



GDP GROSS DOMESTIC PRODUCT

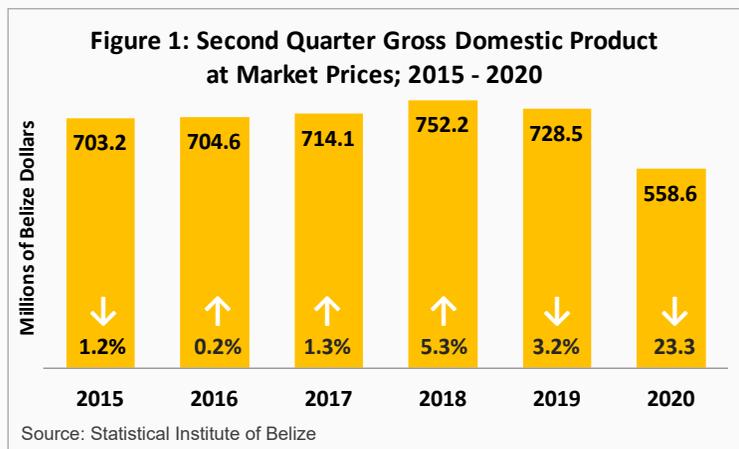
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ECONOMY CONTRACTS 23.3% IN SECOND QUARTER: ECONOMIC ACTIVITY DOWN ACROSS ALL THREE SECTORS

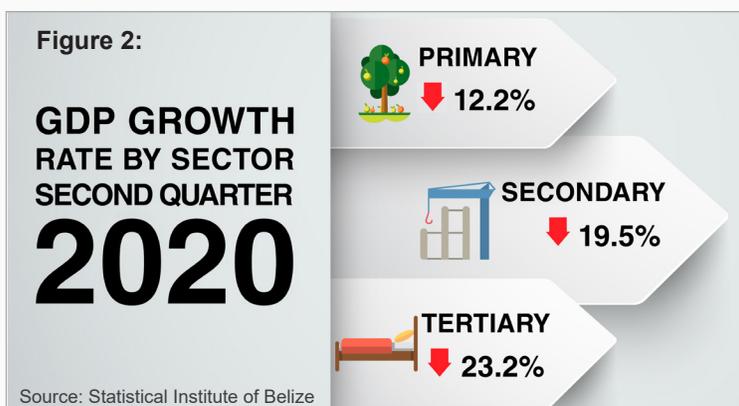
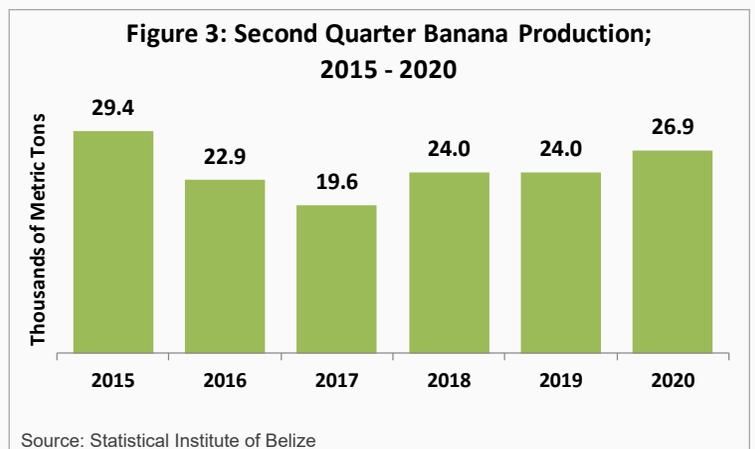
The Statistical Institute of Belize's Gross Domestic Product estimates for the second quarter, April to June of 2020, indicated that the country's overall level of economic activity declined sharply by 23.3 percent when compared to the second quarter of 2019. The total value of goods and services produced within Belize during the period were valued at \$558.6 million, down by \$169.9 million from \$728.5 million produced during the same three months of 2019 (see Figure 1). This marked the country's fifth consecutive quarterly period of economic contraction, with this latest estimate being the largest quarterly decline to date.

thousand metric tons in the second quarter of 2020. Livestock production fell by 36.9 percent, with all major commodities within this subsector recording decreased outputs. A significant decline in cattle exports led to a 68.9 percent drop in cattle production over the period, while the poultry industry saw a 29.4 percent reduction in output as a result of decreased demand. Pig production declined by 16.2 percent, owing to a drop in local demand combined with the fact that there were no pig exports during the quarter. Despite a strong performance by lobster tail exports, the fishing industry recorded an overall decrease of 49.1 percent, as conch exports plunged by 84.8 percent and shrimp exports fell by 63.3 percent.

In contrast, the banana and citrus industries both performed well during the quarter, somewhat mitigating the major reductions in other areas within the sector. Better weather conditions, which led to improved plant health and maturity, along with an increase in acreage, resulted in a 12.1 percent rise in banana production. This industry saw output increase from 24 thousand metric tons in the second quarter of 2019 to 26.9 thousand metric tons in the second quarter of 2020 (see Figure 3). Dry weather conditions caused citrus crops to mature more slowly during this year, resulting in an extended harvesting period. Consequently, citrus fruit deliveries rose slightly by 1.3 percent from 23.3 thousand metric tons in the second quarter of 2019 to 23.6 thousand metric tons in the same period of 2020.



