

# Belize

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RISK & COMPLIANCE REPORT

DATE: March 2018

**Executive Summary - Belize**

<b>Sanctions:</b>	None
<b>FAFT list of AML Deficient Countries</b>	No
<b>Higher Risk Areas:</b>	US Dept of State Money Laundering assessment Not on EU White list equivalent jurisdictions International Narcotics Control Majors List Offshore Finance Centre
<b>Medium Risk Areas:</b>	Weakness in Government Legislation to combat Money Laundering Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Fragile States Index (Political Issues)(Average Score)

**Major Investment Areas:**

**Agriculture - products:**

bananas, cacao, citrus, sugar; fish, cultured shrimp; lumber

**Industries:**

garment production, food processing, tourism, construction, oil

**Exports - commodities:**

sugar, bananas, citrus, clothing, fish products, molasses, wood, crude oil

**Exports - partners:**

US 30.8%, UK 21.2%, Nigeria 4.8%, Costa Rica 4.1% (2012)

**Imports - commodities:**

machinery and transport equipment, manufactured goods; fuels, chemicals, pharmaceuticals; food, beverages, tobacco

**Imports - partners:**

US 23.1%, Germany 14.6%, Mexico 11.2%, Cuba 9.1%, Guatemala 5.4%, China 4.5%, Trinidad and Tobago 4.1% (2012)

**Investment Restrictions:**

The Belize Trade and Investment Development Service (BELTRAIDE, [www.belizeinvest.org.bz](http://www.belizeinvest.org.bz)) is the country's official trade and investment promotion agency. BELTRAIDE identified the following economic sectors as priority areas to attract investments: agriculture, agro-industries, food processing and livestock, tourism and tourism-related industries, aquaculture and mari-culture, light-manufacturing industries and assembly plants, call centres and information communication technology, renewable energy.

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## Section 1 - Background

Belize was the site of several Mayan city states until their decline at the end of the first millennium A.D. The British and Spanish disputed the region in the 17th and 18th centuries; it formally became the colony of British Honduras in 1854. Territorial disputes between the UK and Guatemala delayed the independence of Belize until 1981. Guatemala refused to recognize the new nation until 1992 and the two countries are involved in an ongoing border dispute. Guatemala and Belize plan to hold a simultaneous referendum, set for 6 October 2013, to determine if this dispute will go before the International Court of Justice at The Hague. Tourism has become the mainstay of the economy. Current concerns include the country's heavy foreign debt burden, high unemployment, growing involvement in the Mexican and South American drug trade, high crime rates, and one of the highest HIV/AIDS prevalence rates in Central America.



## Section 2 - Anti – Money Laundering / Terrorist Financing

### FATF status

In May 2015 the Caribbean Financial Action Task Force (CFATF) acknowledged the significant progress made by Belize in improving its AML/CFT regime and notes that Belize has established the legal and regulatory framework to meet its commitments in its agreed Action Plan regarding the strategic deficiencies that the CFATF had identified. Belize is therefore no longer subject to the CFATF ICRG monitoring process.

### Compliance with FATF Recommendations

The May 2015 CFATF Plenary recognised that Belize had made significant progress in addressing the deficiencies identified in their 2011 Mutual Evaluation Report and therefore exited the follow-up process.

Belize has addressed the deficiencies noted in the Core and Key Recommendations rated PC/NC (R. 1, 4, 5, 10, 13, 23, 35, 40, SR. I – V) to a level of compliance that is comparable to at least an LC.

### Key Findings from latest Mutual Evaluation Follow-up Report (2015):

#### Overview of the main changes since the adoption of the Mutual Evaluation Report (MER)

Since the adoption of the MER in 2011, Belize has sought to correct the deficiencies identified in its AML/CFT regime in the MER through the enactment and amendment of legislation, the provision of additional technical and human resources, appropriate stakeholder AML/CFT training and implementation of relevant AML/CFT systems. Legislative changes began with the enactment of the MLTPAA 2013 in February 2013. The MLTPAA 2013 includes provisions covering customer due diligence (CDD) record-keeping and retention, reporting and internal AML/CFT control systems, wire transfers, introduced customers, foreign branches and subsidiaries and sanctions. In October 2013, eleven amending statutes were enacted. In February 2014, five amending statutes including the MLTPAA 2014 together with a new law, two sets of regulations and amending regulations were also enacted. In October, the Gaming Control Act was extensively amended and Administrative Penalty Regulations for the gaming sector were put in place. In addition, the FIU issued in 2014 AML/CFT Guidelines for DNFBPs and Instructional Notes on Making STRs. These measures sought to address shortcomings in Belize's AML/CFT legal framework as identified in the MER. Increased technical and human resources have been provided to the FIU, the Customs Department, law enforcement agencies, the Ministry of Foreign Affairs and the Attorney General's Ministry. AML/CFT training has also been provided to the already mentioned agencies, the judiciary, the financial institutions and the DNFBPs. Belize has also been submitting statistics demonstrating implementation regarding its AML/CFT reporting, supervisory and international

co-operation systems. These measures are evidence of Belize's commitment to deal with the deficiencies in its AML/CFT framework.

## US Department of State Money Laundering assessment (INCSR)

### **Belize is categorised by the US State Department as a Country/Jurisdictions of Primary Concern in respect of Money Laundering and Financial Crimes.**

#### OVERVIEW

Belize has an offshore financial sector but is not a key regional financial center. Belize is a transshipment point for marijuana and cocaine. FTZs are routinely used to move money across borders. Belize is vulnerable to money laundering due to the lack of enforcement of its laws and regulations, strong bank secrecy protections, geographic location, and weak investigatory and prosecutorial capacity. The sources of money laundering are drug trafficking, tax evasion, securities fraud, and conventional structuring schemes.

The Belizean government is increasing staff and training for its FIU. The FIU has a three-year National Strategic Plan and is conducting an AML/CFT national risk assessment (NRA). The FIU also is participating in a gap analysis of Belize's anti-corruption and AML/CFT capacity.

#### VULNERABILITIES AND EXPECTED TYPOLOGIES

The government permits financial activities that are vulnerable to money laundering, including offshore banks, insurance companies, trust service providers, mutual fund companies, and IBCs. The IBC Registry has 49,192 registered, active IBCs, and 2,165 trusts are registered at the International Trust Registry. One IBC with an online gaming license can operate in the offshore sector. With the exception of the five international banks regulated by the Central Bank of Belize, the International Financial Services Commission (IFSC) supervises offshore entities.

Belize's two FTZs, Corozal and Benque Viejo, are on the border with Mexico and Guatemala respectively. Belizean law enforcement agencies strongly suspect there is money laundering, illicit importation of duty-free products, and large sums of cash moving through the FTZs.

As of December 2016, Belize's gaming sector, regulated by the Gaming Control Board under the Ministry of Investment, Trade, and Commerce, consists of nine casinos or licensed gaming premises, 33 licensed gaming establishments, and three on-line gaming/internet casinos. Each category of gaming entity is subject to different operating restrictions; for example, casinos are the only entities allowed to conduct live games such as poker and roulette. The FIU supervises the gaming sector for AML/CFT compliance.

The director of the IFSC implemented enforcement of fee increases and more stringent due diligence requirements on the offshore financial sector. In September 2017, the IFSC announced a six-month moratorium on new licenses in Trading in Financial and Commodity-based Derivative Instruments and Other Securities ("No. 7 License"). All No. 7 License holders

are required to complete a "Declaration of Compliance" certifying they have operated and continue to operate within the Standard Conditions of the License for Trading in Securities.

The FIU, Police Department, and Customs and Excise Department face challenges with political interference, corruption, and human resource and capacity limitations.

#### KEY AML LAWS AND REGULATIONS

Belize made efforts to strengthen its AML regulatory regime, including amending the Money Lenders Act in 2016 and empowering the FIU to collect information for the NRA to be completed in 2018. As a new signatory to UNCAC, Belize is conducting a corruption-AML/CFT gap analysis under the aegis of the UNODC.

Belize has comprehensive CDD requirements and STR regulations. Belize also has regulations for PEPs in line with international standards.

Mechanisms exist for information exchange between Belize and other countries, including the United States. However, Belize is slow to respond to requests from foreign FIUs. The FIU acknowledges the problem and is hiring two analysts and a quality assurance staffer to respond to requests.

Belize is a member of the CFATF, a FATF-style regional body.

#### AML DEFICIENCIES

The FIU's mandate far exceeds its capacity, largely due to its limited human resources and high turnover. Leadership continuity is improving – there have been three FIU Directors in four years, but the current director is in his second year and the legal officer was promoted to deputy director. In an effort to compensate for staffing deficiencies, the FIU contracts private attorneys to lead the prosecution of serious or complex cases. The FIU has plans to add two financial investigators, one prosecutor, and the two analytical staff referenced above.

The government is trying to address AML deficiencies through the three-year National Strategic Plan.

#### ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

Belize took many positive actions in 2017, including increasing personnel and other resources, improving collaboration between agencies, and increasing training and advisory assistance. The FIU continues data collection and analysis for its NRA. The three-year National Strategic Plan identifies goals, additional resources, and personnel needs.

The FIU continued its outreach in 2017, including to DNFBPs. The FIU conducted onsite compliance examinations of two casinos as it focuses on the gaming industry, as compared to 21 onsite examinations in the Corozal FTZ in 2016.

Although the FIU is investigating several cases, the government did not prosecute any money laundering cases in 2017. The low prosecution and conviction figures continue to reflect the lack of robust enforcement efforts. The government should prioritize providing its investigative, prosecutorial, and judicial personnel with the resources and training to successfully fulfill their responsibilities.



### **Current Weaknesses in Government Legislation (2013 INCRS Comparative Tables):**

According to the US State Department, Belize does not conform with regard to the following government legislation: -

**Record Large Transactions** - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

**States Party to United Nations Convention Against Corruption** - States party to the United Nations Convention against Corruption (UNCAC), or a territorial entity to which the application of the Convention has been extended by a party to the Convention.

