



2022 INDEX OF
**ECONOMIC
FREEDOM**

Terry Miller
Anthony B. Kim
James M. Roberts

RANKING THE WORLD BY ECONOMIC FREEDOM

Rank	Country	Overall Score	Rank	Country	Overall Score	Rank	Country	Overall Score
1	Singapore	84.4	65	Saint Lucia	64.3	129	Guinea	54.2
2	Switzerland	84.2	66	Mongolia	63.9	130	Ukraine	54.1
3	Ireland	82.0	67	Mexico	63.7	131	India	53.9
4	New Zealand	80.6	68	Bosnia and Herzegovina	63.4	132	Sri Lanka	53.3
5	Luxembourg	80.6	69	Guatemala	63.2	133	Brazil	53.3
6	Taiwan	80.1	70	Thailand	63.2	134	Malawi	53.0
7	Estonia	80.0	71	Dominican Republic	63.0	135	Belarus	53.0
8	Netherlands	79.5	72	Vanuatu	62.9	136	Cameroon	52.9
9	Finland	78.3	73	Paraguay	62.9	137	Bangladesh	52.7
10	Denmark	78.0	74	Bahrain	62.0	138	Kenya	52.6
11	Sweden	77.9	75	Azerbaijan	61.6	139	Angola	52.6
12	Australia	77.7	76	Côte d'Ivoire	61.6	140	Sierra Leone	52.0
13	Iceland	77.0	77	Greece	61.5	141	Eswatini	51.4
14	Norway	76.9	78	Moldova	61.3	142	Mozambique	51.3
15	Canada	76.6	79	Seychelles	61.1	143	Comoros	50.4
16	Germany	76.1	80	Philippines	61.1	144	Argentina	50.1
17	Lithuania	75.8	81	Benin	61.0	145	Haiti	50.0
18	Latvia	74.8	82	Micronesia	61.0	146	Chad	49.8
19	Korea, South	74.6	83	Tonga	60.8	147	Tajikistan	49.7
20	Chile	74.4	84	Vietnam	60.6	148	Nepal	49.7
21	Czech Republic	74.4	85	São Tomé and Príncipe	60.3	149	Burma	49.6
22	Austria	73.8	86	Kosovo	60.1	150	Ethiopia	49.6
23	Cyprus	72.9	87	Jordan	60.1	151	Laos	49.2
24	United Kingdom	72.7	88	Senegal	60.0	152	Egypt	49.1
25	United States	72.1	89	Ghana	59.8	153	Pakistan	48.8
26	Georgia	71.8	90	El Salvador	59.6	154	Zambia	48.7
27	Malta	71.5	91	Guyana	59.5	155	Congo, Rep.	48.5
28	Barbados	71.3	92	Honduras	59.5	156	Suriname	48.1
29	Bulgaria	71.0	93	Tanzania	59.5	157	Lesotho	48.1
30	Mauritius	70.9	94	Bhutan	59.3	158	China	48.0
31	Portugal	70.8	95	Namibia	59.2	159	Liberia	47.9
32	Slovenia	70.5	96	Kiribati	59.2	160	Congo, Dem. Rep.	47.6
33	United Arab Emirates	70.2	97	Morocco	59.2	161	Maldives	47.3
34	Uruguay	70.0	98	Madagascar	58.9	162	Lebanon	47.3
35	Japan	69.9	99	Trinidad and Tobago	58.8	163	Equatorial Guinea	47.2
36	Slovakia	69.7	100	Burkina Faso	58.3	164	Timor-Leste	46.3
37	Belgium	69.6	101	Kuwait	58.3	165	Turkmenistan	46.2
38	Bahamas	68.7	102	Gambia	58.0	166	Guinea-Bissau	46.0
39	Poland	68.7	103	Montenegro	57.8	167	Algeria	45.8
40	Samoa	68.3	104	Togo	57.2	168	Central African Republic	45.7
41	Spain	68.2	105	Rwanda	57.1	169	Bolivia	43.0
42	Malaysia	68.1	106	Cambodia	57.1	170	Iran	42.4
43	Israel	68.0	107	Turkey	56.9	171	Eritrea	39.7
44	Qatar	67.7	108	Oman	56.6	172	Burundi	39.4
45	Croatia	67.6	109	Belize	56.6	173	Zimbabwe	33.1
46	Jamaica	67.4	110	Solomon Islands	56.5	174	Sudan	32.0
47	Romania	67.1	111	Fiji	56.4	175	Cuba	29.5
48	Hungary	66.9	112	South Africa	56.2	176	Venezuela	24.8
49	Cabo Verde	66.7	113	Russia	56.1	177	Korea, North	3.0
50	Albania	66.6	114	Mali	55.9			
51	Peru	66.5	115	Gabon	55.8			
52	France	65.9	116	Kyrgyz Republic	55.8			
53	North Macedonia	65.7	117	Uzbekistan	55.7			
54	St. Vincent & Grenadines	65.7	118	Saudi Arabia	55.5			
55	Costa Rica	65.4	119	Mauritania	55.3			
56	Panama	65.4	120	Djibouti	55.3			
57	Italy	65.4	121	Niger	54.9			
58	Armenia	65.3	122	Nicaragua	54.8			
59	Serbia	65.2	123	Papua New Guinea	54.6			
60	Colombia	65.1	124	Nigeria	54.4			
61	Botswana	64.8	125	Dominica	54.4			
62	Brunei Darussalam	64.8	126	Ecuador	54.3			
63	Indonesia	64.4	127	Uganda	54.2			
64	Kazakhstan	64.4	128	Tunisia	54.2			

Economic Freedom Scores

- 80-100 Free
- 70-79.9 Mostly Free
- 60-69.9 Moderately Free
- 50-59.9 Mostly Unfree
- 0-49.9 Repressed

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ACKNOWLEDGMENTS

The annual *Index of Economic Freedom* is the product of intense collaboration with people and organizations around the world. We wish to express our gratitude both to the myriad individuals serving with various international organizations, research institutions, government agencies, embassies, and other organizations who provide the data used in the *Index* and to the various Heritage Foundation foreign policy experts who provided valuable guidance and assistance throughout the year.

Production of the *Index* would not have been possible without many other colleagues at Heritage. Senior Editor William T. Poole continues to bear the primary responsibility for perfecting the language we employ, and Manager of Data Graphics Services John Fleming and Data Graphics Designer Luke Karnick created the wonderful charts and graphs that appear throughout the book. Director of Research Editors Therese Pennefather played a key role in keeping the production on schedule. Senior Designer and Web Developer of Research Projects Jay Simon was responsible for the design and layout of the *Index*. Graphic Designer Lydia Emrich designed the cover.

The transformation of the *Index* into electronic formats is made possible by the efforts

of Director of Digital Maria Sousa and former Heritage staffer Jim Lawruk.

Led by Research Coordinator Patrick Tyrrell, interns Stephon Coons, Jacob Custer, Henry Dai, Alexander Jelloian, Sharan Kumar, Cristian Lopez, Giovanna Milano, and Gavin Zhao provided significant research and quality control throughout the year.

As always, members of senior management have been enthusiastic supporters and great sources of encouragement in producing this flagship product of The Heritage Foundation. We are also grateful for the continuing engagement of Heritage Founder Edwin J. Feulner in helping us to spread the message of economic freedom around the world.

We would also like to express our appreciation to the many people who, year after year, have paid close attention to the *Index* and used its data for various research and other purposes. The support and encouragement provided by users of the *Index* around the world remain a major source of inspiration for our ongoing work.

Ambassador Terry Miller
Anthony B. Kim
James M. Roberts
January 2022

PREFACE

In December 2021, many people around the world celebrated the 30th anniversary of the collapse of the Soviet Union. The unraveling of the “Evil Empire” and the accompanying liberation of Eastern Europe represented a great triumph for freedom and economic advancement.

People who once lived in fear and poverty experienced a rebirth of productivity and economic modernization. Countries that once lagged badly emerged from the repression of Communism and socialism to join as equals in freedom those who in the past they could view only dimly through an iron curtain.

The lesson was clear: The human spirit is the real wellspring of economic prosperity.

Now, however, as we continue to fight the current COVID-19 government mandates and restrictions, many seem to have lost confidence in freedom.

Since early in 2020, the global economy has dealt with one of the greatest political, social, and economic upheavals the world has faced. The economic livelihoods of millions of people have been deeply disrupted not only by the health impacts of the pandemic, but also by governments’ responses to it in the form of lockdowns, travel bans, and restrictions on commerce and trade. Even countries only modestly affected by the disease itself have suffered severely from the contraction of global economic activity.

Especially for Americans like me who have benefitted from the legacy of a society justly called the “land of the free,” this year’s *Index of Economic Freedom* paints a disturbing picture. The startling decline of America’s economic freedom is serious cause for alarm. Policymakers in Washington, DC, and around the globe

must understand that simply spending their way back to prosperity always has failed and will continue to fail.

The ultimate cost of the pandemic remains unknown and difficult to predict. From an economic policy point of view, nonetheless, the imperative now is for governments to avoid compounding the problem with ill-advised actions that upend markets, destroy incentives to work and innovate, or otherwise diminish the prospects for rapid recovery and growth. In the long run, the proven way to revitalize the economic life of societies in the most broad-based, meaningful way is by restoring what we know has worked best: economic freedom undergirded by strong and virtuous local communities, not greater government control and management.

For those who love freedom and prosperity, now is not the time to waver. Perhaps the most critical lesson of the recent years is that the proven superiority and value of liberty must be steadfastly reiterated and passed on to succeeding generations. As Ed Feulner, founder and former president of The Heritage Foundation, has often observed, “there are no permanent defeats or permanent victories, just permanent battles.”

Indeed, the struggle for freedom is one that must be renewed by every generation. If we are to have lasting prosperity and flourishing civil societies, we must look beyond just the next political cycle and figure out what we stand for, what our policy priorities are going to be, and how we will communicate them.

The annual *Index of Economic Freedom*, The Heritage Foundation’s flagship publication, is the framework for that discussion.

Given what passes for progressivism in our public debates today, it is clear that the battle of ideas must be a battle even for the very meaning of the words with which we debate. How did the word “liberal” lose its identification with liberty? When did “progressive” become a synonym for statist? If we are going to continue to safeguard societies from errors that have brought nothing but misery throughout history, we must win the battle of ideas.

History shows us that freedom and prosperity go hand in hand as the human spirit thrives on virtuous liberty. The proven path to preserving and enhancing opportunity, prosperity, and individual well-being is the path of freedom. It is that path’s course that we once again chart in this *2022 Index of Economic Freedom*.

Kevin D. Roberts, PhD
President
The Heritage Foundation
January 2022

KEY FINDINGS OF THE 2022 *INDEX*

IMPACT OF THE COVID-19 PANDEMIC

Since early 2020, the COVID-19 pandemic and particularly the many restrictions on economic activity and the movement of people that governments have imposed in response to it have wreaked havoc on the world economy. Almost every economy included in this *Index* experienced negative growth in 2020, which is not surprising given that so many of the actions that governments have taken in the name of protecting public health have also had the effect of reducing economic freedom. These restrictions have exacted a cost in terms of human well-being that must be added to the enormous cost of the death toll from the disease itself. The result is a worldwide catastrophe.

Much remains unknown epidemiologically about COVID-19 and its many variants. The increasing availability of vaccines and treatments and the possible evolution of the virus itself into less lethal variants give hope that the health crisis may be reduced in severity, if not ended.

The economic crisis, by contrast, is easily evaluated. Its causes and effects are clear. Government restraints on economic freedom stifle economic growth. They reduce incomes and increase the vulnerability of the poor and middle classes. Government attempts to mitigate those effects in many countries involve excessive deficit spending that increases inflation and generates huge public debts that future generations will have to pay.

The abrupt and shortsighted renunciation of the principles of economic freedom not only has caused much of the economic travail afflicting

the world economy, but also will undercut the much-needed economic rebound if not reversed.

A return to “business as usual” will not suffice because, in addition to the impacts of the pandemic on public finances, countries are facing many long-term structural challenges. Specifically, the COVID-19 crisis amplified and exposed serious preexisting structural weaknesses in the policy areas of transparency, efficiency, openness, and government effectiveness.

Policymakers in Washington and around the globe cannot simply spend their way back to prosperity after the toll that public health mandates have exacted on local economies. If we are to have a meaningful economic recovery, it is essential that economic freedom rather than extended government emergency powers become the norm.

More than ever, we need to remember that a nation’s true capacity to grow and prosper in a lasting way hinges on the quality of its institutions and economic system. Many countries around the globe are at a critical crossroads. The question is whether they will recognize the paramount need to preserve and enhance the conditions for robust, resilient, and broad economic growth.

THE GLOBAL ECONOMY: A 1.6-POINT LOSS IN AVERAGE ECONOMIC FREEDOM BUT STILL “MODERATELY FREE”

- The 2022 *Index*, which considers economic policies and conditions in 184 sovereign

countries from July 1, 2020, through June 30, 2021, reveals a world economy that, taken as a whole, remains “moderately free.” However, the global average economic freedom score is now 60—a loss of 1.6 points from the previous year’s 61.6.

- Despite the notable downturn of global economic freedom, there continues to be a clear relationship between improving economic freedom and achieving higher economic dynamism as well as greater overall well-being. No matter what their existing level of development may be, countries can measurably boost their economic growth by implementing steps to increase economic freedom through policies that reduce taxes, rationalize the regulatory environment, open the economy to greater competition, and fight corruption.
- The standard of living, measured by incomes per capita, is much higher in economically freer countries. Economies rated “free” or “mostly free” in the 2022 *Index* enjoy incomes that on average are more than three times higher than those in other countries and almost seven times higher than the average incomes of “repressed” economies.
- As documented once again in the 2022 *Index*, economic freedom also correlates highly with overall well-being, which includes such factors as health, education, the environment, innovation, societal progress, and democratic governance.
- As shown in the ranking table beginning on p. 5, seven countries recorded economic freedom scores of 80 or more, putting them in the ranks of the economically “free.” Twenty-seven countries earned a designation as “mostly free” by recording scores of 70.0 to 79.9, and an additional 54 countries were considered “moderately free” with scores of 60.0 to 69.9. Thus, a

total of 88 countries, or about half of the 177 countries graded in the 2022 *Index*, have institutional environments in which individuals and private enterprises benefit from at least a moderate degree of economic freedom in the pursuit of greater economic development and prosperity.

- On the opposite side of the spectrum, 50 percent of the countries graded in the 2022 *Index* (89 economies) have registered economic freedom scores below 60. Of those, 57 economies are considered “mostly unfree” (scores of 50.0 to 59.9), and 32 countries, including China, are in the economically “repressed” category.
- A notable reshuffling has taken place at the top of the rankings. Singapore maintained its status as the world’s freest economy, but Australia dropped out of the “free” category, and New Zealand dropped to fourth place, behind Switzerland and Ireland. Luxembourg, Taiwan, and Estonia joined the “free” category for the first time.
- Quite notable is the continuing decline in the “mostly free” category of the United States, which plummeted to 25th place, its lowest ranking ever in the 28-year history of the *Index*. The major causative factor in the erosion of America’s economic freedom is excessive government spending, which has resulted in mounting deficit and debt burdens.

The ongoing COVID-19 pandemic has triggered a significant deterioration on a number of policy fronts, adding to preexisting strains from long-term structural challenges of countries around the globe. In particular:

- Rising deficits and mounting public debt—especially debt incurred to fund higher government consumption or transfer payments—has undermined and will likely further undercut overall productivity

growth and ultimately lead to economic sluggishness rather than vibrant growth.

- The global average trade-freedom score has declined from 70.9 to 69.5. This is the fourth straight year that the global average has dropped. Trade freedom declined in 98 of the 177 countries ranked in the *Index*. Scores improved in only 37 countries and were unchanged in 42 countries.

All in all, the ongoing recovery remains uneven and uncertain with strikingly different outcomes across countries, sectors, and demographic groups. Output and employment gaps remain in many countries, particularly in emerging market and developing economies, suggesting that countries face vastly different policy challenges in recovery and beyond.

WHAT'S NEW?

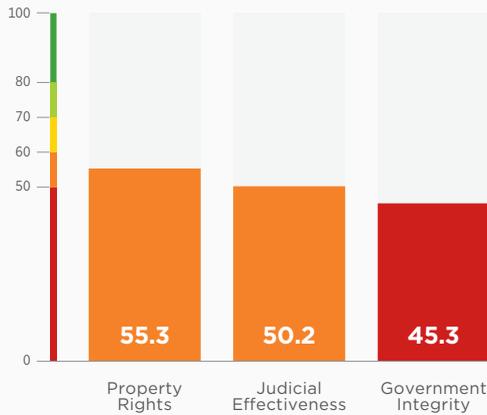
Because the World Bank has discontinued its annual *Doing Business* report, the 2022

Index has adopted other publicly available data sources for subfactors measuring property rights, judicial effectiveness, government integrity, business freedom, and labor freedom. In particular, the *Index* now includes in its evaluations data from Freedom House and other sources. Details are available in the Methodology Appendix.

The volatile nature of public policy changes in response to COVID-19 has resulted in significant fluctuations in economic conditions, including levels of economic freedom, in many countries around the world. At this point, it cannot be known whether these changes are permanent or temporary. If they prove to be temporary, many countries may quickly revert to their previous positions in the *Index* rankings. As always, the *Index* is designed primarily to be a snapshot of conditions in a particular year, and while every effort is made to ensure that the scoring accurately reflects changes in policies from year to year, caution should be used in comparing rankings over time.

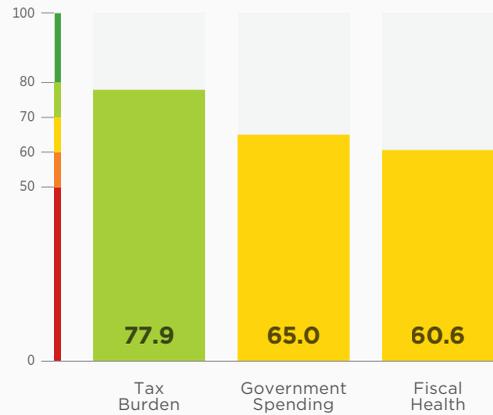
12 ECONOMIC FREEDOMS: A GLOBAL LOOK

RULE OF LAW



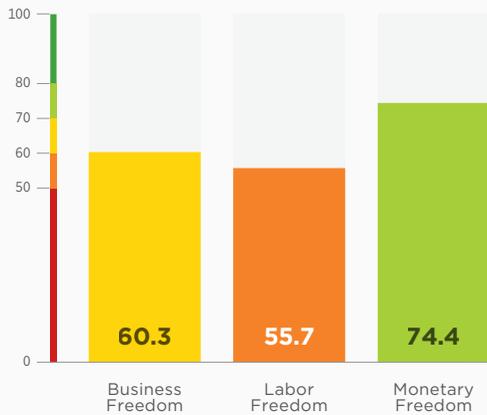
On average, of the four pillars of economic freedom on which Index grading is based, rule of law has the lowest scores on a scale of 0 to 100. This reflects the systemic corruption of government institutions in many countries. Without a robust rule of law, business owners and entrepreneurs find it difficult to know what to expect when making economic decisions. Countries with the worst rule of law include Burundi, the Central African Republic, Turkmenistan, Equatorial Guinea, North Korea, Eritrea, and Venezuela (which is in last place). Those with the freest and fairest rule of law are Finland, Norway, Sweden, Denmark, Switzerland, the Netherlands, and Luxembourg.

GOVERNMENT SIZE



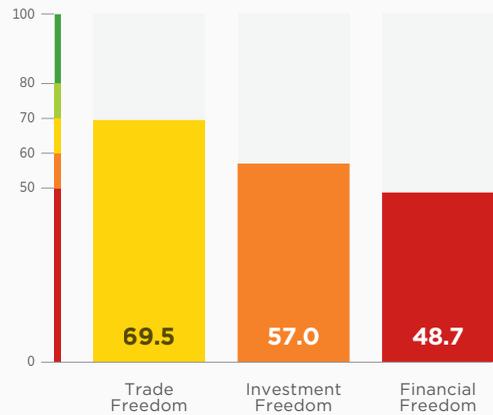
The average top individual income tax rate for all countries in the 2022 *Index* is 28.4 percent, and the average top corporate tax rate is 23.3 percent. The average overall tax burden as a percentage of GDP is 21.1 percent. The average level of government spending has is 34.9 percent of GDP, but the average level of gross public debt for countries covered in the *Index* has risen to 69.6 percent of GDP.

REGULATORY EFFICIENCY



Globally, of the three regulatory efficiency subfactors of economic freedom, monetary freedom scores the highest, followed by business freedom and then labor freedom. As with all other factors, however, the difference between high-scoring countries and low-scoring countries can be like the difference between night and day. The top countries by average regulatory efficiency score are Singapore, the United States, Austria, Taiwan, Denmark, and Finland. By contrast, the worst offenders in descending order are Sierra Leone, Iran, Cuba, Sudan, Zimbabwe, Venezuela, and North Korea.

OPEN MARKETS



Global trade freedom suffered a setback as the worldwide average of countries' trade-weighted average tariff rates rose to 8.1 percent from 7.6 percent. The fact that investment policy measures in many countries are geared toward promotion of sectoral investment rather than general market openness contributes to a global investment freedom score of just 57.0. The global score for financial freedom is the lowest of the three open markets indicators at 48.7. Government interference in the financial sector, which gives some entities an advantage at the expense of others, is the norm in many countries.

2022 INDEX OF ECONOMIC FREEDOM WORLD RANKINGS

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
1	1	Singapore	84.4	94.4	58.3	92.8	90.5	90.1	79.6	83.1	77.0	86.5	95.0	85.0	80.0
2	1	Switzerland	84.2	95.2	98.0	92.3	70.1	67.2	96.3	84.3	60.0	84.9	86.6	85.0	90.0
3	2	Ireland	82.0	92.6	93.0	80.7	76.5	79.9	89.0	87.2	60.9	85.2	79.2	90.0	70.0
4	2	New Zealand	80.6	88.2	95.9	97.5	70.8	53.5	88.3	81.3	70.5	81.8	90.0	70.0	80.0
5	3	Luxembourg	80.6	97.4	96.4	89.5	64.1	41.5	98.7	89.3	56.3	80.1	79.2	95.0	80.0
6	3	Taiwan	80.1	81.3	94.2	73.8	79.2	90.7	86.6	84.3	68.7	86.1	86.0	70.0	60.0
7	4	Estonia	80.0	91.5	92.3	83.9	81.1	48.4	93.3	86.9	61.1	82.8	79.2	90.0	70.0
8	5	Netherlands	79.5	96.2	96.9	92.3	51.2	45.4	93.6	88.1	58.9	82.1	79.2	90.0	80.0
9	6	Finland	78.3	100.0	97.8	96.4	68.4	10.7	83.2	88.7	65.1	84.9	79.2	85.0	80.0
10	7	Denmark	78.0	98.6	89.6	99.5	42.3	21.1	96.2	89.0	64.4	85.7	79.2	90.0	80.0
11	8	Sweden	77.9	97.3	97.1	95.7	44.9	26.4	95.8	84.6	65.4	83.6	79.2	85.0	80.0
12	4	Australia	77.7	91.7	95.2	87.0	62.5	51.6	52.0	84.6	64.2	83.2	90.0	80.0	90.0
13	9	Iceland	77.0	97.1	94.8	85.3	72.9	36.8	76.1	83.3	67.4	79.3	81.0	80.0	70.0
14	10	Norway	76.9	99.6	97.3	96.0	56.4	19.5	96.6	91.4	68.8	76.9	85.4	75.0	60.0
15	1	Canada	76.6	89.5	96.4	86.7	75.7	39.6	62.8	78.8	68.7	78.2	83.2	80.0	80.0
16	11	Germany	76.1	95.7	95.3	89.4	59.9	34.5	90.4	87.2	52.3	79.5	79.2	80.0	70.0
17	12	Lithuania	75.8	88.6	74.6	66.6	84.5	59.9	86.5	87.3	59.5	82.3	79.2	70.0	70.0
18	13	Latvia	74.8	88.5	75.1	61.1	76.4	53.2	91.4	81.9	62.4	83.8	79.2	85.0	60.0
19	5	Korea, South	74.6	90.5	77.1	69.2	60.4	84.5	95.3	84.8	55.6	85.2	73.0	60.0	60.0
20	2	Chile	74.4	73.0	91.4	71.4	72.4	78.1	75.3	76.2	58.0	79.4	78.0	70.0	70.0
21	14	Czech Republic	74.4	88.8	81.8	59.6	78.9	44.7	93.2	80.6	56.5	79.0	79.2	70.0	80.0
22	15	Austria	73.8	98.4	94.6	82.9	45.5	20.3	71.7	82.3	78.4	82.3	79.2	80.0	70.0
23	16	Cyprus	72.9	85.6	90.9	62.9	80.3	44.3	71.2	74.9	66.4	83.9	79.2	75.0	60.0
24	17	United Kingdom	72.7	96.2	85.9	87.1	65.4	46.3	22.6	79.1	62.1	83.0	84.2	80.0	80.0
25	3	United States	72.1	95.7	77.9	75.7	75.9	54.5	0.0	87.5	75.8	82.3	75.2	85.0	80.0
26	18	Georgia	71.8	63.8	56.4	64.4	89.1	72.7	67.1	74.1	61.9	76.0	86.6	80.0	70.0
27	19	Malta	71.5	87.8	89.9	55.8	69.0	54.6	86.2	75.5	61.8	78.5	79.2	70.0	50.0
28	4	Barbados	71.3	72.6	88.2	68.7	80.6	70.8	79.7	64.7	63.4	78.6	58.4	70.0	60.0
29	20	Bulgaria	71.0	77.3	61.1	45.6	93.9	60.5	96.2	72.1	64.4	81.9	79.2	60.0	60.0
30	1	Mauritius	70.9	85.6	81.7	56.5	91.3	73.4	6.8	72.0	69.8	75.9	87.4	80.0	70.0
31	21	Portugal	70.8	89.9	92.1	67.8	60.4	39.5	72.8	76.2	55.5	86.8	79.2	70.0	60.0
32	22	Slovenia	70.5	89.7	91.6	66.7	57.2	36.4	77.4	79.7	63.3	85.1	79.2	70.0	50.0
33	1	United Arab Emirates	70.2	63.5	35.4	71.8	100.0	71.5	92.8	73.2	64.9	80.8	78.2	50.0	60.0
34	5	Uruguay	70.0	84.0	80.4	75.2	72.4	70.2	75.2	75.7	60.3	70.9	70.4	75.0	30.0
35	6	Japan	69.9	94.6	95.3	81.4	67.4	52.5	19.7	78.3	66.6	87.1	75.4	60.0	60.0
36	23	Slovakia	69.7	83.2	71.9	53.7	77.3	41.8	76.0	75.9	56.5	75.5	79.2	75.0	70.0
37	24	Belgium	69.6	92.5	91.2	83.6	48.2	10.1	50.3	82.8	57.4	84.3	79.2	85.0	70.0
38	6	Bahamas	68.7	61.1	78.8	64.3	96.5	85.8	67.3	63.3	69.3	79.2	49.0	50.0	60.0

2022 INDEX OF ECONOMIC FREEDOM WORLD RANKINGS

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
39	25	Poland	68.7	72.3	54.7	60.6	73.6	41.9	78.3	78.7	55.7	79.1	79.2	80.0	70.0
40	7	Samoa	68.3	78.4	78.4	53.7	78.6	68.5	95.6	61.5	71.6	81.4	66.4	55.0	30.0
41	26	Spain	68.2	87.7	74.3	67.2	59.7	38.3	29.7	75.2	61.8	85.4	84.2	85.0	70.0
42	8	Malaysia	68.1	65.6	57.6	53.9	83.8	82.9	73.4	67.1	57.0	83.6	82.2	60.0	50.0
43	2	Israel	68.0	83.2	85.0	65.2	60.4	48.4	23.1	81.1	56.5	84.8	78.8	80.0	70.0
44	3	Qatar	67.7	68.6	38.8	60.0	97.8	69.3	89.7	58.6	51.9	76.0	81.4	60.0	60.0
45	27	Croatia	67.6	81.1	69.9	50.0	82.8	26.3	75.2	72.4	58.7	80.5	79.2	75.0	60.0
46	7	Jamaica	67.4	65.0	70.6	49.0	76.6	71.6	79.4	56.5	64.7	76.2	69.2	80.0	50.0
47	28	Romania	67.1	81.0	64.8	45.4	94.3	63.9	42.8	71.4	64.1	78.8	79.2	70.0	50.0
48	29	Hungary	66.9	75.8	62.2	44.4	84.1	31.6	58.4	77.2	61.2	78.5	79.2	80.0	70.0
49	2	Cabo Verde	66.7	66.1	77.4	60.9	77.5	68.1	48.3	59.8	52.4	84.4	66.0	80.0	60.0
50	30	Albania	66.6	55.5	49.8	35.6	89.1	72.1	70.6	70.7	51.1	82.0	82.6	70.0	70.0
51	8	Peru	66.5	49.7	49.7	39.7	79.5	84.2	73.1	65.3	59.6	81.4	81.4	75.0	60.0
52	31	France	65.9	93.8	85.5	75.9	52.1	0.5	39.1	81.9	58.8	79.1	79.2	75.0	70.0
53	32	North Macedonia	65.7	57.4	50.2	38.7	95.0	67.7	69.8	74.4	54.1	78.3	77.8	65.0	60.0
54	9	St. Vincent & Grenadines	65.7	64.0	76.9	62.0	75.5	66.9	68.5	61.4	58.8	84.2	59.8	70.0	40.0
55	10	Costa Rica	65.4	66.4	78.4	63.1	79.2	86.6	10.9	66.0	56.6	83.1	74.6	70.0	50.0
56	11	Panama	65.4	58.8	50.7	38.0	85.5	81.9	40.7	67.1	61.5	78.1	77.2	75.0	70.0
57	33	Italy	65.4	81.7	78.6	57.3	57.7	20.6	49.0	73.8	70.4	86.2	79.2	80.0	50.0
58	34	Armenia	65.3	50.4	33.1	50.8	86.9	78.9	75.5	64.9	47.2	77.5	73.6	75.0	70.0
59	35	Serbia	65.2	58.8	50.4	37.9	90.9	42.5	85.7	74.4	62.9	81.6	77.0	70.0	50.0
60	12	Colombia	65.1	50.9	59.1	42.0	71.3	66.0	56.7	68.8	60.7	79.3	76.4	80.0	70.0
61	3	Botswana	64.8	74.2	70.1	61.4	87.4	59.8	19.2	56.7	61.6	75.4	77.2	65.0	70.0
62	9	Brunei Darussalam	64.8	67.0	51.6	61.1	90.8	68.1	20.0	72.4	75.0	72.3	84.6	65.0	50.0
63	10	Indonesia	64.4	38.6	43.2	39.9	85.3	91.2	80.1	66.6	59.3	80.3	78.6	50.0	60.0
64	11	Kazakhstan	64.4	55.3	34.5	37.9	92.7	86.5	93.5	64.7	62.7	69.1	75.4	50.0	50.0
65	13	Saint Lucia	64.3	66.8	76.9	58.1	77.5	78.7	50.1	61.5	58.2	82.2	56.6	65.0	40.0
66	12	Mongolia	63.9	48.8	57.1	37.0	89.2	68.2	81.9	66.5	67.5	76.0	74.4	50.0	50.0
67	14	Mexico	63.7	47.7	40.7	32.0	76.0	78.3	78.0	69.2	58.4	73.0	76.6	75.0	60.0
68	36	Bosnia and Herzegovina	63.4	49.2	37.2	33.4	94.0	46.2	95.9	66.6	60.2	84.9	68.8	65.0	60.0
69	15	Guatemala	63.2	39.8	36.9	26.5	91.5	94.0	83.3	62.1	50.3	79.3	75.0	70.0	50.0
70	13	Thailand	63.2	44.2	36.2	38.5	81.3	84.4	89.8	63.4	59.6	74.2	71.6	55.0	60.0
71	16	Dominican Republic	63.0	54.0	55.9	30.8	84.6	89.9	66.8	68.1	52.9	73.5	69.0	70.0	40.0
72	14	Vanuatu	62.9	57.8	71.2	42.4	96.8	60.1	96.1	49.1	40.0	74.4	61.6	65.0	40.0
73	17	Paraguay	62.9	45.5	37.9	29.5	96.1	84.0	68.8	65.4	39.4	75.6	77.0	75.0	60.0
74	4	Bahrain	62.0	65.9	27.4	41.6	99.9	65.5	0.0	60.2	54.9	81.1	83.0	85.0	80.0
75	37	Azerbaijan	61.6	53.6	15.9	28.6	87.7	62.7	99.1	64.6	55.9	74.5	66.6	70.0	60.0

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World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
76	4	Côte d'Ivoire	61.6	45.4	30.0	33.8	79.1	89.7	73.8	61.0	55.9	71.3	73.6	75.0	50.0
77	38	Greece	61.5	76.0	69.9	52.3	59.9	17.9	67.6	70.3	61.1	78.6	79.2	55.0	50.0
78	39	Moldova	61.3	55.9	30.7	34.7	94.1	68.1	87.2	64.2	46.4	72.4	76.6	55.0	50.0
79	5	Seychelles	61.1	78.8	62.4	65.2	76.4	42.5	36.7	61.2	61.7	82.1	81.2	55.0	30.0
80	15	Philippines	61.1	47.1	25.6	34.7	76.8	84.2	81.8	61.5	58.0	69.4	73.8	60.0	60.0
81	6	Benin	61.0	44.3	55.3	40.3	68.4	91.6	83.4	47.7	59.6	80.4	61.4	50.0	50.0
82	16	Micronesia	61.0	54.3	82.2	56.8	80.7	0.0	99.5	52.4	81.5	84.3	74.8	35.0	30.0
83	17	Tonga	60.8	64.2	68.1	40.5	85.4	54.6	96.5	58.7	55.8	71.9	73.4	40.0	20.0
84	18	Vietnam	60.6	49.6	33.8	33.6	80.9	85.5	78.8	73.6	53.9	68.8	78.8	40.0	50.0
85	7	São Tomé and Príncipe	60.3	44.1	62.2	48.7	88.2	83.1	85.9	49.0	41.6	65.9	65.0	60.0	30.0
86	40	Kosovo	60.1	47.4	31.0	37.5	92.5	71.6	67.4	68.0	53.1	79.1	78.6	65.0	30.0
87	5	Jordan	60.1	53.7	42.6	49.5	84.8	71.6	15.9	59.6	57.2	84.2	71.8	70.0	60.0
88	8	Senegal	60.0	58.0	49.8	47.8	72.3	82.1	56.7	57.9	53.9	76.1	65.8	60.0	40.0
89	9	Ghana	59.8	60.7	57.0	45.4	82.8	83.8	7.8	60.9	55.4	70.8	63.0	70.0	60.0
90	18	El Salvador	59.6	43.2	46.8	36.1	77.7	74.7	50.3	65.0	54.6	76.8	69.4	60.0	60.0
91	19	Guyana	59.5	46.9	47.4	41.5	67.5	74.8	67.4	63.1	67.3	83.3	69.4	55.0	30.0
92	20	Honduras	59.5	40.3	29.0	25.4	82.7	78.7	92.1	56.9	39.1	72.7	71.6	65.0	60.0
93	10	Tanzania	59.5	36.9	27.0	36.9	80.6	91.9	93.3	46.3	62.0	73.8	59.8	55.0	50.0
94	19	Bhutan	59.3	67.2	60.9	73.5	82.4	71.6	72.4	62.9	57.2	72.7	40.8	20.0	30.0
95	11	Namibia	59.2	63.8	67.6	53.9	72.3	56.5	22.4	55.4	63.4	79.0	71.2	65.0	40.0
96	20	Kiribati	59.2	70.6	81.8	45.4	69.3	0.0	99.4	63.2	65.1	80.7	80.0	25.0	30.0
97	6	Morocco	59.2	57.8	32.7	41.0	68.2	69.8	46.0	64.8	46.4	80.0	68.6	65.0	70.0
98	12	Madagascar	58.9	40.3	33.4	23.0	90.7	92.9	87.8	37.4	56.0	75.9	64.8	55.0	50.0
99	21	Trinidad and Tobago	58.8	58.8	59.3	44.2	79.1	69.0	12.9	60.9	57.4	84.6	68.8	60.0	50.0
100	13	Burkina Faso	58.3	47.0	36.3	41.4	81.8	82.3	66.1	41.9	61.6	75.6	61.0	65.0	40.0
101	7	Kuwait	58.3	41.9	42.0	43.8	97.7	4.0	99.7	55.4	52.7	71.7	75.6	55.0	60.0
102	14	Gambia	58.0	47.6	37.2	38.1	79.3	84.1	68.9	50.5	47.3	64.1	63.8	65.0	50.0
103	41	Montenegro	57.8	61.3	43.0	46.4	83.9	29.5	11.9	67.1	61.7	85.6	78.8	75.0	50.0
104	15	Togo	57.2	36.8	35.1	28.8	68.7	88.9	88.8	51.5	54.5	77.3	65.6	60.0	30.0
105	16	Rwanda	57.1	61.1	26.6	54.7	79.1	76.3	61.6	50.7	42.6	74.4	58.2	60.0	40.0
106	21	Cambodia	57.1	41.2	20.9	12.3	88.7	81.5	98.0	55.2	47.8	74.7	64.8	50.0	50.0
107	42	Turkey	56.9	42.0	25.6	39.4	74.7	63.8	59.2	63.4	47.1	61.9	75.6	70.0	60.0
108	8	Oman	56.6	74.9	27.1	53.3	97.7	32.8	6.9	58.1	45.7	84.7	73.4	65.0	60.0
109	22	Belize	56.6	34.7	70.2	38.1	77.0	64.1	37.6	54.0	59.9	82.5	55.6	55.0	50.0
110	22	Solomon Islands	56.5	50.6	59.5	42.3	70.5	60.1	98.0	44.4	60.2	79.0	68.6	15.0	30.0
111	23	Fiji	56.4	53.2	43.4	54.3	86.8	69.6	9.1	58.8	66.0	74.9	55.2	55.0	50.0
112	17	South Africa	56.2	43.2	61.3	48.4	63.4	68.1	8.1	65.7	71.1	78.0	72.2	45.0	50.0
113	43	Russia	56.1	36.8	34.7	29.7	93.1	62.6	99.3	62.5	57.3	68.0	69.0	30.0	30.0

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World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
114	18	Mali	55.9	34.0	34.1	28.3	69.8	83.9	70.8	44.2	54.2	82.8	64.0	65.0	40.0
115	19	Gabon	55.8	26.8	18.6	24.4	77.4	90.2	89.5	49.9	54.0	81.5	56.8	60.0	40.0
116	24	Kyrgyz Republic	55.8	25.1	11.8	28.8	94.8	66.7	79.0	56.1	52.2	71.4	73.2	60.0	50.0
117	25	Uzbekistan	55.7	31.6	13.1	23.8	90.8	78.1	96.6	59.1	48.0	61.6	75.6	50.0	40.0
118	9	Saudi Arabia	55.5	46.7	35.8	50.7	99.3	57.3	17.9	68.1	41.2	79.0	74.8	45.0	50.0
119	20	Mauritania	55.3	36.9	29.9	23.5	75.2	89.4	92.9	35.7	48.9	80.3	60.6	50.0	40.0
120	21	Djibouti	55.3	33.1	28.3	24.5	80.0	83.3	92.1	48.6	50.7	69.5	43.2	60.0	50.0
121	22	Niger	54.9	37.4	35.9	32.5	77.5	85.7	69.0	35.2	53.6	74.6	62.6	55.0	40.0
122	23	Nicaragua	54.8	30.1	19.5	19.0	75.3	76.2	87.3	53.8	46.9	72.0	67.8	60.0	50.0
123	26	Papua New Guinea	54.6	42.7	44.2	26.2	72.0	86.0	64.1	47.9	65.1	71.4	80.4	25.0	30.0
124	23	Nigeria	54.4	22.1	33.8	22.7	84.8	95.3	58.1	41.2	73.6	67.5	68.6	45.0	40.0
125	24	Dominica	54.4	68.1	81.6	56.2	71.6	8.5	1.1	55.8	59.0	84.9	55.6	70.0	40.0
126	25	Ecuador	54.3	31.4	47.3	37.2	77.5	59.7	63.1	60.3	57.3	81.5	61.0	35.0	40.0
127	24	Uganda	54.2	48.3	29.2	24.0	73.6	89.8	53.5	46.5	54.7	78.2	57.8	55.0	40.0
128	10	Tunisia	54.2	60.9	49.5	47.3	75.2	67.0	20.8	57.7	56.0	74.4	66.2	45.0	30.0
129	25	Guinea	54.2	21.4	27.8	25.6	69.3	92.8	92.0	45.4	49.5	69.7	66.4	50.0	40.0
130	44	Ukraine	54.1	39.7	31.4	33.8	89.1	44.5	73.6	61.1	60.7	71.2	78.6	35.0	30.0
131	27	India	53.9	49.9	51.5	42.4	79.5	76.2	4.0	63.9	58.2	70.0	71.0	40.0	40.0
132	28	Sri Lanka	53.3	51.7	57.7	40.1	90.3	87.4	0.0	58.3	55.7	71.6	47.0	40.0	40.0
133	26	Brazil	53.3	50.3	57.2	40.0	69.9	53.8	0.4	63.2	55.9	78.4	60.0	60.0	50.0
134	26	Malawi	53.0	48.1	53.0	29.4	78.7	87.4	11.0	34.0	56.4	71.1	67.4	50.0	50.0
135	45	Belarus	53.0	34.5	15.5	43.7	93.3	56.7	95.3	54.5	46.8	70.2	75.6	30.0	20.0
136	27	Cameroon	52.9	39.1	10.9	19.9	74.7	90.1	78.7	60.4	46.4	79.9	55.2	30.0	50.0
137	29	Bangladesh	52.7	36.3	28.1	22.2	82.6	93.2	54.0	55.6	36.6	70.0	63.8	50.0	40.0
138	28	Kenya	52.6	40.6	39.0	30.9	79.0	82.2	10.6	56.1	56.8	75.5	56.0	55.0	50.0
139	29	Angola	52.6	39.8	25.3	20.6	86.6	86.4	80.0	37.6	53.9	61.2	70.0	30.0	40.0
140	30	Sierra Leone	52.0	43.1	41.9	32.4	86.7	84.9	54.0	34.4	38.2	65.1	63.6	60.0	20.0
141	31	Eswatini	51.4	46.1	36.9	32.1	78.6	63.9	15.6	48.9	54.8	77.9	71.8	50.0	40.0
142	32	Mozambique	51.3	31.9	44.1	26.3	72.2	70.3	52.7	36.7	47.4	78.8	70.6	35.0	50.0
143	33	Comoros	50.4	28.9	21.2	20.1	63.0	88.5	96.2	48.3	55.5	81.5	27.0	45.0	30.0
144	27	Argentina	50.1	35.1	57.9	45.1	73.3	53.0	16.8	55.1	51.0	37.9	60.6	55.0	60.0
145	28	Haiti	50.0	24.1	18.6	14.3	81.5	97.0	94.8	33.5	54.7	56.2	65.4	30.0	30.0
146	34	Chad	49.8	28.9	13.6	13.1	44.6	92.7	96.3	28.2	54.5	74.2	52.0	60.0	40.0
147	30	Tajikistan	49.7	29.5	9.1	17.8	95.3	72.4	80.0	56.9	43.1	67.1	69.6	25.0	30.0
148	31	Nepal	49.7	37.4	34.1	33.8	82.6	77.2	51.5	60.2	51.5	70.0	57.6	10.0	30.0
149	32	Burma	49.6	23.1	16.7	29.8	87.2	86.8	67.2	41.7	49.6	73.9	69.4	30.0	20.0
150	35	Ethiopia	49.6	38.1	20.5	33.2	78.3	93.0	81.6	42.7	38.8	57.7	61.4	30.0	20.0
151	33	Laos	49.2	41.1	11.1	20.4	87.2	88.4	44.0	60.5	44.3	71.8	66.8	35.0	20.0

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World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
152	11	Egypt	49.1	39.0	22.1	28.7	87.1	75.7	3.7	54.1	32.9	70.9	60.2	65.0	50.0
153	34	Pakistan	48.8	29.0	28.5	27.4	78.0	85.1	4.8	49.5	51.6	65.9	65.8	60.0	40.0
154	36	Zambia	48.7	38.3	45.2	30.8	70.9	73.3	0.0	44.2	41.9	66.4	68.2	55.0	50.0
155	37	Congo, Rep.	48.5	30.4	14.9	13.4	82.4	86.0	80.0	29.5	43.3	80.5	56.4	35.0	30.0
156	29	Suriname	48.1	51.2	45.8	37.6	70.2	66.6	0.0	52.7	64.2	58.4	60.6	40.0	30.0
157	38	Lesotho	48.1	45.0	44.1	42.8	77.4	4.5	27.5	44.2	58.3	75.9	62.2	55.0	40.0
158	35	China	48.0	43.7	37.4	39.3	71.2	64.2	11.1	68.8	57.2	70.0	73.2	20.0	20.0
159	39	Liberia	47.9	32.2	23.4	25.1	86.1	68.0	64.6	34.8	43.2	61.7	60.8	55.0	20.0
160	40	Congo, Dem. Rep.	47.6	14.8	13.2	11.8	74.4	95.7	97.4	28.3	54.0	63.7	68.0	30.0	20.0
161	36	Maldives	47.3	47.2	32.1	43.1	96.9	55.2	0.0	39.8	51.6	77.2	60.0	35.0	30.0
162	12	Lebanon	47.3	33.7	27.4	22.8	88.5	77.4	0.0	48.8	54.2	41.1	74.2	50.0	50.0
163	41	Equatorial Guinea	47.2	18.9	6.9	6.5	75.1	91.0	94.8	34.4	46.5	73.0	48.8	40.0	30.0
164	37	Timor-Leste	46.3	30.8	35.3	38.2	97.6	0.0	19.7	57.9	56.2	79.5	75.0	45.0	20.0
165	38	Turkmenistan	46.2	19.0	8.3	7.4	92.6	94.5	98.0	37.5	30.7	72.7	74.2	10.0	10.0
166	42	Guinea-Bissau	46.0	29.1	14.0	15.9	88.8	85.8	31.3	31.5	56.4	83.4	55.8	30.0	30.0
167	13	Algeria	45.8	27.9	29.7	30.1	67.2	57.1	38.6	50.0	51.5	80.1	57.4	30.0	30.0
168	43	Central African Republic	45.7	7.1	12.3	18.3	65.3	88.1	95.2	26.5	39.5	75.3	46.2	45.0	30.0
169	30	Bolivia	43.0	14.1	28.4	28.7	86.0	58.8	10.9	54.7	46.2	72.8	60.8	15.0	40.0
170	14	Iran	42.4	26.6	29.4	19.8	80.8	92.5	54.7	38.9	49.4	42.3	59.2	5.0	10.0
171	44	Eritrea	39.7	8.6	3.9	11.1	72.7	68.6	79.0	30.1	51.2	61.5	69.2	0.0	20.0
172	45	Burundi	39.4	18.8	7.1	12.2	77.1	76.4	10.3	27.5	41.5	70.3	51.0	50.0	30.0
173	46	Zimbabwe	33.1	20.8	16.3	20.6	66.1	87.2	79.8	36.9	34.9	0.0	0.0	25.0	10.0
174	47	Sudan	32.0	22.2	13.2	14.6	84.9	92.9	0.0	25.0	44.8	13.7	48.0	5.0	20.0
175	31	Cuba	29.5	31.5	15.6	39.9	48.4	0.0	11.4	41.1	20.0	61.8	64.0	10.0	10.0
176	32	Venezuela	24.8	0.2	4.6	7.1	74.1	78.3	0.0	30.8	37.6	0.0	54.8	0.0	10.0
177	39	Korea, North	3.0	16.3	6.5	3.8	0.0	0.0	0.0	5.0	5.0	0.0	0.0	0.0	0.0
N/A	N/A	Afghanistan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Iraq	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Libya	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Liechtenstein	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Somalia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Syria	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Yemen	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

THE 12 ECONOMIC FREEDOMS: POLICIES FOR LASTING PROGRESS AND PROSPERITY

The great aim of the struggle for liberty has been equality before the law.... Equality of the general rules of law and conduct... is the only kind of equality conducive to liberty and the only equality which we can secure without destroying liberty.

—Friedrich von Hayek¹

Economic freedom is valuable as an end itself and is a vital component of human dignity, autonomy, and personal empowerment. Just as important, however, is the fact that economic freedom provides a proven formula for economic progress and success.

Each measured aspect of economic freedom has a significant effect on economic growth and prosperity. Policies that allow greater freedom in any of the areas measured tend to spur growth. Growth, in turn, is an essential element in generating more opportunities for people to advance themselves economically, thereby reducing poverty and building lasting prosperity.

Economic freedom is best understood as a philosophy of governance that rejects dogma and embraces a diverse range of strategies for economic advancement. The competitive pressures of a marketplace that is open to new ideas and processes encourage both excellence and innovation.

When governments inject themselves into economic decision-making, their actions, however well-meaning, tend toward coercion,

standardization, and the restriction of freedom. They cannot possibly account for the individual circumstances and needs of individuals as effectively as a free marketplace can. And however well-meant they may be, they are nearly certain to impede efficiency and thus promote the waste of resources and effort. The *Index of Economic Freedom* provides compelling evidence that it is not the policies we fail to implement that hold back economic growth. Rather, it is the counterproductive policies that our governments all too often put in place.

Those who believe in economic freedom believe in the right of individuals to decide for themselves how to direct their lives. The added benefit from society's point of view is the proven power of self-directed individuals, whether working alone or working together in associations or corporations, to create the goods and services that best respond to the needs and desires of their fellow citizens.

No country provides perfect freedom to its citizens, and those that do permit high levels of freedom differ with respect to which aspects they believe are most important. That is consistent with the nature of liberty, which allows individuals and societies to craft their own unique paths to prosperity.

Throughout the previous editions of the *Index*, we have explored many critical aspects of

the relationships between individuals and governments. In measuring economic freedom, we have focused on a comprehensive yet far from exhaustive range of policy areas in which governments typically act for good or ill. However, by its very nature, the concept of freedom resists narrow definition, and each year seems to bring new challenges from those who seek to impose their own views or control the economic actions of others.

As new threats to economic freedom arise, our definitions and methodologies will continue to evolve so that we can provide as true a picture as possible of the state of economic freedom around the world.

DEFINING ECONOMIC FREEDOM

At its heart, economic freedom is about individual autonomy, concerned chiefly with the freedom of choice enjoyed by individuals in acquiring and using economic goods and resources. The underlying assumption of those who favor economic freedom is that individuals know their needs and desires best and that a self-directed life, guided by one's own philosophies and priorities rather than those of a government or technocratic elite, is the foundation of a fulfilling existence. Independence and self-respect flow from the ability and responsibility to take care of oneself and one's family and are invaluable contributors to human dignity and equality.

Because we live together with others in societies, individual autonomy can never be considered absolute. Many individuals regard the well-being of their families and communities as equal in importance to their own, and the personal rights enjoyed by one person may well end at his neighbor's doorstep. Decisions and activities that have an impact or potential impact on others are rightly constrained by societal norms and, in the most critical areas, by government laws or regulations.

In a market-oriented economy, societal norms, not government laws and regulations, are the primary regulators of behavior. Such norms grow organically out of society itself,

reflecting its history, its culture, and the experience of generations as they have learned how to live with one another. They guide our understanding of ethics, the etiquette of personal and professional relationships, and consumer tastes.

At their best, democratic political systems reflect societal norms in their laws and regulations, but even democratic governments, if unconstrained by constitutional or other traditional limits, may pose substantial threats to economic freedom. A constraint imposed on economic freedom by majority rule is no less a constraint than one imposed by an absolute ruler or oligarch. It is thus not so much the type of government that determines the degree of economic freedom as it is the extent to which government has limits beyond which it may not (or at least does not) go.

Inevitably, any discussion of economic freedom will focus on the critical relationship between the individual and government. In general, state action or government control that interferes with individual autonomy limits economic freedom.

However, the goal of economic freedom is not simply the absence of government coercion or constraint, but rather the creation and maintenance of a mutual sense of liberty for all. Some government action is necessary for the citizens of a nation to defend themselves and to promote the peaceful evolution of civil society, but when government action rises beyond the minimal necessary level, it is likely infringing on someone's economic or personal freedom.

Throughout history, governments have imposed a wide array of constraints on economic activity. Such constraints are sometimes imposed in the name of equality or some other ostensibly noble societal purpose. Most often, however, they are imposed for the benefit of societal elites or special interests. It is these groups, after all, that exercise the most influence on and control over the government and its institutions.

Government's excessive intrusion into wide spheres of economic activity comes with a high

cost to society as a whole. By substituting political judgments for those of the marketplace, government diverts entrepreneurial resources and energy from productive activities to rent-seeking: the quest for economically unearned benefits. The result is lower productivity, economic stagnation, and declining prosperity.

ASSESSING ECONOMIC FREEDOM

The *Index of Economic Freedom* takes a comprehensive view of economic freedom. Some of the aspects of economic freedom that are evaluated (for example, the extent of an economy's openness to global investment or trade) are concerned with a country's interactions with the rest of the world. Most, however, focus on policies within a country, assessing the liberty of individuals to use their labor or finances without undue restraint and government interference.

Each of the measured aspects of economic freedom plays a vital role in promoting and sustaining personal and national prosperity. All are complementary in their impact, however, and progress in one area is often likely to reinforce or even inspire progress in another. Similarly, repressed economic freedom in one area (for example, a lack of respect for property rights) may make it much more difficult to achieve high levels of freedom in other categories.

The 12 aspects of economic freedom measured in the *Index* are grouped into four broad categories:

- **Rule of law** (property rights, judicial effectiveness, and government integrity);
- **Government size** (tax burden, government spending, and fiscal health);
- **Regulatory efficiency** (business freedom, labor freedom, and monetary freedom); and
- **Market openness** (trade freedom, investment freedom, and financial freedom).

Rule of Law

Property Rights. In a fully functioning market economy, the ability to accumulate private property and wealth is a central motivating force for both workers and investors. The recognition of private property rights and an effective rule of law to protect them are vital features of any such economy. Secure property rights give citizens the confidence to undertake entrepreneurial activity, save their income, and make long-term plans because they know that their income, savings, and property (both real and intellectual) are safe from unfair expropriation or theft.

