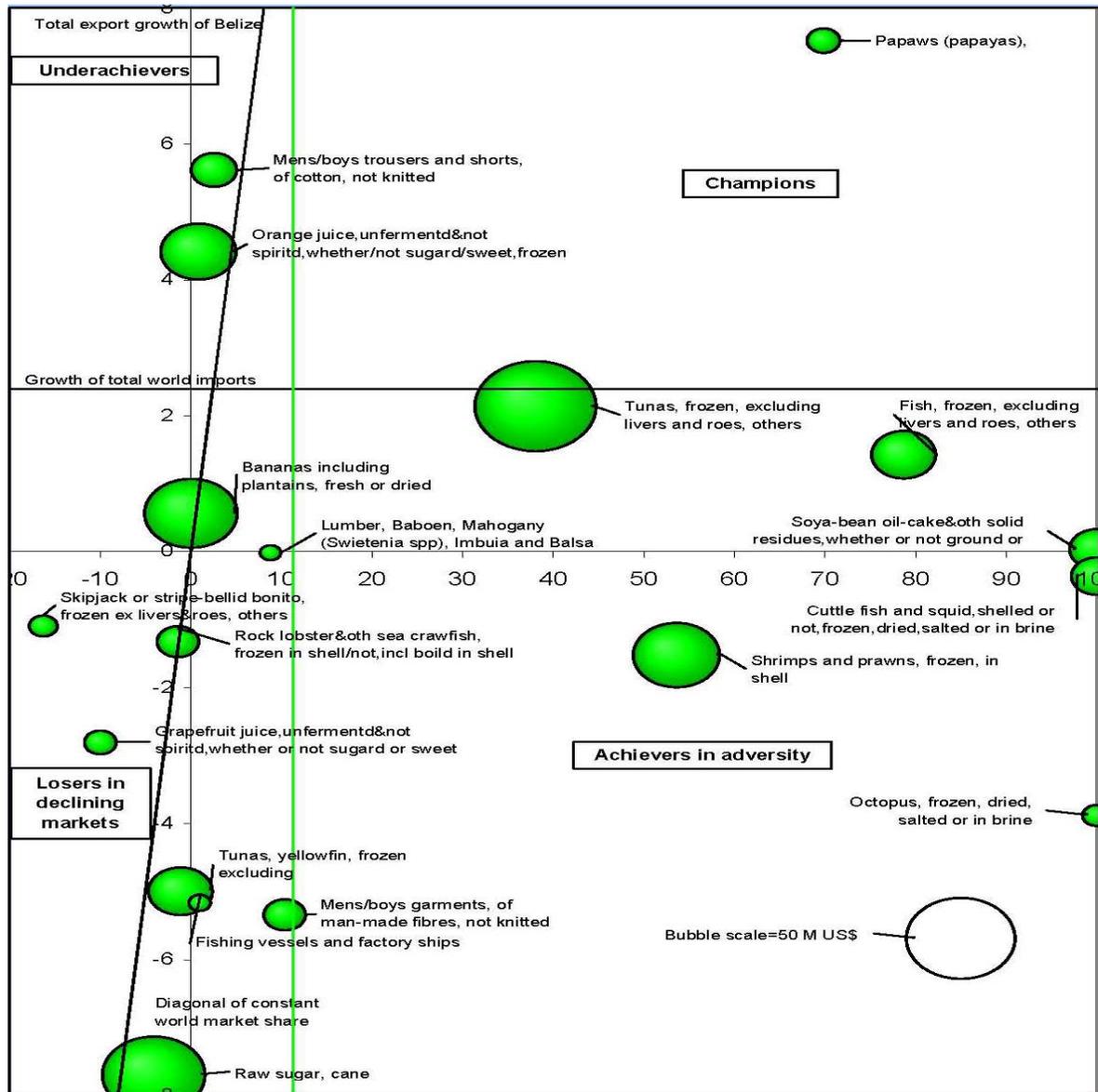


NATIONAL EXPORT STRATEGY

BELIZE

2007-2010



Prepared By
The NES BELIZE DESIGN CORE TEAM & BELTRAIDE
 with the support of the International Trade Centre in Geneva, and the
 Commonwealth Secretariat London

November, 2006

Cover Page

Cover photo courtesy of the International Trade Centre (ITC).

The bubble chart on the cover page is adopted from the ITC and provides a representation of the performance of Belize's leading export product groups. The chart shows the export value of the product group under review (size of the bubbles), and it compares national increase in world market share (horizontal axis) to the growth of international demand (vertical axis). The chart also indicates the average nominal growth of world imports over the same period, which was around 4% p.a. (horizontal reference line). Moreover, the vertical line (i.e. the line of constant world market share) divides the chart into two parts: exports of product groups to the right of this line of the country under review have grown faster than world imports and thereby increased their share in the world market. Conversely, product groups to the left of the vertical line have seen a decrease in their world market share. The vertical and the horizontal reference lines are of particular interest from a trade development perspective, since they divide the chart into four quadrants with different characteristics. For ease of reference, each of these quadrants has been given a name.

Copyright © BELTRAIDE 2006. This Strategy has been designed and developed by the NES Belize Design Core Team with support from the International Trade Centre, Geneva and the Commonwealth Secretariat in London. The Belize Trade and Investment Development Services (BELTRAIDE) served as the Secretariat during the process and provided logistical support and leadership.

Acronyms

ACP	African, Caribbean and Pacific
BAHA	Belize Agricultural Health Authority
BAPSG	Belize Agro Processing Group
BBB	Belize Business Bureau
BELTRAIDE	Belize Trade and Investment Promotion Agency
BCCI	Belize Chamber of Commerce and Industry
BLPA	Belize Livestock and Producers Association
BMDC	Belize Marketing and Development Corporation
BTB	Belize Tourist Board
CARDI	Caribbean Agriculture Research and Development Institute
CARICOM	Caribbean Community
C-BERA	Caribbean Basin Economic Recovery Act
CDB	Caribbean Development Bank
CORECA	Consejo Regional de Cooperación Agrícola
CSME	CARICOM Single Market and Economy
CSO	Central Statistical Office
DDR	Doha Development Round
DFC	Development Finance Corporation
EDO	Enterprise Development Organization
EGS	Environmental Goods and Services
EIB	European Investment Bank
EPA	Economic Partnership Agreement
EPP	Export Promotion Plan
EU	European Union
FAO	Agricultural Organization
FDI	Foreign Direct Investment
FY	Fiscal Year
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GEF	Global Environmental Fund
HACCP	Hazard Analysis and Critical Control Point
IAP	Investment Attraction Plan
IBRD	International Bank for Reconstruction and Development
IARC	International Agriculture Research Council
ICT	Information and Communications Technology
IDB	Inter (American) Development Bank
IICA	Inter American Institute for Cooperation on Agriculture
ISO	International Standards Organization
ITC	International Trade Center
LDC	Least Developed Country
MDG	Millenium Development Goals
MoA	Ministry of Agriculture
MSME	Micro, Small and Medium Enterprises
MTES	Medium Term Economic Strategy (Belize)

NDFB	National Development Finance Bank
NEC	National Export Council
NES	National Export Strategy
NICH	National Institute for Culture and History
NPESAP	National Poverty Elimination Strategy and Action Plan
NTNC	National Trade Negotiating Commission
OAS	Organization of American States
OIRSA	Organismo Internacional Regional De Sanidad Agropecuaria
PAHO	Pan American Health Organization
RUTA	Unidad Regional de Asistencia Técnica
S&D	Special and Differential
SICA	Sistema Integracion de Centro America
SWOT	Strengths, Weaknesses, Opportunities and Threats
TPO	Trade Promotion Organization
TPU	Trade Policy Unit
TVET	Technical, Vocational and Employment Training Centers
UB	University of Belize
UN	United Nations
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
US/USA	United States/ of America
UWI	University of the West Indies
VIFINEX	Vigilancia Fitosanitaria en Cultivos de Exportación No Tradicional
WAIPA	World Association of Investment Promotion Agencies
WEF	World Economic Forum
WTO	World Trade Organization

Table of Contents

PART 1: INTRODUCTION & RATIONALE.....	11
1. Overview.....	11
2. Sources of Vulnerabilities & Challenges to be Addressed	13
PART 2: THE STRATEGY DESIGN PROCESS & PARADIGMS.....	16
1. The Scope of the Strategy	16
2. Trade Support Network.....	19
3. Public-Private Sector Partnership	22
4. The Value Chain and Value Options	23
5. Stakeholder Perspectives and Strategic Considerations	26
6. The Management Matrix and Strategy Monitoring	27
PART 3: WHERE ARE WE NOW? – AN ASSESSMENT	29
1. Export Performance (National & Sectoral).....	29
2. Assessment of the National Competitiveness and Constraints	31
3. Current Government Policy/Strategy in Support of Export Development	34
4. Budgets and Resources	36
5. Capacities and Coordination of the Trade Support Network.....	37
6. Recapitulation: The National Export SWOT Analysis.....	40
PART 4: WHERE DO WE WANT TO GO?	41
1. Where Do We Want to Be? – The VISION.....	41
2. Selection of Priority Sectors	41
PART 5: THE WAY FORWARD – THE EXPORT DEVELOPMENT STRATEGY ..	44
1. The Future Orientation and Overall Focus	44
2. Prioritization of Strategic Considerations.....	45
a. The Development Perspective	45
b. The Competitive Perspective	45
c. The Client Perspective	47
d. The Institutional Perspective.....	51
PART 6: STRATEGY MANAGEMENT	54
PART 7: RESOURCES MOBILIZATION	56
1. Priorities.....	56
2. The Approach and Focus	57

Annex I: The Detailed Plan of Action

Annex II: The Management Matrix

Annex III: Synthesis of Sector-Level Strategies

Annex IV: The Strategy Design Team

Annex V: Model Enactment for Setting-up a National Export Council

EXECUTIVE SUMMARY

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 peas) and including some marine exports including aquarium 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 its lack 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. Nonetheless, these challenges must be addressed and doing so necessarily requires that Belize improve its linkages with the international economy as these linkages 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.”

A National Export Strategy has been designed with this objective in mind. The Strategy attempts to migrate Belize away from a factor driven level of competitiveness where the country's exports compete based on their factor endowments, unskilled labour, and natural resources, by addressing issues of capacity and productivity deficits and gaps, the real and relative high cost of doing business but within the context of addressing broader development issues such as employment generation, poverty alleviation, and environmental sustainability. In other words, the Strategy adopts a pro-poor growth approach towards building export competitiveness.

The Strategy aims to achieve this by establishing 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 and imperatives. 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 and to better identify its key strategic partner countries in development and trade by leveraging trade and export promotion as instruments of national development, environmental sustainability, and pro-poor growth. This should lead to real poverty reduction, and Belize would, as a consequence of all of the above, be better positioned to achieve its Millennium Development Goals (MDGs) objectives and obligations.

Overall the aim of the Strategy is to achieve, over a period of five years (i.e. 2007-2012), an acceptable level of sustained export competitiveness in the five prioritized sectors through an orientation around six pillars or thrusts:

- a. *Diversifying the export base* by building non-traditional, value added export capacity in existing and new export sectors including niche areas;
- b. *Fostering a stable business environment while increasing efficiencies in industrial productivity* through (i) reducing shipping and logistics costs and hurdles, (ii) reducing the overall cost of doing business, realizing improvements in management and production systems, (iii) reducing structural and systemic obstacles to exporting; and (iv) leveraging investments and technology to give firms access to critical information and products; and (v) developing supply chain infrastructure and capacities;
- c. *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;
- d. Provision of legislative and comprehensive technology *support for quality and standards management*, and metrology and technical support services for MSMEs;
- e. *Improved access to and cost and management of capital* including for industrial development and export credit and financing;
- f. *Transfer of technology/ research & development* for promoting the export potential of enterprises in particular MSMEs.

This envisions focusing on two value options at this time, specifically on *adding value* by developing new product lines and or extending the national

component of the value chain and on *acquiring value* by improving efficiencies within the national component of the value chain. However there remains scope for other value options (*i.e. retaining greater value, creating value, and distributing value*) to be pursued at the same time in order to enhance the possible final value position for current and potential new exports.