Economic activity declined significantly across all three sectors, as the COVID-19 pandemic, coupled with extended dry weather conditions, continued to severely impact the Belizean economy. The tertiary sector was particularly hard hit, with decreases in 'Wholesale and Retail Trade' and 'Hotels and Restaurants' together accounting for a half of the overall reduction in total output for the quarter. Furthermore, 'Taxes on Products' were down by more than one-third, from \$102 million in the second quarter of 2019 to \$64.7 million in the second quarter of 2020.



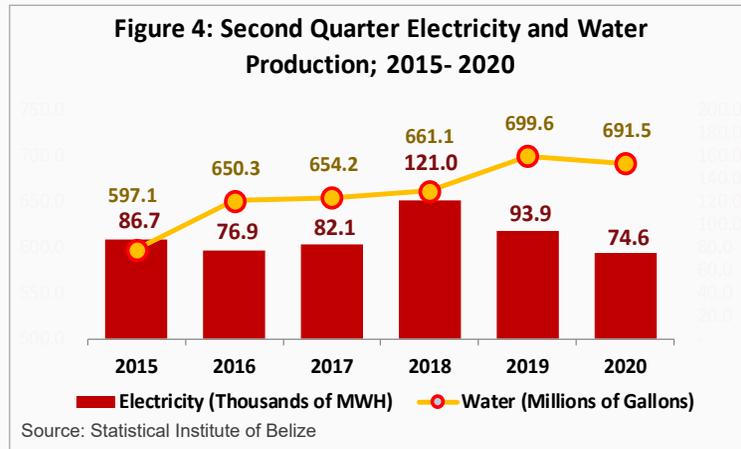
PRIMARY ACTIVITIES:

The primary sector contracted by 12.2 percent during the second quarter of the year, from \$80.6 million to \$70.8 million, when compared to same period in 2019. Sugarcane production declined considerably by 14 percent, as dry weather conditions in 2019 and early 2020 affected crops harvested during the reference period. Deliveries of this crop dropped from 860.7 thousand metric tons in the second quarter of 2019 to 740

SECONDARY ACTIVITIES:

Secondary activities recorded a 19.5 percent decline over the three-month period, from \$106.6 million in the second quarter of last year to \$85.8 million in the same period this year. Within this sector, the 'Manufacturing and Mining' industry saw output fall by 22.5 percent. Beverage production suffered immensely from the lack of tourist visitors to the country, as well as the closure of restaurants and bars and restrictions placed on alcohol production during a portion of the period. As a result, beer production dropped by a substantial 46.6 percent, from 751.3 thousand gallons in the second quarter of 2019 to 401.2 thousand gallons in the same period of 2020. Soft drink production also decreased, albeit by a less substantial 7.7 percent.

Reduced sugarcane deliveries coupled with higher mud levels in the cane led to a 24.9 percent drop in sugar production during the quarter. Conversely, the rise in citrus fruit deliveries resulted in a 6.8 percent increase in citrus concentrate produced during the quarter. Crude petroleum extraction continued its steady decline, falling by 30.9 percent in comparison to the second quarter of 2019, as 19.4 thousand fewer barrels were extracted from reservoirs. Local production of flour was down by 14 percent, corresponding with a substantial increase in imports of flour during the period.



Although higher water levels allowed for increased production from hydroelectricity suppliers, a significant drop in non-hydro electricity production and a decrease in the commercial demand for energy resulted in a 20.6 percent drop in electricity generation during the second quarter. Water generation decreased slightly by 1.1 percent as major industrial consumers were inactive for a part of the quarter (see Figure 4). Within the 'Construction' subsector, a 14.1 percent decrease in production was recorded.

TERTIARY ACTIVITIES:

The services sector, which comprises almost two-thirds of Belize's economy, was the most severely impacted by COVID-19, recording a significant 23.2 percent decline in output over the three-month period. Production within this sector was down by \$101.9 million, from \$439.2 million in the second quarter of 2019 to \$337.4 million in the second quarter of 2020. With the country's borders closed to tourist visitors, activities within the 'Hotels and Restaurants' subsector were at a near standstill during the period, recording a dramatic decrease of 99.4 percent (see Figure 5a and Figure 5b). The 'Wholesale and Retail Trade' subsector contracted by 37.1 percent, as reflected in significantly reduced imports of 'Mineral Fuels and Lubricants', 'Manufactured Goods', 'Food and Live Animals' and 'Machinery and Transport Equipment' over the period. Nationwide restrictions in response to the COVID-19 pandemic interrupted land, sea and air transportation, resulting in a 28.8 percent decline in the 'Transport, Storage and Communication' subsector when compared to the second quarter of last year. The only industry within the tertiary sector recording some growth was 'Government Services', which was up by 1.8 percent.

Figure 5a: Cruise Ship Tourist Arrivals Second Quarter, 2015-2020 (thousands of tourists)

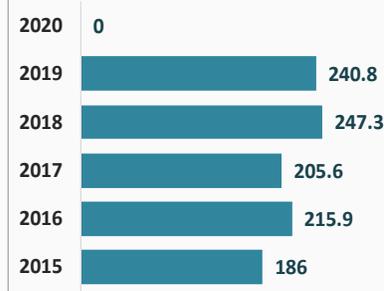


Figure 5b: Overnight Tourist Arrivals Second Quarter, 2015-2020 (thousands of tourists)