### **EU White list of Equivalent Jurisdictions**

Belize is not currently on the EU White list of Equivalent Jurisdictions

### **World Governance indicators**

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

### **Fragile States Index**

[To view Failed States Index Ctrl + Click here](#)

### **Offshore Financial Centre**

Belize is considered to be an Offshore Financial Centre

### US State Dept Narcotics Report 2017 (introduction):

Belize is a major transit country for illegal drugs destined for the United States from source countries in South America. Belize is susceptible to the transshipment of illegal drugs due to its position along the Central American isthmus between the United States and drug producing countries in South America. Large stretches of unpopulated jungles on the border with Guatemala and a relatively unpatrolled coastline that includes hundreds of small islands and atolls make it difficult to conduct interdictions. Remote jungles provide a hospitable environment for the growing and transferring of cannabis. Belize is bordered by countries where the drug trade is controlled by well-organized and extremely violent drug trafficking organizations.

According to the U.S. Drug Enforcement Administration (DEA), the drug routes are predominately maritime and via air. Due to Belize's unique geography, maritime craft are able to avoid law enforcement detection by moving at night and using the hundreds of cayes (islands) to conceal their movement. Drugs are moved in vessels ranging from container ships to more common "go-fast" vessels, which can utilize their small profile, and powerful motors to evade law enforcement. Belize's Coast Guard (BCG) lacks adequate patrol boats to effectively patrol Belize's Exclusive Economic Zone. Alternately, drug trafficking organizations use air routes over Belize to smuggle narcotics. The remote and sparsely populated terrain of Belize is well suited for low-trafficked roads and undetectable airstrips on which planes can quickly land and refuel to continue their flight to countries north or south. Belize has no air defense systems and limited capability to monitor aircraft at night.

Despite enhanced efforts to monitor coastal waters, limited funds, unreliable equipment, and limited human resources hamper the BCG and the Anti-Narcotics Unit (ANU). The ANU was upgraded to a U.S.-vetted unit in 2015 with additional support and a full-time DEA advisor. Belize's counternarcotics efforts are adversely affected by corruption, deficiencies in investigative capacities, an ineffective judicial sector, and a lack of political will by some senior officials. According to Belizean authorities, marijuana is the most prevalent illegal drug used in Belize and while Belize generally tolerates the use of cannabis, it remains a crime to use, cultivate, or sell it.

#### B. Conclusion

Belize faces a challenging battle against the threats of drug trafficking, and continuing efforts are needed to reduce the impact of drug trafficking and crime in the country. The United States will continue to assist Belize by providing additional training, equipment, and advisory support, as well as support for program development in the law enforcement and justice sectors. The United States encourages Belize to strengthen its public security and law enforcement institutions through more effective anti-corruption legislation, comprehensive background checks and vetting of new and existing personnel, better training, and continuing education programs. The United States will maintain its strong partnership with Belize and assist in its fight against transnational criminal organizations.

### **US State Dept Trafficking in Persons Report 2014 (introduction):**

Belize is classified a Tier 3 country - a country whose government does not fully comply with the minimum standards and is not making significant efforts to do so.

Belize is a source, transit, and destination country for men, women, and children subjected to sex trafficking and forced labor. The UN Special Rapporteur on Trafficking in Persons reported family members facilitate the sex trafficking of Belizean women and girls. In tourist regions, foreign child sex tourists, primarily from the United States, exploit child sex trafficking victims. Sex trafficking and forced labor of Belizean and foreign women and girls, primarily from Central America, occur in bars, nightclubs, brothels, and domestic service. LGBTI men, women, and children are vulnerable to sex and labor trafficking. Foreign men, women, and children—particularly from Central America, Mexico, and Asia—migrate voluntarily to Belize in search of work and are often exploited by traffickers who recruit victims using false promises of relatively high-paying jobs. Some migrants are subjected to forced labor in restaurants, shops, agriculture, and fishing or to sex trafficking. Trafficking-related complicity by government officials, including those at high levels, remains a problem.

The Government of Belize does not fully meet the minimum standards for the elimination of trafficking and is not making significant efforts to do so. Authorities initiated investigations into seven cases involving six suspects and continued one prosecution initiated in a previous year, but did not begin any new prosecutions. In early 2016, the government convicted one trafficker, but imposed a fine in lieu of jail time. Victim identification efforts remained weak. Authorities identified seven victims in 2014 compared with 10 identified the previous year. Although law enforcement raids on commercial sex establishments increased in number from last year, they were ineffective in identifying trafficking victims; moreover, following the raids the government arrested, detained, and deported potential victims for immigration violations. The government did not investigate or prosecute any public officials for alleged complicity in human trafficking-related offenses, despite reports of a significant level of official complicity.

### **US State Dept Terrorism Report**

Belize has not met the criteria for inclusion in the report since 2009

## International Sanctions

None applicable

## Bribery & Corruption

Index	Rating (100-Good / 0-Bad)
Transparency International Corruption Index	N/A
World Governance Indicator – Control of Corruption	50

## Corruption and Government Transparency - Report by US State Dept

Belize has anti-corruption laws on its books, but these laws, which come under the purview of the Office of the Attorney General, are seldom enforced. In 2012, the auditor general reported that government expenses and procurement were rife with improper accounting. As of March 2013, no significant steps had been taken in response to the auditor general's report. One such law is the Prevention of Corruption in Public Life, which has not been enforced since coming into effect in 1994. This law requires public officials, such as the Governor-General and members of the National Assembly, to disclose in the Government Gazette their assets, income, and liabilities.

The Prevention of Corruption in Public Life Act established an Integrity Commission responsible to monitor, prevent, and combat corruption by examining declarations of physical assets and financial positions filed by public officers. The Commission is able to investigate allegations of corrupt activities, including by members of the National Assembly, Mayors and Councilors of all cities, and Town Boards. This Act criminalizes acts of corruption by public officials and includes measures on the use of office for private gain, code of conduct breaches, the use of public funds, and bribery. Section 24 of the act covers punishment for breach, which may include a fine of up to US\$5,000, severe reprimand, forfeiture of property acquired by corruption, and removal from office. The last report of the integrity commission was published in 2005. No cases under this Act have ever led to prosecution.

Though there was an attempt in 2013 to reinvigorate it, the Integrity Commission remained nonfunctional in 2013 and 2014.

Belize has not signed the United Nations Convention Against Corruption (UNCAC).

In June 2001, the GOB signed the OAS Inter-American Convention on Corruption, which requires the revival of the Committee on Public Probity and Ethics to review implementation of the Convention.

Belize has an Office of the Ombudsman, whose responsibility is to investigate complaints of official corruption and wrongdoing. After being vacant since December 2011 a new Ombudsman was appointed in January 2013. The office has been more active since January 2013, including filing its annual report and investigating several incidents of alleged

misconduct. The office encounters political pressure and has limited resources; both factors limit its effectiveness.

There are a limited number of non-governmental institutions that monitor government activities; two of them are Citizens Organized for Liberty through Action (COLA) and the National Trade Union Congress of Belize (NTUCB). The first is comprised of concerned private citizens, and the latter is an umbrella organization comprised of the various Belizean workers' unions. Environmental NGOs and the Belize Chamber of Commerce and Industry often make statements regarding government policy as it affects their respective spheres of activity.

Belize is dominated by two political parties, the People's United Party (PUP) and United Democratic Party (UDP). In 2008, the UDP was elected on an anti-corruption platform, and re-elected in 2012. There is a third party, currently without national representation, called Vision Inspired by the People (VIP), which has focused on the issue of corruption and the need to sign UNCAC. Many businesspeople complain that both major political parties can and do practice partisanship bias that affects businesses in terms of receiving needed licenses, winning government contracts for procurement of goods and services, and the granting of government land to private owners. Some middle-class citizens and business owners throughout the country have complained of government officials, including police and others, soliciting bribes.

There are occasional reports of requests for bribes from border officials in order to facilitate lower assessments of goods for importation and thus lower import duties. Bribery is officially considered a criminal act in Belize, but laws against bribery are rarely enforced.

Some businesses and residents in the country have alleged that some officials demand payoffs if an inspection reveals a breach of fisheries laws. For example, restaurants and resorts carrying under-sized lobsters and conch are subject to court summons and a fine, but payoffs allegedly circumvent court charges or payment of fines.

The illegal harvesting and extraction of exotic hardwoods from the Belize forest continues to be a problem even after the 2012 moratorium that the Government placed on the harvesting of rosewood. It is believed that the meager fines levied on illegal loggers is not a disincentive particularly when compared to the hundreds of thousands of dollars that can be earned from sale of rosewood to foreign markets. There are several legitimate logging enterprises that operate sustainably, but illegal logging continues with mahogany, rosewood, cedar and other species. As of March 2013, the Convention on the International Trade on Endangered Species adopted a proposal from Belize and placed three varieties of rosewood on its Appendix 2, which limits the trade of rosewood across international lines. Belize made a formal observation that allows "value-added" products to be traded freely.

### Section 3 - Economy

Tourism is the number one foreign exchange earner in this small economy, followed by exports of crude oil, marine products, sugar, citrus, and bananas.

The government's expansionary monetary and fiscal policies, initiated in September 1998, led to GDP growth averaging nearly 4% in 1999-2007. Oil discoveries in 2006 bolstered this growth and oil exploration continues, but production has fallen in recent years and future oil revenues remain uncertain. Growth slipped to 0% in 2009, due to the global economic slowdown, natural disasters, and a temporary drop in the price of oil, but growth grew to 2.2% in 2015.

Although Belize has the third highest per capita income in Central America, the average income figure masks a huge income disparity between rich and poor, and a key government objective remains reducing poverty and inequality with the help of international donors. High unemployment, a growing trade deficit and heavy foreign debt burden continue to be major concerns.

#### **Agriculture - products:**

bananas, cacao, citrus, sugar; fish, cultured shrimp; lumber

#### **Industries:**

garment production, food processing, tourism, construction, oil

#### **Exports - commodities:**

sugar, bananas, citrus, clothing, fish products, molasses, wood, crude oil

#### **Exports - partners:**

UK 30.8%, US 18.7%, Nigeria 6.7%, Trinidad and Tobago 4.8%, Ireland 4.2%, Jamaica 4.2% (2015)

#### **Imports - commodities:**

machinery and transport equipment, manufactured goods; fuels, chemicals, pharmaceuticals; food, beverages, tobacco

#### **Imports - partners:**

US 26.6%, Mexico 11.7%, Cuba 10.2%, Guatemala 9%, China 7.5%, Trinidad and Tobago 5.6% (2015)

### Banking

Belize's financial system is small, consisting of five domestic commercial banks (the largest of which holds approximately \$440 million in assets), seven international banks, a state-owned development bank, a mutual fund (unit trust), fourteen credit unions, and seventeen insurance companies nationwide.

