

HAITI: ANTI-GOVERNMENT PROTESTS AMID INCREASINGLY POWERFUL CRIMINAL GANGS AND RISING INFLATION



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EVENT

In recent weeks, Haiti has been engulfed by violent protests, strikes and road blockades. The protesters call for the removal of acting Prime Minister Ariel Henry and request more measures against high inflation (which was at 29% in June '22).

IMPACT

Prime Minister Henry took office – without a democratic election – after the assassination of President Jovenel Moïse in July 2021. The post of president is still vacant as the current transitional government is struggling to organise presidential and parliamentary elections (**the parliament is inoperative since 2020**) due to Haiti's political instability, economic woes and deteriorating security situation. The latter has deteriorated markedly, following the assassination of the president. Criminal gangs have become increasingly powerful and a battle for power and territory has led to an increase of gang violence and extortion. Some gangs have effectively taken control over local areas of the capital, key roads, ports, institutions and an important fuel terminal. Given the political vacuum and as democratic elections are unlikely to be held soon, further expansion of the gangs outside the capital is possible.

In light of ongoing events, the political violence risk rating (currently in category 5/7) has a negative outlook. Furthermore, ST political risk is in category 5/7 with a negative outlook. Though on paper Haiti enjoys a fairly low short-term external debt level and adequate foreign exchange reserves (covering 5 months of import cover in February '22), the high political instability, increasing power of gangs and exposure to natural disasters could lead to foreign exchange shortages. The business environment risk is in category G/G given the highly difficult security situation in combination with a forecasted recession of 0.4% and high inflation. Lastly, MLT political risk classification remains firmly in category 7/7.

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