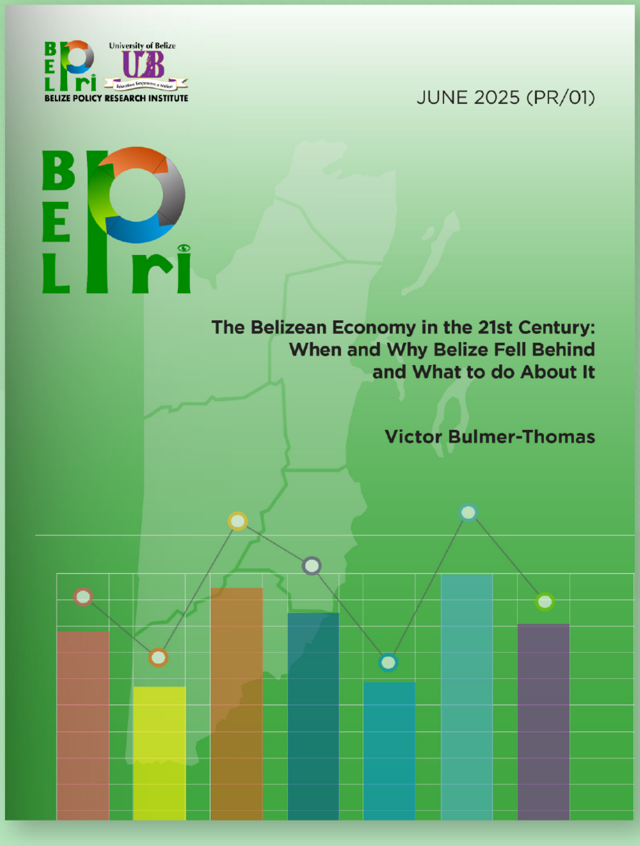
BELPRi University of Belize UB Education Empowers a Nation
BELIZE POLICY RESEARCH INSTITUTE



BROK IT DOWN

Key takeaways from:

The Belizean Economy in the 21st Century: When and Why Belize Fell Behind and What to Do About It

by Victor Bulmer-Thomas (for BELPRI-UB)

Rapid Economic Growth Since 2020

Since the COVID-19 pandemic in 2020, the recovery of the Belizean economy has been impressive. After falling 13.9 percent in 2020, GDP at constant prices rose 17.7 percent in 2021, surpassed its pre-pandemic level in 2022, and increased 8.2 percent in 2024. In this period, unemployment has fallen to very low levels, and there has been a sharp fall in the ratio of public debt to GDP.

Living Standards Stagnating by GDP per Head

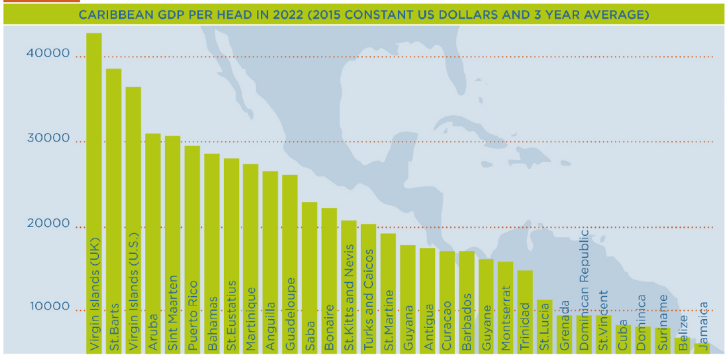
Belize's GDP per head (adjusted for inflation) in 2024 only returned to its 2007 level, indicating approximately 20 years of stagnation by this metric. This contrasts sharply with the period after 1981, when living standards roughly doubled.

Comparative Decline:

Belize is now the third poorest country in the Caribbean by GDP per head – behind only Jamaica and Haiti. Its position has significantly deteriorated in the last 25 years, falling from seventh to third from the bottom. In Central America, while rankings are stable, Belize has experienced a relative decline against all other nations.

FIGURE 2

CARIBBEAN GDP PER HEAD IN 2022 (2015 CONSTANT US DOLLARS AND 3 YEAR AVERAGE)



Source: derived by author from World Bank, World Development Indicators (WDI), and national sources for those non-independent countries not in WDI.

Low Investment:

The average investment ratio (Gross Fixed Capital Formation to GDP) in Belize over the last two decades has been less than 20%, which is insufficient for rising living standards. Also, Private sector investment, at 11.2% of GDP, is considered too low for stimulating substantial economic growth.

Under-Exporting Economy:

Belize is a significant under-exporter. In 2023, actual exports per head were 25.9% below the predicted US$3,752 per head.

Falling Labour Productivity:

Labour productivity (GDP per employed worker at constant prices) in Belize has been falling over the last 20 years.

Rising Income Inequality:

Despite stagnant GDP per head, the rising share of imports in GDP over the last 20 years points to a structural change, most plausibly an increase in income inequality, as wealthier households tend to consume more imports.

Under-Taxed Nation:

The IMF suggests Belize has been under-taxed, with potential revenue increases possible from broadening the General Sales Tax base and raising excise taxes. Under-collection of income and business taxes also contributes to a failure to raise sufficient revenue.

High Public Service Costs:

Due to a small population and low population-to-land area ratio, Belize faces high fixed costs for public services, suggesting that state size is a constraint on meeting demand for quality public services.

Input-Output Analysis is Key:

A comprehensive approach is needed to achieve sustainable long-run growth, starting with a robust understanding of the export-led economy. Developing an input-output model is crucial for informing policy interventions.

Strategic Policy Stimulation:

The analytical framework of input-output analysis should be used to as a policy tool to identify and prioritize economic outcomes, such as increasing exports per capita, boosting private domestic investment, reducing inequality, improving public services, and exploring import substitution.

Find the full report at

Or request a copy at belpri@ub.edu.bz