

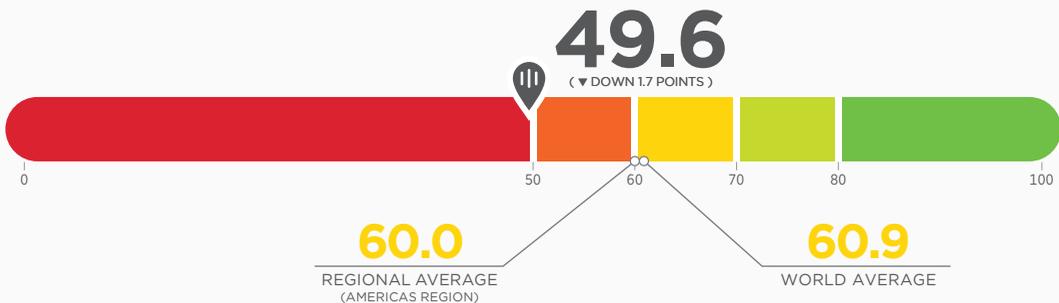
HAITI



Haiti, the Western Hemisphere's poorest and most deforested country, is plagued by corruption, gang violence, drug trafficking, organized crime, and a general lack of economic opportunity. Poor economic management and crippling natural disasters have taken a terrible human and economic toll. A devastating earthquake destroyed much of the basic economic infrastructure in 2010, and more recent hurricane damage has compounded the problem. The international community has assisted in recovery and rebuilding efforts.

Haiti's institutional capacity for economic policymaking has been complicated by the absence of a stable government since February 2016. The effectiveness of public finance has been severely undermined by political volatility that further weakens an already weak rule of law.

ECONOMIC FREEDOM SCORE



NOTABLE SUCCESSSES:
Trade Freedom

CONCERNS:
Rule of Law, Investment Freedom, and Financial Freedom

OVERALL SCORE CHANGE SINCE 2013:
+1.5

FREEDOM TREND



QUICK FACTS

POPULATION:
10.6 million

GDP (PPP):
\$18.7 billion
1.0% growth in 2015
5-year compound annual growth 3.3%
\$1,750 per capita

UNEMPLOYMENT:
6.9%

INFLATION (CPI):
7.5%

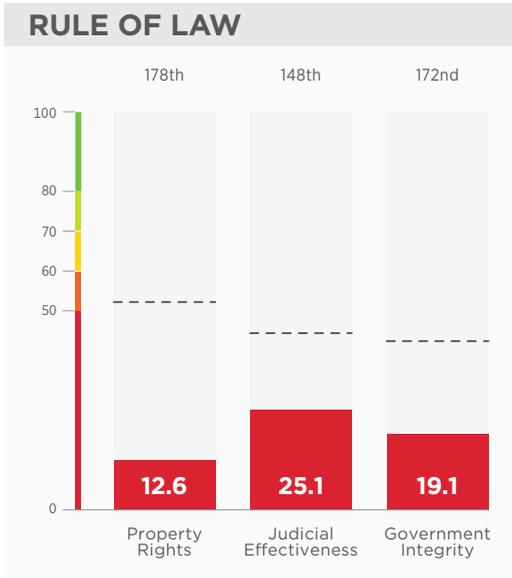
FDI INFLOW:
\$104.2 million

PUBLIC DEBT:
30.4% of GDP

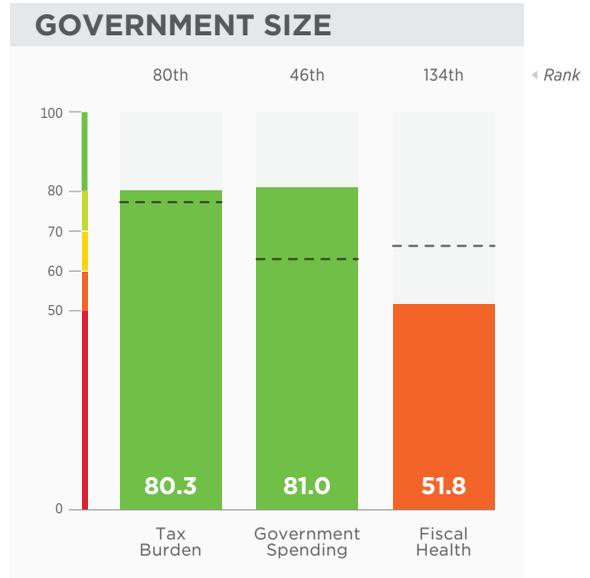
2015 data unless otherwise noted. Data compiled as of September 2016