The Central Bank of Belize regulates the liquidity and cash reserve requirements, and monitors interest rates of the commercial banks.

Credit is made available on market terms. Despite the fact that this is regulated by the CBB, interest rates are largely set by market conditions prevailing within the commercial banks.

Foreign investments in Belize must be registered at the Central Bank of Belize, in order to facilitate inflows and outflows of foreign currency during transactions, including transfers and the repatriation of profits and dividends.



### Executive Summary

Belize has the smallest economy in Central America with a total gross domestic product (GDP) of US \$1.6 billion. Though geographically located in Central America, the former British Colony has cultural ties to the Caribbean as well. Due to mounting fiscal pressures and a need to diversify and expand its economy, the Government of Belize (GOB) is very open to, and actively seeking, foreign direct investment (FDI). However, the small population of the country (around 350,000 people), high import duties, difficulties in navigating the government bureaucracy and occasional political interference in private disputes constitute investment challenges.

Generally, Belize has no restrictions on foreign ownership and control of companies. Nevertheless, Small and Medium sized enterprises (SMEs) wishing to benefit from certain incentives and tour operators need to have 51% local ownership. Additionally, the jurisdiction is attractive for some investors as there are no capital gains tax and no inheritance tax. The country continues to fare poorly in international surveys of openness and ease of opening a business. Some investors complain that they do not always receive the full extent of the incentives available, that land title is not always reliable and secure, and that bureaucratic delays or corruption can be hindrances to starting a business in Belize.

Major U.S. investments in Belize exist today in the tourism, sugar, and other agricultural industries, as well as oil exploration. However, known petroleum reserves are on the decline and are close to depletion. Investors have also enjoyed success recently with business process outsourcing (BPOs). Economic growth in Belize continues to focus heavily on tourism and agriculture. These sectors remain the top areas for expansion and investment.

The overall fiscal picture for Belize shows significant challenges in the years ahead. In September 2012, Belize undertook a selective default of its major external commercial debts totaling an estimated U.S. \$554 million, commonly referred to as the Superbond. In 2013, Belize restructured its sovereign debt of U.S. \$547.5 million with a maturity date of 2038. The interest rate of the payments on the superbond will increase in 2017 from 5% to 6.767% and principal payments start becoming due in 2019. Belize has also been a beneficiary of the Petro Caribe oil initiative with Venezuela – a “loan” in which Belize pays Venezuela 50% up front for fuel and repays the rest at 1% interest over 25 years, allowing it to “hold back” 50% of the cost of fuel to use for other needs. However, with the decrease of the price of oil, the benefits of the program to Belize have become minimized and it is uncertain how long Venezuela will be able to continue the program.

Skeptics express concerns whether the Government of Belize (GOB) investment in infrastructure development is too ambitious and whether the country will begin seeing the economic benefits in time to assist with the looming debt. At the close of 2015, GOB’s total public debt stood at U.S. \$1.4 billion accounting for 79% of GDP.

The GOB also recently negotiated a settlement for compensation over the nationalization of Belize Electricity Limited, and it has also negotiated compensation over the nationalization of Belize Telemedia Limited, but the total settlement a final judgment via arbitration. Finally, several banks in Belize have lost access to correspondent banking services from major U.S. banks making it difficult (and more expensive) to process international financial transactions with the United States.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	N/A	<a href="http://transparency.org/cpi2014/results">transparency.org/cpi2014/results</a>
World Bank's Doing Business Report "Ease of Doing Business"	2015	120 of 189	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
Global Innovation Index	2015	N/A	<a href="http://globalinnovationindex.org/content/page/data-analysis">globalinnovationindex.org/content/page/data-analysis</a>
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD 130.38	Central Bank of Belize
World Bank GNI per capita	2014	N/A	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

### 1. Openness To, and Restrictions Upon, Foreign Investment

#### Attitude toward Foreign Direct Investment

The Government of Belize (GOB) is very interested in attracting foreign direct investment (FDI). The Belize Trade and Investment Development Service (BELTRAIDE; <http://www.belizeinvest.org.bz/>), a statutory body of the Government of Belize, has identified Belize's priority sectors for investment as agriculture, agro-processing, aquaculture, light manufacturing, food processing and packaging, tourism and tourism-related industries, business process outsourcing (BPOs), and renewable energy.

The GOB continues to promote FDI with incentive packages. In practice, however, investors have complained that they do not always receive the full extent of the incentives available, that land titles are not always reliably secure, and that bureaucratic delays or corruption can be hindrances to starting a business in Belize. There is a sense among investors that incentives are administered in an ad hoc manner, with frequent delays or payment not issued as originally guaranteed.

According to the IMF, Belize's attractiveness to foreign investors could also be improved by reducing the cost and ease of doing business, including costs of inputs (energy, transportation and telecommunications); and combating crime.

#### Other Investment Policy Reviews

In the past three years, there has been no investment policy review of Belize by the Organization for Economic Cooperation and Development (OECD), World Trade Organization (WTO) or United Nations Conference on Trade and Development (UNCTAD). Belize is referenced in the *2015 Preliminary Overview of the Economies of Latin America and the Caribbean* a publication of the Economic Commission for Latin America and the Caribbean (ECLAC).

Belize had until 2015 to comply with World Trade Organization (WTO) requirements with regards to its Fiscal Incentives, Export Processing Zones, and Commercial Free Zones, but failed to do so. The GOB continues to review its existing incentives and alternative models that would satisfy WTO compliance.

#### Laws/Regulations on Foreign Direct Investment

As a former British colony, Belize follows the English Common Law legal system which is based on established case law. There are laws/regulations in Belize that may affect foreign investment (e.g. Fiscal Incentives, Arbitration law, etc...). Please refer to sections four and five for further information. In 2010, Belize's adopted the Caribbean Court of Justice (CCJ) as its final appellate court on civil and criminal matters. This replaced the Judicial Committee of the Privy Council of the United Kingdom.

Judgments by the Belize Supreme Court and the Court of Appeal are available at <http://www.belizejudiciary.org>. Judgments by the Caribbean Court of Justice, Belize's highest appellate court are available at <http://www.caribbeancourtofjustice.org>. The Government of Belize is also being challenged in four cases that are before the U.S. courts.

The Belize Constitution is founded on the principle of separation of powers which requires that the judiciary be independent from the executive branch of government. However, the Bar Association of Belize sued the GOB over its 2008 sixth amendment to the Belize constitution which gave the government direct control over the length of time judges at the magistrate level would be appointed. The Bar viewed this as giving the government the ability to influence decisions of these judges because they were on short-term, renewable contracts. The Bar won its original case in 2013 when the amendment was deemed unconstitutional, but the GOB successfully appealed the case in 2015 so the short-term contracts for magistrate-level judges still exist.

There are also substantial adjournments, delays, a backlog of cases and judgments in Belize's judicial system. These challenges are systemic in nature and relate both to civil and criminal cases.

Comprehensive information for foreign investors relating to procedures for doing business in Belize and incentives available to qualifying investors is available at the Belize Trade and Investment Development Service website: <http://www.belizeinvest.org.bz/>

General information relating to Belize judicial and legal system, including links to Belize's Constitution, Laws and judicial decisions are available at the Judiciary of Belize website [www.belizejudiciary.org](http://www.belizejudiciary.org). The information available on the Judiciary of Belize website is by no means exhaustive but merely for reference.

#### *Business Registration*

The Belize Companies Corporate Affairs Registry (tel: (501) 822 0421; email: [belizecompaniesregistry@yahoo.com](mailto:belizecompaniesregistry@yahoo.com); website: [www.belizecompaniesregistry.gov.bz](http://www.belizecompaniesregistry.gov.bz)) is responsible to establish business and/or companies for Local and International investors. The office is responsible for the registration process of all the business, companies and non-profit organizations in Belize.

Businesses typically must register with the tax department to pay business and general sales tax. They must also register with their local city council or town board to obtain a trade

license to operate a business. An employer should also register employees for Social Security. The 2016 Doing Business report (<http://www.doingbusiness.org>) estimates it takes 43 days to start up a company in Belize. The same report ranks Belize at 159 of 189 economies on the ease of starting a business.

Belize also has offshore business services legislation which allows offshore banking, and the establishment of International Business Companies (IBCs) and trusts. For more information on Belize's offshore financial sector visit <http://www.ifsc.gov.bz>.

The Belize Trade and Investment Development Service (BELTRAIDE; <http://www.belizeinvest.org.bz/>), a statutory body of the Government of Belize, operates as the country's investment promotion agency. Its investment facilitation services are open to all investors.

However, BELTRAIDE's Small and Medium Enterprise (SME) Fiscal Incentive program shows preference to Belizean-owned companies. Under the program, an entity applying for benefits under the SME incentive must have a minimum of 51% Belizean ownership. If this condition is met, the incentive provides for a lower application fee structure. Under this program, an SME is defined as companies with investments less than US \$150,000.

#### Industrial Promotion

The GOB and its Belize Trade and Investment Development Service (BELTRAIDE; <http://www.belizeinvest.org.bz/>) identified Belize's priority sectors for investment include agribusiness sectors including, agriculture, agro-processing, aquaculture; light manufacturing, food processing and packaging, services sectors including tourism and tourism-related industries, business process outsourcing (BPOs); and the energy sector including renewable energy.

Information relating to Government's incentives programs is available on BELTRAIDE's website, or by visiting one of their representatives at their offices. BELTRAIDE also supports trade promotion activities abroad, both with clients or on behalf of its clients.

#### Limits on Foreign Control and Right to Private Ownership and Establishment

Generally, Belize has no restrictions on foreign ownership and control of companies; however, there is a requirement that foreign investors obtain prior clearance from the Central Bank of Belize in order to own shares in a Belizean company. There are some investment incentives which show preference to Belizean-owned companies. For example, the Small and Medium Enterprise (SME) Fiscal Incentive, offered by BELTRAIDE, stipulates that an entity applying for benefits under the SME incentive must have a minimum of 51% Belizean ownership. If this condition is met, the incentive provides for a lower application fee structure.

