optimism because, to date, Markham has been awarded 100 per cent of the contracts in which it has been announced as the lowest bidder.

The project involves the design, supply, construction and commissioning of six small electrical substations being financed by the Caribbean Development Bank.

Markham is also planning to bid on the contract, valued at \$1 million, to provide the communication system associated with these substations.

Other Canadian companies active in Belize include: Northern Telecom and Mitel (supplying equipment and services to Belize Telecommunications Limited); CI Power/Monenco, Harris Computers and Price Waterhouse (currently working on a major power transmission project whose overall cost is approximately US\$35.2 million).

The project is funded jointly by the World Bank, the Caribbean Development Bank, the European Investment Bank, BEL and BAN-COMEXT); the Bank of Nova Scotia.