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Executive Summary

Economic growth in Belize continues to focus heavily on the tourism, agriculture, and petroleum/energy industries. Active petroleum reserves are still on the decline and are close to depletion, although exploration continues. Tourism and agriculture continue to reign as the top areas for expansion and investment in Belize. U.S. businesses recently have made significant investments in tourism and agriculture as well as petroleum exploration. Investors have enjoyed success recently with business process outsourcing (BPOs) as well.

Belize continues to fare poorly in international surveys of openness and ease of opening a business. Some investors remain concerned about the Government’s failure to compensate the owners of the electricity and telecommunications companies that were nationalized in 2011 and 2009, respectively. Other concerns surrounding land title security and delayed payment of fiscal incentives have made investors wary. However, Belize continues to offer many attractive investment opportunities for those who are patient and willing to navigate the complex structure of laws and regulations.

It is important to note that the overall fiscal picture for Belize shows significant challenges in the years ahead. In 2013, Belize restructured its massive sovereign debt of USD 547.5 million, known as the “superbond” because of its large size in comparison to Belize’s small population. The restructuring gave the Belizean government some relief, but the interest rate on the payments will increase from 5% to 6.767% in August 2017 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. The Government of Belize (GOB) has invested a large portion of this money into infrastructure development. There is some debate within the GOB as to whether this ambitious growth in infrastructure can continue and whether the country will begin seeing the economic benefits in time to assist with the looming debt. Belize’s budget deficit continues to grow, totaling USD 71 million in 2014 or 4.12 percent of the country’s GDP. For 2015, the GOB has projected a deficit of USD 44 million or 2.5 percent of the GDP according to the national budget forecast released by the Prime Minister. In 2014 the GOB’s projected deficit was only 1.6 percent of the GDP, in the end the actual result was much higher.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The Government of Belize (GOB) and its Belize Trade and Investment Development Service (BELTRAIDE; http://www.belizeinvest.org.bz/) identified Belize’s priority sectors for investment for 2015 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 foreign direct investment with generous incentives packages coupled with its availability of good land and a resource-abundant natural environment. In practice, however, investors have complained that they do not always receive the full extent of
the incentives available, that land title is 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 can be very beneficial but currently they are administered in an ad hoc manner, with frequent delays or payment not issued as originally guaranteed.

**Other Investment Policy Reviews**

Belize has until 2015 to comply with World Trade Organization (WTO) requirements with regards to Fiscal Incentives, Export Processing Zones, and Commercial Free Zones. As of March 2015, Belize has been making progress towards meeting the issuance of incentives contingent on export performance requirement. As a developing nation, Belize was given the standard eight year compliance term and in 2013 the country was granted a two year extension (until 2015) after showing it had met certain progress milestones. The Ministry of Trade and Investment, along with BELTRAIDE, has conducted countrywide consultations with current incentive holders to inform them of Belize’s upcoming international trade requirements. The government of Belize is optimistic that they will come into compliance by the mandated deadline (end of 2015). However, a lot of work is yet to be done and there have been delays. The government has sought outside consulting through the Commonwealth Secretariat as well as experts from the WTO. Potential investors should be aware of this ongoing process when discussing concessions with BELTRAIDE.

**Laws/Regulations of Foreign Direct Investment**

The Income Tax Department is responsible for levying both business and income taxes in Belize. Businesses are assessed for income tax annually based on their industry classification. A recent Supreme Court decision reduced one company’s tax liability from USD 15 million to USD 4.5 million. At the center of the case was the issue that under Income and Business Tax Act a business could not appeal its tax assessment or go to court without first paying the originally assessed amount. This provision, referred to locally as “pay to play” was struck down by the court thus opening the door for any business to challenge its tax assessment without first having to pay.

**Industrial Promotion**

Although established to serve as a one-stop-shop for investment and trade assistance, over the past few years BELTRAIDE has expanded its focus to include micro and small business development. BELTRADE has carreid out this function admirably with technical assistance from the World Bank and U.S. Department of Treasury. Critics however, speculate that the expansion has diluted the agency’s ability to provide efficient business counseling to investors by increasing the scope of the organization without sufficient staffing. Foreign direct investors have noted bureaucratic delays when seeking letters of support to establish businesses and when trying to secure fiscal incentives from the government.

