**BARBADOS**

Barbados’s economic freedom score is 64.7, making its economy the 67th freest in the 2019 Index. Its overall score has increased by 7.7 points, with large increases in scores for fiscal health and government spending far outweighing declines in monetary freedom and trade freedom. Barbados is ranked 13th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Increases in arrivals and spending by tourists have helped economic growth in the past year. Government economic policies are focused on attracting international companies. Regulatory efficiency facilitates private-sector growth. Despite some restrictions on foreign investment, transparency levels the playing field for domestic and foreign businesses, but excessive bureaucracy discourages the expansion of investment by undercutting policies intended to buttress open trade and productivity growth. The new government has executed a fiscal consolidation and debt restructuring plan that includes a selective default, but government debt remains very high.

**ECONOMIC FREEDOM SCORE**

![Economic Freedom Score Chart](chart)

- **64.7**  (▲ UP 7.7 POINTS)
- **Regional Average (Americas Region)**: 59.6
- **World Average**: 60.8

**RELATIVE STRENGTHS:**
- Fiscal Health and Monetary Freedom

**HISTORICAL INDEX SCORE CHANGE (SINCE 1996):**
- +2.4

**CONCERNS:**
- Property Rights and Government Integrity

**BACKGROUND:** Independent from the United Kingdom since 1966, Barbados is a stable parliamentary constitutional monarchy. In May 2018, the center-left Barbados Labor Party won all 30 parliamentary seats and defeated incumbent Prime Minister Freundel Stuart in a stunning upset that created an unprecedented single-party legislature and gave the country its first female leader, Prime Minister Mia Mottley. Barbados has transformed itself from a low-income agricultural economy into a more diversified, middle-income economy built on tourism and offshore banking that generates one of the Caribbean’s highest per capita incomes. Tourism receipts have improved, but serious challenges to medium-term economic growth remain.

**QUICK FACTS**

- **Population:** 0.3 million
- **GDP (PPP):** $5.2 billion
- **0.9% growth in 2017**
- **5-year compound annual growth 0.6%**
- **$18,664 per capita**

- **Unemployment:** 9.7%
- **Inflation (CPI):** 4.4%
- **FDI Inflow:** $286.2 million
- **Public Debt:** 132.9% of GDP

2017 data unless otherwise noted. Data compiled as of September 2018.
**Property registration in Barbados is very time-consuming. The court system is based on British common law and is generally unbiased and efficient. The protection of property rights is strong, and the rule of law is respected. Corruption is not a major problem, and anticorruption laws are implemented effectively. Violence related to transshipment drug trafficking from Venezuela remains a serious problem.**

**The top income tax rate is 35 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and property taxes. The overall tax burden equals 33.7 percent of total domestic income. Over the past three years, government spending has amounted to 34.1 percent of the country’s output (GDP), and budget deficits have averaged 0.6 percent of GDP. Public debt is equivalent to 132.9 percent of GDP.**

**Transparent policies and straightforward laws generally facilitate regulatory efficiency. The overall process for obtaining licenses and starting a business is not burdensome. The labor market remains relatively flexible, and employers are not legally obligated to recognize unions. Rising international oil prices are increasing the inflationary pressures faced by the new government, which must also reduce subsidies to state-owned enterprises.**

**The combined value of exports and imports is equal to 80.7 percent of GDP. The average applied tariff rate is 14.2 percent. As of June 30, 2018, according to the WTO, Barbados had 128 nontariff measures in force. The investment climate has improved, but much investment activity is subject to government approval. The banking sector provides a wide range of services for investors, although securities markets are relatively illiquid.**