HAITI

Haiti’s economic freedom score is 50.0, making its economy the 145th freest in the 2022 Index. Haiti is ranked 28th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Over the past five years, Haiti’s economy grew slowly until 2019. It then turned negative until a slight rebound in 2021. A five-year trend of economic freedom has followed a similar path, rising at first and then steadily declining. With a big gain in fiscal health offset by lower scores for judicial effectiveness and government integrity, Haiti has registered a net gain in economic freedom of only 0.4 point since 2017 and is now at the very bottom of the “Mostly Unfree” category. Trade freedom demonstrates some strength, but business freedom, investment freedom, and financial freedom are weak.

IMPACT OF COVID-19: As of December 1, 2021, 746 deaths had been attributed to the pandemic in Haiti, and the government’s response to the crisis ranked 28th among the countries included in this Index in terms of its stringency. The economy contracted by 3.7 percent in 2020.

BACKGROUND: The Western Hemisphere’s poorest country, Haiti is plagued by widespread corruption, gang violence, drug trafficking, and organized crime and is nearing the status of a failed state. These conditions were exacerbated in 2021 with the assassination of President Jovenel Moïse and a subsequent earthquake that ravaged much of the country’s Southwest. Acting President Ariel Henry attempts to govern with no elected legislature and no date set for the next election. Since the assassination, gangs in Haiti have been widely seen as controlling much of the country, including most of Port-au-Prince. Rampant crime and violence on top of a stagnating economy, social unrest, and widespread corruption paint a grim picture of a still unstable Haiti. Over one-quarter of Haitians live in extreme poverty.

ECONOMIC FREEDOM SCORE

HISTORICAL INDEX SCORE CHANGE (SINCE 1995): +7.0

RECENT FREEDOM TREND

QUICK FACTS

POPULATION:
11.4 million

GDP (PPP):
$33.2 billion

-3.7% growth

in 2020

5-year compound annual growth 0.1%

$2,916 per capita

UNEMPLOYMENT:
14.5%

INFLATION (CPI):
22.9%

FDI INFLOW:
$30.0 million

PUBLIC DEBT:
25.1% of GDP

2020 data unless otherwise noted. Data compiled as of September 2021.
In a period of extreme political instability bordering on anarchy, the protection of property rights and enforcement of contracts in Haiti are very poor. There is no comprehensive civil registry for real property, and legitimate property titles are often either nonexistent or in dispute. The judiciary is poorly resourced and susceptible to political pressure and corruption, which remains pervasive. The top personal income and corporate tax rates are 30 percent. Other taxes include a value-added tax. The overall tax burden equals 7.4 percent of total domestic income. Government spending has amounted to 10.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.6 percent of GDP. Public debt is equivalent to 25.1 percent of GDP.

Political uncertainty and a frail security situation hold back business freedom. Unpredictable and sudden regulatory changes are common. Relations between labor and management have sometimes been strained. Labor laws are loosely enforced. The government subsidizes state-owned enterprises in such sectors as food processing, construction, heavy equipment, telecommunications, electricity, banking, ports, and airports.

Haiti has two preferential trade agreements in force. The trade-weighted average tariff rate is 7.3 percent, and one formal nontariff measure is in effect. However, bureaucratic impediments, worsened by ongoing political instability and institutional shortcomings, severely undermine trade flow and discourage foreign investment. The strained financial infrastructure remains fragile with many economic transactions occurring outside of the formal banking sector.