**Limits on Foreign Control**

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.

Privatization Program

Since 2008, the global economic downturn, the nationalization of the major telecommunications and electricity companies, continued high import tariffs, and new legislation on arbitration paralleled a decrease in the flow of foreign direct investment. Major U.S. investments in Belize exist today in the sugar industry, cruise tourism, and oil exploration. At the same time, however, small farmers in both citrus and sugar and some tourism associations and others expressed concerns about the ongoing and potential investments. In 2013, the GOB assumed management of the International Business Companies Registry and the International Merchant Marine Registry of Belize (IMMARBE). The contractor, which managed both registries, claimed that it had a contract that was still valid, but the GOB rejected that claim.

Screening of FDI

Foreign investors undertaking large capital investments must be aware of Belize’s environmental issues and promotion of environmental protection when designing and proposing projects. There has and continues to be much debate about whether to allow any developments adjacent to or near designated protected areas. There is a requirement to prepare an Environmental Impact Assessment (EIA) when a project meets certain criteria for land area, location, and industry. When purchasing land or planning to develop in a near proximity to 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, Chapter 328 of the Laws of Belize.

The Belize Supreme Court and the Court of Appeals have both ruled that some lands, particularly 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 needs to consult with the Mayan community on development that affects communal land.

Competition Law

While 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.

Investment Trends

Over the years Belize has entered into many contracts with investors and the GOB usually tries to uphold a contract’s requirements, but a high ratio of debt to GDP and sluggish economic
performance may prevent the government from fulfilling some compensation payments in a timely fashion. Some investors, especially in real estate and land transactions, have expressed concern over the government’s significant and extended delays in meeting its obligations. In particular, investors have been alarmed by the lack of compensation for the nationalization of Belize Telemedia Limited (BTL) in 2009 and Belize Electricity in 2011. Although Belize has an independent judicial system it is difficult to compel the government to take a certain course of action.

Other potential investors have also cited corruption as a barrier to attract foreign direct investments. It is alleged that at times investors were solicited for contributions in return for expedited immigration favors, land acquisition, investment incentives, and exclusive contracts.

Challenges (such as weather unpredictability) within key agriculture sectors, including sugar, citrus and papaya, and a decline in petroleum exports may create fiscal deficits as declines and/or uncertainty are recorded in each of these sectors. The government is increasingly relying on tourism to fill these gaps, but it may find itself in a position where diversification and accommodation of foreign investment in other sectors become imperative and even more attractive.

Table 1

<table>
<thead>
<tr>
<th>Measure</th>
<th>Year</th>
<th>Index or Rank</th>
<th>Website Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>TI Corruption Perceptions index</td>
<td>N/A</td>
<td></td>
<td>transparency.org/cpi2014/results</td>
</tr>
<tr>
<td>Global Innovation Index</td>
<td>N/A</td>
<td></td>
<td>globalinnovationindex.org/content.aspx?page=data-analysis</td>
</tr>
<tr>
<td>World Bank GNI per capita</td>
<td>2013</td>
<td>4,510</td>
<td>data.worldbank.org/indicator/NY.GNP.PCAP.CD</td>
</tr>
</tbody>
</table>

2. Conversion and Transfer Policies

Foreign Exchange

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.

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 USD 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.

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.

Approved businesses under the Export Processing Zone and Commercial Free Zone incentives are allowed to open and operate foreign currency bank accounts.

The Belize Dollar has been pegged to the United States Dollar since May 1976 at a fixed exchange rate of BZD 2 to USD 1.

In September 2012, Belize undertook a selective default of its major external commercial debts totaling an estimated USD 554 million, commonly referred to as the SuperBond. Subsequently, the government made a payment of 50 percent toward the USD 23 million payments due as a show of good faith. The Government of Belize announced the successful renegotiation of the terms of the bond in March 2013. The restructured Superbond has a value of USD 547.5 million and a maturity date of 2038. Interest payments for the debt are at 5% from March 20, 2013 to August 20, 2017, after which the rate will go up to 6.767 percent until February 20, 2038. Principal payments will begin in 2019.