Property rights are a primary factor in the accumulation of capital for production and investment. Secure titling is key to unlocking the wealth embodied in real estate, making natural resources available for economic use, and providing collateral for investment financing. It is also through the extension and protection of property rights that societies avoid the “tragedy of the commons,” the phenomenon that leads to the degradation and exploitation of property that is held communally and for which no one is accountable.

A key aspect of the protection of property rights is the enforcement of contracts. The voluntary undertaking of contractual obligations is the foundation of the market system and the basis for economic specialization, gains from commercial exchange, and trade among nations. Evenhanded government enforcement of private contracts is essential to ensuring equity and integrity in the marketplace.

Judicial Effectiveness. Well-functioning legal frameworks protect the rights of all citizens against infringement of the law by others, including by governments and powerful parties. As an essential component of the rule of law, judicial effectiveness requires efficient and fair judicial systems to ensure that laws are fully respected and that appropriate legal actions are taken against violations.

Judicial effectiveness, especially for developing countries, may be the area of economic freedom that is most important in laying the

foundations for economic growth. In advanced economies, deviations from judicial effectiveness may be the first signs of serious problems that will lead to economic decline.

There is abundant evidence from around the world that an honest, fair, and effective judicial system is a critical factor in empowering individuals, ending discrimination, and enhancing competition. In the never-ending struggle to improve the human condition and achieve greater prosperity, an institutional commitment to the preservation and advancement of judicial effectiveness is critical.

Government Integrity. In a world characterized by social and cultural diversity, practices regarded as corrupt in one place may simply reflect traditional interactions in another. For example, small informal payments to service providers or even government officials may be regarded variously as a normal means of compensation, a “tip” for unusually good service, or a corrupt form of extortion.

While such practices may indeed constrain an individual’s economic freedom, their impact on the economic system as a whole is likely to be modest. Of far greater concern is the systemic corruption of government institutions by such practices as bribery, nepotism, cronyism, patronage, embezzlement, and graft. Though not all are crimes in every society or circumstance, these practices erode the integrity of government wherever they are practiced. By allowing some individuals or special interests to gain government benefits at the expense of others, they are grossly incompatible with the principles of fair and equal treatment that are essential ingredients of an economically free society.

There is a direct relationship between the extent of government intervention in economic activity and the prevalence of corruption. In particular, excessive and redundant government regulations provide opportunities for bribery and graft. Corrupt practices like bribery and graft, in turn, are detrimental to economic growth and development. In addition, government regulations or restrictions in one

area may create informal or black markets in another. For example, by imposing numerous burdensome barriers to conducting business, including regulatory red tape and high transaction costs, a government can incentivize bribery and encourage illegitimate and secret interactions that compromise the transparency that is essential for the efficient functioning of a free market.

Government Size

Tax Burden. All governments impose fiscal burdens on economic activity through taxation and borrowing. Governments that permit individuals and businesses to keep and manage a larger share of their income and wealth for their own benefit and use, however, maximize economic freedom.

The higher the government’s share of income or wealth, the lower the individual’s reward for his or her economic activity and the lower the incentive to undertake work at all. Higher tax rates reduce the ability of individuals and firms to pursue their goals in the marketplace and thereby also reduce the level of overall private-sector activity.

Individual and corporate income tax rates are an important and direct constraint on an individual’s economic freedom and are reflected as such in the *Index*, but they are not a comprehensive measure of the tax burden. Governments impose many other indirect taxes, including payroll, sales, and excise taxes, as well as tariffs and value-added taxes (VATs). In the *Index of Economic Freedom*, the burden of these taxes is captured by measuring the overall tax burden from all forms of taxation as a percentage of total gross domestic product (GDP).

Government Spending. The cost, size, and intrusiveness of government taken together are a central economic freedom issue that the *Index* measures in a variety of ways. Government spending comes in many forms, not all of which are equally harmful to economic freedom. Some government spending (for example, to provide infrastructure, fund research, or improve human capital) may be considered investment.

Government also spends on public goods, the benefits of which accrue broadly to society in ways that markets cannot price appropriately.

All government spending, however, must eventually be financed by higher taxation and entails an opportunity cost. This cost is the value of the consumption or investment that would have occurred had the resources involved been left in the private sector.

Excessive government spending runs a great risk of crowding out private economic activity. Even if an economy achieves faster growth through more government spending, such economic expansion tends to be only temporary, distorting the market allocation of resources and private investment incentives. Even worse, a government's insulation from market discipline often leads to bureaucracy, lower productivity, inefficiency, and mounting public debt that imposes an even greater burden on future generations.

Fiscal Health. A government's budget is one of the clearest indicators of the extent to which it respects the principle of limited government. By delineating priorities and allocating resources, a budget signals clearly both the areas in which government will intervene in economic activity and the extent of that intervention. Beyond that, however, a budget reflects a government's commitment (or lack thereof) to sound financial management of resources, which is both essential for dynamic long-term economic expansion and critical to the advancement of economic freedom.

Widening deficits and a growing debt burden, both of which are direct consequences of poor government budget management, lead to the erosion of a country's overall fiscal health. Deviations from sound fiscal positions often disturb macroeconomic stability, induce economic uncertainty, and thus limit economic freedom.

Debt is an accumulation of budget deficits over time. In theory, debt financing of public spending could make a positive contribution to productive investment and ultimately to economic growth. Debt could also be a mechanism for positive macroeconomic countercyclical

interventions or even long-term growth policies. On the other hand, high levels of public debt may have numerous negative impacts such as raising interest rates, crowding out private investment, and limiting government's flexibility in responding to economic crises. Mounting public debt driven by persistent budget deficits, particularly spending that merely boosts government consumption or transfer payments, often undermines overall productivity growth and leads ultimately to economic stagnation rather than growth.

Regulatory Efficiency

Business Freedom. An individual's ability to establish and run an enterprise without undue interference from the state is one of the most fundamental indicators of economic freedom. Burdensome and redundant regulations are the most common barriers to the free conduct of entrepreneurial activity. By increasing the costs of production, regulations can make it difficult for entrepreneurs to succeed in the marketplace.

Many regulations hinder business productivity and profitability, but the ones that most inhibit entrepreneurship are often those that are associated with licensing new businesses. In some countries, as well as many states in the United States, the procedure for obtaining a business license can be as simple as mailing in a registration form with a minimal fee. In Singapore, starting a business takes only a day and a half and two procedures, and there is no minimum-capital requirement. In other economies, such as India and parts of South America, the process for obtaining a business license can take much longer and involve endless trips to government offices and repeated encounters with officious and sometimes corrupt bureaucrats.

Once a business is open, government regulation may interfere with the normal decision-making or price-setting process. Interestingly, two countries with the same set of regulations can impose different regulatory burdens. If one country applies its regulations

evenly and transparently, it can lower the regulatory burden by facilitating long-term business planning. If the other applies regulations inconsistently, it raises the regulatory burden by creating an unpredictable business environment.

Labor Freedom. The ability of individuals to find employment opportunities and work is a key component of economic freedom. By the same token, the ability of businesses to contract freely for labor and dismiss redundant workers when they are no longer needed is essential to enhancing productivity and sustaining overall economic growth.

The core principle of any economically free market is voluntary exchange. That is just as true in the labor market as it is in the market for goods.

State intervention generates the same problems in the labor market that it produces in any other market. Government labor regulations take a variety of forms, including minimum wages or other wage controls, limits on hours worked or other workplace conditions, restrictions on hiring and firing, and other constraints. In many countries, unions play an important role in regulating labor freedom and, depending on the nature of their activity, may be either a force for greater freedom or an impediment to the efficient functioning of labor markets.

Onerous labor laws penalize businesses and workers alike. Rigid labor regulations prevent employers and employees from freely negotiating changes in terms and conditions of work, and the result is often a chronic mismatch of labor supply and demand.

Monetary Freedom. Monetary freedom requires a stable currency and market-determined prices. Whether acting as entrepreneurs or as consumers, economically free people need a steady and reliable currency as a medium of exchange, unit of account, and store of value. Without monetary freedom, it is difficult to create long-term value or amass capital.

The value of a country's currency can be influenced significantly by the monetary policy of its government. With a monetary policy that

endeavors to fight inflation, maintain price stability, and preserve the nation's wealth, people can rely on market prices for the foreseeable future. Investments, savings, and other longer-term plans can be made more confidently. An inflationary policy, by contrast, confiscates wealth like an invisible tax and distorts prices, misallocates resources, and raises the cost of doing business.

There is no single accepted theory of the right monetary policy for a free society. At one time, the gold standard enjoyed widespread support. What characterizes almost all monetary theories today, however, is support for low inflation and an independent central bank. There is also widespread recognition that price controls corrupt market efficiency and lead to shortages or surpluses.

Market Openness

Trade Freedom. Many governments restrict their citizens' ability to interact freely as buyers or sellers in the international marketplace. Trade restrictions can manifest themselves in the form of tariffs, export taxes, trade quotas, or outright trade bans. However, these are not the only impediments to the freedom to trade, which may be hampered as well by nontariff barriers that are related to various licensing, standard-setting, and other regulatory actions. Given the development of global supply chains and cross-border production processes, businesses increasingly value stability in trade policy. Capricious government actions that create uncertainty about future trade conditions may thus have a negative impact on trade freedom that goes beyond their immediate economic effect.

The degree to which government hinders the free flow of foreign commerce has a direct bearing on the ability of individuals to pursue their economic goals and maximize their productivity and well-being. Tariffs, for example, directly increase the prices that local consumers pay for foreign imports, but they also distort production incentives for local producers, causing them to produce either a good in which they

lack a comparative advantage or more of a protected good than is economically ideal. This impedes overall economic efficiency and growth.

In many cases, trade limitations also limit the productive development of local entrepreneurs by putting advanced-technology products and services beyond their reach.

Investment Freedom. A free and open investment environment provides maximum entrepreneurial opportunities and incentives for expanded economic activity, greater productivity, and job creation. The benefits of such an environment flow not only to the individual companies that take the entrepreneurial risk in expectation of greater return, but also to society as a whole. An effective investment framework is characterized by transparency and equity, supporting all types of firms rather than just large or strategically important companies, and encourages rather than discourages innovation and competition.

Restrictions on the movement of capital, both domestic and international, undermine the efficient allocation of resources and reduce productivity, thereby distorting economic decision-making. Restrictions on cross-border investment can limit both inflows and outflows of capital, thereby shrinking markets and reducing opportunities for growth.

In an environment in which individuals and companies are free to choose where and how to invest, capital can flow to its best uses: to the sectors and activities where it is most needed and the returns are greatest. State action to redirect the flow of capital and limit choice is an imposition on the freedom of both the investor and the person seeking capital. The more restrictions a country imposes on investment, the lower its level of entrepreneurial activity.

Financial Freedom. An accessible and efficiently functioning formal financial system ensures the availability of diversified savings, credit, payment, and investment services to individuals and businesses. By expanding financing opportunities and promoting entrepreneurship, an open banking environment encourages competition in order to provide

the most efficient financial intermediation between households and firms as well as between investors and entrepreneurs.

Through a process driven by supply and demand, markets provide real-time information on prices and immediate discipline for those who have made bad decisions. This process depends on transparency in the market and the integrity of the information that is made available. A prudent and effective regulatory system, through disclosure requirements and independent auditing, ensures both.

Increasingly, the central role played by banks is being complemented by other financial services that offer alternative means for raising capital or diversifying risk. As with the banking system, the useful role for government in regulating these institutions lies in ensuring transparency and integrity and in promoting disclosure of assets, liabilities, and risks.

State banking and financial regulation that goes beyond the assurance of transparency and honesty in financial markets can impede efficiency, increase the costs of financing entrepreneurial activity, and limit competition. If the government intervenes in the stock market, for instance, it contravenes the choices of millions of individuals by interfering with the pricing of capital—the most critical function of a market economy.

ECONOMIC FREEDOM: MORE THAN A GOOD BUSINESS ENVIRONMENT

Economic freedom is about much more than a business environment in which entrepreneurship and prosperity can flourish. With its far-reaching impacts on various aspects of human development, economic freedom empowers people, unleashes powerful forces of choice and opportunity, nourishes other liberties, and improves the overall quality of life.

No other system—and many have been tried—comes close to the record of free-market capitalism in promoting growth and enhancing the human condition. The undeniable link between economic freedom and prosperity is a

striking demonstration of what people can do when they have maximum opportunity to pursue their own interests within the rule of law.

ENDNOTE

1. Friedrich von Hayek, *The Constitution of Liberty* (Chicago: University of Chicago Press, 1960).

**ECONOMIC FREEDOM
IN 2022**

ECONOMIC FREEDOM MATTERS NOW MORE THAN EVER

During the past two years, the ongoing pandemic has eclipsed all other factors that affect economic growth, development, and the advancement of economic freedom, and it has done so on an unprecedented global scale. Since early 2020, the global economy has dealt with one of the greatest political, social, and economic challenges the world has ever faced. The livelihoods of millions of people have been deeply disrupted both by the health impacts of the pandemic and—perhaps even more—by governments’ responses to it in the form of lockdowns, travel bans, and restrictions on trade, all of which have caused real and heavy economic and social costs.

Even countries only modestly affected by the disease itself have suffered severely from the contraction of global economic activity. The economic policy landscapes around the world have taken sharp and varying turns with divergent impacts across countries.

The ultimate cost of the pandemic remains unknown and difficult to predict. Many countries slowed reopenings or reinstated partial lockdowns to protect susceptible populations.

From an economic policy point of view, the imperative now is for governments to avoid compounding the problem with ill-advised actions that distort markets, destroy incentives to work and innovate, or otherwise diminish the prospects for rapid recovery and growth. In the long run, the proven way to revitalize the economic life of societies in the most broad-based,

meaningful way is by restoring what we know has worked best: economic freedom, not greater government control and management.

RESTORING ECONOMIC FREEDOM: IMPERATIVE FOR RECOVERY AND RESILIENCE

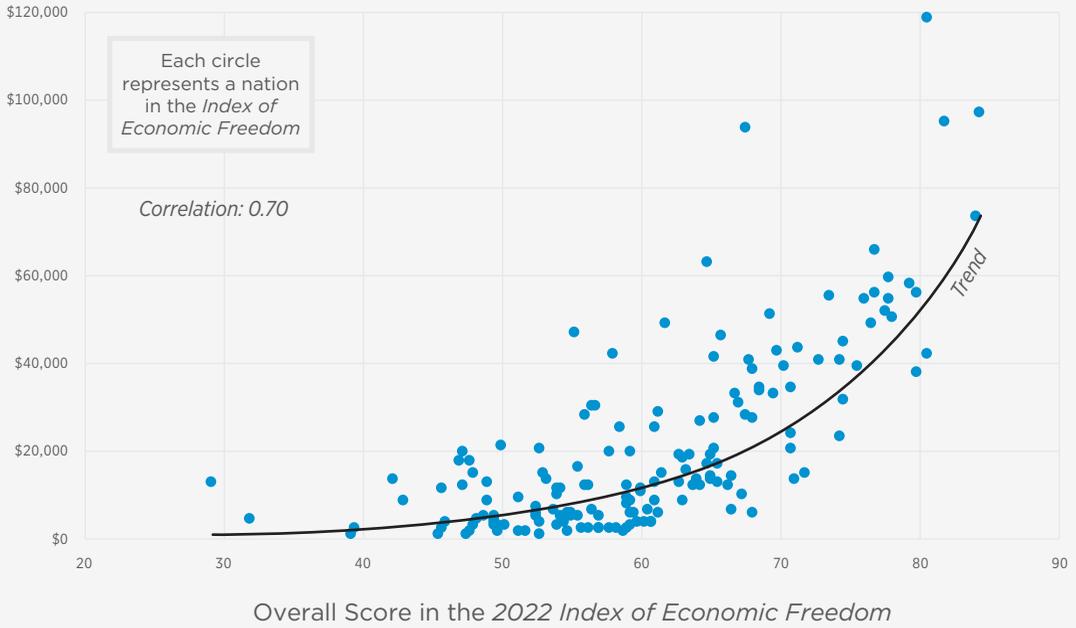
In the midst of the economic turmoil accompanying the pandemic and slower growth, the principles of economic freedom have been questioned and put to the test. Populist attacks on the free market, fueled by politics in many countries around the world as well as by actual coronavirus-related setbacks to the economy, have gained greater momentum.

For the past 28 years since 1995, the *Index of Economic Freedom* has measured the advances and retreats in economic freedom around the globe country by country, correlating those changes with fundamental measures of economic well-being like economic growth, reductions in poverty, various social indicators like longevity and health, and environmental protection.

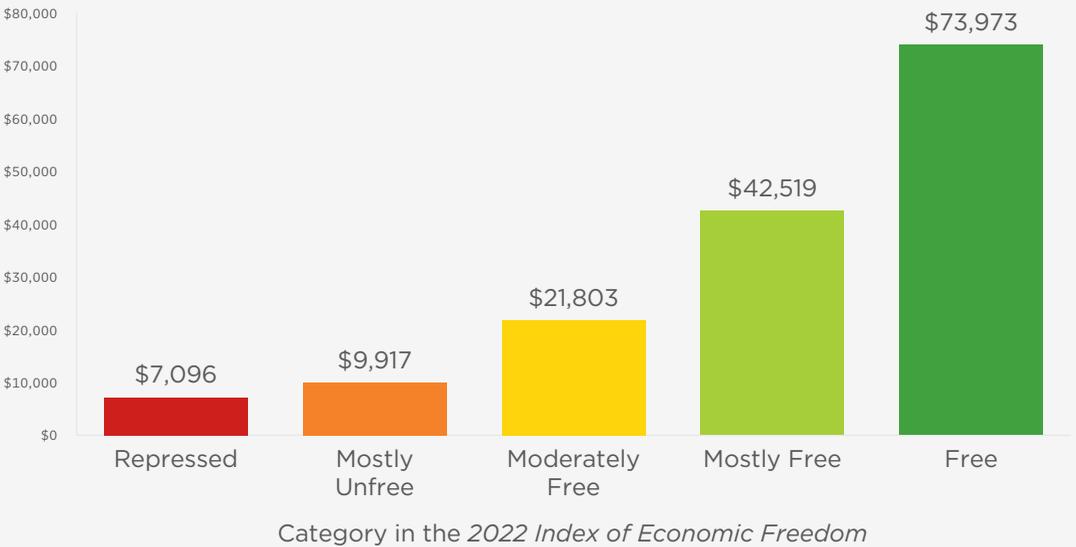
It has become clear that a nation’s capacity to develop and prosper hinges on its economic system and the quality of its institutions. Economic freedom, prosperity, and resilience are undeniably and strongly linked. As the global economy undergoes the challenging pandemic era, the overarching objective of economic policies must continue to be about guarding the interplay between freedom and prosperity

ECONOMIC FREEDOM AND STANDARD OF LIVING

GDP per Capita, Purchasing Power Parity, 2020



Average GDP per Capita, Purchasing Power Parity, 2020

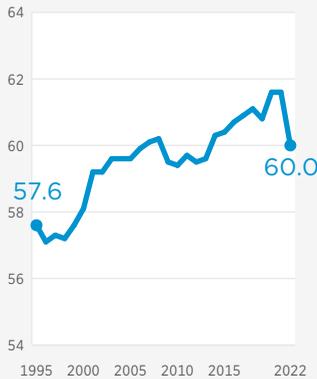


NOTE: North Korea is not included.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>, and International Monetary Fund, *World Economic Outlook* database, April 2021, <https://www.imf.org/en/Publications/WEO/weo-database/2021/April> (accessed January 11, 2022).

AS ECONOMIC FREEDOM RISES, THE GLOBAL ECONOMY EXPANDS AND POVERTY FALLS

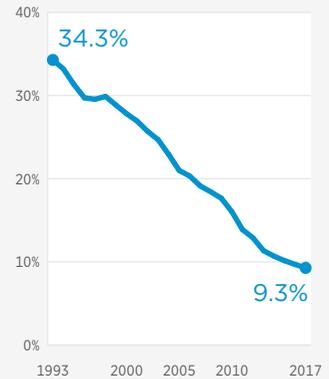
Average Score in the *Index of Economic Freedom*



Global GDP, in Trillions of 2015 U.S. Dollars



Percentage of Global Population Living in Abject Poverty



SOURCES: World Bank, “GDP (Constant 2015 US\$),” <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD> (accessed October 28, 2021); World Bank, “Regional Aggregation Using 2011 PPP and \$1.9/Day Poverty Line,” <http://iresearch.worldbank.org/povcalnet/povDuplicateWB.aspx> (accessed October 28, 2021); and Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 2  heritage.org

while reinforcing the values of transparency and good economic governance.

The current pandemic situation does not change these fundamentals. Economic freedom, buttressed by the rule of law, fiscal responsibility, market openness, and sound regulatory environments, remains the surest pathway to resilience and prosperity.

The need to advance economic freedom and vibrant entrepreneurial growth is more imperative than ever. No other economic system has proven to be as adaptive to new challenges as has free-market capitalism built on the principles of economic freedom. The dispersed information-gathering processes and price-setting power of free markets guide change far more efficiently than centralized political processes, which are typically slow and often biased toward the status quo, ever can.

Free markets and free enterprises, sustained by economic freedom, stimulate both the innovation and the practical solutions in all realms

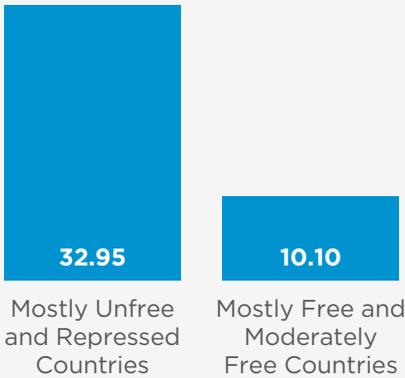
that are necessary for progress and sustainable recovery, and this enables better jobs, better products, and healthier, cleaner, and safer societies for all.

ECONOMIC FREEDOM: KEY TO PROSPERITY AND IMPROVING THE STATE OF THE WORLD

The most fundamental benefit of economic freedom stems from the strong positive relationship between economic freedom and levels of per capita income. As indicated in Chart 1, countries moving up the economic freedom scale show increasingly high levels of average income. For countries achieving scores that reflect even moderate levels of economic freedom (60 or above), the relationship between economic freedom and per capita gross domestic product (GDP) is highly significant. Economies rated “free” or “mostly free” in the 2022 *Index* enjoy incomes that on average are more than three times higher than those in other

POVERTY INTENSITY

Average Percentage of Population Living in Multidimensional Poverty



NOTE: Represented are the 88 developing countries scored in both indexes.

SOURCES: United Nations Development Programme, *2021 Global Multidimensional Poverty Index*, <http://hdr.undp.org/en/2021-MPI> (accessed January 11, 2022), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 3  heritage.org

countries and almost seven times higher than the average incomes of “repressed” economies.

By a great many measures, over the past decades, those countries that have adopted some version of free-market capitalism with businesses supported by efficient regulations and open to the free flow of goods, services, and capital have broken the vicious cycle of poverty and dependence.

Without question, the free-market system that is rooted in empowerment of the individual and open competition has fueled unprecedented economic growth around the world. As Chart 2 illustrates, for more than two decades, as the global economy has moved toward greater economic freedom, becoming “moderately free” overall, the world economy has also achieved real GDP expansion of more than 100 percent. This progress has lifted hundreds of millions of people out of poverty.

With global economic freedom rising steadily over the past two decades, the world has recorded significant economic expansion despite some ups and downs. Meanwhile, the global abject poverty rate has declined by more than two-thirds. Opening the gates of prosperity to ever more people around the world, economic freedom has made the world a profoundly better place.

More people are living longer and more fulfilling lives than ever before. Greater economic freedom, as one of the most effective means by which to eliminate poverty, has a major positive impact on levels of poverty as well. Poverty intensity, as measured by the United Nations Development Programme’s Multidimensional Poverty Index (MPI), which assesses the nature and intensity of deprivation at the individual level in education, health outcomes, and standard of living, is also much lower on average in developing countries with higher levels of economic freedom. As depicted in Chart 3, the intensity of poverty in countries with economies that are considered “mostly free” or “moderately free” is only about one-third the level in countries that are rated “mostly unfree” or “repressed.”

ECONOMIC FREEDOM: DRIVING VIBRANT AND RESILIENT GROWTH

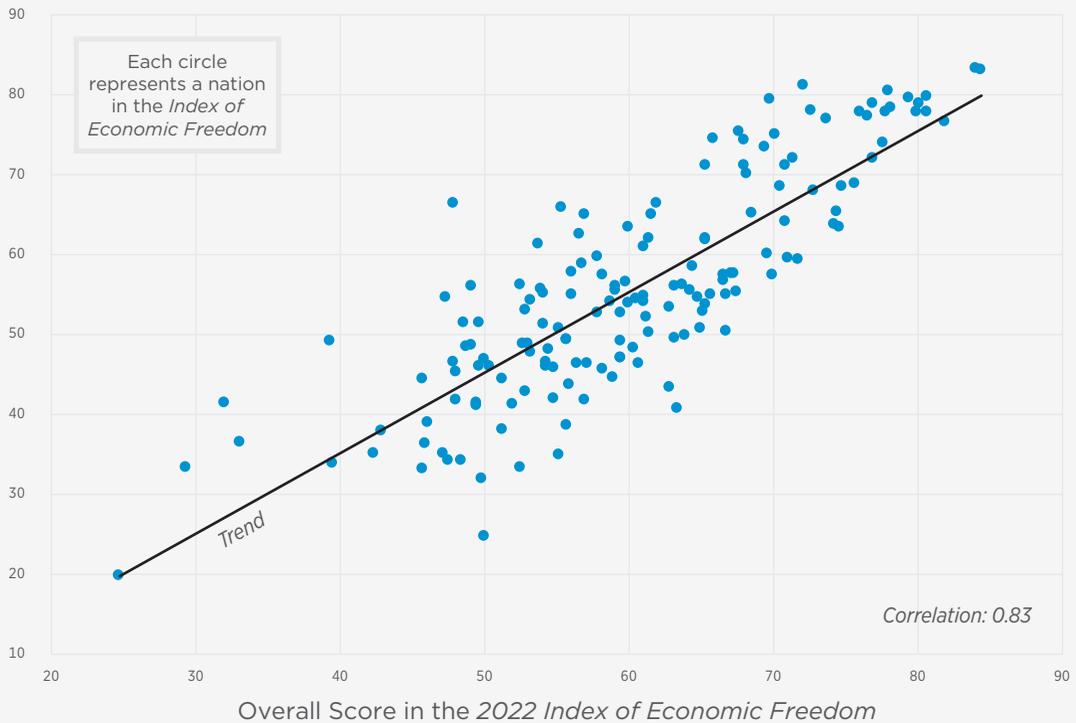
In addition, economic freedom is closely related to the openness to entrepreneurial activity that allows individuals to innovate, respond to new opportunities in the marketplace, and enjoy success based on their own efforts.

Chart 4 shows the close correlation between economic freedom and entrepreneurial opportunity. Given this positive relationship, governments should be cautious in undertaking short-sighted stimulus programs that increase their own spending or add new layers of regulation, both of which reduce economic freedom.

The best results are likely to be achieved instead through policy reforms that improve the incentives that drive entrepreneurial activity. These reforms include improvements in the

ENTERPRISE CONDITIONS AND ECONOMIC FREEDOM GO HAND IN HAND

Enterprise Conditions from the 2021 *Legatum Prosperity Index*



NOTE: Represented are the 159 countries scored in both indexes.

SOURCES: Legatum Institute, *The Legatum Prosperity Index*TM, 2021, https://www.prosperity.com/download_file/view_inline/4429 (accessed January 11, 2021), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 4  heritage.org

efficiency of business and labor regulations, reductions in tariffs and other barriers to trade or investment, and financial reforms to increase competition, ensure stability, and improve and broaden access to credit.

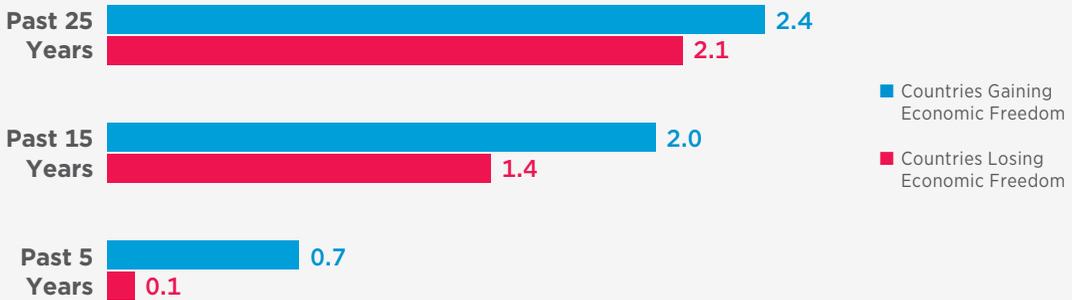
As documented here and in previous editions of the *Index*, as well as in volumes of academic research, vibrant and lasting economic growth is likely when governments implement policies that enhance economic freedom and empower individuals with greater choice and more opportunities. Advancing economic freedom is a proven policy for dynamic economic expansion and is likely to be the surest path to true progress for the greatest number of people.

As Chart 5 demonstrates, there is a robust relationship between improving economic freedom and achieving higher per capita economic growth. Whether long-term (25 years), medium-term (15 years), or short-term (five years), the relationship between changes in economic freedom and changes in economic growth is consistently positive. Improvements in economic freedom are a vital determinant of rates of economic expansion that the record shows will reduce poverty.

Undeniably, countries moving toward greater economic freedom tend to achieve higher growth rates of per capita GDP over time. Throughout all the time periods considered,

INCREASING ECONOMIC FREEDOM AND ECONOMIC GROWTH

Average Annual Growth of GDP per Capita
(Purchasing Power Parity)



NOTES: Figures are country averages in which both *Index* scores and data on GDP growth are available over the same time period. Five-year growth rates include 166 countries, 15-year growth rates include 144 countries, and 25-year growth rates include 144 countries.

SOURCES: World Bank, “GDP per Capita Growth (Annual %),” <https://data.worldbank.org/indicator/NY.GDP.PCAP.KD.ZG> (accessed December 8, 2020), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 5  heritage.org

the average annual per capita economic growth rates of countries that have increased economic freedom the most are significantly higher than those of countries in which freedom has stagnated or declined.

ECONOMIC FREEDOM: ENSURING GREATER WELL-BEING AND CULTIVATING POLITICAL FREEDOM

Increasing economic freedom is unequivocally about achieving greater overall prosperity that includes but goes beyond the materialistic and monetary dimensions of well-being. The societal benefits of economic freedom extend far beyond higher incomes or lower rates of poverty. Countries with higher levels of economic freedom enjoy higher levels of overall human development as measured by the United Nations Human Development Index (HDI), which measures life expectancy, literacy, education, and standards of living in countries worldwide.

As Chart 6 shows, governments that choose policies that increase economic freedom are placing their societies on the path to more

educational opportunities, better health care, and greater standards of living for their citizens.

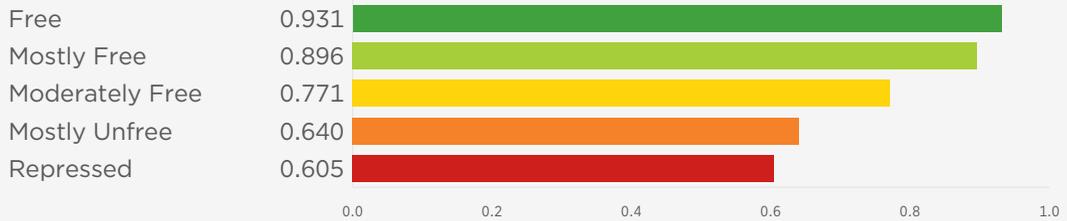
In recent years, environmentally related government policies and actions have been more intrusive and economically distortionary. Many of the world’s governments are pushing programs to tax carbon emissions, increase taxes on gasoline, and set up nontransparent and economically harmful exchanges and marketplaces for the buying and selling of carbon emissions and are using government revenue to subsidize various types of so-called clean energy. Such policies impose a huge cost on society and retard economic growth. Fortunately, the same free-market principles that have proven to be the key to economic success can also deliver environmental success.

In countries around the world, economic freedom has been shown to increase the capacity for environmentally friendly innovation. The positive link between economic freedom and higher levels of innovation ensures greater capacity to cope with environmental challenges, and the most remarkable improvements in clean energy use and energy

ECONOMIC FREEDOM AND HUMAN DEVELOPMENT

Category in the
2022 Index of
Economic Freedom

Average Human Development Index Score



NOTE: Represented are the 174 nations that are in both datasets.

SOURCES: U.N. Human Development Programme, *Human Development Report 2020*, <http://hdr.undp.org/sites/default/files/hdr2020.pdf> (accessed January 12, 2022), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 6 heritage.org

efficiency over the past decades have occurred not as a result of government regulation, but rather because of advances in economic freedom and freer trade.

The regulatory power of the marketplace, which is generally ignored and certainly underappreciated by advocates of big government, pushes firms to identify ever more efficient

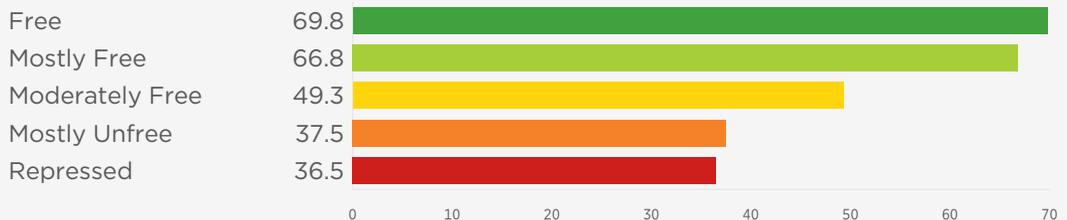
means of production and respond to consumer demands for environmental cleanliness and sustainability. The result is a virtuous cycle of investment, innovation (including in greener technologies), and dynamic economic growth. (See Chart 7 and Chart 8.)

Greater economic freedom can also provide more fertile ground for effective and

ECONOMIC FREEDOM AND ENVIRONMENTAL PERFORMANCE

Category in the
2022 Index of
Economic Freedom

Environmental Performance Index Score



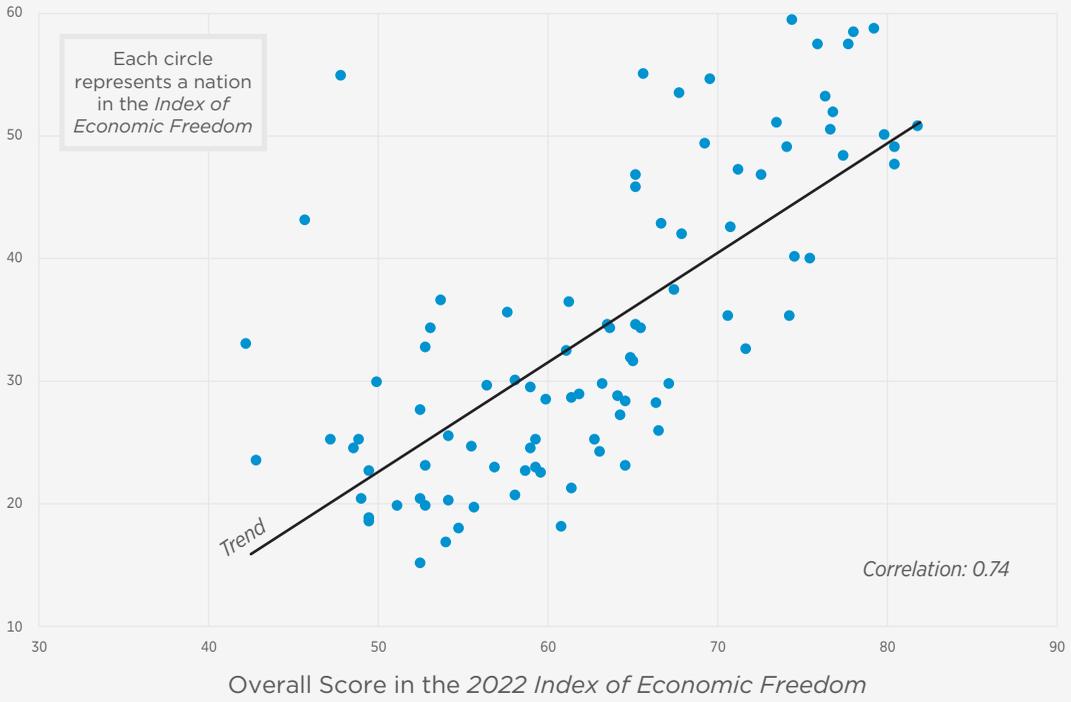
NOTE: Represented are the 175 nations that are in both datasets.

SOURCES: Yale University, *Environmental Performance Index 2020* (New Haven, CT: Yale Center for Environmental Law & Policy), <https://epi.envirocenter.yale.edu/> (accessed January 12, 2022), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 7 heritage.org

ECONOMIC FREEDOM AND GLOBAL INNOVATION

Global Innovation Index Score



NOTE: Represented are the 131 nations that are in both datasets.

SOURCES: World Intellectual Property Organization, *Global Innovation Index 2021*, <https://www.globalinnovationindex.org/gii-2021-report> (accessed January 12, 2022), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 8  heritage.org

democratic governance. Admittedly, the achievement of political freedom through a well-functioning democratic system is a messy and often excruciating process, but the positive relationship between economic freedom and democratic governance is undeniable. (See Chart 9.)

By empowering people to exercise greater control of their daily lives, economic freedom ultimately nurtures political reform by making it possible for individuals to gain the economic resources that they can use to challenge entrenched interests or compete for political power, thereby encouraging the creation of more pluralistic societies. Pursuit of greater economic freedom is thus an important stepping-stone

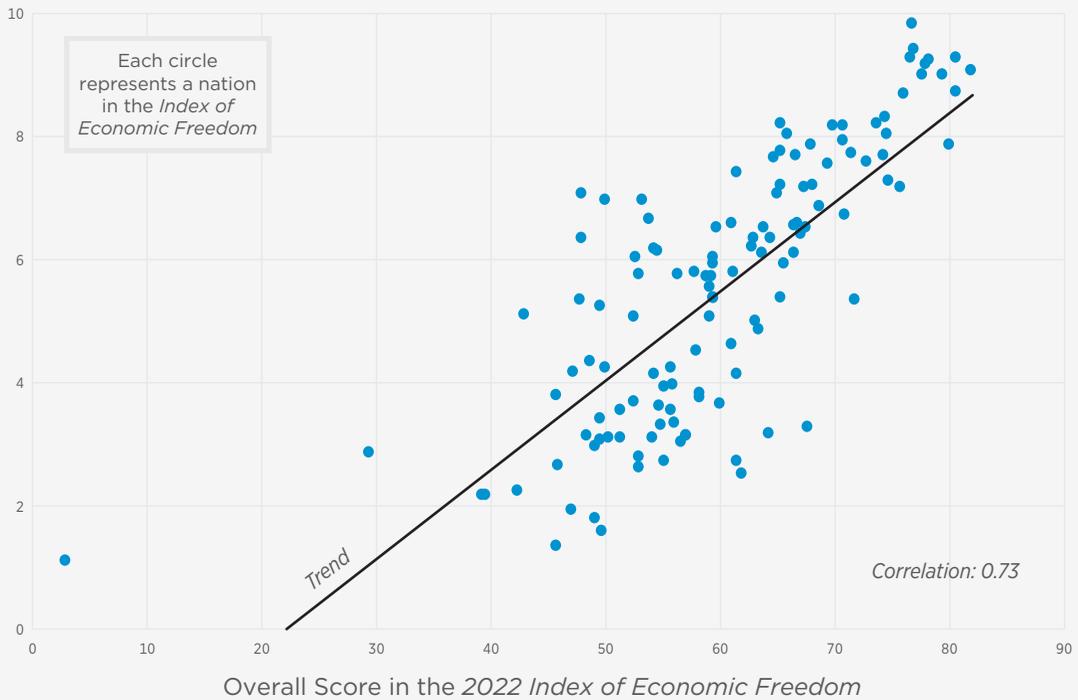
to democracy. It empowers the poor and builds the middle class.

ECONOMIC FREEDOM: THE FOUNDATION OF UPWARD MOBILITY AND SOCIAL PROGRESS

The massive improvements in global indicators of income and quality of life in recent decades reflect a paradigm shift in the debate about how societies should be structured economically to achieve the most optimal outcomes. This debate has largely been won by free-market capitalism. Criticisms persist, however, based primarily on the inequality of outcomes in a system that rewards individual

ECONOMIC FREEDOM AND DEMOCRATIC GOVERNANCE

Democracy Index 2020 Score



NOTE: Represented are the 159 nations that are in both datasets.

SOURCES: Economist Intelligence Unit, *Democracy Index 2020*, <https://www.eiu.com/topic/democracy-index> (accessed January 12, 2022), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 9  heritage.org

effort and ability, which differ within any population, and where differences in individuals' starting positions can sometimes have a profound effect on their end results.

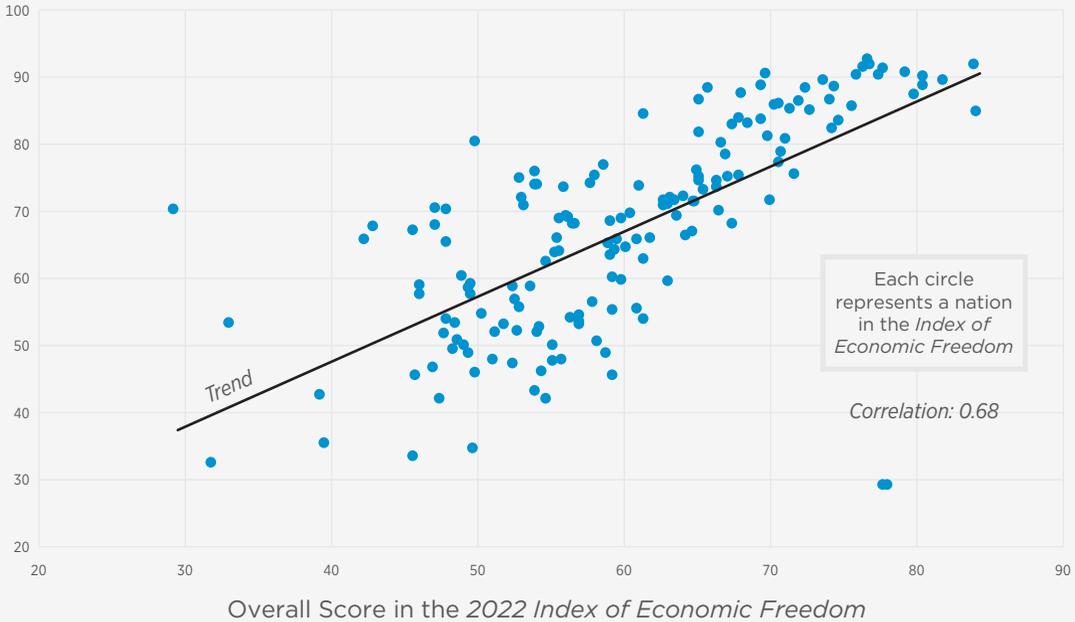
Alternatives to free-market capitalism, such as socialism, have proven to be both unequal to the task of eliminating inequality and counterproductive in that they tend to slow economic growth and thus reduce the resources that society has available to reduce poverty or pollution. Most advanced societies have thus opted for some version of free-market capitalism with various types of government intervention to redistribute resources within society. It is our hope that the *Index of Economic Freedom's* data on governments' tax, spending, and regulatory

activities can shed light on the relative impact of such interventions.

Ultimately, discussions of inequality are more about a society's values than they are about its economic system. At the heart of ensuring upward economic mobility is the task of advancing economic freedom so that dynamic and inclusive growth can occur meaningfully for *all* members of society. The evidence is strong that societies based on economic freedom are the societies in which social progress is strongest. Advancing economic freedom is really about putting in place growth-inducing pro-market policies that benefit the greatest possible number of people rather than the select few.

ECONOMIC FREEDOM AND SOCIAL PROGRESS

Social Progress Index Score



NOTE: Represented are the 161 nations that are in both datasets.

SOURCE: Social Progress Imperative, *2021 Social Progress Index*, <https://www.socialprogress.org/index> (accessed January 12, 2022), and Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 10  heritage.org

As shown in Chart 10, countries that provide an environment that is conducive to social progress also largely embrace economic freedom. Countries that improve their competitiveness and open their societies to new ideas, products, and innovations have largely achieved the high levels of social progress that their citizens demand. It is not massive redistributions of wealth or government dictates on income level that produce the most positive social outcomes.

TIME FOR RENEWAL, NOT RETREAT

The record is clear: Economically free and dynamic societies have demonstrated repeatedly that are able to improve standards of living and respond effectively to any crises that may

arise. This record includes countless individual stories of human progress and the achievements of countries and their citizens—billions of people around the world whose lives have measurably improved and who continue to strive for greater freedom to liberate themselves from the shackles of poverty and the socialism and stifling government policies that so often are implicated in its perseverance.

The path by which the global economy can emerge from the pandemic stronger than it was before runs through the renewal of commitments to the proven ideas of the free-market system.

In times of uncertainty, people naturally look to their governments for answers, but the lasting solutions to our current economic problems do not lie in more government controls and regulations. They lie in a return

to free-market principles that have unambiguously made our societies strong, vibrant, and flourishing.

A recurring theme of human history has been resilience and revival. The results of the 2022 *Index of Economic Freedom* demonstrate that by building on what works, countries can accelerate their progress against even the most difficult challenges and chart ever greater economic success.

ECONOMIC FREEDOM: REGIONAL VARIATIONS (REGIONAL AVERAGE)

Regional Ranking	The Americas (59.4)	Asia-Pacific (58.5)	Europe (69.5)	Middle East/ North Africa (56.9)	Sub-Saharan Africa (53.4)
1	Canada	Singapore	Switzerland	United Arab Emirates	Mauritius
2	Chile	New Zealand	Ireland	Israel	Cabo Verde
3	United States	Taiwan	Luxembourg	Qatar	Botswana
4	Barbados	Australia	Estonia	Bahrain	Côte d'Ivoire
5	Uruguay	Korea, South	Netherlands	Jordan	Seychelles
6	Bahamas	Japan	Finland	Morocco	Benin
7	Jamaica	Samoa	Denmark	Kuwait	São Tomé and Príncipe
8	Peru	Malaysia	Sweden	Oman	Senegal
9	St. Vincent & Grenadines	Brunei Darussalam	Iceland	Saudi Arabia	Ghana
10	Costa Rica	Indonesia	Norway	Tunisia	Tanzania
11	Panama	Kazakhstan	Germany	Egypt	Namibia
12	Colombia	Mongolia	Lithuania	Lebanon	Madagascar
13	Saint Lucia	Thailand	Latvia	Algeria	Burkina Faso
14	Mexico	Vanuatu	Czech Republic	Iran	Gambia
15	Guatemala	Philippines	Austria	Iraq	Togo
16	Dominican Republic	Micronesia	Cyprus	Libya	Rwanda
17	Paraguay	Tonga	United Kingdom	Syria	South Africa
18	El Salvador	Vietnam	Georgia	Yemen	Mali
19	Guyana	Bhutan	Malta		Gabon
20	Honduras	Kiribati	Bulgaria		Mauritania
21	Trinidad and Tobago	Cambodia	Portugal		Djibouti
22	Belize	Solomon Islands	Slovenia		Niger
23	Nicaragua	Fiji	Slovakia		Nigeria
24	Dominica	Kyrgyz Republic	Belgium		Uganda
25	Ecuador	Uzbekistan	Poland		Guinea
26	Brazil	Papua New Guinea	Spain		Malawi
27	Argentina	India	Croatia		Cameroon
28	Haiti	Sri Lanka	Romania		Kenya
29	Suriname	Bangladesh	Hungary		Angola
30	Bolivia	Tajikistan	Albania		Sierra Leone
31	Cuba	Nepal	France		Eswatini
32	Venezuela	Burma	North Macedonia		Mozambique
33		Laos	Italy		Comoros
34		Pakistan	Armenia		Chad
35		China	Serbia		Ethiopia
36		Maldives	Bosnia and Herzegovina		Zambia
37		Timor-Leste	Azerbaijan		Congo, Rep.
38		Turkmenistan	Greece		Lesotho
39		Korea, North	Moldova		Liberia
40		Afghanistan	Kosovo		Congo, Dem. Rep.
41			Montenegro		Equatorial Guinea
42			Turkey		Guinea-Bissau
43			Russia		Central African Republic
44			Ukraine		Eritrea
45			Belarus		Burundi
46			Liechtenstein		Zimbabwe
47					Sudan
48					Somalia

Economic Freedom Scores

- 80–100 Free
- 70–79.9 Mostly Free
- 60–69.9 Moderately Free
- 50–59.9 Mostly Unfree
- 0–49.9 Repressed
- Not Graded

REGIONAL DEVELOPMENTS IN ECONOMIC FREEDOM

The benefits of economic freedom—greater income and wealth, better health, and cleaner environments, among many others—are evident in each of the five global regions covered by the *Index of Economic Freedom*. However, there are substantial differences among the regions in terms of their levels of development and social and economic cultures that affect the relative importance of the various factors that influence an economic freedom score.

Scores this year also appear to have been affected significantly by government responses to the COVID pandemic, and the stringency of those responses differed markedly among the regions:

- Most stringent in the Asia–Pacific region and the Americas,
- Moderately stringent in Europe and the Middle East and North Africa, and
- Least stringent in Sub-Saharan Africa.

The various lockdowns and other restrictive measures taken by governments have reduced (and in certain sectors or geographic areas have virtually eliminated) levels of business freedom, labor freedom, and trade freedom, but it is on fiscal health that anti-COVID policies appear to have had the biggest impact, with every region except Sub-Saharan Africa losing more than 10

points of economic freedom in that category. It is imperative that governments everywhere restore the ability of firms and individuals to pursue their economic activities in as normal a way as possible, both to restore the tax base and to reduce the need for extra government spending to mitigate the negative impacts of these restrictive government policies.

In the longer term, individual countries looking to improve their scores should focus, as always, on the indicators in which they perform most poorly. A country that lags in the rule of law, for example, should concentrate on addressing corruption, judicial effectiveness, and the protection of property rights. Such focus can bring significant immediate gains in economic freedom and corresponding improvements in economic growth and prosperity. For a variety of historical, cultural, geographic, and other reasons, groups of individual countries in a region can reflect the same impact.

Many European countries, for example, have state-owned and state-operated facilities to provide health care, education, telecommunications, postal and delivery services, and elaborate social welfare programs. European governments participate in their economies in other ways as well, including through state-owned enterprises. These activities translate into high rates of government spending and taxation, which have a negative impact on economic freedom. Burdensome levels of taxation and extraordinarily high levels of

government spending can create unsustainable fiscal balances that crowd out more productive private-sector activities.

The Middle East and North Africa region falls far behind others in fiscal health with governments using debt to finance high spending on consumer subsidies and income redistribution schemes. Problems related to the rule of law are notable throughout the region, as is a lack of investment freedom in many countries.

While the Asia–Pacific region continues to lead the world in economic growth, expanding by an average annual rate of around 4 percent over the past five years, scores for investment freedom and financial freedom fall far below world standards in many countries. The region has several flourishing democracies, but authoritarian governments in China, North Korea, and other countries drag down regional averages on such rule-of-law indicators as judicial effectiveness and government integrity.

The continued presence of Bolivia, Cuba, and Venezuela in the very bottom ranks of the *Index* has been a significant drag on the regional score for the Americas—especially with respect to the rule of law. For most of the Latin American countries in the region, a culture of corruption holds back foreign investment and job growth, and the typically poor quality of the region’s regulatory environment stifles private businesses and the formal economy.

Sub-Saharan African countries trail world averages in almost every category of economic freedom, especially in scores for government integrity, business freedom, and financial

freedom. Ongoing deficiencies in scores for property rights and judicial effectiveness continue to reflect problems in governance that are both the cause and the effect of high levels of political instability and conflict throughout the region.

In terms of overall scores:

- **Europe** has long enjoyed the world’s highest levels of economic freedom. Its overall score in 2022 is nearly 10 points higher than the global average, and it has recorded margins of similar magnitude over the past five years.
- Economic freedom in the **Middle East and North Africa** region has fluctuated during the past half-decade but has generally scored near the world average overall.
- Similarly, the average economic freedom scores for the **Asia–Pacific** region and the **Americas** have tracked within two points above or below the global average in recent years, but there are wide variations in scores in both regions.
- **Sub-Saharan Africa**’s average overall economic freedom scores have consistently lagged behind those of the other four regions.

The following pages provide a more detailed look at each region and highlight significant developments in a few notable countries.



THE AMERICAS

THE AMERICAS

The 32 sovereign countries of the North and South American continents range from the advanced economies of Canada and the United States to the Caribbean’s tiny island states and the huge emerging markets of Latin America. Together, they account for more than one-quarter of the globe’s landmass and form one of the world’s most economically diverse regions. Poor nations in Central America, for example, share Iberian-rooted culture and history but little else with potential economic powerhouses like Mexico, Brazil, and Argentina.

Unfortunately, it seems that many countries in the region are at risk of sliding into another period of populist-leftist political resurgence. Not coincidentally, Communist China has become a dominant foreign power in Latin America. Apparently, many citizens in the region are either unaware of or have largely forgotten its painful history of suffering under past leftist governments that exploited now-unfamiliar but long-discredited Communist-socialist theories to justify the imposition of destructive Marxist economic

policies. What else could explain the following disturbing developments?

