

BELIZE

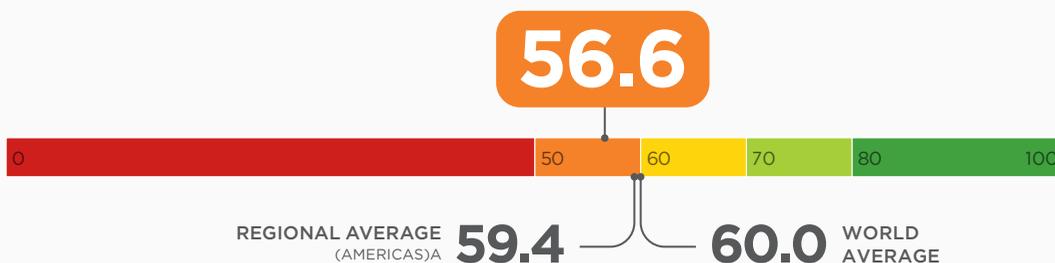
Belize's economic freedom score is 56.6, making its economy the 109th freest in the 2022 *Index*. Belize is ranked 22nd among 32 countries in the Americas region, and its overall score is below the regional and world averages.

A severe contraction in 2020 has resulted in negative economic growth over the past five years. A five-year trend of declining economic freedom has resumed after a brief improvement. Dragged down by score decreases in **fiscal health** and **trade freedom**, Belize has recorded a 2.0-point overall loss of economic freedom since 2017 and is now a bit lower than it was within the "Mostly Unfree" category. Tax burden and **monetary freedom** scores are positive, but **property rights**, **government integrity**, **trade freedom**, and **fiscal health** need improvement.

IMPACT OF COVID-19: As of December 1, 2021, 578 deaths had been attributed to the pandemic in Belize, and the government's response to the crisis ranked 24th among the countries included in this *Index* in terms of its stringency. The economy contracted by 14.1 percent in 2020.

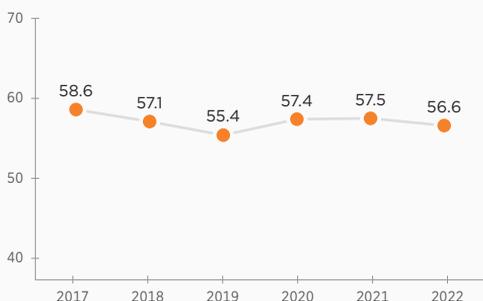


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -6.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.4 million

GDP (PPP):
\$2.5 billion
-14.1% growth in 2020
5-year compound annual growth -1.5%
\$6,046 per capita

UNEMPLOYMENT:
7.8%

INFLATION (CPI):
0.1%

FDI INFLOW:
\$76.0 million

PUBLIC DEBT:
127.4% of GDP

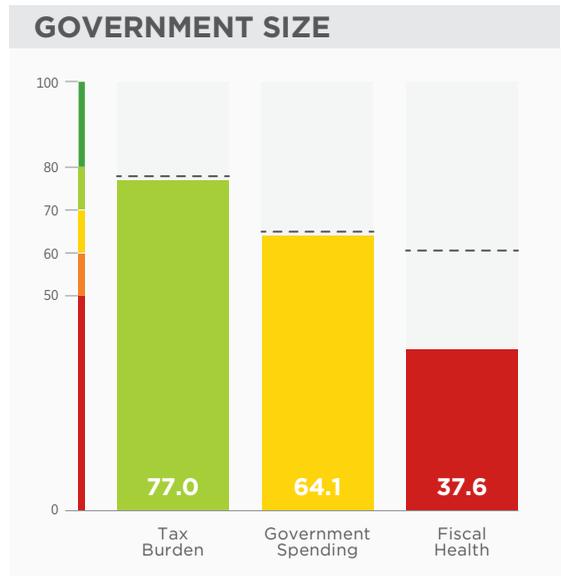
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The former colony of British Honduras gained independence in 1981. The economy relies primarily on tourism and exports of marine products, citrus, sugar, and bananas. Fluctuating agricultural commodity prices complicate policymaking. Elected in 2020, Prime Minister Johnny Briceño of the center-left People's United Party (PUP) is in his second year in office and plans to advance institutional and tax reforms. The PUP holds 26 of the legislature's 31 seats. Belize's heavily indebted open-market economy has been hit hard by the COVID-19 pandemic. In 2021, against the backdrop of declining tourism receipts, the central bank offered its first U.S. dollar-denominated Treasury notes to raise capital for its foreign reserves. The country's porous borders drive narco-trafficking and violent crime.