Companies conducting business with international trading partners have access to foreign currency, provided that the appropriate permit is secured from the Central Bank of Belize.

*Remittance Policies*

Not applicable.

**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. This type 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 are common and often go unresolved.

The government expropriated a major telecommunications provider and the electricity company owned by foreign investors in 2011 (the telecommunications company was nationalized in 2009 and renationalized in 2011 in order to overcome a court ruling that the 2009 nationalization was
illegal). In 2011, the government passed special legislation that allowed for the Eighth Constitutional Amendment, which enshrined majority government ownership of utility providers (including water, electricity, and telecommunications). Official offers by the government to compensate previous owners of nationalized companies have not been revealed, but unofficial government offers placed the firms at what the previous owners felt were significantly reduced market values. As of March 2015, the GOB has not compensated investors affected by the nationalizations. There is an ongoing dispute regarding the valuation of the investors’ assets at the time of nationalization. These cases are currently with the Caribbean Court of Justice. If the decision goes in favor of the investors it could prove to be very costly for the government of Belize.

4. Dispute Settlement

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

In March 2010, the Supreme Court of Judicature (Amendment) Act granted the Belize Supreme Court the authority to issue an injunction against any person or entity that has commenced arbitration proceedings against the Government of Belize, whether that arbitration occurs within Belize or abroad. If after issuing an injunction, the parties continue their arbitration proceedings, the Belize Supreme Court may set-aside the award. In the case of the parties and anyone associated with them, including legal counsel, they can be fined up to USD 250,000 and/or if prosecuted and found guilty of contempt could be sentenced up to five years of prison. An additional fine of USD 150,000 can be charged for each day the parties continue in breach of the injunction. The Act does not supersede Belize’s international treaty commitments.

In addition, a person charged with an offense under this section of the Act may be tried even in absence if the Court is satisfied that such a person was given proper legal notice. This legal notice can be delivered in person, by registered post, or by publication in the Belize Gazette (judicial paper). In September 2010, claimants brought a constitutional challenge (recurso de amparo) against this Act to the Belize Supreme Court. In December 2010 this 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 ruled that the Act was in fact not unconstitutional, but that some of the penalties were extreme.

Bankruptcy

Chapter 244 of the Laws of Belize (Bankruptcy Act) provides and allows for bankruptcy filings (http://www.belizelaw.org).

Investment Disputes

Not applicable/information not available.

International Arbitration

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.

ICSID Convention and New York Convention

Belize signed on to the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) prior to obtaining its independence as a sovereign State. Domestic courts have since ruled that Belize is not a party to the Convention since the effects cannot be applied retroactively and they also failed to ratify the convention after gaining their independence.

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.

Duration of Dispute Resolution

Information not available.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

BELTRAIDE operates under the Government of Belize’s Ministry of Trade and Investment. 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, along with other developing countries, has until 2015 to comply with World Trade Organization (WTO) requirements regarding Fiscal Incentives, Export Processing Zones, and Commercial Free Zones. 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 www.belizeinvest.org.bz, two programs are offered under this Act, namely the Regular Program for investments exceeding USD150,000 and the Small and Medium Enterprise
(SME) program for investments of less than USD150,000. 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. Categories that may be exempted from Import Duties and Revenue Replacement Duties under the Act include Building Materials and Supplies; Plant, Machinery, and Equipment; Specialized Tools; Utility and Transport Vehicles; Fixtures and Fittings; Office Equipment and Appliances; Spare Parts for Plant, Machinery & Equipment; Agricultural Machinery and Supplies; and Raw Materials or other items for the sole usage of the approved enterprise. 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.