- **Colombia**, a linchpin of market democracy in the region, was under siege in 2021. Domestic grievances, driven especially by fallout from the coronavirus pandemic, fueled civil unrest, threatening the democratically elected government of President Iván Duque. These legitimate protests turned violent and deadly when they were co-opted as tools of asymmetric warfare by illicit armed non-state actors and urban terrorists affiliated with Venezuela, Cuba, and Iran.
- The election of an unknown leftist as president of **Peru** was another setback for economic freedom in the region in 2021. President Pedro Castillo has already signaled that he will govern according to the Hugo Chávez model, which means using democratic means first to acquire and maintain political power and then to undermine democracy and subvert government institutions to pave the way for an authoritarian state. Castillo has already announced a constituent assembly to rewrite Peru’s constitution, which is step number one.
- The brutal dictatorial regime of Daniel Ortega and Rosario Murillo in **Nicaragua** strengthened its iron grip on power in 2021. The pair guaranteed their November 2021 reelection by simply locking up all their opponents in advance of the election and excluding them from appearing on the ballot. They also jailed hundreds of other political opponents.
- **Chile**, a traditional home of economic freedom in Latin America, is another leftist target. Again, following the Hugo Chávez

THE AMERICAS: QUICK FACTS

TOTAL POPULATION: 1.02 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$31,992

1-YEAR GROWTH: -6.1%

5-YEAR GROWTH: -0.4%

INFLATION: 4.3%*

UNEMPLOYMENT RATE: 9.5%**

PUBLIC DEBT: 99.4% of GDP

* Excludes Venezuela and Cuba, ** Excludes Dominica.

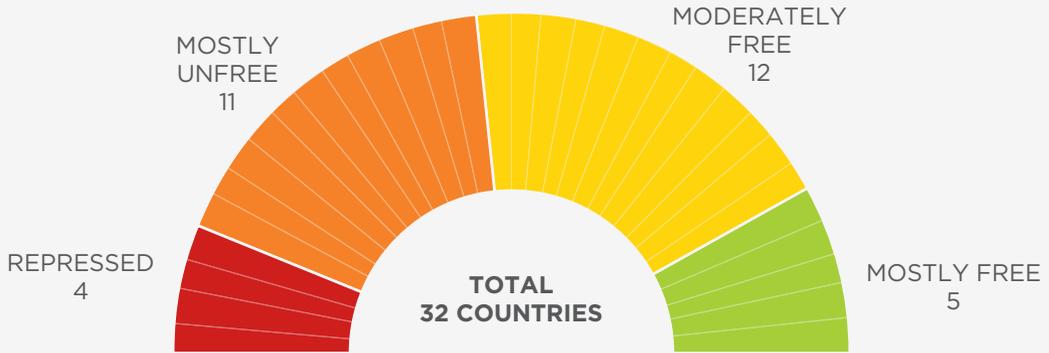
SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

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THE AMERICAS



THE AMERICAS: ECONOMIC FREEDOM SUMMARY

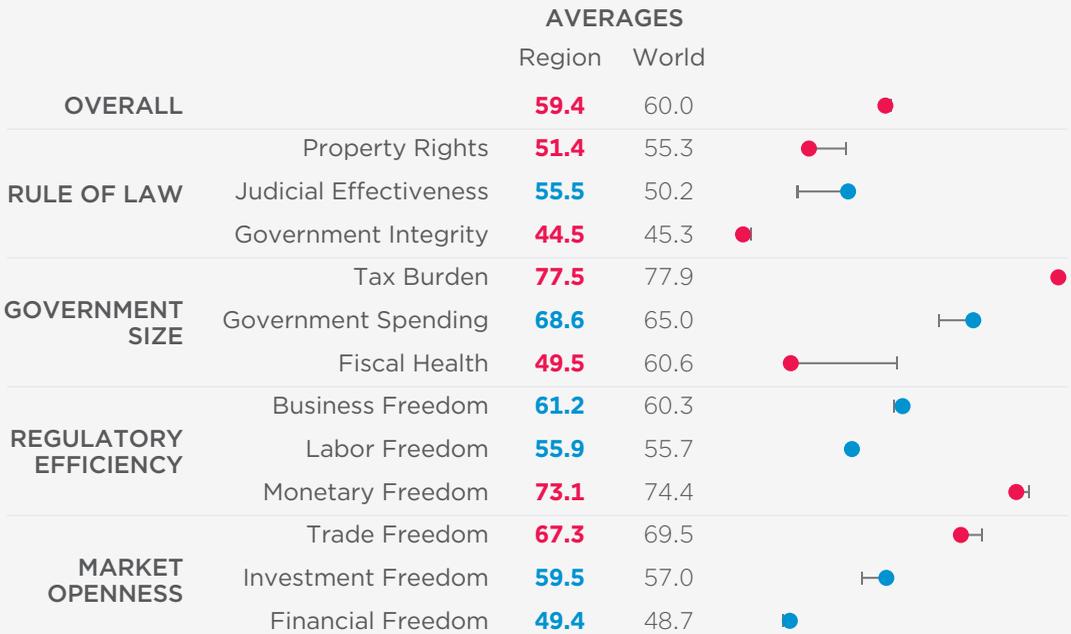


SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 1 heritage.org

THE AMERICAS: COMPONENTS OF ECONOMIC FREEDOM

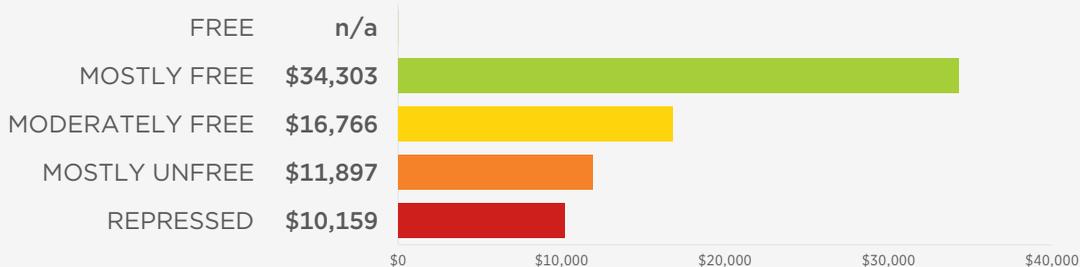
LOWER THAN WORLD AVERAGE ● | WORLD AVERAGE — | HIGHER THAN WORLD AVERAGE ●



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 2 heritage.org

THE AMERICAS: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



NOTE: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2020.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>; International Monetary Fund, *World Economic Outlook Database*, April 2021, <https://www.imf.org/en/Publications/WEO/weo-database/2021/April> (accessed November 15, 2021); and Economist Intelligence Unit.

Chart 3 heritage.org

model, a leftist-dominated constituent assembly is drafting a new constitution that could remake the policy infrastructure through which the country became one of the economically freest in Latin America. That prospect grew more worrisome in December 2021 with the resounding victory of leftist President Gabriel Boric, a 35-year-old former student protest leader.

The total population of the Americas is just over one billion. Among the five global regions in the *Index*, the Americas has the second-largest population-weighted GDP per capita (\$31,992 at purchasing power parity). Within the region, economies have contracted at an average annual rate of 0.4 percent over the past five years. The regional average rate of unemployment has risen to 9.5 percent, although the regional average rate of inflation (excluding Venezuela) fell slightly to 4.3 percent during the past year. The region's average level of public debt—by far the highest in the world—rose to 99.4 percent of GDP during the year.

An examination of the various components of economic freedom evaluated in the *Index* reveals that as a whole, the countries of the

Americas performed as well as or better than the world average on six of the 12 *Index* indicators this year. Business freedom, labor freedom, investment freedom, and financial freedom are generally consistent with world standards. On the other hand, fiscal health is well below the global average, and long-standing weaknesses in the protection of property rights have yet to be successfully addressed.

The legal foundations of a well-functioning free market remain shallow in many Latin American countries: Corruption is widespread, and protection of property rights is still weak. The countries of the English-speaking Caribbean tend to score more highly than others in the region on the rule of law—perhaps a legacy of their English colonial roots. The United States and Canada also have benefitted from legal systems that were established on the foundation of British common law. The legal systems in Spanish-speaking and Portuguese-speaking countries, however, are largely based on the Napoleonic Code and for a variety of reasons have correlated with higher rates of corruption and generally weaker rule of law.

Aggravated by much higher deficit spending during the pandemic, fiscal health in the region

THE AMERICAS: ECONOMIC FREEDOM AND UNDERNOURISHMENT

Each circle represents a nation in the Index of Economic Freedom.

Percentage of Population that Is Undernourished



NOTE: Based on the 30 countries in the Americas that appear in both datasets.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>, and World Bank, "Prevalence of Undernourishment (% of Population)," <https://data.worldbank.org/indicator/SN.ITK.DEFC.ZS> (accessed December 14, 2021).

Chart 4 heritage.org

is deteriorating. The size of the region's governments as measured by state spending and taxation as a percentage of GDP is in line with world averages. However, because one-third of the workforce is informal and thus not eligible for many government benefits, many programs administered by Latin American governments end up being of little benefit to their entire populations.

While economic freedom is hindered by systemic shortcomings such as regulatory inefficiency and monetary instability that is caused by various government-driven market

distortions, the region's overall performance on the government efficiency pillar is in line with world averages. The same is the case for the open markets pillar.

Chart 1 shows the distribution of countries in the Americas according to their economic freedom. The region has no economically "free" countries. Five of the 32 graded countries in the Americas region (Barbados, Canada, Chile, the United States, and Uruguay) are rated "mostly free." Most countries in the region fall into the "moderately free" or "mostly unfree" category. Four countries (Suriname, Bolivia, Cuba, and Venezuela) are rated "repressed."

Chart 3, which highlights the vivid positive correlation between high levels of economic freedom and high GDP per capita, reveals a large freedom gap within the Americas. The failed populist policies implemented by leaders of such repressive economies as Venezuela, Cuba, and Bolivia continue to threaten regional development and stability, trapping millions in poverty while their neighbors in freer countries forge ahead. This gap will doubtless increase if more Latin countries fall victim to repressive and totalitarian regimes.

As shown in Chart 4, it is noteworthy that countries with greater degrees of economic freedom have fewer undernourished citizens. Malnourishment, especially among children, can cause permanent physiological and psychological damage. It also has devastating and negative long-term consequences for a country's future economic development and prosperity. Improvements in nourishment are more difficult in countries where economic freedom is eroding.

NOTABLE COUNTRIES

- **Barbados** has been an economic freedom standout in recent years. The country has made it over the threshold from the "moderately free" category into the ranks of "mostly free" countries. Judicial effectiveness and monetary freedom continue to strengthen. Ongoing assistance from the International Monetary Fund accounts

ECONOMIC FREEDOM IN THE AMERICAS

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
15	1	Canada	76.6	89.5	96.4	86.7	75.7	39.6	62.8	78.8	68.7	78.2	83.2	80	80
20	2	Chile	74.4	73.0	91.4	71.4	72.4	78.1	75.3	76.2	58.0	79.4	78.0	70	70
25	3	United States	72.1	95.7	77.9	75.7	75.9	54.5	0.0	87.5	75.8	82.3	75.2	85	80
28	4	Barbados	71.3	72.6	88.2	68.7	80.6	70.8	79.7	64.7	63.4	78.6	58.4	70	60
34	5	Uruguay	70.0	84.0	80.4	75.2	72.4	70.2	75.2	75.7	60.3	70.9	70.4	75	30
38	6	Bahamas	68.7	61.1	78.8	64.3	96.5	85.8	67.3	63.3	69.3	79.2	49.0	50	60
46	7	Jamaica	67.4	65.0	70.6	49.0	76.6	71.6	79.4	56.5	64.7	76.2	69.2	80	50
51	8	Peru	66.5	49.7	49.7	39.7	79.5	84.2	73.1	65.3	59.6	81.4	81.4	75	60
54	9	St. Vincent & Grenadines	65.7	64.0	76.9	62.0	75.5	66.9	68.5	61.4	58.8	84.2	59.8	70	40
55	10	Costa Rica	65.4	66.4	78.4	63.1	79.2	86.6	10.9	66.0	56.6	83.1	74.6	70	50
56	11	Panama	65.4	58.8	50.7	38.0	85.5	81.9	40.7	67.1	61.5	78.1	77.2	75	70
60	12	Colombia	65.1	50.9	59.1	42.0	71.3	66.0	56.7	68.8	60.7	79.3	76.4	80	70
65	13	Saint Lucia	64.3	66.8	76.9	58.1	77.5	78.7	50.1	61.5	58.2	82.2	56.6	65	40
67	14	Mexico	63.7	47.7	40.7	32.0	76.0	78.3	78.0	69.2	58.4	73.0	76.6	75	60
69	15	Guatemala	63.2	39.8	36.9	26.5	91.5	94.0	83.3	62.1	50.3	79.3	75.0	70	50
71	16	Dominican Republic	63.0	54.0	55.9	30.8	84.6	89.9	66.8	68.1	52.9	73.5	69.0	70	40
73	17	Paraguay	62.9	45.5	37.9	29.5	96.1	84.0	68.8	65.4	39.4	75.6	77.0	75	60
90	18	El Salvador	59.6	43.2	46.8	36.1	77.7	74.7	50.3	65.0	54.6	76.8	69.4	60	60
91	19	Guyana	59.5	46.9	47.4	41.5	67.5	74.8	67.4	63.1	67.3	83.3	69.4	55	30
92	20	Honduras	59.5	40.3	29.0	25.4	82.7	78.7	92.1	56.9	39.1	72.7	71.6	65	60
99	21	Trinidad and Tobago	58.8	58.8	59.3	44.2	79.1	69.0	12.9	60.9	57.4	84.6	68.8	60	50
109	22	Belize	56.6	34.7	70.2	38.1	77.0	64.1	37.6	54.0	59.9	82.5	55.6	55	50
122	23	Nicaragua	54.8	30.1	19.5	19.0	75.3	76.2	87.3	53.8	46.9	72.0	67.8	60	50
125	24	Dominica	54.4	68.1	81.6	56.2	71.6	8.5	1.1	55.8	59.0	84.9	55.6	70	40
126	25	Ecuador	54.3	31.4	47.3	37.2	77.5	59.7	63.1	60.3	57.3	81.5	61.0	35	40
133	26	Brazil	53.3	50.3	57.2	40.0	69.9	53.8	0.4	63.2	55.9	78.4	60.0	60	50
144	27	Argentina	50.1	35.1	57.9	45.1	73.3	53.0	16.8	55.1	51.0	37.9	60.6	55	60
145	28	Haiti	50.0	24.1	18.6	14.3	81.5	97.0	94.8	33.5	54.7	56.2	65.4	30	30
156	29	Suriname	48.1	51.2	45.8	37.6	70.2	66.6	0.0	52.7	64.2	58.4	60.6	40	30
169	30	Bolivia	43.0	14.1	28.4	28.7	86.0	58.8	10.9	54.7	46.2	72.8	60.8	15	40
175	31	Cuba	29.5	31.5	15.6	39.9	48.4	0.0	11.4	41.1	20.0	61.8	64.0	10	10
176	32	Venezuela	24.8	0.2	4.6	7.1	74.1	78.3	0.0	30.8	37.6	0.0	54.8	0	10

in large part for the country's relatively robust fiscal health.

- In **Brazil**, center-right President Jair Bolsonaro, whose election in 2018 marked a shift away from years of left-wing governments, is up for reelection in 2022. He came into office with a generally free-market agenda and pursued reforms that included an overhaul of the public pension system and privatization of government assets. However, he was undermined in part by an activist and adversarial Supreme Court. In addition, his fractious relationships with many parties in Congress impeded his reform agenda, hindering enactment of austerity measures and reforms in the tax system, which consumes about 33 percent of GDP and is one of the most burdensome among emerging economies. Ongoing government bloat creates a plethora of opportunities for corruption. The influence of Communist China is growing as well through “Sinovac-mail” and increasing Belt and Road investments. An ongoing failure to rein in spending and reduce unsustainable debt levels has helped Brazil to register one of the world's lowest *Index* indicator scores for fiscal health—second only to the United States and Venezuela (among others). In addition, the rule of law in Brazil remains too weak for a potentially world-class country.
- The **United States** has continued its long and gradual decline in the “mostly free” category after a brief respite from 2018 through 2020. The major obstacles to greater economic freedom in the United States remain excessive government spending and unsustainable levels of debt. This year's score of 0.0 on the U.S. fiscal health indicator is unprecedented in the country's 28-year history in the *Index*.
- **Guyana**'s economic growth has accelerated as growing revenue from the offshore oil boom has propelled investment and reform. Although economic freedom has fluctuated over the past five years, it began to improve in 2021 and again this year. The Guyanese economy is edging closer to the “moderately free” ranks. Monetary freedom and trade freedom are relatively strong, but rule of law and financial freedom remain weak.
- **Mexico**'s President Andrés Manuel López Obrador of the populist left-wing MORENA party has failed to deliver on promises to solve such problems as crime, corruption, and poverty. Nevertheless, as he lurches further left in the second half of his single six-year term, López Obrador continues his attempts to enhance his power, reverse his predecessor's reforms, and reimpose 1970s-style statist controls over energy and other sectors in the oil-rich nation. Meanwhile, he has declared a “hugs, not bullets” policy toward the country's vicious narco-trafficking cartels that exercise de facto control of many regions. Economic freedom has stagnated and may deteriorate further. There are rising concerns over contract rights and rule of law.
- Defying the rising tide of populist leftism in the Andean region, **Ecuador**'s President Guillermo Lasso of the center-right CREO party was elected in April 2021, defeating supporters of former socialist President Rafael Correa. Lasso has continued the reforms begun by centrist former President Lenín Moreno to promote trade and reduce public spending. Lasso has also advanced tax and labor reforms aimed at revitalizing economic growth and diversifying the economy. Even though Ecuador remains in the “mostly unfree” category, five years of reform have helped to encourage a greater level of economic freedom for its people. Property rights, government integrity, and investment freedom, however, continue to exhibit weaknesses.



ASIA-PACIFIC

ASIA-PACIFIC

The Asia-Pacific region covers the globe's largest geographic area: 40 countries that stretch from Japan, Southeast Asia, and New Zealand in the East to the People's Republic of China and Mongolia in the North, the islands of the southern Pacific, and all the way across India to the Caspian Basin in the West. With more than four billion inhabitants, the region contains over half of the world's population. China alone accounts for approximately a third of the total regional population, and India accounts for nearly another third.

The region continues to lead the world in economic growth. Economic expansion has averaged about 4.1 percent annually over the past five years, driven largely by China, India, Bangladesh, Vietnam, and other trade-oriented economies. The region also has the world's lowest average rate of unemployment (5.3 percent) and second-lowest average rate of inflation (3.8 percent). Among the five global regions in the *Index*, however, the Asia-Pacific region also has the second-lowest population-weighted GDP per capita (\$16,807 at purchasing power parity).

ASIA-PACIFIC: QUICK FACTS

TOTAL POPULATION: 4.63 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$16,807*

1-YEAR GROWTH: -2.0%

5-YEAR GROWTH: 4.1%

INFLATION: 3.8%*

UNEMPLOYMENT RATE: 5.3%**

PUBLIC DEBT: 72% of GDP*

* Excludes North Korea, ** Excludes Kiribati and Micronesia.

SOURCE: Terry Miller, Anthony B. Kim, and James M.

Roberts, *2022 Index of Economic Freedom*

(Washington: The Heritage Foundation, 2022),

<http://www.heritage.org/index>.

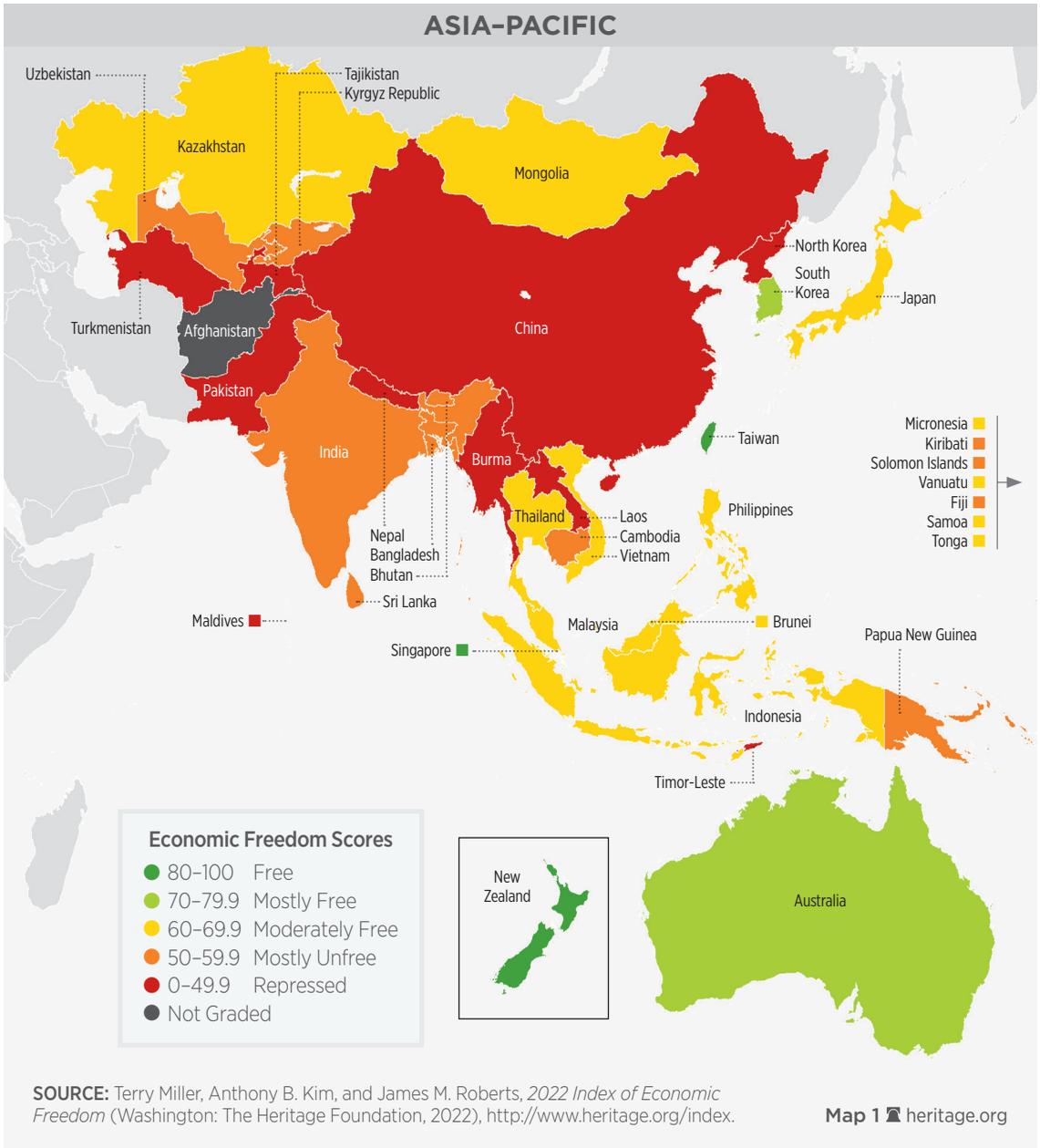
 heritage.org

The Asia-Pacific is unique among the five global *Index* regions in the extraordinary variations in its countries' levels of economic freedom. The consequences for the people of the region are enormous. The huge gap in living standards between North Korea, at last place ("repressed") in the *Index*, and South Korea, at 19th place ("mostly free"), for example, illustrates the benefits of economic freedom versus its absence almost as vividly as does the famous nighttime photograph from space that contrasts the brightly lit South Korea with a North Korea shrouded in darkness.

Chart 1 shows the distribution of countries in the Asia-Pacific region by level of economic freedom. Three of the world's seven truly "free" economies (Singapore, New Zealand, and Taiwan) are in this region. Another two of its 40 economies (Australia and South Korea) are rated "mostly free." A large majority of the remaining countries are either "moderately free" or "mostly unfree." Tragically, there are now 10 countries (Burma, China, Laos, Maldives, Nepal, Pakistan, Tajikistan, Timor-Leste, Turkmenistan, and North Korea) with economies that are considered "repressed."

An examination of the various components of economic freedom evaluated in the *Index* reveals that this year, the countries of the Asia-Pacific as a whole performed below the world averages on six of the 12 *Index* indicators: property rights, judicial effectiveness, government integrity, monetary freedom, investment freedom, and financial freedom. (See Chart 2 components.) In other critical areas of economic freedom—tax burden, government spending, and fiscal health—the Asia-Pacific region exceeds world averages.

Many Asia-Pacific countries have fallen short on maintaining strong and independent rule-of-law institutions. Australia and New Zealand have very strong rule of law and have benefited from legal systems that were established on the foundation of British common

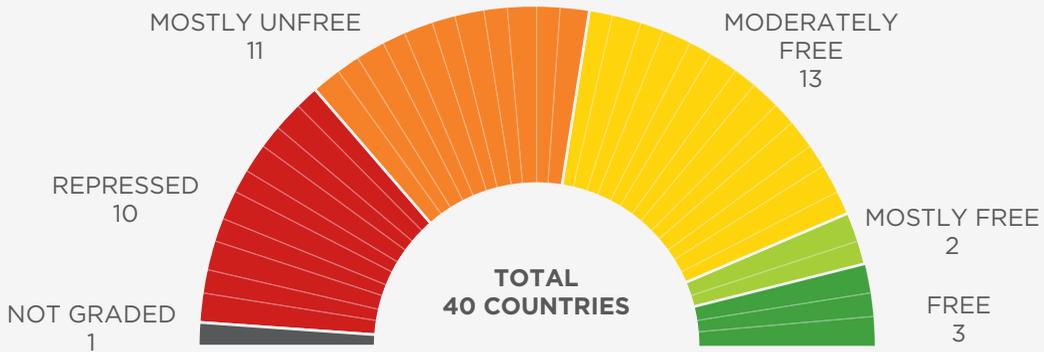


law. Rule of law in India is also founded on British legacy judicial institutions, although it is not as robust. Today, however, in China and increasing numbers of other countries, it is not so much rule of law as it is authoritarian rule by law that is becoming the norm. A rising number of governments in the region have become more arbitrary in recent years in their application of law. They have maintained the appearance of independent judicial institutions, often

based on the legal regimes of past colonial governments, but also have worked to undermine them steadily so that they become increasingly subservient to the executive. The Philippines is a case in point.

The region as a whole has done relatively well in controlling government spending and regulating economic activity efficiently. On the other hand, with respect to open markets, the Asia–Pacific places second to last (above only

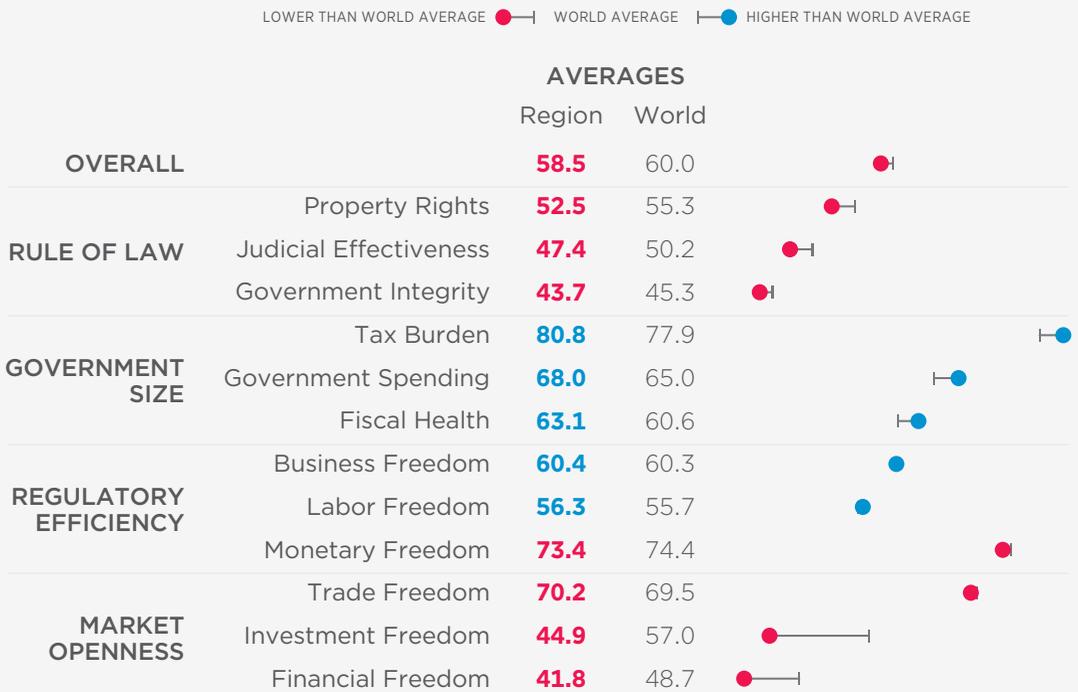
ASIA-PACIFIC: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 1 heritage.org

ASIA-PACIFIC: COMPONENTS OF ECONOMIC FREEDOM



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 2 heritage.org

ASIA-PACIFIC: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



NOTES: Figures exclude North Korea. Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2020.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>; International Monetary Fund, *World Economic Outlook Database*, April 2021, <https://www.imf.org/en/Publications/WEO/weo-database/2021/April> (accessed November 15, 2021); and Economist Intelligence Unit.

Chart 3 heritage.org

sub-Saharan Africa) on financial freedom and last in the world on investment freedom. Many small Pacific Island economies still lack fully developed formal labor markets.

As shown in the top two bars of Chart 3, the three “free” and two “mostly free” Asia-Pacific countries far outpace other countries in the region in GDP per capita. It is among the region’s less free countries—notably China and India, the former now “repressed” and the latter “mostly unfree”—that we find some of the region’s highest growth rates. In part, this is simply the result of the much lower base from which their economic growth is being measured.

One of the key benefits of economic freedom anywhere in the world is the enabling of entrepreneurship. In a free economy, individuals have the opportunity and access to the means to turn their ideas and dreams into reality. A good regulatory environment enables businesses to start, compete fairly, and expand as market demand grows. As illustrated in Chart 4, a better entrepreneurial climate correlates with greater economic freedom in the Asia-Pacific.

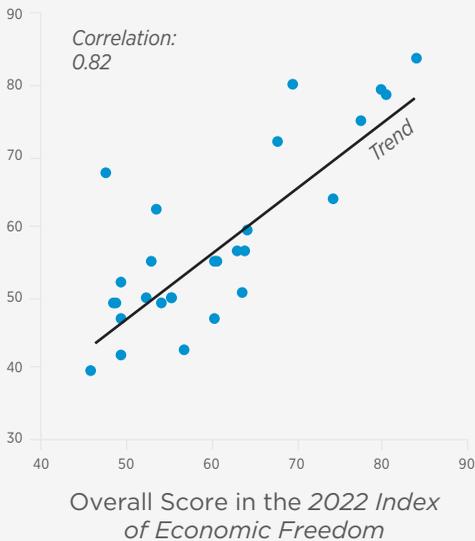
NOTABLE COUNTRIES

- Economic freedom in **Japan** has stagnated during the past five years. The country has dipped back into the “moderately free” category from which it had emerged in 2018. The rule of law remains strong, but—and this has been true since the first edition of the *Index* in 1995—the main indicators holding the country back from greater economic freedom are government spending and, especially, extremely weak fiscal health. Unfortunately, those two indicators are not likely to improve in the near term. New Prime Minister Fumio Kishida, promising a better response to the ongoing COVID pandemic, has vowed to implement strong fiscal stimulus measures to reinvigorate Japan’s sluggish economy. The public wants strong reforms to remedy the country’s endemic economic problems but fears the upheaval that such measures could cause. Fundamental structural reforms are still needed to eliminate cronyism and boost entrepreneurship.
- **Australia** is one of the wealthiest Asia-Pacific nations, and its economy has

ASIA-PACIFIC: ECONOMIC FREEDOM AND ENTERPRISE CONDITIONS

Each circle represents a nation in the *Index of Economic Freedom*.

Enterprise Conditions from the 2021 *Legatum Prosperity Index*TM



NOTE: Based on the 28 countries in the Asia-Pacific that appear in both datasets.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>, and Legatum Institute, *The Legatum Prosperity Index*TM, 2021, https://www.prosperity.com/download_file/view_inline/4429 (accessed December 14, 2021).

Chart 4 heritage.org

generally expanded for more than two decades. Rule of law is strong. Although its scores have fallen over the past five years because of high government spending and deteriorating fiscal health, the country has been a leader in economic freedom both in the region and in the world ever since the inception of the *Index* in 1995. Its scores on the *Index*'s property rights, judicial effectiveness, trade freedom, and financial freedom indicators are among the highest

in the world. Nevertheless, dragged down primarily by a huge drop in its fiscal health score, Australia has fallen from the “free” category to the “mostly free” category for the first time since 2006.

- India** is the world’s most populous stable democracy and the region’s second-largest economy. Its diverse economy encompasses traditional village farming, industrial-scale agriculture, handicrafts, and a wide range of modern industries. Capitalizing on its well-educated English-speaking population, India has become a major exporter of information technology services, business outsourcing services, and software workers. Before a dip this year, the country had been benefitting from five years of small but steady annual increases in economic freedom. Economic growth has slowed somewhat over the past half-decade. India remains in the middle of the “mostly unfree” category and is ranked in the lower half of countries scored in the *Index*. Monetary freedom is solid, but investment freedom and financial freedom lag. A move toward greater economic freedom would require substantial and broad-based reforms. In addition to taking steps to improve fiscal health and strengthen the rule of law, the government would need to increase financial freedom and reform the tax code, the investment regime, and the labor code.
- Taiwan**’s economy is one of the wealthiest in Asia, but it is under increasing threat from mainland China’s ongoing attempts to isolate it diplomatically, undermine its economic growth, and threaten its presence in overseas markets. Taiwan’s trade-dependent economy is driven by a competitive manufacturing sector that encompasses electronics, machinery, petrochemicals, and information and communication technology products. Taiwan was one of the few countries worldwide to have

ECONOMIC FREEDOM IN ASIA-PACIFIC

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
1	1	Singapore	84.4	94.4	58.3	92.8	90.5	90.1	79.6	83.1	77.0	86.5	95.0	85.0	80.0
4	2	New Zealand	80.6	88.2	95.9	97.5	70.8	53.5	88.3	81.3	70.5	81.8	90.0	70.0	80.0
6	3	Taiwan	80.1	81.3	94.2	73.8	79.2	90.7	86.6	84.3	68.7	86.1	86.0	70.0	60.0
12	4	Australia	77.7	91.7	95.2	87.0	62.5	51.6	52.0	84.6	64.2	83.2	90.0	80.0	90.0
19	5	Korea, South	74.6	90.5	77.1	69.2	60.4	84.5	95.3	84.8	55.6	85.2	73.0	60.0	60.0
35	6	Japan	69.9	94.6	95.3	81.4	67.4	52.5	19.7	78.3	66.6	87.1	75.4	60.0	60.0
40	7	Samoa	68.3	78.4	78.4	53.7	78.6	68.5	95.6	61.5	71.6	81.4	66.4	55.0	30.0
42	8	Malaysia	68.1	65.6	57.6	53.9	83.8	82.9	73.4	67.1	57.0	83.6	82.2	60.0	50.0
62	9	Brunei Darussalam	64.8	67.0	51.6	61.1	90.8	68.1	20.0	72.4	75.0	72.3	84.6	65.0	50.0
63	10	Indonesia	64.4	38.6	43.2	39.9	85.3	91.2	80.1	66.6	59.3	80.3	78.6	50.0	60.0
64	11	Kazakhstan	64.4	55.3	34.5	37.9	92.7	86.5	93.5	64.7	62.7	69.1	75.4	50.0	50.0
66	12	Mongolia	63.9	48.8	57.1	37.0	89.2	68.2	81.9	66.5	67.5	76.0	74.4	50.0	50.0
70	13	Thailand	63.2	44.2	36.2	38.5	81.3	84.4	89.8	63.4	59.6	74.2	71.6	55.0	60.0
72	14	Vanuatu	62.9	57.8	71.2	42.4	96.8	60.1	96.1	49.1	40.0	74.4	61.6	65.0	40.0
80	15	Philippines	61.1	47.1	25.6	34.7	76.8	84.2	81.8	61.5	58.0	69.4	73.8	60.0	60.0
82	16	Micronesia	61.0	54.3	82.2	56.8	80.7	0.0	99.5	52.4	81.5	84.3	74.8	35.0	30.0
83	17	Tonga	60.8	64.2	68.1	40.5	85.4	54.6	96.5	58.7	55.8	71.9	73.4	40.0	20.0
84	18	Vietnam	60.6	49.6	33.8	33.6	80.9	85.5	78.8	73.6	53.9	68.8	78.8	40.0	50.0
94	19	Bhutan	59.3	67.2	60.9	73.5	82.4	71.6	72.4	62.9	57.2	72.7	40.8	20.0	30.0
96	20	Kiribati	59.2	70.6	81.8	45.4	69.3	0.0	99.4	63.2	65.1	80.7	80.0	25.0	30.0
106	21	Cambodia	57.1	41.2	20.9	12.3	88.7	81.5	98.0	55.2	47.8	74.7	64.8	50.0	50.0
110	22	Solomon Islands	56.5	50.6	59.5	42.3	70.5	60.1	98.0	44.4	60.2	79.0	68.6	15.0	30.0
111	23	Fiji	56.4	53.2	43.4	54.3	86.8	69.6	9.1	58.8	66.0	74.9	55.2	55.0	50.0
116	24	Kyrgyz Republic	55.8	25.1	11.8	28.8	94.8	66.7	79.0	56.1	52.2	71.4	73.2	60.0	50.0
117	25	Uzbekistan	55.7	31.6	13.1	23.8	90.8	78.1	96.6	59.1	48.0	61.6	75.6	50.0	40.0
123	26	Papua New Guinea	54.6	42.7	44.2	26.2	72.0	86.0	64.1	47.9	65.1	71.4	80.4	25.0	30.0
131	27	India	53.9	49.9	51.5	42.4	79.5	76.2	4.0	63.9	58.2	70.0	71.0	40.0	40.0
132	28	Sri Lanka	53.3	51.7	57.7	40.1	90.3	87.4	0.0	58.3	55.7	71.6	47.0	40.0	40.0
137	29	Bangladesh	52.7	36.3	28.1	22.2	82.6	93.2	54.0	55.6	36.6	70.0	63.8	50.0	40.0
147	30	Tajikistan	49.7	29.5	9.1	17.8	95.3	72.4	80.0	56.9	43.1	67.1	69.6	25.0	30.0
148	31	Nepal	49.7	37.4	34.1	33.8	82.6	77.2	51.5	60.2	51.5	70.0	57.6	10.0	30.0
149	32	Burma	49.6	23.1	16.7	29.8	87.2	86.8	67.2	41.7	49.6	73.9	69.4	30.0	20.0
151	33	Laos	49.2	41.1	11.1	20.4	87.2	88.4	44.0	60.5	44.3	71.8	66.8	35.0	20.0
153	34	Pakistan	48.8	29.0	28.5	27.4	78.0	85.1	4.8	49.5	51.6	65.9	65.8	60.0	40.0
158	35	China	48.0	43.7	37.4	39.3	71.2	64.2	11.1	68.8	57.2	70.0	73.2	20.0	20.0
161	36	Maldives	47.3	47.2	32.1	43.1	96.9	55.2	0.0	39.8	51.6	77.2	60.0	35.0	30.0
164	37	Timor-Leste	46.3	30.8	35.3	38.2	97.6	0.0	19.7	57.9	56.2	79.5	75.0	45.0	20.0
165	38	Turkmenistan	46.2	19.0	8.3	7.4	92.6	94.5	98.0	37.5	30.7	72.7	74.2	10.0	10.0

ECONOMIC FREEDOM IN ASIA-PACIFIC

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
177	39	Korea, North	3.0	16.3	6.5	3.8	0.0	0.0	0.0	5.0	5.0	0.0	0.0	0.0	0.0
N/A	N/A	Afghanistan	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

experienced continuous economic growth during the past five years. Economic freedom has increased significantly during that period as well. With strong scores across the board boosted by increases in judicial effectiveness and labor freedom, Taiwan has recorded a 3.6-point overall gain of economic freedom since 2017 and has made it over the threshold into the top “free” *Index* category for the first time. Additional improvements in business freedom and financial freedom would propel economic freedom even higher.

- **China** has the world’s second-largest economy and is the world’s largest exporting country, but its income per capita is below the global average. General Secretary Xi Jinping has centralized his authority, ousted internal political enemies, and tightened control of civil society. He is likely to extend his term in power beyond the usual decade at the 20th Chinese Communist Party Congress in late 2022. A slowdown in economic growth that may be more severe than is officially acknowledged is a serious challenge to the government and to Xi’s ideological economic framework. His official ideology of

“Socialism with Chinese Characteristics” continues to chill liberalization, heighten reliance on mercantilism, raise bureaucratic hurdles to trade and investment, weaken the rule of law, and strengthen resistance from vested interests that impedes more dynamic economic development. While China’s economic freedom scores seemed to demonstrate some improvement during the past few years, some data-measuring components of economic freedom that are based on surveys conducted only in a country’s major cities may give a misleading impression of conditions for the rural poor. Overall, the foundations of economic freedom remain very weak in China, and the economy is repressed. Reforms are usually stymied by those who have a political interest in maintaining the status quo. With a slowing economy, China’s lack of investment freedom and financial freedom are serious impediments to productivity growth and development. Other issues such as restrictions on Hong Kong’s autonomy, threats to Taiwan, the persecution of China’s Uyghur minority, and Beijing’s cyberwarfare activities have led to a broad decline in trust and continue to destabilize global relationships.



EUROPE

The European continent stretches from Iceland in the North Atlantic to Ireland and the Normandy beaches of France, then far along the Arctic Circle to the Ural Mountains of Russia and south to the Caspian Basin, the Black Sea, and the Mediterranean. It was from its soil that the ideas of democratic free markets, the rule of law, private property, and individual freedom were shaped, but it was also in Europe that the collectivist philosophies of socialism and Communism took root.

Ultimately, the Communist systems of Russia and Eastern Europe collapsed, having proven themselves incapable of generating living standards for their citizens that even remotely approximated those of democratic Western European capitalist countries. The Communist and socialist philosophy, however, lives on under a variety of different new names and paradigms that have been surging during the pandemic years in parts of Asia, Africa, Latin America, and even the United States, and the struggle continues both in those regions and within countries almost everywhere.

EUROPE: QUICK FACTS

TOTAL POPULATION: 848.3 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$37,331

1-YEAR GROWTH: -4.9%

5-YEAR GROWTH: 0.9%

INFLATION: 2.6%

UNEMPLOYMENT RATE: 7.8%*

PUBLIC DEBT: 71.1% of GDP

* Excludes Kosovo.

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

 heritage.org

The old economic rivalries of the Cold War in Europe have been supplanted by new and often subtle forms of competition that have emerged from technology-driven globalization. The fundamental issue—the degree to which the government dominates and directs the economic activity of individuals and businesses—remains the same.

The European Union, far from its humble origins as a mere free trade zone, has evolved into a fledgling and somewhat undemocratic superstate from which one former EU country, the United Kingdom, has now withdrawn. The tension between the quasi-market and secularized EU welfare state model championed in Brussels and the more competitive and entrepreneurial systems favored in other EU member economies, particularly among many of the newer EU member states, is likely to persist in the coming years. In this year's *Index*, small fast-growing European countries such as Switzerland and Ireland are again showing the benefits of staying on the path toward economic freedom—although Ireland has recently yielded to EU pressure and agreed to increase its corporate tax rate to 15.0 percent from 12.5 percent.

The European region encompasses nations as diverse as Russia, Ukraine, Switzerland, Iceland, and Greece. Its population-weighted average GDP per capita is the highest in the world (\$37,331 at purchasing power parity), with inflation (2.6 percent) generally under control. However, the European continent has long been plagued by high unemployment rates (7.8 percent) and heavy levels of public debt (71.1 percent of GDP on average).

Chart 1 shows the distribution of countries in Europe within the five categories of economic freedom. The region now boasts four of the world's seven truly “free” economies (Switzerland, Ireland, Luxembourg, and Estonia).

It is notable that nearly two-thirds of the world's 34 economically freest countries (with overall scores above 70) are in Europe, which

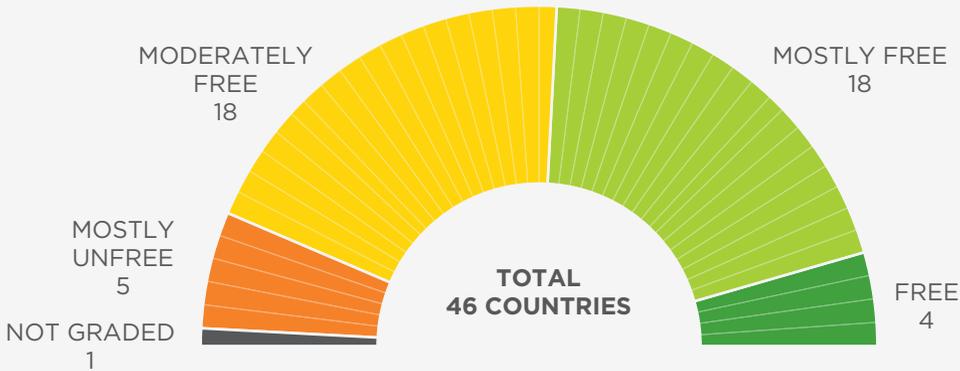


is the only one of the five global regions in the *Index* to have a distribution of economies that is skewed so heavily toward relatively higher levels of economic freedom. Most countries in the region fall into the “mostly free” or “moderately free” categories.

Unfortunately, five European countries are rated “mostly unfree” this year. Montenegro, Turkey, and Russia have now joined Belarus, which remains in the grip of an ironfisted autocrat, and Ukraine, which continues to suffer from political and security turmoil, as the region’s least economically free economies.

Relatively extensive and long-established free-market institutions in a number of countries allow the region to score far above the world average in most measures of economic freedom. (See Chart 2.) Europe has the world’s highest overall regional score. Its scores on the three rule-of-law indicators—property rights, judicial effectiveness, and government integrity—as well as fiscal health, business freedom, investment freedom, and financial freedom are at least 10 points higher than the global averages. The region’s average scores on trade freedom, labor freedom, and monetary freedom

EUROPE: ECONOMIC FREEDOM SUMMARY

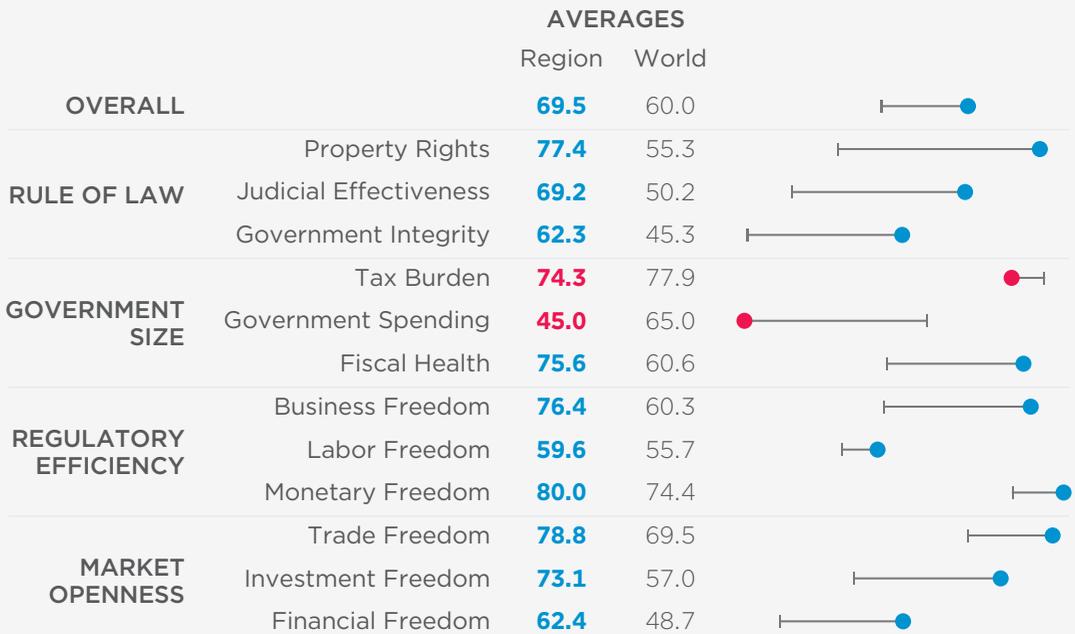


SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 1 heritage.org

EUROPE: COMPONENTS OF ECONOMIC FREEDOM

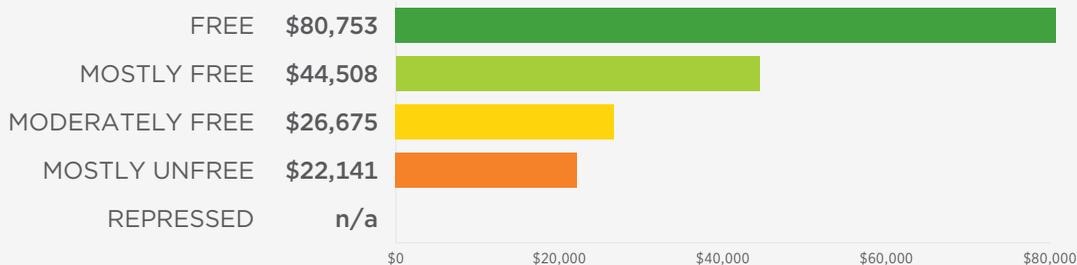
LOWER THAN WORLD AVERAGE ● | WORLD AVERAGE | ● HIGHER THAN WORLD AVERAGE



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 2 heritage.org

EUROPE: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



NOTE: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2020.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>; International Monetary Fund, *World Economic Outlook Database*, April 2021, <https://www.imf.org/en/Publications/WEO/weo-database/2021/April> (accessed November 15, 2021); and Economist Intelligence Unit.

Chart 3 heritage.org

also exceed the world averages. Tax burden and government spending are the only two of the 12 *Index* indicators on which Europe falls below the world averages.

Nevertheless, Europe still struggles with a variety of policy barriers to vigorous economic growth such as overly protective and costly labor

regulations, high tax burdens, various market-distorting subsidies, and continuing problems in public finance caused by years of public-sector expansion. The result has been generally stagnant economic growth, which has exacerbated the burden of fiscal deficits and mounting debt in a number of countries in the region.

EUROPE: ECONOMIC FREEDOM AND THE ENVIRONMENT



NOTE: Based on the 44 countries in Europe that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>, and Yale University, *Environmental Performance Index 2020* (New Haven, CT: Yale Center for Environmental Law & Policy), <https://epi.yale.edu/> (accessed December 14, 2021).

Chart 4 heritage.org

Chart 3 shows the strongly positive correlation between high levels of economic freedom and high GDP per capita in Europe. Western Europe has benefited from substantial internal economic competition over the centuries, which may help to explain why economic recession there is so rare. In recent years, economic freedom has improved in formerly Communist Serbia, Hungary, and Poland. Those countries had enjoyed at least some of the freedoms afforded by Western democracy before World War II. Some other Central and Eastern European countries, however, were insulated from both internal and external competition for decades under their former Communist regimes and still have not instituted needed reforms. Many post-Communist countries, such as Moldova, Russia, Belarus, and Ukraine, are still to be found at the “less free” end of the distribution.

As shown in Chart 4, around the region, the countries with greater economic freedom tend to maintain cleaner environments and greater protection of ecosystem vitality. It is those economically freer countries that generate the resources needed to create cleaner and healthier environments, as well as to incentivize innovations that can mitigate the effects of changing climate conditions.

