

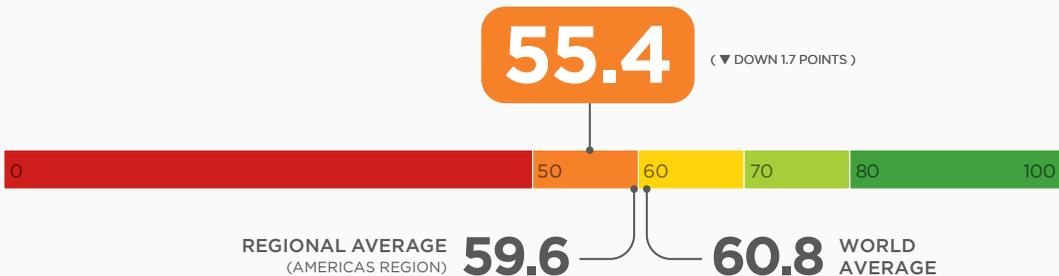
BELIZE

Belize's economic freedom score is 55.4, making its economy the 123rd freest in the 2019 *Index*. Its overall score has decreased by 1.7 points, with sharp declines in **fiscal health**, **government integrity**, and **judicial effectiveness** overwhelming an improvement in **labor freedom**. Belize is ranked 24th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Belize's record of economic reform is uneven, and more dynamic growth is constrained by lingering policy and institutional weaknesses in many parts of the economy. Entrepreneurial activity remains limited, and economic growth rates have been lackluster in recent years. Burdensome tariff and nontariff barriers and the high cost of domestic financing hinder private-sector development and economic diversification. The inefficient regulatory infrastructure raises costs for private businesses. The judicial system remains vulnerable to political interference, and corruption is common.



ECONOMIC FREEDOM SCORE

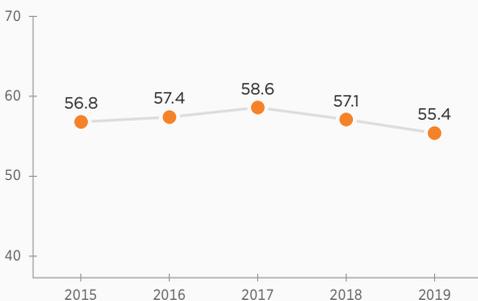


RELATIVE STRENGTHS:
Tax Burden and Monetary Freedom

HISTORICAL INDEX SCORE CHANGE (SINCE 1995):
-7.5

CONCERNS:
Government Integrity and Fiscal Health

FREEDOM TREND



QUICK FACTS

POPULATION:
0.4 million

GDP (PPP):
\$3.2 billion
0.8% growth in 2017
5-year compound annual growth 1.8%
\$8,324 per capita

UNEMPLOYMENT:
9.3%

INFLATION (CPI):
1.1%

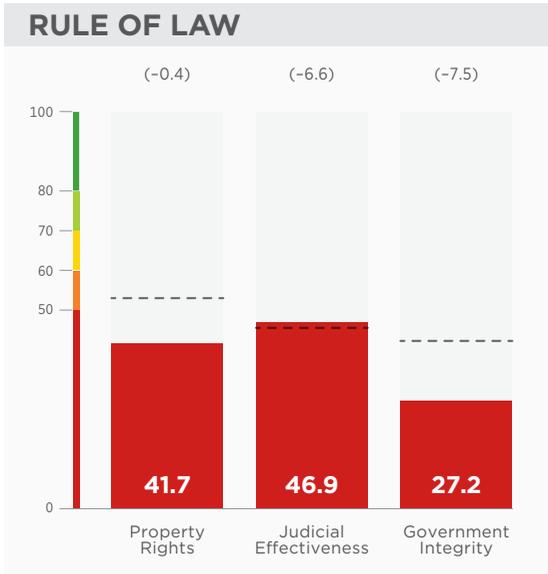
FDI INFLOW:
\$77.0 million

PUBLIC DEBT:
99.0% of GDP

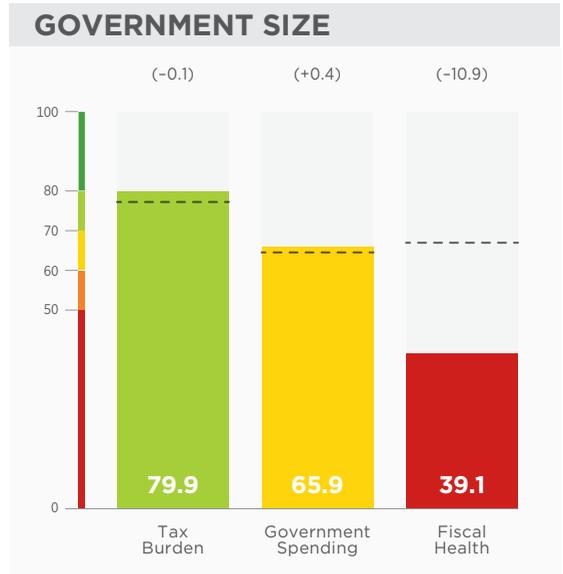
2017 data unless otherwise noted. Data compiled as of September 2018