Under the Fiscal Incentives Regular Program, only entities incorporated under the Companies Act Chapter 250 of the Laws of Belize can apply. Application fees under the Regular Program are nonrefundable and depend on the level of proposed investment:

<table>
<thead>
<tr>
<th>Estimated Investment (USD)</th>
<th>Fee (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>for investments below 250,000</td>
<td>3,500</td>
</tr>
<tr>
<td>between 250,000 and 500,000</td>
<td>7,500</td>
</tr>
<tr>
<td>between 500,000 and 2,500,000</td>
<td>10,000</td>
</tr>
<tr>
<td>above 5,000,000</td>
<td>15,000</td>
</tr>
</tbody>
</table>

There is an annual administration and monitoring fee of USD 500 and a publication fee of USD 400 (for two week’s circulation of an announcement of a successful application in a newspaper) if the application is successful. For any amendment to the Statutory Instrument an amendment fee of USD 1,750 is charged.

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. There exists a significant variance in the application fee structure between the programs. Below is the fee structure for the SME Program:

<table>
<thead>
<tr>
<th>Estimated Investment Fee (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>for investments below 50,000</td>
</tr>
<tr>
<td>between 50,000 and 100,000</td>
</tr>
<tr>
<td>between 100,000 and 150,000</td>
</tr>
</tbody>
</table>
There is an annual administration and monitoring fee of USD 50 if the application is successful. For any amendment to the Statutory Instrument an amendment fee of USD 50 is charged.

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. There is a non-refundable application fee of USD 500. 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. CFZs are free of import and export licensing requirements, as well as taxes imposed on the sale of foreign currency. 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. There is a non-refundable application fee of USD 500 and for successful applicants an annual fee of USD 1,000 is charged.

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 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. Visit http://www.belizeinvest.org.bz/qualified-retired-persons-programme-qrp-trusts/ for more information.

Research and Development

Not applicable.

Performance Requirements

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.

Certain protected industries have additional performance requirements. One example is in the tourism industry where a company must maintain at least 51 percent Belizean ownership in order to apply for a tourist operator license.

Data Storage

Not applicable.

6. Right to Private Ownership and Establishment

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, so long as it is legally incorporated to conduct business in Belize.
7. Protection of Property Rights

Real Property

The Constitution of Belize protects the right to private property. Chapter II, Article (3d) guarantees “protection from arbitrary deprivation of property.”

There are numerous property disputes involving foreign investors and landowners that are the result of unreliable land title certificates. Numerous landowners, including several U.S. citizens, have been victims of land fraud, where title documents were transferred out of their possession without their knowledge, and in most cases the owners have not received compensation. There have been public allegations that government officials have been complicit in some of the fraud. Title insurance is not commonly available in Belize, but is offered by a few of the larger insurance companies. Property buyers likely will limit but will not necessarily avoid problems by dealing with real estate professionals and lawyers experienced in local property law; disputes have arisen in such cases as well. The GOB is in the process of completing a digital database of land titles that may deter fraud. That system, however, is not yet operational as of April 2014. The purchase of land often takes several months.

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.

Despite the IPR laws and administering 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. There was a major bust of counterfeit goods destined for the Corozal Free Zone, along Belize’s northern border with Mexico, in April 2015.

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

Local lawyers list can be found at:
http://belize.usembassy.gov/legal_information.html

Embassy POC is:
Carmen Silva
Political/Economic Assistant
Political and Economic Section
4 Floral Park Rd., Belmopan

8. Transparency of the Regulatory System

Legal and regulatory accounting systems are consistent with international norms.

Belize's laws and regulations on tax, labor, customs, and health and safety do not significantly distort or impede the efficient mobilization and allocation of investment capital.

The government publishes a Gazette that includes proposed laws and regulations to solicit public comment. Interested persons can review, recommend changes, or object to draft laws and regulations at the relevant Committee Meeting of the House of Representatives. However, sometimes laws are passed quickly without meaningful publication or public review, as was the case with the Supreme Court of Judicature (Amendment) Act.

Relative to the region, there is a high overall cost of doing business regarding payments for utilities (especially electricity and telecommunications, including internet), wages, fuel, and import duties (tariff barriers).

