BRINGING DOWN THE BARRIERS –
CHARTING A DYNAMIC EXPORT DEVELOPMENT AGENDA

World Export Development Forum
Montreux, Switzerland, 8-11 October 2007

Belize
Background Country Paper

BUILDING INSTITUTIONAL CAPACITIES:
FINDING THE RIGHT FOCUS –
GEARING UP FOR EXPORT SUCCESS
Belize is a small country with an open economy located on the Southern tip of Mexico’s Yucatan Peninsula, bordered by Guatemala to the West and South, and facing the Caribbean Sea. The country has an area of approximately 8,867 square miles (23,000 sq. kilometers) and a population estimated at 300,000. Partly in response to a tighter policy stance, economic growth slowed from 4½ percent in 2004 to 3½ percent in 2005, while inflation rose marginally to just over 4 percent, mainly reflecting higher fuel prices. The overall fiscal deficit fell sharply from 8.6 percent of GDP in FY04/05 to 3.3 percent of GDP in FY05/06. During the same period, the primary balance shifted from a small deficit to a surplus of 3 percent of GDP. Despite consistent, if declining, economic growth over the years, a GNI per capita of around US$3,940, and a seventy-seven (77) percent literacy rate, approximately 33.5% of the population lives below the poverty line, and 10.8% are below the indigent line. Trade is important to the overall economy and in 2004, exports and imports accounted for roughly 49 percent and 60 percent of GDP respectively reflecting a net structural deficit. The economy is based primarily on export agriculture and fisheries/aquaculture, with “sugar, banana, citrus products, and marine products comprised 78 percent of total exports of goods.” Tourism is also an important economic sector and there is some export manufacturing.

Despite growth in the economy and improvements in exports over recent years, two features of Belize’s export performance stand out: (i) the export basket remains limited to a few products mainly of agricultural origin (e.g. bananas, citrus and citrus juices, papayas, sugar, beans and black eye peas) and including some marine exports including fish, farmed shrimp, conch and lobster; and (ii) export trade takes place largely under and is defined by preferential market arrangements involving the EU (Cotonou Agreement), USA (C-BERA), and Canada (CARIBCAN). Moreover, export productivity of manufactured products is heavily dependent on imported supplies.

As Belize attempts to address its lack of export competitiveness, inefficient production patterns and high costs of doing business, it will be faced with new challenges, and opportunities, in the international economy. Such challenges range from issues of increasing prices in world oil supply, continued trends towards deeper and wider trade liberalization, transfer of policy autonomy towards regional and international bodies, and the realignment of major international markets highlighted by the emergence of China and India as trading powers. For these challenges to be addressed, Belize must improve its institutional capacities and linkages with the international economy as these would enhance the country’s ability to achieve its export vision of “sustained international competitiveness in the export performance of value-added and niche products and services, thereby contributing to the achievement of national development and poverty reduction.”

Capacities and Coordination of the Trade Support Network

The trade support network in Belize is very weak and fragmented across both private and public sectors. Currently the responsibility for trade is spread across four or five government ministries and/or departments including the Ministry of Agriculture and Fisheries, Ministry of Natural Resources and the Environment; Ministry of Finance; Ministry of Tourism; the Belize Tourism Board, and the National Institute for Culture and History (NICH). Similarly in the private sector the responsibility for trade and export related issues are dealt with separately by different private sector representative organizations and or sector associations with the result that there exists significant overlapping of ‘mandates’ and functions.

The Belize Trade and Investment Development Service (BELTRAIDE) is arguably the leading organization or institution in the area of export development and promotion. BELTRAIDE was enacted in 1997 as a statutory body to: provide broad policy guidelines on export and investment promotion; rationalize, streamline, and strengthen export and investment promotion services; provide a mechanism for implementing an export expansion programme for non-traditional exports; establish Belize as a reputable exporting country; perform the functions and duties of an official trade and

---

1 Article IV consultation, International Monetary Fund (IMF) Belize October 20, 2006,
2 Belize at a Glance, UNICEF, 2004
investment promotion organization in and for Belize; and supply Belizean industries with timely and reliable trade information on a continuous basis. While BELTRAIDE operates within the portfolio of the Ministry of National Development, Investment, and Culture, its Board of Directors features representatives from the private sector (including the Belize Business Bureau, Belize Chamber of Commerce and Industry, the Small Business Association, American Chamber of Commerce, Civil Society, and three other private sector business persons) The board of directors along with the management team has responsibility for Strategic Thinking, Public Affairs/Corporate Relations, Lobbying/Legal, and Fundraising.

