

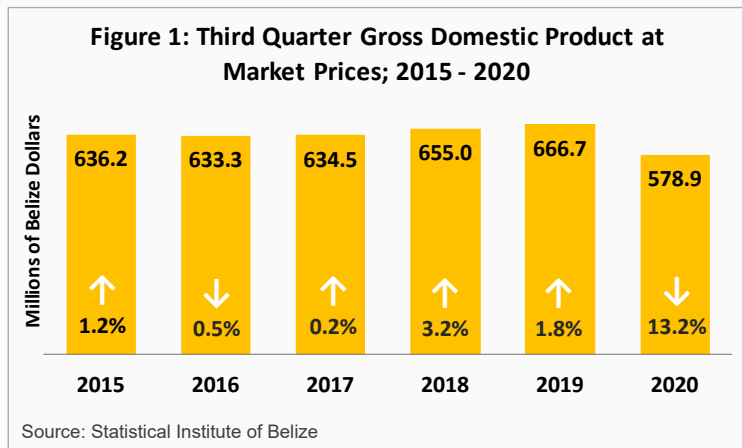


GDP GROSS DOMESTIC PRODUCT

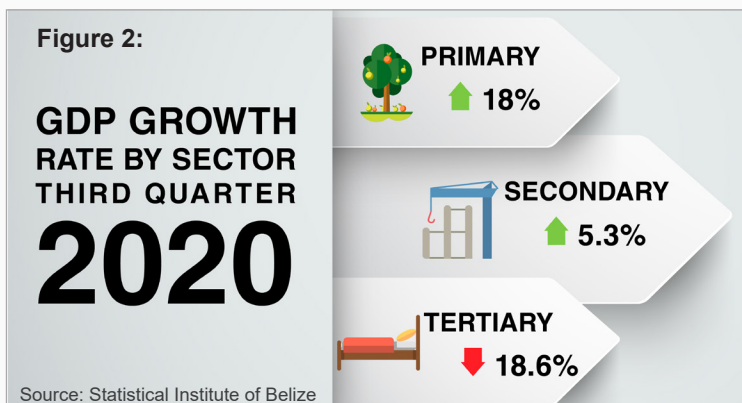
For: Third Quarter 2020 • Published on: December 9th, 2020

ECONOMY DECLINES 13.2% IN THIRD QUARTER OF 2020

The Statistical Institute of Belize's preliminary third quarter Gross Domestic Product estimates showed that, for the months of July to September 2020, the overall level of production for the country of Belize declined by 13.2 percent in comparison to the same three months in 2019. The total value of goods and services produced within the country for the period stood at \$578.9 million, down \$87.8 million from \$666.7 million produced in the third quarter of 2019 (see Figure 1).



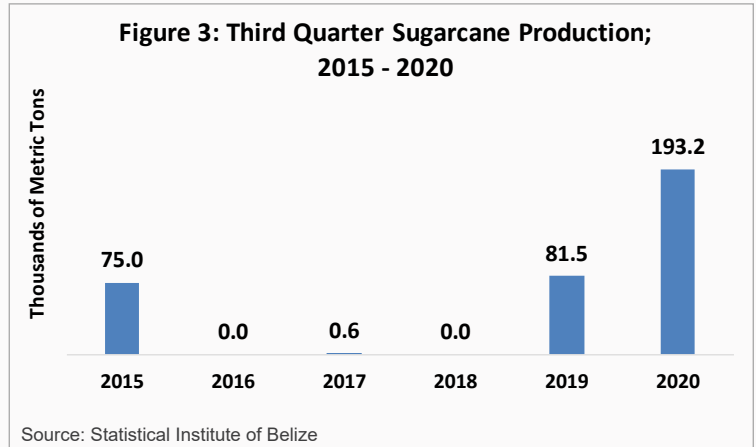
The decline experienced in the third quarter was largely due to decreases within the tertiary sector, which continued to suffer from the negative effects of COVID-19. With borders remaining closed during this period, only a marginal number of overnight arrivals was recorded, resulting in another steep decline in the 'Hotels and Restaurants' industry. Additionally, the 'Wholesale and Retail Trade' industry saw a considerable drop in activity, as evidenced by a reduction in goods imported into the country. A 20.7 percent contraction in 'Taxes on Products' also contributed to the overall decline in the GDP. On the other hand, the primary sector grew by 18 percent, attributed to increases in the agricultural and fishing industries, while the secondary sector grew by 5.3 percent due to a rise in both the 'Electricity and Water' and 'Construction' industries (see Figure 2).