The Strategy puts forward a number of strategic considerations for achieving the above including but not limited to:

- ❖ Integrating the Strategy within the broader Medium Term Economic Strategy (MTES) and the National Poverty Elimination Strategy & Action Plan;
- ❖ Diversify export offering by establishing export ‘incubator’ programs for non-traditional value added products and services;
- ❖ Improving transportation infrastructure and port efficiencies locally and establishing better and more competitive access to export shipping;
- ❖ Reinforce the ‘*Belize - The Natural Niche*’ national brand campaign and the *Belize Foods –Celebrating Quality* campaign through continued promotions in local and international trade shows, and special promotional sessions with potential and export ready sectors and associations, and the Belizean Diaspora;
- ❖ Developing and improving competencies in product development and innovation, and export management and marketing, including niche marketing;
- ❖ Expanding and improving the trade data system for enhanced gathering, analysis, and sharing;
- ❖ Strengthening the Bureau of Standards by providing more financial, human, and technical resources to the organization and by developing a medium to long term strategy for its development; and by
- ❖ Creating and enacting a National Export Council (NEC) to provide leadership and coordination for the implementation of the Strategy.

The NEC is seen as necessary for ensure that the Strategy achieves the level of cooperation and efficient distribution and employment of resources, required to be successful. The NEC would be comprised of representatives

from the ESSN and SDN, maintain the two-tier stratification articulated in the ITC's proto-type framework, and support the mandate of existing bodies such as the National Economic Council and the National Trade Negotiating Commission. In application, the NEC would serve as a virtual national export management organization (with BELTRAIDE acting as its secretariat) that is responsible for export related policy development and implementation, and which provides formal structures and mechanisms for decision making, technical assistance, and pooling and redistribution of financial and technical resources between and among the two tiers in the framework. In doing so, it would allow for the seemingly divergent macro and micro level aims, objectives, and activities contained in different policy and strategic plans (i.e. the MTES, Tourism Master Plan, NPESAP, etc.) to be reframed to achieve their respective aims and objectives of the NES and still fulfil those aims and objectives of the other policies and strategic plans. This approach would allow for effective division of mandates and functional areas of responsibilities between and among the relevant stakeholders, will enable more efficient allocation of financial, human, and technical resources, and reduce or eliminate wastage by reducing the areas of potential duplication and overlapping.

Finally, financial, human, and technical resource mobilization under the Strategy would be dictated in general by the strategic considerations set out in the Strategy but with a view to supporting the six pillars or thrust, specifically:

- Public sector investment in infrastructure to allow for reductions in the costs of transportation and doing business;
- Public sector investment in tertiary level education (including the universities and the TVET program) and certification programs to allow for competency and skill development of a general and of a specific manner;
- Increase the financial, technical, and human resources of the Bureau of Standards and the Central Statistical Office to facilitate the expanded scope of responsibility that shall derive from and is critical for enhanced export performance development;
- Increase the financial, technical, and human resources of BELTRAIDE to ensure that it has the legal mandate and is positioned to provide sustained leadership for implementation of the NES;

- Commit resources for the creation of an Export/Import Bank in Belize or like facility (i.e. successor institution to the DFC), or make the necessary legislative amendments to allow for establishing an ‘export finance window’ thru commercial banks and Credit Unions accessing a percentage of their reserve requirements deposits for export credit and financing;
- Commit resources for developing trade and export promotion capacity within the Ministry of Foreign Affairs and Foreign Trade and establish commercial attaches in Belize’s embassies and missions abroad.

PART 1: INTRODUCTION & RATIONALE

1. Overview

Belize is a small open economy located on the Southern tip of the thumb 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 of roughly 300,000. Real GDP growth in 2005 stood at 3.1 percent down from 4.6 percent in 2004 and a robust 9.2 percent in 2003, buoyed by growth in tourism in particular in the cruise arrivals, sugar, bananas, shrimp and citrus "even in the face of sharply lower international prices in some sectors."¹ The overall fiscal deficit grew from 8¾ percent of GDP in FY04/05 up by ½ percentage point over FY 03/04, and the overall external debt stands at around US\$1.2 billion. Nonetheless, growth is only expected to slow to about 2¾ percent for 2006. Despite consistent, if declining, economic growth over the years, a GNI per capita of around US\$3,940², 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."³ Trade is important to the overall economy and in 2004, exports and imports accounted for roughly 49 percent and 60 percent of GDP respectively⁴ 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."⁵ Tourism is also an important economic sector and there is some export manufacturing. Belize has

Trade & Export Performance

Historically, the Belizean economy has been predicated on the export of primary products. In the pre-Independence period exports consisted of forestry products in the form of first logwood and then mahogany. By the 1970s the economy had shifted from forestry to agriculture, and sugar emerged as the key export commodity followed shortly after by citrus and bananas. These comprised the major commodity exports, and were either traded into preferential markets in the European Union, USA, and Canada. Over the past twenty-five years Belize's export portfolio expanded to include fisheries, and some manufacturing and tourism. More recently exports have included agro-process value added products (i.e. hot peppers) and with the discovery of oil in commercial quantities, there has been some export of that commodity as well.

¹ IMF Article IV Consultation – Belize, 2005, page 6.

² Belize-at-a-Glance, UNICEF, 2004

³ 2002 Poverty Assessment Report, June 2004. This is relatively high compared to Jamaica where in 2001 the rate was 16.8% below the poverty line.

⁴ IMF Country Report No. 05/353 September 2005, page 7.

⁵ Ibid, page 7.

Table 1: Major Domestic Exports

(BZ\$ million)

		2000	2001	2002	2003	2004	2005 (April)
Marine Products	value	70.44	66.42	70.36	110.16	106.72	6.71
Sugar	value	74.39	59.37	65.98	73.75	81.53	2.82
Orange Concentrate	Value	95.25	68.85	53.49	66.24	55.49	21.01
Grapefruit Concentrate	value	13.41	15.70	13.95	12.52	23.82	0.30
Bananas	value	65.82	42.80	33.50	52.58	52.99	4.55
Garments	value	39.58	31.01	30.44	30.91	37.10	2.88
Papayas	value	11.45	10.26	15.51	16.75	22.82	2.58
Other:	value						4.08
Total		420.78	325.45	316.67	381.41	410.13	449.4

(Source: CSO, Belize)

Belize's main export portfolio has not diversified significantly, and its main export industries lack international competitiveness. Perhaps this is because as a small economy it finds it difficult to support more than a few key industries as "government policies to encourage diversification causes [limited] resources to be channeled away from sectors that enjoy a comparative advantage."⁶ Nonetheless, economic diversification has long been a 'mantra' of Belize for ensuring continued growth in an increasingly competitive environment and for greater economic efficiency. Where diversification was realized however, it was horizontal in nature (i.e. it involved carving out new sectors of economic activity) and heavily concentrated in the agro-industry sector. This resulted in some overall growth and of the national economy, but meant that diversification initiatives invariably led to trade of new primary products also traded into preferential markets.

Between 1997 and 2003, according the World Trade Organization Trade Policy Review of Belize, Belize grew at an average rate of 7.2%.⁷ While the growth was due mostly to export increases, it was also the result of expansionary fiscal policies which has led to the need for 'home grown' structural adjustments including fiscal tightening. That the growth of the economy was due to export increases suggest that trade is an important part

⁶ Berezin, Peter, Ali Salehizadeh, and Elicor Santana, "The Challenge of Diversification in the Caribbean," IMF Working Paper WP/02/196, November 2002, page 5.

⁷ WTO Trade Policy Review of Belize, page 1.

of the national economy. When the economy is examined from the point of its productive capacity however, it is readily evident that export productivity of manufactured products is heavily dependent on import supplies, while that of the agricultural products on trade in primary agricultural commodities (which to some extent is also dependent on import supplies in the form of farming equipment and machinery, fertilizers, and animal feed to name a few). Belize's linkage with the international economy then may be characterized the extent of its dependency on import supplies for manufacturing and preferential markets for its key exports.

In short, Belize's economy is characterized by the following:

- *a narrow export base, in this case traditionally consisting mainly of primary agricultural products (sugar, citrus, bananas);*
- *heavy reliance on preferential market access for its agricultural exports;*
- *heavy dependence on trade taxes as a source of public revenues;*
- *heavy dependence on imports to sustain local production;*
- *heavy dependence on oil and petroleum imports to sustain its energy needs;* and
- *relative and real high domestic and shipping transportation, utilities (including electricity, telecommunications, and water), and business operating costs.*

2. Sources of Vulnerabilities & Challenges to be Addressed⁸

Belize's status as a small developing economy and the structure of its economy (i.e. heavy dependence on trade and limited export basket) renders it highly vulnerable. According to the IMF, these vulnerabilities "have been exacerbated in recent years as a result of policy missteps, which have led to high levels of debt and debt service."⁹ There are a number of other factors which impact on the country's vulnerability however including:

- a. *Exposure to natural disasters:* Belize like other Caribbean countries is subject to hurricane-related economic shocks. In recent years the occurrence of four major storms between 1998 and 2002 have resulted in significant losses in the banana and tourism industries requiring more than BZ\$50 million (US\$25 million) or about 2 ½ percent of GDP, in emergency reconstruction.¹⁰
- b. *Oil prices:* according to the IMF Belize is "considered to be among the more vulnerable countries to oil price shocks."¹¹ This results from fuel

⁸ Adapted from the Conference Summary on The Top Ten Financial Risks to the Global Economy

⁹ IMF Country Report, *op cit*, page 3.

¹⁰ *Ibid*, page 3

¹¹ *Ibid*, page 4

imports equivalent to some 7 percent of GDP in 2004 and a continued heavy dependence on imported fuel for energy, despite the discovery of oil in Belize. This is because the country lacks a refinery, pipelines, or other basic petroleum infrastructure. In short, Belize is expected to suffer net income loss as a result of the higher oil prices earlier in the year and because non-oil commodity prices (i.e. increased global supply and liberalization of EU sugar prices are expected to soften export earnings for Caribbean countries¹²) are not expected to increase in the foreseeable future the extent of such losses remain undetermined.

- c. *Loss of preferential market access in Europe for the main commodity exports.* Belize remains heavily dependent on trade in sugar and bananas into preferential markets in the EU and therefore the expected loss of preferences will result in significant loss of export revenues and “will exacerbate the structural inefficiencies in the industries”¹³ In addition, the adjustment costs to government will be significant and will further constrain public financial resources.
- d. *Regional Trading arrangements.* Belize’s preferential access to the USA under the Caribbean Basin Initiative (CBI) could also be eroded by the establishment of free trade agreements between the USA and other regions (i.e. CAFTA) or countries, as they would have larger access to the US market. To exacerbate matters, any policy response by Belize is effectively constrained by its membership in CARICOM and the fact that its external trade policy is determined and negotiated at that level.
- e. *Realignment of major markets and emergence of China.* In 2005 developing countries made accounted for well over half the increase in global output, led by the economies of China and India. One direct impact of the emergence of the Chinese economy on the Belizean economy is as it relates to sharp fall in international prices of farmed shrimp due to low-cost supply. As China continues to register significant increases in capacity and skill in production and trade accompanied by an equally large appetite for productive inputs to supply their surging productivity the long term effects is of a significantly more competitive China possibly in the areas in which Belize is attempting to build export competitiveness. The short term negative effects will be to make productive inputs more expensive as global supply slips behind demand.
- f. *Increasing Trends towards Trade Liberalization.* Continued global trade liberalization poses two potential challenges for Belize. On one hand, the failure of the WTO’s Doha Development Round trade talks

¹² Regional Economic Prospects, Global Economic Prospects 2006, page 33.

¹³ Ibid, page 4

Could result in the failure of the DDR to deliver on its development dimension and to result in the types and levels of Special & Differential Treatment (S&D) which could enable Belize to effectively integrate into the international economy. Rodrik¹⁴ offers that if the focus is on asymmetries in market access as opposed to changes which enshrine development at the top of the WTO agenda then Belize, as do other developing countries, could be short-changing itself. On the other hand, the changing nature of the EU-ACP trade agreements (the EU and ACP are now involved in negotiations for Economic Partnership Agreements (EPAs)) reflect a transition away from unilateral preferences and towards full reciprocity. While the EPA presents opportunities for economic diversification for Belize, lack of a clear cut national strategy for dealing with the EPAs and the issue of reciprocity could leave Belize in a position of having to compete with low value-added exports with other ACP countries.