BACKGROUND: The former colony of British Honduras gained independence in 1981 as a parliamentary democracy. The economy relies primarily on tourism and exports of marine products, citrus, sugar, and bananas. Belize's vulnerability to fluctuating agricultural commodity prices complicates policymaking. Actions to tighten controls against money laundering and the financing of terrorism have heightened scrutiny of international financial transactions in Belize. As Prime Minister Dean Barrow of the United Democratic Party seeks to anoint a successor in 2020, his party's losses in 2018 municipal elections will likely slow the process of economic reform. Foreign reserves remain under pressure as the government continues to make U.S. dollar payments to settle a dispute arising from the 2009 nationalization of Belize Telemedia.

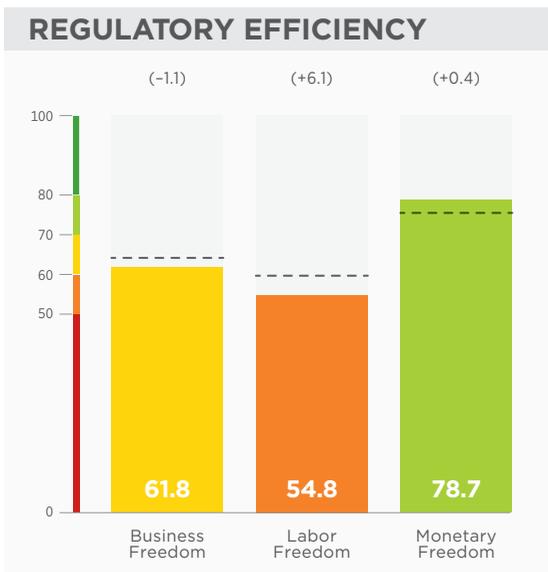
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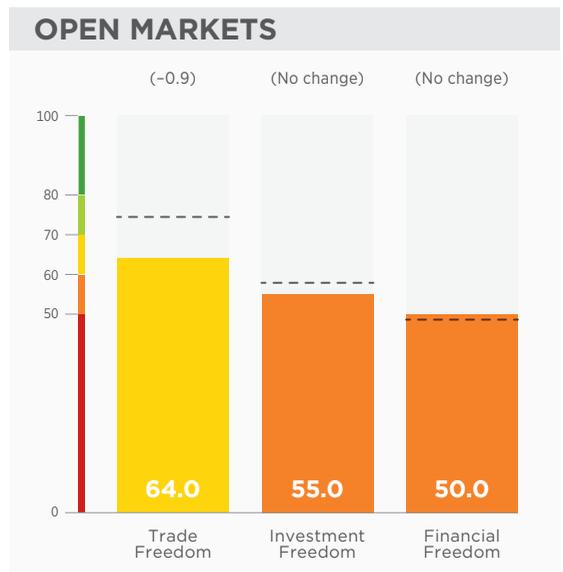
Unreliable land title certificates result in numerous property disputes involving foreign investors and landowners. The judiciary, although independent, is often influenced by the executive. Recent case management reforms should reduce backlogs, time delays, and costs. Belize is the only country in Central America that is not a party to the U.N. Convention Against Corruption.



The top income and corporate tax rates are 25 percent; petroleum profits are taxed at a rate of 40 percent. Other taxes include a goods and services tax and a stamp duty. The overall tax burden equals 27.6 percent of total domestic income. Over the past three years, government spending has amounted to 33.7 percent of the country's output (GDP), and budget deficits have averaged 5.1 percent of GDP. Public debt is equivalent to 99.0 percent of GDP.



Entrepreneurial activity often faces such challenges as poor enforcement of the commercial code and lack of transparency. The nonsalary cost of employing a worker is relatively low, and terminating labor contracts is not cumbersome, but a formal labor market has not been fully developed. The government maintains price controls on basic foods like rice, sugar, bread, and flour as well as on butane gas and all utilities.



The combined value of exports and imports is equal to 112.8 percent of GDP. The average applied tariff rate is 10.5 percent. As of June 30, 2018, according to the WTO, Belize had two nontariff measures in force. Bureaucratic barriers may discourage foreign investment. The state influences credit allocation through quasi-government banks. About 52 percent of adult Belizeans have an account with a formal banking institution.