An export promotion department has been established within BELTRAIDE and is now staffed by three persons. The institution has also taken on responsibility for the newly legislated Enterprise Development Organization (EDO) which legally is mandated with the task of enterprise development in Belize. Other ministries, agencies, and organizations however also do some work in the area of export development and promotion.

The Belize Marketing and Development Corporation (BMDC) formerly the Belize Marketing Board, is responsible for expanding the marketing of Belizean fresh and processed products. It was mandated by the Ministry of Agriculture to serve as export facilitator for certain commodities, including hot peppers, in order to increase foreign exchange earnings and grow the economy. More importantly is that in the areas of export marketing, BMDC has access to its sister agencies such as the VIFINEX project under the OIRSA program, the Hot Pepper Producers Association and the Agriculture Extension Service.

The Customs and Excise Department and the Belize Agricultural Health Organization play strong supportive roles in the trade network and are in fact key elements in the equation. The Customs and Excise Department has consistently built capacity in the area of trade facilitation and have institutionalized training of their officers as they graduate up the ranks of the Department. In the case of the Belize Agricultural Health Authority (BAHA) capacity has been built in a number of areas including animal and plant health matters, food safety testing and certification, and sanitary and phyto-sanitary issues. BAHA has a dedicated cadre of officers in the field and the organization recently completed an IDB funded project which helped to build capacity in the core areas of BAHA including the development of laboratories.

The Ministry of Trade has a Trade Policy Unit staffed by qualified economists and the TPU has slowly built its trade negotiating capacity over the years. In addition the Director of Trade is also the head of the National Trade Negotiating Committee (NTNC) which is comprised of a mixture of private and public sector representatives each bringing their respective strengths and capacities to the table. The TPU however needs to build greater analytical capacity in particular if it is to successfully shift its focus to negotiation increased market access for Belize’s export products and services.

The Commodities Secretariat has now been ‘reestablished’ within the private sector and is headed by a person with over twelve years experience in the area of the three main commodities (e.g. sugar, citrus, and bananas). The Commodities Secretariat has consistently participated in the EU-ACP negotiations and hence has built significant institutional capacity in this regard. The challenge for the Secretariat for the future however lies with it being able to negotiate market access and arrangements for value added products, outside of the traditional EU-ACP trade arrangements. The Belize Chamber of Commerce and Industry has established trade as one of its areas of strategic priorities and interests and the BCCI will be increasing its resource allocation to this portfolio to enhance and build its institutional capacity for handling trade and related matters.

Current Government Policy/Strategy in Support of Export Development

Government policy in support of pro-poor export development is for the most part indirect. While it is understood by GoB that there is a need to achieve export diversification and increase competitiveness of exports, poverty elimination strategies do not adequately position export performance as the basis for doing so. Notwithstanding, the current government stance in support of pro-poor export development for Belize may be gleaned from a number of sources.
The primary source of policy and strategy support for export promotion is the Government of Belize’s Medium Term Economic Strategy Plan (MTES) 2003-2005. The MTES 2003-2005 recognizes the various constraints and challenges facing Belize in the area of export performance including: identification and access to markets, access to technology for improving productive capacities; and shipping and transportation amongst other things.

The MTES 2003-2005 also speaks to the need for “accelerating the diversification of export-oriented agriculture;” “promoting agro-processing value adding; actively promoting market and trade expansion...especially in Central America and the Caribbean;” and for “…increasing the competitiveness of the agriculture and fisheries sectors.” Two export performance related objectives are explicitly articulated in the MTES: greater penetration of the CARICOM and Central American Markets; and enhanced exposure to Asian markets. More importantly however is that the MTES 2003-2005 recognizes that the existing "strategies for promotion of exports and investments are not sufficiently clear" and consequently GoB has committed to investing in projects that benefit the poor in the long run. In sum, pro-poor government policy and strategy, though not necessarily export oriented, are an integral part of the MTES 2003-2005 and will likely be a part of the successor MTES.