Setting up a business remains a complicated process. The World Bank’s Doing Business 2015 Report ranked Belize 118th out of 189 countries. This is 12 places below the previous ranking from 2014 of 106th. Belize ranked 148 on the “Starting a Business” criterion. This represents a six point fall from the 2013 161st rank. However, while initial business name registration can often be accomplished quickly, obtaining necessary licenses, including at the local level, can be time consuming. For more information visit: http://www.doingbusiness.org/data/exploreeconomies/belize/.

In the 2015 Index of Economic Freedom, Belize ranks the 117th freest economy in the world. It ranks 20 out of 29 within South and Central America countries including the Caribbean. It did however register its lowest score ever in the 2015 Index, Belize’s economic freedom status which mainly indicates it has remained mostly unfree. For more information view: http://www.heritage.org/index/country/belize.

9. Efficient Capital Markets and Portfolio Investment

Belize's financial system is small. Five commercial banks operate domestically, of which three 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 USD 478 million in total assets.

There are seven 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 49,500 members, with total assets of approximately USD 229 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. 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%. The National Bank was established with ten million USD of capital from PetroCaribe funds from the Government of Venezuela.

There are seventeen insurance companies that operate country wide.

**Money and Banking System, Hostile Takeovers**

The Central Bank of Belize (https://www.centralbank.org.bz/) is responsible for formulating and implementing monetary policy that fosters the stability of the exchange rate and promotes credit instruments that are conducive to economic growth. The Belize Dollar has been pegged to the United States Dollar since May 1976 at a fixed exchange rate of BZD 2.00 to USD 1.00.

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. Manipulation of mandatory reserve requirements are a major instrument of monetary policy as they affect credit growth, interest rates, and the level of money supply.

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 12.4% and 10.65% respectively at the end of January 2015. The weighted average interest rate in January 2015 was 10.62%. This is slightly lower than the year prior which had a weighted average interest rate of 11.11%. 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.
Belize does not have a stock market and lacks the regulatory legal framework for the development of one in the near future.

10. Competition from State-Owned Enterprises

State Owned Enterprises (SOE’s) are active in the utilities and services sectors. The GOB operates as the sole provider of water services and electricity, and as of 2011 took constitutional control over the operations of the largest telecommunications provider, Belize Telemedia Ltd. 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). The contractor, which managed both registries, claimed that it had a contract that was still valid, but the GOB rejected that claim. As noted above, in 2013 the Government also launched a national bank to compete directly with existing commercial banks in Belize and drive down lending rates.

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.

OECD Guidelines on Corporate Governance of SOEs

Not applicable.

Sovereign Wealth Funds

Belize does not have a sovereign wealth fund.

11. Corporate Social Responsibility

Many foreign and local companies engage in corporate social responsibility each year. Some companies donate educational scholarships to students to attend school both locally and internationally, while other companies sponsor football teams, basketball teams, and bicycle races. At times educational institutions benefit from assistance in infrastructure maintenance or donations of equipment. This may include painting school buildings, construction of bus stops and classrooms, or donating computers, fans, tables, chairs, and other necessary items. Some larger companies also undertake the maintenance of major playgrounds or parks. Firms often receive considerable positive media coverage for CSR projects.

OECD Guidelines for Multinational Enterprises

Belize does not adhere to the OECD Guidelines for Multinational Enterprises.
12. 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. The most notable in recent history was a demonstration in February 2009 concerning sugarcane prices. This took place in northern Belize and resulted in one death and several injuries. 2010 saw two countrywide business shut-downs, as well as several public demonstrations in protest of the growing levels of violence in Belize. 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. It paired this advocacy for awareness of burning social issues with its demand for a wage adjustment for all public servants, including teachers, all of whom had not received a wage increase in years. This was done through a series of public rallies held in all the major district towns and in the capital city.

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).

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 into 2014. 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 four incidents of fatal shootings of illegal Guatemalan trespassers by Belizean authorities.

13. 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. 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 USD 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 an Office of the Ombudsman, whose responsibility is to investigate complaints of official corruption and abuse of power. 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. The UDP made significant gains in the Municipal elections across Belize in March 2015 winning control of a total of 8 out of 9 regions within Belize.

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 undersized 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.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

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.

