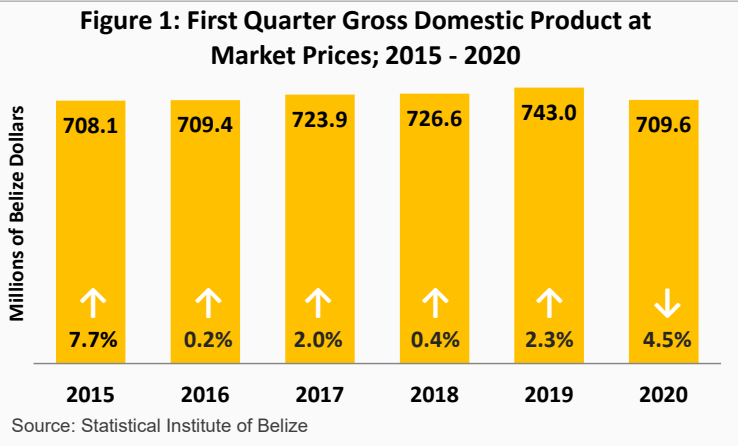


GDP GROSS DOMESTIC PRODUCT

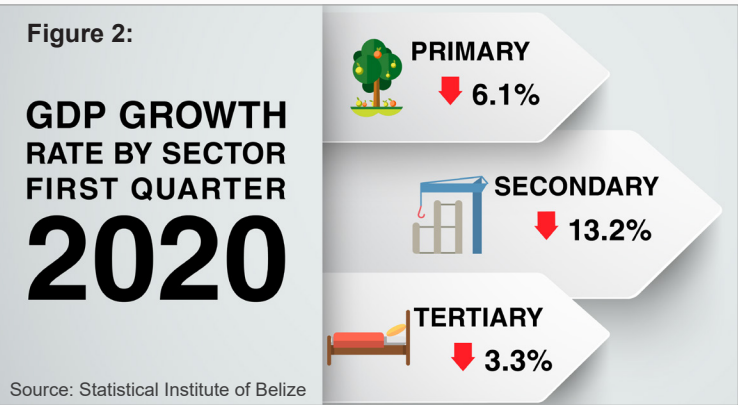
For: First Quarter 2020 • Published on: May 27th, 2020

ECONOMY DECLINED 4.5% IN FIRST QUARTER 2020

The latest Gross Domestic Product estimates produced by the Statistical Institute of Belize indicated that the overall level of economic activity for the country of Belize dropped by 4.5 percent in the first quarter of 2020, when compared to the first quarter of 2019. The total value of goods and services produced within the country during the first three months of the year were valued at \$709.6 million dollars, down \$33.4 million from \$743 million dollars in the first three months of 2019 (see Figure 1). Prior to this, the country had not seen a first quarter decline since 2014, when production fell by 1.9 percent due to decreased production in the goods producing sectors.

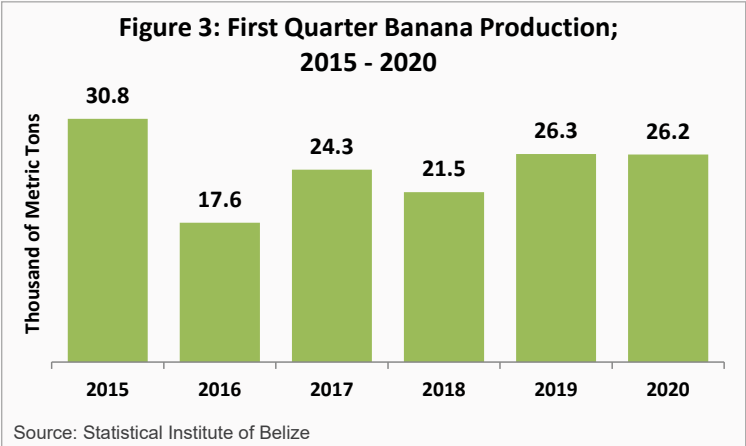


During the first quarter, the country struggled with the combined effects of prolonged dry weather conditions and the impact of the COVID-19 global pandemic. Decreased production was observed across all sectors of the economy (see Figure 2), with the ‘Hotels and Restaurants’ industry being the most severely impacted during the period.



PRIMARY ACTIVITIES:

The primary sector declined by 6.1 percent during the first quarter, down \$5.3 million from \$86.1 million in 2019 to \$80.8 million in 2020. Virtually the entire agricultural sector was impacted by the lack of rainfall over an extended period of time. In the case of the sugar industry, dry weather conditions resulted in underdeveloped sugarcane. Deliveries for the period dropped by 20.7 percent from 760.8 thousand metric tons delivered in 2019 to 602.9 thousand metric tons in 2020. Unfavourable weather conditions also affected citrus fruit production, which declined by 3.7 percent during the period, as the fruit was slow to reach maturity. The banana industry, which had seen reduced production during the latter part of 2019, decreased by a marginal 0.3 percent during the first three months of 2020 (see Figure 3).