A second and important source of policy and strategy support is the National Poverty Elimination Strategy and Action Plan 2005-2010. There exists general support for a new poverty strategy at the level of the government ministries however it is recognized that there will be challenges in the form of “identifying new approaches, new funding sources, and redirecting current spending.” The previous NPESAP had included a framework for implementation and articulated three approaches (alleviation, reduction, and Medium Term Economic Strategy 2003-2005) which remain relevant for Belize.

The thematic areas of that plan identified for ‘investment’ were also important in this respect, in particular (a) economic growth for the sustenance of employment and livelihoods (this places economic activity at the heart of addressing rural poverty); (b) investment in human capital through education and training (this is important in terms of building capacities and competencies in the different economic sectors – for instance skill retooling for one of the prioritized sectors); and (c) protection and conservation of the environment (as the natural resource ‘sink’ for most economic sectors for Belize including tourism).

The new Plan identifies the shortcomings of its predecessor and calls for investment and action including land security, micro-enterprise credit, and business training for youth. Specifically, for land security the objective is to issue 15,000 leases or titles by 2010. For micro-enterprise credit the objective is to significantly increase lending activity over the next several years through making BZ$2 million available annually to expand revolving funds for on-lending. For business training for youth the identified vehicle for specialized skills training is the BZ$42.3 million Technical and Vocational Education and Training Project (TVET). Although the linkages to export development are not readily evident the NPESAP is a pro-poor one and contains numerous overlapping areas which would allow for easy integration with the NES.

A third source for export development in Belize is the National Tourism Policy. The vision for tourism is to develop a vibrant and progressive tourism industry through a responsible approach which embraces a strong "eco-ethic" and effective destination management that seeks to improve the quality of life for all Belizeans. Critical factors to realizing the vision for tourism includes, amongst other things:

---


• Government’s commitment through the declaration of and positioning of tourism as a national priority sector in its national development agenda;
• Effective Public/Private sector partnership for the development of policies and strategies;
• Private sector commitment to establishing export ready products;
• Access to investment capital;
• Creating a balance between all sectors of the industry.

A fourth source of support for the strategy and policy may be found at the level of the Prime Minister and Minister of Finance – the 2005-2006 FY Budget Speech proposed to give priority to education and poverty elimination, amongst other things; and at the level of the Ministers for National Development, and for Foreign Affairs and Foreign Trade. The Minister of National Development has embraced the NES and has presented the Response Paper to Cabinet. He has also publicly spoken to its support including at the 2006-2007 Action Plan launch for BELTRAIDE, at an Investment Forum held in September 2006 as part of the Belize September Celebrations. The Minister of Foreign Affairs and Foreign Trade has also signaled recognition for the need for Belize to re-assess its strategies for international trade negotiations. In delivering the opening speech as the 2006 EXPO (a commerce and trade show sponsored by the BCCI), the Minister stated that it was imperative that Belize review its forward development needs and requirements and adjust its negotiating posture accordingly to reflect the new realities and objectives. In other words, the Minister hinted to the need to shift from a purely defensive trade negotiating posture towards a more offensive minded posture which aimed at creating market access opportunities for new economic sectors.

Current Capacity Building in BELTRAIDE

BELTRAIDE’s mission statement that the organization “exists to promote economic development through investment promotion, entrepreneurial development, marketing, and policy recommendations”, is reflected in the strategic plan our dynamic team has developed for the next 5 years. It encompasses 3 strategic areas: Investment Promotion, Entrepreneurial Development, and Marketing; which are performed across 5 operational functions, namely Capacity Building, Information Dissemination, Promotion, Business Facilitation, and One-stop-shop. Our operations are executed through 3 departments - SME Capacity Building, Information & Promotion, and Business Facilitation & One Stop Shop. This organizational structure was the result of an IICA consultation to strengthen BELTRAIDE’s institutional capacity.