According to the Belize Tourism Board (<http://www.travelbelize.org/btb>), a company must have a minimum of 51% Belizean ownership to qualify for a Tour Operator License. This qualification is negotiable particularly in the event a tour operation would expand into a new sector of the market and does not result in competition with local operators.

#### Privatization Program

The GOB does not currently have a privatization program.

#### Screening of FDI

Foreign investments in Belize must be registered at the Central Bank of Belize (CBB) in order to facilitate inflows and outflows of foreign currency during transactions, including transfers, and repatriation of profits and dividends. Foreign investors should notify and register their inflow of funds with the Central Bank of Belize to obtain an "Approved Status" for their investment. These "Approved Status" investments will ordinarily be granted approval for repatriation of funds from profits, dividends, loan payments and interest. The Central Bank does, however, reserve the right to request evidence supporting applications for repatriation.

Persons seeking to open a bank account must also comply with Central Bank regulations, which differ based on residency status and whether the individual is seeking to establish a local bank account or a foreign currency account.

Additionally, Government established a Cabinet Sub-Committee on Investment primarily to consider investment projects which do not fall within Belize's incentive regime or which may require special considerations. For example, an investment may require legislative changes, a customized memorandum of understanding or agreement from the government, or a public-private partnership. Proposals are generally assessed on the basis of size, scope, and subsidy requested. In addition, proposals are assessed on a five point system that analyses socio-economic acceptability of the project, revenues to the government, employment, foreign exchange earnings and environmental considerations. The Cabinet Sub-Committee is composed of five Cabinet-level officials of Government including the Minister with responsibility over Investment, Trade and Commerce as Chairperson. The other members include the Ministers with responsibility for Tourism and Culture; the Environment and Sustainable Development; and Natural Resources and Immigration, along with the Attorney General. There is no set timeframe for considering projects as this would largely depend on the nature and complexity of the project.

When considering investment, foreign investors undertaking large capital investments must be aware of Belize's environmental laws and regulations when designing and proposing projects. There has and continues to be much debate about whether to allow developments adjacent to or near designated protected areas. There is a requirement to prepare an Environmental Impact Assessment (EIA) when a project meets certain land area, location, and/or industry criteria. When purchasing land or planning to develop in or near an ecologically sensitive zone, it is recommended that the EIA fully address any measures by the investor to mitigate environmental risks. Environmental clearance must be obtained prior to the start of site development. The Department of Environment website, <http://www.doe.gov.bz/>, has more information on the Environmental Protection Act and other regulations, applications and guidelines.

The Belize Supreme Court and the Court of Appeals have both ruled that lands, in the southern Belize district of Toledo are subject to some degree of indigenous, communal rights of the Mayan community. The courts ruled that the Government of Belize needs to consult with the Mayan community on development that affects communal land.

## Competition Law

Belize does not have any particular laws governing competition, there are attempts to limit outside competition in certain industries (such as food and agriculture) by levying high import duties. The electricity and telecommunications industries are nationalized.

## 2. Conversion and Transfer Policies

## Foreign Exchange

There are currency controls in Belize. Foreign investments must be registered at the Central Bank of Belize (CBB) in order to facilitate inflows and outflows of foreign currency during transactions, including transfers, and repatriation of profits and dividends.

In order to pay for goods and services procured outside of Belize in a foreign currency, a Foreign Exchange Permit must be obtained from the Central Bank of Belize. Sub Agents (commercial banks, money transfer institutions, the Ministry of Finance) are able to approve permits for applications not exceeding US \$500. After securing the permit, foreigners and locals are allowed to access foreign exchange directly from commercial banks.

Approval from the Central Bank is also necessary for business people or firms wishing to secure loans that involve foreign currency from outside of Belize. It is also important to note that occasionally there are shortages of foreign currency in the banking system, which can result in payment delays for international transfers and transactions.

The overall banking sector is currently facing serious challenges stemming from the termination of major U.S. bank correspondent banking services (which are necessary to transfer money internationally) to many of Belize's domestic and international banks. Major banks have terminated all correspondent banking services for the offshore banks in 2015. Two onshore banks, Scotiabank and Atlantic Bank, have not been impacted, but the other two, Belize Bank and Heritage Bank have had their correspondent banking services terminated. The business community has identified several negative impacts of the loss of correspondent services including higher costs and longer wait times for processing wire transactions, increased obstacles in paying for imports, and tougher access to credit for import purchases.

Officially, no one other than an authorized dealer and depository, may retain in their possession any foreign currency without the consent of the Central Bank, although in practice U.S. dollars are widely used and accepted.

Authority has been delegated to domestic commercial banks to open foreign currency accounts for export earners, foreign investors and other approved businesses, for example those operating under the Export Processing Zone and Commercial Free Zone programs. These foreign currency bank accounts are operated in accordance with specified exchange control guidelines.

The Belize Dollar has been pegged to the United States Dollar since May 1976 at a fixed exchange rate of BZ \$2 to U.S. \$1.

### *Remittance Policies*

There have been no changes to investment remittance policies. Foreign investors may repatriate their investments and profits provided that they register transactions with the Central Bank. However, there are currency controls in Belize. Foreign investors should notify and register their inflow of funds with the Central Bank of Belize to obtain an "Approved Status" for their investment. These "Approved Status" investments will ordinarily be granted approval for repatriation of funds from profits, dividends, loan payments and interest. The

Central Bank does, however, reserve the right to request evidence supporting applications for repatriation.

In 2013, the Caribbean Financial Action Task Force (CFATF) included Belize in its Public Statement for not making sufficient progress in addressing AML/CFT deficiencies and not complying with its action plan to address those deficiencies. However, in June 2015, the CFATF noted that Belize has made substantial progress and removed it from the Public Statement.

### **3. Expropriation and Compensation**

There have been several cases in which the government, under its right of eminent domain, appropriated land that was private property, including land belonging to foreign investors. This was allegedly done for public purposes, but there have been allegations that several were done for personal or political gain. Belizean law requires that the Government assess and compensate according to fair market value. These types of cases can take many years to settle and there are numerous cases where there has been no compensation or compensation is still pending. The process to land title is flawed and, though the Government recognizes this and is working with the World Bank to improve its land title system, cases of private as well as Government manipulation of land title involving foreigners and Belizeans occur and often go unresolved.

Since 2008, the Government of Belize engaged in the nationalization of the major telecommunications and electricity companies, which when combined with legislation on arbitration resulted in a decrease in the flow of foreign direct investment. The Government first nationalized the major telecommunications company, Belize Telemedia Limited, in 2009 and renationalized it in 2011 after the first nationalization was declared void by the Belize Court of Appeals. The Government of Belize has since been hauled before multiple courts in cases directly and indirectly related to this company. Judgments have been issued by the Caribbean Court of Justice, the London Court of Arbitration, the Permanent Court of Arbitration and the U.S. district and circuit courts. In late 2015, GOB agreed to a compensation package with the former owners of Belize Telemedia Limited. Under the package, the GOB agreed to make a partial payment of US \$80 million, with further compensation to be determined by the Permanent Court of Arbitration in The Hague. While the arbitration panel has already indicated to the parties that its draft decision of the value for the acquired shares totals approximately US \$126.56 million, a final decision including any award relating to interest and legal fees is expected in late 2016.

Also in 2011, the Belize Electricity Limited (BEL), the country's only electricity provider, was similarly nationalized. In 2011, Fortis, a Canada-based company and previous majority shareholder in BEL, was having cash flow problems and had requested a rate increase from the Belize Public Utilities Commission (PUC). When the PUC refused, the company issued an ultimatum that it would be forced to institute blackouts if it did not get the rate increase. The GOB responded by passing legislation to allow government to take over Fortis' 70% shareholding and assume management of the utility. The government also passed special legislation that year to amend Belize's Constitution, giving the GOB majority ownership of utility providers (including water, electricity, and telecommunications). Following a round of litigation which culminated at the Caribbean Court of Justice, the GOB came to an agreement in 2015 with Belize Electric Co Ltd (BECOL) and Fortis as former owners of the Belize Electricity Limited (BEL). The compensation package included a payment to BECOL/Fortis of U.S. \$35 million and a 33.3% share in BEL. The GOB and the Belize Social

Security Board maintain a 36.9% and 26.9% stake in the company, respectively with the remaining shares held by just over 1,500 small shareholders.

In 2013, the GOB assumed management of the International Business Companies Registry and the International Merchant Marine Registry of Belize (IMMARBE). The GOB is still embroiled in litigation with the former owners who contend they are entitled to compensation. However, the GOB contends that it owes nothing as IMMARBE's operations contravened local laws.

#### **4. Dispute Settlement**

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Belize is a former British colony and follows the English Common Law legal system which is based on established case law. In 2010, Belize's adopted the Caribbean Court of Justice (CCJ) as its final appellate court on civil and criminal matters. This replaced the Judicial Committee of the Privy Council of the United Kingdom.

Contracts are enforced, through recourse to Belize's judicial system and are guided by Chapter 166 of the Laws of Belize (Contract Act) which provides for the making of contracts. (<http://www.belize-law.org>). Belize is also a member of the World Trade Organization (WTO) and has recourse to the WTO's Dispute Settlement Panel and Appellate Body in disputes over WTO agreements.

There are no specialized courts to hear intellectual property claims or other commercial matters. Claims of unfair labor practices are resolved through mediation by the Labor Commissioner or through the judicial courts.

The Belize Constitution is founded on the principle of separation of powers which requires that the judiciary be independent from the executive branch of government. However, the Bar Association of Belize sued the GOB over its 2008 sixth amendment to the Belize constitution which gave the government direct control over the length of time judges at the magistrate level would be appointed. The Bar viewed this as giving the government the ability to influence decisions of these judges because they were on short-term, renewable contracts. The Bar won its original case in 2013 when the amendment was deemed unconstitutional, but the GOB successfully appealed the case in 2015 so the short-term contracts for magistrate-level judges still exist.

Although efforts are being made towards improved judicial processes, there are significant delays as a result of adjournments and delayed judgments. The 2016 Doing Business report ranks Belize at 133 of 189 economies on the ease of enforcing contracts.

