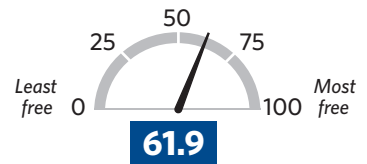


BELIZE

Economic Freedom Score



World Rank: **77**

Regional Rank: **14**

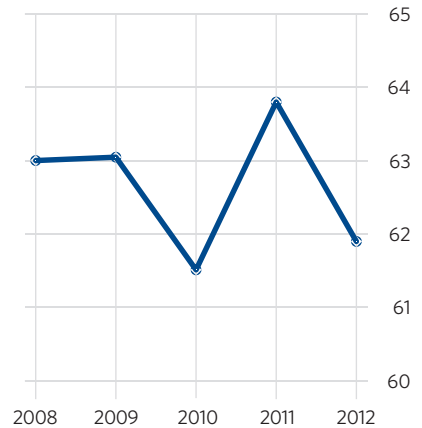
Belize's economic freedom score is 61.9, making its economy the 77th freest in the 2012 *Index*. Its overall score is 1.9 points worse than last year, primarily due to reductions in property rights, freedom from corruption, and labor freedom. Belize is ranked 14th out of 29 countries in the South and Central America/Caribbean region.

Belize's record on structural reform has been uneven, and more vibrant economic growth is constrained by lingering institutional weaknesses that undermine the foundations of economic freedom. The judicial system remains vulnerable to political interference, and corruption is common.

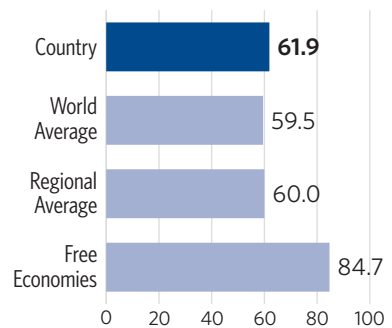
Entrepreneurial activity continues to be limited, and recovery from the recent economic slowdown has been narrowly based. The overall regulatory infrastructure remains inefficient and burdensome. Special licensing requirements discourage foreign investment in many sectors, and foreign exchange regulations are inconsistent and non-transparent. Myriad non-tariff barriers, together with the high cost of domestic financing, hinder private-sector development and economic diversification.

BACKGROUND: Belize is a parliamentary democracy and member of the British Commonwealth. Since taking power after defeating the incumbent People's United Party in 2008, Prime Minister Dean Barrow's United Democratic Party government has undermined the foreign direct investment climate by expropriating Belize's commercial "crown jewels" (the leading private telecommunications and electricity companies, owned by U.K. and Canadian investors) and establishing close relations with Venezuelan President Hugo Chávez. High public-sector debt leaves little fiscal room for the government to maneuver. Tourism and agriculture account for most of Belize's small, private enterprise-led economy. Both tourism and the production of sugar, which is the country's principal export, have decreased significantly during the recession. Oil exploration increased during 2009. Belize is plagued by crime, money-laundering, and poverty.

Freedom Trend



Country Comparisons



Quick Facts

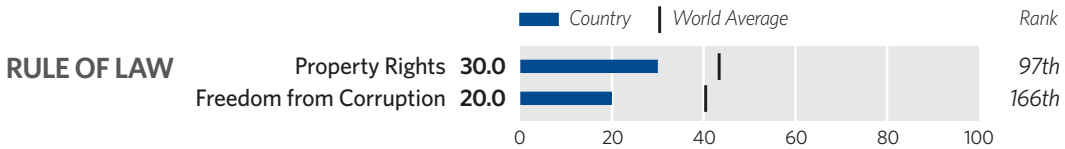
Population: 0.3 million
GDP (PPP): \$2.7 billion
 2.0% growth in 2010
 5-year compound annual growth 2.3%
 \$7,895 per capita
Unemployment: 13.1%
Inflation (CPI): 0.5%
FDI Inflow: \$97.5 million
Public Debt: 81.4% of GDP

How Do We Measure Economic Freedom?

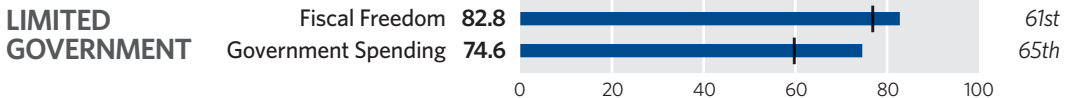
See page 455 for an explanation of the methodology or visit the *Index* Web site at heritage.org/index.

2010 data unless otherwise noted.
 Data compiled as of September 2011.

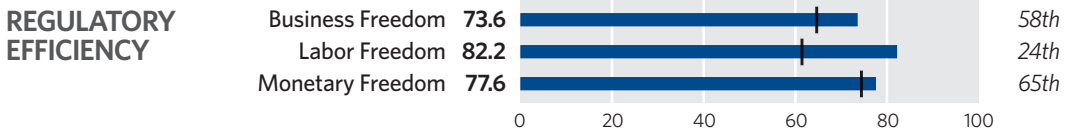
THE TEN ECONOMIC FREEDOMS



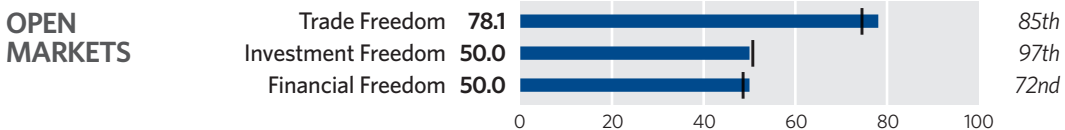
The court system is constitutionally independent but is often controlled by the executive; many prosecution lawyers are not adequately trained. Expropriation of personal property is relatively rare, but the current government has expropriated major private foreign-owned companies in the electricity and telecommunications sectors since taking office in 2008. Corruption is seen as widespread.



The top income and corporate tax rates are 25 percent; petroleum profits are taxed at 40 percent. Other taxes include a goods and services tax and a stamp duty, with the overall tax burden amounting to 21.7 percent of total domestic income. With budget deficits widening, government spending has increased to 29.1 percent of total domestic output. Public debt has also risen, reaching above 80 percent of GDP.



The process for setting up a business and completing regulatory requirements has been streamlined a bit, with the number of licensing requirements reduced, but entrepreneurial activity often faces such challenges as poor enforcement of the commercial code and lack of regulatory transparency. Despite relatively flexible employment regulations, a formal labor market has not been fully developed. Inflation has been stable.



The trade weighted tariff is 5.9 percent, with non-tariff barriers raising the overall cost of trade. The investment regime is generally non-discriminatory toward foreign investment, but there are restrictions in certain sectors, and new foreign investments must be approved by the central bank. Obtaining credit is relatively straightforward, though the government influences the allocation of credit through the quasi-government banks.

Score Changes

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	-10.0	Fiscal Freedom	+0.5	Business Freedom	-0.1	Trade Freedom	+6.6
Freedom from Corruption	-9.0	Government Spending	-1.5	Labor Freedom	-4.3	Investment Freedom	0
				Monetary Freedom	-1.2	Financial Freedom	0