



International Business Companies Registry

# The IBC Review

Volume 6, Issue 2

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## MANAGEABLE GROWTH AND DIVERSIFICATION

Contributed by: *Sidney Campbell, Governor of The Central Bank of Belize*

Belize is a country filled with tremendous potential even as it confronts the challenges presented by the changing global environment

It has a total area (land and sea) of 22,966 sq km and a population of approximately 273,000 inhabitants. The most commonly-spoken languages are English (the official language) and Spanish

Facing east toward the Caribbean Sea, the country is the enviable possessor of the world's second-longest barrier reef and numerous small islands. The main land area, much of which is undeveloped and retains its original forest cover, is bordered by Mexico to the north, and to the west and south by Guatemala.

The economy is small (GDP rose by 9.4% to reach US\$988.4m in 2003), as well as open with the ratio of exports and imports to GDP exceeding 100%. The latter is partly the result of Belize's long history as a colony that supplied unprocessed timber to the UK in return for food and other basic goods and of the later dominance of sugar-cane cultivation for the export market.

The fledgling manufacturing sector is dominated by sugar and citrus processing. During the past 20 years, the country has managed to achieve some diversification of its export base and now relies on exports of sugar, citrus, banana and marine products to help cover the cost of importing a range of goods for domestic consumption and investment.

With the strong support of the government, tourism has also been growing rapidly in recent years with stay-over and cruise ship arrivals increasing considerably.

This success is facilitated by the relatively diverse mix of marine, eco-tourism and archaeological attractions that Belize offers.

### A Note from the Editor

*This issue is dedicated to future clients of offshore trusts, private banking, holding companies and estate planning. Wealth grows over time, unless you win the lottery, so the sooner you learn about proper wealth management, the better. Regardless of how wealth comes to you, there are a number of offshore solutions that will allow you to preserve, increase, and enjoy it for generations. We hope that when the time is right, Belize is your choice for all your offshore needs. ♦*

Earnings from this sector rose by more than 17% in 2003 and if current trends continue, it is certainly possible tourism may one day overtake agriculture to become the country's largest earner of foreign exchange.

*"The emphasis being given to tourism and international financial services reflects the government's action plan to address the problem."*

### Exporting growth

Such a development would be welcomed given external terms of trade that are perennially weighted against primary producers. As it is, Belize has a structural trade deficit and an external current account shortfall (18% of GDP) that it seeks to reduce by giving greater priority to an export-oriented growth strategy.

Over the past five years, domestic investments have been predominantly aimed at achieving a substantial increase and improvement in the domestic housing stock, a centrepiece of the government's poverty alleviation strategy.

However, this also reinforced the tendency for the country's trade and external current account deficits to rise with the acceleration of domestic economic activity. The emphasis being given to tourism and international financial services reflects the government's action plan to address the problem.

Responding to this public sector investment impetus, the economy has achieved an average growth of 7.9% over the past five years and per capita income has also grown annually by 4.2% over the same period to US\$3,646.

### Economic expansion

Inflation has been minimal, due largely to the stability of the exchange rate. Originally pegged to sterling, the Belize dollar was fixed at BZ\$2 to US\$1 in 1976 as by then the US had replaced the UK as the country's major trading partner. Consequently in 2003 the price level rose by only 2.6% and the average increase over the five-year period was 1.08%.

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**MANAGEABLE GROWTH AND DIVERSIFICATION**

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After several years of strong fiscal expansion to stimulate economic activity, the government is currently consolidating its position to focus on its role as provider of the infrastructure that the private sector to lead the growth thrust of the economy. With monetary policy being predicated on the imperative of maintaining the fixed exchange rate, Belize seeks to avoid the pitfalls of rapid devaluations, high inflation and capital flight that have beset other countries.

*"Belize welcomes foreign investment"*

**Natural resources**

Present prospects for growth are good, given the country's varied resource endowment that is still largely untapped. Numerous investment opportunities exist in agriculture, aquaculture, information technology and other light industries. Assuming the external trade environment remains favourable, there is therefore considerable scope for further diversification and expansion in exports.

Over recent months the authorities have been concentrating their efforts on international trade negotiations to ensure Belize is given an adequate period of time to adjust to the changing trade arrangements that have been initiated by the World Trade Organisation. This type of breathing space is essential for the transformation of the economy to proceed without excessive or disruptive dislocations.

In the meantime, Belize welcomes foreign investment and continues to work towards the creation of a stable and attractive economic environment, which will in turn serve as the launch pad for our country's accelerated growth and development.