- g. *Shifting Geopolitical Relations in the Western Hemisphere.* Belize's geographic location and its eco-political orientation, render it vulnerable to US-Latin American geopolitical conflicts. Such conflicts need not be manifested in a state of 'war' but instead could take the form of tensions between the USA and other countries. Where Belize has strong diplomatic and political and other ties to such countries then it is possible that it will suffer collateral damage or could be 'forced' to change its foreign policy stance. For instance, Belize for obvious reasons supports the candidacy of Venezuela to the UN Security Council over Guatemala. However Belize could suffer 'collaterally' from the deterioration of relations and rise in tensions between Venezuela and the USA.

¹⁴ Rodrik, Dani, "Doha, Trade Liberalization, and All that: *Where do the Big Risks Lie?*" Harvard University, September 2005.

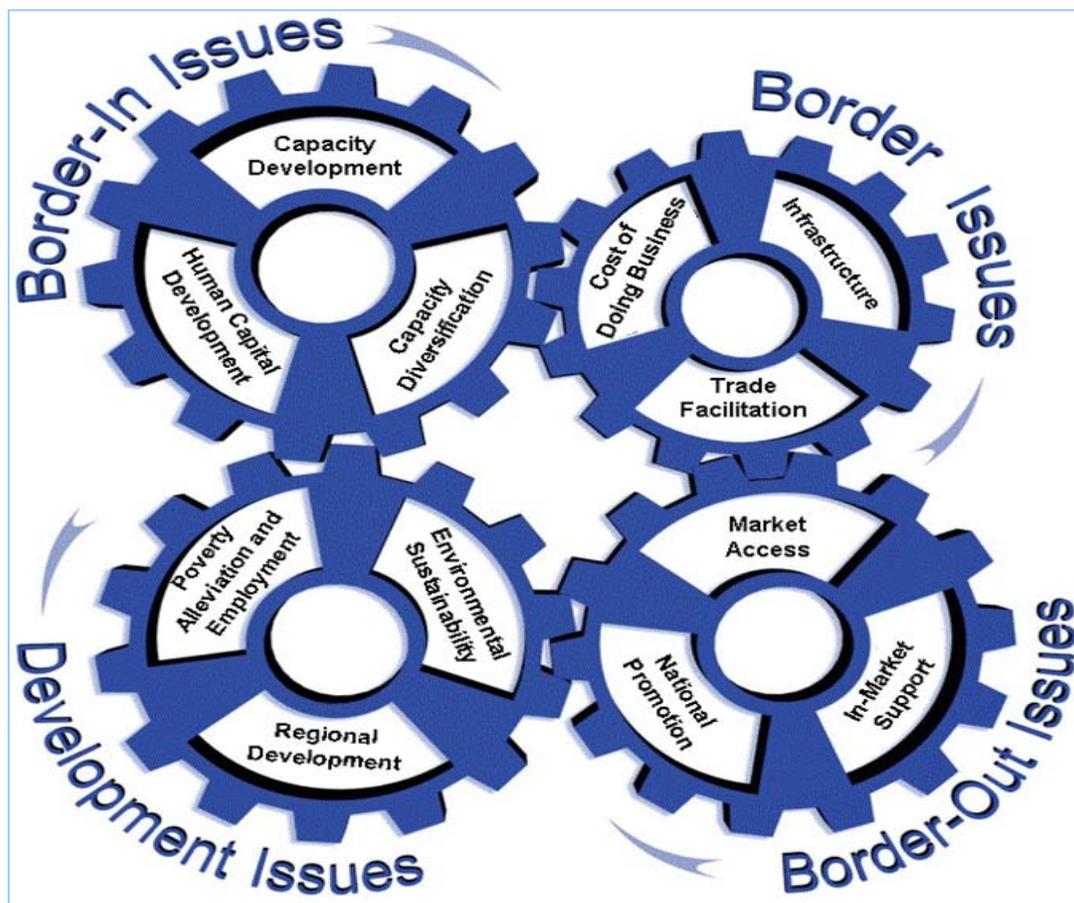
PART 2: THE STRATEGY DESIGN PROCESS & PARADIGMS

1. The Scope of the Strategy

The NES – Belize adopts the approach developed by the International Trade Centre and the accompanying guidelines have served as the template for guiding the process in Belize. This approach identifies four distinct gears in the process, specifically:

- *The Development gear* – which relates to development issues such as employment generation, poverty alleviation, gender equality, development of disadvantaged and backward regions and groups, as well as issues of environmental sustainability;
- *The Border-in gear* – which addresses issues of capacity development, capacity diversification, and human capital development;
- *The Border gear* – which looks at infrastructure issues, trade facilitation issues, and issues related to the cost of doing business; and
- *The Border-out gear* – which addresses issues of market access, in-market support services, and national promotion.

Figure 1 – Scope of the Strategy



Development Issues

It is evident that despite growth of the Belizean economy over the past twenty-five years, this hasn't and is not translating into pro-poor growth for Belizeans. In other words, despite the higher than average regional growth rate, the number of Belizeans living in poverty has increased both in real terms and as a percentage of the economy. To be sure, in a poverty assessment study conducted in 1995-1996 Belize was found to have approximately 33% of its total population below the national poverty line of BZ\$1,287.48 per annum.¹⁵ By 2005 this had increased to near 40%.

Despite economic growth in Belize, some regions of the country have developed at a much slower pace than the rest of the country. The net effect of this is that these regions are now, comparatively speaking, significantly less developed or are under-developed. The regions suffering this reality are Punta Gorda, parts of Stann Creek, and rural Belize District.

In terms of environmental sustainability, Belize has a decent record of environmental conservation and the country has placed a large percentage (i.e. around 36%) of its territory under protected area status. More recently Belize has benefited from the Global Environmental Fund (GEF) to address "critical threats to the environment specifically, biodiversity loss, climate change, degradation of international waters, and ozone depletion."¹⁶ The country has also benefited from an IDB funded Land Management Program which has sought to extend coverage to some 35,000 parcels of land under the Registered Lands Act through survey and adjudication.

Border-in Issues

Belize suffers from a productivity gap (deficiency) vis-à-vis other CARICOM and Central American countries. This gap is apparent in both the use of outdated equipment and technologies, and obsolete or non-competitive production methods. It is also apparent in the lack of information and communications technology (ICT) network readiness and within the country and the lack of competition within the telecommunications industry (resulting in particular from a resistance by the major telecommunications services provider to transform the existing revenue model to reflect changes in trends in voice, mobile, and internet protocols).

The productivity gap between Belize and other countries exists at both the global and sectoral levels. For instance, the differences are due to concentration of economic activity in low value export sub-sectors -mainly primary agricultural products- in as much as the fact that the sub-sectors are

¹⁵ Medium Term Economic Strategy (MTES) 2003-2005, July 2002, page 13.

¹⁶ Ibid, page 16.

working far below the level of international standards and best practices. In other words, not only does production of goods and services remain concentrated at the lower levels of the global value chain for Belize export sectors, but the approaches and practices technological deployment for producing these goods and services have not kept pace with international best practices.

One part of the problem is that of the domestic policies affecting production systems and approaches. In agriculture for example, the policy and strategic focus of the Ministry of Agriculture is not of an export oriented nature but rather on assisting small farmers. Another part of the problem for Belize resides in the fact that concentration on supplying preferential markets has resulted in a failure to develop productive capacities in a meaningful way. Belize's economy remains, still, predicated on the trade of primary commodities into preferential markets in the EU (under the Cotonou Agreement), the US (C-BERA), and Canada (under CARIBCAN). Secondly, despite significant public sector budgetary outlays for education (i.e. for FY 2002/03 it was BZ\$84 million, an increase of around 60% over the previous fiscal period) Belize remains uncompetitive at this juncture when assessed in terms of its specialized technical skills and higher education training. As the economy continues to transition from being primarily agricultural in basis, to being of a hybrid nature (i.e. agriculture and services) more people will require employment outside of agriculture and migration from Belize's rural to urban centres will continue.

Border Issues

Belize suffers from both real and relative high costs of doing business. This is primarily the result of high energy and transportation costs (due to high cost of fuel), high cost of utilities, relatively inflexible and expensive labour force compared to Central America, poor and inadequate transport infrastructure, and a relatively high labour costs (when compared to Central America). There are two deep water ports in Belize but here again the ports are not competitive with other deep water ports in the region (i.e. Honduras and Jamaica)

Border-out Issues

The current structure of the Belizean economy is one which evolved out of a colonial system and where the focus was, and has remained, predicated on the trade of primary products. Currently Belize's main export products are all primary agriculture products (sugar, bananas, citrus) and are traded for the most part into preferential markets. While preferential market access into the European Union for sugar and bananas under the Lomé and its successor Cotonou Agreement has, arguably, served Belize well in the sense that it has allowed the economy to grow, the converse is that it has also served as a

disincentive for building the competitiveness of those industries and hence the competitiveness of the Belizean economy. Today Belize's economy is one which is characterized by an extremely narrow export basket, and where trade in primary commodities into preferential markets remains the mainstay.

Until recently (as recent as 2005) Belize did not have a national brand statement of image and there were no national marketing campaign aimed towards raising the profile and awareness of the country. But Belize has (and has had for the past ten years or so) a national tourism marketing campaign which has sought to increase awareness of the country as a competitive destination for first eco-tourism and now for soft-adventure but eco-based tourism. Before the development of its *Belize –The Natural Niche* country image marketing campaign therefore, Belize had to piggy back onto the tourism country image campaign. This approach however, proved to be, at times, woefully inadequate and inappropriate for attempting to attract investments into and increasing the export performance of the active economic sectors outside of tourism.

2. Trade Support Network

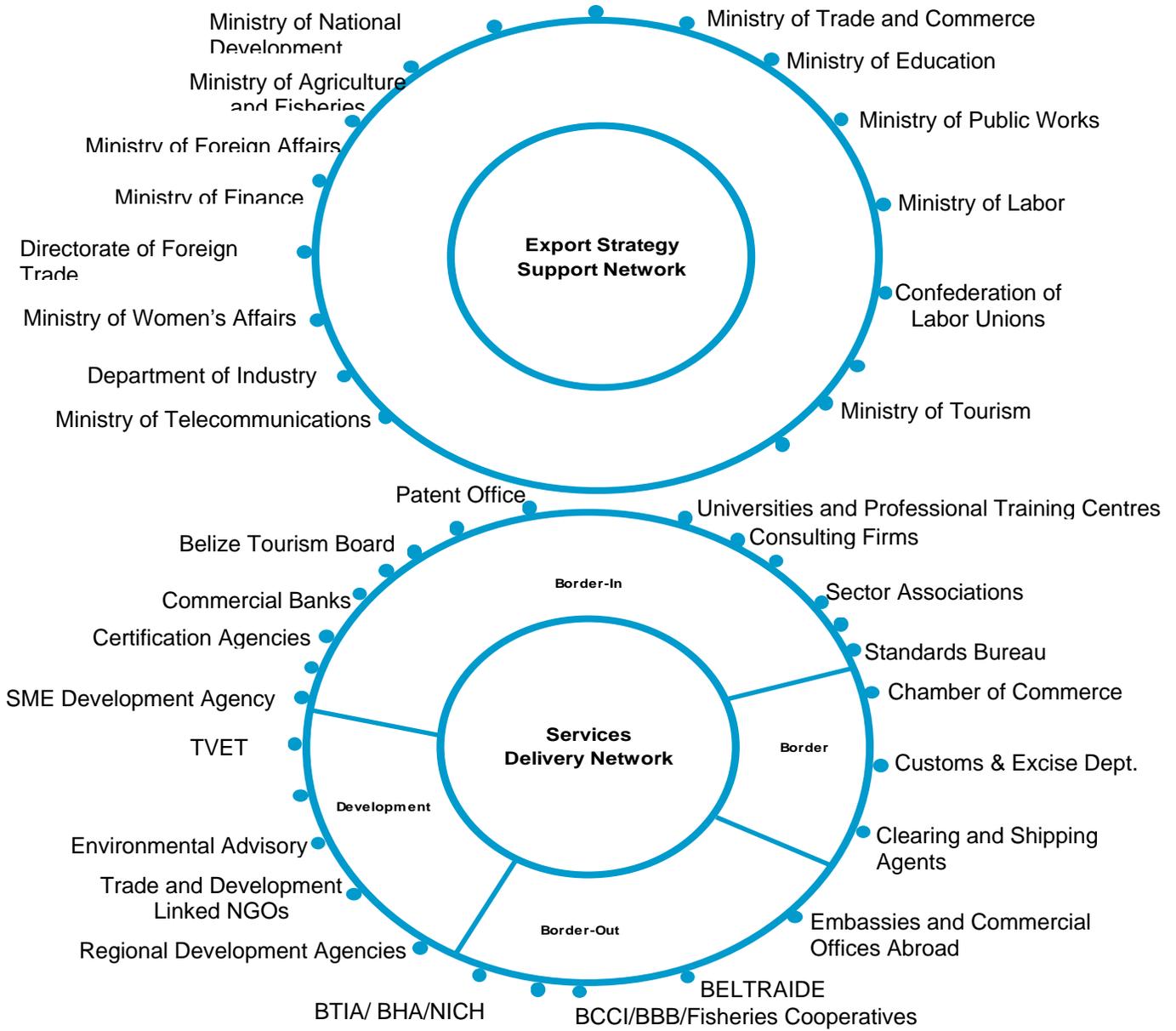
In the design stage of the NES – Belize process the Core Team, with technical support from the ITC, 'adopted' the Trade Support Network framework developed by the International Trade Centre. In other words, an attempt was made to involve both private and public sectors in the process as it was believe that this would serve as an incipient to building and strengthening the public-private sector cooperation that was necessary for the NES to be successful. To be sure, in March of 2005 a Core Team was constituted for the NES comprising representatives from the Ministries of National Development, Agriculture and Fisheries, Foreign Affairs and Foreign Trade, Natural Resources and the Environment, and Finance; the Belize Chamber of Commerce and Industry (BCCI); the Belize Business Bureau (BBB), the Belize Tourism Board (BTB); the Belize Marketing & Development Corporation (BMDC); the Belize Livestock & Producers Association (BLPA); and the Belize Agricultural Health Authority (BAHA). There were also individual businesses represented on the Core Team. The government departments and ministries currently represented on the Core Team will be critical to the implementation of the Strategy however the structures for engagement need to be rationalized in order to ensure effective delivery of support services and operation.