With regard to arbitration cases against the Government of Belize, the Supreme Court of Judicature (Amendment) Act of 2010 granted the Belize Supreme Court the authority to issue an injunction against any person or entity that commences arbitration proceedings against the Government of Belize, whether that arbitration occurs within Belize or abroad. In September 2010, claimants brought a constitutional challenge against this Act to the Belize Supreme Court. In December 2010 the court found that while the Act was valid, there were certain sections that conflicted with the Belize Constitution. Later in 2013, the Caribbean Court of Justice (Belize's highest court of appeal) ruled that the Act did not conflict with Belize's constitution, but that only in exceptional circumstances could a court grant an injunction restraining international or foreign arbitration.



## Bankruptcy

Chapter 244 of the Laws of Belize (Bankruptcy Act) provides and allows for bankruptcy filings (<http://www.belizelaw.org>). The Act provides for the establishment of receivership, trustees, adjudication and seizures of the property of the bankrupt. The court may order the arrest of the debtor and seizure of assets and documents in the probable event the debtor will flee or avoid payment to creditors. The Act also provides for imprisonment on conviction of certain specified offense. The Director of Public Prosecutions may also institute prosecution proceedings for offenses emanating or related to the bankruptcy proceedings.

According to the 2016 Doing Business Report, Belize ranks at 81 of 189 economies globally on the ease of resolving insolvency.

## Investment Disputes

The Government has been hauled before numerous local and international judicial forums related to investor –state disputes in the last decade. Some of these cases relate to this administration's nationalization of the telecommunication and electricity companies. Please see Section 3 (Expropriation and Compensation) for further information.

Additional litigation relate to contracts entered into by the previous People's United Party (PUP) administration which the current United Democratic Party (UDP) refuse to recognize and allege to be null and void. One of these cases involves NEWCO Ltd., a U.S. company that is suing the GOB over the termination of a 2002 concession agreement it had for operational control over Belize's international airport. These cases are currently before U.S. courts pending finally resolution. Please see below International Arbitration for further information.

## International Arbitration

Belize does not have a bilateral investment treaty and neither is it a party to a Free Trade Agreement with the United States.

The government has had several investment disputes in the past and has lost some of the cases in international arbitration. Despite rulings against the government for the payment of foreign arbitral awards, such settlements can take years to be reached, and even longer for the enforcement. Since July 2015, the U.S. courts have upheld four arbitration judgments against the Government of Belize. The U.S. Court of Appeals for the District of Columbia upheld three judgments, while the U.S. District Court for the District of Colombia upheld another judgment, all against the GOB. In December 2015, GOB petitioned the U.S. Supreme Court for writ of certiorari to review the Court of Appeal's July 2015 ruling. Even if U.S. courts ultimately uphold the arbitration judgments, enforcement will be difficult as the enforcement action would need to go through Belizean courts and the GOB would likely appeal up to the Caribbean Court of Justice – thus further delaying any actual payment (if awarded at all).

In 2015, the GOB expressed its commitment to abide by the upcoming ruling of the Permanent Court of Arbitration (PCA) in The Hague, as part of the compensation package to the former owners of the nationalized telecommunication company. Under the package, GOB agreed to make a partial payment of US \$80 million, with further compensation to be determined by PCA. The arbitration panel has already indicated to the parties its draft decision of the award for the acquired shares totaling approximately US \$126.56 million, a

final decision including any award relating to interest and legal fees is expected in late 2016. See Section 3 – Expropriation and Compensation.

#### *ICSID Convention and New York Convention*

The Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) was extended to Belize by an act of the United Kingdom when Belize was a colony. After independence, Belize did not ratify the Convention. Nevertheless, Part IV of Belize's Arbitration Act (Chapter 125) of the Laws of Belize specifically addresses the New York convention and empowers domestic courts to enforce awards under the Convention. A 2013, judgment of the Caribbean Court of Justice restored Part IV of the Arbitration Act for the enforcement of arbitral awards.

Belize has signed on to but not yet ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID convention). For more information visit [http://sice.oas.org/dispute/comarb/icsid/w\\_conv1.asp](http://sice.oas.org/dispute/comarb/icsid/w_conv1.asp).

#### Duration of Dispute Resolution – Local Courts

The 2016 Doing Business report ranks Belize generally at 133 of 189 economies on the ease of enforcing contracts. The same report estimates that it take roughly 892 day (2.44 years) and it cost 27.5% of the claim for the enforcement of contracts in national courts. If judgments are appealed to the Caribbean Court of Justice, Belize's highest appellate court, judgments would likely exceed this time period.

### **5. Performance Requirements and Investment Incentives**

#### WTO/TRIMS

BELTRAIDE operates under the Government of Belize's Ministry of Economic Development, Petroleum, Trade, Investment and Commerce. It functions as the country's official trade and investment promotion agency, promoting several fiscal and other incentives to attract foreign investment. The legal framework authorizing and providing for these incentives include: the Fiscal Incentives Act, the Export Processing Zone Act, the Commercial Free Zone Act, the International Business Companies Act, the Retired Persons Incentives Act, the Trusts Act, the Offshore Banking Act, and the Gaming Control Act.

Belize's incentive programs have been notified to the WTO and had until 2015 to comply with World Trade Organization (WTO) requirements. To date, these measures remain in place and the government is exploring various models that would bring the country into compliance.

Regulations require that incentives granted to an enterprise be awarded based on the investment's socioeconomic contributions to the Belizean economy: employment creation, transfer of skills and technology, and foreign exchange earnings or savings. All approved projects must benefit the public and must fit within the government's overall development plan. However, the WTO does not allow for incentives to be issued based on export performance as such a program hinders free trade.

#### Investment Incentives

The Fiscal Incentives Act awards a qualified entity a development concession during the start-up or expansion stages of a business in order to foster its growth by offsetting custom

duties. According to BELTRAIDE ([www.belizeinvest.org.bz](http://www.belizeinvest.org.bz)), two programs are offered under this Act, namely the Regular Program for investments exceeding U.S. \$150,000 and the Small and Medium Enterprise (SME) program for investments of less than U.S. \$150,000. In general, the legal framework allows for full Customs Duties exemptions and Tax Holidays for up to 15 years for approved enterprises. According to the Act, this is renewable for another 10 year term, totaling 25 years for companies engaged in agriculture, agro-industrial products, mariculture (aquaculture), food processing, and manufacturing with export operations that are labor intensive.

The length and extent of a development concession are determined by several factors, including: (a) the extent of local value added; (b) the projected profitability of the enterprise; (c) foreign exchange earnings or savings; (d) transfer of skills and technology; and (e) new employment opportunities.

Occasionally, foreign investors have complained that these investment promotions are rarely as open, effective, or easy to obtain as they appear on paper. For example, the Fiscal Incentives Act allows a tax holiday, however, only in rare cases within the past 10 years was this tax holiday considered during the approval process.

The Fiscal Incentives SME Program is aimed at smaller enterprises with a minimum of 51% Belizean ownership. The SME Program offers the same benefits of the Regular Program, with the exception of the allowable timeframe for duty exemptions. Under this program, companies are allowed a maximum of five years of development concessions, with the expectation that after this period, companies can mature into the larger Regular Program.

The Export Processing Zone (EPZ) Act, which is administered by the Ministry of Economic Development, was designed to attract local and foreign investments to boost production for export markets. Activities targeted by this incentive include manufacturing, non-traditional agricultural products, processing, assembly, and services, including call centers. Approved companies in this portfolio are treated as being outside national customs territory by benefiting from exemptions from full import and export duties, capital gains taxes, property and land taxes, dividend taxes, value-added taxes, trade turnover taxes, foreign exchange taxes, transfer taxes, as well as excise, sales, and consumption taxes. The program allows a tax holiday period of 20 years, with an option to extend and deduct losses from profits following the tax holiday period. Companies are allowed to open foreign currency bank accounts, and are exempted from import and export licensing requirements, resulting in no restrictions on the importation of raw materials or on the exportation of finished products. The program also allows for the sale, lease, or transfer of goods and services within an EPZ, Customs inspections in the zone for expediency, work permits at no cost for all professional and technical staff, and, if necessary, authorizing up to a 20 percent foreign workforce.

A Commercial Free Zone (CFZ) is a specifically designated area for the conduct of business operations, including, but not limited to, manufacturing, commercial offices, insurance services, banking and financial services, offshore financial services, professional or related services, processing, packaging, warehousing, and the distribution of goods and services. Belize currently has two CFZs: one on the northern border with Mexico and a small zone on the western border with Guatemala. Goods originating from these free zones can only be sold into Belize's national customs territory after the necessary duties and taxes have been assessed and paid. The Commercial Free Zone Management Agency (CFZMA), sanctioned by the Government of Belize, monitors and administers the free zones. Incentives include

exemptions from import duties, income tax, taxes on dividends, capital gains tax, or any new corporate tax levied by the Government during the first 10 years of operation. In addition, all imports and exports of a CFZ are exempt from all customs duties, consumption taxes, excise taxes, or in-transit taxes, except those destined for or directly entering areas subject to the national customs territory. Additionally, CFZ businesses incurring a net loss over the five-year tax holiday may deduct losses from profits in the three years following the tax holiday period.

The International Business Companies (IBC) Act allows international investors to establish offshore companies in Belize. These entities are not allowed to own an interest in real property in Belize or to conduct business in banking or insurance with Belizean residents. However, they benefit from tax exemptions on all income; dividends paid to persons resident in Belize or elsewhere; interest, rent, royalties, and compensation paid to persons who are not residents of Belize; and capital gains realized on shares, debt obligations, or other securities of an IBC by persons who are not resident in Belize. There are no currency restrictions for banking transactions, and no restrictions on citizenship or residency requirements for directors, officers, or shareholders. All IBCs must be registered through an authorized IBC agent of the International Business Companies Registry. See [www.ibcbelize.com](http://www.ibcbelize.com) for more information.