In preparation for the new activities we have programmed to commence in the 2007/2008 Action Plan, many of our staff have been undergoing training in implementing clustering programs, facilitating networks, and SME development, to name a few. BELTRAIDE has diligently been working on the development of our infrastructure in the form of the:

**IDB funded project on Capacity Building for Trade and Investment Promotion (TC-01-07-01-05).**

The objective of this program is to create incentives and opportunities to increase the level of Belizean exports, and inflow of direct foreign equity investment into Belize. The project was divided into three inter-related components:

• Implementation of an Export Promotion Plan that sought to contribute to the increase in Belizean exports by stimulating foreign market awareness;
• Implementation of an Investment Attraction Plan to expand awareness of Belize as a potential FDI destination by focusing on selected priority industry sectors and high value-added services;
• Institutional Capacity Building, which is to increases the efficiency and effectiveness of the services delivered by BELTRAIDE.

**National Export Strategy for Belize**
The development of the export strategy has been a public-private initiative and is expected to move Belize away from a factor-driven level of competitiveness where exports currently compete based on factor endowments, labour, and natural resources. By addressing issues of capacity and productivity deficits, as well as the relative high cost of doing business it is expected that Belize can achieve its broader development issues, such as employment generation, poverty alleviation, and environmental sustainability. Numerous Core Team meetings and symposiums have been held to move the strategy process forward. The National Export Strategy is to be completed in the first quarter of 2007.

Pan Caribbean SME ICT Competitiveness Development Program

The objective of this project is to create a ‘National Policy for the Development of SMEs’ by providing an effective development strategy for MSMEs in Belize. It is expected that such a policy will create a climate that is conducive to the enhancement of micro, small, and medium enterprises. Ultimately, the issue of competitiveness will have been addressed from a micro economic perspective to achieve the country’s macro economic development objectives. Consultations with public and private sector were held country wide in November of 2006 to assist in the crafting of the strategy.

MSME Database development

The objective is to create a database of existing MSME’s to supplement the network brokerage/clustering of Belize’s MSMEs. Initially the database will apply on a national level, and soon thereafter feed into the wider Caribbean market with the aim of opening greater business opportunities regionally.

The National Export Strategy, National Policy for SMEs, and the MSME Database are scheduled to be completed, staff training included, by the last quarter of 2007. We are now poised for the implementation of our Strategic Plan (2007-2012).

Priority Areas for Capacity Building

A ‘pro-poor growth’ approach to national development is being promoted, in other words, it seeks to embed export promotion as a key instrument of Belize’s competitiveness and international relations, but within the context of the country’s medium to long term strategic national development objectives. This will allow for two things: (i) attraction of investments into dynamic high growth potential niche markets while building capacity in the sectors with export performance development potential; and (ii) Belize will be able to aggressively pursue development of export markets for its niches products and services, to identify its key strategic partner countries in development and trade, and to leverage trade and export promotion as instruments of national development, environmental sustainability, and pro-poor growth.

The areas of priorities for capacity building are listed below and as such Belize is seeking any assistance that can be given.

- Sustained investments in human capital at all levels (particularly tertiary-level scientific, information technology, marketing, and engineering education) and increased enterprise training including specialized technical assistance for industry associations.
- Provision of legislative and comprehensive technology support for quality and standards management, and metrology and technical support services for MSMEs.
- Transfer of technology/ research & development for promoting the export potential of enterprises in particular MSMEs.
- Develop framework and mechanisms for addressing competency deficits (e.g. University of Belize, Galen University for management and marketing; TVET for technical skills; and for trade policy through the WTO, CARICOM, and ACP).
- Rationalize and strengthen the export help-desk to assist local exporters and entrepreneurs.
- Develop and improve competencies in product development and innovation, and export management and marketing –including niche marketing.
• Develop general business management competency through developing a framework for increased cooperation between private sector and the tertiary level education institutions (UB, Galen, St. John's College, UWI School of Continuing Studies).
• Strengthen the Bureau of Standards – provide more staffing, funding, and establish proper facilities with relevant equipment.
• Provide technical support and capacity building programs for export packaging design and labeling.