

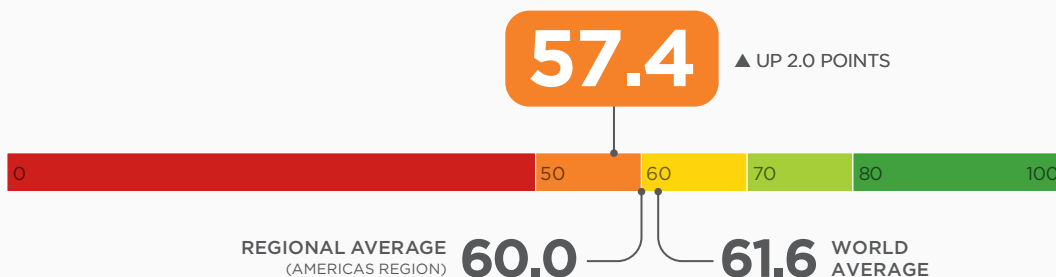
# BELIZE

Belize's economic freedom score is 57.4, making its economy the 111th freest in the 2020 *Index*. Its overall score has increased by 2.0 points, led by a big increase in the score for **fiscal health**. Belize is ranked 22nd among 32 countries in the Americas region, and its overall score is below the regional and world averages.

The Belizean economy has languished in the mostly unfree category for the past seven years after having enjoyed moderate freedom for more than a decade. Moderate GDP growth during those seven years has been due mostly to growing tourism receipts and rising volumes of goods and other services exports.

To sustain progress toward greater economic freedom, the government will need to continue efforts to rein in public debt and narrow the fiscal deficit. Addressing chronic problems related to corruption and the weak rule of law, however, must be its first priority.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -5.5

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
0.4 million

**GDP (PPP):**  
\$3.4 billion  
3.0% growth in 2018  
5-year compound  
annual growth 2.2%  
\$8,501 per capita

**UNEMPLOYMENT:**  
9.4%

**INFLATION (CPI):**  
0.3%

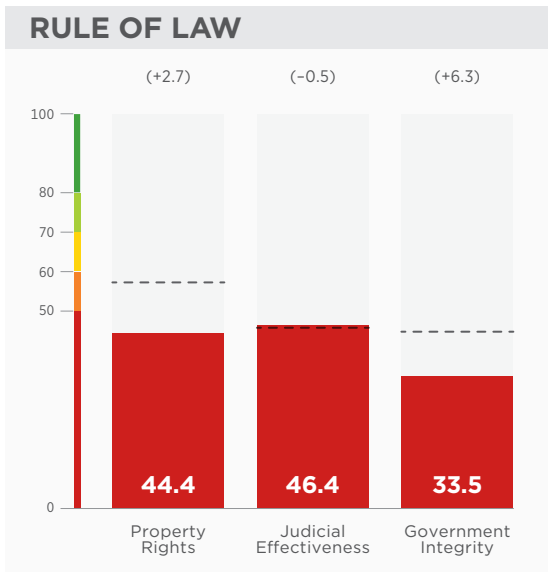
**FDI INFLOW:**  
\$119.5 million

**PUBLIC DEBT:**  
94.8% of GDP

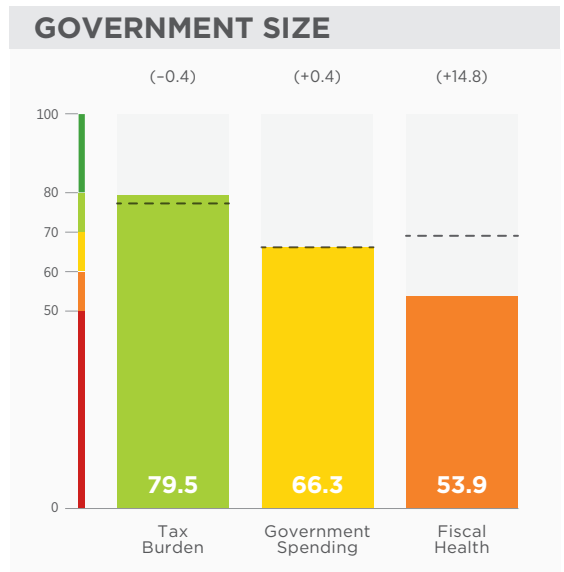
2018 data unless otherwise noted. Data compiled as of September 2019

**BACKGROUND:** The former colony of British Honduras gained independence in 1981 as a parliamentary democracy. Facing elections in 2020, Prime Minister Dean Barrow's United Democratic Party has been weakened by social unrest and an upsurge in violent crime. 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. 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.

