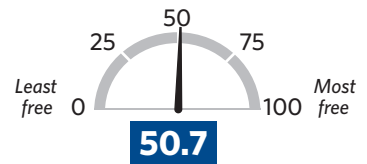


# HAITI

## Economic Freedom Score



World Rank: **142** Regional Rank: **24**

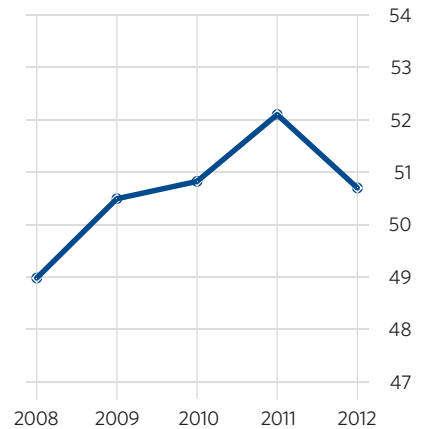
**H**aiti's economic freedom score is 50.7, making its economy the 142nd freest in the 2012 *Index*. Declines in labor freedom, business freedom, and the management of government spending have driven its overall score 1.4 points lower than last year. Haiti is ranked 24th out of 29 countries in the South and Central America/Caribbean region, and its overall score is lower than the world and regional averages.

Overall progress in reforming the Haitian economy has been modest. The effectiveness of government spending has been severely undermined by political volatility that continues to sap the foundations of an already weak rule of law. Reforms to improve the business and investment climates have had little effect in light of Haiti's pervasive corruption and inefficient judicial framework. Limited efforts to liberalize trade have had little impact, and bureaucracy and red tape deter investment. Small improvements in reducing corruption and continued moderation of inflation offer signs of hope.

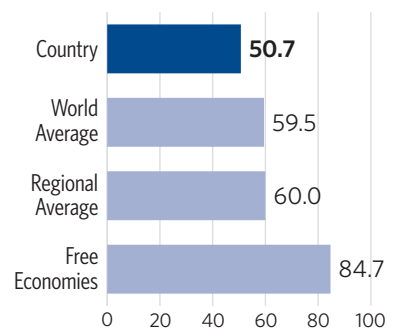
Haiti continues to focus on recovering from a devastating earthquake in 2010. Much of the basic economic infrastructure has been destroyed, and government documents, including those related to property rights and titles, have been lost. The international community has stepped in to assist in recovery and rebuilding efforts.

**BACKGROUND:** Haiti is the Western Hemisphere's poorest country and one of the world's least-developed nations. President Michel Martelly was elected in April 2011 and has pledged to re-establish Haiti's army, welcome investment, and end the government's hostility toward business. Despite a U.N. Stability Mission and a better-trained and equipped national police force, disorder is still easily sparked by paid gangs. Unemployment is very high, most economic activity is informal, and emigrants' remittances have yet to recover fully from the 2009 global economic downturn. Corruption, gang violence, drug trafficking, and organized crime are pervasive.

## Freedom Trend



## Country Comparisons



## Quick Facts

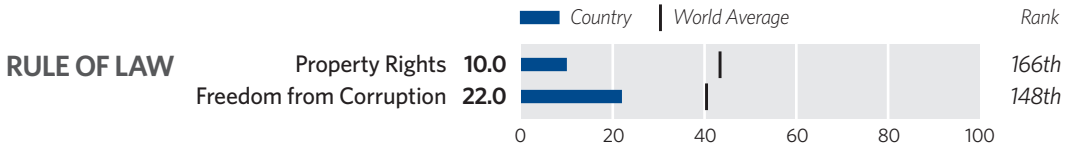
- Population:** 9.9 million
- GDP (PPP):** \$11.5 billion
- 5.1% growth in 2010
- 5-year compound annual growth 0.8%
- \$1,165 per capita
- Unemployment:** 40.6%
- Inflation (CPI):** 4.1%
- FDI Inflow:** \$150.0 million
- Public Debt:** 17.1% of GDP

### How Do We Measure Economic Freedom?

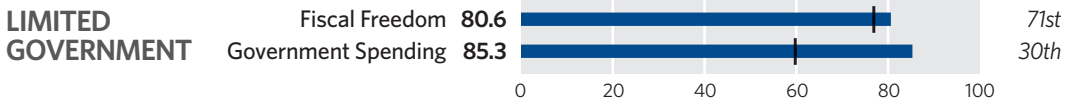
See page 455 for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

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

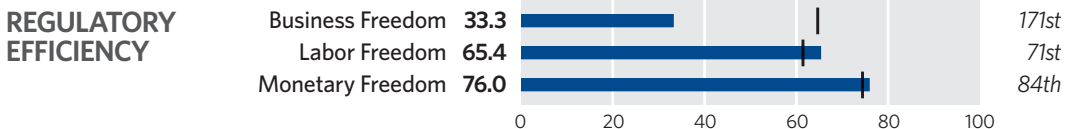
**THE TEN ECONOMIC FREEDOMS**



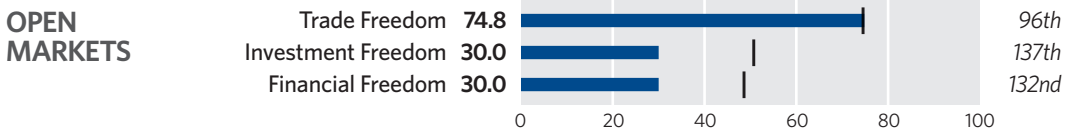
Protection of property rights is severely compromised by weak enforcement, a paucity of updated laws to handle modern commercial practices, and a dysfunctional legal system. Most commercial disputes are settled out of court if at all. Widespread corruption allows disputing parties to purchase favorable outcomes. Smuggling is a major problem, and contraband accounts for a large percentage of the manufactured consumables market.



The top income and corporate tax rates are 30 percent. Other taxes include a value-added tax (VAT) and a capital gains tax, with the overall tax burden estimated to be around 11 percent of GDP. Government spending has been expansionary, reaching a level exceeding 20 percent of total domestic output. The budget deficit has been chronic, although public debt stands at around 20 percent of GDP.



The overall business environment, never highly efficient or conducive to sustainable entrepreneurial activity, has been hurt further by ongoing uncertainty. Haiti's formal labor market is not fully developed. Particularly since the earthquake in early 2010, a large portion of the workforce has been unemployed or dependent on informal activity to survive. Inflation has been modest.



The trade weighted average tariff rate is 5.1 percent, with overall trade freedom hampered considerably by non-tariff barriers. Foreign investors are granted national treatment, but the investment regime is inefficient. The financial sector remains highly concentrated, with three large banks accounting for about 80 percent of total assets. Most financial transactions are handled informally, and credit for new business ventures is severely constrained.

**Score Changes**

RULE OF LAW		LIMITED GOVERNMENT		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	0	Fiscal Freedom	-0.3	Business Freedom	-4.2	Trade Freedom	0
Freedom from Corruption	+4.0	Government Spending	-4.8	Labor Freedom	-11.0	Investment Freedom	0
				Monetary Freedom	+2.3	Financial Freedom	0