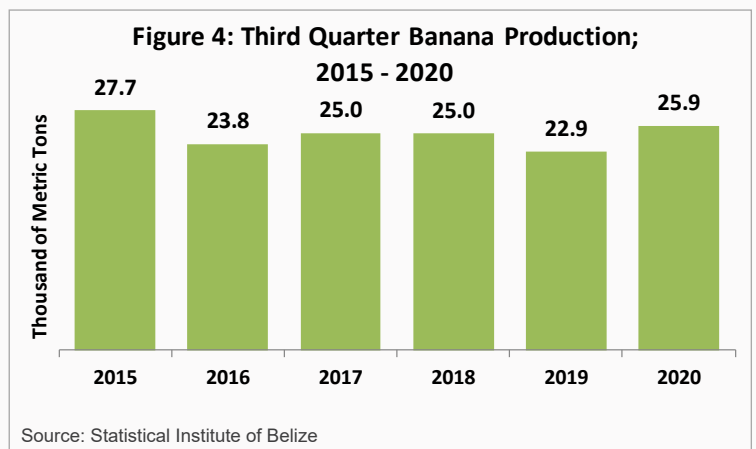
PRIMARY ACTIVITIES:

Total production within the primary sector grew by 18 percent during the quarter, with most of the major industries recording increased production compared to the third quarter of last year. Sugarcane farmers experienced an extended crop, as underdeveloped cane that could not be harvested earlier in the year was able to reach maturity. Production was also boosted by rainy weather during the third quarter of 2020, in contrast to the very dry conditions experienced in the same period of

2019. As a result, sugarcane deliveries rose from 81.5 thousand metric tons in the third quarter of 2019 to 193.2 thousand metric tons delivered in the third quarter of 2020 (see Figure 3).

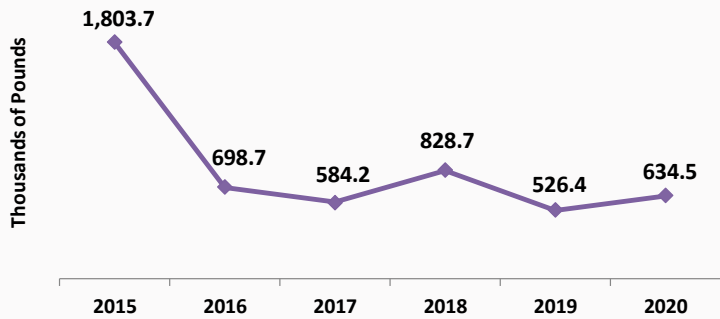


Citrus production grew substantially when compared to the third quarter of 2019, due to a late crop of oranges harvested during the period. Citrus fruit deliveries increased from a marginal 0.8 thousand metric tons in quarter three of 2019 to 18 thousand metric tons produced in quarter three of 2020. Improved weather conditions, coupled with an increase in acreage, also favorably affected banana production, which was up by 12.8 percent from 22.9 thousand metric tons in the third quarter of 2019 to 25.9 thousand metric tons in the third quarter of 2020 (see Figure 4).



Within the agricultural sector, livestock production declined by 8.1 percent over the period. Poultry producers struggled to meet market demand as one of the major plants temporarily halted production due to COVID-19. As a result, poultry production dropped by 13.3 percent during the quarter. Nonetheless, cattle and pig production both recorded increases due to a rise in local demand and exported animals. Despite a significant decrease in lobster meat exports during the quarter, the fishing industry grew by 20.5 percent overall, boosted by a more than doubling of shrimp exports and a sizable increase in lobster tail exports (see Figure 5).

Figure 5: Third Quarter Marine Exports; 2015 - 2020

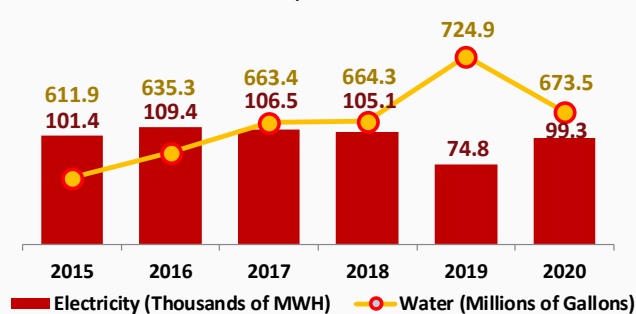


Source: Statistical Institute of Belize

SECONDARY ACTIVITIES:

Secondary activities increased by 5.3 percent during the third quarter of the year, boosted in large part by increases in electricity and sugar production and in construction activities. Sugar production was up by almost 60 percent, from 9.1 thousand metric tons in the third quarter of 2019 to 14.5 thousand metric tons produced in 2020, attributed to the rise in sugarcane deliveries. The 'Electricity and Water' industry also grew by a significant 24.3 percent, recovering from eight consecutive quarters of decline. While the third quarter of 2019 saw prolonged dry weather conditions, heavy rainfall during the third quarter of 2020 resulted in higher water levels at the dams and an increase in the supply of hydroelectric power. Consequently, electricity generation rose by 32.8 percent, from 74.8 thousand megawatt hours to 99.3 thousand megawatt hours. On the other hand, heavy rainfall had the opposite effect on water consumption, which decreased by 7.1 percent during the quarter, from 724.9 millions of gallons consumed in the third quarter of 2019 to 673.5 millions of gallons in the third quarter of 2020 (see Figure 6). Activities within the 'Construction' industry rose by 3.3 percent, as reflected by a 7.4 percent increase in building and construction loans.

Figure 6: Third Quarter Electricity and Water Production; 2015 - 2020



Source: Statistical Institute of Belize

The 'Manufacturing and Mining' industry declined by 7.7 percent during the period. Within this sector, the beverage industry continued to suffer from the lack of tourist visitors to the country and the restrictions placed on local restaurants and bars, due to COVID-19. Beverage production declined by 16.3 percent, as beer production dropped by 21.6 percent and soft drink production fell by 8.6 percent. A decline in other manufactured goods was also observed, with fertilizer production down by a significant 33.2 percent and flour production down by 5.2 percent compared to the third quarter of 2019. Crude petroleum extraction continued to dwindle, declining by 40.1 percent, as approximately 27.9 thousand fewer barrels were extracted from reservoirs.

TERTIARY ACTIVITIES:

The services sector remains the most severely impacted by COVID-19, recording an 18.6 percent contraction in output during the third quarter. Production was down by \$79.8 million, from \$429.9 million during the third quarter of 2019 to \$350.1 million during the same period in 2020. With borders closed during the quarter, activities within the 'Hotels and Restaurants' industry were virtually dormant, recording a significant 98.3 percent decline. Overnight visitors to the country were at a near standstill, while for the second consecutive quarter, there were no cruise visitors to the country (see Figure 7a and Figure 7b). The 'Wholesale and Retail Trade' industry contracted by 21.4 percent during the quarter, as less 'Mineral Fuels and Lubricants', 'Crude Materials', 'Personal Goods', and 'Machinery and Transport Equipment' were imported into the country. Nationwide restrictions due to COVID-19 also interrupted land, sea and air transportation, resulting in a 15.6 percent decline in the 'Transport, Storage and Communication' industry. Additionally, 'Government Services', which recorded growth during the first two quarters of the year, declined by 0.6 percent.

Figure 7a: Cruise Ship Tourist Arrivals Second Quarter, 2015-2020 (thousands of tourists)

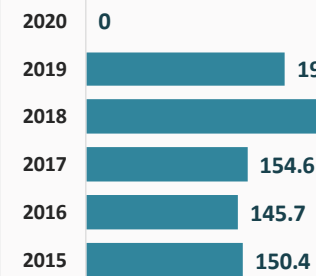
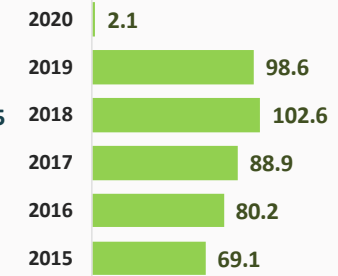


Figure 7b: Overnight Tourist Arrivals Second Quarter, 2015-2020 (thousands of tourists)



Source: Statistical Institute of Belize

FIRST NINE MONTHS OF THE YEAR 2020:

For the first nine months of the year, the total value of goods and services produced within the country is estimated to have decreased by \$316.2 million dollars or 14.4 percent, from \$2,194.7 million during January to September of 2019 to \$1,878.5 million in January to September of 2020. During this period, the country struggled with the combined effects of prolonged dry weather conditions, which adversely impacted agriculture and electricity production in the earlier parts of the year, and the impact of the COVID-19 global pandemic. International travel came to a virtual halt in response to the pandemic, restrictions to movement and engaging in various activities were put into place to mitigate the spread of the virus, and economic activity declined sharply. In the second quarter of 2020, the largest quarterly GDP decline on record was seen, a contraction of 23 percent that came largely as a result of decreases within the services sector, which has suffered the most detrimental effects of the COVID-19 pandemic. This has continued into the third quarter of the year when, fairly positive performances in both the primary and secondary sectors were easily overshadowed by the continued sharp decline within the tertiary sector, which accounts for more than a half of the country's total economic activity.