NOTABLE COUNTRIES

- With the approval of British voters, the **United Kingdom** departed from the European Union at the end of January 2020. A U.K.–EU Trade and Cooperation Agreement was concluded in December of that year, but some aspects of the future relationship remain uncertain. Although it retained its standing in the ranks of the “mostly free,” the U.K. economy lost ground in the 2022 *Index* primarily because of excessive government spending that has been a drag on fiscal health. Nevertheless, the ample opportunities for greater economic freedom in the post-Brexit U.K. economy will continue. The U.K. has one of the world’s most efficient business and investment environments. Services, particularly banking, insurance, and business services, are key drivers of GDP growth. Unshackled from the strictures of the EU bureaucracy, the post-pandemic economy should be freed to register substantial improvements in *Index* indicator scores for tax burden, government spending, labor freedom, and trade freedom.
- Economic freedom in **France** has gradually expanded during the past five years, although its longtime “moderately free” ranking remains unchanged. Business freedom, monetary freedom, and trade freedom are strong, but the score for government spending is one of the lowest in the world. In the past few years, the government has pushed a series of reforms to reduce unemployment, restructure a costly and complicated pension system, improve the investment climate, and increase competitiveness. While opposition protests and strikes against those proposed reforms have quieted, reforms remain stalled because of the economic downturn. Even if they were adopted, they would have little impact on the country’s very high levels of government spending.
- **Germany** remains the European Union’s most politically and economically influential member nation. After September 2021 elections, former Chancellor Angela Merkel, who dominated German politics for 16 years, was succeeded by Olaf Scholz, who became only the fourth Social Democratic chancellor since the end of World War II by forming a complicated coalition government with the environmentalist Alliance ’90/Greens and the market-liberal Free Democrats. Nevertheless, Germany’s robust business environment should continue to attract the private investment needed for continued growth. The country’s steady and strong economic freedom as reported in editions of the *Index* over

ECONOMIC FREEDOM IN EUROPE

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
2	1	Switzerland	84.2	95.2	98.0	92.3	70.1	67.2	96.3	84.3	60.0	84.9	86.6	85.0	90.0
3	2	Ireland	82.0	92.6	93.0	80.7	76.5	79.9	89.0	87.2	60.9	85.2	79.2	90.0	70.0
5	3	Luxembourg	80.6	97.4	96.4	89.5	64.1	41.5	98.7	89.3	56.3	80.1	79.2	95.0	80.0
7	4	Estonia	80.0	91.5	92.3	83.9	81.1	48.4	93.3	86.9	61.1	82.8	79.2	90.0	70.0
8	5	Netherlands	79.5	96.2	96.9	92.3	51.2	45.4	93.6	88.1	58.9	82.1	79.2	90.0	80.0
9	6	Finland	78.3	100	97.8	96.4	68.4	10.7	83.2	88.7	65.1	84.9	79.2	85.0	80.0
10	7	Denmark	78.0	98.6	89.6	99.5	42.3	21.1	96.2	89.0	64.4	85.7	79.2	90.0	80.0
11	8	Sweden	77.9	97.3	97.1	95.7	44.9	26.4	95.8	84.6	65.4	83.6	79.2	85.0	80.0
13	9	Iceland	77.0	97.1	94.8	85.3	72.9	36.8	76.1	83.3	67.4	79.3	81.0	80.0	70.0
14	10	Norway	76.9	99.6	97.3	96.0	56.4	19.5	96.6	91.4	68.8	76.9	85.4	75.0	60.0
16	11	Germany	76.1	95.7	95.3	89.4	59.9	34.5	90.4	87.2	52.3	79.5	79.2	80.0	70.0
17	12	Lithuania	75.8	88.6	74.6	66.6	84.5	59.9	86.5	87.3	59.5	82.3	79.2	70.0	70.0
18	13	Latvia	74.8	88.5	75.1	61.1	76.4	53.2	91.4	81.9	62.4	83.8	79.2	85.0	60.0
21	14	Czech Republic	74.4	88.8	81.8	59.6	78.9	44.7	93.2	80.6	56.5	79.0	79.2	70.0	80.0
22	15	Austria	73.8	98.4	94.6	82.9	45.5	20.3	71.7	82.3	78.4	82.3	79.2	80.0	70.0
23	16	Cyprus	72.9	85.6	90.9	62.9	80.3	44.3	71.2	74.9	66.4	83.9	79.2	75.0	60.0
24	17	United Kingdom	72.7	96.2	85.9	87.1	65.4	46.3	22.6	79.1	62.1	83.0	84.2	80.0	80.0
26	18	Georgia	71.8	63.8	56.4	64.4	89.1	72.7	67.1	74.1	61.9	76.0	86.6	80.0	70.0
27	19	Malta	71.5	87.8	89.9	55.8	69.0	54.6	86.2	75.5	61.8	78.5	79.2	70.0	50.0
29	20	Bulgaria	71.0	77.3	61.1	45.6	93.9	60.5	96.2	72.1	64.4	81.9	79.2	60.0	60.0
31	21	Portugal	70.8	89.9	92.1	67.8	60.4	39.5	72.8	76.2	55.5	86.8	79.2	70.0	60.0
32	22	Slovenia	70.5	89.7	91.6	66.7	57.2	36.4	77.4	79.7	63.3	85.1	79.2	70.0	50.0
36	23	Slovakia	69.7	83.2	71.9	53.7	77.3	41.8	76.0	75.9	56.5	75.5	79.2	75.0	70.0
37	24	Belgium	69.6	92.5	91.2	83.6	48.2	10.1	50.3	82.8	57.4	84.3	79.2	85.0	70.0
39	25	Poland	68.7	72.3	54.7	60.6	73.6	41.9	78.3	78.7	55.7	79.1	79.2	80.0	70.0
41	26	Spain	68.2	87.7	74.3	67.2	59.7	38.3	29.7	75.2	61.8	85.4	84.2	85.0	70.0
45	27	Croatia	67.6	81.1	69.9	50.0	82.8	26.3	75.2	72.4	58.7	80.5	79.2	75.0	60.0
47	28	Romania	67.1	81.0	64.8	45.4	94.3	63.9	42.8	71.4	64.1	78.8	79.2	70.0	50.0
48	29	Hungary	66.9	75.8	62.2	44.4	84.1	31.6	58.4	77.2	61.2	78.5	79.2	80.0	70.0
50	30	Albania	66.6	55.5	49.8	35.6	89.1	72.1	70.6	70.7	51.1	82.0	82.6	70.0	70.0
52	31	France	65.9	93.8	85.5	75.9	52.1	0.5	39.1	81.9	58.8	79.1	79.2	75.0	70.0
53	32	North Macedonia	65.7	57.4	50.2	38.7	95.0	67.7	69.8	74.4	54.1	78.3	77.8	65.0	60.0
57	33	Italy	65.4	81.7	78.6	57.3	57.7	20.6	49.0	73.8	70.4	86.2	79.2	80.0	50.0
58	34	Armenia	65.3	50.4	33.1	50.8	86.9	78.9	75.5	64.9	47.2	77.5	73.6	75.0	70.0
59	35	Serbia	65.2	58.8	50.4	37.9	90.9	42.5	85.7	74.4	62.9	81.6	77.0	70.0	50.0
68	36	Bosnia and Herzegovina	63.4	49.2	37.2	33.4	94.0	46.2	95.9	66.6	60.2	84.9	68.8	65.0	60.0
75	37	Azerbaijan	61.6	53.6	15.9	28.6	87.7	62.7	99.1	64.6	55.9	74.5	66.6	70.0	60.0
77	38	Greece	61.5	76.0	69.9	52.3	59.9	17.9	67.6	70.3	61.1	78.6	79.2	55.0	50.0

ECONOMIC FREEDOM IN EUROPE

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
78	39	Moldova	61.3	55.9	30.7	34.7	94.1	68.1	87.2	64.2	46.4	72.4	76.6	55.0	50.0
86	40	Kosovo	60.1	47.4	31.0	37.5	92.5	71.6	67.4	68.0	53.1	79.1	78.6	65.0	30.0
103	41	Montenegro	57.8	61.3	43.0	46.4	83.9	29.5	11.9	67.1	61.7	85.6	78.8	75.0	50.0
107	42	Turkey	56.9	42.0	25.6	39.4	74.7	63.8	59.2	63.4	47.1	61.9	75.6	70.0	60.0
113	43	Russia	56.1	36.8	34.7	29.7	93.1	62.6	99.3	62.5	57.3	68.0	69.0	30.0	30.0
130	44	Ukraine	54.1	39.7	31.4	33.8	89.1	44.5	73.6	61.1	60.7	71.2	78.6	35.0	30.0
135	45	Belarus	53.0	34.5	15.5	43.7	93.3	56.7	95.3	54.5	46.8	70.2	75.6	30.0	20.0
N/A	N/A	Liechtenstein	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

the past half-decade reflects that good reputation, although the German economy remains among the “mostly free” ranks. Systemically high government spending as well as costly and rigid labor laws have stymied the potential for greater economic freedom, and government spending is likely to increase, not decrease, in the near future.

- In terms of area, **Russia** is the world’s largest nation. Vladimir Putin has consolidated his authoritarian power as president amid allegations of electoral fraud. His aggressive and destabilizing policies to acquire control of some of the lands that were formerly in the Soviet Union are adversely affecting economic freedom in those neighboring countries. Large and corrupt state-owned institutions and an inefficient public sector dominate the Russian economy, which depends heavily on exports of oil and gas. Ongoing Western economic sanctions have led to a brain drain and capital flight, and a subservient judiciary, rampant corruption, and links among bureaucrats and organized criminal groups continue to compromise government integrity. A five-year trend

of slowly expanding economic freedom in Russia has faltered, and the country has fallen back into the ranks of “mostly unfree” countries. Fiscal health is very strong, but Russia’s investment freedom and financial freedom are at the same level as those in some of the world’s least developed countries.

- **Turkey’s** economy has lost economic freedom over the past five years. President Recep Tayyip Erdogan’s Justice and Development Party (AKP) has pursued an Islamist agenda and has eroded democracy. The economy enjoyed significant growth in 2021, but that growth came in part after a currency devaluation driven by Erdogan’s policy to keep interest rates artificially low, which affected price stability. Turkey’s largely free-market and diversified economy is driven by its industrial and service sectors, but traditional agriculture still accounts for about 25 percent of employment. The country has fallen from the “moderately free” category into the “mostly unfree” category. Trade freedom and investment freedom are highlights, but monetary freedom has deteriorated.

- **Croatia** has increased its level of economic freedom since 2017 and has moved from the lower half to the upper half of the “moderately free” category. Monetary freedom and trade freedom are strong, but government integrity is weak, and government spending levels are quite high. The government has enacted tax cuts, increases in the minimum wage, and enlarged health care and defense budgets. Shipbuilding and tourism are major industries. A weak export base, emigration, labor shortages, and the slow pace of privatization remain significant challenges.



**MIDDLE EAST
AND
NORTH AFRICA**

MIDDLE EAST AND NORTH AFRICA

Stretching from Morocco’s Atlantic coast across the Nile, Jordan, and Euphrates river valleys to Iranian and Yemeni beaches on the Persian Gulf and the Arabian Sea, the Middle East and North Africa (MENA) region remains at the crux of global politics. Although the region’s countries are successors to some of the world’s most ancient civilizations, relatively few are enjoying the benefits of economic freedom in the 21st century.

The demographic profiles of most of these countries, at once blessed and cursed by enormous mineral resources, tend to be distinguished by extreme concentrations of wealth and poverty. Most worrisome is the region’s ongoing notoriety as the world’s most acute hot spot for economic, political, and security vulnerabilities. This instability is illustrated by the fact that four of the seven countries in the 2022 *Index* that cannot be graded or ranked because of the lack of reliable data are in the MENA region.

The region’s population-weighted average GDP per capita remains the third highest among the five *Index* global regions (approximately \$18,547 at purchasing power parity), although it fell substantially again this year. The regional population-weighted average rate of inflation is still very high at 12.5 percent. During the past five years, economic growth in the MENA region has weakened to 1.6 percent. The region continues to suffer from high levels of unemployment (10.5 percent), particularly among the young.

The MENA region is endowed with the world’s highest concentration of oil reserves, but that has not automatically translated into high levels of economic freedom. In fact, economic freedom is in decline across the entire region. Scores were lower for every one of the 14 MENA countries that were scored in the 2022 *Index*. Many of these countries have been grappling for more than a decade with social upheaval or outright conflict arising from citizens’ demands for greater freedom. Regrettably, the lives of most people have yet to change for the better. The effect of the pandemic has been to provoke further anger and generally to reduce economic freedom across the region.

This regional policy failure is most palpable in Iran, which continues to be misruled by theocratic and corrupt authoritarians who oppress and deny economic freedom to the country’s citizens. Iran has been sinking ever lower in the *Index*’s “repressed” category. Meanwhile, Saudi Arabia, the Iranian regime’s most significant rival among the Sunni Muslim nations, also has lost economic freedom over the past half-decade. Even the region’s only “mostly free” country, the United Arab Emirates, has lost ground. The region’s other erstwhile economic freedom champion, Israel, has also seen its star tarnished. The grading of economic freedom for Iraq, Syria, Libya, and

MIDDLE EAST/NORTH AFRICA: QUICK FACTS

TOTAL POPULATION: 458.2 million

Population-Weighted Averages

GDP PER CAPITA (PPP): \$18,547

1-YEAR GROWTH: -1.7%

5-YEAR GROWTH: 1.6%

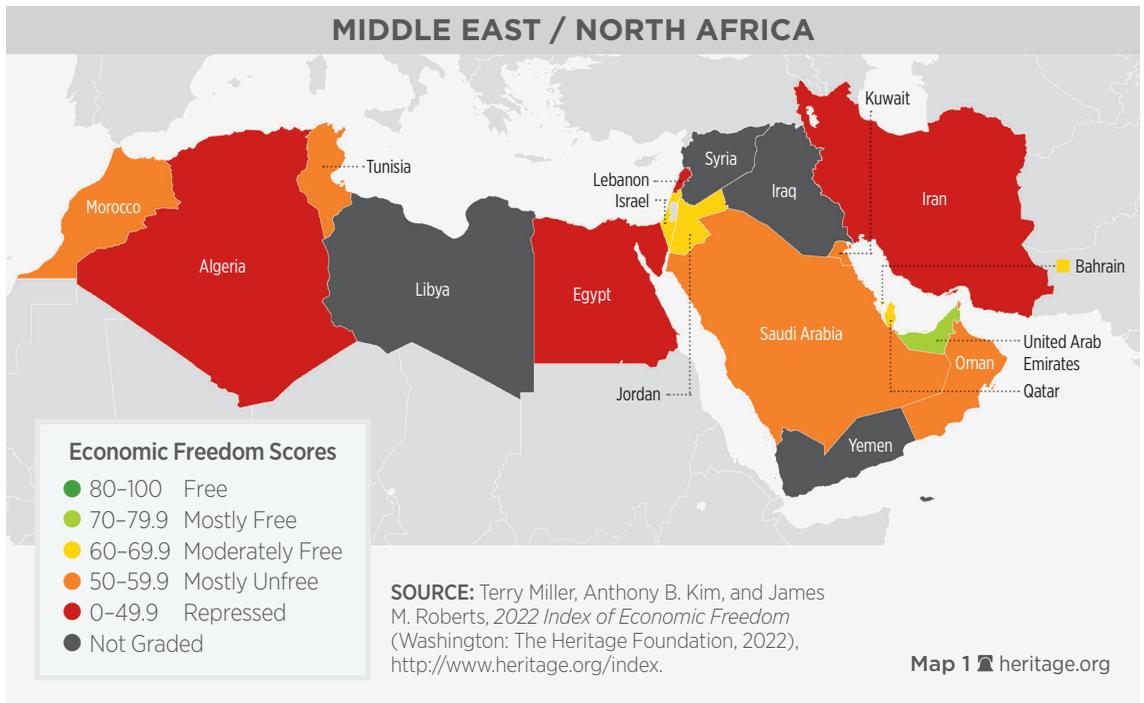
INFLATION: 12.5%

UNEMPLOYMENT RATE: 10.5%

PUBLIC DEBT: 66% of GDP

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, 2022 *Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

 heritage.org



Yemen remains suspended because of ongoing violence and unrest.

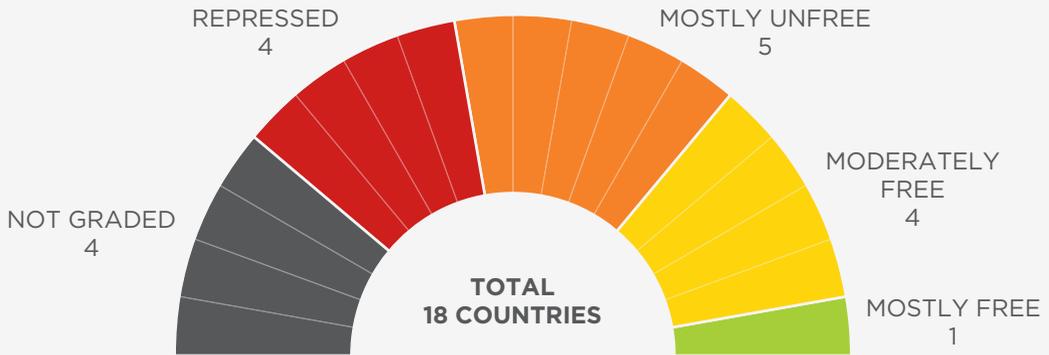
Chart 1 shows the distribution of countries in the MENA region according to the five categories of economic freedom identified by the *Index*. The region has no economically “free” countries, and the United Arab Emirates is its only “mostly free” economy. The majority of the 14 countries in the region that are graded in the *Index* fall into the “moderately free” or “mostly unfree” categories, and Egypt, Lebanon, Iran, and Algeria are categorized as “repressed.”

Structural and institutional problems abound, and private-sector growth in the region still lags far behind levels needed to provide enough job creation for proliferating populations. Despite exports of crude oil for energy generation, the region’s overall trade flows remain very low, reflecting a lack of economic vitality. The MENA region’s lack of economic opportunities remains one of its most serious problems, particularly for the younger working-age population (15–24 years old) whose average unemployment rate exceeds 25 percent. Social upheaval is the predictable result.

There is one *Index* indicator in which the MENA region remains the clear global leader: tax burden. (See Chart 2.) The region’s tax burden score beat the world average by more than eight points in 2022, a level reached because of the low income tax rates typically found in the oil kingdoms. That score is both a blessing and a curse, however, because it reflects the region’s wide and deeply detrimental disparities. The very wealthy few have the power to avoid taxation, while most of the population earns too little to be heavily taxed. In fact, some regional regimes borrow to subsidize the poor and tamp down discontent instead of providing the economic freedom that would allow individuals to better themselves. The region scores below world averages in all three indicators related to the rule of law and in business freedom, and it scores well below the world average for fiscal health.

As shown in Chart 4, greater economic freedom (or the lack of it) is strongly correlated across the region with levels of overall human development as measured by the United Nations *Human Development Index*, which measures life expectancy, literacy, education, and standard of living.

MIDDLE EAST/NORTH AFRICA: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 1 heritage.org

MIDDLE EAST/NORTH AFRICA: COMPONENTS OF ECONOMIC FREEDOM

LOWER THAN WORLD AVERAGE ● | WORLD AVERAGE — | HIGHER THAN WORLD AVERAGE ●

		AVERAGES			
		Region	World		
OVERALL		56.9	60.0	●	
RULE OF LAW	Property Rights	53.2	55.3	●	
	Judicial Effectiveness	37.5	50.2	●	
	Government Integrity	44.7	45.3	●	
GOVERNMENT SIZE	Tax Burden	86.0	77.9		●
	Government Spending	61.4	65.0	●	
	Fiscal Health	36.4	60.6	●	
REGULATORY EFFICIENCY	Business Freedom	59.2	60.3	●	
	Labor Freedom	51.1	55.7	●	
	Monetary Freedom	73.7	74.4	●	
MARKET OPENNESS	Trade Freedom	71.6	69.5		●
	Investment Freedom	55.0	57.0	●	
	Financial Freedom	52.9	48.7		●

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 2 heritage.org

MIDDLE EAST/NORTH AFRICA: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



NOTE: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2020.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>; International Monetary Fund, *World Economic Outlook Database*, April 2021, <https://www.imf.org/en/Publications/WEO/weo-database/2021/April> (accessed November 15, 2021); and Economist Intelligence Unit.

Chart 3 heritage.org

The results of the 2022 *Index* reflect that the region’s underlying political and economic architecture, dominated by authoritarian governments, continues to repress economic freedom a decade after the exhilarating promises of the Arab Spring. In an effort to quell social and political unrest, too many of the region’s governments are still funding costly subsidies that help to generate heavy and unsustainable budget deficits.

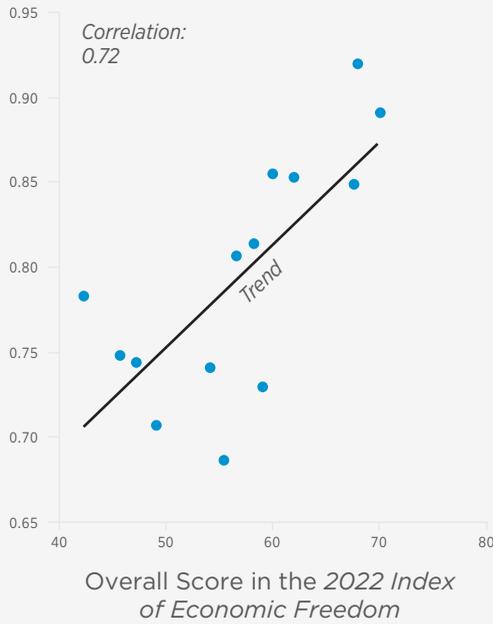
NOTABLE COUNTRIES

- Israel’s** modern market economy is fundamentally sound and vibrant. The economic competitiveness of the “Start-up Nation” has long been anchored in strong protection of property rights, efficient coordination of regulatory processes, and a sound judicial framework that sustains the rule of law. The country’s 2020 normalization agreements with Bahrain, the United Arab Emirates, Morocco, and Sudan should clear the way for greater regional trade, investment, tourism, and technological and strategic cooperation. Unfortunately, Israel has gradually lost some economic freedom since 2017 and has fallen from the “mostly free” category into the “moderately free” category. In the years since the inception of the *Index* in 1995, government spending has been the indicator that has consistently hindered greater economic freedom in Israel.
- In a region where economic freedom has waned, **Tunisia** has fared relatively better than most other countries. In the birthplace of the 2011 Arab Spring protests, younger Tunisians are still insisting on reforms, but parliamentary fragmentation continues to generate political instability, and the transformation to a more market-oriented economy has been slowed. Although Tunisia has lost only a little economic freedom in the past five years, it remains stuck in the lower half of the “mostly unfree” category. Property rights and trade freedom are somewhat strong, but financial freedom is extremely weak.
- Although **Algeria** has made progress in some areas of economic freedom in the past five years, its overall score since 2017 is slightly lower. The country remains in

MIDDLE EAST/NORTH AFRICA: ECONOMIC FREEDOM AND HUMAN DEVELOPMENT

Each circle represents a nation in the
Index of Economic Freedom.

Human Development Index Score



SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>, and United Nations Development Programme, *Human Development Report 2020*, <http://hdr.undp.org/sites/default/files/hdr2020.pdf> (accessed December 14, 2021).

Chart 4 heritage.org

- **Egypt** has less economic freedom today than it had five years ago and has fallen from the “mostly unfree” category into the “repressed” category. To reverse that trend, the government would need to focus on policy reforms to reduce public debt and upgrade institutional performance to strengthen the three rule-of-law indicators: property rights, judicial effectiveness, and government integrity.
- **Saudi Arabia**, birthplace of Islam and home to its two holiest shrines in Mecca and Medina, is an absolute monarchy ruled by King Salman bin Abdulaziz Al Saud. His son, Crown Prince Mohammed bin Salman Al Saud, remains central to decision-making. Although economic freedom in Saudi Arabia has fluctuated over the past half-decade, the overall trend has been negative. Dragged down by sharply lower scores for fiscal health, judicial effectiveness, and property rights, Saudi Arabia has dropped to the middle of the “mostly unfree” category. The government has a long way to go to get excessive overspending and debt under control. Further liberalization of the investment regime and toughening of anticorruption efforts are also needed to increase economic freedom and diversify the economy.

the middle ranks of the “repressed” category. For Algeria to progress toward greater economic freedom, the government must strengthen the judicial system and other rule-of-law institutions. Monetary freedom is relatively strong, but greater openness and increased financial freedom would improve the investment climate.

ECONOMIC FREEDOM IN MIDDLE EAST/NORTH AFRICA

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
33	1	United Arab Emirates	70.2	63.5	35.4	71.8	100.0	71.5	92.8	73.2	64.9	80.8	78.2	50	60
43	2	Israel	68.0	83.2	85.0	65.2	60.4	48.4	23.1	81.1	56.5	84.8	78.8	80	70
44	3	Qatar	67.7	68.6	38.8	60.0	97.8	69.3	89.7	58.6	51.9	76.0	81.4	60	60
74	4	Bahrain	62.0	65.9	27.4	41.6	99.9	65.5	0.0	60.2	54.9	81.1	83.0	85	80
87	5	Jordan	60.1	53.7	42.6	49.5	84.8	71.6	15.9	59.6	57.2	84.2	71.8	70	60
97	6	Morocco	59.2	57.8	32.7	41.0	68.2	69.8	46.0	64.8	46.4	80.0	68.6	65	70
101	7	Kuwait	58.3	41.9	42.0	43.8	97.7	4.0	99.7	55.4	52.7	71.7	75.6	55	60
108	8	Oman	56.6	74.9	27.1	53.3	97.7	32.8	6.9	58.1	45.7	84.7	73.4	65	60
118	9	Saudi Arabia	55.5	46.7	35.8	50.7	99.3	57.3	17.9	68.1	41.2	79.0	74.8	45	50
128	10	Tunisia	54.2	60.9	49.5	47.3	75.2	67.0	20.8	57.7	56.0	74.4	66.2	45	30
152	11	Egypt	49.1	39.0	22.1	28.7	87.1	75.7	3.7	54.1	32.9	70.9	60.2	65	50
162	12	Lebanon	47.3	33.7	27.4	22.8	88.5	77.4	0.0	48.8	54.2	41.1	74.2	50	50
167	13	Algeria	45.8	27.9	29.7	30.1	67.2	57.1	38.6	50.0	51.5	80.1	57.4	30	30
170	14	Iran	42.4	26.6	29.4	19.8	80.8	92.5	54.7	38.9	49.4	42.3	59.2	5	10
N/A	N/A	Iraq	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Libya	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Syria	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	Yemen	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



**SUB-SAHARAN
AFRICA**

SUB-SAHARAN AFRICA

The Sub-Saharan region of Africa is home to nearly 1.2 billion people and spans most of the world's second-largest continent. It traverses thousands of miles southward from the vast Sahara Desert to South Africa's Cape of Good Hope and stretches from the Indian Ocean beaches of Mozambique to the North Atlantic coast of Senegal and Mauritania. Unfortunately, the vast majority of the 47 countries in the region that were graded in the 2022 *Index* fall into the “mostly unfree” or “repressed” categories. In fact, the number of “repressed” countries has grown, reflecting the region's overall decline in economic freedom since 2017. The region was able to record overall positive economic growth during those five years, but much higher rates of growth will be required to move the majority of people onto a sustainable path of long-term economic development. Increasing growth will require economic freedom-oriented institutional reforms that might be painful for ruling elites but nevertheless would liberate and empower others to move forward both economically and socially.

SUB-SAHARAN AFRICA: QUICK FACTS

TOTAL POPULATION: 1.18 billion

Population-Weighted Averages

GDP PER CAPITA (PPP): \$4,217

1-YEAR GROWTH: -1.0%

5-YEAR GROWTH: 2.7%

INFLATION: 14.8%*

UNEMPLOYMENT RATE: 7.5%**

PUBLIC DEBT: 62.8% of GDP

* Excludes Zimbabwe, ** Excludes Seychelles.

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

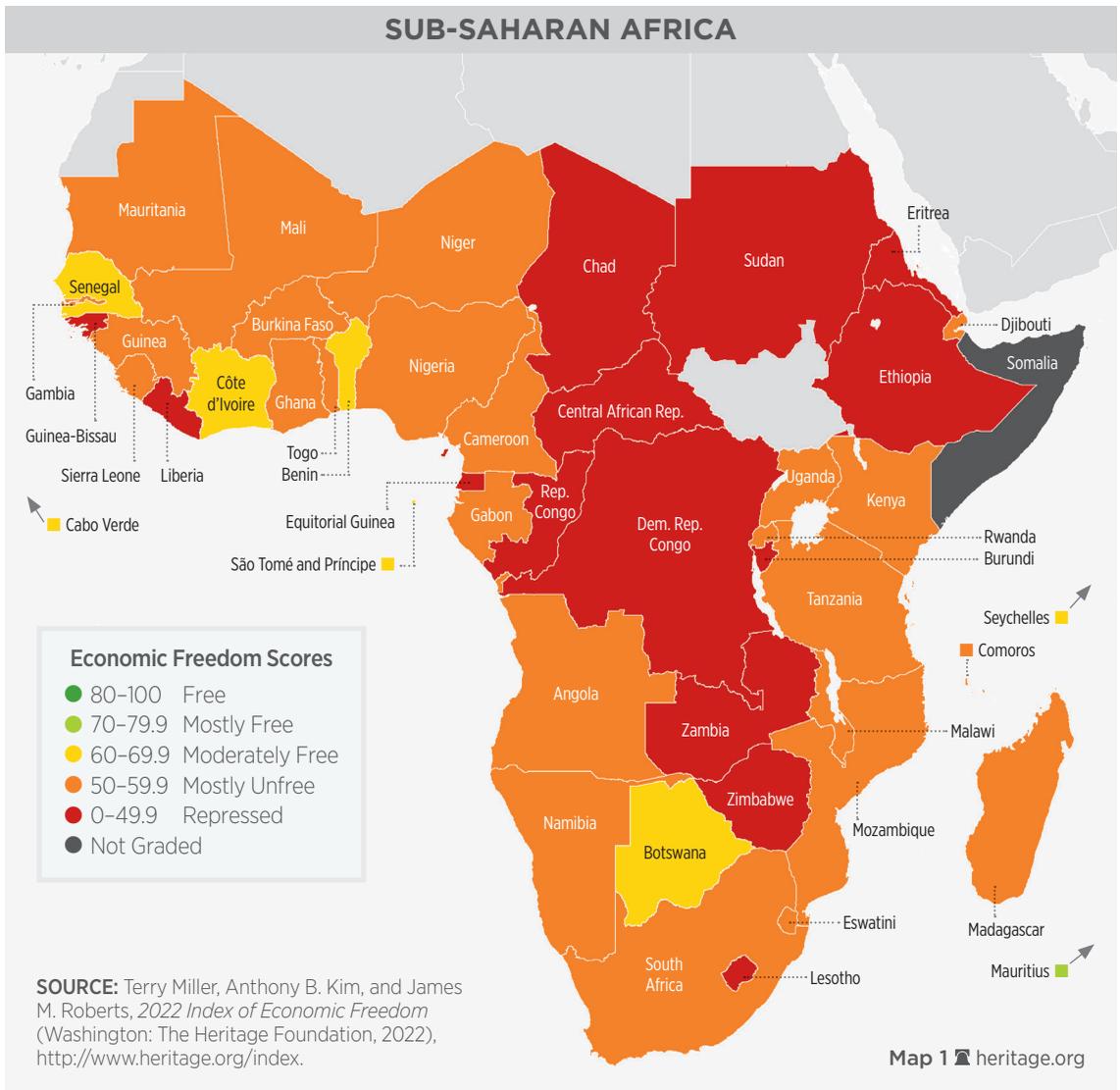
 heritage.org

The countries of Sub-Saharan Africa were woefully unprepared for the challenges of COVID-19 and the worldwide economic slowdown that has stressed economies everywhere. Repeated failures to implement policy changes that would improve the business and investment climate and strengthen the rule of law have left the region performing far below its economic potential. The economic opportunities missed because of corruption and conflict represent a special tragedy for the region's huge population of young people, who lose developmental ground that is increasingly difficult to make up as such conditions persist.

Successful efforts to implement structural reform have been rare, and the modernization of infrastructure and institutions lags severely throughout most of Sub-Saharan Africa. Many of the region's countries are overly dependent on exports of agricultural and mineral commodities that contribute little to sustained increases in productivity and broad-based job creation, and few have made any sustained progress toward economic diversification. The result is a deeply ingrained pattern of suboptimal and uneven growth that leaves a substantial portion of the population in many countries living at or near subsistence levels.

The population-weighted average GDP per capita for the region is the lowest for any of the five global regions in the 2022 *Index* (just \$4,217 at purchasing power parity). Unemployment rose again this year to 7.5 percent, and inflation shot up to 14.8 percent. At 2.7 percent, Sub-Saharan Africa's five-year average rate of economic growth is second only to that of the Asia-Pacific region—but this is growth from a very low base. Economic development remains limited by underemployment and the region's large informal sectors.

Chart 1 shows the distribution of countries in the Sub-Saharan African region by level of economic freedom. The distinctions among economies in Sub-Saharan Africa, as opposed to



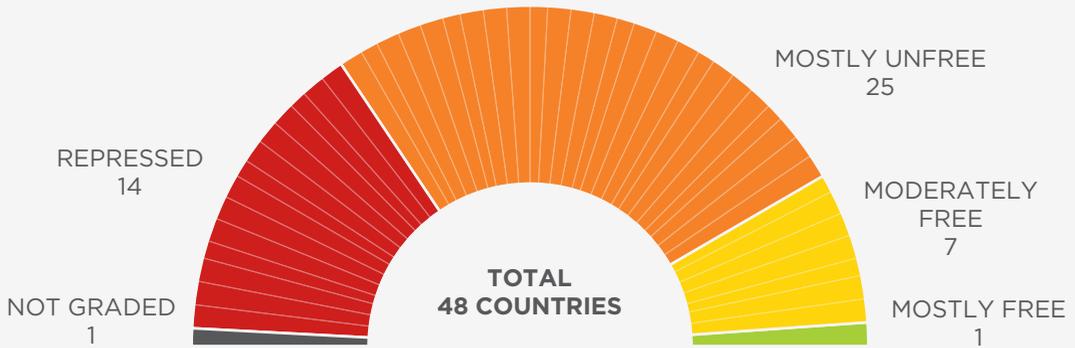
regions that benefit from a diverse range of competitive and innovative free-market economies, are defined primarily by the relative lack of economic freedom. There is not a single “free” economy in the region. Mauritius is counted (just barely) in the ranks of the “mostly free,” and the economies of another seven countries are considered “moderately free,” but a clear majority of the 47 nations graded in the 2022 *Index* are ranked either “mostly unfree” or “repressed.” In fact, 14 of the world’s 32 “repressed” economies—close to half—are in Sub-Saharan Africa.

The only one of the 12 indicators in which the region scores higher than the world average

is government spending. However, that is a hollow victory because the score reflects the inability of inadequately resourced governments in the region to perform the complicated tasks that are required to manage 21st century economies more than it does any attempt to restrain spending.

Another irony emerges from the region’s relatively positive average tax burden score, which reflects the ineffective or corrupt administration of existing tax laws rather than any particular restraint in the desire to extract revenue from the population. Because labor freedom is restricted in the formal labor

SUB-SAHARAN AFRICA: ECONOMIC FREEDOM SUMMARY



SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 1 heritage.org

SUB-SAHARAN AFRICA: COMPONENTS OF ECONOMIC FREEDOM

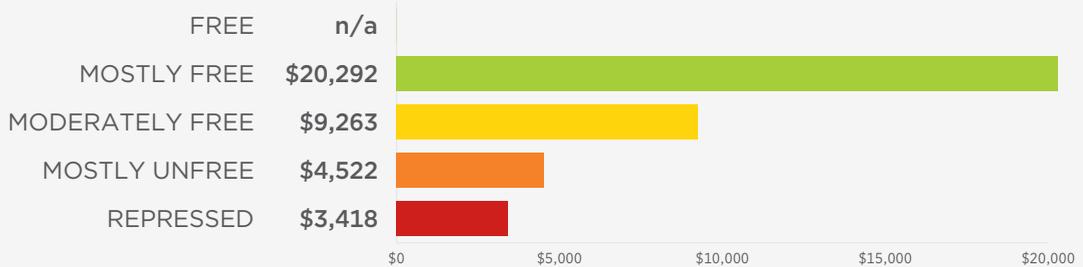
LOWER THAN WORLD AVERAGE ● | WORLD AVERAGE — | ● HIGHER THAN WORLD AVERAGE

		AVERAGES			
		Region	World		
OVERALL		53.4	60.0	●	
RULE OF LAW	Property Rights	39.7	55.3	●	
	Judicial Effectiveness	34.7	50.2	●	
	Government Integrity	31.3	45.3	●	
GOVERNMENT SIZE	Tax Burden	76.8	77.9	●	
	Government Spending	80.5	65.0	●	
	Fiscal Health	58.9	60.6	●	
REGULATORY EFFICIENCY	Business Freedom	44.5	60.3	●	
	Labor Freedom	52.5	55.7	●	
	Monetary Freedom	70.9	74.4	●	
MARKET OPENNESS	Trade Freedom	61.0	69.5	●	
	Investment Freedom	50.5	57.0	●	
	Financial Freedom	39.6	48.7	●	

SOURCE: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>.

Chart 2 heritage.org

SUB-SAHARAN AFRICA: AVERAGE GDP PER CAPITA, BY ECONOMIC FREEDOM CATEGORY



NOTE: Figures are GDP per capita, purchasing power parity (PPP), in current international dollars for 2020.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>; International Monetary Fund, *World Economic Outlook Database*, April 2021, <https://www.imf.org/en/Publications/WEO/weo-database/2021/April> (accessed November 15, 2021); and Economist Intelligence Unit.

Chart 3  heritage.org

markets, there is significant unreported informal economic activity in which workers enjoy no protections whatsoever. The 2022 *Index* scores also document the region's continuing lack of progress in improving the rule of law, regulatory efficiency, and open markets, thereby providing additional metrics that confirm how the region continues to lag behind the rest of the world.

Overall, the depressing landscape painted by the results of the 2022 *Index* depicts a region dominated by dozens of nations with uneven economic playing fields that are further pockmarked by weak rule of law, inadequate protection of property rights, cronyism, and endemic corruption. The region's scores for property rights, judicial effectiveness, government integrity, and business freedom are all lower than world averages by 10 points or more.

Although Chart 3 confirms that the strong relationship between high levels of economic freedom and high GDP per capita holds true even in Sub-Saharan Africa, the message that these weak results must convey to the vast majority of citizens of Sub-Saharan Africa who lack political connections is that without improvements in

economic freedom, their prospects for a brighter future are severely limited.

The decisions at the 2021 COP26 (Conference of the Parties) climate conference to impose severe restrictions on Western funding for hydrocarbon-fueled electricity plants is another heavy blow to the region. Despite ample reserves of clean-burning and inexpensive natural gas throughout the continent, a prohibition on their exploitation in favor of unreliable and expensive green energy technologies will translate into more lost opportunities for economic growth and a lower standard of living for tens of millions of Africans.

Perhaps the most tragic consequence of the dearth of economic freedom in Sub-Saharan Africa is its correlation (shown in Chart 4) with severe food shortages and poor nutrition, which in turn are directly and causally related to the region's political instability, high infant mortality rates, disease outbreaks, childhood learning disabilities, and frequent famines. In the longer term, foreign aid from the West cannot solve the food security problem in Sub-Saharan Africa. The solution to that problem—and to many other challenges in the region—is more economic freedom.

SUB-SAHARAN AFRICA: ECONOMIC FREEDOM AND FOOD SECURITY

Each circle represents a nation in the *Index of Economic Freedom*.

Global Food Security Index Score



NOTE: Based on the 28 countries in Sub-Saharan Africa that appear in both indexes.

SOURCES: Terry Miller, Anthony B. Kim, and James M. Roberts, *2022 Index of Economic Freedom* (Washington: The Heritage Foundation, 2022), <http://www.heritage.org/index>, and Economist Intelligence Unit, *Global Food Security Index 2021*, <https://impact.economist.com/sustainability/project/food-security-index/Index/> (accessed December 14, 2021).

Chart 4  heritage.org

NOTABLE COUNTRIES

- **Mauritius** remains Sub-Saharan Africa’s most economically free nation in the 2022 *Index* and is the only one of the region’s 47 graded countries in the “mostly free” category. Mauritius has undergone a remarkable economic transformation from a low-income, agriculturally based economy to a diversified, upper-middle-income country that has attracted considerable foreign investment and has one of the region’s highest GDPs per capita. To regain a firmer footing among “mostly free” countries, the government will need to redouble its efforts

to improve fiscal health and correct its on-going deficit in government integrity, which persists at a troubling level that is more typical of countries that are ranked much lower overall in economic freedom.

- **Rwanda** has suffered a steep drop of economic freedom in the years since 2017 and has fallen from the “moderately free” category to the “mostly unfree” category. Monetary freedom is somewhat promising, but judicial effectiveness, fiscal health, and financial freedom are seriously deficient. The loss of economic freedom parallels the increasingly ironfisted rule of President Paul Kagame, who has been in office since 2000 and was reelected to seven-year terms in 2010 and 2017 amid allegations of fraud, intimidation, and violence. In 2015, voters approved a constitutional change that would permit the 62-year-old Kagame to govern until 2034 and strengthen his authoritarian rule. It must be acknowledged, however, that rates of extreme poverty have been reduced under Kagame.
- **South Africa** has a highly developed economy and an advanced infrastructure. In addition to being one of the world’s largest exporters of gold, platinum, and other natural resources, it has well-established financial, legal, communications, energy, and transport sectors and the continent’s largest stock exchange. However, rates of formal-sector unemployment and crime are high. Dragged down by a sharply lower score for fiscal health, South Africa has recorded a 6.1-point overall loss of economic freedom since 2017 and remains in the middle ranks of the “mostly unfree” countries. To reverse course back to greater economic freedom, the government would have to prioritize improvements in the judicial system and confront persistent labor market rigidities that trap more than a third of South Africa’s workers in the informal economy.

ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
30	1	Mauritius	70.9	85.6	81.7	56.5	91.3	73.4	6.8	72.0	69.8	75.9	87.4	80.0	70.0
49	2	Cabo Verde	66.7	66.1	77.4	60.9	77.5	68.1	48.3	59.8	52.4	84.4	66.0	80.0	60.0
61	3	Botswana	64.8	74.2	70.1	61.4	87.4	59.8	19.2	56.7	61.6	75.4	77.2	65.0	70.0
76	4	Côte d'Ivoire	61.6	45.4	30.0	33.8	79.1	89.7	73.8	61.0	55.9	71.3	73.6	75.0	50.0
79	5	Seychelles	61.1	78.8	62.4	65.2	76.4	42.5	36.7	61.2	61.7	82.1	81.2	55.0	30.0
81	6	Benin	61.0	44.3	55.3	40.3	68.4	91.6	83.4	47.7	59.6	80.4	61.4	50.0	50.0
85	7	São Tomé and Príncipe	60.3	44.1	62.2	48.7	88.2	83.1	85.9	49.0	41.6	65.9	65.0	60.0	30.0
88	8	Senegal	60.0	58.0	49.8	47.8	72.3	82.1	56.7	57.9	53.9	76.1	65.8	60.0	40.0
89	9	Ghana	59.8	60.7	57.0	45.4	82.8	83.8	7.8	60.9	55.4	70.8	63.0	70.0	60.0
93	10	Tanzania	59.5	36.9	27.0	36.9	80.6	91.9	93.3	46.3	62.0	73.8	59.8	55.0	50.0
95	11	Namibia	59.2	63.8	67.6	53.9	72.3	56.5	22.4	55.4	63.4	79.0	71.2	65.0	40.0
98	12	Madagascar	58.9	40.3	33.4	23.0	90.7	92.9	87.8	37.4	56.0	75.9	64.8	55.0	50.0
100	13	Burkina Faso	58.3	47.0	36.3	41.4	81.8	82.3	66.1	41.9	61.6	75.6	61.0	65.0	40.0
102	14	Gambia	58.0	47.6	37.2	38.1	79.3	84.1	68.9	50.5	47.3	64.1	63.8	65.0	50.0
104	15	Togo	57.2	36.8	35.1	28.8	68.7	88.9	88.8	51.5	54.5	77.3	65.6	60.0	30.0
105	16	Rwanda	57.1	61.1	26.6	54.7	79.1	76.3	61.6	50.7	42.6	74.4	58.2	60.0	40.0
112	17	South Africa	56.2	43.2	61.3	48.4	63.4	68.1	8.1	65.7	71.1	78.0	72.2	45.0	50.0
114	18	Mali	55.9	34.0	34.1	28.3	69.8	83.9	70.8	44.2	54.2	82.8	64.0	65.0	40.0
115	19	Gabon	55.8	26.8	18.6	24.4	77.4	90.2	89.5	49.9	54.0	81.5	56.8	60.0	40.0
119	20	Mauritania	55.3	36.9	29.9	23.5	75.2	89.4	92.9	35.7	48.9	80.3	60.6	50.0	40.0
120	21	Djibouti	55.3	33.1	28.3	24.5	80.0	83.3	92.1	48.6	50.7	69.5	43.2	60.0	50.0
121	22	Niger	54.9	37.4	35.9	32.5	77.5	85.7	69.0	35.2	53.6	74.6	62.6	55.0	40.0
124	23	Nigeria	54.4	22.1	33.8	22.7	84.8	95.3	58.1	41.2	73.6	67.5	68.6	45.0	40.0
127	24	Uganda	54.2	48.3	29.2	24.0	73.6	89.8	53.5	46.5	54.7	78.2	57.8	55.0	40.0
129	25	Guinea	54.2	21.4	27.8	25.6	69.3	92.8	92.0	45.4	49.5	69.7	66.4	50.0	40.0
134	26	Malawi	53.0	48.1	53.0	29.4	78.7	87.4	11.0	34.0	56.4	71.1	67.4	50.0	50.0
136	27	Cameroon	52.9	39.1	10.9	19.9	74.7	90.1	78.7	60.4	46.4	79.9	55.2	30.0	50.0
138	28	Kenya	52.6	40.6	39.0	30.9	79.0	82.2	10.6	56.1	56.8	75.5	56.0	55.0	50.0
139	29	Angola	52.6	39.8	25.3	20.6	86.6	86.4	80.0	37.6	53.9	61.2	70.0	30.0	40.0
140	30	Sierra Leone	52.0	43.1	41.9	32.4	86.7	84.9	54.0	34.4	38.2	65.1	63.6	60.0	20.0
141	31	Eswatini	51.4	46.1	36.9	32.1	78.6	63.9	15.6	48.9	54.8	77.9	71.8	50.0	40.0
142	32	Mozambique	51.3	31.9	44.1	26.3	72.2	70.3	52.7	36.7	47.4	78.8	70.6	35.0	50.0
143	33	Comoros	50.4	28.9	21.2	20.1	63.0	88.5	96.2	48.3	55.5	81.5	27.0	45.0	30.0
146	34	Chad	49.8	28.9	13.6	13.1	44.6	92.7	96.3	28.2	54.5	74.2	52.0	60.0	40.0
150	35	Ethiopia	49.6	38.1	20.5	33.2	78.3	93.0	81.6	42.7	38.8	57.7	61.4	30.0	20.0
154	36	Zambia	48.7	38.3	45.2	30.8	70.9	73.3	0.0	44.2	41.9	66.4	68.2	55.0	50.0
155	37	Congo, Rep.	48.5	30.4	14.9	13.4	82.4	86.0	80.0	29.5	43.3	80.5	56.4	35.0	30.0
157	38	Lesotho	48.1	45.0	44.1	42.8	77.4	4.5	27.5	44.2	58.3	75.9	62.2	55.0	40.0

ECONOMIC FREEDOM IN SUB-SAHARAN AFRICA

World Rank	Regional Rank	Country	Overall Score	Property Rights	Judicial Effectiveness	Government Integrity	Tax Burden	Government Spending	Fiscal Health	Business Freedom	Labor Freedom	Monetary Freedom	Trade Freedom	Investment Freedom	Financial Freedom
159	39	Liberia	47.9	32.2	23.4	25.1	86.1	68.0	64.6	34.8	43.2	61.7	60.8	55.0	20.0
160	40	Congo, Dem. Rep.	47.6	14.8	13.2	11.8	74.4	95.7	97.4	28.3	54.0	63.7	68.0	30.0	20.0
163	41	Equatorial Guinea	47.2	18.9	6.9	6.5	75.1	91.0	94.8	34.4	46.5	73.0	48.8	40.0	30.0
166	42	Guinea-Bissau	46.0	29.1	14.0	15.9	88.8	85.8	31.3	31.5	56.4	83.4	55.8	30.0	30.0
168	43	Central African Republic	45.7	7.1	12.3	18.3	65.3	88.1	95.2	26.5	39.5	75.3	46.2	45.0	30.0
171	44	Eritrea	39.7	8.6	3.9	11.1	72.7	68.6	79.0	30.1	51.2	61.5	69.2	0.0	20.0
172	45	Burundi	39.4	18.8	7.1	12.2	77.1	76.4	10.3	27.5	41.5	70.3	51.0	50.0	30.0
173	46	Zimbabwe	33.1	20.8	16.3	20.6	66.1	87.2	79.8	36.9	34.9	0.0	0.0	25.0	10.0
174	47	Sudan	32.0	22.2	13.2	14.6	84.9	92.9	0.0	25.0	44.8	13.7	48.0	5.0	20.0
N/A	N/A	Somalia	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- Cabo Verde**, which has posted the region's second-highest economic freedom score, has few natural resources but has managed to become a trading center and is now a stable, multiparty parliamentary democracy. Led by increases in scores for rule of law, Cabo Verde has recorded a 9.8-point overall gain of economic freedom since 2017 and has risen to the upper half of the "moderately free" category. Monetary freedom and investment freedom are strong, but fiscal health and labor freedom exhibit weaknesses.

THE COUNTRIES

AFGHANISTAN

WORLD RANK: **N/A** | REGIONAL RANK: **N/A**
 ECONOMIC FREEDOM STATUS:
NOT GRADED

The grading of Afghanistan's economic freedom has been suspended in this edition of the *Index* because of the Taliban's abrupt displacement of the democratic government in August 2021. Key economic data have been included where available.

Before the takeover, Afghanistan had achieved a decade of rapid yet volatile economic growth. Construction and agriculture have been the key contributors to economic expansion. Afghanistan became a member of the World Trade Organization in 2016. Unless current trends are reversed, political uncertainty and security challenges can be expected to have a significant impact on the country's level of economic freedom.

IMPACT OF COVID-19: As of December 1, 2021, 7,309 deaths had been attributed to the pandemic in Afghanistan, and the government's response to the crisis ranked 146th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.0 percent in 2020.

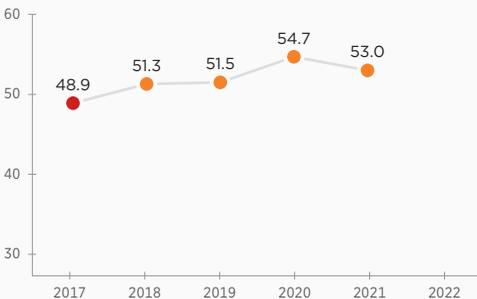
ECONOMIC FREEDOM SCORE

N/A



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2017): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
38.9 million

GDP (PPP):
\$78.7 billion
-5.0% growth in 2020
5-year compound annual growth 1.0%
\$2,390 per capita

UNEMPLOYMENT:
11.7%

INFLATION (CPI):
5.6%

FDI INFLOW:
\$13.0 million

PUBLIC DEBT: 7.8% of GDP

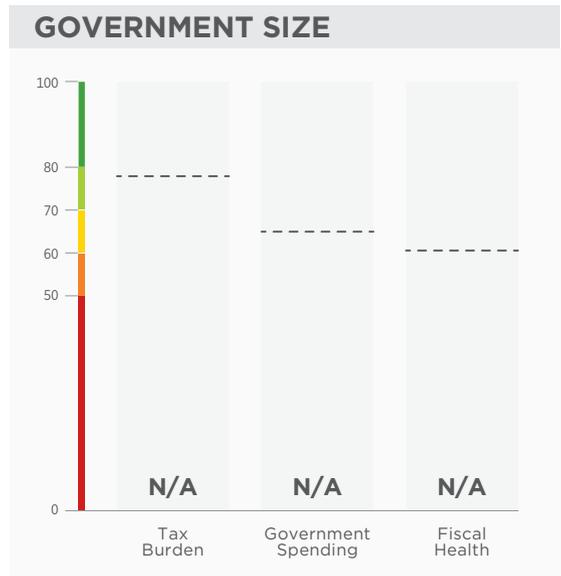
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The withdrawal of U.S. forces from Afghanistan in August 2021 was followed by the Taliban's rapid seizure of provincial capitals and, within weeks, the national capital of Kabul. Economic, political, and security conditions in Afghanistan remain volatile and uncertain. International assistance accounted for an estimated 19.37 percent of gross national income in 2017, and the country's living standards are among the lowest in the world. Legal exports include table grapes and raisins, but the economy remains heavily dependent on the illicit cultivation of opium.

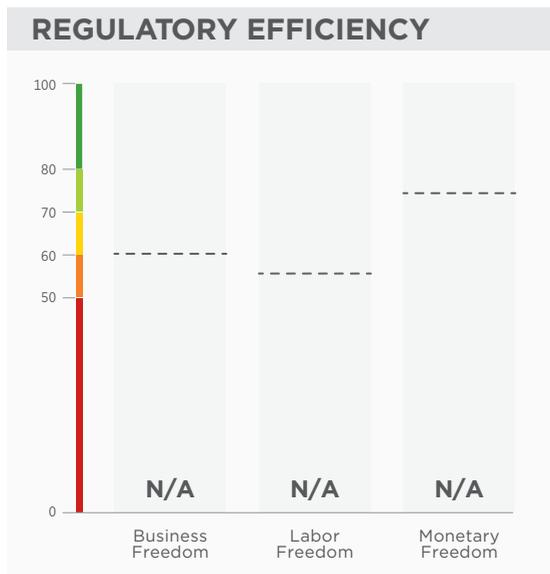
12 ECONOMIC FREEDOMS | AFGHANISTAN



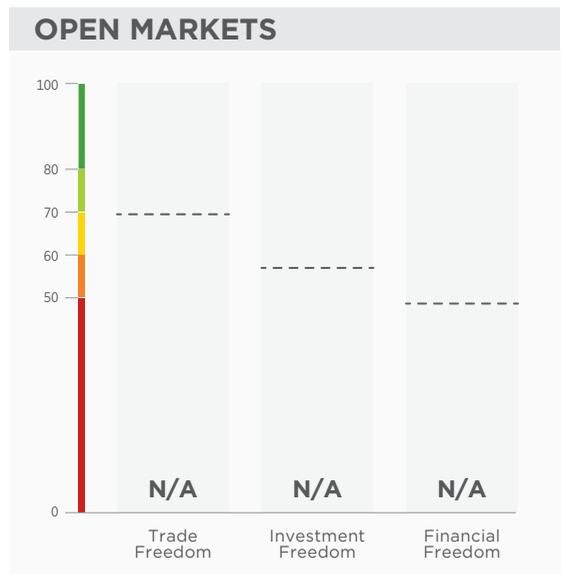
Even before the Taliban takeover, most owners of real property had only customary title. Surveys were rare. Protection of property rights was weak. Commercial court procedures were slow, and the judicial system operated haphazardly through a mix of legal codes overseen by inadequately trained judges and local elders. Corruption permeated society and hampered economic development. Reforms to reduce corruption were stalled. Overall, the evenhanded rule of law is extremely uncertain.



The top individual income tax rate is 20 percent, and the top corporate tax rate is 20 percent. The overall tax burden equals 7.5 percent of total domestic income. Government spending has amounted to 29.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.6 percent of GDP. Public debt is equivalent to 7.8 percent of GDP.



The Taliban's control of key transportation routes and cities puts many businesses at risk from violence. Labor freedom and business freedom among women and girls have become more precarious. Afghanistan's severely underdeveloped financial system and the Taliban government's relative lack of access to financial resources and international aid will limit the government's ability to conduct monetary policy.



Afghanistan has two preferential trade agreements in force. The trade-weighted average tariff rate is 5.7 percent, and 22 nontariff measures are in effect. Legal and security obstacles still severely impede much-needed investment. The underdeveloped financial system's limited capability hampers entrepreneurial growth. Enforcement of laws governing banking is not effective, and the sector remains fragile.

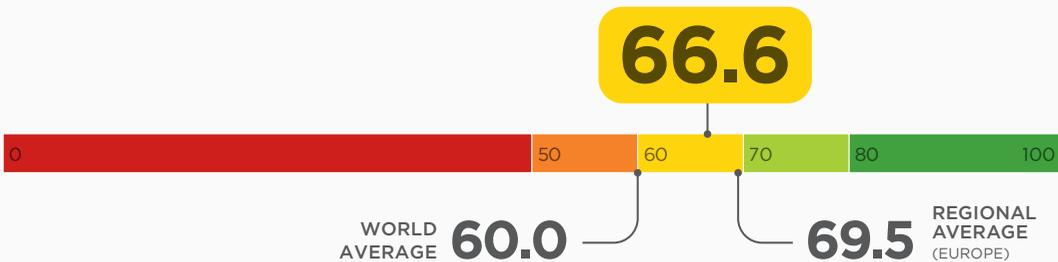
ALBANIA

Albania's economic freedom score is 66.6, making its economy the 50th freest in the 2022 *Index*. Albania is ranked 30th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Over the past five years, Albania's economic growth increased from 2017 to 2018, decelerated in 2019, turned negative in 2020, and rebounded in 2021. A five-year trend of expanding economic freedom has regained positive momentum. Led by score increases in **property rights** and **judicial effectiveness**, Albania has recorded a 2.2-point overall gain of economic freedom since 2017 but nevertheless remains in the middle ranks of the "Moderately Free" countries. Government size and open markets indicators are positive, but the rule of law remains problematic.