Resources to Report Corruption

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

14. Bilateral Investment Agreements

Belize has no Bilateral Investment Treaty (BIT) with the United States.
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). This could enable the Belizean economy to function as a hub connecting the Central American and Caribbean markets, but Belize is not a part of the Secretariat of Central American Economic Integration (SIECA). The Common External Tariffs, which Belize’s CARICOM membership requires, are another obstacle to being a commercial bridge between Central America and the Caribbean.

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.

Bilateral Taxation Treaties

Belize has no bilateral taxation treaties with the United States.

Belize has signed 15 Tax Information Exchange Agreements (TIEA) with; Australia, United Kingdom, Belgium, Netherlands, Sweden, Finland, Greenland, Norway, Iceland, Denmark, Portugal, France, Ireland, and Mexico. For more information see http://www.ifsc.gov.bz/legislation.html.

15. OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) (http://opic.gov/) has been involved in two projects in Belize, one in 2002 and the other in 2006. As part of the Caribbean Energy Security Initiative and other ongoing efforts on energy security in Central America and the Caribbean, OPIC is exploring additional opportunities focused on energy.

Belize is a member of the Inter-American Development Bank (IDB), Caribbean Development Bank, the Multilateral Investment Guarantee Agency (MIGA) of the World Bank, and the Central American Bank for Economic Integration (CABEI).

16. Labor

According to the Statistical Institute of Belize (SIB), as of September 2014 the population is an estimated 360,838 persons of which 149,355 comprised the labor force. The official unemployment rate in September 2013 was 12.1%, a decrease from the 14.2% reported in September 2013. The unemployment rate is roughly three times higher among women than
among men. Some observers believe the actual unemployment rate is higher.

Foreign investors who have a development concession are permitted to bring in skilled personnel to complement their local labor force, provided that appropriate training programs for Belizean nationals are established. Most of the unskilled or semi-skilled workers in commercial agriculture are recent immigrants or migrant workers from neighboring Spanish-speaking countries.

Belize has nine trade unions and an umbrella organization, the National Trade Union Congress of Belize (NTUCB). Belize has ratified 50 International Labor Organization (ILO) conventions, of which 45 are in force, including Convention 182 against the worst forms of child labor.

The Ministry of Labor is charged with enforcing the minimum wage, which generally has been respected in practice. In May 2012 the national minimum wage was increased to BZD 3.30 (USD 1.65) per hour across-the-board, including agricultural, manual labor, and agro-processing.

17. Foreign Trade Zones/Free Ports/Trade Facilitation

Belize uses its Commercial Free Zone and Export Processing Zone regulations as incentives for foreign and domestic investors, see the section on “Openness To, and Restrictions Upon, Foreign Investment.”
### 18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

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

<table>
<thead>
<tr>
<th>Economic Data</th>
<th>Year</th>
<th>Amount</th>
<th>Host Country Statistical source*</th>
<th>USG or international statistical source</th>
<th>USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Foreign Direct Investment</th>
<th>Year</th>
<th>Amount</th>
<th>Host Country Statistical source*</th>
<th>USG or international statistical source</th>
<th>USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. FDI in partner country ($M USD, stock positions)</td>
<td>N/A</td>
<td>N/A</td>
<td>2013</td>
<td>31</td>
<td>BEA</td>
</tr>
<tr>
<td>Host country’s FDI in the United States ($M USD, stock positions)</td>
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<td>N/A</td>
<td>2013</td>
<td>9</td>
<td>BEA</td>
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<tr>
<td>Total inbound stock of FDI as % host GDP</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Table 3: Sources and Destination of FDI

Statistics on foreign direct investments in Belize, by country of origin and sector, 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.

IMF Coordinated Direct Investment Survey statistics are not available for Belize.

Table 4: Sources of Portfolio Investment

IMF Coordinated Portfolio Investment Survey statistics are not available for Belize.

19. Contact for More Information

Economic/Commercial Affairs Assistant
4 Floral Park Road Belmopan, Cayo Belize
+011 (501) 822-4011
Belmopancommercialinquiries@state.gov