The Belize Tourism Board offers the Retired Persons Incentive Act, which was designed to benefit retired persons over 45 years of age. To qualify, applicants need proof of income not less than USD 2,000 per month through a pension or annuity generated outside of Belize. An approved Qualified Retired Person is allowed to import personal effects and an approved means of transportation free of all customs duties and taxes. All income generated outside of Belize are also free of taxes. A timeframe of one year is given to import all personal and household effects into Belize, using multiple shipments as necessary. Duty and tax free importation of an automobile, light aircraft (less than 17,000 kg), or boat is allowed. Vehicles may only be replaced at intervals exceeding three years. Effects and items imported under this program can only be sold, given away, or leased after the appropriate payment of applicable duties and taxes.

For more information, visit [www.belizeinvest.org.bz/qualified-retired-persons-programme-grp-trusts/](http://www.belizeinvest.org.bz/qualified-retired-persons-programme-grp-trusts/).

### *Research and Development*

Information not available on the extent of government financed or subsidized research and development programs. These programs are limited if not non-existent.

### *Performance Requirements*

BELTRAIDE administers Government's incentive programs which are generally applicable for both domestic and foreign investors. If a company is benefiting from incentives, there are certain conditions which may include minimum employment targets based on the size and scope of the project. For example, the Fiscal Incentives regime requires that beneficiaries maintain a minimum number of employees over the life of a development concession. The Small and Medium Enterprise (SME) Fiscal Incentive program require a minimum of 51% Belizean ownership. Government's incentive programs are currently being reviewed.

In the tourism industry, a company should maintain at least 51 percent Belizean ownership in order to apply for a tourist operator license. This qualification is negotiable particularly in the

event a tour operation would expand into a new sector of the market and does not result in competition with local operators.

Data Storage

Not applicable.

## **6. Protection of Property Rights**

Real Property

The Preamble of the Constitution of Belize preserves the right of the individual to the ownership of private property and the right to operate private businesses. Private entities, whether foreign or local, have the right to freely establish, acquire, and dispose of interests in property and business enterprises. Generally, the country has no restrictions on the limits of foreign ownership and control; however, there is a prerequisite that foreign investors obtain prior clearance from the Central Bank of Belize in order to own shares in a Belizean company. The Government of Belize supports and encourages joint venture and partnership investments as a preferred mechanism for investment, but still allows 100 percent foreign ownership of an enterprise.

Mortgages and liens do exist and related real estate would be recorded with the registry of the Lands and Survey Department. There have been cases of land fraud, abuses and corruption in the Lands and Survey Department. While that Department is undertaking a Land Management system reform, investors are strongly advised to do their due diligence prior to purchasing property.

There are three different types of titles to freehold property in Belize: Deed of Conveyance, Transfer of Certificate of Title, and Land Certificate. The government is in the process of re-registering all freehold lands to achieve a uniform system of nationwide land ownership.

Leasehold property from the government is available to Belizeans who can then apply for conversion to a fee simple title.

In January 2016, the Government of Belize established the Maya Land Rights Commission mandated to implement an order of the Caribbean Court of Justice confirming Mayan customary land tenure rights. As of June 2016, this commission has not made much progress. The Mayan Leaders Alliance (MLA), which represents the interest of the Mayan communities, believes that the government is not acting in good faith.

Intellectual Property Rights

Belize has fulfilled its obligation under the World Trade Organization (WTO) to implement the Agreement on Trade-Related Aspects of Intellectual Property, also known as the TRIPS Agreement. BELIPO (<http://belipo.bz/>) was established to administer intellectual property rights (IPR) laws, and it functions as Belize's national intellectual property registry. Its mandate covers the protection of copyrights, industrial designs, patents, trademarks, new plant varieties, and layout designs (topographies) of integrated circuits. During the past year, there have been no new IP related laws or regulations enacted and no new bills pending.

Despite the IPR laws and administrating office, enforcement is lacking. Illegally copied CDs and DVDs are widespread and continue to be marketed throughout the country. Local

cable companies and television stations continue to broadcast content pirated from U.S. television networks and cable channels, as well as sports programming and movies.

The Customs Department of Belize does track seizures of counterfeit goods. In April 2015, there was a major bust of counterfeit goods destined for the Corozal Free Zone, along Belize's northern border with Mexico. Again in March of 2016, there was a seizure of goods from Guatemala destined for the Corozal Free Zone.

Belize is not listed in the 2015 USTR's Special 301 list and neither is it listed in the 2015 notorious market report. There is however an interested party submission that includes Belize for the 2016 USTR Special 301 report, no final designations have been yet forthcoming.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

#### *Resources for Rights Holders*

- Michael G. Lewis
- Regional Intellectual Property Rights Attaché for Mexico,
- Central America and the Caribbean
- Paseo de la Reforma 305
- Colonia Cuauhtemoc
- 06500 Mexico, D.F.
- Phone: (01-55) 5080-2000

Local lawyers list can be found at: [http://belize.usembassy.gov/legal\\_information.html](http://belize.usembassy.gov/legal_information.html)

The website for the American Chamber of Commerce (AmCham) is [www.amchambelize.org](http://www.amchambelize.org)

### **7. Transparency of the Regulatory System**

GOB regulations and laws are published in the gazette by the Government of Belize Printers and publicly available for a minimal fee. Government Ministries generally make available policies, laws and regulations pertinent to their portfolio available on their respective Ministry websites. Despite these measures, some investors complain that the incentive regime for incentives is not transparent, land title is not always reliable and secure, and that bureaucratic delays or corruption can be hindrances to doing business in Belize.

Accounting, legal and regulatory systems are consistent with international norms. Publicly owned companies are generally audited annual and are prepared in accordance with International Financial Reporting Standards and International Standards on Auditing.

The government publishes a Gazette that includes proposed laws which are open to public comment. Standing Committees the House of Representatives then meet and invite the public and interested persons to review, recommend changes, or object to draft laws prior to being debated. However, sometimes laws are passed quickly without meaningful publication or public review, as was the case with the Supreme Court of Judicature (Amendment) Act (see Section 4.).

There are quasi-governmental organizations that manage regulatory processes on behalf of the GOB, e.g. the Belize Tourism Board, the Belize Trade and Investment Development Services (BELTRAIDE), and the Belize Agricultural Health Authority. There are no reports that these processes significantly distort or discriminate against foreign investors.

## **8. Efficient Capital Markets and Portfolio Investment**

Belize's financial system is small. Belize does not have its own stock market and capital market operations are rudimentary. Private sector participation as both suppliers and buyers of securities in the financial market is generally not significant. Foreign portfolio investments, such as bank deposits, mutual funds, bonds and other financial securities, require the approval of the Central Bank. Approval is based on the individual's substantial economic interest in Belize.

Belize has onshore and offshore financial activities. Generally, Belizean citizens and foreigners with official residency status are allowed to deposit and borrow only from onshore banks while non-residents are only allowed to use offshore banks. Exceptions may be made only with Central Bank's explicit approval. The Central Bank deems the two separate systems and currency controls necessary to limit the co-mingling of foreign assets with the domestic system in order to prevent disruptions of the local economy (and the peg) due to large foreign exchange fluctuations.

The major participants in the domestic financial market include the domestic commercial banks and the Central Bank. Four commercial banks operate domestically, of which two are local subsidiaries of international banks. They offer traditional banking services such as consumer and commercial loans, sale of foreign currencies, mortgages, credit cards, savings and checking accounts, and time deposits. They also provide letters of credit and bank guarantees. The largest domestic commercial bank holds approximately US \$485 million in total assets.

There are five international banks that offer banking services in foreign currencies exclusively to non-residents. These services include personal and commercial loans, brokerage services, foreign exchange, credit cards, savings, demand and time deposits. Most international banks also provide corporate formation services to register International Business Companies as well as the establishment of trusts.

Fourteen credit unions operate as non-profit cooperatives that function as savings banks, offering mainly savings accounts and consumer, education and residential loans to their shareholders. Credit unions are popular for saving and borrowing for the general public, largely due to their service ethos and favorable terms of borrowing and repayment schedules. The largest credit union has over 50,564 members, with total assets of approximately U.S. \$250.6 million. Belize has one of the highest rates of credit union membership in the world.

There is also a state owned development bank (Development Finance Corporation) that offers loan financing services in various sectors, including agriculture, aquaculture, tourism, eco-products, housing, education, and micro and small enterprises. To qualify for a loan from the Development Finance Corporation, an individual must be a Belizean resident or citizen, while a company must be majority 51% Belizean owned. In September 2013, the Government of Belize opened the National Bank of Belize. The key purpose of this state owned bank is to

provide concessionary credit to public officers, teachers, and low income Belizeans. This was a direct reaction to the failure of the commercial banks to provide affordable lending rates to consumers. The introductory lending rate for the newly formed National Bank of Belize is 5.5%; the set interest rate is 6.5%.

#### Money and Banking System, Hostile Takeovers

The Central Bank of Belize (<https://www.centralbank.org.bz/>) is responsible for formulating and implementing monetary policy focusing on the stability of the exchange rate and economic growth. Persons seeking to open a bank account must also comply with Central Bank regulations, which differed based on residency status and whether the individual is seeking to establish a local bank account or a foreign currency account. Like many countries with fixed currency rates, the Belize banking sector is split into two branches: onshore (domestic banks which cater only to residents) and offshore (international banks intended for non-residents of Belize to freely move foreign exchange in and out of the country). The GOB asserts this design is to prevent disruptions of the local economy (and the peg) due to large foreign exchange fluctuations.

The overall banking sector is currently facing serious challenges stemming from the termination of major U.S. bank correspondent banking services to many of Belize's domestic and international banks. Major banks have terminated all correspondent banking services for the offshore banks in 2015. Two onshore banks, Scotiabank and Atlantic Bank, have not been impacted, but the other two, Belize Bank and Heritage Bank have had their correspondent banking services terminated. The business community has identified several negative impacts of the loss of correspondent services including higher costs and longer wait times for processing wire transactions, increased obstacles in paying for imports, and tougher access to credit for import purchases.

The Belize Dollar has been pegged to the United States Dollar since May 1976 at a fixed exchange rate of BZD 2.00 to the dollar. To preserve the peg to the U.S. dollar, the Central Bank is required to maintain external assets of at least 40% of its domestic liabilities and manage credit growth to ensure that the savings/investment balances of the public and private sectors are at sustainable levels so that the resulting import consumption does not put undue pressure on official reserves.