IMPACT OF COVID-19: As of December 1, 2021, 3,101 deaths had been attributed to the pandemic in Albania, and the government's response to the crisis ranked 75th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +16.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.8 million

GDP (PPP):
\$40.7 billion
-3.5% growth
in 2020
5-year compound
annual growth 2.0%
\$14,218 per capita

UNEMPLOYMENT:
11.7%

INFLATION (CPI):
1.6%

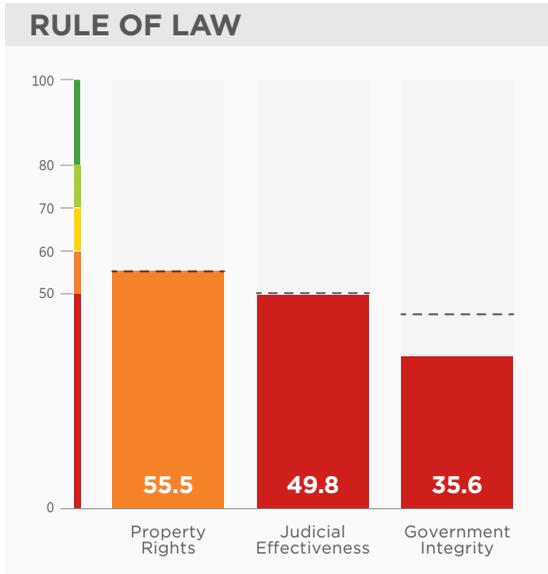
FDI INFLOW:
\$1.1 billion

PUBLIC DEBT:
76.0% of GDP

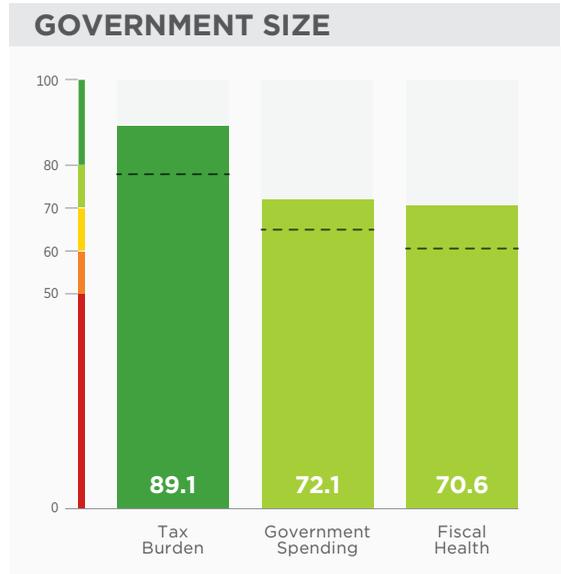
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Balkan nation of Albania transitioned from Communist rule to multiparty democracy in 1991. Edi Rama has been prime minister since 2013; his Socialist Party won another parliamentary majority in April 2021. Rama's outspoken critic, President Ilir Meta, was impeached in June, and the Constitutional Court will serve as final adjudicator. Albania's aspirations to join the European Union remain stymied; in June 2021, Bulgaria blocked the start of long-awaited accession talks. Agriculture dominates the Albanian economy and employs about half of the workforce, but services and tourism are increasingly important. With high unemployment, sluggish growth, and weak infrastructure, Albania remains one of Europe's poorest countries.

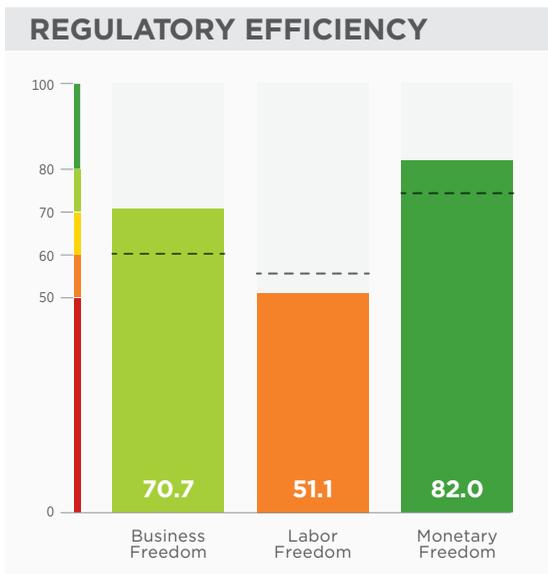
12 ECONOMIC FREEDOMS | ALBANIA



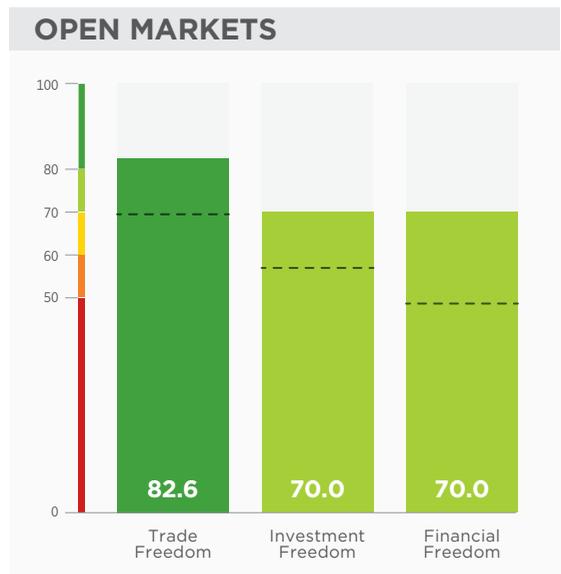
Protection of property is weak because clear title is difficult to obtain, partly because manipulation of the courts makes it possible to obtain illegal and sometimes overlapping land titles. The registration system is inadequate. The independent judiciary is subject to political pressure, intimidation, and limited resources. Economic growth is hindered by endemic corruption, uneven enforcement of legislation, cumbersome bureaucracy, distortion of competition, and a lack of transparency.



The top individual income tax rate is 23 percent, and the top corporate tax rate is 15 percent. The overall tax burden equals 18.3 percent of total domestic income. Government spending has amounted to 30.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.3 percent of GDP. Public debt is equivalent to 76.0 percent of GDP.



Doing business in Albania can be difficult. Informal business practices and irregular government procurement processes contribute to business uncertainty. Labor laws are not evenly enforced. The share of informal employment has been the highest in the region. Government payments have kept small-scale hydroelectric power plants operating, but the energy sector is currently wholly dependent on an unreliable system of state subsidies.



Albania has five preferential trade agreements in force. The trade-weighted average tariff rate is 3.7 percent, and 196 nontariff measures are in effect. Despite some progress in modernizing the investment regime, there are limits on foreign ownership. The financial system remains relatively stable. The banking sector is well provisioned, but the share of nonperforming loans has been rising.

ALGERIA

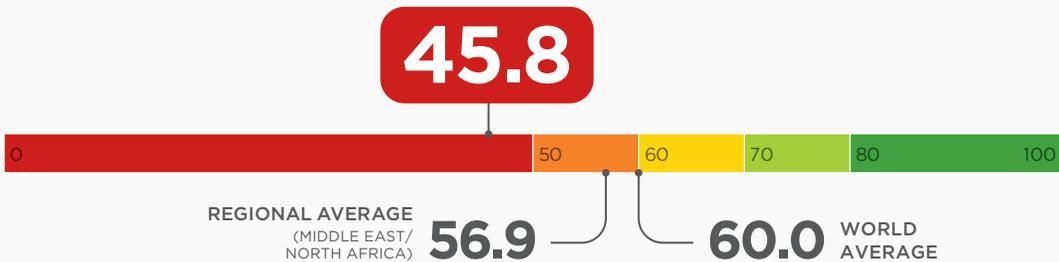
Algeria's economic freedom score is 45.8, making its economy the 167th freest in the 2022 *Index*. Algeria is ranked 13th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

Over the past five years, Algeria's economic growth slowed from 2017 through 2019, turned negative in 2020, and rebounded in 2021. A five-year trend of expanding economic freedom has been broken. Dragged down by score decreases in **property rights** and fiscal health, Algeria has recorded a 0.7-point overall loss of economic freedom since 2017 and has fallen into the middle ranks of the "Repressed" category. Monetary freedom is strong, but rule of law and open markets exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 6,076 deaths had been attributed to the pandemic in Algeria, and the government's response to the crisis ranked 106th among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.0 percent in 2020.

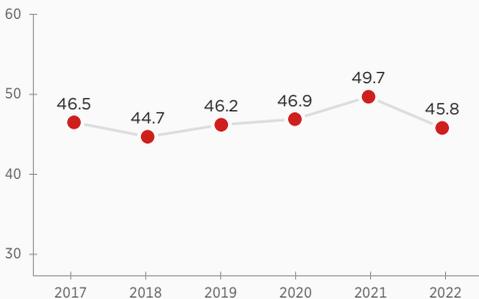
WORLD RANK: **167** | REGIONAL RANK: **13**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -9.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
43.9 million

GDP (PPP):
\$491.5 billion
-6.0% growth in 2020
5-year compound annual growth 0.1%
\$11,112 per capita

UNEMPLOYMENT:
12.8%

INFLATION (CPI):
2.4%

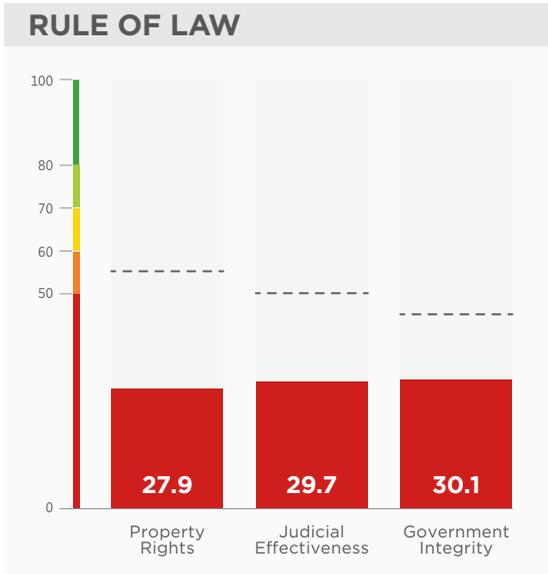
FDI INFLOW:
\$1.1 billion

PUBLIC DEBT:
53.1% of GDP

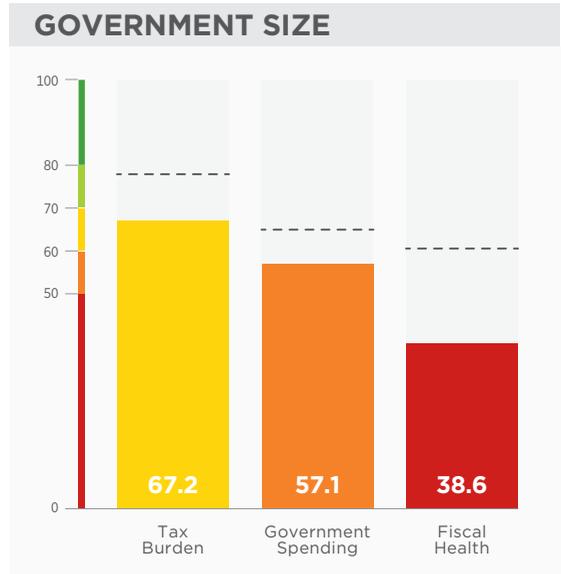
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The National Liberation Front has dominated politics in Algeria ever since the country's independence from France in 1962. Early in 2019, President Abdelaziz Bouteflika was forced out of office after 20 years in power, and Abdelkader Bensalah was named interim president. Abdelmadjid Tebboune was elected president later the same year. Political stability has been eroded by widespread popular disillusionment with the political system and by Algeria's weak economy. Since 2015, Algeria has pursued an import substitution policy, adopting protectionist measures to encourage domestic production. Algeria is the world's sixth-largest exporter of natural gas. Oil and gas account for almost 95 percent of export revenues and more than 30 percent of GDP.

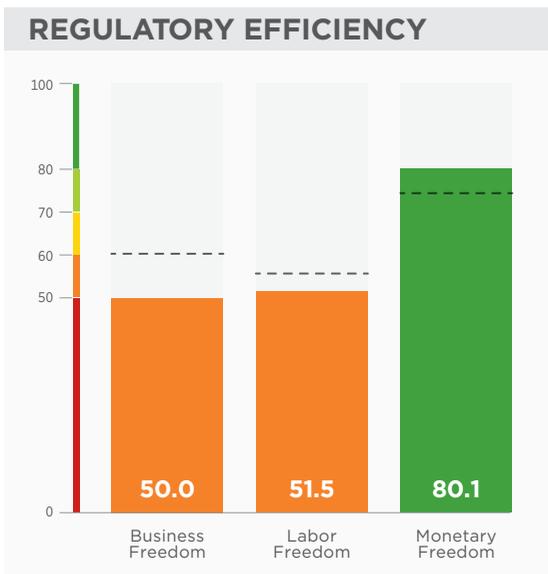
12 ECONOMIC FREEDOMS | ALGERIA



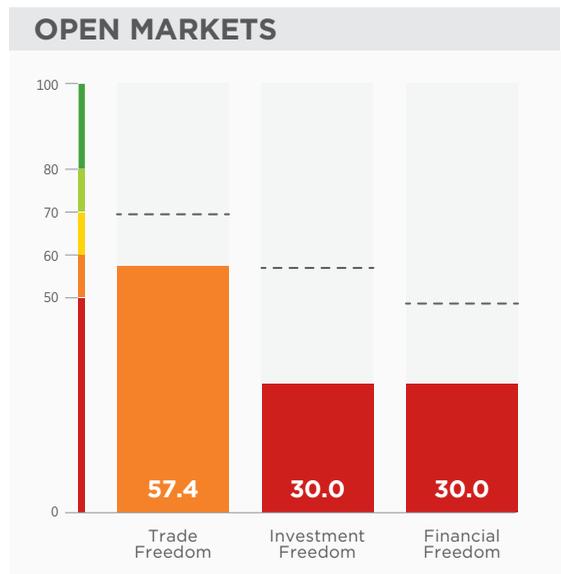
Secured interests in property are generally recognized and enforceable for the relatively few private owners who hold clear title. The government controls most real property in Algeria. Court proceedings can be lengthy, and the results can be unpredictable. The judiciary is generally weak, slow, and subject to political pressure. Cronyism and corruption characterize the business and public sectors, especially in energy.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 26 percent. The overall tax burden equals 37.2 percent of total domestic income. Government spending has amounted to 37.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.9 percent of GDP. Public debt is equivalent to 53.1 percent of GDP.



In 2021, Algeria retroactively reinstated a law requiring majority Algerian ownership of new businesses for any companies that sell imports. Job seekers face a jobs market that is overly complex and heavily regulated by the government. Despite ongoing fiscal problems caused by reduced revenues from oil and gas exports, the government maintained generous but unsustainable subsidies for basic household foodstuffs, housing, and fuel in 2021.



Algeria has two preferential trade agreements in force. The trade-weighted average tariff rate is 13.8 percent, and layers of nontariff barriers significantly impede dynamic flows of trade. Government policies such as restrictions on levels of foreign ownership continue to limit foreign investment. Credit is difficult to access, and the equity market is underdeveloped with a capitalization of less than 5 percent of GDP.

ANGOLA

WORLD RANK:

139

REGIONAL RANK:

29

ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

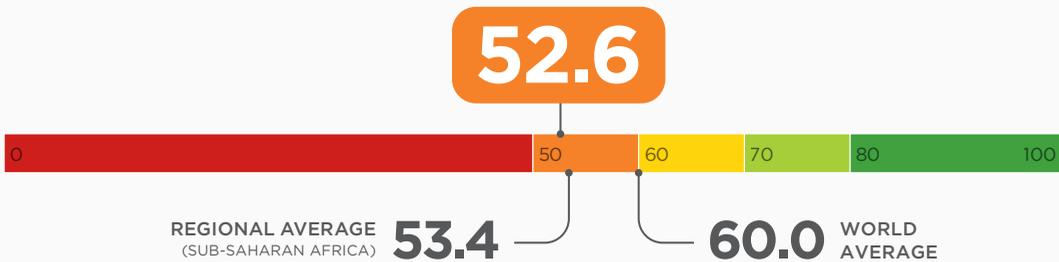


Angola's economic freedom score is 52.6, making its economy the 139th freest in the 2022 *Index*. Angola is ranked 29th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, Angola's economy has been shrinking with the largest contraction coming in 2020. Its five-year trend of expanding economic freedom is positive but beginning to stall. Led by increases in **property rights** and judicial freedom, Angola has recorded a 4.1-point overall gain of economic freedom since 2017 but nevertheless remains in the lower half of the "Mostly Unfree" category. Scores for **tax burden** and **government spending** are high, but **business freedom**, **labor freedom**, and **judicial effectiveness** exhibit weaknesses.

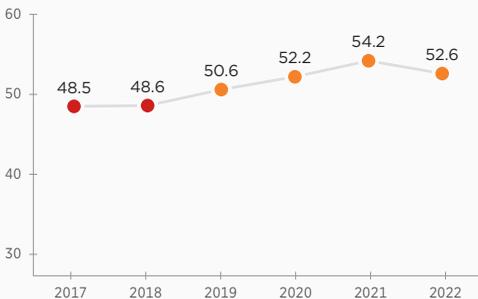
IMPACT OF COVID-19: As of December 1, 2021, 1,705 deaths had been attributed to the pandemic in Angola, and the government's response to the crisis ranked 46th among the countries included in this *Index* in terms of its stringency. The economy contracted by 4.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +25.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
32.9 million

GDP (PPP):
\$215.1 billion
-4.0% growth in 2020
5-year compound annual growth -1.9%
\$6,932 per capita

UNEMPLOYMENT:
7.7%

INFLATION (CPI):
22.3%

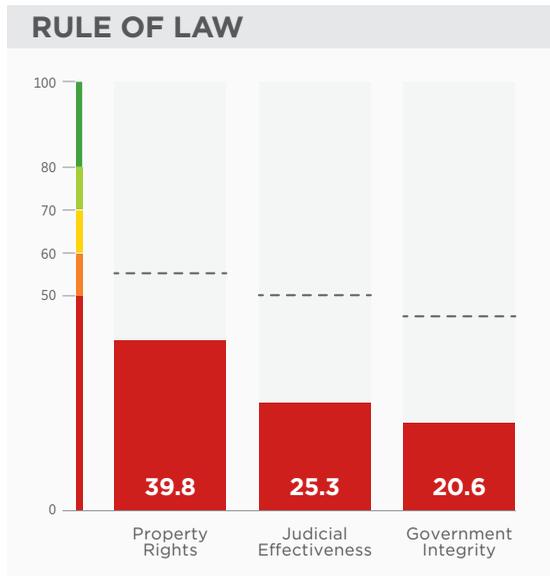
FDI INFLOW:
-\$1,866.0 million

PUBLIC DEBT:
127.1% of GDP

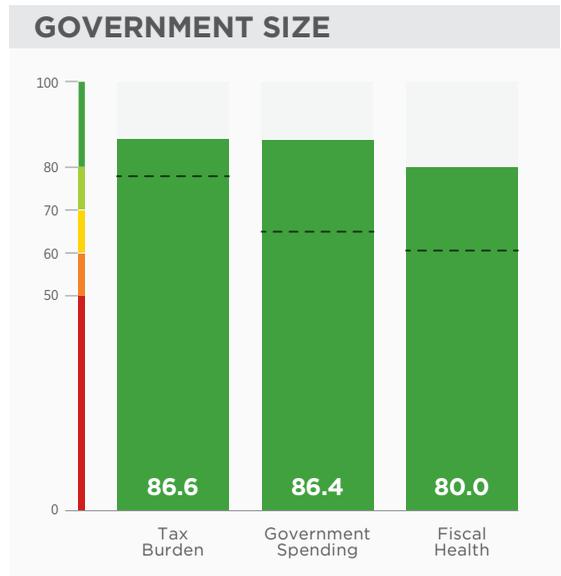
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: When President José Eduardo dos Santos stepped down in 2017 after 38 years in power, former Defense Minister João Manuel Gonçalves Lourenço from dos Santos's ruling Popular Movement for the Liberation of Angola was elected to succeed him. Lourenço quickly moved to terminate the dos Santos family's control of lucrative state enterprises. Angola is one of Africa's largest oil producers, but because of production problems and the long global slump in oil prices, exports of crude oil have fallen to their lowest level in more than a decade. Despite the country's oil, diamonds, hydroelectric potential, and rich agricultural land, most Angolans remain poor and dependent on subsistence farming.

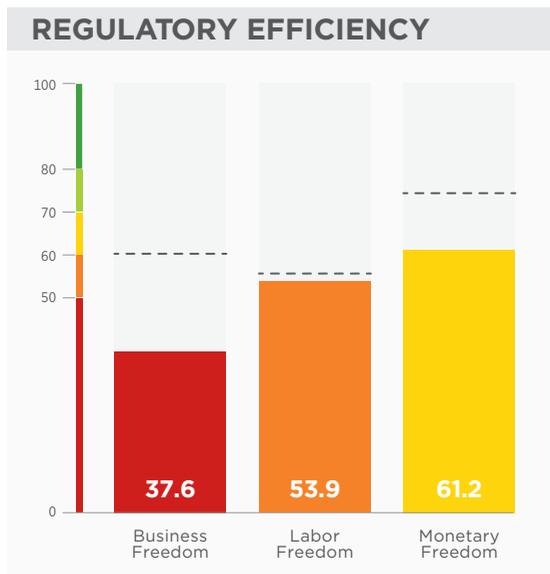
12 ECONOMIC FREEDOMS | ANGOLA



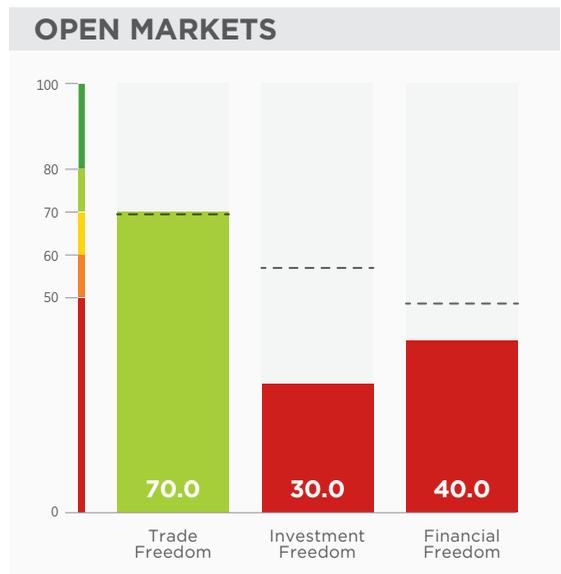
Protection of property rights is weakened by competing land claims, land grabbing, lack of reliable government records, and the unresolved status of traditional land tenure. The state reserves the right to expropriate land from any settlers, often without compensation. Corruption and political pressure undermine the inefficient judiciary's independence. Corruption, patronage, and bribery are entrenched and endemic.



The top individual income tax and corporate tax rates are now 25 percent. The overall tax burden equals 9.4 percent of total domestic income. Government spending has amounted to 21.3 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.4 percent of GDP. Public debt is equivalent to 127.1 percent of GDP.



Five years of recession have hurt efforts to diversify beyond oil and gas. The lack of technical skills among the labor force means that employers must invest heavily in training. Child labor and forced labor, including in the diamond mining and coal industries, are problems. The receipt of unmetered electricity by about 80 percent of residential customers has led to financial losses for the state-owned power company and reliance on government subsidies.



Angola has two preferential trade agreements in force. The trade-weighted average tariff rate is 7.5 percent, and nontariff barriers significantly undercut the benefits of trade. Sectoral restrictions and a nontransparent investment framework still limit foreign investment. Access to credit remains difficult despite some progress, and the capital market is underdeveloped. The central bank has introduced an electronic platform for foreign exchange transactions.

ARGENTINA

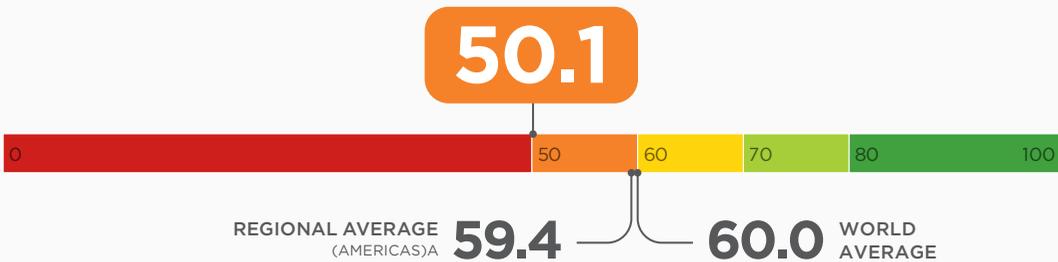
Argentina's economic freedom score is 50.1, making its economy the 144th freest in the 2022 *Index*. Argentina is ranked 27th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Over the past five years, Argentina's economy has been shrinking with the largest contraction coming in 2020. A five-year trend of expanding economic freedom has been broken. Dragged down by a huge decline in **fiscal health**, Argentina has recorded a 0.3-point overall loss of economic freedom since 2017 and has fallen to the very bottom of the "Mostly Unfree" category. Property rights, **fiscal health**, and **monetary freedom** are particularly weak.

IMPACT OF COVID-19: As of December 1, 2021, 116,597 deaths had been attributed to the pandemic in Argentina, and the government's response to the crisis ranked 91st among the countries included in this *Index* in terms of its stringency. The economy contracted by 10.0 percent in 2020.

WORLD RANK: **144** REGIONAL RANK: **27**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -17.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
45.4 million

GDP (PPP):
\$941.8 billion
-10.0% growth in 2020
5-year compound annual growth -2.8%
\$20,751 per capita

UNEMPLOYMENT:
11.7%

INFLATION (CPI):
42.0%

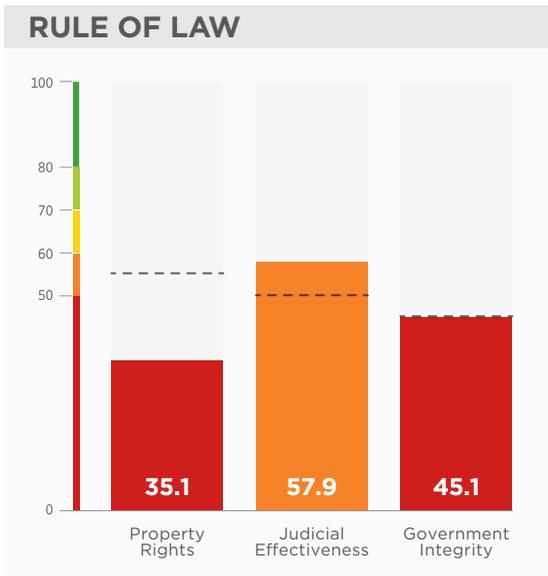
FDI INFLOW:
\$4.1 billion

PUBLIC DEBT:
103.0% of GDP

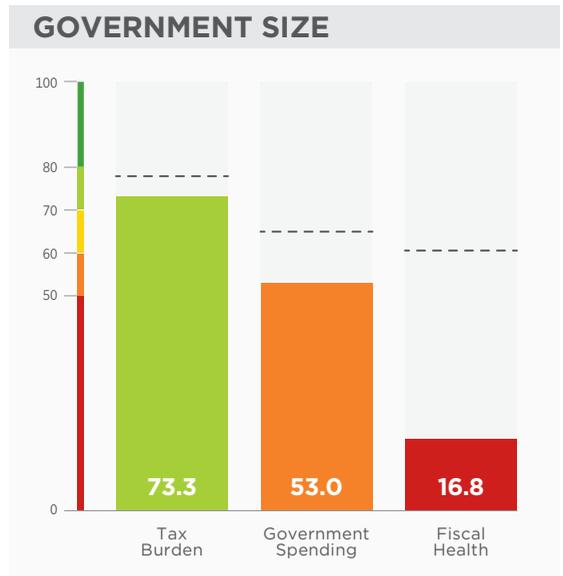
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Argentina, once one of the world's wealthiest nations, is South America's second-largest country. It has vast agricultural and mineral resources and a highly educated population, but it also has a long history of political and economic instability. Peronist President Alberto Fernández and Vice President Cristina Fernández de Kirchner, who preceded Fernández as president, began their four-year terms in 2019. Legislative elections in November 2021 weakened the strength of the Peronists in Congress. Popular disillusionment is widespread because of a weak economy and the country's ninth sovereign debt default. To check inflation until after the election, the government imposed economically harmful price controls on hundreds of products. In September 2021, the government gained backing from creditors for a deal to resolve the default.

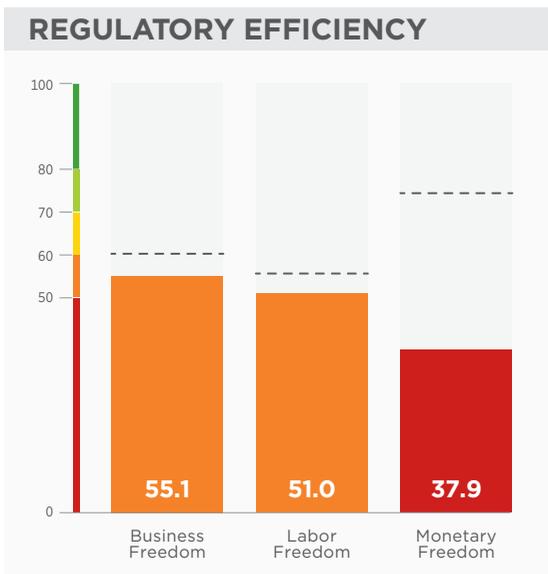
12 ECONOMIC FREEDOMS | ARGENTINA



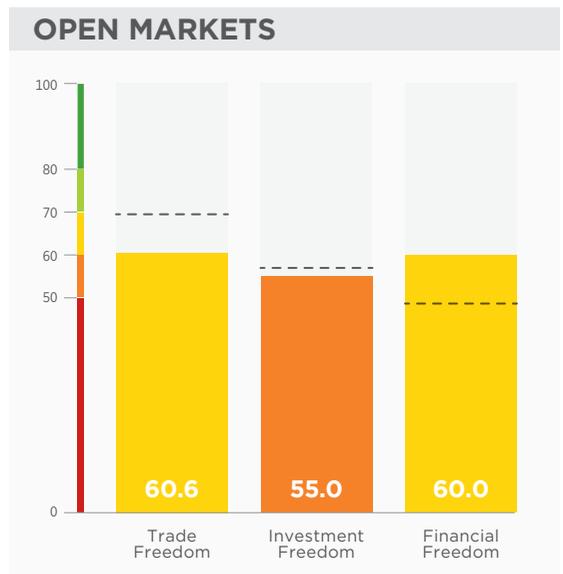
Secured interests in property, including mortgages, are recognized in Argentina. Such interests can be registered easily and effectively. They also can be bought and sold readily. The judicial system is plagued by inefficiencies and delays and is susceptible to political manipulation, particularly at lower levels. Allegations of corruption in provincial and federal courts remain frequent and continue to undermine confidence in the judiciary.



The top individual income tax rate is 35 percent, and the top corporate tax rate has been cut to 25 percent. The overall tax burden equals 28.6 percent of total domestic income. Government spending has amounted to 39.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.3 percent of GDP. Public debt is equivalent to 103.0 percent of GDP.



Under the new Supermarket Shelves Law, no single manufacturer's brands can occupy more than 30 percent of a retailer's shelf space for one product category. Argentina has rigid labor laws. Price controls reinstated by the government in June 2021 ahead of the November midterm elections included controls for electricity, requiring costly subsidizing of the electricity system even as the country's traditionally high inflation rate topped 50 percent.



Argentina has eight preferential trade agreements in force. The trade-weighted average tariff rate is 12.2 percent, and 145 nontariff measures are in effect. Foreign investment in various sectors remains regulated. The government exercises considerable control of financial activities. The presence of foreign banks has increased, but state-owned banks account for more than 40 percent of total assets.

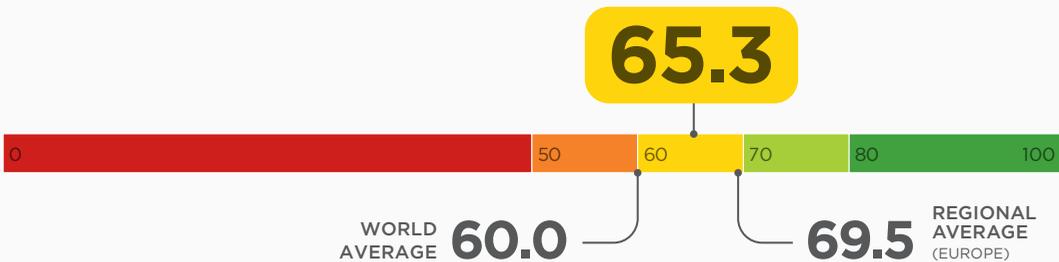
ARMENIA

Armenia's economic freedom score is 65.3, making its economy the 58th freest in the 2022 *Index*. Armenia is ranked 34th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Over the past five years, Armenia's economic growth decelerated from 2017 through 2018, accelerated in 2019, turned negative in 2020, and rebounded in 2021. A five-year trend of expanding economic freedom has been broken. Dragged down by steep drops in its **labor freedom** and **business freedom** scores, Armenia has recorded a 5.0-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Free" category to the "Moderately Free" category. Scores for **tax burden** and **government spending** are relatively high, but rule of law and **labor freedom** exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 7,610 deaths had been attributed to the pandemic in Armenia. The economy contracted by 7.6 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +23.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.0 million

GDP (PPP):
\$39.4 billion
-7.6% growth
in 2020
5-year compound
annual growth 2.6%
\$13,261 per capita

UNEMPLOYMENT:
20.2%

INFLATION (CPI):
1.2%

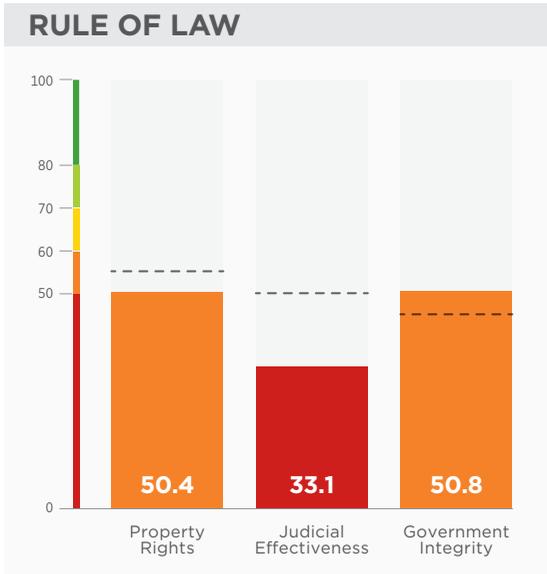
FDI INFLOW:
\$117.0 million

PUBLIC DEBT:
62.8% of GDP

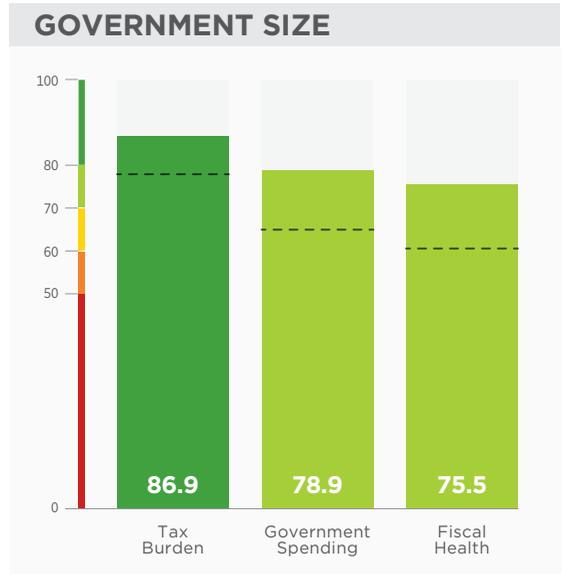
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Armenia gained its independence from the Soviet Union in 1991. In 2018, massive protests against corruption led to the election of a reform-minded government headed by Prime Minister Nikol Pashinyan, who was reelected in June 2021. However, corruption remains a persistent problem. Armenia's decades-long occupation of parts of Azerbaijani territory ended after more than six weeks of heavy fighting in 2020 when both sides agreed to a Russian-backed peace plan. The economy relies on manufacturing, services, remittances, and agriculture. Russia is Armenia's principal export market, and Armenia joined Russia's Eurasian Economic Union in 2015. It also signed a Comprehensive and Enhanced Partnership Agreement with the European Union in 2017. The government relies heavily on loans from Russia and international financial institutions.

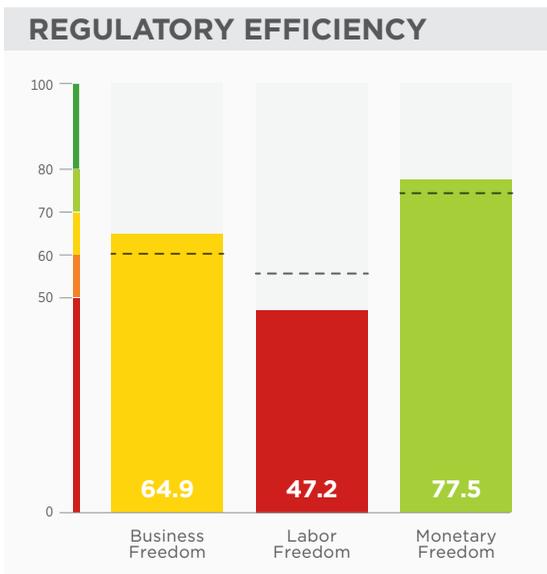
12 ECONOMIC FREEDOMS | ARMENIA



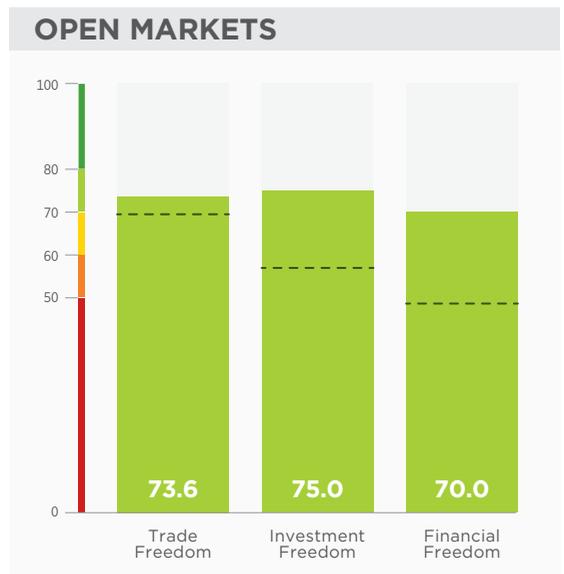
Despite a legacy of weakness in the rule of law and the judiciary, Armenian law protects secured interests in property, both personal and real, and provides a basic framework for secured lending. Title registration is supported effectively. Courts face systemic political influence, and judicial institutions are undermined by inefficiencies and institutional corruption. Despite government attempts to strengthen anticorruption efforts, corruption remains systemic.



The top individual income tax rate has been reduced to 22 percent, and the top corporate tax rate is 18 percent. The overall tax burden equals 22.5 percent of total domestic income. Government spending has amounted to 26.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.2 percent of GDP. Public debt is equivalent to 62.8 percent of GDP.



The government does not interfere excessively with private businesses. The business registration process is straightforward, and there are few limitations on foreign ownership. Employers can adjust employment based on market conditions. Since 2014, the government has used more than €1 billion in blended loans and grants provided by the European Union to subsidize the energy, agriculture, and transport sectors.



Armenia has 11 preferential trade agreements in force. The trade-weighted average tariff rate is 5.7 percent, and 10 non-tariff measures are in effect. In general, government policies do not significantly impede foreign investment. The financial sector, dominated by banks, is evolving. The relatively small and fragmented banking sector is fairly well capitalized and open to foreign competition.

WORLD RANK:

12

REGIONAL RANK:

4

ECONOMIC FREEDOM STATUS:
MOSTLY FREE

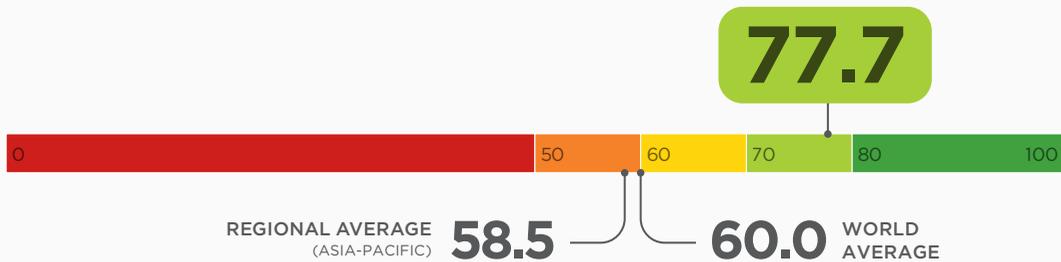
AUSTRALIA

Australia's economic freedom score is 77.7, making its economy the 12th freest in the 2022 *Index*. Australia is ranked 4th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Over the past five years, Australia's economic growth accelerated from 2017 through 2018, decelerated in 2019, turned negative in 2020, and rebounded in 2021. A five-year trend of expanding economic freedom has been broken. Dragged down by a huge drop in its **fiscal health** score, Australia has recorded a 3.3-point overall loss of economic freedom since 2017 and has fallen from the "Free" category to the "Mostly Free" category. Rule of law is strong, but **fiscal health** and **government spending** are problematic.

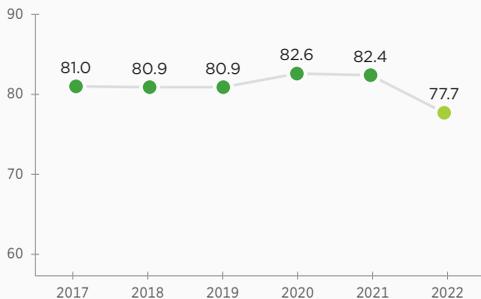
IMPACT OF COVID-19: As of December 1, 2021, 2,021 deaths had been attributed to the pandemic in Australia, and the government's response to the crisis ranked 13th among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.4 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
25.7 million

GDP (PPP):
\$1.3 trillion
-2.4% growth
in 2020
5-year compound
annual growth 1.5%
\$51,680 per capita

UNEMPLOYMENT:
6.6%

INFLATION (CPI):
0.9%

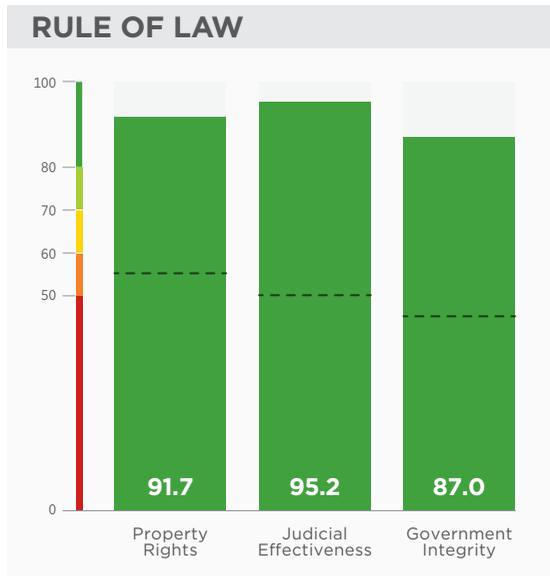
FDI INFLOW:
\$20.1 billion

PUBLIC DEBT:
63.1% of GDP

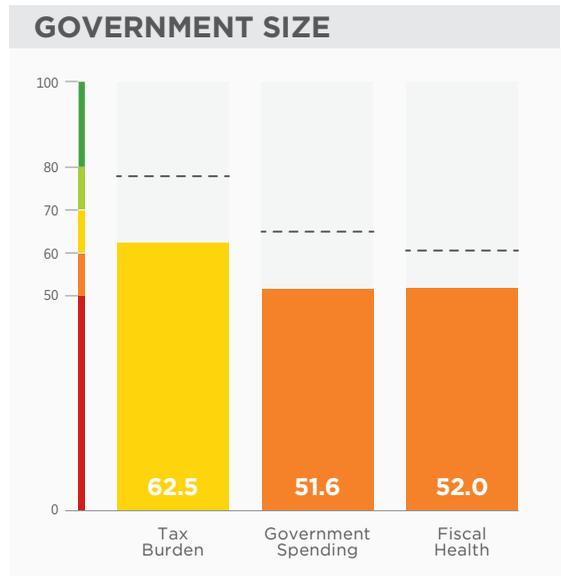
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Australia is one of the wealthiest Asia-Pacific nations and has enjoyed more than two decades of economic expansion. After Prime Minister Malcolm Turnbull resigned his seat in 2018, Scott Morrison formed a Liberal Party minority government and went on to win an upset victory in 2019 parliamentary elections. Australia is internationally competitive in financial and insurance services, technologies, and high-value-added manufactured goods. The country's many free-trade agreements include FTAs with the U.S., China, Japan, South Korea, the Association of Southeast Asian Nations, and most recently the United Kingdom. Australia's abundant and diverse natural resources attract high levels of foreign investment and include extensive and exportable reserves of coal, iron, copper, gold, natural gas, uranium, and renewable energy sources.

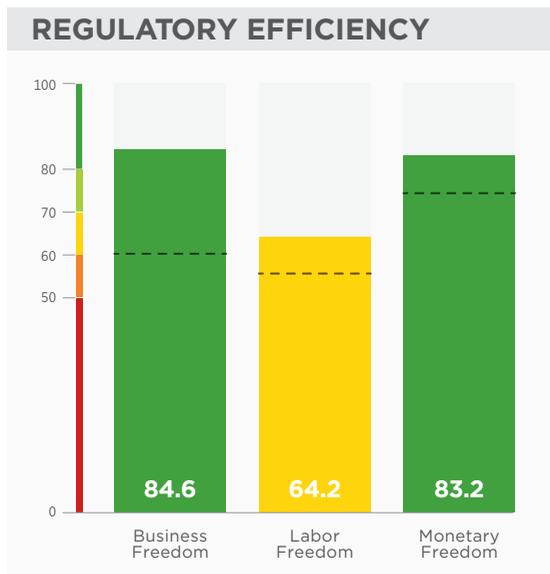
12 ECONOMIC FREEDOMS | AUSTRALIA



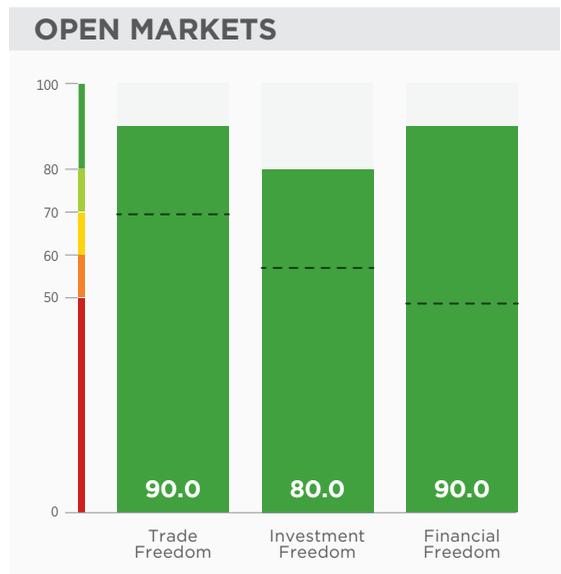
Strong legal frameworks protect property rights, and the robust rule of law mitigates corruption. Expropriation is highly unusual, and enforcement of contracts is reliable. Australia's stable political environment supports transparent and well-established political processes, a strong legal system, competent governance, and an independent bureaucracy. The judicial system operates independently and impartially. The government enforces laws against bribery and corruption effectively.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 28.7 percent of total domestic income. Government spending has amounted to 40.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.0 percent of GDP. Public debt is equivalent to 63.1 percent of GDP.



Restrictions on business activity because of COVID-19 contributed to Australia's first recession in three decades. Labor regulations are generally light, but Australia's minimum wage is high relative to those of other countries. Wage growth has been low in recent years. Government subsidies for agriculture, infrastructure spending on roads and telecommunications, child care, and facilities for old-age pensioners, among other sectors, are significant.



Australia has 17 preferential trade agreements in force. The trade-weighted average tariff rate is 2.5 percent, and 335 nontariff measures are in effect. Facilitated by a transparent investment framework, foreign firms generally compete on equal terms with domestic companies. The financial sector is competitive and well developed. All banks are privately owned and subject to prudent regulations.

AUSTRIA

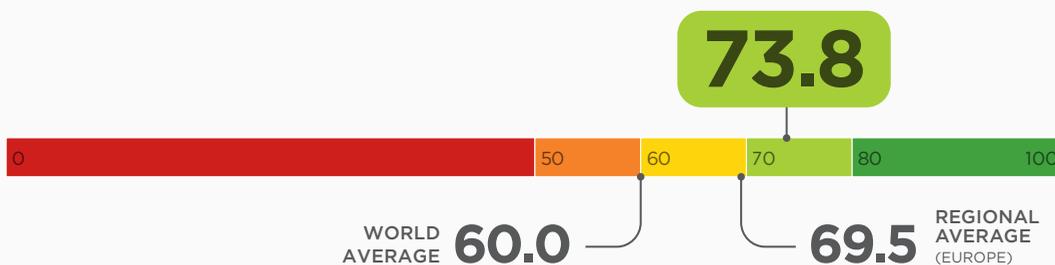


Austria's economic freedom score is 73.8, making its economy the 22nd freest in the 2022 *Index*. Austria is ranked 15th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Over the past five years, Austria's economic growth decelerated from 2017 through 2019, turned negative in 2020, and rebounded in 2021. Economic freedom in Austria has expanded over the past five years. Led by increases in its rule of law score, Austria has recorded a 1.5-point overall gain of economic freedom since 2017, although it remains in the lower half of the "Mostly Free" category. Property rights and **judicial effectiveness** are strong, but **government spending** and **tax burden** score poorly.

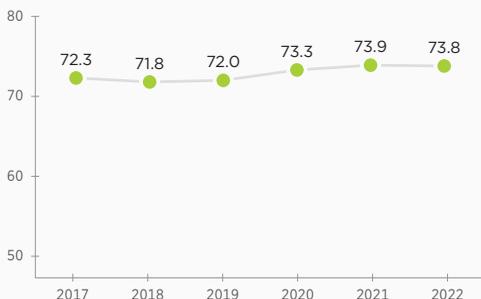
IMPACT OF COVID-19: As of December 1, 2021, 12,553 deaths had been attributed to the pandemic in Austria, and the government's response to the crisis ranked 12th among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.6 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
8.9 million

GDP (PPP):
\$491.5 billion
-6.6% growth in 2020
5-year compound annual growth 0.4%
\$55,218 per capita

UNEMPLOYMENT:
5.8%

INFLATION (CPI):
1.4%

FDI INFLOW:
-\$17,340.0 million

PUBLIC DEBT:
85.2% of GDP

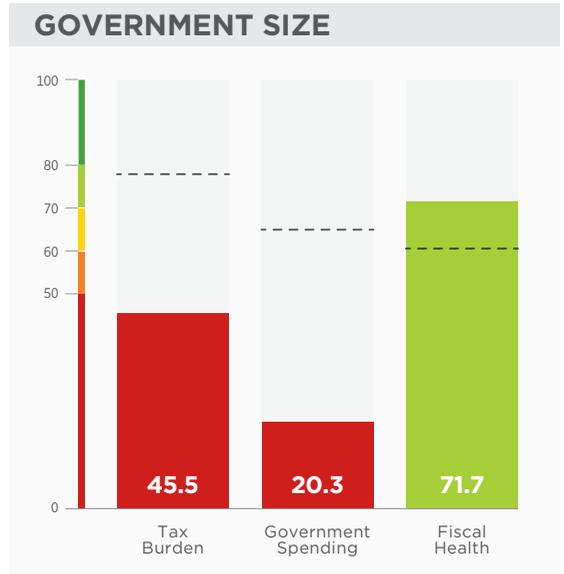
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Austria regained full sovereignty from the World War II victors in 1955. An ongoing corruption investigation led to the resignation of Chancellor Sebastian Kurz in October 2021, although Kurz remains head of the conservative People's Party (OVP). Alexander Schallenberg took over as chancellor heading an OVP coalition with the Austrian Green Party. Austria has large services and industrial sectors and a small, highly developed agricultural sector. The government is upgrading its telecommunications infrastructure to achieve nationwide 5G coverage by 2025. Ongoing challenges include assimilation of migrants and strains on labor markets and public finances caused by aging of the population.

12 ECONOMIC FREEDOMS | AUSTRIA



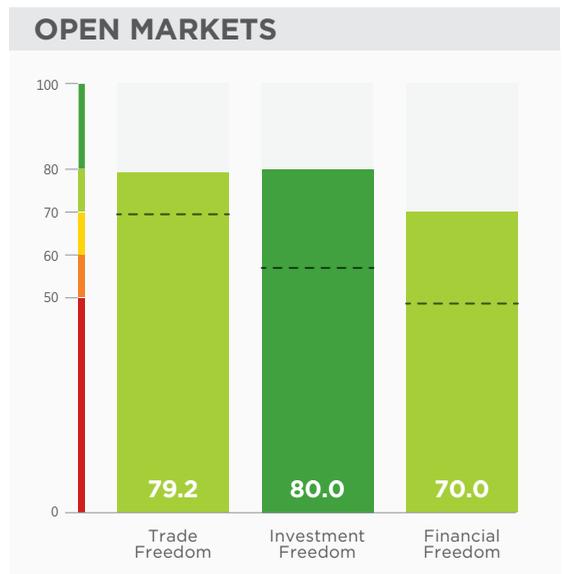
The legal system provides effective protection of the property and contractual rights of both nationals and foreigners. The land registry is reliable and accessible to the public. The investment climate benefits from stability and the strong rule of law. The judiciary is independent and operates without political influence or interference. Austria was ranked the 15th least corrupt nation among the 180 countries in Transparency International's 2020 *Corruption Perceptions Index*.