The ITC's framework allows for reinforcing Belize's overall export performance at two different levels and consists of those institutions that reinforce export potential and performance through (Level 1) macro-level policy and national initiatives, and (Level 2) the provision of services directly

to enterprises engaged, or having the potential to become engaged, in export activity.¹⁷

¹⁷ Trade Support Network Framework, International Trade Center, Geneva.

Figure 2: Trade Support Framework for Belize



Level 1 is described broadly by the ICT as the Export Strategy Support Network (ESSN). The Government of Belize and relevant public sector institutions, in particular those involved in policy development and implementation, operate at this level. For Belize then this would include the Ministries of National Development, Agriculture and Fisheries, Natural Resources and the Environment, Foreign Affairs and Foreign Trade, and Finance amongst others; and other quasi-government agencies and departments including BELTRAIDE, the Belize Tourism Board, the Belize Marketing and Development Corporation, and the Fisheries Department to name a few.

Level 2 of the framework is described as the Services Delivery Network (SDN) and it is at this level that the private sector, along with NGOs, the unions, and the various sector organizations realize their involvement and engagement.

3. *Public-Private Sector Partnership*

One major benefit of the model proposed for the national export support network in Section 3(5) of this document is that it served as a mechanism for strengthening public-private sector partnership by clarifying the mandates and areas of responsibilities at the different levels of support and by redirecting resources to support the model. In so doing, it removes the areas of functional overlap which currently exists and which are a (significant) source of fragmentation.

Export and trade related public-private sector partnership remains fragmented and weak across Belize. Some level of collaboration and partnership exists formally in the area of trade negotiations at the level of the National Trade Negotiation Commission (NTNC) and informally between BELTRAIDE and other private and public sector organizations including, for example, the BCCI, BBB, Belize Tourism Board, and the Belize Tourism Industry Association.

Early in the process of developing a NES for Belize, it was agreed that the process should be private sector led but with the input and participation of key public sector stakeholders (ministries, departments, and area experts). In other words, the success of the NES was seen as necessarily hinging on the development of a viable public-private sector partnership. To this end the Lead Navigators for the Core Team were comprised of a team of three persons: two from the private sector – one each from the BCCI and from the BBB, and one from public sector – i.e. from the Belize Marketing and Development Corporation (BMDC). In reality however, it was BELTRAIDE which provided the leadership for the process during the design stages acting as a ‘secretariat’ of sorts for the NES Belize.

In the long term, successful implementation of the NES will continue to hinge on a strong public-private sector partnership. This partnership is expected to manifest at the highest levels in the form of a National Export Council (NEC), but will also find application at lower organizational and technical levels – i.e. at the level of the TPO and the private sector organizations. The key challenge for the immediate and long term future will be to agree on a separation of policy and strategic functions between and amongst the various public and private sector ministries, departments, and organizations. Another key challenge will be the eliminations of the current duplication of efforts which only serves to constrain already limited resources, and to shift the focus of the different organizations on action in select key result areas. For instance, for the area of Skills Development BELTRAIDE could focus on development of the export preparation guides while the tertiary level institutions could focus on providing specialised training programs that aim to build specific technical and export oriented skills within the private and public sectors.

4. The Value Chain and Value Options

The recent WTO trade policy review of Belize confirmed that “primary products are of key importance in Belize’s export basket ... [with] three traditional products representing about half of ... exports: sugar (21%), crustaceans (15%), and bananas (12%).”¹⁸ Total manufactures on the other hand were less than 20%.¹⁹ Moreover, a significant percentage of Belize’s exports are carried out under preferential agreements – e.g. 50.3% of exports to USA including fruit juices, sugar, and melons. This combination of exports of primary, mainly agricultural, products and trade under preferential agreements have served as a major disincentive to export diversification and therefore exports remain relegated, for the most part, at the lower end of the global value chains for the different export sectors (i.e. fisheries and shrimps, bananas, citrus, sugar, papayas, beans are all exported in their primary form). It also suggests that Belize’s exports are, essentially, globally uncompetitive. This being the case, then the value options for Belize for the identified priority sectors should focus primarily on (a) *acquiring value* through enhanced cost efficiencies in production and transportation; and (b) *adding value* through new product development and diversification.

The Strategy contemplates combining the above value options with targeting high potential sectors, in particular primary agriculture, fisheries, non-traditional crops, value-added processed foods, furniture manufacturing, and tourism. To understand how the value options would help to increase competitiveness, it is necessary to examine the prioritized sectors in more detail.

¹⁸ Trade Policy Review – Belize, World Trade Organization (WT/TPR/S/134), page 9.

¹⁹ Ibid, page 9.

Agro-processing:

The agricultural sector will be the main source of raw material and products for the agro-processing value-added sector. The key traditional sub-sectors in agriculture include sugar and sugar products, bananas, and citrus. Non-traditional sub-sectors include beans, papayas, hot peppers, and meat and livestock (i.e. beef, pigs, and poultry). The majority of agricultural products are sold in primary or unprocessed form. In recent years however, there has been some level of export diversification of value-added mainly concentrated in hot peppers.

Recommended Value Option: *add value* through development of new products such as cooking sauces, packaged beef cuts and processed meats such as sausages, etc., packaged dehydrated fruits, packaged snacks (i.e. plantain chips, peanuts), bottled blended juices, fruit wines, and jams and jellies.

Aqua-culture & Fisheries:

Fisheries and aquaculture are traditionally included under agriculture in Belize. The fisheries sector is a significant contributor to the Belizean economy generating on average some 7.2% of GDP or BZ\$110.6 million in earnings, and employing around 1,800 fishermen. The fisheries sub-sector can be further classified into two main areas for Belize: local artisanal fishery – based on shallow coastal waters and involving exploitation of fin fish, molluscs, and crustaceans (i.e. shrimp, rock lobster, conch); and high seas fishing. In the aqua-culture sub-sector product offering includes fresh farmed shrimp and tilapia. All aqua-culture and fisheries products are exported in frozen but uncooked form, and some have undergone light processing (i.e. conch, lobster, shrimp tails, and tilapia fillets).

Recommended Value Options: *acquire value* by enhancing efficiencies in aqua-culture and husbandry practices; and *add value* by introducing new value added products for example pre-cooked shrimp, conch, lobster, and shrimp cocktail mixes, pre-fried breaded fillets, and roes and caviar.

Environmental Goods & Services:

For the Environmental Goods and Services sector the current export product offering could be broken down into two categories: timber products – which remains for the most part limited to the export of commercial round-wood logs, sawn timber, and furniture manufacturing; and non-timber forest products which includes ornamental plants such as orchids and xate, honey and products from honey, medicinal herbs, plants, and wines, pharmaceutical products processed from rainforest resources (i.e. linament rubs, topical ointments, analgesics), and marble tiles and other marble products, and more recently oil.

Recommended Value Options: *add value* by introducing new export products such as rainforest botanicals and beauty products, products from gums and exudates (i.e. glues and latex); and *acquire value* through branding and packaging and implementing sustainable harvesting methods and practices.

Tourism:

Tourism has emerged as one of the most important economic sectors in Belize, contributing some 18% of Belize's total GDP or US\$119.8 million in 2001.²⁰ The tourism product offering is one of a soft-adventure type - the industry having recently strategically refocused from eco-tourism - and includes marine activities such as fishing, diving, and snorkelling; Mayan archaeology, rain-forest based activities, kayaking, rafting, equestrian. Tourism seems to be an exception to the other sectors in that it may be, arguably, the only of the five prioritized sectors for Belize which operates at the middle range of the global value chain. This level is assigned because Belize doesn't have a national reservations system, its small hotels lack access to telecommunications infrastructure in particular for internet and data and don't employ e-commerce technologies, the tourist transport buses and automobiles are for the most part second hand and not of the highest standards, and the majority of the overnight accommodations (hotels, bed & breakfasts, etc.) within the industry are less than 4 or 5 star rating, etc.).

Recommended Value Options: *add value* by creating new tourism products within the country; and *retain greater value* by reducing external leakages and improving the quality and standards across the industry.

Information and Communications Technologies:

In the ICT sector, Belize is not yet a major regional or global player but is geo-strategically located (i.e. within Central America and two hours of US ports of entry) to provide services to the North American market. In addition, Belize is English speaking and has a functional literacy rate of around 60%. Current product offerings include online gaming, and call centres.

Recommended Value Option: *add value* by introducing new product offerings such back office data processing, tele-medicine, and soft-ware support services; and *acquire value* by providing skills training and introducing competition into the local telecommunications industry and reducing the overall cost of telecommunication services.

In summary, given the fact that, at for the five sectors prioritized for action under the NES, exports reflect outputs at the lower levels of the global value

²⁰ Trade Policy Review - Belize, op cit, page 90.

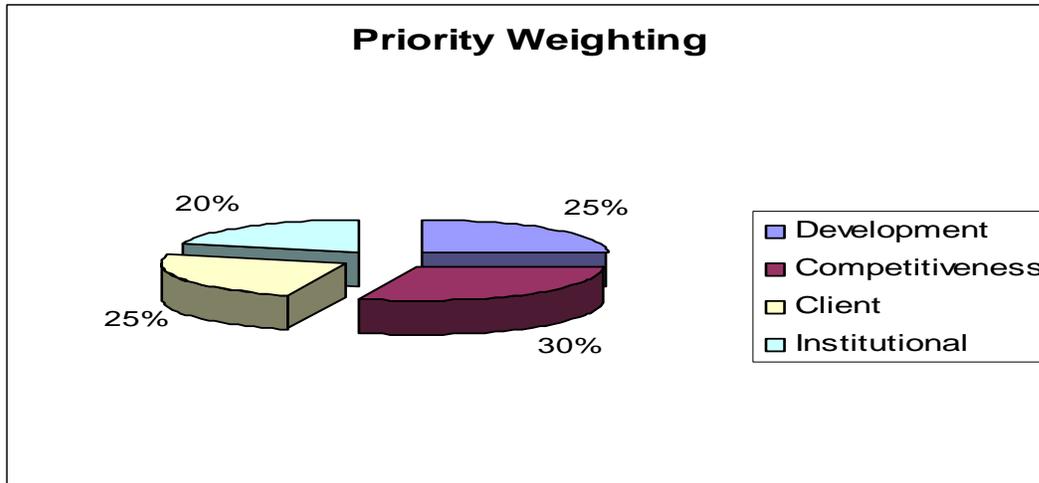
chain for the respective sectors, it is recommended that future value options focus, at this time, on *adding and acquiring value*. However other value options (*i.e. retaining greater value, creating value, and distributing value*) may be pursued at the same time in order to increase the final value position for current and potential new exports.