Since commercial banks dominate lending in the financial system, monetary policy specifically targets the liquidity of commercial banks through management of reserve balances. Mandatory reserve requirements are a major instrument of monetary policy as they affect credit growth, interest rates, and the level of money supply. The Belize Bank is the largest commercial bank with estimated total assets at the end of the first quarter of 2016 of U.S. \$486 million.

Overall interest rates on commercial loans, personal loans, and mortgages in Belize are relatively high, though they have declined over the last three years. Average personal and commercial lending rates were 11.6% and 10.01% respectively at the end of December 2015. The weighted average interest rate at the end of December 2015 was 10.03%. This is slightly lower than the year prior which had a weighted average interest rate of 10.66%. For more information visit: <https://www.centralbank.org.bz/>.

Credit is made available on market terms. Despite the fact that this is regulated by the



Central Bank, interest rates are largely set by local market conditions prevailing within the commercial banks. Non-performing loans (NPLs) declined to 14.02 percent at end 2015, down from 15.7 percent at end-2014.

## **9. Competition from State-Owned Enterprises**

State Owned Enterprises (SOE's) are active in the utilities and services sectors. The GOB is the majority shareholder in the Belize Water Services Limited, the country's sole provider of water services, the Belize Electricity Limited, the sole provider of electricity services and the Belize Telemedia Limited, the largest telecommunication provider in the country. See section 3 on Expropriation and Compensation.

In 2013, the GOB did not renew private contracts of and returned to GOB management the International Business Companies Registry and the International Merchant Marine Registry of Belize (IMMARBE) (See Section 3 on Expropriation and Compensation).

SOE's usually engage senior government officials, and at times include members of local business bureaus and chambers of commerce, labor organizations, and quasi-governmental agencies, as a part of their management and board of directors. There is usually a board of directors that guides the direction, policies, and decisions of the SOE that ostensibly is independent, but in practice has included high ranking government officials including as high as the Vice Minister level as well as close relatives of government officials. Current and previous administrations have been accused of nepotism in staffing its SOEs as well as conflicts of interest when board members or directors of SOEs are also found to be members on the boards of organizations that do business with the SOEs. There is no publicly available information on the percentage of SOEs expenditures allocated to research and development (R&D). Belize is not a party to the WTO Agreement on Government Procurement. The following SOEs and majority owned companies make their audited financial reports publicly available:

Belize Telemedia Limited at <http://www.belizetelemedia.net/annual-reports.php>;

Belize Electricity Limited at [http://www.bel.com.bz/annual\\_reports.aspx](http://www.bel.com.bz/annual_reports.aspx);

Belize Waters Services Limited at <http://www.bws.bz/about-us/shareholders>

OECD Guidelines on Corporate Governance of SOEs

GOB has not specified how it exercises ownership of SOEs in the form of specific ownership policy guidelines. However, the Government passed special legislation in 2011 to amend Belize's Constitution, giving it majority ownership of utility providers (including water, electricity, and telecommunications).

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Sovereign Wealth Funds

Belize does not have a sovereign wealth fund.

## **10. Responsible Business Conduct**

Many foreign and local companies engage in responsible business conduct (RBC), particularly from a social perspective. Companies sponsor various areas including educational scholarships, sport related activities, community enhancement projects or entrepreneurship activities.

There are no formal government measures or policies to promote RBC. In the area of environment, certain projects require Department of the Environment's approval for Environmental Impact Assessments or Environmental Compliance Plans. The Department of Environment website, <http://www.doe.gov.bz/>, has more information on the Environmental Protection Act, various regulations, applications and guidelines.

There are no government measures relating to corporate governance, accounting, and executive compensation standards, and the government does not factor RBC policies into its procurement decisions. There has been at least one instance however, where the government decided to intervene in a private sector dispute between labor unions and a U.S. company.

Belize does not adhere to the OECD Guidelines for Multinational Enterprises.

## **11. Political Violence**

Belize has traditionally enjoyed one of the most stable political environments in the region, having held relatively peaceful and transparent democratic elections since it attained independence on September 21, 1981.

Allegations of government corruption, economic mismanagement, and labor issues have led to occasional strikes and demonstrations. In 2009, a strike in the northern part of the country against the Belize Sugar Industry by sugar cane farmers concerning sugarcane prices resulted in one death and several injuries.

In 2010, as a result of growing crime rates, two countrywide business shut-downs, and peaceful protests were held. In 2011, there was a transit strike that involved nonviolent public demonstrations and brief traffic stoppages. In 2012, the teachers' unions held a peaceful demonstration in front of the National Assembly. In late 2013 and early 2014, the Teachers' Union pledged that it would create awareness for issues of national interest and advocate against corruption in Belize.

In November 2014, the Belize Sugar Cane Farmers Association (BSCFA) and American Sugar Refineries (ASR) failed to reach a contract agreement before the harvesting season. While the dispute was eventually resolved, there were some reports of fields being burned and farmers being threatened (for breaking ranks with BSCFA).

In October 2015 in the run up to National Elections, protesters gathered in the Western district to demand that authorities act on reports of passports found in the possession of a known party affiliate. Speculations abound of government corruption since most of the passports were not Belizean passports. Also in separate instances in October 2015, staff members of the

University of Belize and the Belize Social Security Board held peaceful demonstrations relating to their respective salary compensation packages.

Neighboring Guatemala has had a territorial claim on a large part of Belize for almost two centuries. In 2008, both countries signed a special agreement, with the facilitation of the Organization of American States (OAS), on a process that could present the matter to the International Court of Justice (ICJ). The process called for the two countries to hold simultaneous referenda for the public to decide whether or not to move the issue to the ICJ. These were scheduled to be held on October 6, 2013, in both countries but Guatemala withdrew from the referendum. In September 2013, in his speech at the General Assembly of the United Nations, Belize's Minister of Foreign Affairs stated that Guatemala's claim is an "existential threat" and a constant source of anxiety to the citizens of Belize as well as to investors in the country. This issue remains largely political between both governments. In January 2014, the Foreign Ministers of both countries met in Belize to strengthen relations, plan the way forward for 2014, and enhance confidence building measures that could lead to the setting of a definite date for a referendum. The Organization of American States (OAS), which maintains an office in the "adjacency zone" of the two countries, serves as a mediator for any incidents that arise. In October 2014 the Belize-Guatemala Joint Commission agreed to thirteen measures to improve communication between the two countries as they fight transnational crime on the poorly monitored border. Illegal logging and extraction of exotic hardwoods, illegal harvesting of xate palm leaves (a decorative plant used in flower arrangements), panning for gold, poaching of animals, and agriculture by Guatemalans on the Belize side of the adjacency line continued to increase throughout 2013 and continues into 2016. These illegal activities have led to confrontations between Guatemalan poachers and Belize law enforcement authorities on Belizean territory. Since 2012, the situation has resulted in five incidents of fatal shootings of illegal Guatemalan trespassers by Belizean authorities. Tensions escalated between both Governments in April 2016, when a 13 year old Guatemalan was killed during a Belizean patrol on the Belizean side of the adjacency zone. While the Guatemalan Government accuses Belizean security forces of continued excessive use of force, the Belizean Government claims that the death was lamentable but its personnel acted in self-defense. During the first half of 2016, tensions also escalated along the Sarstoon River which forms the disputed southern border between the two countries. Guatemala has asserted rights over the Sarstoon, increased its naval presence in the area and has detained or questioned Belizean citizens wishing to navigate the river.

## **12. Corruption**

Belize has anti-corruption laws on its books, but these laws, which come under the purview of the Office of the Attorney General, are seldom enforced. Due to a backlog in reporting, the most recent publicly available audit of the GOB's accounts is for the fiscal year April 2011 to March 2012. That report noted that "the government's financial statements did not reflect a true and fair position of government's financial position." The Auditor General expressed serious concerns that government's bank statements were presented for auditing without being reconciled, and the budget included supplemental spending that was not approved by the National Assembly.

The Prevention of Corruption in Public Life Act has not been enforced since coming into effect in 1994. This law requires public officials, such as the Governor-General and members of the National Assembly, to disclose in the Government Gazette their assets, income, and liabilities. The Act also established an Integrity Commission responsible to monitor, prevent,

and combat corruption by examining declarations of physical assets and financial positions filed by public officers. The Commission is able to investigate allegations of corrupt activities, including by members of the National Assembly, Mayors and Councilors of all cities, and Town Boards. While the opposition continues to press for the re-establishment of the Integrity Commission, there hasn't been one since 2011. The Prevention of Corruption in Public Life Act criminalizes acts of corruption by public officials and includes measures on the use of office for private gain, code of conduct breaches, the use of public funds, and bribery. Section 24 of the Act covers punishment for breach, which may include a fine of up to U.S. \$5,000, severe reprimand, forfeiture of property acquired by corruption, and removal from office. The last report of the integrity commission was published in 2005. No cases under this Act have ever led to prosecution.

Belize has an Office of the Ombudsman, whose responsibility is to investigate complaints of official corruption and abuse of power. A new Ombudsman was appointed in January 2013 and the office has been more active in filing annual reports to the national assembly and investigating incidents of alleged misconduct particularly of police abuses. The office however lacks enforcement powers, encounters political pressure and has limited resources - all factors limiting its effectiveness.

There are a limited number of non-governmental institutions that monitor government activities; two of them are Citizens Organized for Liberty through Action (COLA) and the National Trade Union Congress of Belize (NTUCB). The first is comprised of concerned private citizens, and the latter is an umbrella organization comprised of the various Belizean workers' unions. Environmental NGOs and the Belize Chamber of Commerce and Industry often make statements regarding government policy as it affects their respective spheres of activity.

Belize is dominated by two political parties, the People's United Party (PUP) and United Democratic Party (UDP). In 2008, the UDP was elected on an anti-corruption platform, re-elected in 2012, and was recently re-elected again for an unprecedented third term following early snap elections held November 2015. There is a third party, currently without national representation, called Vision Inspired by the People (VIP), which has focused on the issue of corruption and the need to sign UNCAC. Many businesspeople complain that both major political parties can and do practice partisanship bias that affects businesses in terms of receiving needed licenses, winning government contracts for procurement of goods and services, and the granting of government land to private owners. Some middle-class citizens and business owners throughout the country have complained of government officials, including police and others, soliciting bribes.