The top individual income tax rate is 55 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 42.4 percent of total domestic income. Government spending has amounted to 51.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.9 percent of GDP. Public debt is equivalent to 85.2 percent of GDP.



Insolvency procedures were relaxed in 2020 as part of the government's response to COVID-19. There is a large public sector with entrenched bureaucracy and complex regulations regarding labor. To maintain high prices for farmers, the government subsidizes surplus agricultural exports. Subsidies for the purchase of some electric vehicles for personal or commercial use were increased in the second half of 2020.



As a member of the EU, Austria has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent, and 640 EU-mandated nontariff measures are in force. Openness to investment is relatively well institutionalized. The modern banking sector offers a wide range of financial services, and the five largest banking groups account for more than 50 percent of total assets.

WORLD RANK:

75

REGIONAL RANK:

37

ECONOMIC FREEDOM STATUS:
MODERATELY FREE

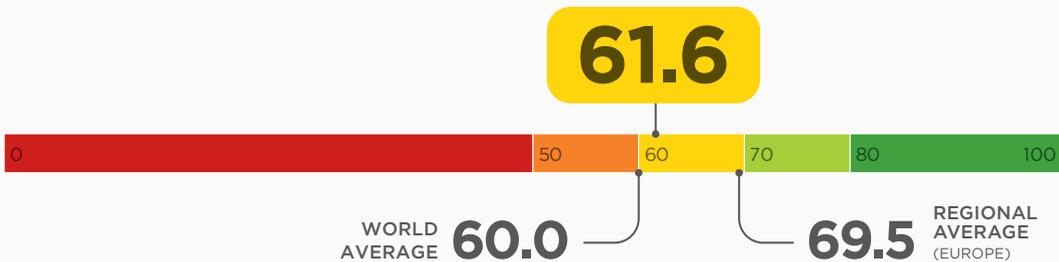
AZERBAIJAN

Azerbaijan's economic freedom score is 61.6, making its economy the 75th freest in the 2022 *Index*. Azerbaijan is ranked 37th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Azerbaijan's economic growth accelerated from 2017 through 2019, turned negative in 2020, and rebounded in 2021. A five-year trend of expanding economic freedom has been broken. Dragged down by decreases in its scores for **judicial effectiveness**, **government integrity**, and **labor freedom**, Azerbaijan has recorded a 2.0-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Free" category to the "Moderately Free" category. Tax burden and **fiscal health** are strong, but rule of law and **business freedom** exhibit weaknesses.

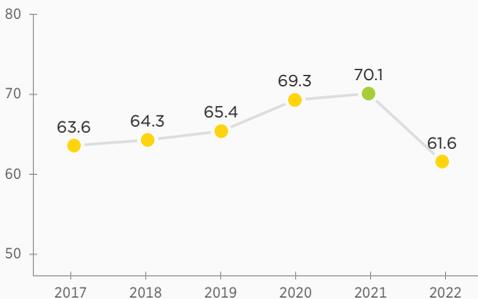
IMPACT OF COVID-19: As of December 1, 2021, 7,884 deaths had been attributed to the pandemic in Azerbaijan, and the government's response to the crisis ranked 99th among the countries included in this *Index* in terms of its stringency. The economy contracted by 4.3 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +31.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.1 million

GDP (PPP):
\$145.8 billion
-4.3% growth
in 2020
5-year compound
annual growth -0.7%
\$14,431 per capita

UNEMPLOYMENT:
6.3%

INFLATION (CPI):
2.8%

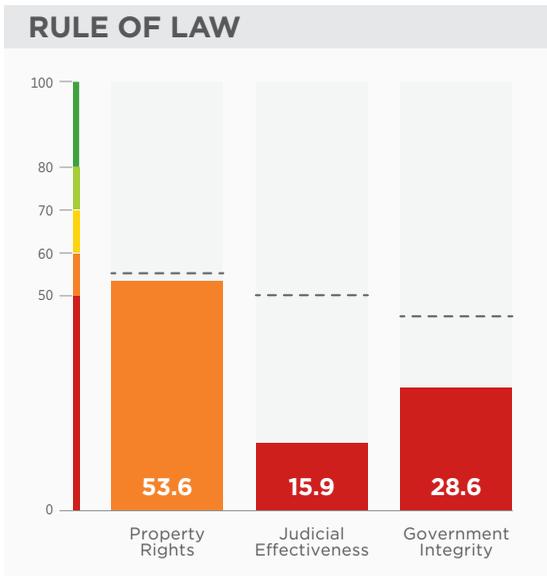
FDI INFLOW:
\$507.0 million

PUBLIC DEBT:
21.4% of GDP

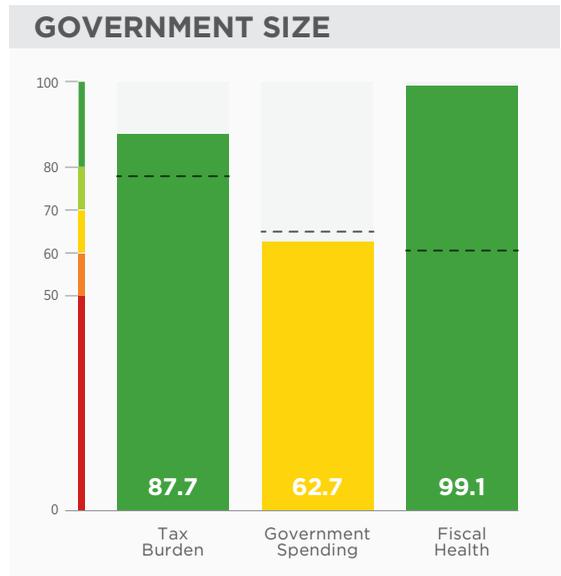
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: President Ilham Aliyev was elected to a fourth term in 2018 amid allegations of electoral fraud. His father, Heydar, ruled Azerbaijan as a Soviet republic and later as an independent country until his death in 2003, when his son succeeded him. Armenia's decades-long occupation of parts of Azerbaijani territory ended after more than six weeks of heavy fighting in 2020 when both sides agreed to a Russian-backed peace plan. Efforts to boost Azerbaijan's energy production are underway. Construction of the Southern Gas Corridor, a pipeline transporting gas from Azerbaijan to European customers, was completed in 2020. Some non-energy segments of the economy, such as agriculture, logistics, and information technology, require more development.

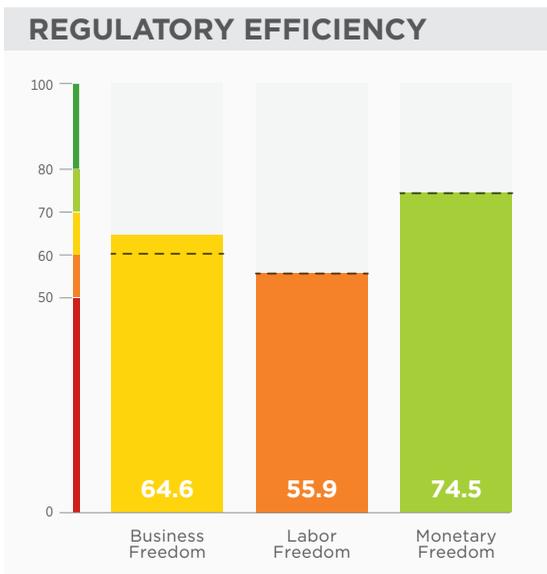
12 ECONOMIC FREEDOMS | AZERBAIJAN



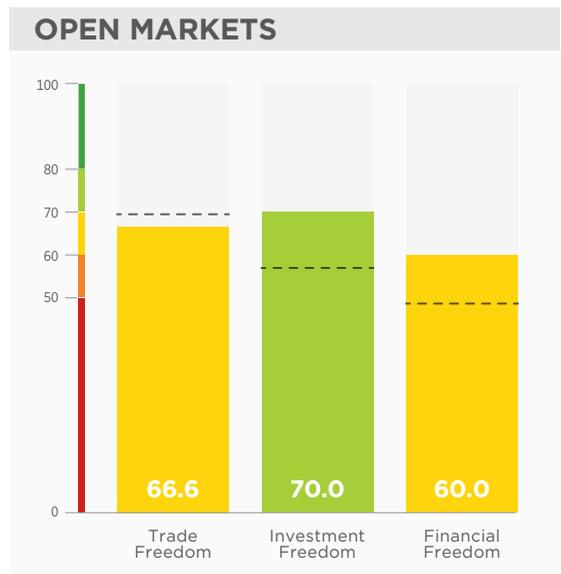
Despite improvements in the protection of property rights and registration of property, the state can expropriate private property with compensation for “social justice and efficient use of the land.” Foreigners may not own property. A weak and corrupt judiciary and insufficient regulatory enforcement allow government officials to act with impunity. Courts lack political independence. Corruption remains pervasive, raising costs and posing significant compliance risks for business.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 20 percent. The overall tax burden equals 14.3 percent of total domestic income. Government spending has amounted to 35.3 percent of total output (GDP) over the past three years, and budget surpluses have averaged 2.4 percent of GDP. Public debt is equivalent to 21.4 percent of GDP.



Certain business inspections have been suspended, and redundant business license categories have been eliminated. Business dispute resolution processes can be inefficient. Rules meant to monitor labor abuses and violations of safety standards are often ineffective. Ongoing subsidies for such goods as alcohol, drugs, energy, food and other agricultural products, and electricity create price distortions in the economy.



Azerbaijan has five preferential trade agreements in force. The trade-weighted average tariff rate is 9.2 percent, and nontariff barriers impede overall flows of trade. Azerbaijan is not yet a member of the World Trade Organization. The oil and gas sector has attracted the majority of foreign investment, but the country has moved toward diversification of its economy. The financial sector is dominated by banks and remains stable.

BAHAMAS

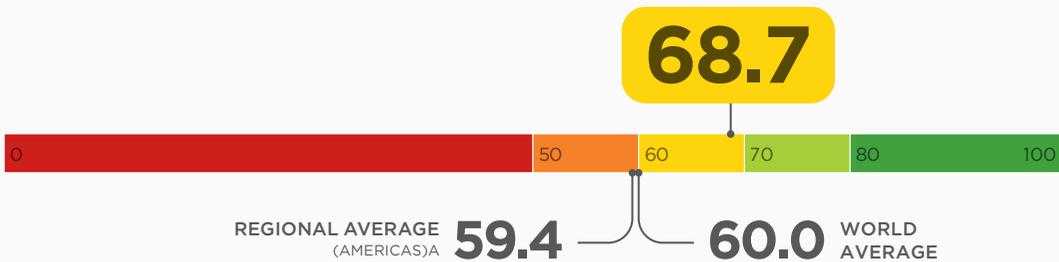
The Bahamas' economic freedom score is 68.7, making its economy the 38th freest in the 2022 *Index*. The Bahamas is ranked 6th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The devastation from Hurricane Dorian in 2019 and the loss of tourist revenue associated with COVID-19-related restrictions left the Bahamas' economy worse off in 2020 than it was in 2016. Economic freedom, however, has grown. Led by increases in scores for rule of law and **labor freedom**, the Bahamas has recorded a 7.6-point gain in economic freedom since 2017 and has climbed higher in the top half of the "Moderately Free" countries. Scores for **tax burden** and **government spending** are high, but **trade freedom** is far below average.

IMPACT OF COVID-19: As of December 1, 2021, 677 deaths had been attributed to the pandemic in the Bahamas, and the government's response to the crisis ranked 110th among the countries included in this *Index* in terms of its stringency. The economy contracted by 16.3 percent in 2020.

WORLD RANK: **38** | REGIONAL RANK: **6**
 ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -3.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.4 million

GDP (PPP):
\$12.8 billion
-16.3% growth in 2020
5-year compound annual growth -1.5%
\$33,148 per capita

UNEMPLOYMENT:
14.4%

INFLATION (CPI):
0.0%

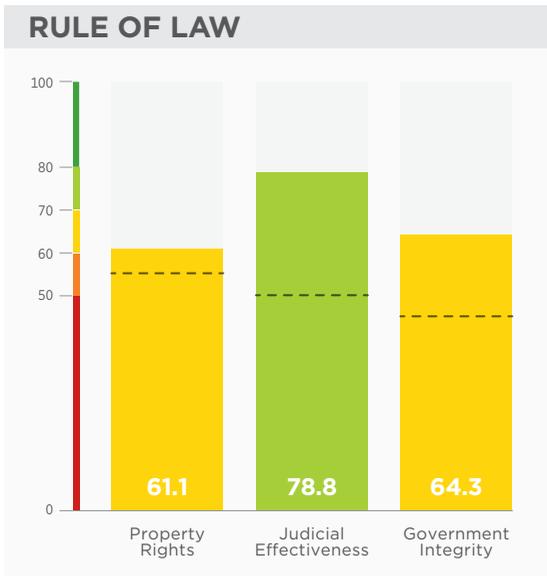
FDI INFLOW:
\$897.0 million

PUBLIC DEBT:
68.6% of GDP

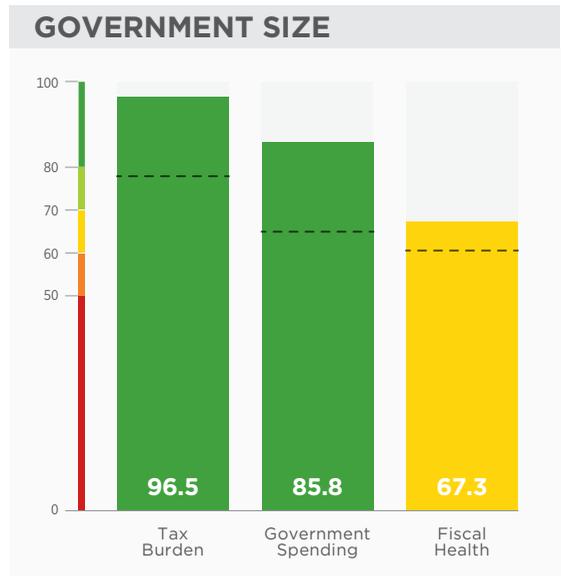
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Phillip Davis of the Progressive Liberal Party was elected prime minister in September 2021 with a wide parliamentary majority, displacing the Free National Movement party from power. The government continues to face high public debt and rising unemployment. Financial services represent an important sector of the economy. Steep declines in tourism revenue, which normally accounts for more than 60 percent of GDP, have delayed economic recovery from the COVID-19 pandemic and a hurricane in 2019. The replacement of tariff revenues that could be lost if the Bahamas joined the World Trade Organization is the subject of an ongoing debate. Proximity to the U.S. makes the Bahamas a transshipment point for illegal drugs and human trafficking.

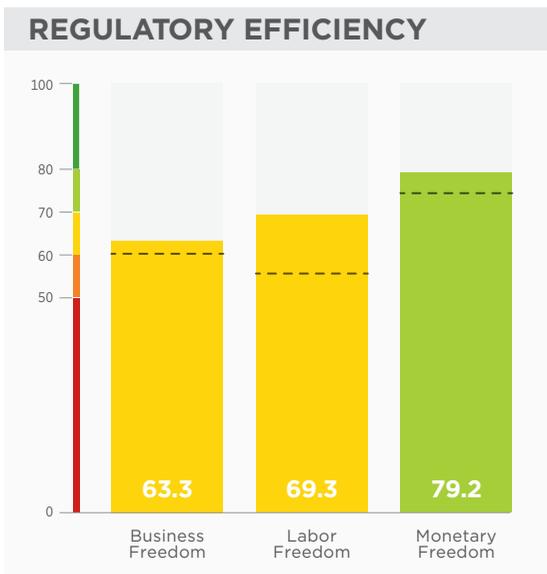
12 ECONOMIC FREEDOMS | BAHAMAS



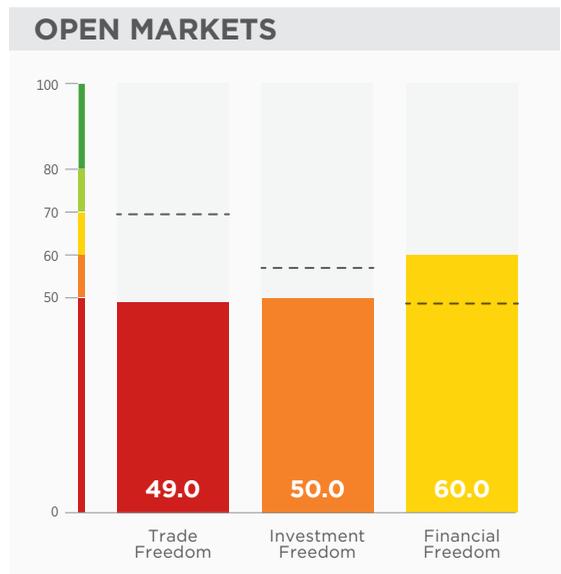
Property rights are protected, but the time-consuming and costly property registration process has been rated one of the worst in the world. The judiciary is independent and based on British common law. Contracts are legally enforced through the courts. The political system is plagued by reports of corruption, and anticorruption statutes have been applied inconsistently.



The Bahamas does not levy an individual income tax or a corporate income tax. The overall tax burden equals 18.7 percent of total domestic income. Government spending has amounted to 21.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.8 percent of GDP. Public debt is equivalent to 68.6 percent of GDP.



According to the IMF and the Inter-American Development Bank (IDB), the Bahamas is likely to suffer the Caribbean's most severe post-COVID-19 economic recession. Tourism employs more than half of the workforce. The population is well educated. Government subsidies to state-controlled entities and public-private partnerships have increased by \$19.2 million (6.2 percent) to \$330.0 million and represent 89.0 percent of budget allocations.



The Bahamas has three preferential trade agreements in force. The trade-weighted average tariff rate is 18.0 percent, and nontariff measures further impede trade flows. Bureaucratic approval processes hinder investment freedom and undermine development of a more vibrant private sector. Financial services are competitive, and domestic and offshore activities account for approximately 15 percent of GDP.

BAHRAIN

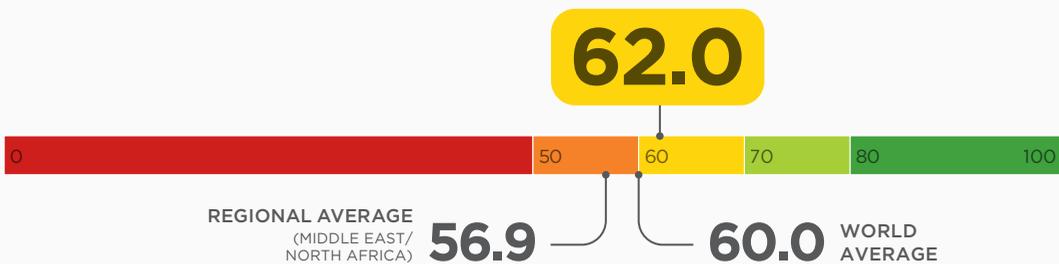
Bahrain's economic freedom score is 62.0, making its economy the 74th freest in the 2022 *Index*. Bahrain is ranked 4th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

Economic growth in Bahrain has slowed; the compound annual growth rate for the past five years barely exceeds 1.0 percent. Economic freedom has declined during the same period as well. Dragged down by decreases in scores for **government integrity** and **labor freedom**, Bahrain has recorded a 6.5-point overall loss of economic freedom since 2017 and has fallen from the top half of the "Moderately Free" category to the lower half. Its **tax burden** score is excellent, but its **fiscal health** score is tied for the world's worst.

IMPACT OF COVID-19: As of December 1, 2021, 1,394 deaths had been attributed to the pandemic in Bahrain, and the government's response to the crisis ranked 133rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.4 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -14.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.7 million

GDP (PPP):
\$73.8 billion
-5.4% growth in 2020
5-year compound annual growth 1.2%
\$48,766 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
-2.3%

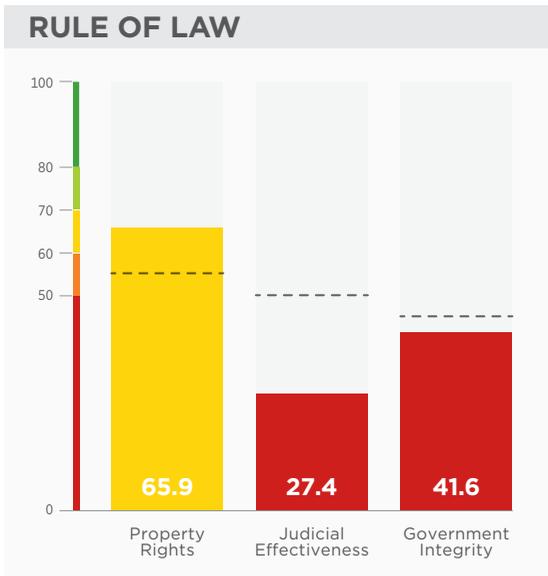
FDI INFLOW:
\$1.0 billion

PUBLIC DEBT:
132.9% of GDP

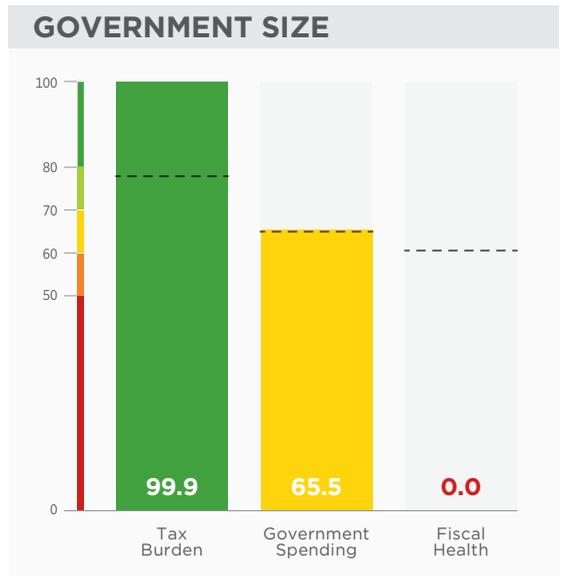
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Ruled since the 18th century by the Al-Khalifa family, initially as a British protectorate, Bahrain gained independence in 1971 and became a constitutional monarchy in 2002. In 2011, domestic unrest spearheaded by Shia political activists demanding a new constitution and greater political power led to a crackdown supported by Gulf Cooperation Council security forces. The crown prince's adoption of key reforms eventually eased tensions, but some opposition parties were banned in 2018. Oil revenues provide 85 percent of government revenues. Bahrain is a banking and financial services hub and the regional home for many multinational firms. A peace agreement with Israel was signed in September 2020, clearing the way for normalization of trade, investment, technological cooperation, and tourism between the two countries.

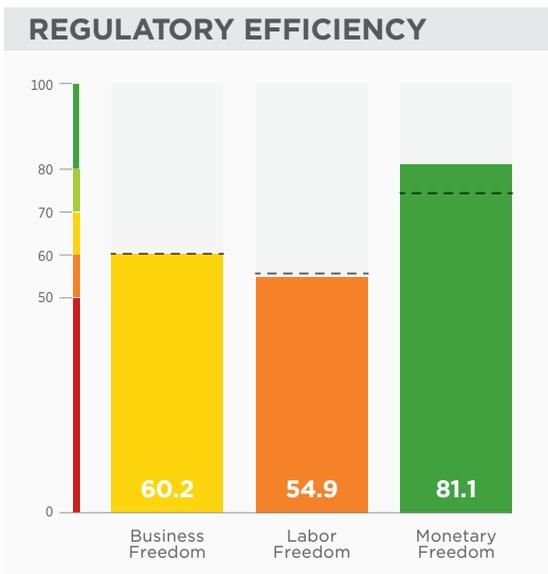
12 ECONOMIC FREEDOMS | BAHRAIN



Property rights are protected, and most land has a clear title. Land ownership is concentrated among a few royals. The Al-Khalifa royal family appoints all judges, and the judicial system is seen as corrupt with outcomes often depending on one's connections. Enforcement of anticorruption laws is weak. High-level corruption impedes businesses, especially in public procurement and extractive industries.



Bahrain imposes no taxes on personal income. Most companies are not subject to a corporate tax, but a 46 percent tax is levied on oil companies. The overall tax burden equals 3.0 percent of total domestic income. Government spending has amounted to 33.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 13.1 percent of GDP. Public debt is equivalent to 132.9 percent of GDP.



The government maintains a pro-business commercial environment and supports business start-ups. The International Trade Union Confederation's *Global Rights Index* gives Bahrain its worst ranking on a scale of 1 to 5 for free association and workers' rights. The government has increased the funding of Bahrain's cumbersome and expensive but politically popular subsidy system.



Bahrain has four preferential trade agreements in force. The trade-weighted average tariff rate is 6.0 percent, and nine nontariff measures are in effect. The overall investment framework remains transparent, and foreign and domestic investors are treated equally. The financial system remains vibrant and generally free from government involvement. No restrictive measures have been implemented in the banking sector during the past year.

BANGLADESH

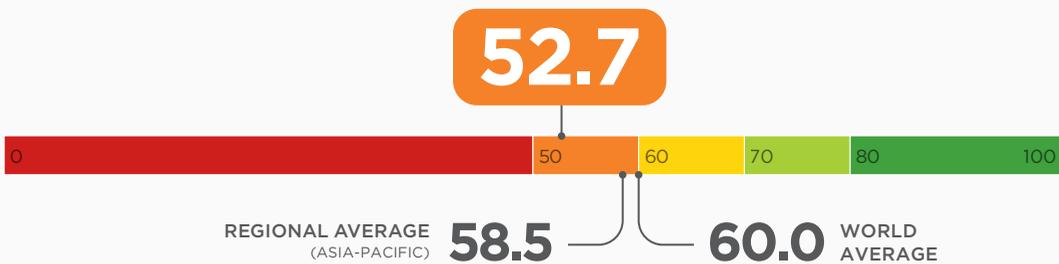
WORLD RANK: **137** REGIONAL RANK: **29**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Bangladesh's economic freedom score is 52.7, making its economy the 137th freest in the 2022 *Index*. Bangladesh is ranked 29th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Over the past five years, Bangladesh's economy has continued to grow strongly. Growth accelerated from 2017 through 2019, decelerated in 2020, and accelerated again in 2021. However, a five-year trend of slowly expanding economic freedom has been broken. With significant score decreases in **labor freedom** and **trade freedom**, Bangladesh has recorded a 2.3-point overall loss of economic freedom since 2017 and has fallen into the lower half of the "Mostly Unfree" category. Scores for **tax burden** and **government spending** are excellent, but the country lags in rule of law and **labor freedom**.

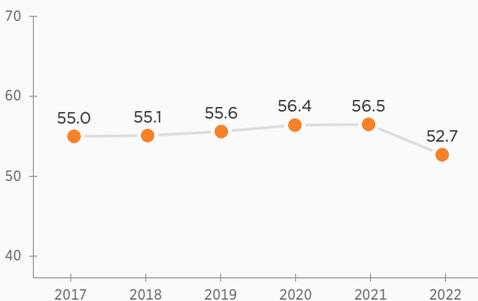
IMPACT OF COVID-19: As of December 1, 2021, 27,983 deaths had been attributed to the pandemic in Bangladesh, and the government's response to the crisis ranked 119th among the countries included in this *Index* in terms of its stringency. The economy grew by just 3.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +11.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
164.7 million

GDP (PPP):
\$874.0 billion
3.8% growth in 2020
5-year compound annual growth 6.8%
\$5,307 per capita

UNEMPLOYMENT:
5.3%

INFLATION (CPI):
5.6%

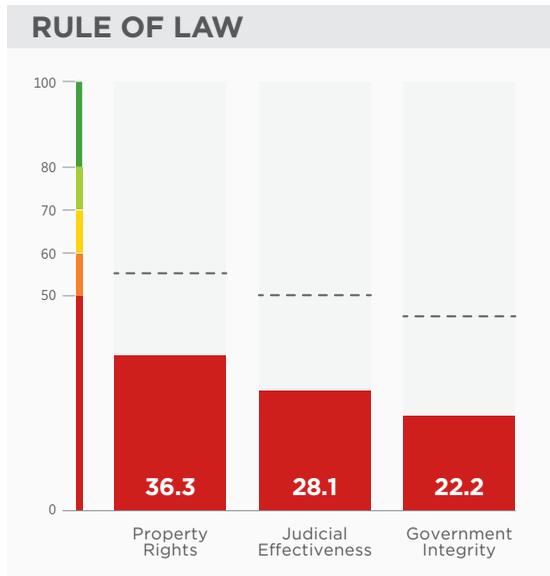
FDI INFLOW:
\$2.6 billion

PUBLIC DEBT:
38.9% of GDP

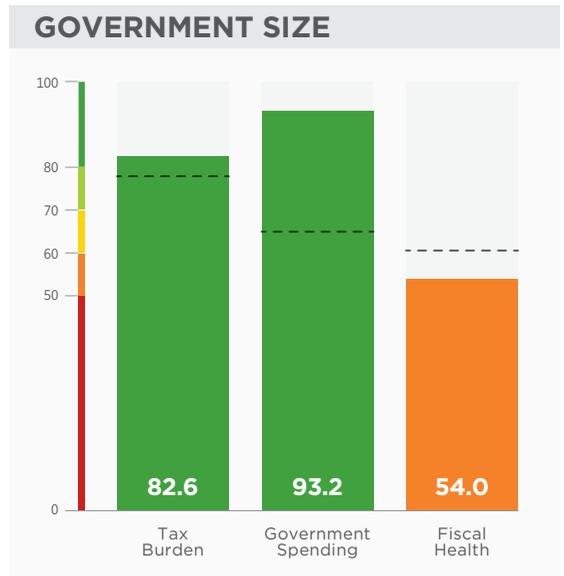
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Bangladesh is a large Muslim-majority democracy that shares borders with India and Burma. The British partition of India in 1947 resulted in the creation of West Pakistan and East Pakistan. Following a conflict for independence from West Pakistan and aided by India, East Pakistan declared itself the independent state of Bangladesh in 1971. Two political parties have alternated in power for decades. Prime Minister Sheikh Hasina of the Awami League secured her third consecutive term when her party won 288 of 300 contested seats in 2018 parliamentary elections that generated credible accusations of fraud. Despite political instability and the ruling party's authoritarian tendencies, economic growth, led by garment exports, has been robust.

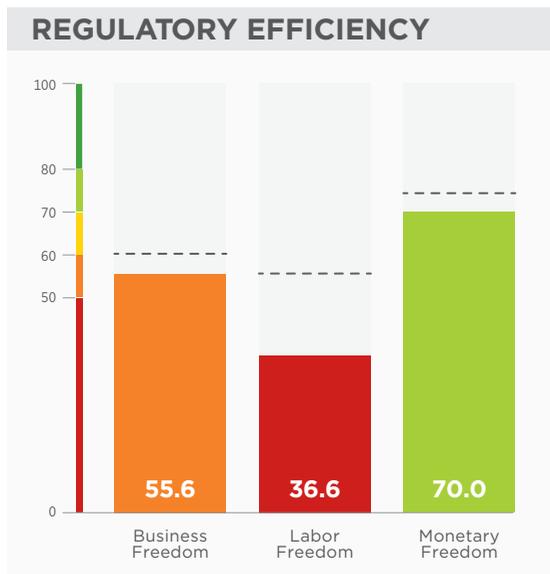
12 ECONOMIC FREEDOMS | BANGLADESH



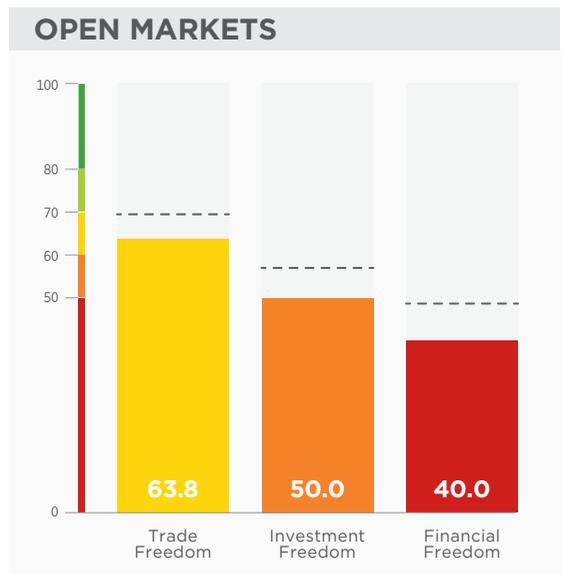
Enforcement of property rights is uneven. Poor record-keeping systems can complicate land and property transactions. The feeble judiciary is slow and lacks independence. Procedures for contract enforcement and dispute settlement are inefficient. Corruption is pervasive at all levels of society. Weak rule of law, limited bureaucratic transparency, and political polarization undermine government accountability and impede economic growth.



The top individual income tax rate has been reduced to 25 percent, but the top corporate tax rate has been increased to 32.5 percent. The overall tax burden equals 7.7 percent of total domestic income. Government spending has amounted to 15.0 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 38.9 percent of GDP.



Regulations governing business are unclear, inconsistent, or little publicized. Registration and regulatory process interactions by businesses often require under-the-counter payments to bureaucrats. Cheap, low-skilled labor abounds, but productivity is low. Enforcement of labor law is lax. The government maintains significant subsidies for energy and agricultural products.



Bangladesh has five preferential trade agreements in force. The trade-weighted average tariff rate is 10.6 percent, and layers of nontariff barriers continue to impede dynamic flows of trade. Although foreign investment is welcome, potential investors face a host of challenges. Government ownership and interference in the financial sector remain considerable, undermining the sector's overall efficiency. Financing instruments are limited.

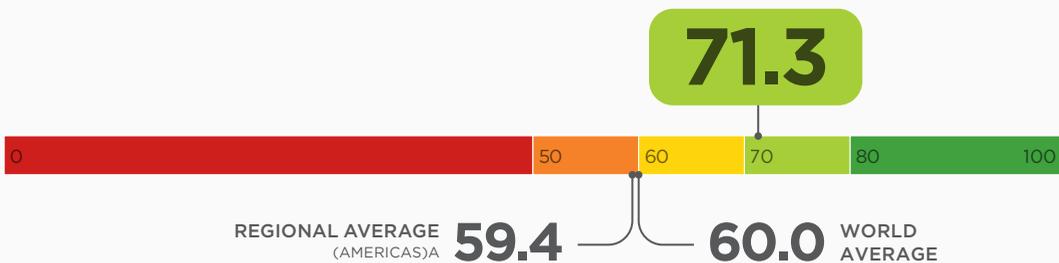
BARBADOS

Barbados's economic freedom score is 71.3, making its economy the 28th freest in the 2022 *Index*. Barbados is ranked 4th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Barbados's tourist-dependent economic growth turned sharply negative in 2020 but rebounded in 2021. Economic freedom has expanded significantly over the past five years. Led by score increases in rule of law and **labor freedom**, Barbados has recorded an impressive 16.8-point overall gain in economic freedom since 2017 and has climbed from the "Moderately Free" category into the "Mostly Free" category. Judicial effectiveness, **fiscal health**, and **monetary freedom** are strong, but **trade freedom** is well below average.

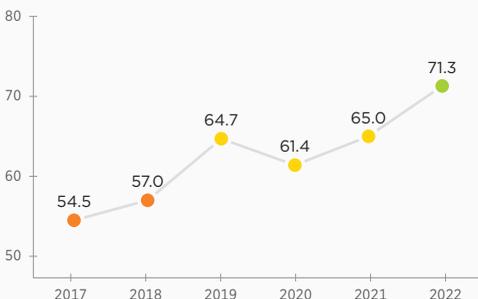
IMPACT OF COVID-19: As of December 1, 2021, 231 deaths had been attributed to the pandemic in Barbados, and the government's response to the crisis ranked 22nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 17.6 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +9.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.3 million

GDP (PPP):
\$3.9 billion
-17.6% growth in 2020
5-year compound annual growth -3.1%
\$13,553 per capita

UNEMPLOYMENT:
12.8%

INFLATION (CPI):
2.9%

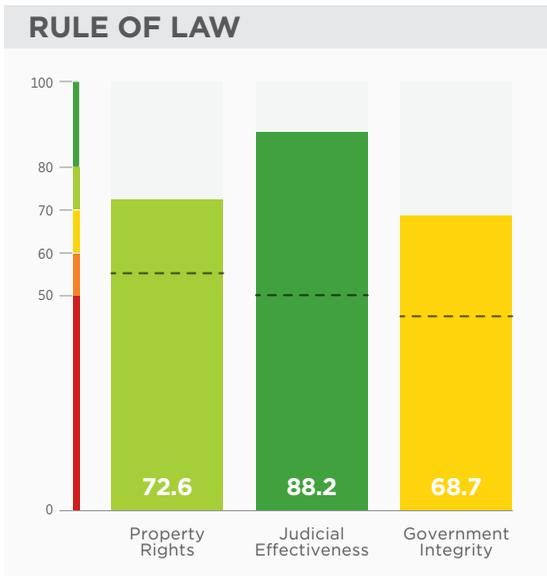
FDI INFLOW:
\$262.0 million

PUBLIC DEBT:
149.0% of GDP

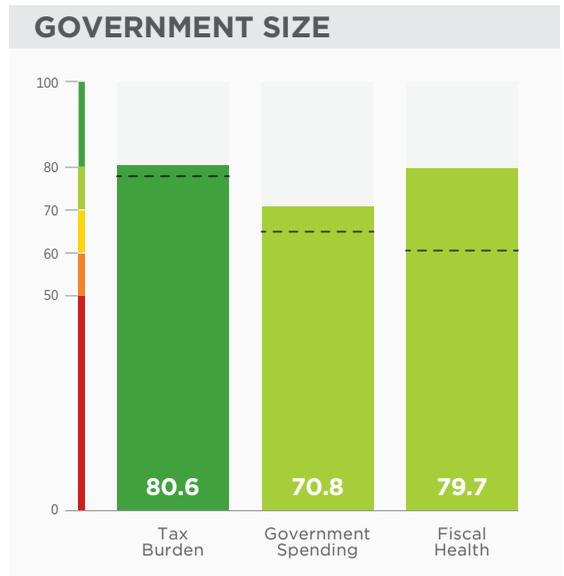
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Barbados transitioned from a parliamentary constitutional monarchy tied to the United Kingdom to become an independent republic in 2021. Former Governor-General Dame Sandra Mason was elected to serve as the island nation's first president. Prime Minister Mia Mottley, the country's first female leader, was elected to a five-year term in 2018 and remains head of government. Mottley's center-left Barbados Labor Party has nearly unanimous control of the legislature. Against a backdrop of high public debt and unemployment, Mottley faces the challenge of enacting structural fiscal reforms. Barbados is a middle-income country with a diversified economy built on tourism and offshore banking and has one of the Caribbean's highest incomes per capita. Tourism has rebounded, but Barbados still faces challenges to medium-term growth.

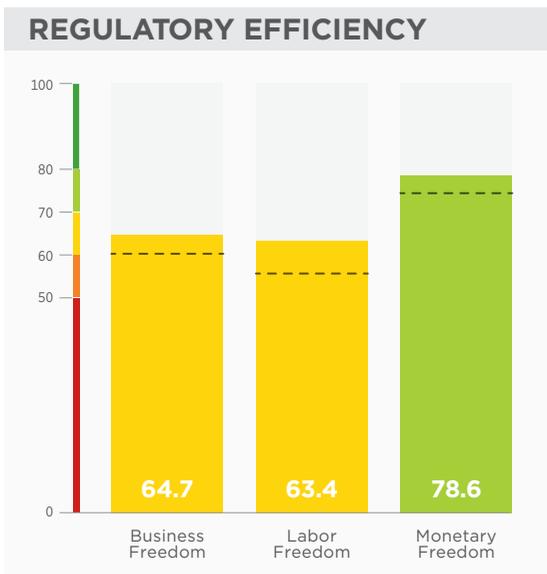
12 ECONOMIC FREEDOMS | BARBADOS



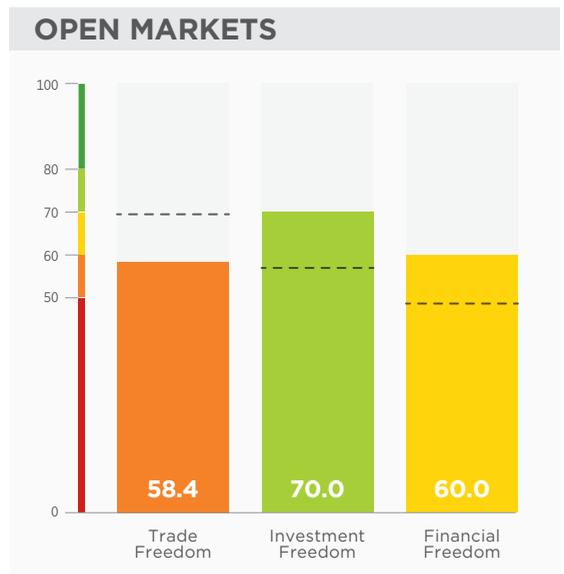
Protection of property rights is robust, but property registration is time-consuming, expensive, and becoming more difficult. Civil law protects physical property and mortgage claims. The court system is based on British common law and is generally unbiased and efficient. The rule of law is respected, but the government has failed to implement key anticorruption measures. Money laundering remains a problem.



The top individual income tax rate is 28.5 percent, and the top corporate tax rate is 5.5 percent. The overall tax burden equals 33.1 percent of total domestic income. Government spending has amounted to 31.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.4 percent of GDP. Public debt is equivalent to 149.0 percent of GDP.



The business regulatory environment can be difficult and time-consuming. The curtailment of the tourism industry as a result of the pandemic has caused unemployment to skyrocket. Rigid and complex labor laws restrict labor freedom. The government has borrowed hundreds of millions of dollars from international financial institutions to fund a broad array of new subsidies.



Barbados has three preferential trade agreements in force. The trade-weighted average tariff rate is 13.3 percent, and 128 nontariff measures are in effect. The investment climate has improved, but much investment activity is subject to government approval, and certain activities are prohibited to foreigners. The banking sector provides a wide range of services for domestic and foreign investors, but securities markets are relatively illiquid.

BELARUS

WORLD RANK:

135

REGIONAL RANK:

45

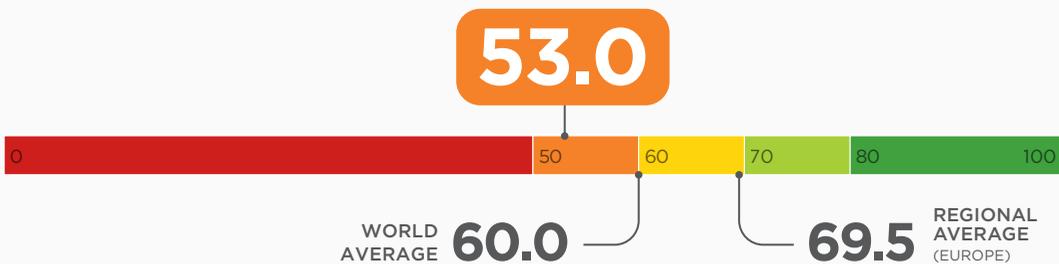
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Belarus's economic freedom score is 53.0, making its economy the 135th freest in the 2022 *Index*. Belarus is ranked 45th among 45 countries in the Europe region, and its overall score is below the regional and world averages.

Belarus has experienced erratic economic growth over the past five years, and its five-year compound annual growth rate is only 0.7 percent. Economic freedom has declined over the same five-year period. Dragged down by substantial score declines in rule of law, **labor freedom**, and **business freedom**. Belarus has recorded a 5.6-point overall loss of economic freedom since 2017 and has fallen from the "Moderately Free" category into the ranks of the "Mostly Unfree." Tax burden and **fiscal health** scores are excellent, but the rule of law, **investment freedom**, and **financial freedom** are constrained.

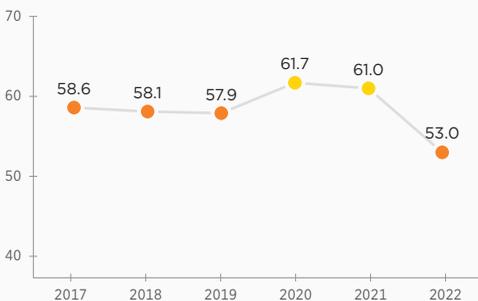
IMPACT OF COVID-19: As of December 1, 2021, 5,098 deaths had been attributed to the pandemic in Belarus, and the government's response to the crisis ranked 155th among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.9 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +12.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.4 million

GDP (PPP):
\$189.9 billion
-0.9% growth in 2020
5-year compound annual growth 0.7%
\$20,187 per capita

UNEMPLOYMENT:
5.3%

INFLATION (CPI):
5.5%

FDI INFLOW:
\$1.4 billion

PUBLIC DEBT:
48.0% of GDP

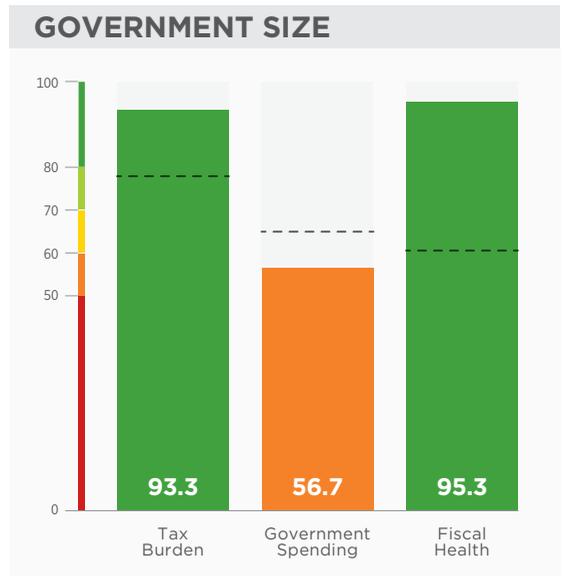
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: President Alexander Lukashenko has been in power since 1994 and controls all branches of government in this Eastern European nation, which has one of Europe's worst human rights records. After Lukashenko won reelection again in the 2020 presidential election, which international observers viewed as rigged, protestors called for him to resign in favor of the main opposition candidate, Sviatlana Tsikhanouskaya. Industries and state-controlled agriculture are not competitive. New non-Russian foreign investment has essentially disappeared, largely because of Belarus's unfavorable investment climate. Belarus is heavily dependent on Russia for its energy supplies and joined the Russia-backed Eurasian Economic Union in 2015.

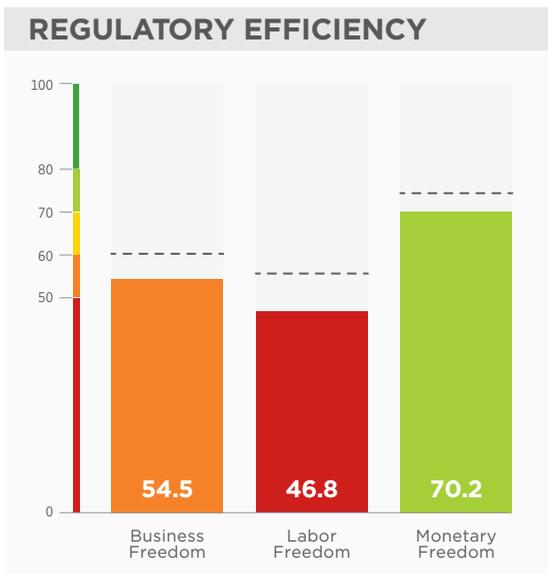
12 ECONOMIC FREEDOMS | BELARUS



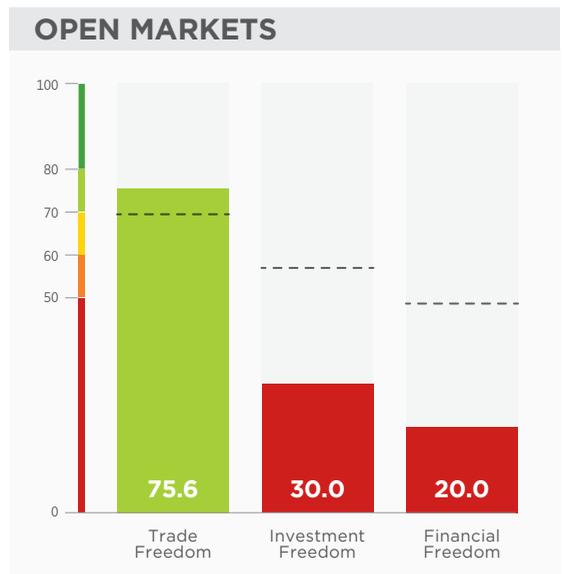
Property rights are enforced by the Civil Code. Mortgages and liens are available, and the property registry system is reliable. Enforcement of property rights by the weak judiciary, however, is uncertain. Courts are subservient to the president, who appoints Supreme Court justices with the approval of the rubber-stamp parliament. The state controls 70 percent of the economy, and corruption is present at all levels of government, often with impunity.



The top individual income tax rate is 13 percent, and the top corporate tax rate is 18 percent. The overall tax burden equals 13.3 percent of total domestic income. Government spending has amounted to 38.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.2 percent of GDP. Public debt is equivalent to 48.0 percent of GDP.



Businesses have been targeted by Belarusian authorities since the August 2020 fraudulent elections. Many have been shut down because of their perceived politics, and employees have been arbitrarily detained. The labor market is largely regulated by presidential decree. According to the International Monetary Fund, just from 2005 to 2015, Russia provided \$106 billion to fund subsidies so that the politically unpopular and repressive Lukashenko government could remain in power.



Belarus has seven preferential trade agreements in force. The trade-weighted average tariff rate is 4.7 percent, but various nontariff barriers continue to restrict trade flows. Belarus is not a member of the World Trade Organization. Investment and financial activity are severely limited by extensive government control. Many industries are primarily or exclusively state-run to the detriment of private investment and enterprises.

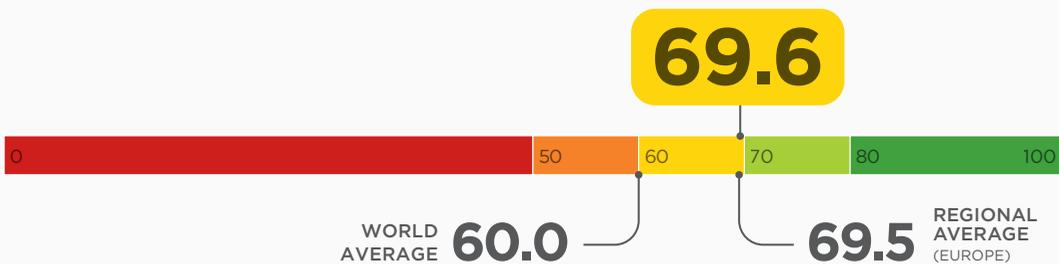
BELGIUM

Belgium's economic freedom score is 69.6, making its economy the 37th freest in the 2022 *Index*. Belgium is ranked 24th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Belgium's economy was growing before the pandemic and rebounded in 2021, leaving GDP approximately where it was in 2017. Economic freedom has improved over the five-year period. With score increases in **property rights** and **judicial effectiveness** outpacing decreases in **labor freedom** and **trade freedom**, Belgium has recorded a 1.8-point overall gain of economic freedom since 2017 and is at the top of the "Moderately Free" category. Rule of law is strong, but **government spending** and **tax burden** scores are far below average.

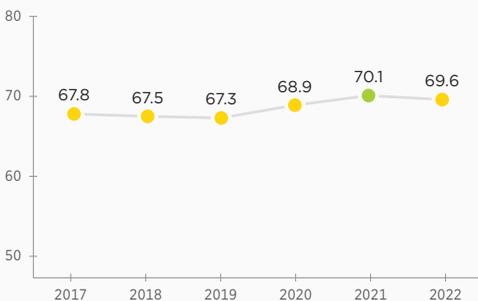
IMPACT OF COVID-19: As of December 1, 2021, 27,072 deaths had been attributed to the pandemic in Belgium, and the government's response to the crisis ranked 41st among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.4 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +3.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.6 million

GDP (PPP):
\$588.8 billion
-6.4% growth
in 2020
5-year compound
annual growth 0.0%
\$51,096 per capita

UNEMPLOYMENT:
6.0%

INFLATION (CPI):
0.4%

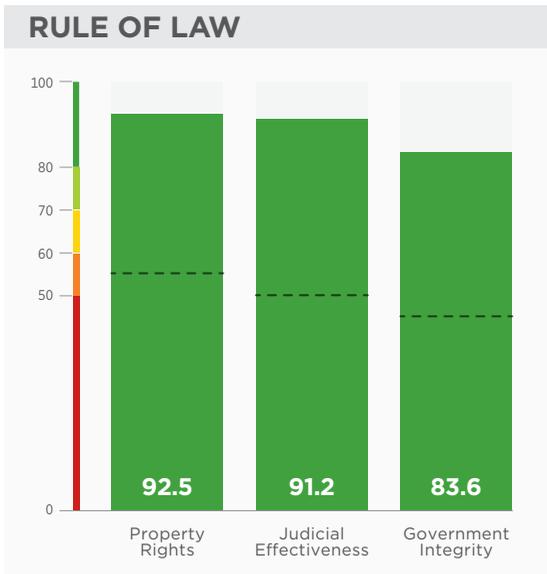
FDI INFLOW:
\$8.4 billion

PUBLIC DEBT:
115.0% of GDP

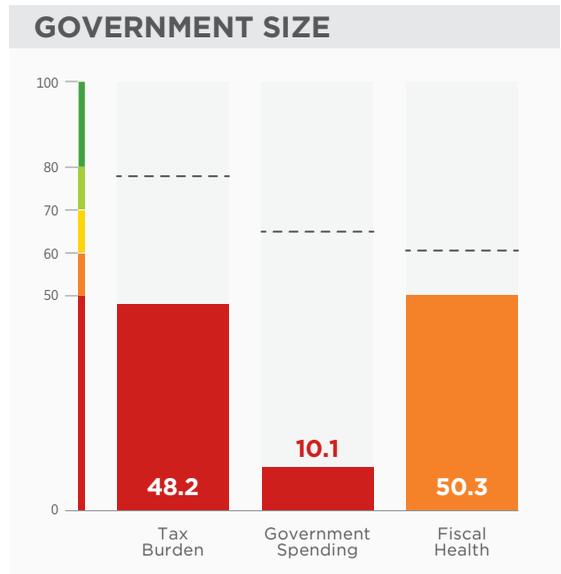
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Belgium is a federal state with three culturally distinct regions: Flanders, Wallonia, and the capital city of Brussels, which hosts the headquarters of NATO and the European Union. After 16 months of political uncertainty, Alexander De Croo of the classically liberal Open Flemish Liberals and Democrats became prime minister in October 2020 at the head of a seven-party coalition. Neighboring countries have a strong political and economic impact on Belgium. The services sector accounts for a large portion of GDP in the export-driven economy. Belgium boasts a dense network of rails and roadways and Europe's second-busiest port, Antwerp. China's growing presence in the nation's poorer Wallonia region through a Chinese retailer's massive new logistics hub has sparked some concerns.