Table 1 : Possible Value Options for Belize

Value Options	Comments
<i>Acquiring value</i>	<ul style="list-style-type: none"> ▪ Efficiency in production is required in agro-processing, aqua-culture and fisheries, and environmental goods & services sectors
<i>Retaining greater value</i>	<ul style="list-style-type: none"> ▪ Reduction of leakages is required for tourism, aqua-culture, and agro-processing
<i>Adding value</i>	<ul style="list-style-type: none"> ▪ New product lines possible for agro-processing (i.e. canned fruits and vegetables, precooked dinners and mixes, jams jellies); aqua-culture (i.e. canned fish, pre-cooked shrimp, etc.); EGS (i.e. gums & exudes, honey, botanicals, medicinal herbs, etc.); tourism (i.e. new Mayan ruins/sites, sports tourism, education tourism); ICT (i.e. back office data processing, soft-ware support, etc.)
<i>Creating value</i>	<ul style="list-style-type: none"> ▪ New markets and increased sales required for all five sectors for existing and new products and services, in particular for ICT and for niche areas
<i>Distributing value</i>	<ul style="list-style-type: none"> ▪ All five sectors can contribute to national development goals thru employment creation, regional development, gender equality, and environmental sustainability.

5. Stakeholder Perspectives and Strategic Considerations

During the process of designing the Strategy, the stakeholders assigned weighting to the strategic considerations. This was based on the analysis of the current context and realities for Belize as it relates to export performance. The fact that Belize’s exports were determined to be regionally and globally competitive resulted in the Competitiveness Perspective being assigned the highest weighting (See chart below.) The following weighting of perspectives to the Strategy was confirmed by the Core Team:



6. The Management Matrix and Strategy Monitoring

Design and development of the NES Belize was driven and led by BELTRAIDE. BELTRAIDE dedicated one of its staff persons to the task of handling all logistical matters during the design and development stage, and its Manager of Export Promotion/ General Manager provide general oversight. In addition, the Executive Chairman of BELTRAIDE acted as a liaison between the Design Core Team and the CEO and the Minister for National Development. The rest of the design team were organized on the basis of the structures set out in the ITC's RACI matrix. The RACI matrix assigned specific functions to each team member with respect to completion of individual tasks:

- to be **Responsible (R)** for completing, or contributing to the completion, of a particular task,
- to be **Accountable (A)** for the completion of a task by an agreed time and to an agreed standard,
- to be **Consulted (C)** while the task is being completed, or
- to be **Informed (I)** on progress.

The Design Core Team was comprised of between twelve and fifteen members representing the private sector (Belize Business Bureau, Belize Chamber of Commerce & Industry, Belize Livestock Producers Association, Belize Tourism Industry Association, etc.); the public sector (Ministries of Agriculture & Fisheries, Ministry of National Development, Directorate of Foreign Trade in the Ministry of Foreign Affairs and Foreign Trade, and Ministry of the Natural Resources and the Environment); and quasi-government organizations (BELTRAIDE, Belize Tourism Board, and Belize Marketing and Development Corporation).

The Design Core Team met on a regular basis in core team meetings during the preparatory stages of the Response Paper. Subsequently the Design Core Team met at longer intervals as the emphasis had shifted to the Sector Strategy Teams. The Sector Strategy Teams were responsible for designing an export strategy for the relevant identified priority sectors. Each Sector Strategy Team was led a Team Leader identified either from within the Design Core Team or from within the private sector. The Sector Strategy Teams also comprised other stakeholders from across the respective sectors and similarly including public and private sector representatives. The Sector Strategy Team Leaders were responsible for reporting back to the wider Core Team on developments and challenges faced in the design of the sector strategies.

Broad-based National Symposiums provided an opportunity for the Design Core Team to provide information on the progress of the NES and to solicit the feedback from a broad cross-section of stakeholders. A total of three National Symposiums were held during the design process including for the presentation of the Response Paper (1st Symposium – 2005); after completion of the Draft Sector Strategies (2nd Symposium – August 2006); and after the completion of the Draft NES Document (3rd Symposium – November 2006). In between Symposiums leadership for the NES process was provided by the Core Team with BELTRAIDE continuing to act as the national secretariat.

PART 3: WHERE ARE WE NOW? – AN ASSESSMENT

1. Export Performance (National & Sectoral)

Belize's export performance remains predicated on the agricultural sector, this despite the emergence of tourism as a major revenue earner for the country.²¹ Export performance over the past three years improved over the previous period 2000-2002 – export performance suffered between 1998 and 2002 as a result of a number of hurricanes and tropical storms. For instance, Hurricane Iris in 2001 reduced banana exports by more than 24.8%. Citrus production similarly declined, and there was an appearance of the *taura* virus in farmed shrimp. Since 2003 Belize export performance has rebounded but has continued to suffer as a result of a fluctuation in prices secured for sugar exports and declining export quotas. Overall sugar has realized a net decrease in the value and volume of exports in the past five years (down from 109.33 tonnes at a value of BZ\$74.39 million in 2000 to 79.47 tonnes valued at BZ\$69.9 million in 2005). Bananas on the other hand has increased in the volume of exports but declining prices in the EU have resulted in a net real decrease in value earning only BZ\$51.08 million in 2005 for 76.08 tonnes as compared to BZ\$65.82 million in 2000 for 63.73 tonnes. For the other product areas there has been some level of growth though minimally so, and it is not evident that any of these could be classified as '*champions*' – i.e. growing faster than world trade in general- but it may be possible to classify a couple of them as '*achievers*' –growing shares in world import markets which are declining or growing below average.

In fact, Belize major domestic exports for 2005 was BZ\$431 million, below that of 2000 (BZ\$420.78 million).²² Arguably then, over a period of five to six years Belize had failed to grow its major domestic exports, but had realized some improvements in its marine exports over a similar reference period (BZ\$85.66 million in 2005 as compared to \$70.24 million in 2000). In short, Belize's export basket remains limited to a few products mainly of agricultural origin (e.g. bananas, citrus and citrus juices, papayas, sugar, beans and peas). It also includes marine exports including aquarium fish, farmed shrimp, conch and lobster; and sawn wood. Belize's export trade takes place largely under and is defined by preferential market arrangements involving the EU (Cotonou Agreement), USA, and Canada (CARIBCAN).

The Issue of Oil

More recently oil has been added to the basket of products which Belize exports. In 2004, oil was discovered in commercial quantities in Belize in the Spanish Lookout area of the Cayo District. The oil is of a light sweet crude

²¹ While it is possible that tourism is a larger export earner for Belize challenges and gaps in information collection prevent an appropriate analysis.

²² Central Statistical Office, Major Socio-Economic Statistics - 2006

nature (i.e. very low in sulfur) and total deposits are estimated at around 15 million barrels with proven deposits of 6-8 million barrels. Current combined production average roughly 3,000 barrels per day with the majority of that coming from two wells.

Oil exploration and extraction in Belize is governed by the Petroleum Act and the Mines and Minerals Act [Chps. 225 & 226 of the Substantive Laws of Belize, Revised Edition 2000, respectively]. There is a Department of Geology and Petroleum within the Ministry of Natural Resources and the Environment, and the inspector of petroleum administers the Petroleum Act while the inspector of mines administers the Mines and Minerals Act.²³ According to the Department, “Belize is divided into twenty-one petroleum exploration blocks, and currently, there are five petroleum companies exploring for oil in Belize under Production Sharing Agreements.”²⁴

Under the current production sharing agreements, Belize Natural Energy pays a 7.5% royalty off the top to the government plus as much as 5% of revenue from production after transportation costs. This compares with neighboring Guatemala, where for example, the government receives royalties of 20% and as much as 70% of the production revenue. However both the Prime Minister and the current Minister of Natural Resources and the Environment have said that the low royalty and production revenue-sharing figures were necessary to entice oil drillers back to the country given that the first fifty or so exploration attempts yielded nothing. In addition, according to the Minister, Belize would collect an additional 1% royalty to spend on the environment and social programs and the contract with BNE contained a provision allowing the government to purchase a 10% stake in the firm. Moreover, because the Belize lacks a refinery, pipelines or other basic petroleum infrastructure, other segments of the economy are able to benefit as the oil must be moved by tanker trucks through the Big Creek port for export. More recently the GoB has proposed an increase in the rate of tax to 40% on the net but this has met with disapproval both by the Senate and the opposition.

The main export markets for Belize are likewise limited, and include CARICOM, Canada, Central America, Mexico, United Kingdom, other European Union, and USA. In terms of size of the export market the USA is the largest, followed by the UK, then CARICOM, Other EU, and Mexico. Of the other EU the main destination countries²⁵ are Spain (mostly for fisheries produce), Italy (fisheries), and France (clothing and apparel, orange juice,

²³ Although the current head of the department functions in both capacities.

²⁴ Geology and Petroleum Department, Ministry of Natural Resources and the Environment, URL: <http://www.mnrei.gov.bz/services.asp?id=38>, November 2006.

²⁵ International Trade Centre, National Export Performance –Belize, 1995-1999.

bananas, and sugar). Trade to the neighbouring countries of Central America accounted for only BZ\$3.02 million in 2005, its highest between 2000 and 2005.

Box 1: Ranking of Performance

In a ranking of trade performance conducted by the International Trade Centre for Belizean exports for the period 1995-1999²⁶, Belize ranked consistently in the lower half of countries exporting in similar product categories. For instance, Belize ranked 168 for fresh foods exports, 141 for processed food, 115 for wood products, and 118 for clothing.²⁷

In terms of contribution of the different export sectors to the Belizean economy, the ITC's Revealed Comparative Ranking (RCA) of Belize for the same period (i.e. 1995-1999) show that in terms of the contribution of the different sectors to Belize's overall trade balance processed food, fresh food, clothing, leather products, textiles, and wood products rank 1 through 6 respectively.

2. Assessment of the National Competitiveness and Constraints

Belize's national competitiveness may be defined by the size and structure of its national economy, its (i.e. type, value, and prices of its export products), its history of trade and export performance (i.e. into preferential markets for its main export products), and the nature and type of its macroeconomic indicators and development plans. In assessing national competitiveness, Michael Porter's definition of competitiveness is useful. Porter argues that competitiveness is "determined by the productivity with which a nation uses its human, capital, and natural resources."²⁸ The IMF Country Report 2005 examines a number of these factors and found that "important trading partners have gained competitiveness against Belize."²⁹ These include Brazil, Colombia, Indonesia, Philippines, and Thailand (which Belize now competes with for farmed shrimp). However, Belize, real effective exchange rate has remained stable (reflecting the peg to the US dollar) and real wages in the private sector have only increased slightly and did not differ significantly across sectors.³⁰ At the same time, "exports of commodities grew strongly in volume terms during the last 10 years despite severe exogenous shocks including the continuous fall of unit prices, and the tourism sector also recorded strong growth in recent years."³¹ The IMF explains that the reason for this is that the industries have "reduced costs and turned to more profitable niche markets for instance sugar has raised productivity and shifted revenue to include bagasse co-generation, and bananas have improved drainage and irrigation and reduced packing costs.

²⁶ Only dates for which statistics available on ITC website.

²⁷ ITC, Ranking of International Competitiveness, Trade Performance Index – Belize

²⁸ Porter, Michael "Chinese Competition: *Where Does the Nation Stand?*" Institute for Strategy and Competitiveness, Harvard Business School.

²⁹ IMF Country Report No. 05/353, September 2005, page 9.

³⁰ Ibid, pages 7-8.

³¹ Ibid, pages 10-11.

The World Economic Forum offers a slightly different framework for assessing national competitiveness – understood as that set of factors, policies, and institutions which determine the level of productivity of a country. The WEF uses the Global Competitiveness Index (GCI) for assessing countries national competitiveness. The following is an assessment of Belize’s national competitiveness based on the GCI.