*Article is as it appeared on Belize Financial Services Review.* ♦

**PYRAMID SCHEME FOR PERSONAL WEALTH PLANNING**



**SAVE MONEY NOW**

*Contributed by: Lourdes Haywood-Bogaerts, Managing Director of Belize Corporate Services (Hong Kong) Limited*

Many people believe that it is impossible to save more than what they already do or impossible to save at all. We all enjoy instant gratification, retail therapy, and treating ourselves with love but that may come with a very high price tag. If you are on a tight budget or looking for extra cash to splurge on a fantastic new item, here are a few tips to start saving now.

**Save your loose change.** Really. Get a big jar and start putting in your loose change, you'd be surprised at how much gathers up quickly. Six months ago, I started collecting all my loose change; I already have more than US\$500 stashed away! It has grown faster since the whole family participates. An unbudgeted expense or small purchase exceeding US\$100 could be considerable in a household with a tight budget but if you save your pennies, all you have to do is break the piggy jar every now and then.

**Skip the coffee.** Designer coffee shops have flourished all over the world and wowed us with sexy brews from foreign lands and frothy delights. We just drink up without looking at the price tag. A latte or cappuccino with a muffin rack up an astonishing US\$5 ary. If this is your daily breakfast, coffee break or afternoon delight, think while you drink. In 30 days your daily habit will grow to US\$150 a month. You can easily save US\$4,000 in 2 years.

With this kind of savings, you can easily put that money in a retirement fund, in the United States in an IRA account, mutual fund scheme, a child education fund or other solid investment that will have a substantial effect on your life.

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- 1 Secure a place to live. You should be able to pay for rent or mortgage.
- 2 Cover and make only budget expenses and living costs.
- 3 Protect family, self, and property by obtaining proper insurance. Consider loss of income insurance. You never know when you are going to get sick or lose your job.
- 4 Pool an emergency fund equivalent to approximately 3-4 months living expenses.
- 5 Make Will/Trust/Letter of Wishes.
- 6 Start saving for your retirement. The sooner you start the easier it will be.
- 7 Begin a progressive savings plan targeting your children's education, special purchase, or to reach a lump sum goal for later investment.
- 8 Got a chunky bonus or inheritance? Think carefully about what to do with it, a lump sum is hard to come around. If you have credit card debt, car loan, or mortgage get rid of it. Be debt free.
- 9 If 1 through 8 are under your belt, consider buying that weekend cottage.
- 10 Paid off that beach house or mountain cabin? Then, and only then, consider other high roller, riskier investments. But gamble away only what you have in excess.

The above should not be construed as professional advice. Consult a licensed professional wealth planner that can provide advice suitable for your needs. ♦

## SAVE MONEY NOW

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**Cut down on cable and other intangible services.** Do you really need 100 channels? When you add to this the cost of movies and DVD rentals, your video entertainment can rack up a good US\$1,500 per month, more depending on where you live. Get off the couch, and find more savings (see below). Change to a cheaper cable plan but if your family can't live without it, then, consider giving up your home phone if you have a cell phone. At least check your telecommunication plans and make sure they don't overlap.

Consider a service provider that will give you a better rate if you hold broadband T.V., internet, mobile and home phone contracts with them. Better yet, get off the phone, and visit a friend. In Central America and the Caribbean mobile phone calls are exorbitant, ranging between 30 to 40 cents per minute for a local call, long distance and international calls can cost twice as much. Check the phone calling card companies, many offer special rates on calling cards and if you are calling unlikely destinations, you can get rates for 1 cent a minute.

Some have also found great savings by cutting gym fees, at an average of US\$80 per month you can save almost US\$1,000, walk or jog, it's free. Electricity is another biggie, but simply increasing lighting efficiency in your home could reduce energy bills up to 50%.

**Limit your visits to the ATM.** For some it's a habit, a daily chore or ritual, like going to the post office. They believe that if they only withdraw the amount they need, then they won't spend the rest. You can save hundreds of dollars by eliminating withdrawal fees. Many banks charge a fee if you withdraw money at an ATM that is not affiliated with them. Withdraw a certain amount weekly. That's it. When your funds get low, stop spending. Find a bank that offers free ATM services. Other hidden bank charges can also eat away at your hard-earned money; bounced checks have a charge of at least US\$20, depending on the bank.

**Pay off your credit card to avoid late fee.** In Latin America, the Caribbean, and many countries in Asia, credit card interest is about 18%-24%. Think about that the next time you put a meal, drinks, or gas on your credit card. Make a chunky payment, say US\$500 to reduce interest.

**Take your lunch to work.** Most people don't realize how much they spend on groceries, clothing, and entertainment. Depending on where you live and your budget, an average quick lunch runs around US\$5 per day. If you live in places like Hong Kong or Tokyo, your daily lunch can jump to US\$30 per day. Take your lunch and a snack to work and have a nice meal at a nearby park. Eliminate all junk food and snacks, it is healthier and you can save up to US\$10 per day. Find alternative ways of entertaining the family and yourself, libraries are free and usually have a good assortment of books, movies and other media to browse or rent. Consider free concerts, art shows, bike ride, or picnics. In many cities, visits to the museum are half priced or free on Sunday. Borrow (and return) a book or magazine. Three of my favorite magazines average at US\$21 per month, I ditched them, and saved US\$252 a year.

