

The Belize-Guatemala Partial Scope Agreement Ministry of Foreign Affairs and Foreign Trade

October 18, 2009

The Embassy of Guatemala Belize announced on 17th October 2009 that its Congress had ratified the Partial Scope Agreement between Belize and Guatemala. The Government of Belize through the Ministry of Foreign Affairs has publicly welcomed this development and encouraged all stakeholders and private sectors to take advantage of opportunities arising from that Agreement. It has sought to post the text of the document in the Government of Belize website for easy access to the general public.

On November 22, 2004, the Minister of Foreign Trade of Belize and the Minister of Economy of Guatemala launched negotiations for a Partial Scope Trade Agreement (PSA) with the objective of enhancing trade and commercial linkages to the benefit of both countries. This was the first bilateral trade agreement negotiated by Belize. Negotiations were completed in August of 2005, signed on 26th June 2006 and Belize obtained CARICOM's approval of the Agreement that same year so that it does not in anyway conflict with Belize's obligations under the CARICOM Single Market and Economy (CSME).

The Agreement essentially seeks to strengthen the commercial and economic relations between the Parties through:

- a) the facilitation, promotion, diversification and expansion of trade originating from the Parties by granting preferential margins on their tariffs, eliminating non-tariff barriers to trade, and establishing clear regulations on technical and phyto-sanitary measures;
- b) the development of mechanisms for the promotion of investments and the establishment of a legal framework aimed at conferring legal certainty to investments generated between the Parties;
- c) the facilitation of the land transportation of goods covered under the Agreement through the elimination of transit barriers between the Parties with a view to assuring non-discriminatory treatment;
- d) the establishment of an efficient, transparent and effective system to resolve disputes arising from activities provided under the Agreement.

The Partial Scope Agreement is expected to provide new and preferential market access for Belize's productive sector. Earlier estimates of the gains from such a trading relationship with Guatemala had formal annual exports increasing in the range of BZ \$5 – BZ \$14 million by year five of implementation of the Agreement. The main products benefiting from the agreement are: citrus, tilapia, cattle,

yellow corn, black beans, red beans, poultry and pepper sauce and this market is expected to offer premium prices relative to world prices.

The Agreement calls for the immediate elimination of tariffs by 50 – 100 percent for certain products (Category A) and gradual elimination of tariffs by 50 – 100 percent for other listed products staged over a three year (Category B) and five year (Category C) periods. Under Category A products, Belize will be able to sell at preferential tariff margins to Guatemala products such as: tilapia, yellow maize (up to 20,000 MT at 0% duty), black beans (up to 875MT at 0% duty), rice, toilet paper, doors, windows, wooden and wicker furniture, matches, most citrus fruits and concentrate, mangos, guavas, watermelons, pineapples, plantains, among others. All concessions by Guatemala are listed as Category A, meaning they become effective as soon as the Agreement enters into force. Belize's concessions, on the other hand, are staggered over a three periods: immediate preferential access upon ratification, and three and five year liberalization periods. (See attachment for a list of Belize and Guatemalan concessions.)

Another area for potential benefit arising from this agreement is in the area of investment. As a small country Belize is structurally constrained when it comes to achieving economies of scale. Therefore, with the protection of investment guaranteed, Belizean investors can do their processing and value-added in Guatemala and qualify for preferential treatment into Central America. In turn, Guatemalan investors can through joint ventures or otherwise, operate in Belize and tap into the preferential markets of CARICOM and the EU.

The Agreement shall enter into force thirty calendar days from the date on which the Parties exchange written notifications certifying that they have completed their respective internal legal requirements. It admits accession by other countries or group of countries to the Agreement.

The Ministry of Foreign Affairs and Foreign Trade is pleased with the latest development and has urged the private sector, in particular, the productive sector to take advantage of this. The Ministry proposes to hold consultations with all stakeholders in Belize in the private and public sectors to familiarize everyone with the contents of the Agreement and the opportunities arising thereof.

END

19th October 2009

PRESS RELEASE

Belize - Guatemala Partial Scope Agreement

The Government of Belize welcomes the news over the weekend that the Congress of the Republic of Guatemala has approved the Partial Scope Agreement that was signed between Belize and Guatemala on 26th June 2006. This is an important development for bilateral relations between Belize and Guatemala and especially for the productive and commercial sectors of the two countries who will have new doors opened to them to stimulate private enterprise. The Ministry of Foreign Affairs and Foreign Trade encourages the Belizean entrepreneurs to familiarize themselves with the contents of the Belize-Guatemala Partial Scope Agreement so that they could take advantage of opportunities that become available. The full content of the Agreement can be found in the Government of Belize website: www.belizegov.bz. The Government of Belize will continue working with the Government of Guatemala to ensure the full implementation of this agreement.

END

**Ministry of Foreign Affairs and Foreign Trade
Belmopan
Belize**