Table 2 : National Competitiveness Based on GCI

Pillars	Notes	Assessment
Basic requirements: pillars most critical for countries in the factor-driven stage (i.e. countries compete based on their factor endowments, unskilled labour, and natural resources)		
Institutions	<ul style="list-style-type: none"> ○ Low respect for property rights ○ Questionable ethics of government and the accusation of corruption ○ Government inefficiency reflected in the waste of public resources and a heavy regulatory burden ○ Fairly independent judiciary ○ Government engages in undue influence 	Low
Infrastructure	<ul style="list-style-type: none"> ○ Poor road infrastructure leading to high transportation costs and higher energy costs ○ Good Infrastructure for communications in urban areas but high costs of communications 	Low
Macro-economy	<ul style="list-style-type: none"> ○ State of fiscal instability – high public sector deficits and unsuccessful in capping of public indebtedness ○ Trade weighted real exchange rate suggests some overvaluation of BZ\$ 	Low
Health & Primary Education	<ul style="list-style-type: none"> ○ Fairly healthy workforce ○ Low infant mortality rates ○ HIV/AIDS rates seemingly stabilized ○ 40%-60% functional literacy rate ○ 80% - 90% enrolment in primary school 	Medium
Efficiency enhancers: pillars critical for countries in the efficiency-driven stage (i.e. begin to develop efficient production processes and increase product quality)		
Higher Education & Training	<ul style="list-style-type: none"> ○ Strong secondary school system ○ University internationally uncompetitive on quality and program offering ○ Vocational education a priority (i.e. TVET) 	Medium
Market efficiency	<ul style="list-style-type: none"> ○ Low level of competition for goods and services coupled with small market size ○ Existence of uncompetitive licensing scheme ○ Frequent occurrence of distortive government intervention in market ○ Salaries regionally uncompetitive ○ Available capital not invested in most efficient and productive way ○ Project for building supervisory capacity at Central Bank of Belize 	Low
Technological Readiness	<ul style="list-style-type: none"> ○ Economy not nimble or agile in adopting new technologies 	Low

	<ul style="list-style-type: none"> ○ Low level of adoption of information and communications technologies ○ FDI not technology intensive 	
<i>Innovation & Sophistication Factors:</i> pillars critical to countries in the innovation-driven stage (i.e. countries able to sustain higher wages and the associated standard of living and businesses able to compete with new and unique products)		
<i>Business Sophistication</i>	<ul style="list-style-type: none"> ○ Productivity at lower end of global value chain ○ Low quantity and quality of local suppliers ○ Production processes and products relatively simple 	<i>Low</i>
<i>Innovation</i>	<ul style="list-style-type: none"> ○ No cutting-edge or innovative products or services ○ No scientific institutions ○ Low levels of collaboration between universities and industry ○ Insufficient business investment in R&D ○ Low levels of intellectual property awareness and protection 	<i>Low</i>

Overall GCI Assessment:

Level: Low to Very Low

Stage: Factor-driven stage of competitiveness

When cross-referenced with the ITC's bubble quadrant framework the low level of competitiveness for Belize becomes clearer. In the assessment by the ITC of Belize's export performance for the period 1995-1999 only three export products –papayas, frozen fish, and frozen tunas- were clear *Champions* (i.e. grew faster than world trade in general). Bananas, orange juice, and men's trousers and shorts were partially *Champions* but have some elements of being *Underachievers* (to some extent exports of these products have not kept pace with growth in world trade for sectors). Shrimps and prawns, frozen in shells, were considered *Achievers in adversity* (i.e. share in world import markets are declining or growing below the average of total trade in all products), while raw sugar, cane, and grapefruit juice were *Losers in declining markets* (i.e. Belize's share of this diminishing market is falling).

Overall Belize's export portfolio suggests a low level of competitiveness and raises some concerns. The 'bubbles chart' indicate that there is a need for increasing diversification and creating more value-added in existing export sectors. While conventional wisdom suggests that no attention be given to the losers in declining markets Belize may be able to carve out opportunities through vertical diversification (i.e. value-added) in these sectors in particular if there is an attempt to partner with the tourism industry for the new products. At the same time, in order to avoid the pitfalls facing exports of the primary commodities, value-added production similarly needs to be explored for those exports classified as champions.

3. Current Government Policy/Strategy in Support of Export Development

In general, current government policy and strategy in support of pro-poor export development is for the most part indirect. To explain, while it is understood separately by GoB that there is a need to achieve export diversification and increase competitiveness of exports, previous and current strategies for poverty elimination do not adequately position export performance as the basis for doing so. Notwithstanding, current government policy and strategy in support of pro-poor export development for Belize may be gleaned from a number of sources. Five are offered here.

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."³² 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.*³³ More importantly however is that the MTES 2003-2005 recognizes that the existing "strategies for promotion of exports and investments are not sufficiently clear"³⁴ and consequently GoB has committed to investing in projects that benefit the poor in the long run.³⁵ In sum, pro-poor government policy and strategy, though not necessarily export oriented, are an integral part of the MTES2003-2005 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."³⁶ The previous NPESAP had included a framework for implementation and articulated three approaches (*alleviation, reduction, and*

³² Medium Term Economic Strategy 2003-2005, page 27.

³³ Ibid., pages 43-44

³⁴ Ibid, page 44.

³⁵ National Poverty Elimination Strategy and Action Plan 2005-2010, Ministry of National Development, page 15.

³⁶ National Poverty Elimination Strategy and Action Plan 2005-2010, Ministry of National Development, page 2.

elimination) within 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 prioritised sectors); and (f) 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 covering non-reservation areas in four districts including the poorest two. 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 both ways with the NES. As such, with some nuances, the areas for action set out under the NPESAP could easily fulfil desired areas of action under the NES.

A third source of policy and strategy support of export development for 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 signalled 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 BCCD), 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.

Finally, the People United Party *Manifesto* 2003-2008 suggests that the current administration's "growth driven poverty reduction strategy ... will generate more jobs, further reduce inflation and interest rates and move [Belize] along the road to the elimination of poverty."³⁷ As with the NPESAP while the linkages with export strategy development are not readily evident here, the pro-poor component is and therefore, again with nuances, strategies aimed at education and job creation could easily fulfil the NES requirements in given areas.

4. Budgets and Resources

All of the public sector agencies involved in the NES design have recognizable financial and human resource pools which may be 'pooled' for the purpose of achieving the overall objectives. For instance, the Ministry of Agriculture and Fisheries has an annual budget of around 1.7% of the total public sector budget and has significant human resource and technical capacity including for trade and policy development. Similarly the Ministry of Foreign Trade has its own budget, a staff of around eight, and is engaged in international negotiations in the different trade negotiations for a; BELTRAIDE has its annual budget derived from a combination of fees and an annual government subvention and a staff of eleven; the Belize Tourism Board and the Belize Tourism Industry Association also have their respective budgets derived from a combination of membership fees and various cess and the former a sizable staff with good institutional capacity; NICH has a substantial revenue source

³⁷ NPESAP, op cit, page 15.

derived from fees charged to visitors of the various archaeological sites; and the Protected Areas Conservation Trust (PACT) has a sizable annual budget derived from head taxes charged to visitors, to name a few.

Notwithstanding, this Strategy recognizes that the NES process is and will continue to be faced with significant resource constraints both in terms of finances and human resources. In this regard, the Strategy proposes to realize its budget for implementation through a unique approach and one that will require both political will for change and significant levels of cooperation. In the first instance, there exists substantial overlapping of export related and supporting functions across the public and private sectors. This serves to further constrain the already extremely limited resources. The recommendation of the Strategy therefore is to derive parts of its financing from existing recurrent budgetary allocations as well as from special 'project' financing at the same time that there will be a rationalization of functions according to the matrix set out under *Section V – Strategy Management*. This will result in two things. One it will allow the different public and private sector stakeholders to focus on specific elements of the Strategy; and two it will allow for activities currently implemented or planned for implementation to be integrated under the Strategy. To give an example, the Belize Tourism Board plans to develop and implement a Master Plan for tourism for Belize that will address, amongst other things, both the infrastructure issues facing the sector as well as the competency gaps and requirements. If properly integrated with the NES then any such initiatives achieved under the Master Plan could and should also fulfil elements of the NES's objectives. In the second instance, the NES needs to be integrated within the broader Vision 2025 Plan and the Medium Term Economic Strategy 2007-2009, as well as be reconciled with the National Poverty Elimination Strategy and Action Plan 2005-2010. In the case of the latter, the NPESAP 2005-2010 calls for a coherent package of pro-poor investments and actions including for land security, micro-enterprise credit, business training for youth, and education and training opportunities. These need not be mutually exclusive of the investments and actions contemplated by the NES and in fact should attempt to fulfil those objectives of the NES at the same time it achieves the pro-poor objectives. Integration within the MTES and Vision 2025 on the other hand will ensure that the NES receives the policy and funding priority it requires in order to be successfully implemented.

5. 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.

BELTRAIDE is arguably the leading organization or institution in the area of export development and promotion. 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.

6. Recapitulation: The National Export SWOT Analysis

<p><u>Strengths</u></p> <ul style="list-style-type: none"> ❖ Geographic location ❖ Member – CARICOM/ ACP ❖ Existing Market access to EU ❖ Environment and Natural Resource sink ❖ Road infrastructure connecting Mexico to Central America (thru Guatemala) ❖ Trainable workforce 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> ❖ Insufficiently diverse economy ❖ Export basket extremely limited in scope and diversity ❖ Industrial capacity/ skills insufficient ❖ Small labor pool ❖ Trade support network embryonic ❖ Inadequate inappropriate trade and economic data/ market intelligence ❖ SME lack access to capital & infrastructure ❖ Lack of strategy for country competitiveness ❖ Lack of economic clusters ❖ Local products/ services not at international standards/ benchmarks
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> ❖ National Export Strategy ❖ Shipping transport infrastructure (air, land, & sea) ❖ Trade Agreements (CSME, EU-ACP EPAs, Belize-Guatemala Partial Scope Agreement) ❖ TVET – increase skills training ❖ Tertiary education ❖ Export financing and credit system ❖ National SME Policy ❖ Geographical proximity to Mexico and Central America ❖ Political & economic integration in CARICOM 	<p><u>Threats</u></p> <ul style="list-style-type: none"> ❖ Loss of preferential market access for key exports ❖ Failure to achieve vertical diversification ❖ Access to and Cost of shipping (air, land, sea) transportation ❖ Lack of quality assurance system for SMEs/ local producers ❖ Little or no industrial capacity in some districts and or rural regions (i.e. Punta Gorda) ❖ Failure to negotiate advance trade policy (for future economic/ value-added export sectors) ❖ Global formation of bi-lateral & regional trade blocks ❖ Fiscal Deficit/ debt servicing ❖ Small domestic market ❖ Geographical distance from CARICOM countries ❖ TBT requirements for different markets ❖ Failure to craft national development policy and vision

PART 4: WHERE DO WE WANT TO GO?

1. *Where Do We Want to Be? – The VISION*

In determining what the national export Vision for Belize should be, the NES Design Core Team gave consideration to the structural realities of the national economy, the historical complexion of trade and export performance, the natural and other resource endowments of the country, the agreements and terms of trade to which it is party, and the demands for export diversification, including any such previous attempts. Two key factors became apparent in this process: (i) Belize has traditionally traded in primary agricultural products (i.e. at the lower end of the global value chain for the sectors for which goods are traded); and (ii) such trade necessarily took place under preferential trade arrangements into markets in the USA and EU.

Based on these realities, the Design Core Team undertook an exercise of identifying and crafting an export vision for Belize. The recognition that Belize needed to do more value-adding in its production process and that it needed to increase its national competitiveness position was paramount in the recommendations which were tabled. As a result, and after several revisions, the recommended national export vision for Belize is as follows:

“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.”

2. *Selection of Priority Sectors*

Selection of the priority sectors for the NES was conducted in two phases, and on the basis of the recommendations for priority sectors for export promotion and investment attraction for Belize set out earlier under an Inter-American Development Bank Technical Cooperation for Capacity Building Project. That assessment put forward a variety of possible priority sectors for Belize from which the NES Design Core Team selected about nine or ten (see matrix below).