**D.I.Y. (Do it yourself):** Hair and nails and pedicures can take a big bite out of a lady's budget. Visit the salon for special treatment, color and cuts and do daily or bi-weekly blow-drying and styling at home. I can't live without having my nails done every week, but an average US\$10 a week for manicures and US\$65 per month for acrylic coating, are making me take another look. Doing this at home can put US\$1,300 a year in my savings account.

The same goes for mowing the lawn, gardening, home improvement, baking, and other perks we treat ourselves with. Get handy and save hundreds of dollars on minor repairs at home. You could trade services amongst neighbors, church members or community. Patricia, a high-school teacher in Latin America, tutored a couple of teenagers for their S.A.T. and TOFEL exams in preparation for their attendance to colleges in the United States. In exchange, during the 8 weeks of studies, the teenagers mowed her lawn and worked on her garden (US\$150 per month), washed her car every week (US\$160), washed windows (US\$150) and groomed her 2 dogs (US\$200). The students' parents saved more than US\$500 each in preparatory classes.

**Take a good look at your health.** Are your doctor bills a bit on the hefty side? I'm not saying to avoid going to the doctor if you need to, but lookout for the hypochondriac in you. Also check your expense on miracle drugs, vitamins, nutrients and pills to make your hair longer, stronger, or lotions and potions. The average cost for 'the good' brands runs from US\$10-25, depending on what you are buying. Women especially are susceptible to this sort of unbudgeted expense. Ask yourself "Do I really need it? Does it truly work? How many half used jars are in my medicine cabinet?"

Many have medical insurance but it is always wise to take another look at how much money you spend in this sector. Frequent, unnecessary doctor visits can put a huge dent in your budget and affect your medical insurance premiums. A 10 to 20 pound hike in body weight can increase health insurance coverage up to 30%, as does smoking and practicing dangerous sports. You can always lie but it is hard to hide 20 pounds. Check doctors' fees, as for any other service, you should know what they are in advance. A recent visit to my doctor was 60% more than what I expected because his fees increased in the previous quarter. No one bothered to tell me but neither did I ask. Doctors are businessmen too. There are many, many good doctors out there so you can always shop around for quality medical. ♦

## *Singaporean Cops Training in Belize*

A training exercise named 'BelSing' is being held in the Baldy Beacon Area of the Mountain Pine Ridge of Belize. 61 Gurkhas officers of the Singaporean Police Force are receiving training in field firing various weapons.

Supt. Ross Foreman, of the Singaporean Police said: "We came to Belize's superb training areas to make use of the field firing facilities that they have here. So we've come essentially to do some field firing. They wouldn't get this experience in Singapore because the field firing areas are limited. But coming here we've got field firing areas that are tremendously wide. We can fire and maneuver in a way that we could never do in Singapore so this is a tremendous opportunity for them to get training." ♦



## *Looking for Someone?*

Check out ZabaSearch.com it is one of the most comprehensive personal-data search engines on the internet and it spooked me! Should so much information be out there for free? ZabaSearch queries return a wealth of info sometimes dating back more than 10 years: residential addresses, phone numbers both listed and unlisted, birth year, even satellite photos of people's homes. There are other search services online but this one - should I say is good or scary? Of course you have to pay, US\$29.95 gets you background checks and the 'good stuff' but what is available for free is more than anyone could imagine. ♦

## *Hollywood Movie Star Buys Island in Belize*

Leonardo DiCaprio, star of The Aviator and Titanic has purchased the 104-acre Blackadore Caye on the back side of Ambergris Caye. Reportedly he will open an eco-resort on the island. The Hollywood director Francis Ford Coppola operates Blancaneaux Lodge in the Mountain Pine Ridge and Turtle Inn in Placencia. ♦

## REMINDER

### *Annual Renewal*

All active companies on the Register the 31st of December in a year shall pay the Registrar an annual licence fee before July 31st. There is a 10% increase for payment of fees received before October 31st. An increase of 50% will be applied to all renewals paid after October 31st.

Companies with an authorized capital that does not exceed US\$50,000 and all its shares have par value shall pay US\$100.

Companies with an authorized capital that exceeds US\$50,000 shall pay US\$1,000. ♦

### *The IBC Review's Favorite Quotes:* ON PERSONAL BUDGET

\$ The way you spend Christmas is far more important than *how much*.

\$ Beware of the high cost of low living.

\$ Right living is better than high living – and cheaper.