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## PRESS RELEASE

### Government Resolves Registry Debt at a Discount

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The Government of Belize announced earlier today that it has reached a discounted settlement for the financial damages payable to Belize International Services Ltd. (BISL). This is a result of the unlawful nationalisation in 2013, by the then UDP Administration, of the ships and companies registries, and the subsequent judgment by the Caribbean Court of Justice (CCJ) in July 2020 against the government.

Following a comprehensive Cabinet review of the matter and Cabinet's decision to resolve this outstanding public debt and uphold the rule of law, the Prime Minister and Minister of Finance Hon. John Briceño has today signed a Settlement Agreement with BISL, which caps damages at the equivalent of US\$38.25 million. Previously, BISL had sought compensation in excess of US\$70 million.

For context, in 1993, the Government of Belize entered into an agreement for the development and management of the International Merchant Marine Registry of Belize and the International Business Companies Registry. That agreement was extended in 2003 and in 2005. In 2013, the then UDP Administration took control of the registries on the basis that the 2005 extension was illegal and, therefore, invalid. As a result, BISL sued the government claiming a breach of the Management Agreement and seeking financial compensation.

The 2020 CCJ judgment was harshly critical of the UDP Government, referring to the abrupt seizure of the registries as “*constitutionally immoral*” and “*failing to meet the standards set for compliance with the value of the rule of law.*” The judgment decried the then government’s lack of good faith, fairness, justness, reasonableness and inconsistency with the standards of good governance. The judgment stated, “*Using State power arbitrarily, unreasonably and/or unlawfully in the commercial sphere erodes trust and confidence in doing business with government. Such actions impair the credibility of the State and undermine public, private and international faith and assurance in the political and economic conditions for doing business in a jurisdiction. They are injurious economically and developmentally.*”

In opposition at the time, the PUP, expressed serious concern over the massive financial damages to which the arbitrary 2013 UDP decision to assume control of the registries exposed the Belizean taxpayer, as well as the assault on the rule of law represented by the seizure. Resolving this outstanding government liability, and doing so at a deep discount compared to the potential claim upon the public purse, is the foremost rationale for the settlement.

The resolution removes a significant and swelling liability, potentially as large as BZ\$182 million, with accumulating daily interest of some BZ\$17,000 or over BZ\$6 million more per annum. Contrasted with the maximum possible damages claim, the settlement represents a discount of some 58%.

The government underscores that compensation is set against revenues already directed from the registries to the Consolidated Revenue Fund during the 2013 to 2020 period. The discounted settlement represents 39 cents of every dollar collected by government from the registries during the seven-year period. In the normal course, BISL would have collected 64 cents of every revenue dollar.

In addition to financial closure and a reduction in the public debt, the settlement represents the fulfilment of this government's pledge to restore confidence in the rule of law and for the government to lead by example. In the coming weeks, the government will seek a Consent Order for the settlement from the Supreme Court. The National Assembly is expected to consider bills authorising the settlement terms and funding later this week.

## **Ends**

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