Table: Short List of Priority Sectors for Selection

Initial List of Priority Sectors	Rationale	Preliminary Focus for maximizing value in the Value Chain³⁸
Primary agriculture (specifically sugar,	Key for development perspective. Adjustment costs and economic	Value retention through cost efficiencies in transportation and reducing

³⁸ Please note that this is preliminary in nature and will be greatly expanded upon through sector value-chain analysis and sector strategies developed as part of Module 4 of the NES methodology

citrus, and bananas)	displacement too high if abandoned.	administrative burden Value creation by creating new value chains from harnessing waste product
Non-traditional crops (such as papayas, beans, cashew)	Market opportunities (growing markets) and potential competitive advantage. Opportunity for market diversification.	Value retention through cost efficiencies in transportation and reducing administrative burden Value addition through improved packaging and marketing
Agri-food processing (e.g. hot peppers, jam & jellies, etc.),	Value-added niche products with considerable (additional) export potential.	Value retention through cost efficiencies in transportation and reducing administrative burden Value addition through improved packaging and marketing
Wood furniture manufacturing	Raw material source provides competitive advantage. Needs capacity development to exploit market opportunities	Value retention through cost efficiencies in transportation, improved production processes and reducing administrative burden Value addition through branding, and improved packaging and marketing
Fisheries and aquaculture	Importance for employment maintenance. Competitive advantages in key aquaculture products (e.g. shrimp)	Value retention through cost efficiencies in transportation and reducing administrative burden, and improved technology and culture practices. Value addition through branding and improved packaging and marketing
Livestock	High market need and higher prices in neighboring countries but high level of unofficial trade	Value retention through cost efficiencies in husbandry practices and slaughtering Value creation through branding, and improved packaging and marketing
Environmental services	Important base for tourism and other natural resource based industries, including for organically grown produce	Value retention through improved legislation and conservation practices Value creation through identification of new products and services
Financial services	Import	Value retention through improved legislation Value creation through diversification of the sector to include other types of financial services
Tourism	Strong recent growth in cruise tourism. Major contributor to employment and development.	Value retention through examination and development of tourism mega-clusters, including the role and capacity of MSEs and CBOs. Value addition and creation through branding, improved packaging, and the development of new services and products.

Subsequent to the first national symposium, the NES Secretariat and the Design Core Team revisited the short list with the technical assistance of the ITC through their consultant Norman Baillé-David and selected the final five priority sectors on the basis of the following criteria:

- *The sector is significant to Belize from an economic, environmental and social perspective;*
- *The sector is significant to Belize in terms of export trade flows in both volume and financial terms;*
- *The sector may be impacted by changes in the trade measures included in future trade agreements including EPA or measures that exist as a core component of the existing CSME, WTO, and Cotonou Agreements;*
- *The sector is one where one might expect, a priori, there may be important sustainability impacts at the national/regional/ACP levels or for some specific actors or areas, particularly the most vulnerable and fragile.*

The five priority sectors identified on this basis are:

1. ***Agro-processing value added*** – which gives consideration to the key Commodity Protocol products: sugar and bananas, plus citrus;
2. ***Aqua-culture and fisheries*** – which gives consideration to the historical important role of fisheries and the promising export potential of farmed fisheries;
3. ***Environment Goods and Services*** – which attempts to sustainably position Belize natural resource endowments for development of particular niche products and services (i.e. furniture manufacturing; medicinal wines and herbs, rainforests botanicals, watershed management services, etc.);
4. ***Information and Communication Technologies*** – which proposes to take advantages of Belize's comparative advantages vis-à-vis Latin America and South East Asia (i.e. English speaking and geographical proximity to US market);
5. ***Tourism*** – which is the most developed activity in services sector and will probably continue to be in the short term for all ACP CC, but which poses the issue of diversification and alternatives opportunities in other services sector for the long term.

PART 5: THE WAY FORWARD – THE EXPORT DEVELOPMENT STRATEGY

1. *The Future Orientation and Overall Focus*

The National Export Strategy - Belize is a five year (medium term) plan that characterizes and defines Belize's economic engagement and insertion into the international economy. It adopts a 'pro-poor growth' approach to national development. 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 and imperatives. 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. This should lead to real poverty reduction, and Belize would, as a consequence of all of the above, be better positioned to achieve its Millennium Development Goals (MDGs) objectives and obligations.

The aim of the Strategy is to achieve sustained export competitiveness in the five prioritized sectors through an orientation around six pillars or thrusts:

- a. *Diversifying the export base* by building non-traditional, value added export capacity in existing and new export sectors including niche areas;
- b. *Fostering a stable business environment while increasing efficiencies in industrial productivity* through (i) reducing shipping and logistics costs and hurdles, (ii) reducing the overall cost of doing business, realizing improvements in management and production systems, (iii) reducing structural and systemic obstacles to exporting; (iv) leveraging investments and technology to give firms access to critical information and products; and (v) developing supply chain infrastructure and capacities;
- c. *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;
- d. Provision of legislative and comprehensive technology *support for quality and standards management*, and metrology and technical support services for MSMEs;

- e. *Improved access to and cost and management of capital* including for industrial development and export credit and financing;
- f. *Transfer of technology/ research & development* for promoting the export potential of enterprises in particular MSMEs.

2. Prioritization of Strategic Considerations

a. The Development Perspective

- o *Strategic Consideration #1: The Development Gear of Strategy*
 1. Integrate NES within the broader Medium Term Economic Strategy Plan 2007-2009, and the National Poverty Elimination Strategy & Action Plan 2005-2010
 2. Focus on high employment sectors and sub-sectors for export (agro-processing, tourism, environmental goods & services, aqua-culture & fisheries, and information and communications technologies)
 3. Ensure that the national export strategy is consistent with sustainable management of natural resources and environment

<i>Priority</i>	Integrate NES within the broader Medium Term Economic Strategy Plan 2007-2009, and the National Poverty Elimination Strategy & Action Plan 2005-2010
<i>Rationale</i>	This will ensure that is assigned the highest level of priority in terms of policy and action, and distribution of resources. In addition, it will allow for synergies to be exploited in implementation in particular where there are overlapping considerations.
<i>Objective</i>	<ol style="list-style-type: none"> i. Identify key issues of economic development which could serve as basis for economic sector policy development and action ii. Identify key areas of overlapping with the NPESAP, in particular proposed areas of action and determine what changes would be required in the latter to make achieve the objectives of the NES and vice-versa

b. The Competitive Perspective

- o *Strategic Consideration #2: The Border-In Gear of Strategy*
 1. Focus on fostering a more stable national economic and business environment (public debt reduction, reduced debt servicing, exchange rate management)
 2. Enhance access to quality affordable productive inputs through ‘clustering’ and development of supply chain systems and management

3. 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);
4. Diversify export offering by establishing export ‘incubator’ programs for non-traditional value added products and services;
5. Expand and implement the Investment Attraction Plan (IAP) and the Export Promotion Plan (EPP) programs

<i>Priority</i>	Diversify export offering by establishing export ‘incubator’ programs for non-traditional value added products and services
<i>Rationale</i>	Diversifying the export offering would present opportunities for better terms of trade and foreign exchange earnings and this could have positive implications for debt servicing and exchange rate management.
<i>Objective</i>	<ol style="list-style-type: none"> i. Design framework for and implement incubator program ii. Identify key sub-sectors within the prioritized economic sector for inclusion incubator program

o *Strategic Consideration #3: The Border Gear of Strategy*

1. Improve transportation infrastructure and port efficiencies locally and establish better and more competitive access to export shipping (air, land, and sea);
2. Promote export consolidation between and among export sectors;
3. Consolidate shipping with regional (non-competing) products;
4. Reduce the export administrative burden by rationalizing the export process and creating a ‘single-stop’ window;
5. Support economic sector clustering to reduce transaction costs
6. Develop and implement an industrial development policy which targets the five priority sectors

<i>Priority</i>	Improve transportation infrastructure and port efficiencies locally and establish better and more competitive access to export shipping (air, land, and sea)
<i>Rationale</i>	The high cost of transportation coupled with port inefficiencies and high costs add to the lack of competitiveness of Belizean exports.
<i>Objective</i>	<ol style="list-style-type: none"> i. Review and rationalize the national transportation policy with a view to supporting the NES ii. Review port fees and charges and engage in dialogue with the Port of Belize Ltd. To realize lower costs to exporters iii. Upgrade the road transport infrastructure in particular in rural areas engaged in agricultural

	production for supplying export chains
--	--

- *Strategic Consideration #4: The Border-Out Gear of Strategy*
 1. Establish national trade policy goals and objectives and shift negotiation focus to pro-actively creating market access for new niche products and services which emphasize the targeting of the five priority sectors;
 2. Rationalize and strengthen the export help-desk to assist local exporters and entrepreneurs;
 3. Provide opportunities for new market entrance by expanding and rationalizing participation in international trade fairs and trade shows and by developing and implementing an international Export Promotion Road Show and Investment Attraction Plan;
 4. Reinforce the ‘*Belize - The Natural Niche*’ national brand campaign and the *Belize Foods –Celebrating Quality* campaign through continued promotions in local and international trade shows, and special promotional sessions with potential and export ready sectors and associations, and the Belizean Diaspora;
 5. Develop and implement a trade and export service capacity within the foreign-service corps and place commercial attachés within Belize’s foreign consulates, embassies, and missions.

<i>Priority</i>	Reinforce the ‘ <i>Belize - The Natural Niche</i> ’ national brand campaign and the <i>Belize Foods –Celebrating Quality</i> campaign through continued promotions in local and international trade shows, and special promotional sessions with potential and export ready sectors and associations, and the Belizean Diaspora
<i>Rationale</i>	An umbrella national brand for Belize is necessary for building regional and global awareness of Belize as an export origin. This will also facilitate export marketing placement of the different export products and services.
<i>Objective</i>	<ol style="list-style-type: none"> i. Develop and implement an public relations program for the two campaigns ii. Develop export incentive programs for use of the different campaign logos through attaching ‘conditionalities’ for meeting minimum standards for all export products and services

c. The Client Perspective

- *Strategic Consideration #5: Sector and Client Focus*
 1. Improve service by prioritizing client base – current exporters, potential exporters (non-traditional, value-added products);

2. Provide support to current and potential exporters by developing mechanisms for facilitating access to competitively priced quality export production inputs;
3. Develop framework for cooperation between Bureau of Standards, BAHA, customs, port, export shipping and transportation;
4. Review the goods and services classifications and the system used by the Customs & Excise Department to provide for an enhanced method of identifying a broader but more specific range of products and services.

<i>Priority</i>	Provide support to current and potential exporters by developing mechanisms for facilitating access to competitively priced quality export production inputs
<i>Rationale</i>	The cost of productive inputs is a key source of lack of competitiveness for Belizean exports
<i>Objective</i>	<ol style="list-style-type: none"> i. Develop and implement a supply chain management program for productive inputs ii. Develop capacity within BELTRAIDE for identifying source materials and resources for and on behalf of the producers iii. Reduce or eliminate import duties and other taxes for productive inputs for export products

o *Strategic Consideration #6: Business Competency*

1. Develop and improve competencies in product development and innovation, and export management and marketing –including niche marketing;
2. 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)
3. Continue to provide for and develop specific competency programs in tourism sector, and introduce new competency programs for ICT and EGS sectors.