BACKGROUND: Haiti was politically paralyzed after Michel Martelly's five-year term as president expired in February 2016 with no elected successor in place. Martelly's tenure was marked by political stalemate and fragmentation, delayed elections, and accelerating deterioration of already dysfunctional democratic institutions. After a series of interim presidents, Jovenel Moïse, a businessman, political newcomer, and Martelly protégé, was finally elected president in November 2016. Commercial and diplomatic relations with the neighboring Dominican Republic have been gridlocked since Santo Domingo began to deport tens of thousands of undocumented Dominican-born people of Haitian descent.

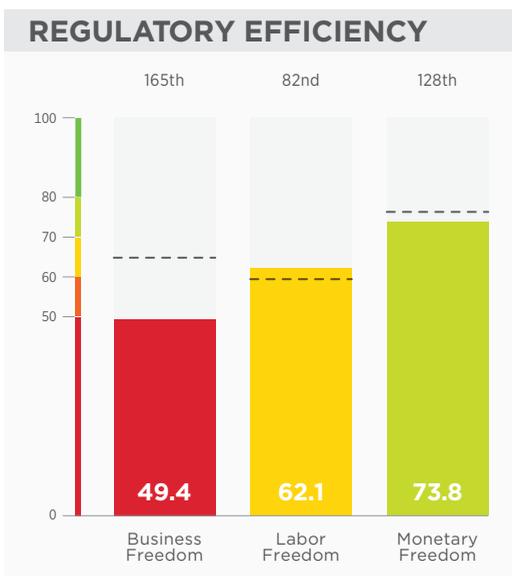
12 ECONOMIC FREEDOMS | HAITI



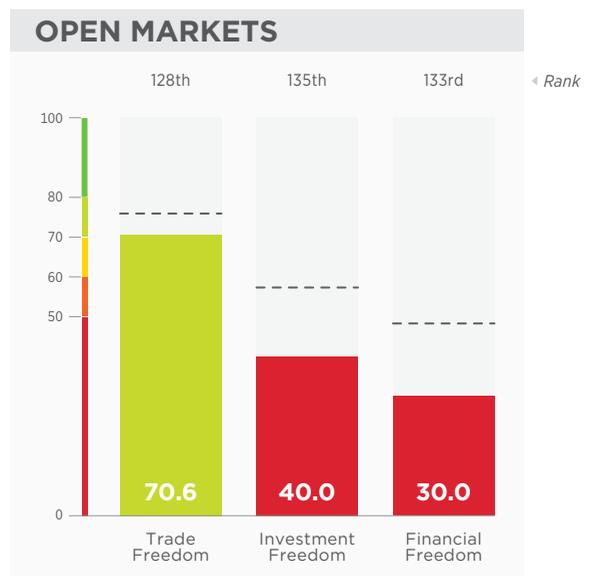
Real property interests are negatively affected by the absence of a comprehensive civil registry, and the authenticity of titles is difficult to confirm. The judicial system performs poorly because of antiquated penal and criminal procedure codes, opaque court proceedings, lack of judicial oversight, and widespread judicial corruption. There has never been a successful conviction on drug trafficking or corruption-related charges in Haitian courts.



The top personal income and corporate tax rates are 30 percent. Other taxes include a value-added tax and a capital gains tax. The overall tax burden equals 13.2 percent of total domestic income. Government spending has amounted to 25.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.4 percent of GDP. Public debt is equivalent to 30.4 percent of GDP.



Political instability has hurt the business environment. A large portion of the workforce has been dependent on the informal sector. In May 2016, despite criticism that the donation could damage Haitian agriculture, the U.S. government planned to ship a million pounds of peanuts to Haiti that were produced in excess of market demand because of U.S. farm subsidies. Overall, foreign and domestic subsidies have harmed Haiti's economy.



Trade is important to Haiti's economy; the value of exports and imports taken together equals 70 percent of GDP. The average applied tariff rate is 7.2 percent. Bureaucratic barriers may discourage foreign investment. Haiti's already strained financial infrastructure has become even more fragile. Many economic transactions are conducted outside of the formal banking sector, and scarce access to financing severely hinders entrepreneurial activity.