There are occasional reports of requests for bribes from customs officials to facilitate lower assessments of goods for importation and thus lower import duties. Bribery is officially considered a criminal act in Belize, but laws against bribery are rarely enforced.

Some businesses and residents in the country have alleged that some officials demand payoffs if an inspection reveals a breach of fisheries laws. For example, restaurants and resorts carrying under-sized lobsters and conch are subject to court summons and a fine, but payoffs allegedly circumvent court charges or payment of fines.

The illegal harvesting and extraction of exotic hardwoods from the Belize forest continues to be a problem even after the 2012 moratorium that the Government placed on the harvesting of rosewood. It is believed that the meager fines levied on illegal loggers are not a

disincentive particularly when compared to the hundreds of thousands of dollars that can be earned from sale of rosewood to foreign markets. There are several legitimate logging enterprises that operate sustainably, but illegal logging continues with mahogany, rosewood, cedar and other species. In March 2013, the Convention on the International Trade on Endangered Species adopted a proposal from Belize and placed three varieties of rosewood on its Appendix 2, which limits the trade of rosewood across international lines. Belize made a formal observation that allows “value-added” products to be traded freely.

#### *UN Anticorruption Convention, OECD Convention on Combatting Bribery*

Belize has not signed the United Nations Convention Against Corruption (UNCAC) and neither is it a party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. It is also not evaluated by Transparency International.

In June 2001, the GOB signed the OAS Inter-American Convention on Corruption, which requires the revival of the Committee on Public Probity and Ethics to review implementation of the Convention.

#### *Resources to Report Corruption*

Office of the Ombudsman  
91 Freetown Road  
Belize City  
Belize  
T: +501 223-3594  
Email: ombudsman@btl.net

### **13. Bilateral Investment Agreements**

#### *Bilateral Taxation Treaties*

Belize is a member state of the Caribbean Community (CARICOM), which enables it to participate in the Economic Partnership Agreement (EPA) between CARIFORUM and the European Union (EU).

Belize is also a member of the Central American Integration System (SICA) at a political level, but is not a part of the Secretariat of Central American Economic Integration (SIECA) which supports economic integration of Central America. The Common External Tariffs, which Belize’s CARICOM membership requires, may be an obstacle to further economic integration with Central America, however Belize is currently exploring ways to be economically integrated in both systems.

Belize has Bilateral Investment Treaties with Austria, the People’s Republic of China, El Salvador, Italy, the Netherlands, and the United Kingdom. Belize also has a Partial Scope Agreement (PSA) with Guatemala on a small number of goods. The GOB is currently working with Mexico and El Salvador on two new PSAs that would allow for increased agricultural trade between the countries. The government is optimistic that this will open the door for broader trade opportunities and market access in the region. For additional information on Belize’s Bilateral Investment Treaties see [http://www.sice.oas.org/ctyindex/BLZ/BLZBITS\\_e.asp](http://www.sice.oas.org/ctyindex/BLZ/BLZBITS_e.asp).

Belize does not have a bilateral investment treaty and neither is it a party to a Free Trade Agreement with the United States.

Belize has no bilateral taxation treaties with the United States.

Belize has signed fifteen Tax Information Exchange Agreements (TIEA) with; Australia, United Kingdom, Belgium, Netherlands, Sweden, Finland, Greenland, Norway, Iceland, Denmark, Portugal, France, Ireland, and Mexico. Please see <http://www.ifsc.gov.bz/legislation.htm>

#### 14. Foreign Trade Zones/Free Ports/Trade Facilitation

No information in this section. Please see the full country report for more.

#### 15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2014	N/A	2014	\$1699.2	<a href="http://www.worldbank.org/en/country/belize">http://www.worldbank.org/en/country/belize</a>
Foreign Direct Investment (\$M USD)	2015	130.38			USG or international statistical source Central Bank of Belize USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	N/A	N/A			BEA data available at <a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>
Host country's FDI in the United States (\$M USD,	N/A	N/A			BEA data available at <a href="http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm">http://bea.gov/international/direct_investment_multinational_companies_comprehensive_data.htm</a>

stock positions)					
Total inbound stock of FDI as % host GDP	N/A	N/A			Calculate, and then delete this text.

Table 3: Sources and Destination of FDI

Statistics on foreign direct investments in Belize, by country of origin are unavailable, including the total invested by U.S. investors. There are a number of successful and long-term U.S. owned businesses in Belize, including in sectors such as agro-processing, energy, timber, agriculture, tourism, and service. In 2015, the Central Bank of Belize recorded a total of US \$130.38m in FDI inflows, concentrated primarily in the construction, real estate and agriculture sectors.

Central Bank approval is required for outward overseas investments between residents and non-residents.

Table 4: Sources of Portfolio Investment

Foreign portfolio investments, such as bank deposits, mutual funds, bonds and other financial securities, require the approval of the Central Bank. Approval is based on the individual substantial economic interest in Belize.

As of 31 January 2016, non-residents held 1.4% of total deposits in the domestic banks.

## Section 5 - Government

### Chiefs of State and Cabinet Members:

For the current list of Chiefs of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

### Legal system:

English common law

### International organization participation:

ACP, AOSIS, C, Caricom, CD, CDB, CELAC, CFATF, Egmont, FAO, G-77, IADB, IAEA, IBRD, ICAO, ICC (NGOs), ICRM, IDA, IFAD, IFC, IFRC, ILO, IMF, IMO, Interpol, IOC, IOM, ITU, LAES, MIGA, NAM, OAS, OPANAL, OPCW, PCA, Petrocaribe, SICA, UN, UNCTAD, UNESCO, UNIDO, UPU, WCO, WHO, WIPO, WMO, WTO



## Section 6 - Tax

### Exchange control























The Foreign Exchange Control Act provides that only the Central Bank of Belize and authorised dealers may deal in foreign currencies.





A foreign exchange permit must first be obtained from the Central Bank to pay for goods and services procured outside Belize.

Central Bank approval is also required to secure a loan outside Belize denominated in a foreign currency.

### Treaty and non-treaty withholding tax rates

Belize has exchange of information relationships with 27 jurisdictions through 12 DTCs, 16 TIEAs and 1 multilateral mechanism, Convention on Mutual Administrative Assistance in Tax Matters.

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Antigua and Barbuda	DTC	6 Jul 1994	30 Nov 1994	No	No	
Australia	TIEA	31 Mar 2010	1 Jul 2010	Yes	Yes	
Austria	DTC	8 May 2002	1 Dec 2003	No	No	
Barbados	DTC	6 Jul 1994	30 Nov 1994	No	No	
Belgium	TIEA	29 Dec 2009	not yet in force	Yes	Yes	
Denmark	TIEA	15 Sep 2010	9 Mar 2011	Yes	Yes	
Dominica	DTC	6 Jul 1994	30 Nov 1994	No	No	
Faroe Islands	TIEA	15 Sep 2010	26 Dec 2012	Unreviewed	Yes	
Finland	TIEA	15 Sep 2010	13 Sep 2013	Yes	Yes	
France	TIEA	22 Nov 2010	19 Dec 2011	Yes	Yes	
Greenland	TIEA	15 Sep 2010	24 Mar 2012	Unreviewed	Yes	
Grenada	DTC	6 Jul 1994	30 Nov 1994	No	No	
Guyana	DTC	6 Jul 1994	30 Nov 1994	Unreviewed	No	
Iceland	TIEA	15 Sep 2010	3 Nov 2012	Yes	Yes	
Ireland	TIEA	18 Nov 2010	11 Apr 2011	Yes	Yes	
Jamaica	DTC	6 Jul 1994	30 Nov 1994	Yes	No	
Mexico	TIEA	17 Nov 2011	9 Aug 2012	Yes	Yes	
Netherlands	TIEA	4 Feb 2010	1 Jan 2011	Yes	Yes	
Norway	TIEA	15 Sep 2010	26 Feb 2011	Yes	Yes	
Poland	TIEA	16 May 2013	not yet in force	Unreviewed	Yes	
Portugal	TIEA	15 Sep 2010	not yet in force	Yes	Yes	
Saint Kitts and Nevis	DTC	6 Jul 1994	30 Nov 1994	Yes	No	

Jurisdiction	Type of EOI Arrangement	Date Signed	Date entered into Force	Meets standard	Contains paras 4 and 5	
Saint Lucia	DTC	6 Jul 1994	30 Nov 1994	Yes	No	
Saint Vincent and the Grenadines	DTC	6 Jul 1994	30 Nov 1994	Yes	No	
Sweden	TIEA	15 Sep 2010	not yet in force	Yes	Yes	
Trinidad and Tobago	DTC	6 Jul 1994	30 Nov 1994	No	No	
United Kingdom	DTC	1 Jan 1947	1 Jan 1947	No	No	
United Kingdom	TIEA	25 Mar 2010	1 Aug 2011	Yes	Yes	

## Methodology and Sources

### Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

### Section 2 - Anti – Money Laundering / Terrorist Financing

	Lower Risk	Medium Risk	Higher Risk
<a href="#">FATF List of Countries identified with strategic AML deficiencies</a>	Not Listed	AML Deficient but Committed	High Risk
<a href="#">Compliance with FATF 40 + 9 recommendations</a>	>69% Compliant or Fully Compliant	35 – 69% Compliant or Fully Compliant	<35% Compliant or Fully Compliant
<a href="#">US Dept of State Money Laundering assessment (INCSR)</a>	Monitored	Concern	Primary Concern
<a href="#">INCSR - Weakness in Government Legislation</a>	<2	2-4	5-20
<a href="#">US Sec of State supporter of / Safe Haven for International Terrorism</a>	No	Safe Haven for Terrorism	State Supporter of Terrorism
<a href="#">EU White list equivalent jurisdictions</a>	Yes		No
<a href="#">International Sanctions UN Sanctions / US Sanctions / EU Sanctions</a>	None	Arab League / Other	UN , EU or US
<a href="#">Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network</a>	>69%	35 – 69%	<35%
<a href="#">World government Indicators (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Fragile States Index (Average)</a>	>69%	35 – 69%	<35%
<a href="#">Offshore Finance Centre</a>	No		Yes

### **Section 3 - Economy**

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

### **Section 4 - Foreign Investment**

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

### **Section 5 - Government**

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

### **Section 6 - Tax**

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD](#) [PKF International](#))

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