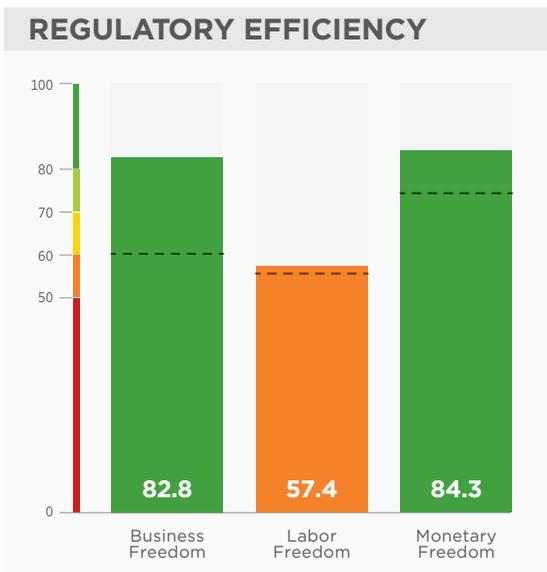
12 ECONOMIC FREEDOMS | BELGIUM



Property rights are well protected by law, and their enforcement by independent courts is considered effective. Property registration, however, can be cumbersome. Belgium generally meets very high standards for the protection of intellectual property rights. The judiciary is independent both by law and in practice, and court rulings are duly enforced by other state entities. Public officials face heavy fines and prison for corruption-related offenses.



The top individual income tax rate is 50 percent, and the top corporate tax rate is 29 percent. Other taxes include value-added and estate taxes. The overall tax burden equals 42.9 percent of total domestic income. Government spending has amounted to 54.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.3 percent of GDP. Public debt is equivalent to 115.0 percent of GDP.



Business regulations are generally transparent and evenly enforced, but business registration is bureaucratic. The government of Belgium is trying to streamline business administration and reduce the tax burden. The labor market is fragmented, and the unemployment rate varies significantly by region. The government has increased subsidies for the health care, transportation, and energy sectors.



As a member of the EU, Belgium has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. The investment regime is largely open, and government policies do not interfere significantly with foreign investment. The financial sector remains vibrant and generally free from government involvement.

BELIZE

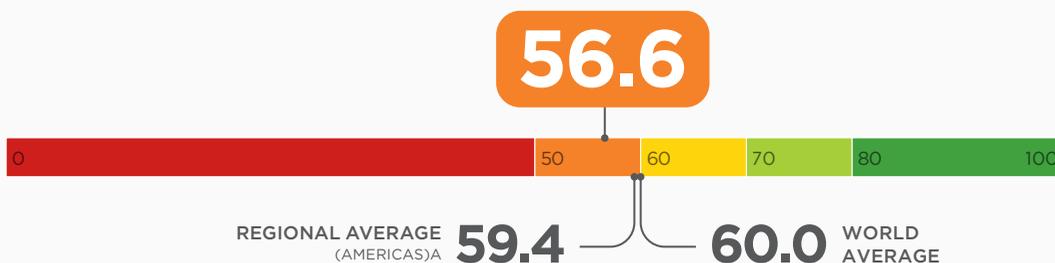
Belize's economic freedom score is 56.6, making its economy the 109th freest in the 2022 *Index*. Belize is ranked 22nd among 32 countries in the Americas region, and its overall score is below the regional and world averages.

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.

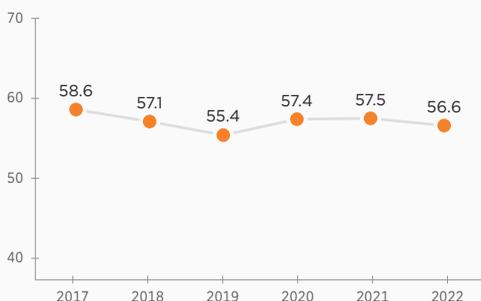


ECONOMIC FREEDOM SCORE



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%

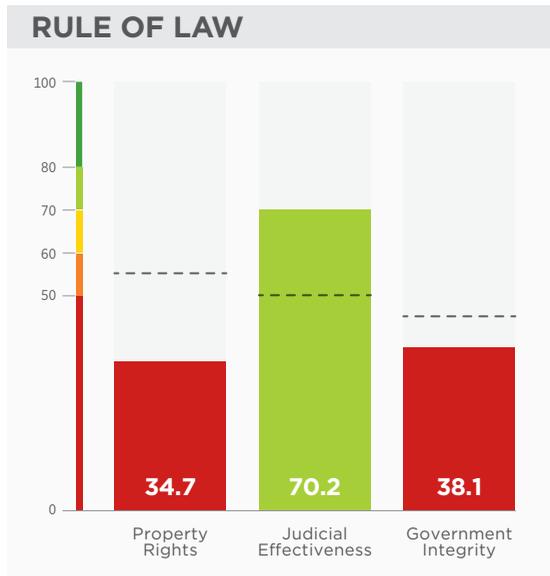
FDI INFLOW:
\$76.0 million

PUBLIC DEBT:
127.4% of GDP

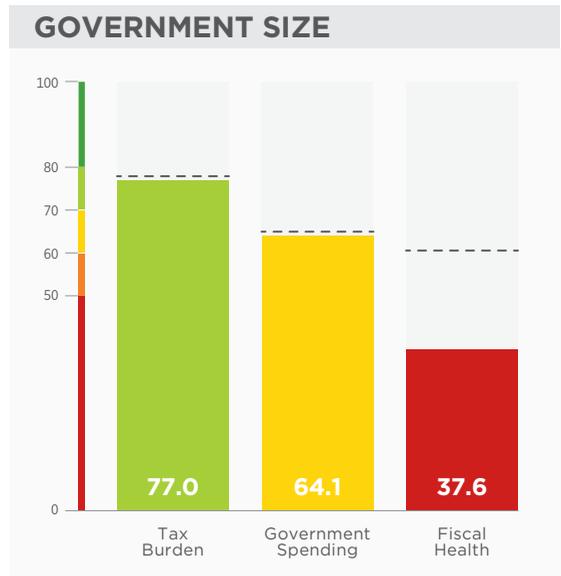
2020 data unless otherwise noted. Data compiled as of September 2021

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.

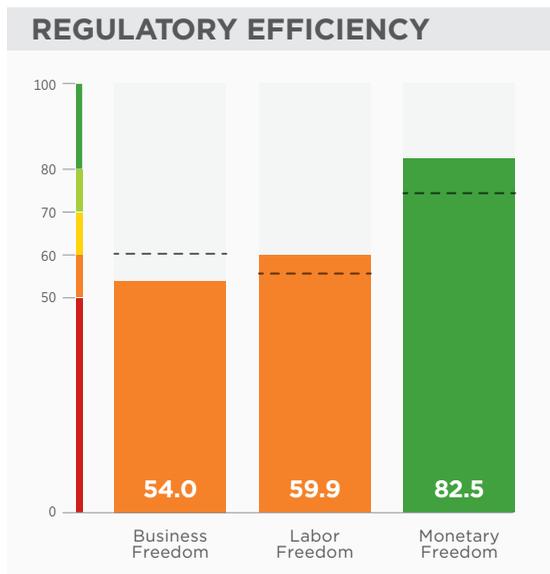
12 ECONOMIC FREEDOMS | BELIZE



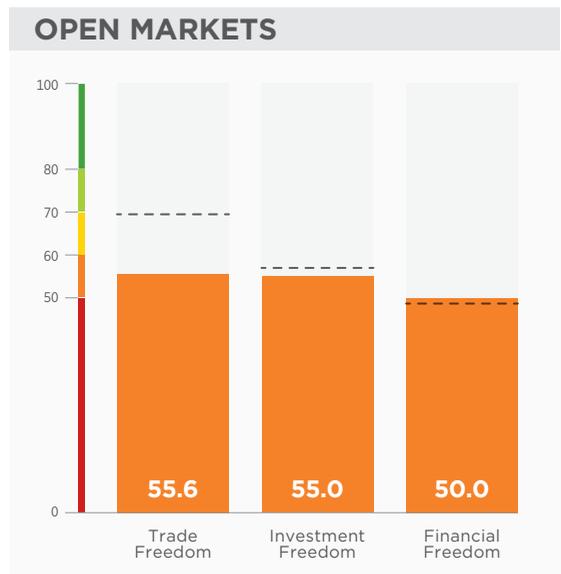
Private property rights are recognized and protected, although enforcement can be uneven. Contracts are legally binding and enforceable. The judiciary lacks resources but is generally independent. Belize is vulnerable to illicit trafficking, illegal migration, transnational criminal organizations, and 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.

BENIN

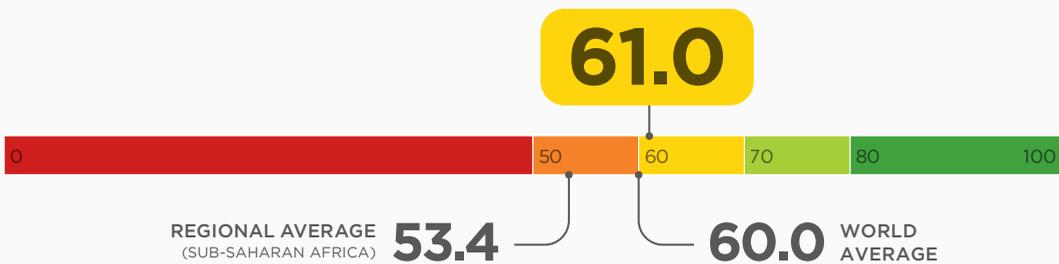
Benin's economic freedom score is 61.0, making its economy the 81st freest in the 2022 *Index*. Benin is ranked 6th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Over the past five years, Benin has maintained positive economic growth with a compound annual growth rate of almost 5 percent. Economic freedom had been declining but has rebounded sharply during the past two years. Benin has recorded a 1.8-point overall gain of economic freedom since 2017 and has risen into the "Moderately Free" category for the first time in more than a decade. Scores for **government spending** and **monetary freedom** are excellent, but **business freedom**, **investment freedom**, and **financial freedom** lag.

IMPACT OF COVID-19: As of December 1, 2021, 161 deaths had been attributed to the pandemic in Benin, and the government's response to the crisis ranked 43rd among the countries included in this *Index* in terms of its stringency. The economy grew by just 2.0 percent in 2020.

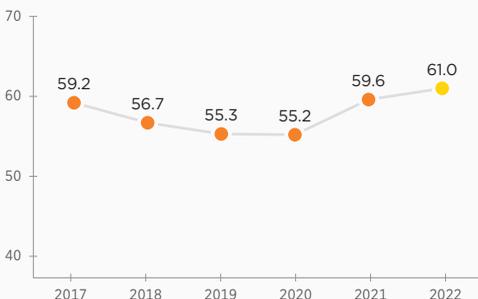


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +6.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
12.1 million

GDP (PPP):
\$41.7 billion
2.0% growth in 2020
5-year compound annual growth 4.9%
\$3,437 per capita

UNEMPLOYMENT:
2.5%

INFLATION (CPI):
3.0%

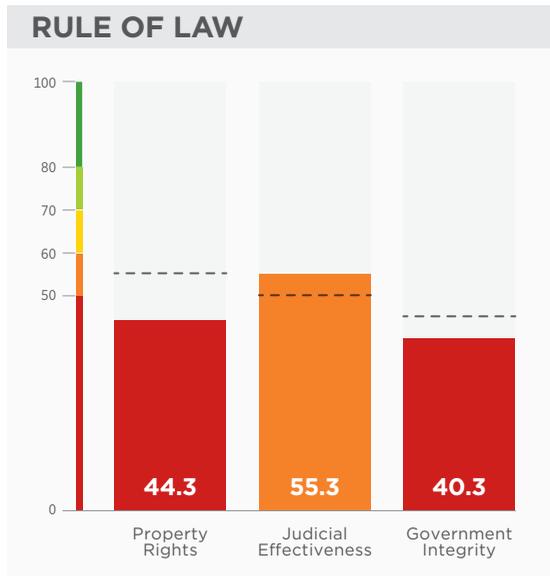
FDI INFLOW:
\$176.0 million

PUBLIC DEBT:
45.4% of GDP

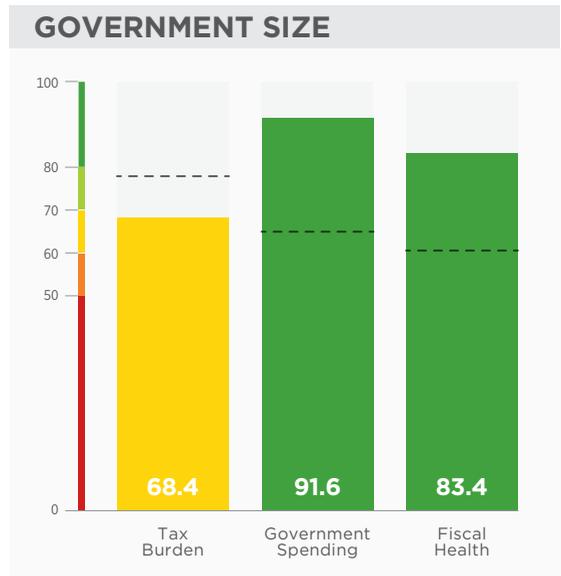
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: One of Africa's largest producers of cotton, the former French colony of Benin nevertheless remains underdeveloped and dependent on subsistence agriculture and regional trade. Wealthy businessman Patrice Talon was elected to a five-year presidential term in 2016 on a clean-government platform, but critics have accused him of various power grabs since taking office. Talon was reelected in 2021 after the government barred most opposition candidates from running, which led to violent opposition protests. Government efforts to increase power generation capacity should stimulate economic growth. Expansion of the privately managed port of Cotonou, which accounts for approximately 60 percent of GDP, will further encourage growth by increasing port services to regional neighbors.

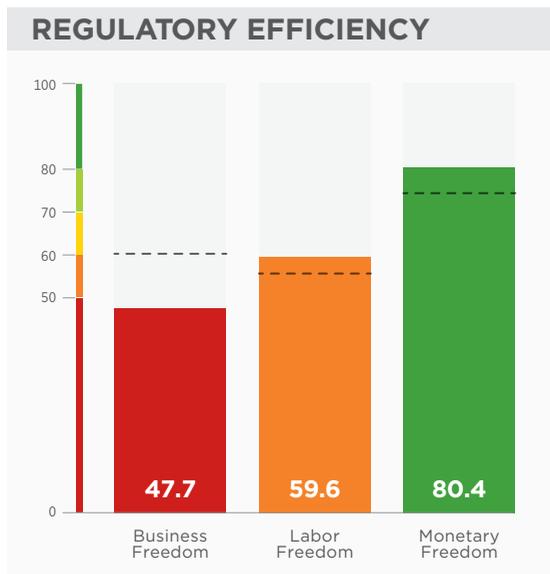
12 ECONOMIC FREEDOMS | BENIN



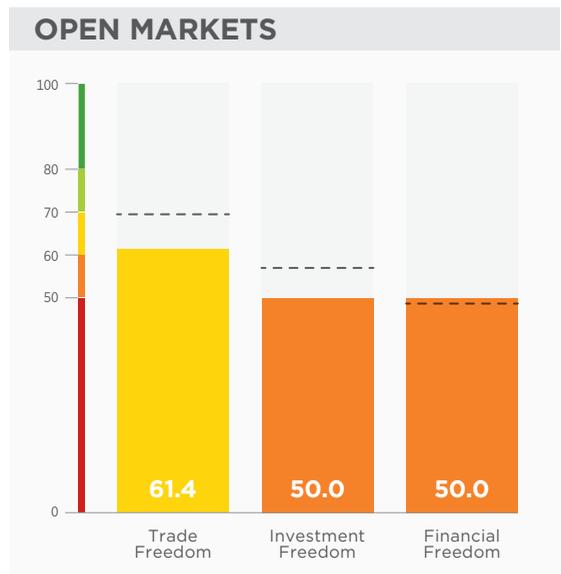
Secured interests in real and personal property are recognized and enforced. However, property registration remains difficult, and enforcement of contracts is uneven. The judicial process is inefficient and suffers from corruption. Corruption is a very high risk across most sectors in Benin. Petty bribery and systems of patronage are common obstacles, especially when interacting with the judiciary, law enforcement, and customs authorities.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 30 percent (45 percent for oil companies). Other taxes include a value-added tax. The overall tax burden equals 15.4 percent of total domestic income. Government spending has amounted to 16.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.8 percent of GDP. Public debt is equivalent to 45.4 percent of GDP.



The 2016 Government Action Plan included 45 major projects, 95 sector-based projects, and 19 institutional reforms to create 500,000 jobs and to be 61 percent funded by public-private partnerships, but there has been little real improvement in the business environment. Worker strikes are often declared illegal. The government has increased subsidies to Benin's six major commodity export crops: cotton, maize, rice, pineapple, manioc, and cashew nuts.



Benin has three preferential trade agreements in force. The trade-weighted average tariff rate is 11.8 percent, and one nontariff measure is in effect. The underdeveloped investment framework and restrictions on foreign ownership continue to limit opportunities to attract foreign investment. Access to credit remains difficult despite some progress, and the equity market is underdeveloped.

BHUTAN

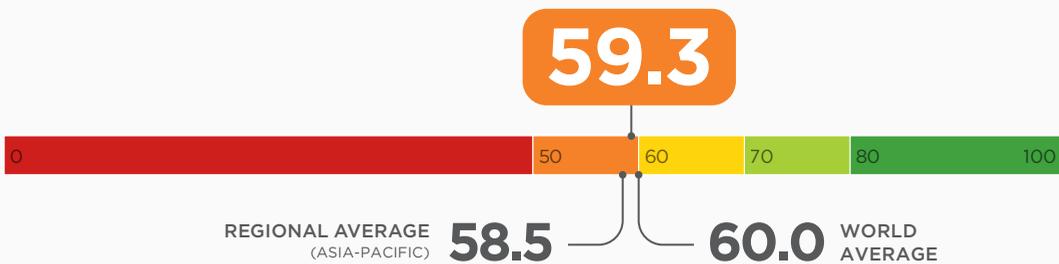
WORLD RANK: **94** | REGIONAL RANK: **19**
 ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Bhutan's economic freedom score is 59.3, making its economy the 94th freest in the 2022 *Index*. Bhutan is ranked 19th among 39 countries in the Asia-Pacific region, and its overall score is above the regional average but below the world average.

Economic growth suffered a mild downturn in Bhutan in 2020 but resumed in 2021. Economic freedom has slipped a little from its all-time high in 2019, but the upward trend seems to have resumed. Led by score increases in rule of law and **fiscal health**, Bhutan has recorded a 0.9-point overall gain of economic freedom since 2017 and is close to the threshold of the "Moderately Free" category. Bhutan's modest **tax burden** supports economic freedom, but the lack of **trade freedom**, **investment freedom**, and **financial freedom** continues to hold back progress.

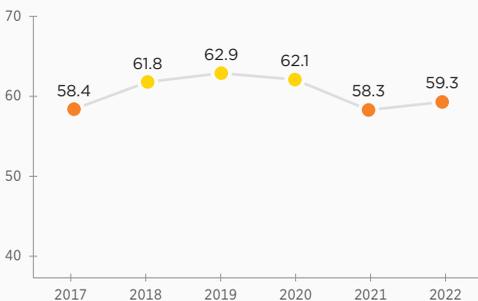
IMPACT OF COVID-19: As of December 1, 2021, three deaths had been attributed to the pandemic in Bhutan, and the government's response to the crisis ranked 62nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +1.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.8 million

GDP (PPP):
\$9.0 billion
-0.8% growth in 2020
5-year compound annual growth 4.2%
\$12,060 per capita

UNEMPLOYMENT:
3.7%

INFLATION (CPI):
4.2%

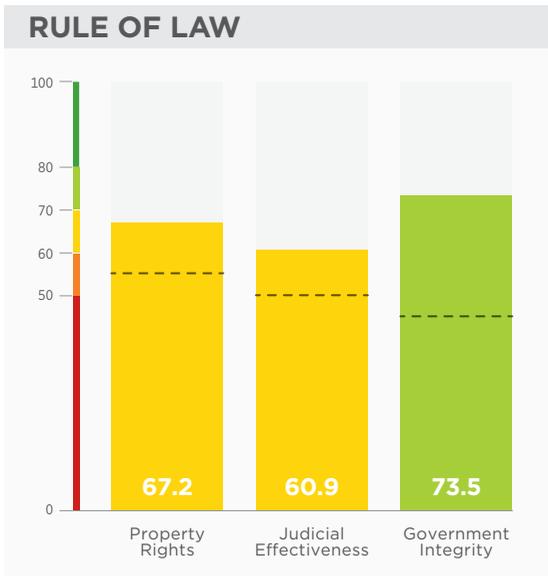
FDI INFLOW:
\$3.0 million

PUBLIC DEBT:
120.7% of GDP

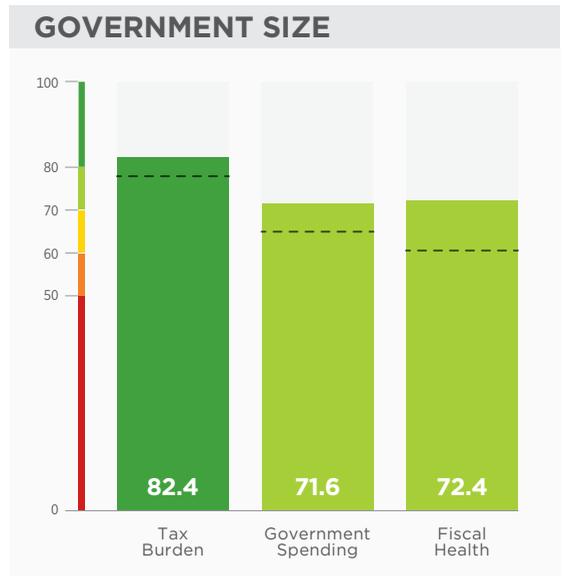
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The small Himalayan kingdom of Bhutan transitioned from absolute monarchy to constitutional parliamentary democracy in 2008. Former Prime Minister Tshering Tobgay's People's Democratic Party, which won a majority in the National Assembly in 2013, lost unexpectedly to Lotay Tshering's Bhutan United Party in 2018 elections. Bhutan has one of the world's smallest and least-developed economies. Until recently, the landlocked country was largely agrarian with few roads, little electricity, and no modern hospitals. Recent interregional economic cooperation that includes growing trade with Bangladesh and India is stimulating economic growth. Connections to global markets are limited and dominated by exports of hydropower to India. If chronic construction delays were resolved, those exports could increase.

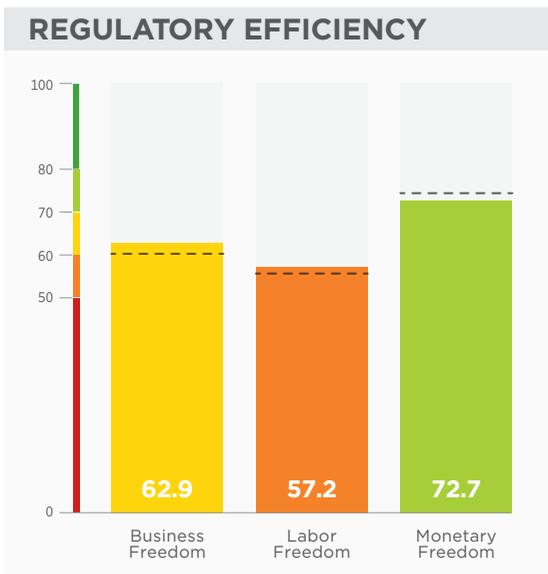
12 ECONOMIC FREEDOMS | BHUTAN



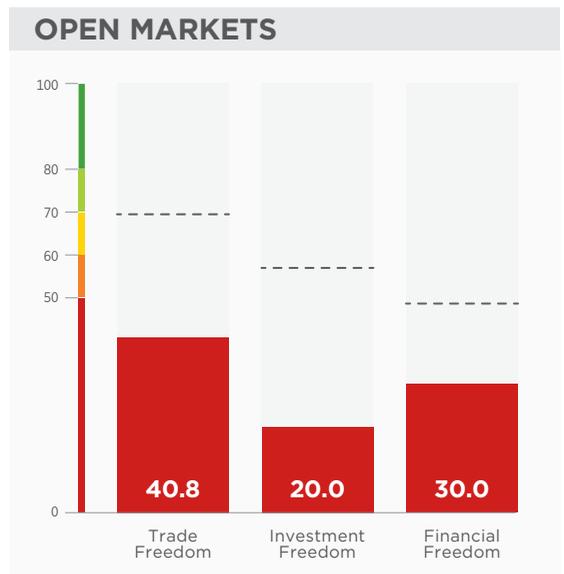
Although individuals generally have the right to own property and establish businesses, the registration of property or new businesses can be cumbersome. Judicial independence is respected, but court rulings are often inconsistent. In general, criminal penalties for corruption by officials are implemented effectively. However, nepotism and favoritism remain problems in public procurement and government employment.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 30 percent. Other taxes include property and excise taxes. The overall tax burden equals 15.4 percent of total domestic income. Government spending has amounted to 30.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.2 percent of GDP. Public debt is equivalent to 120.7 percent of GDP.



Complex controls and confusing industrial licensing, trade, labor, and finance policies complicate business facilitation. Bhutan is behind schedule in building 12 new hydropower dams with a combined capacity of 10,000 megawatts, a project orchestrated in a deal signed with India in 2008. The country continues to depend on credit subsidies from India to address balance of payments problems.



Bhutan has three preferential trade agreements in force. The simple average tariff rate is 22.1 percent. Layers of nontariff barriers significantly impede dynamic flows of trade. Bhutan is not a member of the World Trade Organization. Dynamic flows of foreign investment are constrained by persistent policy and institutional weaknesses. Despite the development of microfinance institutions, overall access to credit remains low.

BOLIVIA

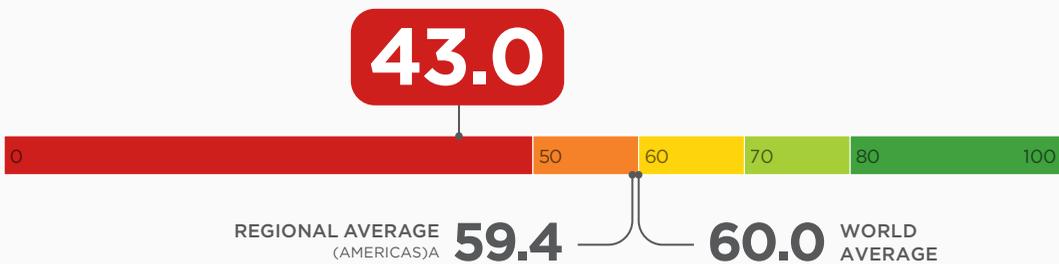
Bolivia's economic freedom score is 43.0, making its economy the 169th freest in the 2022 *Index*. Bolivia is ranked 30th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Bolivia's economic growth decelerated from 2017 through 2019, turned negative in 2020, and rebounded in 2021. A five-year trend of stagnating economic freedom has continued. Depressed by a steep drop in **fiscal health**, Bolivia has recorded a 4.7-point overall loss of economic freedom since 2017 and remains among the world's most economically "Repressed" countries. Tax burden and **monetary freedom** scores are relatively positive, but rule of law, **fiscal health**, and **investment freedom** are very weak.

IMPACT OF COVID-19: As of December 1, 2021, 19,188 deaths had been attributed to the pandemic in Bolivia, and the government's response to the crisis ranked 129th among the countries included in this *Index* in terms of its stringency. The economy contracted by 7.7 percent in 2020.

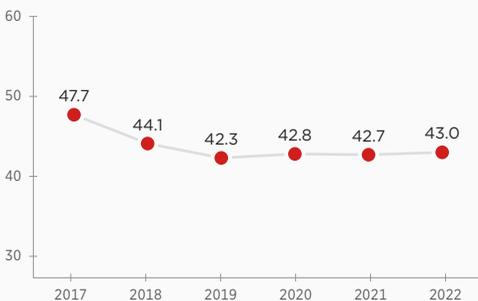


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -13.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.7 million

GDP (PPP):
\$97.8 billion
-7.7% growth in 2020
5-year compound annual growth 1.4%
\$8,344 per capita

UNEMPLOYMENT:
5.6%

INFLATION (CPI):
0.9%

FDI INFLOW:
-\$1,048.0 million

PUBLIC DEBT:
67.3% of GDP

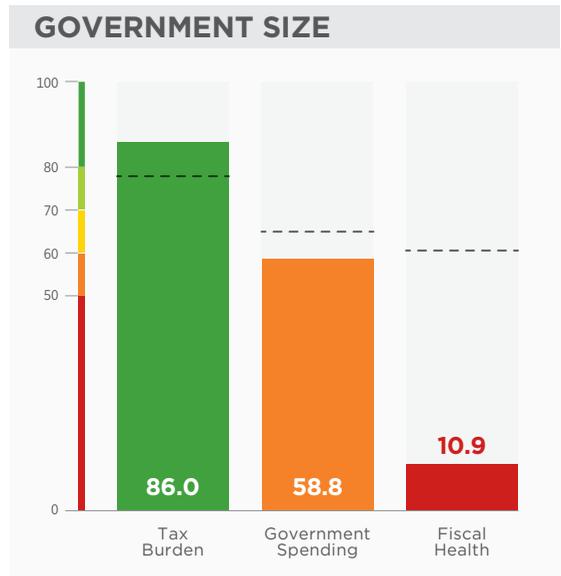
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Exports of natural gas to Brazil and Argentina have supported Bolivia's economy in recent years, but the country is still characterized by deeply rooted poverty, social unrest, and illegal drug activity. President Evo Morales was forced out of office in 2019, but President Luis Arce, a left-wing economist and twice finance minister under Morales, led the return of Morales's Socialist Movement (MAS) party to power in 2020. Center-right former Interim President Jeanine Añez of the Democratic Unity Alliance was arrested by the Arce government on charges of terrorism and sedition. Arce has reimplemented Morales's interventionist policies under a state-led development model but nevertheless will likely have to be pragmatic in addressing Bolivia's deep external and fiscal imbalances.

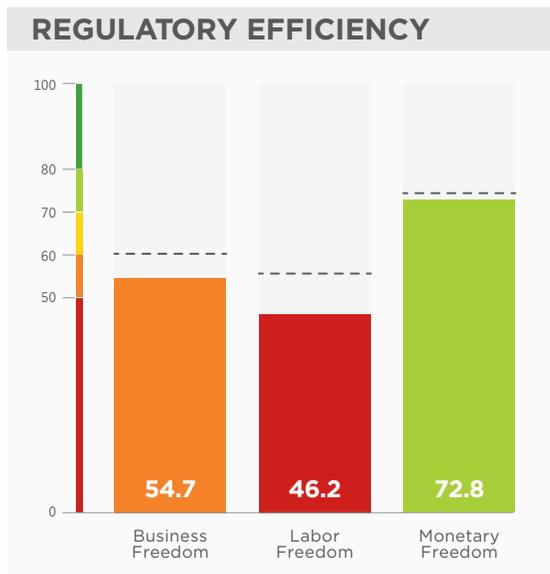
12 ECONOMIC FREEDOMS | BOLIVIA



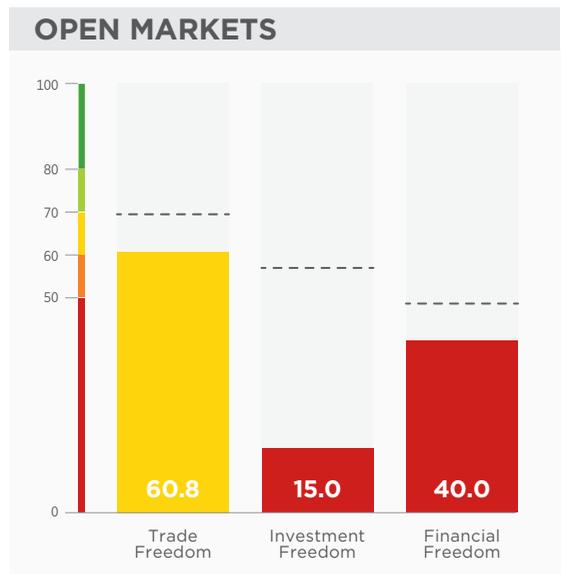
Property rights are legally protected, but weak enforcement of contracts and poor procedures for the resolution of insolvency are common. Property registration can be slow. The judiciary is overburdened, vulnerable to undue influence from the executive and legislative branches of government, and plagued by corruption. Anticorruption laws are poorly enforced, and impunity among government officials and public servants is a problem. Bribery is widespread in almost all sectors of the economy.



The top individual income tax rate is 13 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax. The overall tax burden equals 24.7 percent of total domestic income. Government spending has amounted to 37.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.4 percent of GDP. Public debt is equivalent to 67.3 percent of GDP.



Uncertain legal protections for businesses hinder growth and development, and public investment has displaced private investment. The complex labor code is difficult to understand and contains many percentage-based quotas. A weak economy has tested the government's capacity to fund subsidies for energy and agriculture.



Bolivia has four preferential trade agreements in force. The trade-weighted average tariff rate is 9.6 percent, and five nontariff measures are in effect. Government ownership and government control severely limit private investment and financial activity. The financial sector is vulnerable to state interference and remains poorly developed, although it has grown and has become more open.

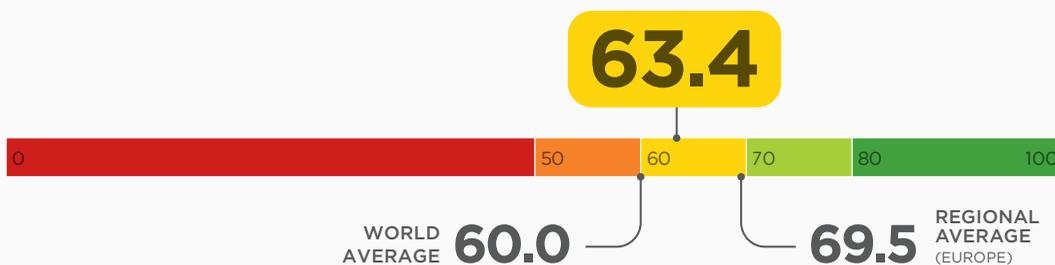
BOSNIA AND HERZEGOVINA

Bosnia and Herzegovina's economic freedom score is 63.4, making its economy the 68th freest in the 2022 *Index*. Bosnia and Herzegovina is ranked 36th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Bosnia and Herzegovina's economic growth decelerated from 2017 through 2019, turned negative in 2020, and rebounded in 2021. A five-year trend of expanding economic freedom has continued. Led by a score increase in **business freedom**, Bosnia and Herzegovina has recorded a 3.2-point overall gain of economic freedom since 2017 and is rising gradually in the lower half of the "Moderately Free" category. Tax burden and fiscal health scores are good, but the rule of law and **government spending** exhibit weaknesses.

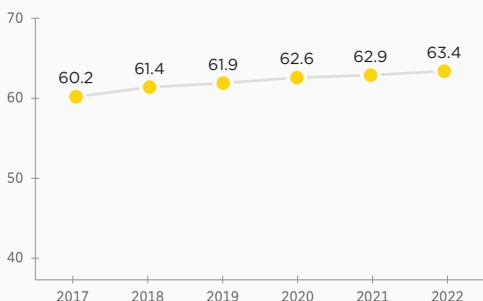
IMPACT OF COVID-19: As of December 1, 2021, 12,628 deaths had been attributed to the pandemic in Bosnia and Herzegovina, and the government's response to the crisis ranked 77th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +34.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.3 million

GDP (PPP):
\$49.3 billion
-5.5% growth in 2020
5-year compound annual growth 1.5%
\$15,047 per capita

UNEMPLOYMENT:
16.9%

INFLATION (CPI):
-0.6%

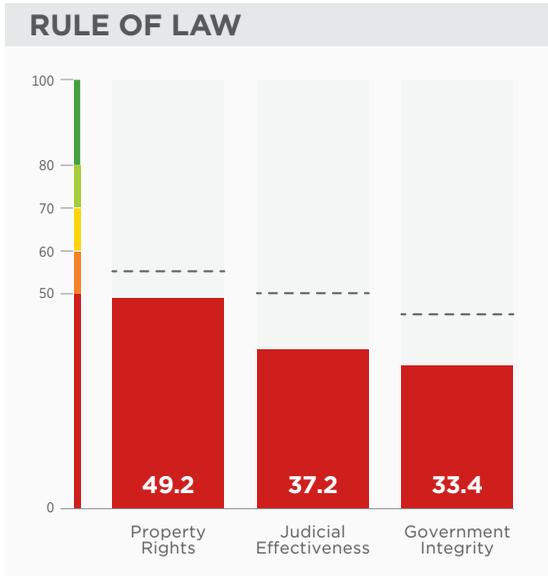
FDI INFLOW:
\$371.0 million

PUBLIC DEBT:
38.3% of GDP

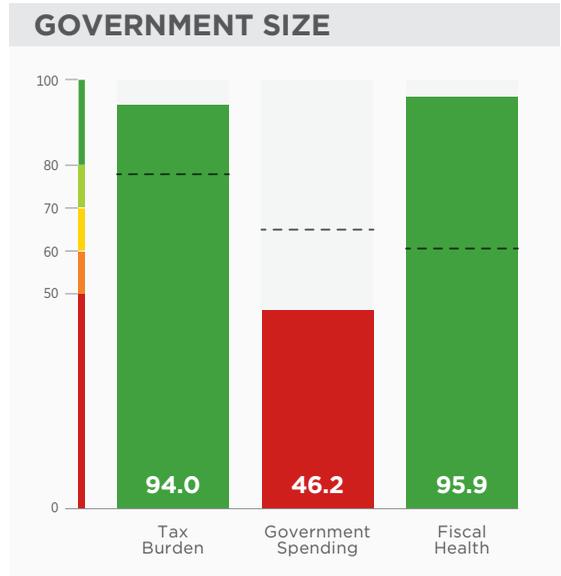
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The 1995 Dayton Agreement finalized Bosnia and Herzegovina's independence. Two entities, the Republika Srpska (Serbian) and Federation of Bosnia and Herzegovina (Muslim/Croat), exist under a loose central government. Disagreement among members of Bosnia's triumvirate presidency caused a 14-month delay in the formation of a government following elections in 2018. The slow pace of reform has stalled aspirations for accession to the European Union. The economy relies heavily on exports of metals, energy, textiles, and furniture as well as on remittances, foreign aid, and Chinese infrastructure investment. Migrant arrivals continue to strain resources. Additional challenges include high unemployment, slow vaccine rollout, and the nascent tourism industry's lack of resilience.

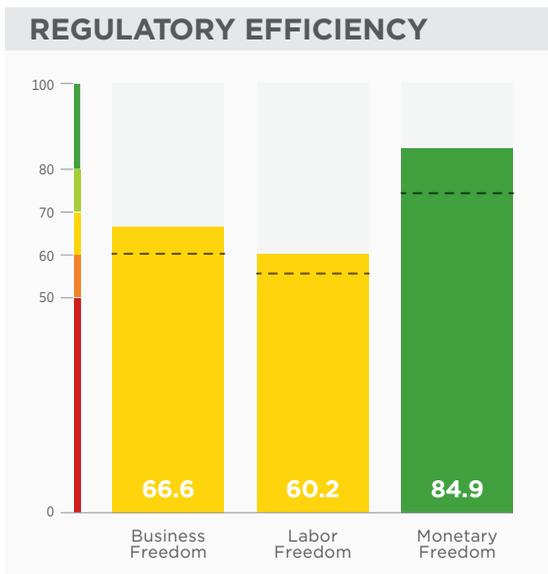
12 ECONOMIC FREEDOMS | BOSNIA AND HERZEGOVINA



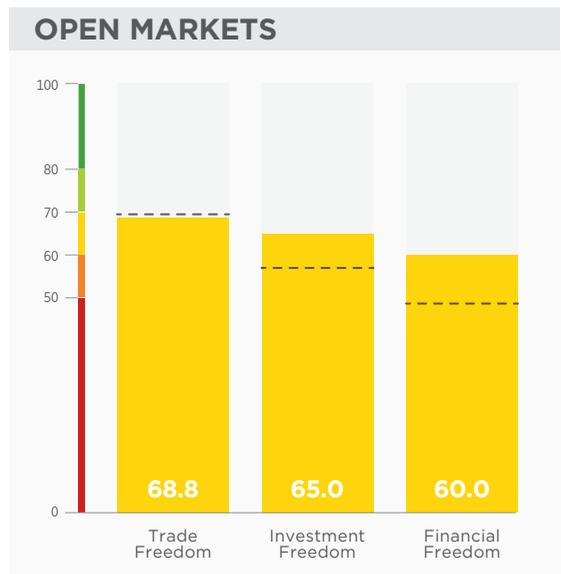
Protection of property rights is insufficient, and the judicial system is weak. A significant portion of real property lacks clear title, and property registries are largely unreliable. The judiciary remains susceptible to political influence and burdened by a large backlog of cases. Corruption remains pervasive and systemic, and legislation designed to combat it is poorly enforced. It is against the law to offer or demand bribes and gifts, but such practices are widespread.



The top income and corporate tax rates are 10 percent, but various governing entities have different tax policies. The overall tax burden equals 20.1 percent of total domestic income. Government spending has amounted to 42.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.9 percent of GDP. Public debt is equivalent to 38.3 percent of GDP.



Nontransparent business procedures and complex legal and regulatory procedures stifle business freedom. Efforts to reform the country's business climate have been slowed by a legacy of socialism. Complex labor and pension laws need reform, which ostensibly is underway. Despite the worst recession in a quarter-century, the government has increased subsidies to the health care sector and several other sectors.



Bosnia and Herzegovina has four preferential trade agreements in force. The trade-weighted average tariff rate is 8.1 percent, and significant nontariff barriers further restrict trade flows. Bosnia and Herzegovina is not a member of the World Trade Organization. State and municipal administrations make up a nontransparent bureaucratic system that makes investment less appealing. The banking sector is dominated by foreign banks and remains stable.

BOTSWANA

WORLD RANK:

61

REGIONAL RANK:

3

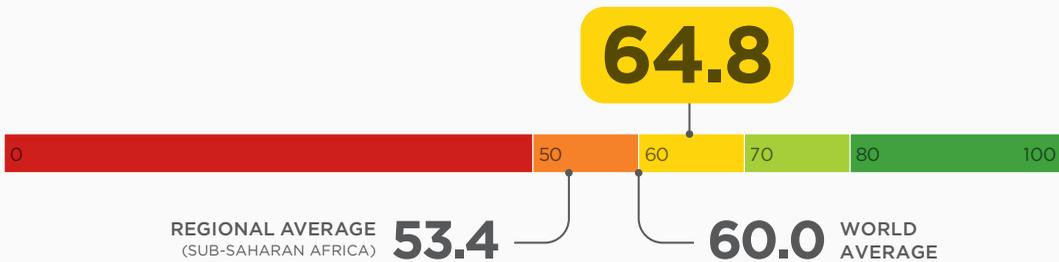
ECONOMIC FREEDOM STATUS:
MODERATELY FREE

Botswana's economic freedom score is 64.8, making its economy the 61st freest in the 2022 *Index*. Botswana is ranked 3rd among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Botswana's economic growth slowed from 2017 through 2019, turned sharply negative in 2020, and rebounded in 2021. A five-year trend of declining economic freedom has continued. Dragged down by a deep plunge in its **fiscal health** score, Botswana has recorded a 5.3-point overall loss of economic freedom since 2017 and has fallen from the top half of the "Moderately Free" category to the lower half. Rule of law and a modest **tax burden** are relative strengths, but **fiscal health** has fallen to a dangerous level.

IMPACT OF COVID-19: As of December 1, 2021, 2,418 deaths had been attributed to the pandemic in Botswana, and the government's response to the crisis ranked 163rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.3 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +8.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.4 million

GDP (PPP):
\$39.6 billion
-8.3% growth in 2020
5-year compound annual growth 1.3%
\$16,893 per capita

UNEMPLOYMENT:
17.7%

INFLATION (CPI):
2.0%

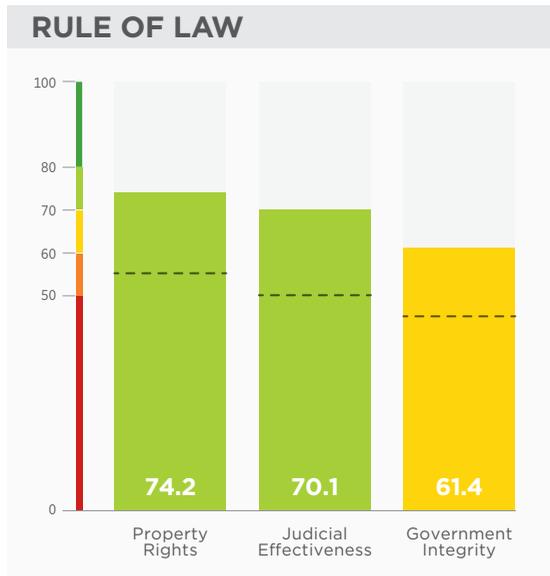
FDI INFLOW:
\$80.0 million

PUBLIC DEBT:
20.0% of GDP

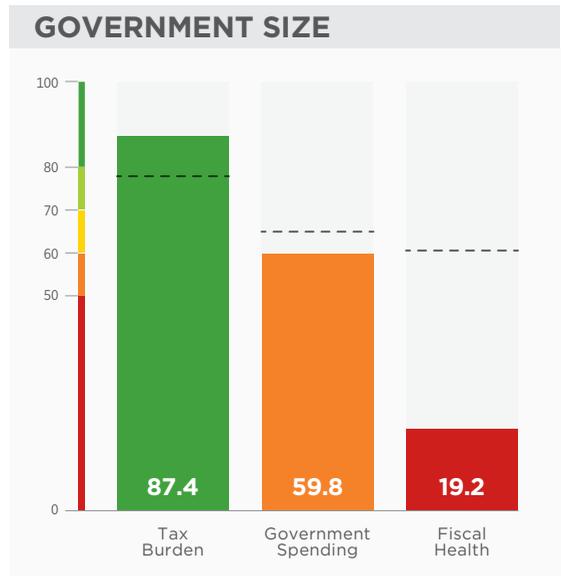
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Sparsely populated Botswana has a land area that is larger than Spain and dominated by the vast Kalahari Desert. The Botswana Democratic Party (BDP) has governed this multiparty democracy since independence from the United Kingdom in 1966. Despite a challenge from a party led by former President Ian Khama and other opposition groups, the BDP expanded its share of the vote in 2019 elections, securing the continued tenure of President Mokgweetsi Masisi. Risks to political stability remain low. Botswana has abundant diamonds and other natural resources, a market-oriented economy, and one of Africa's highest sovereign credit ratings. Ecotourism in the country's extensive nature preserves is helping to diversify the economy.

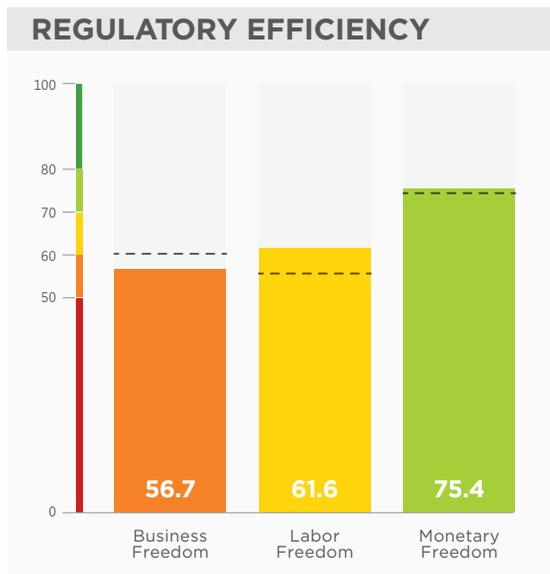
12 ECONOMIC FREEDOMS | BOTSWANA



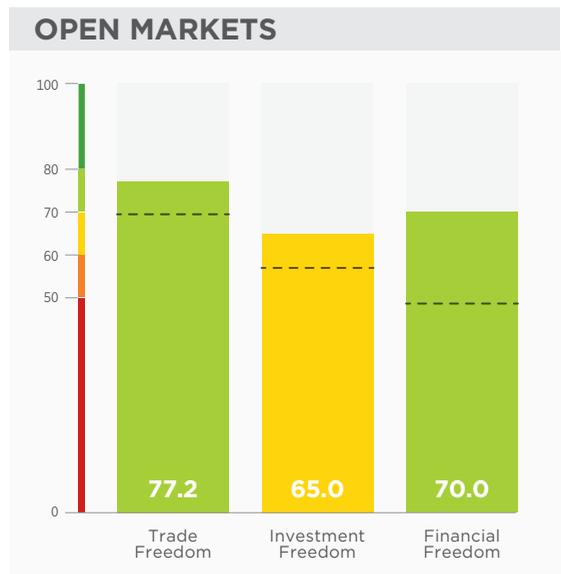
Property rights are enforced. Tribal land represents 70 percent of the country's territory. Approximately 5 percent of the land in Botswana is freehold. Courts enforce commercial contracts. The judiciary is generally independent and free from interference. Botswana is sub-Saharan Africa's least corrupt country, but nepotism and patronage pervade the government sector, which makes corruption a very high risk for public tenders.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 22 percent. Other taxes include property, inheritance, and value-added taxes. The overall tax burden equals 12.1 percent of total domestic income. Government spending has amounted to 36.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.5 percent of GDP. Public debt is equivalent to 20.0 percent of GDP.



Bureaucratic procedures mandated for running a business are time-consuming. Regulatory procedures are inefficient. The difficulty involved in securing work permits, low labor productivity, and skill deficiencies at the local level are hurdles for business and labor freedom. In 2021, the government increased subsidies to the tourism and agriculture sectors.



Botswana has six preferential trade agreements in force. The trade-weighted average tariff rate is 6.4 percent, and 44 nontariff measures are in effect. Investment regulations are transparent but slow in execution. Foreign investment has played a significant role in the privatization of state-owned enterprises. The banking sector is one of Africa's most advanced, and the Botswana Stock Exchange has been growing.

BRAZIL

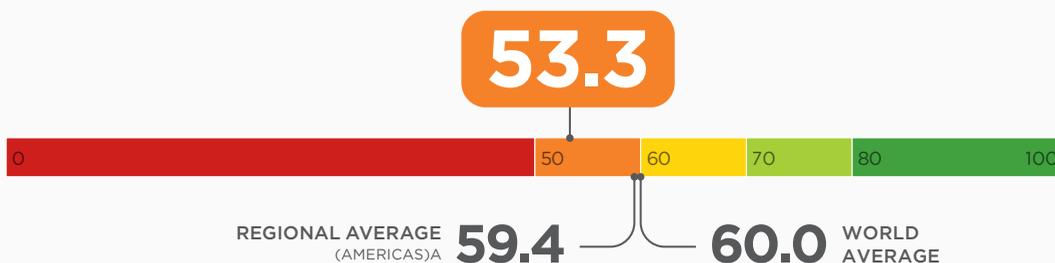
Brazil's economic freedom score is 53.3, making its economy the 133rd freest in the 2022 *Index*. Brazil is ranked 26th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Brazil's economic growth slowed in 2019, turned negative in 2020, and rebounded in 2021. Its level of economic freedom has changed little over the past five years. Led by modest score increases in **labor freedom** and **government integrity**, Brazil has recorded a mere 0.4-point overall gain in economic freedom since 2017 and remains in the lower ranks of the "Mostly Unfree" countries. Monetary freedom is relatively good, but its **fiscal health** is among the world's worst.

IMPACT OF COVID-19: As of December 1, 2021, 614,964 deaths had been attributed to the pandemic in Brazil, and the government's response to the crisis ranked 97th among the countries included in this *Index* in terms of its stringency. The economy contracted by 4.1 percent in 2020.