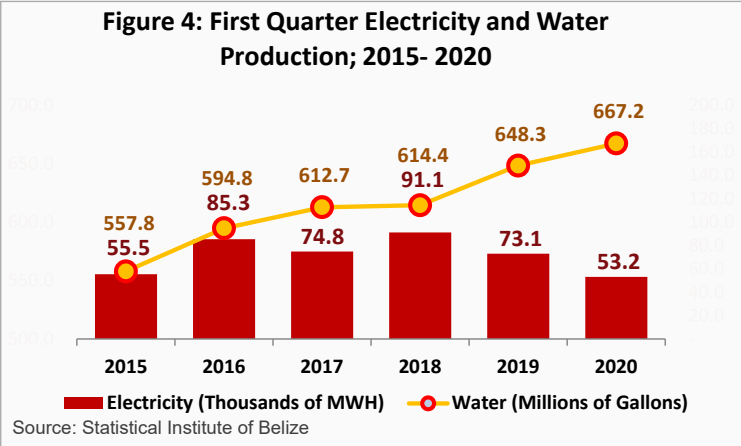
The fishing industry also recorded diminished output during the period, contracting by 19.3 percent as shrimp exports dropped sharply by 46.6 percent while conch exports fell by 13.1 percent. In contrast to the first quarter of 2019 when 15.6 thousand pounds of whole fish was exported, there were no exports of this commodity during the first quarter of 2020, further contributing to the decline in marine products.

The only industry within the primary sector that recorded a positive growth was that of livestock. Cattle production grew by a significant 53.3 percent, while poultry production rose by 7.1 percent, both attributed to an increase in market demand. Pig production, on the other hand, declined by 13.5 percent due to a drop in local demand during the first three months of the year.

SECONDARY ACTIVITIES:

The secondary sector decreased by 13.2 percent during the first quarter of the year. The ‘Manufacturing and Mining’ subsector, much of which is dependent on agricultural production, experienced a 7.3 percent decrease in output. Sugar production fell by one-third during the quarter, due in large part to the decline in sugarcane deliveries. In addition, stoppage for factory maintenance and increased mud levels in the sugarcane resulted in a slower grinding rate, requiring more effort to extract sugar. Similarly, the decline in citrus fruit deliveries resulted in a 4 percent drop in citrus concentrate produced during the quarter.

The ‘Electricity and Water’ sector declined by 21.7 percent during the quarter. Demand for water grew as COVID-19 quarantine restrictions led to a rise in the number of persons staying at home all day. This, coupled with increased consumption due to dry weather conditions, led to a 2.9 percent rise in water production. On the other hand, hydroelectricity plants were severely impacted by prolonged dry weather conditions during the first three months of the year. Water levels at the dams dropped significantly, resulting in the lowest first quarter electricity production levels in 6 years. Electricity generation plummeted from 73.1 thousand megawatt hours produced in the first quarter of 2019 to 53.2 thousand megawatt hours produced in the first quarter of 2020 (see Figure 4).

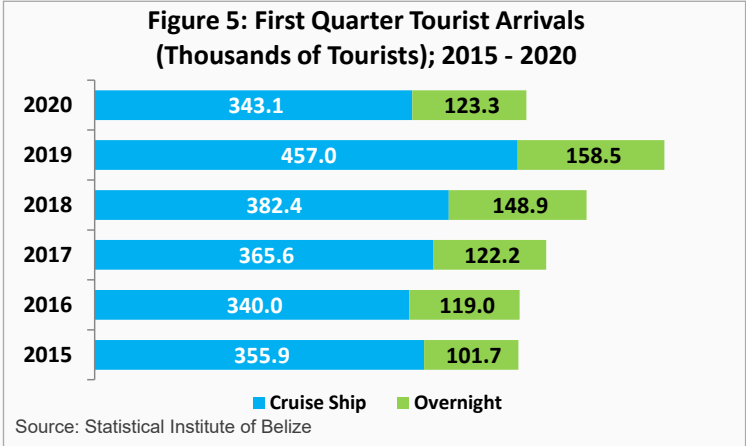


Crude Petroleum extraction continued its steady decline, with 3.2 thousand less barrels being extracted from reservoirs during the quarter, compared to the first three months of 2019. As overnight tourist visitors to the country declined, a drop in beer production was also observed. A total of 709.6 thousand gallons of beer was produced in the first quarter of 2020, down 33 thousand gallons or 4.4 percent from the previous year. As a result, despite a 4.6 percent increase in soft drink output, total beverage production declined by 1.2 percent. The ‘Construction’ subsector saw a 17.3 percent decline, as reflected in decreases in both loans for construction and cement imports for the first quarter of 2020.

TERTIARY ACTIVITIES:

Production within the tertiary sector totalled \$440.2 million in the first quarter of 2020, a decrease of 3.3 percent or \$15.2 million, compared to the first quarter of 2019.

Production within the ‘Hotels and Restaurants’ subsector was reduced by a significant 22.5 percent during the quarter, as international travel came to a virtual halt by March 2020. The total number of overnight visitors to the country declined sharply from roughly 158,500 visitors in the first quarter of 2019 to 123,300 visitors in the same period of 2020 (see Figure 5).



There were approximately 24,000 less American tourists, 3,800 less Canadian tourists and roughly 3,400 less tourists visiting from Europe. Similarly, cruise passenger arrivals dropped by 24.9 percent, with a total of 31 less ship calls being made during the first quarter, mainly due to cancellations made during the month of March.

The ‘Transport, Storage and Communication’ subsector declined by 8.6 percent, while ‘Wholesale and Retail Trade’ decreased by 0.2 percent. The only industry within the tertiary sector to record a positive growth during the period was ‘Government Services’, which rose by 4.1 percent.