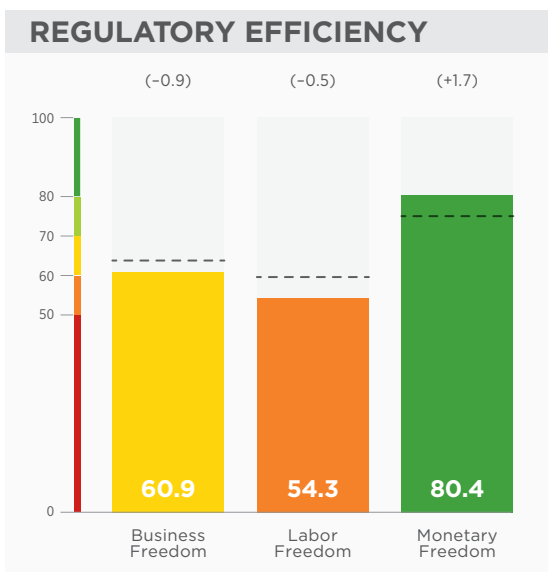
# 12 ECONOMIC FREEDOMS | BELIZE



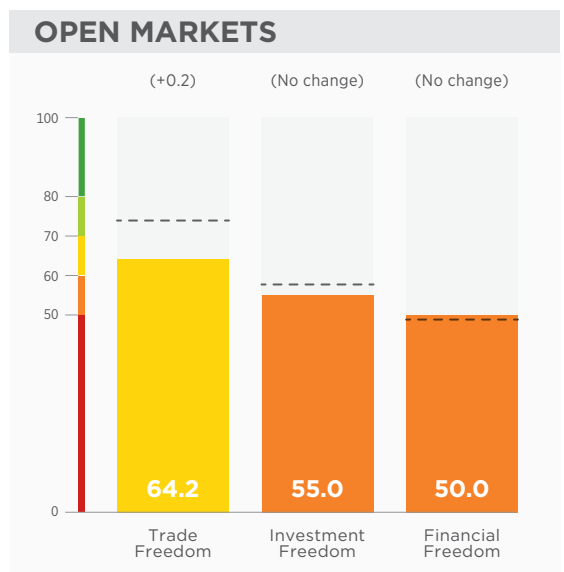
Individuals have the right to own property and establish private businesses, but legal regulations can be poorly enforced. The judiciary, though lacking in resources, is generally independent. Several measures are being implemented to reduce backlogs, time delays, and costs. Belize's geographical location, porous borders, poverty, and limited material and personnel resources leave it vulnerable to illicit trafficking, illegal migration, transnational criminal organizations, and 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 28.2 percent of total domestic income. Government spending has amounted to 33.5 percent of the country's output (GDP) over the past three years, and budget deficits have averaged 4.2 percent of GDP. Public debt is equivalent to 94.8 percent of GDP.



The World Bank's 2019 *Doing Business* report ranked Belize very low on access to credit and ease of starting a business. In general, employers are free to adjust their workforces in response to changes in the business environment. Two-thirds of new entrants to the labor force are female. The government continues to maintain price controls on such basic foods as rice, sugar, bread, and flour, as well as on butane gas and all utilities.



The total value of exports and imports of goods and services equals 111.8 percent of GDP. The average applied tariff rate is 10.4 percent, and two nontariff measures are in force. Dynamic growth in investment is constrained by lingering policy and institutional weaknesses, although there are no restrictions on foreign ownership. The financial system is small. There is no stock market, and capital market operations are rudimentary.