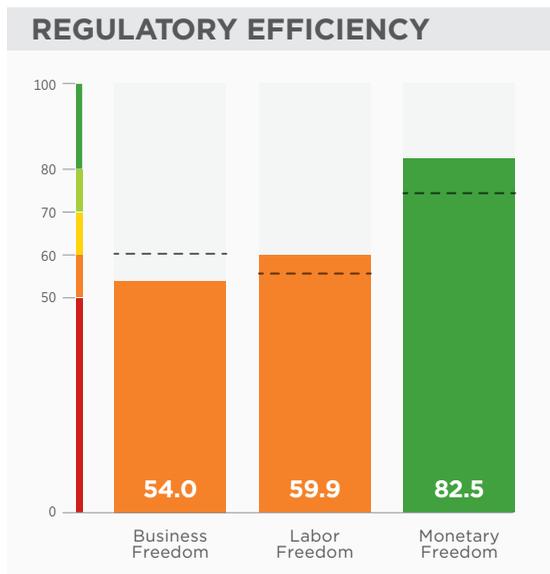
12 ECONOMIC FREEDOMS | BELIZE



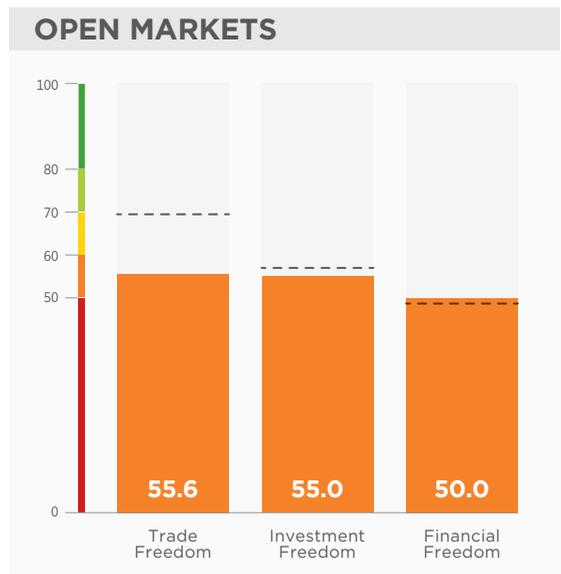
Private property rights are recognized and protected, although enforcement can be uneven. Contracts are legally binding and enforceable. The judiciary lacks resources but is generally independent. Belize is vulnerable to illicit trafficking, illegal migration, transnational criminal organizations, and corruption because of its location, porous borders, and poverty. Complaints about government corruption in the areas of customs, land, and immigration are common.



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 32.4 percent of total domestic income. Government spending has amounted to 34.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.2 percent of GDP. Public debt is equivalent to 127.4 percent of GDP.



Bureaucratic inefficiencies make it relatively difficult to start a new business in Belize. The country's small size limits the development of a robust labor market, and many people are employed informally and in agriculture. The government continues to maintain price controls on basic foods (such as rice, sugar, bread, and flour) as well as on butane gas and all utilities.



Belize has three preferential trade agreements in force. The trade-weighted average tariff rate is 17.2 percent, and two formal nontariff measures are in effect. The investment regime generally does not discriminate against foreign investment, but there are restrictions in certain sectors. The process for obtaining credit is relatively straightforward, although the government influences the allocation of credit through quasi-government banks.