<i>Priority</i>	Develop and improve competencies in product development and innovation, and export management and marketing – including niche marketing.
<i>Rationale</i>	Lack of marketing capacity, in particular export marketing, results in loss of value along the export value chain for a number of industries export sectors
<i>Objective</i>	<ol style="list-style-type: none"> i. Develop and implement training and certification programs for export marketing, export supply chain management, and product development. ii. Develop a framework for increased cooperation between

	the key tertiary level education institutions for addressing capacity gaps and competency needs and requirements
--	--

○ *Strategic Consideration #7: Trade Information*

1. Increase private sector understanding of trade agreements through enhanced participation in the NTNC, and regional and multi-lateral trade negotiation processes;
2. Continue to build awareness of BELTRAIDE and its products and services;
3. Improve and systematize trade data gathering, analysis, and sharing through operationalizing the World Trade Net program and by developing a framework for cooperation with Central Statistical Office (CSO) and relevant ministries;
4. Develop framework for cooperation between and amongst BELTRAIDE and the two leading private sector organizations (BCCI and BBB), and other relevant sector associations and organizations (i.e. fishing cooperatives, BLPA, BPA, Agro-Productive Sector Group, etc.);

<i>Priority</i>	Improve and systematize trade data gathering, analysis, and sharing through operationalizing the World Trade Net program and by developing a framework for cooperation with Central Statistical Office (CSO) and relevant ministries
<i>Rationale</i>	The current treatment of trade data is currently inappropriate for support the development of export strategies and business and sector strategies
<i>Objective</i>	<ol style="list-style-type: none"> i. Develop and implement a trade data gathering and analysis system ii. Develop a framework for cooperation with the Central Statistical Office and other relevant ministries and departments

○ *Strategic Consideration #8: Trade Finance*

1. Increase access to affordable development financing through creation of Export/Import Bank in Belize or like facility (i.e. successor institution to the DFC), or establish an ‘export finance window’ thru commercial banks and Credit Unions for export credit and financing;
2. Develop and implement mechanism to afford access by commercial banks to up to 1% of their respective deposit requirements with the Central Bank of Belize for on-lending as export credit and financing;

3. Leverage the Ministries of Finance and National Development networks of international contacts for raising development capital other than loans (i.e. the BRDP program);
4. Provide technical support to export businesses in particular MSMEs in order to access development financing programs in region and internationally;
5. Provide training for commercial banks and credit unions staff in assessing export lending risks in particular for MSMEs;
6. Provide concessionary industrial development loans for export sectors in export incubator program.

<i>Priority</i>	Increase access to affordable development financing through creation of Export/Import Bank in Belize or like facility (i.e. successor institution to the DFC), or establish an 'export finance window' thru commercial banks and Credit Unions for export credit and financing
<i>Rationale</i>	Affordable export financing programs are seen as essential in building export competitiveness
<i>Objective</i>	<ol style="list-style-type: none"> i. Conduct feasibility to determine specific export financing needs and programs which may be adopted for Belize ii. Implement export financing program within the national development bank <i>or alternatively</i> iii. Make the necessary legal amendments to allow commercial banks to utilize a percentage of their deposit requirements for export financing programs

○ *Strategic Consideration #9: Quality Management*

1. Strengthen the Bureau of Standards – provide more staffing, funding, and establish proper facilities with relevant equipment;
2. Develop and legislate production standards and implement technical assistance programs for quality management in particular for MSMEs;
3. Expand and improve the metrology and quality assurance and standards technical services through sustained investment in technology and training;
4. Obtain national membership in the International Standards Organization (ISO);
5. Develop and implement a grant program for exporters and MSMEs to obtain ISO9000/12000, HACCP, and other relevant quality assurance and standards certification.

<i>Priority</i>	Strengthen the Bureau of Standards – provide more staffing, funding, and establish proper facilities with relevant equipment
<i>Rationale</i>	Strengthening the Bureau of Standards and providing it with

	greater resources is absolutely imperative in developing and enforcing quality and standards requirements
<i>Objective</i>	<ul style="list-style-type: none"> i. Conduct institutional assessment of the Bureau of Standards to determine its resource capacity gaps and needs ii. Develop and implement a grant program for exporters and MSMEs to obtain ISO9000/12000, HACCP, and other relevant quality assurance and standards certification

o *Strategic Consideration #10: Other Trade Support Services*

1. Support the establishment of local packaging production and operations – including bottling and canning;
2. Provide technical support and capacity building programs for export packaging design and labelling;
3. Support national networking/information communication services for Research Develop & Technology Transfer, build linkages with international centers of excellence and promote participation of national professionals/ technicians in international fora/conferences on RDT topics of high national priority.
4. Encourage development of cross-sector linkages with local graphic design houses and export marketing and packaging services.

<i>Priority</i>	Provide technical support and capacity building programs for export packaging design and labelling
<i>Rationale</i>	While establishment of local packaging production and operations may not in the short term be feasible, it is nonetheless imperative that export products be well branded, labelled and with appealing packaging designs.
<i>Objective</i>	<ul style="list-style-type: none"> i. Develop and provide training programs in the area of packaging design and labelling requirements for export goods & services from different sectors ii. Remove import duties and environmental and sales taxes from export packaging inputs iii. Support RDT programs or projects to address RDT priorities on a competitive and sustainable basis

d. The Institutional Perspective

o *Strategic Consideration #11: Strategy Support Network (Leadership, Coordination and Structure)*

1. Create, legislate, and implement a National Export Council (NEC) to provide leadership and coordination for the Strategy and beyond the defined period;

2. Strengthen the internal policy development and decision making mechanisms of the National Trade Negotiation Commission (NTNC) and provide for enhanced private sector participation in the Commission;
3. Support the implementation of the World Trade Net Program and develop mechanisms for strengthening the relationship between BELTRAIDE and the BCCI;

<i>Priority</i>	Create, legislate, and implement a National Export Council (NEC) to provide leadership and coordination for the Strategy and beyond the defined period
<i>Rationale</i>	A NEC is imperative if the NES is to be successfully implemented
<i>Objective</i>	<ol style="list-style-type: none"> i. Develop and enact a National Export Council for Belize ii. Develop mechanisms for cooperation between the NEC and other relevant agencies and departments and the Belizean private sector

- *Strategic Consideration #12: Services Delivery Network (Capacity and Institution building, Synergy and Coordination)*
 1. Focus on competition issues within the telecommunications and transportation sectors.
 2. Integrate trade and export development into the tertiary level business curriculum;
 3. Support the completion of and adopt the MSME policy for Belize and finance the development and strengthening of the MSME desk within BELTRAIDE;
 4. Consolidate and strengthen the mandate and role of BELTRAIDE as THE national trade promotion agency, and increase its funding for operational and marketing initiatives;
 5. Install ‘commercial’ diplomats in key embassies and missions abroad and key functions will be to coordinate the promotion of Belizean exports and the FDI attraction program;
 6. Strengthen the linkages with regional and multilateral development agencies and secure membership in key agencies such as the WAIPA, etc.

<i>Priority</i>	Consolidate and strengthen the mandate and role of BELTRAIDE as THE national trade promotion agency, and increase its funding for operational and marketing initiatives
<i>Rationale</i>	There needs to be a single agency or institution responsible for export promotion and development and for coordinating the work of the National Export Council. BELTRAIDE given its legal mandate is best positioned to perform this function.
<i>Objective</i>	<ol style="list-style-type: none"> i. Legally assign responsibilities for export promotion to

	<p>BELTRAIDE</p> <ul style="list-style-type: none">ii. Consolidate the functions of the proposed EDO under BELTRAIDEiii. Increase the operating and marketing budget for BELTRAIDE over the next three years
--	---

PART 6: STRATEGY MANAGEMENT

Management of the implementation of the NES Belize will be loosely organized around a rationalization of shared responsibilities and functional separation of focus required for export development but based on the six pillars or thrusts of the Strategy. In this regard the key areas for engagement include *Policy & Infrastructure Development, Competency & Skills Development, Export Diversification & Product Development Support, Market Entry Services, In-market Support Services, and Trade Financing*. This model borrows from the Canadian National Trade Support Model in that it proposes to establish a ‘single point’ of coordination and decision making for policy and infrastructure development and implementation, competency and skills development, market and product development, access to market intelligence, export information and counselling, financial assistance, and on-the-ground support”³⁹ and will involve both the public and private sectors.

Table 3 : Proposed Strategy Management Areas

Policy & Infrastructure Development	Competency & Skills Development	Export Diversification & Product Development	Market Entry Support Services	Export Financing	In-market Support Services
Fiscal Policy Management	Management Competency & Technical Skills Training & Certification	Export Readiness Assessment	Market Sector Information & Intelligence	Needs Assessment and Counselling	Market Prospect Identification
Infrastructure Development & Improvements (transport, telecoms, amenities)	Export Preparation Guides/ Skills Training	Export Plan Development	General Info Services/ Counseling	Provision of Working Capital	Key Contacts Search & Dev.
Transfer of Technologies	Preparation for CSME, EPA, & Other Markets	Export Plan Implementation	Standards and Quality Assurance Issues	Foreign Risk Mitigation	Visit Information
		Export Incubator Program	Missions, Fairs and Trade Related Events	Medium/ Long Term Foreign Buyer Financing	Face to Face Briefing
		Export Logistics Management Program/ System			Local Company Information
					Troubleshooting

In this regard, the Strategy proposes the enactment of a National Export Council (NEC)⁴⁰. The NEC would be comprised of representatives from the ESSN and SDN, maintain the two-tier stratification articulated in the ITC’s proto-type framework, and support the mandate of existing bodies such as the National Economic Council and the National Trade Negotiating Commission. In application, the NEC would serve as a virtual national export

³⁹ Oak, Brian, Export Strategy in a Changing Business Environment, The Canadian National Trade Support Model, Canadian Trade Commissioner Service

⁴⁰ The formation and enactment of a National Export Council is recommended by this Strategy.

management organization (with BELTRAIDE acting as its physical and virtual ‘secretariat’) that is responsible for export related policy development and implementation, and which provides formal structures and mechanisms for decision making, technical assistance, and pooling and redistribution of financial and technical resources between and among the two tiers in the framework. In doing so, it would allow for the seemingly divergent macro and micro level aims, objectives, and activities contained in different policy and strategic plans (i.e. the MTES, Tourism Master Plan, NPESAP, etc.) to be reframed to achieve their respective aims and objectives of the NES and still fulfil those aims and objectives of the other policies and strategic plans. This approach would allow for effective division of mandates and functional areas of responsibilities between and among the relevant stakeholders, will enable more efficient allocation of financial, human, and technical resources, and reduce or eliminate wastage by removing the potential for duplication and overlapping.

PART 7: RESOURCES MOBILIZATION

1. Priorities

Given Belize's overall resource constraints, the Design Core Team decided to mobilize resources from the following key sources: from existing ministry and department budgets; from the budgets of key private sector organizations; from the budgets of key quasi-government organizations; and from the allocations assigned for activities deriving from the National Poverty Elimination Strategy and Action Plan; the Medium Term Economic Strategy other than that assigned to Ministries and government departments; the Vision 2025 Plan; and the Tourism Master Plan.

Resources mobilized under the NES – Belize (or for the purpose of fulfilling its aims and objectives) would be dictated in general by the key areas of mandate or functional responsibilities as outline in Part 5 above. Considered against the strategic considerations set out within the Strategy, the following areas of priorities may be established:

- Public sector investment in infrastructure to allow for reductions in the costs of transportation and doing business;
- Public sector investment in tertiary level education (including the universities and the TVET program) and certification programs to allow for competency and skill development of a general and of a specific manner;
- Increase the financial, technical, and human resources of the Bureau of Standards and the Central Statistical Office to facilitate the expanded scope of responsibility that shall derive from and is critical for enhanced export performance development;
- Increase the financial, technical, and human resources of BELTRAIDE to ensure that it has the legal mandate and is positioned to provide sustained leadership for implementation of the NES;
- Commitment of financial and technical resources for the creation of an Export/Import Bank in Belize or like facility (i.e. successor institution to the DFC), or policy support and changes for establishing an 'export finance window' thru commercial banks and Credit Unions for export credit and financing;
- Commitment of technical resources for developing 'commercial diplomacy' capacity within the Ministry of Foreign Affairs and

Foreign Trade and establishment of commercial attaches in Belize's embassies and missions abroad.

2. The Approach and Focus

The envisioned approach to implementation of the NES Belize 2007-2010 is one of *broadening the export base through reducing the cost of doing business and eliminating the duplication of resources*. This approach allows for activities to focus on addressing the policy and infrastructure constraints which plague export performance, on building the human resource, financial, and productive capacities of export oriented industries and sectors, and on clarifying and consolidating the roles and functions of public and private sector stakeholders in the export process.

The strategy places public-private partnership at the heart of Belize's trade promotion agenda. Development of deeper partnerships between the Government of Belize and the Belizean private sector are crucial to the Plan's success.

Activities implemented in achievement of the overall aims and objectives of the Strategy shall be through existing government departments and ministries, private sector organizations and businesses, and quasi-government organizations and institutions with coordination and direction provided at the level of the NEC. In fact, the Strategy already has several areas which are substantively consistent with objectives set out under the draft National Poverty Elimination Strategy and Action Plan, and which may be obtained through activities implemented under the Tourism Master Plan and the Medium Term Economic Strategy 2007-2009.