

HAITI

Economic Freedom Score



World Rank: **151** Regional Rank: **24**

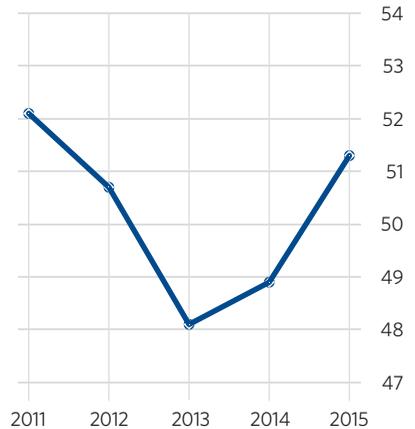
Haiti's economic freedom score is 51.3, making its economy the 151st freest in the 2015 *Index*. Its overall score is 2.4 points better than last year, reflecting notable improvements in the control of government spending, business freedom, trade freedom, and freedom from corruption. Haiti is ranked 24th out of 29 countries in the South and Central America/Caribbean region, and its overall score is below the regional average.

Haiti has recorded the fourth largest score improvement in the 2015 *Index*, but its economy is still reeling from the destruction of the 2010 earthquake. Despite some progress, institutional and economic foundations remain fragile, with economic freedom declining by close to 1.0 point over the past five years.

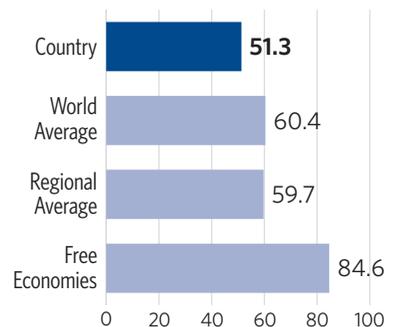
Of particular concern is the poor regard for rule of law. Corruption is rampant, and the judicial system is ineffective and inefficient. Smuggling remains a huge problem and is exacerbated by poor trade freedom. Entrepreneurs find Haiti one of the world's most difficult places to do business, as the regulatory environment for both business and labor is outdated and inefficient.

BACKGROUND: President Michel Martelly took office in 2011 promising a fresh start for Haiti, but his policies have had little effect on the daily economic struggle that most Haitians face. Inflation and corruption remain popular grievances, weakening his political capital. Relations with the Dominican Republic have been strained since Santo Domingo revoked the citizenship of thousands of Dominican-born people of Haitian descent. The United Nations Stabilization Mission in Haiti, established in 2004 to ensure security, extended its mandate until October 2014 but reduced the number of U.N. peacekeeping troops in the country. Haiti is still recovering from a 2010 earthquake, and reconstruction is far from complete. More than 90 percent of the government's budget comes from an agreement with Petrocaribe, a Venezuela-led oil alliance. Extreme poverty, weak government institutions, and violent crime are still major problems.

Freedom Trend



Country Comparisons



Quick Facts

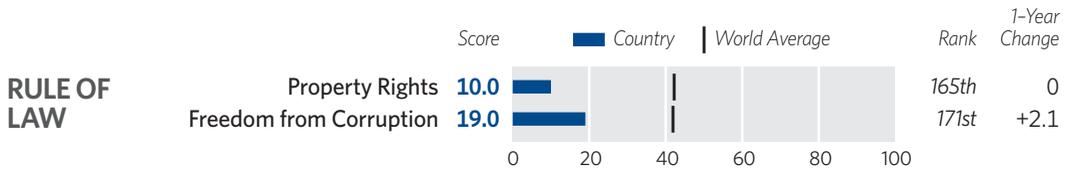
- Population:** 10.3 million
- GDP (PPP):** \$13.6 billion
- 4.3% growth in 2013
- 5-year compound annual growth 2.0%
- \$1,315 per capita
- Unemployment:** 7.1%
- Inflation (CPI):** 6.8%
- FDI Inflow:** \$190.0 million
- Public Debt:** 21.3% of GDP

How Do We Measure Economic Freedom?

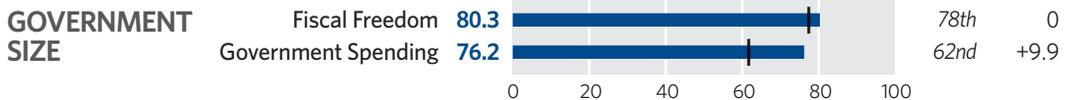
See page 475 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2013 data unless otherwise noted.
Data compiled as of September 2014.

THE TEN ECONOMIC FREEDOMS



In 2013, Transparency International’s Corruption Perceptions Index ranked Haiti as the most corrupt country in the Western Hemisphere. Haiti is a major narco-trafficking transshipment point. The dysfunctional judicial system is underfunded, inefficient, corrupt, and burdened by a large backlog of cases, outdated legal codes, and poor facilities. There is no comprehensive civil registry. Clear property titles are virtually nonexistent.



The top individual and corporate income tax rates are 30 percent. Other taxes include a value-added tax and a capital gains tax. The overall tax burden is equal to 12.9 percent of domestic output, and government expenditures amount to 28.2 percent of domestic income. Public debt has been growing and exceeds a level equal to 21 percent of gross domestic product.



Launching a business has become more streamlined and takes only 12 procedures, but the cost of obtaining necessary licenses remains about twice the level of average annual income. The labor market is inefficient, and much of the labor force is employed in the informal sector. The state-owned electrical utility receives an annual government subsidy of \$170 million but serves only 25 percent of the population.



Haiti’s average tariff rate is 3.7 percent. Importing goods can take several weeks. Foreign and domestic investors are treated equally under the law, but navigating the legal system is difficult, as are titling and selling land. Scarce access to financing impedes private-sector development. The financial sector is dominated by banking, but much of the population remains outside of the formal banking sector.

Long-Term Score Change (since 1995)

RULE OF LAW		GOVERNMENT SIZE		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	+1.7	Business Freedom	+3.1	Trade Freedom	-2.4
Freedom from Corruption	+9.0	Government Spending	-19.3	Labor Freedom	+1.8	Investment Freedom	+30.0
				Monetary Freedom	+20.7	Financial Freedom	+20.0