Belize

**CRT-4**

August 22, 2019

**Region:** Latin America

**Country Risk Criteria Procedures**

**Guide to Best’s Country Risk Tiers**

- Belize, a CRT-4 country, has high levels of economic, political, and financial system risk. The real economy expanded 3% in 2018, led by consumer spending and strong tourism, but remains vulnerable to corruption, limiting business activity.
- Medium-term growth is likely to range between 2.0% and 4.0%, but will be constrained by high levels of government debt.
- The map depicts the countries AM Best evaluates in Central America, South America, and the Caribbean. The majority of Latin American countries are categorized as CRT-4 or CRT-5, with the exceptions of Chile, Mexico, and Peru.

### Vital Statistics 2018

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<tbody>
<tr>
<td>Nominal GDP</td>
<td>USD bn 1.93</td>
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<tr>
<td>Population</td>
<td>mil 0.4</td>
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<tr>
<td>GDP Per Capita</td>
<td>USD 4,862</td>
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<tr>
<td>Real GDP Growth</td>
<td>% 3.0</td>
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<tr>
<td>Inflation Rate</td>
<td>% 0.3</td>
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### United Nations Estimates

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<tbody>
<tr>
<td>Literacy Rate</td>
<td>% 45.6</td>
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<tr>
<td>Urbanization</td>
<td>% 54.5</td>
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<tr>
<td>Dependency Ratio</td>
<td>Years 70.6</td>
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<tr>
<td>Life Expectancy</td>
<td>Years 23.5</td>
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### Insurance Statistics

Office of Supervisor of Insurance
& Private Pensions (OSIPP) under Ministry of Finance

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<tr>
<td>Premiums Written (Life)</td>
<td>USD mil 15</td>
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<tr>
<td>Premiums Written (Non-Life)</td>
<td>USD mil 58</td>
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<tr>
<td>Premiums Growth (2017 - 2018)</td>
<td>% 1.3</td>
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### Regional Comparison

Country Risk Tier

- Belize CRT-4
- Costa Rica CRT-4
- El Salvador CRT-4
- Guatemala CRT-4
- Honduras CRT-5
- Nicaragua CRT-5

Source: IMF, UN, Swiss Re, Axco and AM Best

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**Regional Summary: Latin America**

- Economic growth has slowed in Argentina, Mexico and Brazil—some of the region's major economies—due to escalating trade tensions and volatile currency and commodity markets. The impact of these factors will be amplified by country-specific vulnerabilities. Additionally, the potential for stricter trade protectionist policies brings uncertainty to the growth outlook.
- Modest growth and tame inflation levels has allowed several of the region’s central banks to hold interest rates at relatively low levels—the notable exception being Mexico's central bank, which has kept interest rates elevated on concerns over inflation and currency weakness.
- Structural reforms are needed to diminish reliance on unsustainable social programs and the resulting higher levels of public debt. Debt reform is also needed, to address growing corruption and its effects on economic potential.
- The ongoing humanitarian crisis in Venezuela has seen a significant outflow of refugees seeking asylum in neighboring countries, which has the potential to strain resources in neighboring host countries.
Economic Risk: High

- Belize’s economy is driven by tourism, agriculture, and manufacturing, with the tourism sector becoming increasingly significant and accounting for 20% of GDP.
- The consumer-driven economy is vulnerable to the US economy, as a majority of remittance inflows are supplied by the US. Although remittance flows will likely continue owing to the strong US labor market, the economy is expected to slow in 2019 on slowing investment and consumption. Slower projected growth in the US will constrain tourism, as two-thirds of all arrivals are from the US.
- The country depends heavily on trade and is thus sensitive to changes in commodity prices and terms of trade. The US and UK are the country’s main trading partners. Risks are tilted to the downside, the agriculture sector is exposed to weather-related events; the fishing industry is vulnerable to disease; and tourism is facing regional competition.
- Foreign direct investment remains volatile, but has risen significantly after five years of decline. The majority of FDI was in the tourism industry. After the approval from the Central Bank of Belize, foreign investors can have company ownership with no constraints.

Political Risk: High

- Prime Minister Dean Barrow is currently serving out his third five-year term, having been in power since 2005. Barrow’s political party, the United Democratic Party (UDP), also enjoys a majority in parliament, holding 19 of the 31 seats in parliament.
- Although largely stable and democratic, the government suffers from periodic corruption scandals, a border dispute with Guatemala, and high national debt. Barrow is currently focusing on attracting foreign investments for infrastructure and service projects.
- Because of limited infrastructure, a slow and bureaucratic system, and inconsistent policies, operating a business in Belize remains challenging. The country is ranked 121 out of 190 countries for contract enforcement in the World Bank’s Ease of Doing Business survey.

Financial System Risk: High

- The Office of the Supervisor of Insurance & Private Pension supervises the insurance industry, including licensing and regulating the conduct of companies, underwriters, and insurance intermediaries.
- The IMF reports that bank profitability has improved, and non-performing loans have declined, to 7.5% at the end of 2017, from 10.4% at the end of 2016.
- The government restructured its debt in 2017, lowering its interest rate and lengthening the duration of its payments—the country’s third credit restructuring since 2006. Despite the restructuring, government debt remains high, although the government is taking measures to improve this.