

HAITI: ST POLITICAL RISK CLASSIFICATION AND POLITICAL VIOLENCE RATING DOWNGRADED TO CATEGORY 7/7



19/01/2023

Filed under **Country news**

Event

In recent months, violent gangs – which were already in control of large parts of the capital – seem to have quickly seized control of much of the country. Indeed, it seems many parts of Haiti fell outside the reach of the government, with gangs being the de facto authorities. As a result of the dire security situation and the institutional vacuum, the economy seems to have been largely brought to a halt. Companies have (temporarily) halted their business out of fear of extortion or violence. Across the country, gangs have seized control of crucial thoroughfares, including ports and main roads. The capital has seen most of its connections to the rest of the country severed, with regular battles between rival gangs flaring up around access points. On top of that, the Haitian population is often protesting against the insecurity in the form of 'peyi lok' (lockdown), which results in the paralysation of all commercial operations and services and is likely to disrupt banking operations as well. As a consequence, the flows of goods seem to be severely hindered across the country.

Impact

Haiti has been living in an institutional vacuum since the assassination of President Jovenel Moïse in July 2021. In addition to missing a democratically elected president, the island does not have a democratically elected prime minister (the current acting Prime Minister Ariel Henry came to power without a proper succession procedure and his position is domestically being contested), nor a functioning parliament (Haiti's parliament has been inoperative since 2020). Moreover, there has not been an exact election date in sight, since President Moïse cancelled the 2019 legislative elections. Henry recently promised to hold elections in 2023, but the dire security situation makes this virtually impossible. Since the murder of Moïse, at least 200 violent criminal groups have taken advantage of the country's institutional void and the vacuum of the usual elite patrons. In the past year and a half, gangs have gradually grown more autonomous and financially independent (from political patrons), acquired larger weapon arsenals, widened their territorial footprint, increased their political demands and become stronger than the police (Haiti does not have an army).

In October, Haiti's government called for an urgent international armed mission, in light of the worsening security situation and an outbreak of a deadly cholera epidemic in the capital. In response to this request, the UN quickly adopted a sanctions package on Haiti to quell gang violence and started to prepare an international armed mission. However, three months later, the UN mission has lost steam and seems to have lost its momentum. As the Haitian population is traumatised by a history of failed international interventions, the call of the prime minister for an international intervention triggered huge unrest. The USA – which usually is the first to send troops – is reluctant as it is aware of the backlash that its previous interventions in Haiti have provoked and because it has a war-fatigued domestic population. Canada would be another likely country to lead the mission, but has declared it would only intervene if all Haitian political parties agree to the intervention, as it wants to avoid sending troops at the invitation of a head of state whose grasp on power is feeble and contested. Seeing it is unlikely that every single one of Haiti's 200 political parties will support a foreign intervention, it will likely take some time to find a compromise and set up a foreign armed international mission. Even if an armed intervention takes place, political instability will persist well into the

In November and December, the USA and Canada went a step further than the UN and imposed sanctions on several individuals allegedly involved in drug trafficking. The USA and Canada imposed sanctions on two ex-prime ministers and two Senate presidents, while Canada went even further and targeted former President Michel Martelly, as well as three high-profile members of Haiti's business elite. Sanctions from the USA are also imposed on businesses owned by powerful politicians and are extraterritorial. The USA and Canada are likely to impose more sanctions, also on the business elite, in the coming months. Additional US sanctions, especially if the USA resorts to secondary (extraterritorial) sanctions on the business elite and their companies, could halt all cross-border payments as banks will fear losing access to the US financial system or paying hefty fines.

The situation in Haiti has clearly deteriorated over the last months. The dire security and political situation, which has a severe negative impact on Haitian companies, is unlikely to improve soon. As a result, Credendo has decided to downgrade the short-term political risk classification and the political violence rating of Haiti to category 7/7.

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