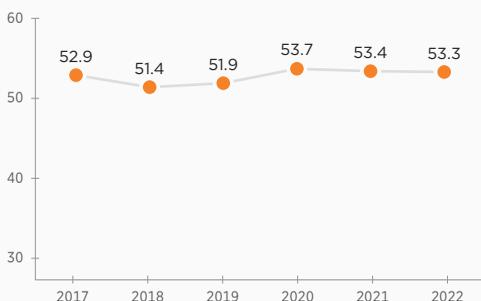


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
212.6 million

GDP (PPP):
\$3.2 trillion
-4.1% growth in 2020
5-year compound annual growth -0.6%
\$14,916 per capita

UNEMPLOYMENT:
13.7%

INFLATION (CPI):
3.2%

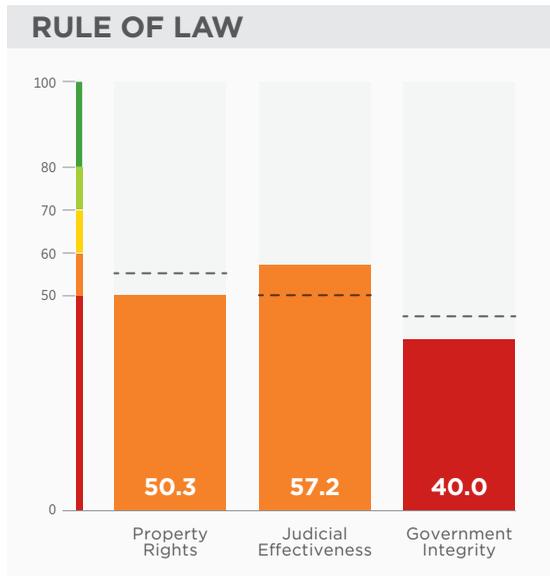
FDI INFLOW:
\$24.8 billion

PUBLIC DEBT:
98.9% of GDP

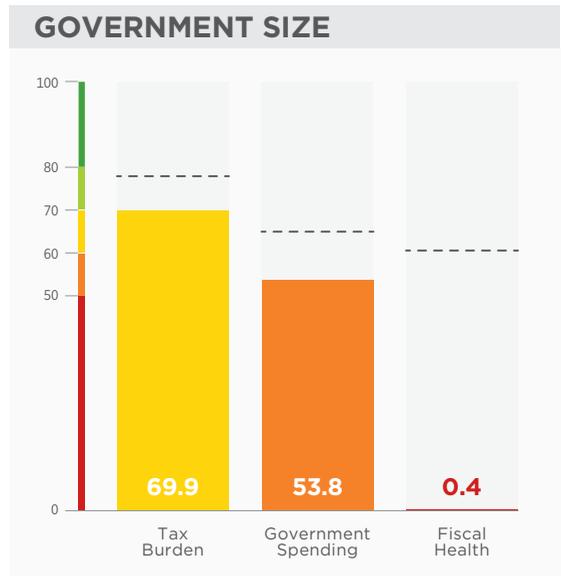
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Brazil is the world's fifth-largest country, has a population of more than 200 million, and is dominated geographically by the Amazon River and the world's largest rain forest. In 2018, after a long period of political chaos prompted by massive public corruption scandals and economic crises, voters elected conservative Jair Bolsonaro to serve as president, marking a shift from years of left-wing governments. Bolsonaro, up for reelection in 2022, has generally pursued a free-market agenda, including an overhaul of the public pension system and privatization of government assets. However, his fractious relationships with many parties in Congress have impeded his reform agenda, hindering enactment of austerity measures and reforms in the tax system, which is one of the most burdensome among emerging economies.

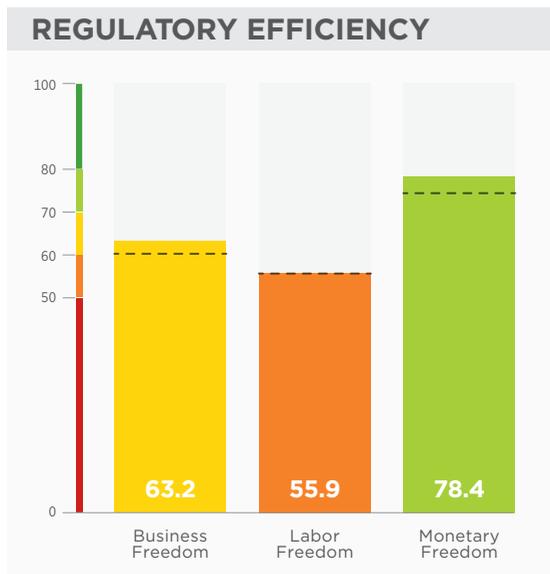
12 ECONOMIC FREEDOMS | BRAZIL



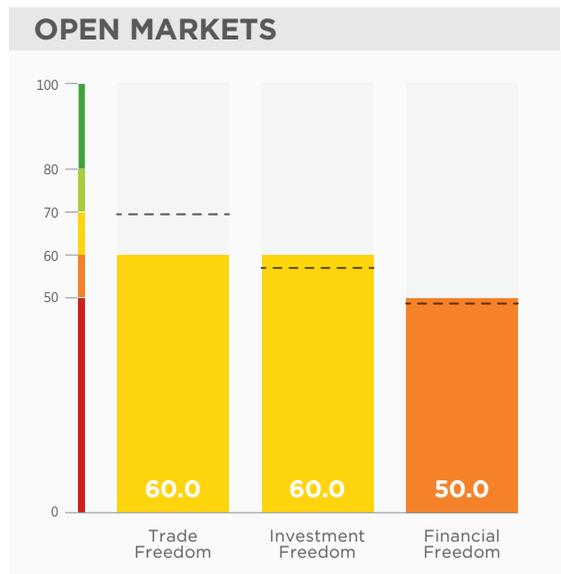
Property rights for both Brazilians and foreigners are generally enforced, but the mortgage registration system is uneven. Protection of intellectual property rights is inadequate. The judiciary, though largely independent, is overburdened, inefficient, and often subject to intimidation and other external influences. Corruption and graft remain endemic, especially among elected officials and in the tax administration, public procurement, and natural resource sectors.



The top individual income tax rate is 27.5 percent, and the top corporate tax rate is 34 percent. Other taxes include value-added and excise taxes. The overall tax burden equals 33.1 percent of total domestic income. Government spending has amounted to 39.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.8 percent of GDP. Public debt is equivalent to 98.9 percent of GDP.



The Economic Freedom Law, adopted in 2019, is meant to simplify regulations and establish standards for the protection of free enterprise and free choice in economic decisions. The Bolsonaro regime's agenda to reform onerous labor laws was undone by COVID-19. The government continues massive subsidies for the production of sugar and other agricultural products in addition to subsidies for the hundreds of state-owned enterprises that are not yet privatized.



Brazil has nine preferential trade agreements in force. The trade-weighted average tariff rate is 10.0 percent, and 697 nontariff measures are in effect. Foreign investors are granted national treatment, but their activity is restricted in some sectors, including communications and mining. The banking sector remains stable and relatively competitive with credit to the private sector increasing. The insurance sector has become the largest in the region.

BRUNEI DARUSSALAM

WORLD RANK: **62** | REGIONAL RANK: **9**

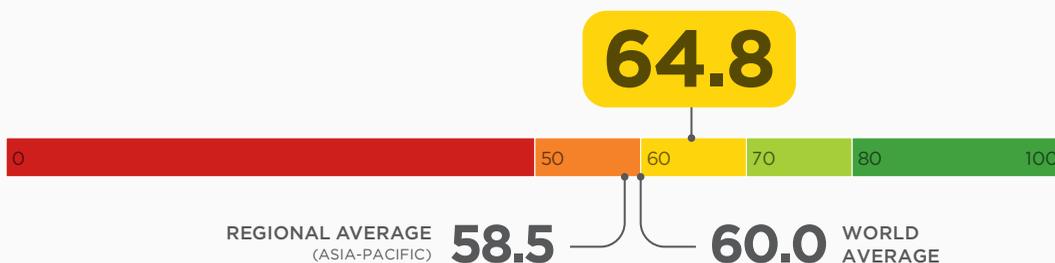
ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

Brunei Darussalam's economic freedom score is 64.8, making its economy the 62nd freest in the 2022 *Index*. Brunei Darussalam is ranked 9th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Brunei Darussalam has maintained positive economic growth over the past five years. Economic freedom peaked in 2017 and has dropped a full five points since then. Dragged down primarily by deteriorating **fiscal health**, Brunei Darussalam has fallen into the lower half of the "Moderately Free" category. Tax burden and **trade freedom** levels are good, but **fiscal health** is poor.

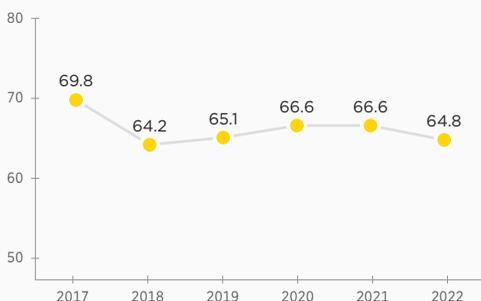
IMPACT OF COVID-19: As of December 1, 2021, 97 deaths had been attributed to the pandemic in Brunei Darussalam, and the government's response to the crisis ranked 4th among the countries included in this *Index* in terms of its stringency. The economy grew just 1.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2014): -4.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.4 million

GDP (PPP):
\$28.7 billion
1.2% growth in 2020
5-year compound annual growth 0.8%
\$62,371 per capita

UNEMPLOYMENT:
8.4%

INFLATION (CPI):
1.9%

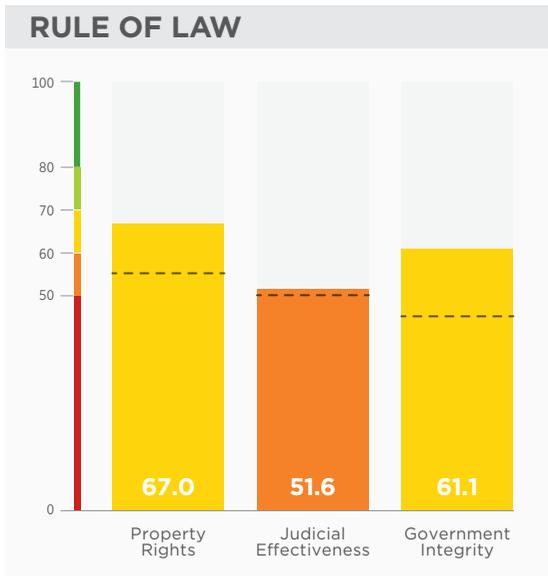
FDI INFLOW:
\$577.0 million

PUBLIC DEBT: 2.9% of GDP

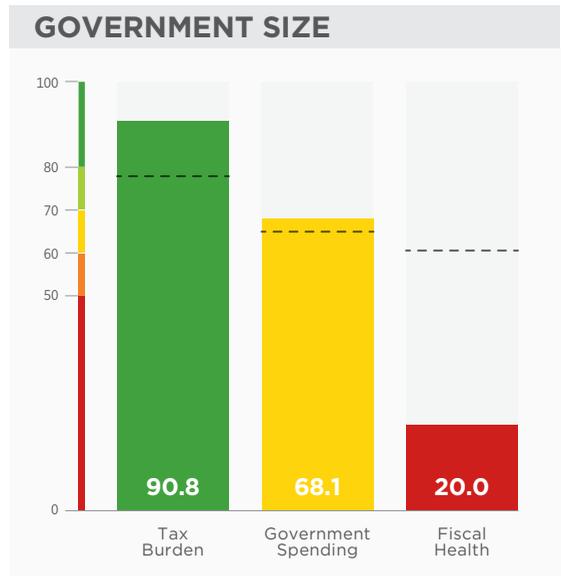
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Brunei Darussalam consists of two enclaves surrounded by Malaysia on the northern coast of Borneo. The sultan serves as prime minister, minister of defense, foreign minister, and minister of finance and appoints several advisory councils including a Legislative Council and Privy Council. The sultan's 2019 decision to implement certain provisions of Sharia (Islamic) law was met with international condemnation. Oil and gas production, which provides 90 percent of government revenue and 90 percent of exports while generating few jobs, accounts for more than half of GDP. Most people work directly for the government. OPEC production caps and lower global oil prices have caused economic growth to stagnate. Brunei has little manufacturing capacity and imports most of its manufactured goods and food.

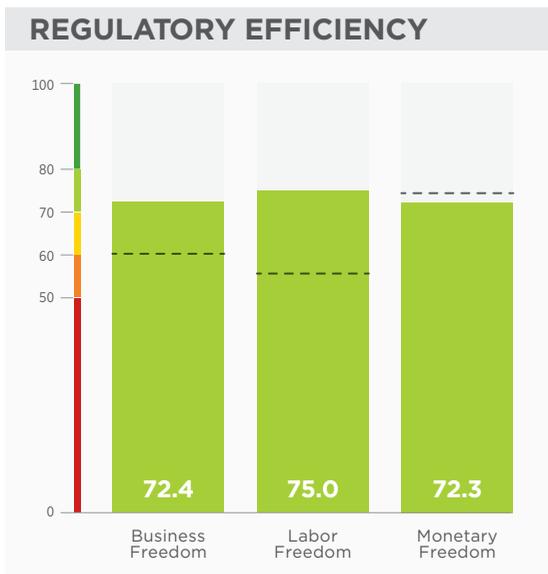
12 ECONOMIC FREEDOMS | BRUNEI DARUSSALAM



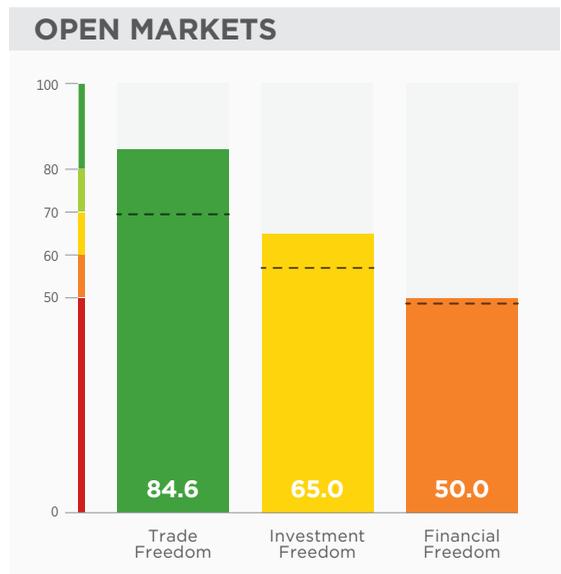
Only Bruneians may own land indefinitely; foreigners are limited to 99 years. Mortgages are recognized and enforced, and property registration has improved, but overall protection of private property is not strong. Although the constitution does not provide for an independent judiciary, the courts generally operate without government interference. Brunei is one of the world's last remaining autocracies, and the sultan wields nearly absolute power. The level of corruption is relatively low.



Brunei has no personal income tax. The top corporate tax rate is 18.5 percent for most companies and 55 percent for oil and gas companies. The overall tax burden equals 24.0 percent of total domestic income. Government spending has amounted to 32.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 9.5 percent of GDP. Public debt is equivalent to 2.9 percent of GDP.



The Business Licenses Act Amendment of 2016 exempts many types of businesses from a business license requirement. The regulatory system lacks transparency. Skilled workers who are citizens often prefer to work for the government and receive better benefits. The government continues to provide heavy subsidies for such basic goods and services as fuel, power, food, health care, and education.



Brunei Darussalam has nine preferential trade agreements in force, and its trade-weighted average tariff rate is 0.2 percent. One formal nontariff measure is in place, but other impediments to trade flows persist. State-owned enterprises still dominate the economy, and foreign investment and ownership are limited. The small financial sector remains dominated by banks. Islamic financial services have grown in recent years.

BULGARIA

Bulgaria's economic freedom score is 71.0, making its economy the 29th freest in the 2022 *Index*. Bulgaria is ranked 20th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Over the past five years, Bulgaria has enjoyed economic growth averaging over 2 percent annually despite a downturn in 2020. Economic freedom has increased in each of the same five years. Led by score increases in **judicial effectiveness** and **fiscal health**, Bulgaria has recorded a 3.1-point overall gain of economic freedom since 2017 and joined the ranks of the "Mostly Free" countries in 2020. Indicators of **fiscal health** are especially positive, but further work is needed to enhance the rule of law.

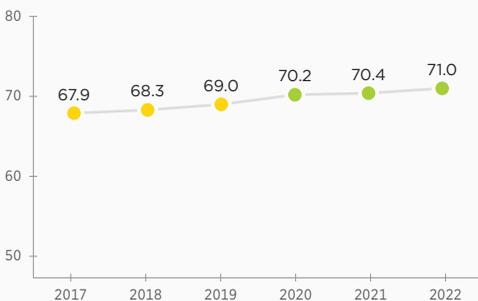
IMPACT OF COVID-19: As of December 1, 2021, 28,542 deaths had been attributed to the pandemic in Bulgaria, and the government's response to the crisis ranked 83rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +21.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.9 million

GDP (PPP):
\$164.6 billion
-3.8% growth in 2020
5-year compound annual growth 2.1%
\$23,817 per capita

UNEMPLOYMENT:
5.7%

INFLATION (CPI):
1.2%

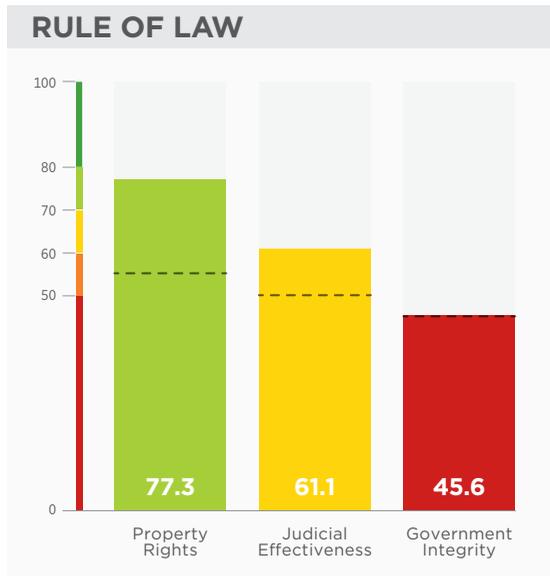
FDI INFLOW:
\$2.4 billion

PUBLIC DEBT:
23.8% of GDP

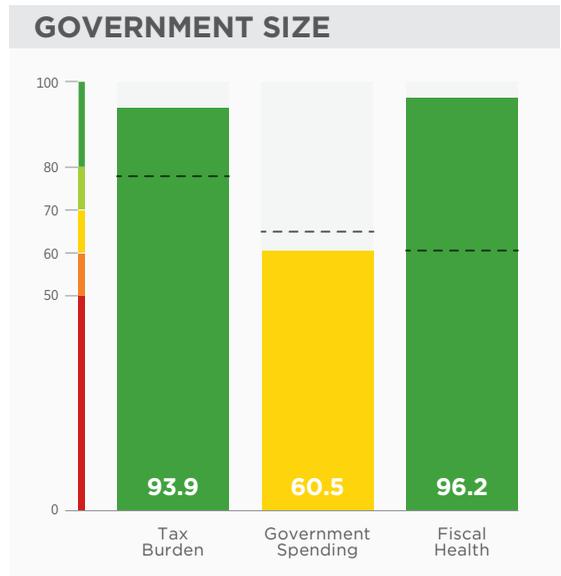
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Communist domination of the former People's Republic of Bulgaria ended in 1990. The country joined NATO in 2004 and the European Union in 2007. Corruption plagues both the nation and the government. In 2021, after many months of political wrangling and two inconclusive parliamentary elections, Kiril Petkov and his new centrist, anti-graft We Continue the Change political party was the upset winner of the November election. Petkov formed a coalition government in December 2021. Pro-Russian independent Rumen Radev won the largely ceremonial presidency in 2016. Tourism, information technology and telecommunications, agriculture, pharmaceuticals, and textiles are leading industries. Bulgaria remains outside the Schengen Area, but recent steps have brought it closer to qualifying for membership in the eurozone.

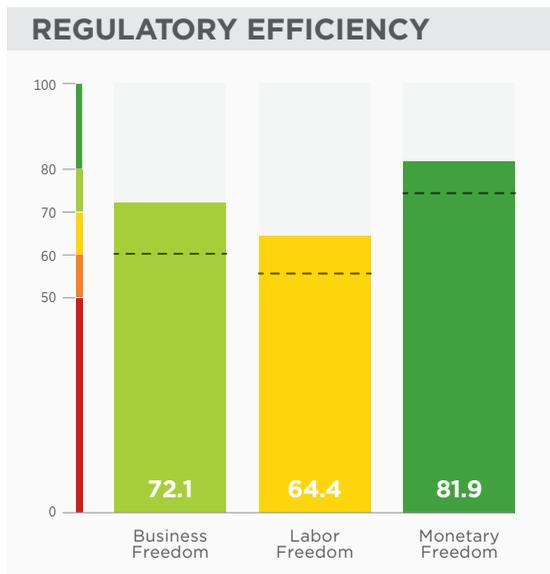
12 ECONOMIC FREEDOMS | BULGARIA



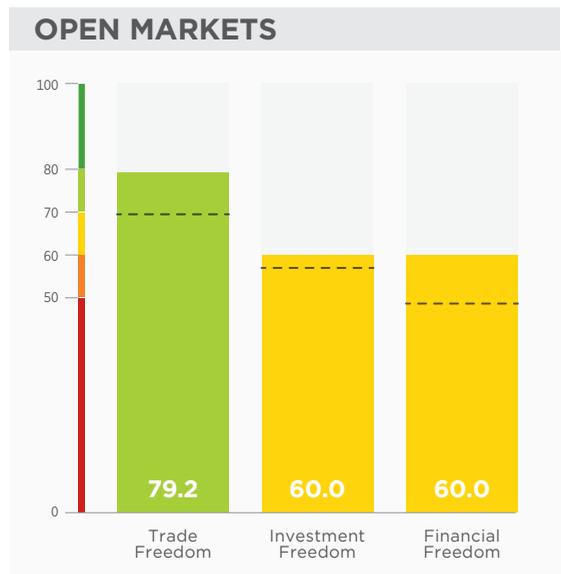
Private real property rights are protected by domestic laws and EU directives, but internal regulatory impediments, prosecutorial interventions, and inconsistent jurisprudence weaken enforcement. The judiciary remains one of Bulgaria's least trusted institutions, and allegations of nepotism, corruption, and undue political and business influence are widespread. Higher-level corruption, particularly in public procurement and the use of EU funds, is likewise widespread.



Both the individual income and corporate tax rates are a flat 10 percent. Other taxes include value-added and estate taxes. The overall tax burden equals 20.3 percent of total domestic income. Government spending has amounted to 36.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.3 percent of GDP. Public debt is equivalent to 23.8 percent of GDP.



The regulatory landscape changes unpredictably. Acquisition of business permits can be difficult, and the process is fraught with delays. Labor costs are low by European standards, but productivity also lags, and the population is shrinking. The government continues to receive extensive subsidies from the EU for Bulgaria's agriculture and other economic sectors.



As a member of the EU, Bulgaria has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Bulgaria has an additional 116 country-specific nontariff barriers. In general, foreign and domestic investors are treated equally. Privatization of state-owned banks is complete, and foreign banks account over 70 percent of total assets.

BURKINA FASO

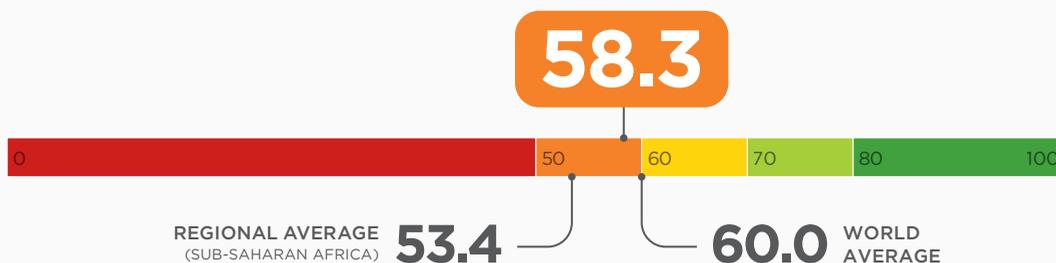
Burkina Faso's economic freedom score is 58.3, making its economy the 100th freest in the 2022 *Index*. Burkina Faso is ranked 13th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Over the past five years, Burkina Faso has enjoyed uninterrupted economic growth averaging over 5 percent annually. With score increases in rule of law outstripped by declines in **fiscal health** and **monetary freedom**, Burkina Faso has recorded a 1.3-point overall loss of economic freedom since 2017, briefly gaining recognition as "Moderately Free" in 2018 but then dropping back into the "Mostly Unfree" category. Scores for **government spending** and **tax burden** are relatively good, but **judicial effectiveness** and **business freedom** remain far below average.

IMPACT OF COVID-19: As of December 1, 2021, 286 deaths had been attributed to the pandemic in Burkina Faso, and the government's response to the crisis ranked 163rd among the countries included in this *Index* in terms of its stringency. The economy grew just 0.8 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +8.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
20.9 million

GDP (PPP):
\$47.3 billion
0.8% growth in 2020
5-year compound annual growth 5.1%
\$2,262 per capita

UNEMPLOYMENT:
5.0%

INFLATION (CPI):
1.9%

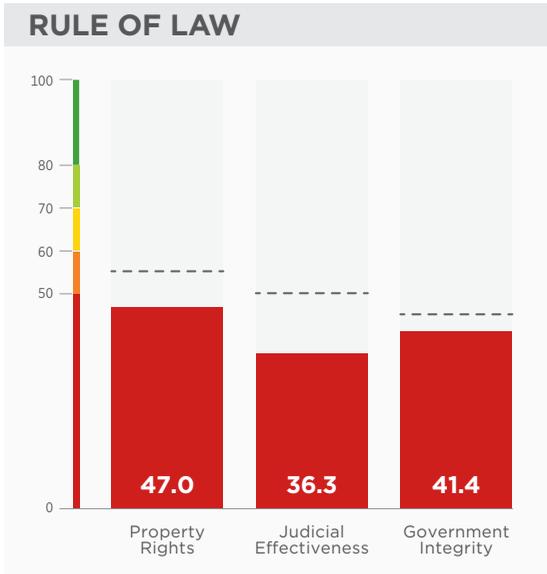
FDI INFLOW:
\$149.0 million

PUBLIC DEBT:
44.3% of GDP

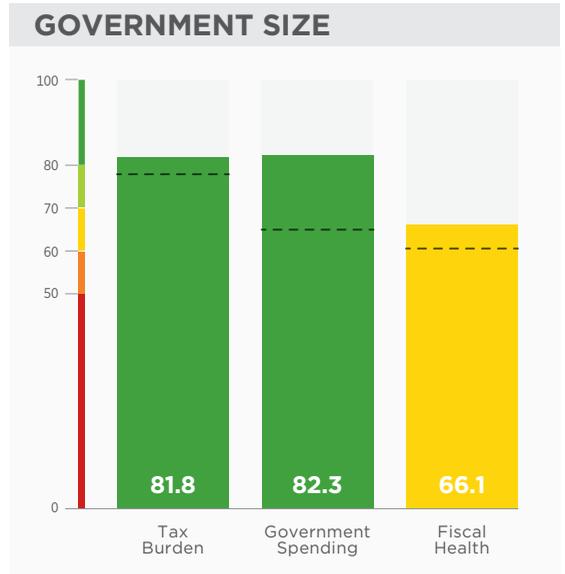
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The former French colony of Burkina Faso is one of the world's poorest countries. After popular protests forced President Blaise Compaoré from office in 2014, Roch Marc Christian Kaboré of the People's Movement for Progress was elected to a five-year term as president in 2015. Kaboré won reelection in 2020, but his party failed to gain a parliamentary majority. Burkina Faso has been experiencing a surge in terrorist attacks that have spawned ethnic and sectarian strife. About 90 percent of the population is engaged in subsistence farming, and cotton is the principal cash crop. Literacy rates are well below the regional average. Other challenges include political insecurity in neighboring Mali, unreliable energy supplies, and poor transportation links.

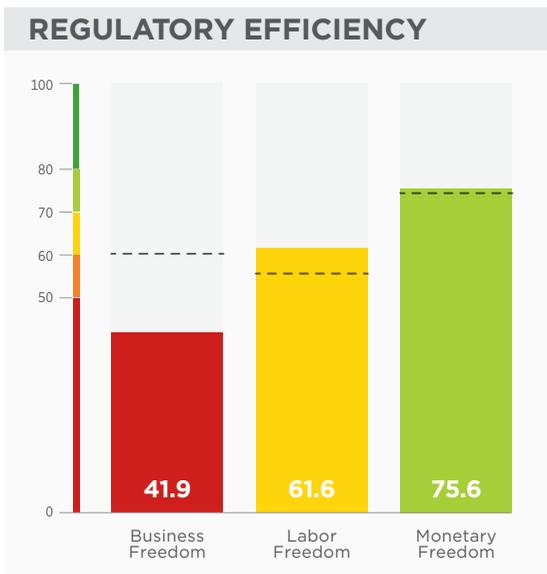
12 ECONOMIC FREEDOMS | BURKINA FASO



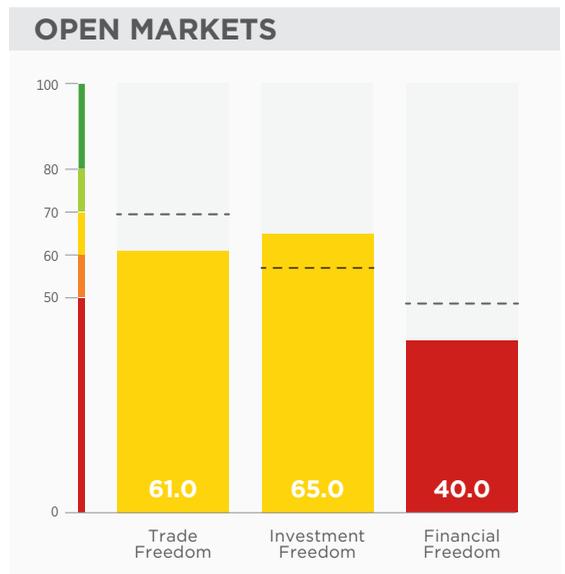
Protection of private property is weak. Struggling with contradictions between statutory land tenure systems and local informal land control, the government has been trying to issue titles recognizing land ownership rights. The inefficient judiciary is formally independent but historically has been subject to executive influence and corruption. Corruption and impunity are widespread and particularly affect the police force. Anticorruption laws and bodies are generally ineffective.



The top individual income tax rate is 27.5 percent, and the top corporate tax rate is 28 percent. The overall tax burden equals 16.8 percent of total domestic income. Government spending has amounted to 24.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.3 percent of GDP. Public debt is equivalent to 44.3 percent of GDP.



A fragile security situation, unreliable energy supplies, and poor transportation options limit business opportunities. A large percentage of males in the labor force migrate annually to neighboring countries for seasonal jobs. In 2021, the government continued to support cotton producers by subsidizing cotton prices, fertilizers, and seeds.



Burkina Faso has two preferential trade agreements in force, and its trade-weighted average tariff rate is 9.5 percent. Nontariff barriers are considerable. Bureaucratic barriers, exacerbated by the opaque investment framework, limit foreign and domestic investment. The financial system remains underdeveloped, and overall access to credit remains limited.

BURMA

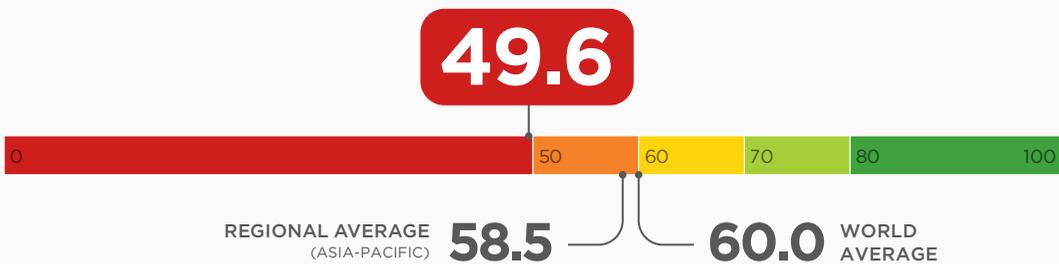
Burma's economic freedom score is 49.6, making its economy the 149th freest in the 2022 *Index*. Burma is ranked 32nd among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Over the past five years, Burma has enjoyed economic growth averaging well over 5 percent annually, though growth has slowed recently. A five-year trend of growing economic freedom has been broken. Led by score decreases in **fiscal health** and **business freedom**, Burma has recorded a 2.9-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Unfree" category into the "Repressed" category. Monetary freedom is relatively strong, but **investment freedom** and **financial freedom** are very poor.

IMPACT OF COVID-19: As of December 1, 2021, 19,111 deaths had been attributed to the pandemic in Burma, and the government's response to the crisis ranked 14th among the countries included in this *Index* in terms of its stringency. The economy grew by just 3.2 percent in 2020.

WORLD RANK: **149** | REGIONAL RANK: **32**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +4.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
54.4 million

GDP (PPP):
\$278.8 billion
3.2% growth in 2020
5-year compound annual growth 5.7%
\$5,242 per capita

UNEMPLOYMENT:
1.8%

INFLATION (CPI):
5.7%

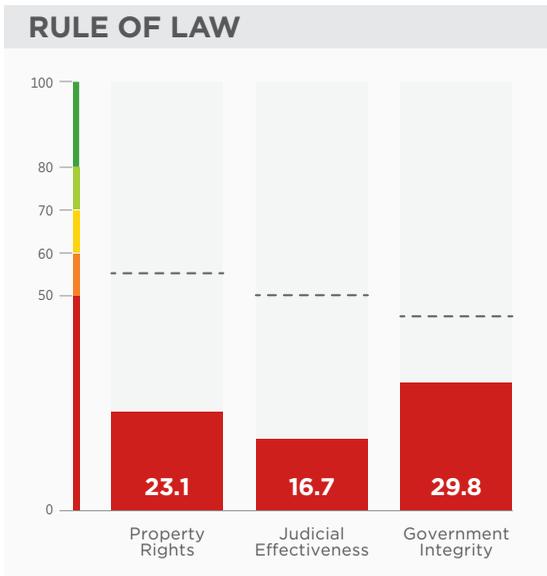
FDI INFLOW:
\$1.8 billion

PUBLIC DEBT:
39.3% of GDP

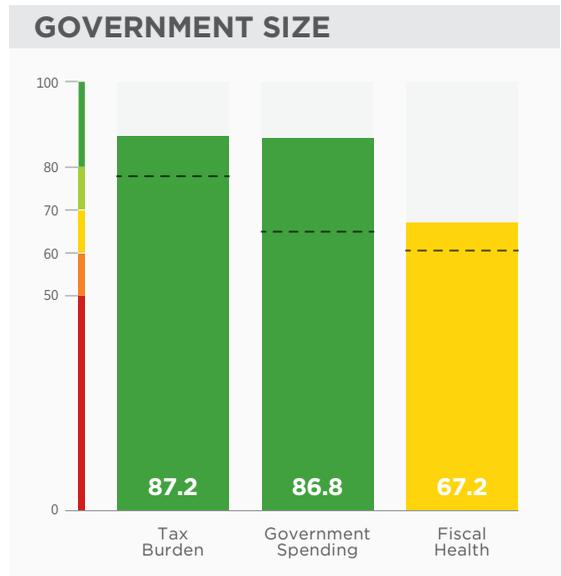
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Despite some efforts at democratization in recent years, the military remains the dominant force in Burmese politics. In February 2021, the military executed a coup that installed Senior-General Min Aung Hlaing as head of state. The military's action thwarted any possibility of the National League for Democracy (NLD) party's building on its landslide victory in 2020 elections. Since the coup, the military has undermined freedom, targeted protestors, and imprisoned at least 5,000 people, including NLD leader Aung San Suu Kyi. Burma now faces escalating international sanctions because of the coup. Wages in Burma remain low compared to wages in other Asian countries, and more than a quarter of the population lives in poverty.

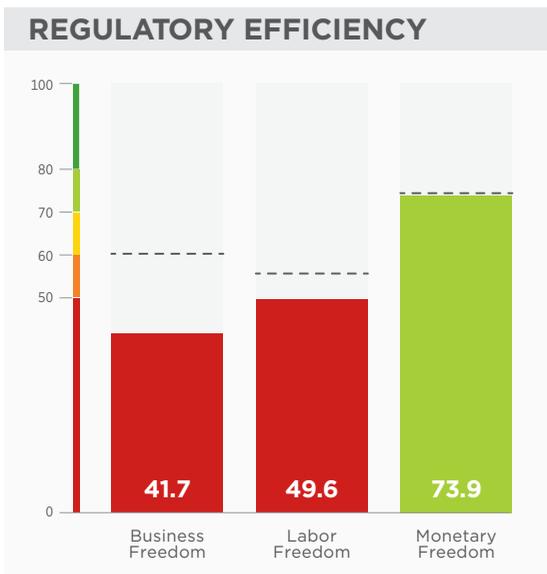
12 ECONOMIC FREEDOMS | BURMA



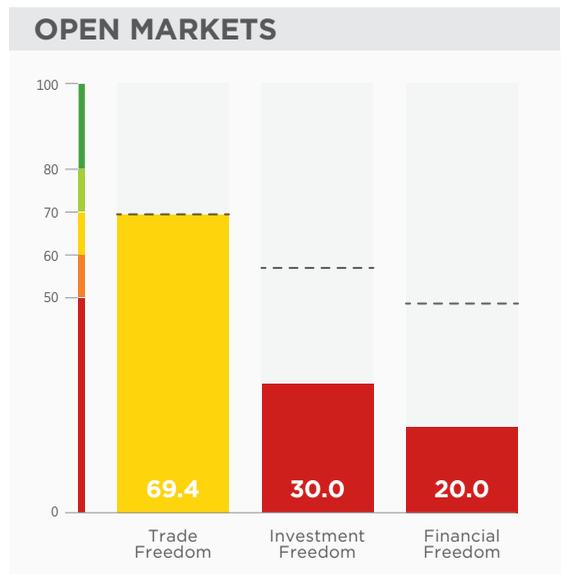
Enforcement of property rights and interests is not consistent. Land disputes involving foreign investments are common, and land titling is opaque. Mortgages and liens exist, but the recording system is unreliable. The judiciary is not independent, and courts at times fail to rule impartially. Corruption is endemic, and despite government initiatives aimed at curbing it, official corruption remains rampant at both the national and local levels.



The top individual income and corporate tax rates are 25 percent. Other taxes include commercial and capital gains taxes. The overall tax burden equals 5.9 percent of total domestic income. Government spending has amounted to 21.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.3 percent of GDP. Public debt is equivalent to 39.3 percent of GDP.



Business freedom has deteriorated as a result of the military's incompetence and suspension of Internet and other telecommunications. As of April 2021, services upon which many businesses rely such as customs, ports, and banks were not fully operating. Child labor and forced labor continue. A steep contraction of the economy after the February 2021 military coup has strained the government's ability to fund subsidies.



Burma has eight preferential trade agreements in force. The trade-weighted average tariff rate is 5.3 percent. One formal nontariff measure is in effect, and other barriers to trade persist. Foreign and domestic private investment is restricted with key sectors reserved for government-controlled activity. Banking is dominated by state-owned banks, although several private banks have been in operation. Most loans are directed to government projects.

BURUNDI

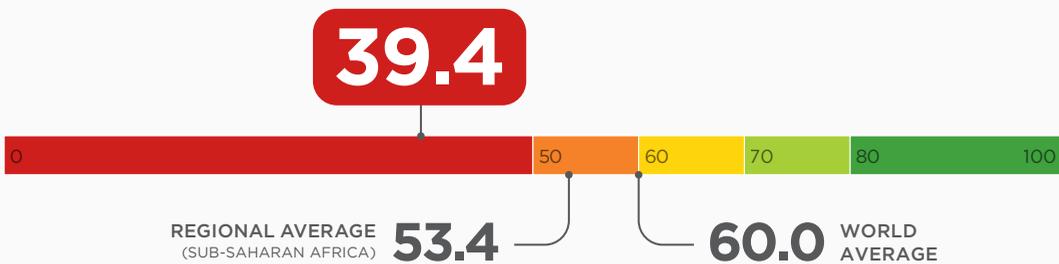
Burundi's economic freedom score is 39.4, making its economy the 172nd freest in the 2022 *Index*. Burundi is ranked 45th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, Burundi's economy has grown by an average of less than 1 percent annually. A five-year trend of deteriorating economic freedom has accelerated. With score decreases in **fiscal health** and **monetary freedom**, Burundi has recorded a catastrophic 13.8-point overall loss of economic freedom since 2017 and, formerly ranked "Mostly Unfree," is now considered one of the world's most seriously "Repressed" countries. Scores for the three rule of law indicators (**property rights**, **judicial effectiveness**, and **government integrity**) and **business freedom** are among the 10 lowest in the *Index*.

IMPACT OF COVID-19: As of December 1, 2021, 38 deaths had been attributed to the pandemic in Burundi, and the government's response to the crisis ranked 169th among the countries included in this *Index* in terms of its stringency. The economy contracted by 1.3 percent in 2020.

WORLD RANK: **172** REGIONAL RANK: **45**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): -6.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.9 million

GDP (PPP):
\$9.0 billion
-1.3% growth in 2020
5-year compound annual growth 0.4%
\$760 per capita

UNEMPLOYMENT:
0.8%

INFLATION (CPI):
7.3%

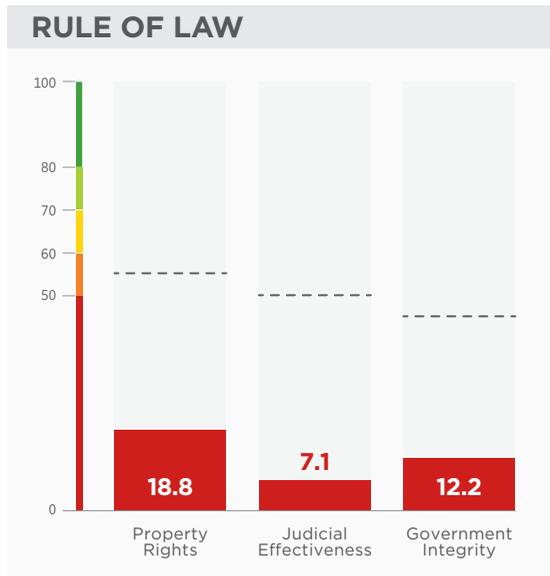
FDI INFLOW:
\$6.0 million

PUBLIC DEBT:
69.5% of GDP

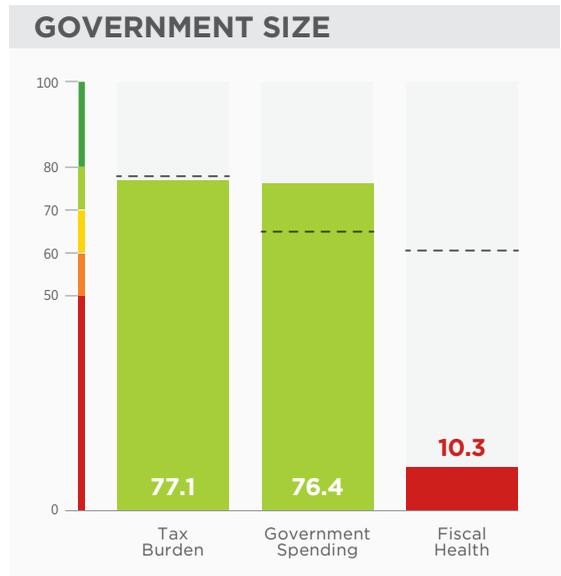
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Burundi has had a turbulent history since gaining independence from Belgium in 1962: Its first democratically elected president, for example, was assassinated in 1993 after only 100 days in office. Sidestepping the two-term constitutional limit, President Pierre Nkurunziza was elected to a third term in 2015, and hundreds of Burundians were killed in the resulting unrest. The government used violence and intimidation to win approval of a 2018 referendum that further centralized presidential power. In 2020, Nkurunziza's hand-picked successor, Evariste Ndayishimiye, won the presidency in elections that the opposition denounced as fraudulent. He was sworn in two months early, shortly after Nkurunziza died of COVID-19. Subsistence agriculture dominates the economy, and well over half of the population lives below the poverty line.

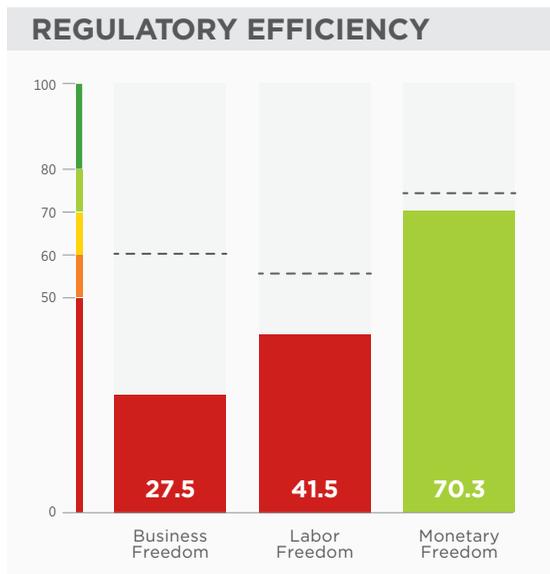
12 ECONOMIC FREEDOMS | BURUNDI



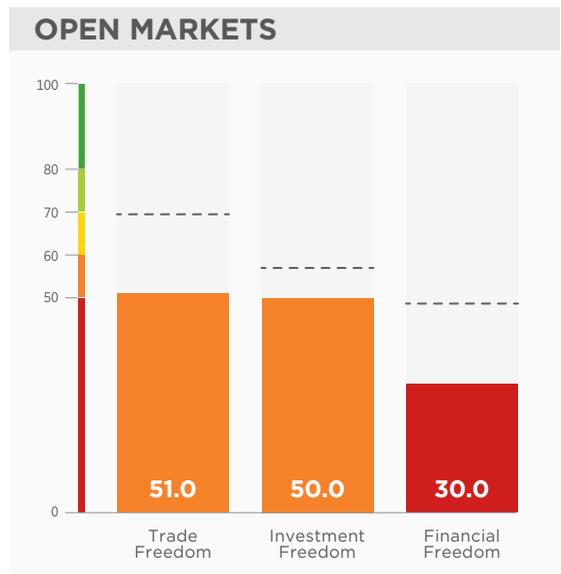
Private property is vulnerable to government expropriation and armed banditry, and property registration is difficult. Historically, land titling involves a lengthy, opaque, and centralized process. The judiciary is nominally independent but lacks capacity. Judges are subject to political pressure. Burundi remains one of sub-Saharan Africa's most corrupt countries. Cabinet members, members of the bicameral parliament, and presidential appointees are immune from prosecution for corruption.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 12.9 percent of total domestic income. Government spending has amounted to 28.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 9.3 percent of GDP. Public debt is equivalent to 69.5 percent of GDP.



Poor Internet connectivity, electricity outages, rolling blackouts, unreliable economic statistics, and a low-skilled workforce hamper business development. Tax or related exemptions by presidential decree or ministerial order hurt less-favored competitors. Reliable labor market data do not exist. Subsidies and rationing of fuel and electricity persist, and state-owned enterprises and agriculture-support programs influence other prices.



Burundi has two preferential trade agreements in force. The trade-weighted average tariff rate is 14.5 percent, and three nontariff measures are in effect. Foreign and domestic investments generally receive equal treatment but remain hampered by institutional shortcomings. The underdeveloped financial sector provides a very limited range of services. The public sector dominates commercial banking, and many people rely on microcredit or informal lending.

CABO VERDE

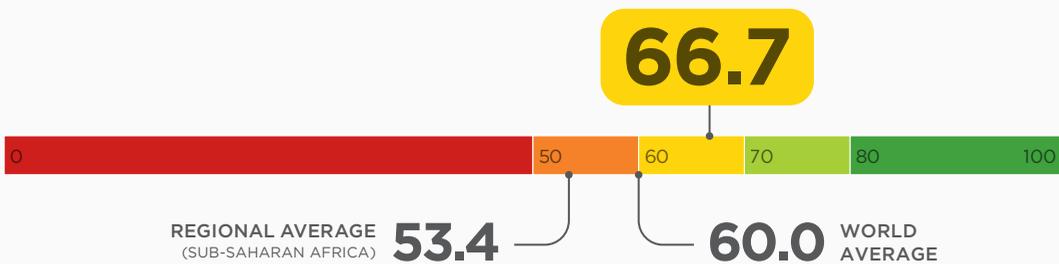
Cabo Verde's economic freedom score is 66.7, making its economy the 49th freest in the 2022 *Index*. Cabo Verde is ranked 2nd among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

A sharp downturn in Cabo Verde's economic growth in 2020 was turned around in 2021. A five-year trend of expanding economic freedom has accelerated. Led by score increases in rule of law, Cabo Verde has recorded a 9.8-point overall gain of economic freedom since 2017 and has risen to the top half of the "Moderately Free" category. Monetary freedom and **investment freedom** are strong, but **fiscal health** and **labor freedom** exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 350 deaths had been attributed to the pandemic in Cabo Verde, and the government's response to the crisis ranked 117th among the countries included in this *Index* in terms of its stringency. The economy contracted by 14.0 percent in 2020.

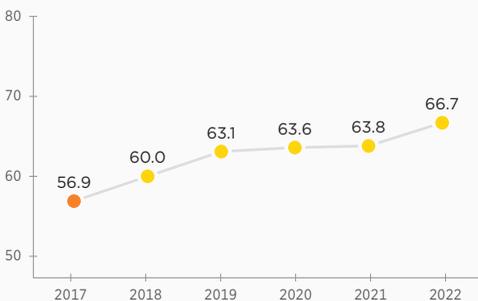


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +17.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.6 million

GDP (PPP):
\$3.6 billion
-14.0% growth in 2020
5-year compound annual growth 0.9%
\$6,424 per capita

UNEMPLOYMENT:
13.4%

INFLATION (CPI):
0.6%

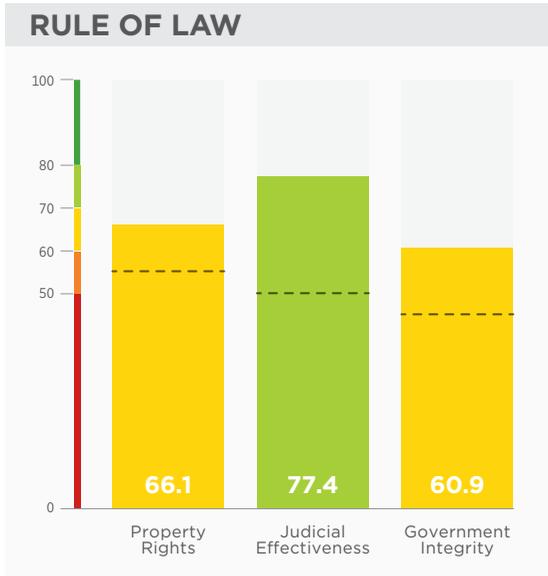
FDI INFLOW:
\$73.0 million

PUBLIC DEBT:
139.0% of GDP

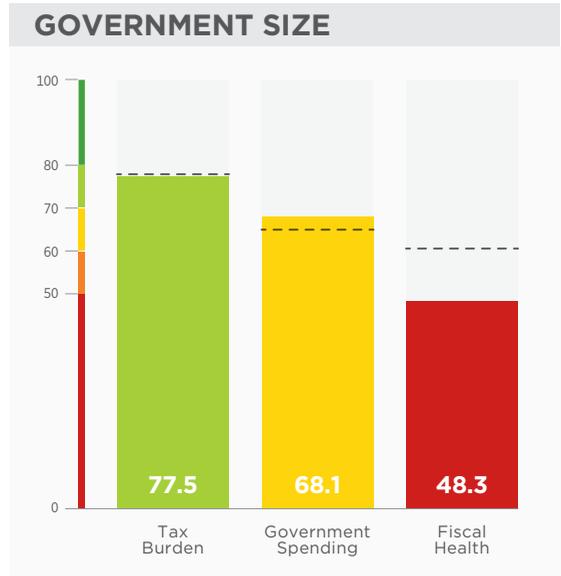
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Colonized by the Portuguese in the 15th century, Cabo Verde has few natural resources but has managed to become a trading center and is now a stable, multiparty parliamentary democracy. Former Prime Minister Jose Maria Neves of the opposition African Party for the Independence of Cape Verde won the presidency in October 2021. The other major party, the Movement for Democracy, has the parliamentary majority that it maintained in April 2021 elections. Cabo Verde's economy relies on services, which account for about 75 percent of GDP. Tourism and emigrants' remittances are important. Foreign aid finances the country's traditionally high trade deficit. The government wants to generate all energy through renewables by 2025.

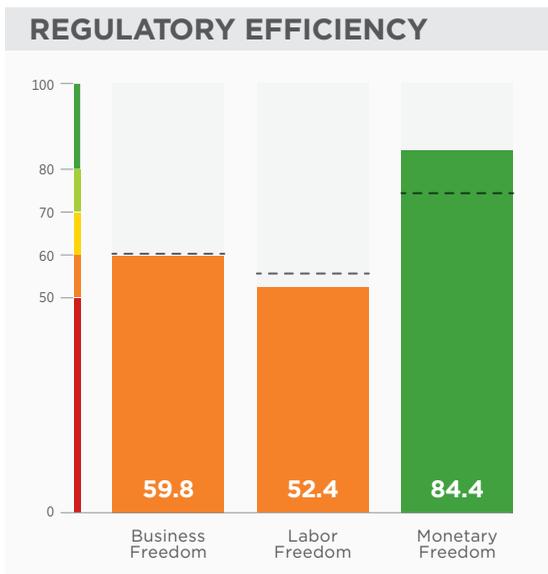
12 ECONOMIC FREEDOMS | CABO VERDE



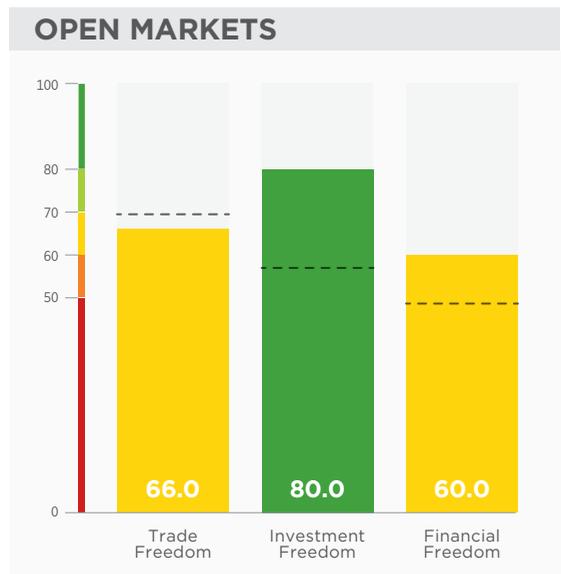
Property rights are generally respected, although enforcement is hampered by legal and bureaucratic inefficiency. Completion of a land information database and registration reforms will likely strengthen secured interests in chattel and real property. The judiciary is independent, but the courts are overburdened and understaffed. Allegations of graft continue to surround costly infrastructure projects and other spending measures, public procurements, public companies, and the management of public lands.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 24 percent. Other taxes include a value-added tax. The overall tax burden equals 21.2 percent of total domestic income. Government spending has amounted to 32.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.5 percent of GDP. Public debt is equivalent to 139.0 percent of GDP.



The business regulatory environment has been streamlined in recent years, making it easier to start a business. The number of state-owned enterprises has decreased from 40 in the 1990s to six today. The unemployment rate is high. Child labor is a problem. The market determines most prices, but planned privatizations of several state-owned and loss-making enterprises including the electricity company were postponed again in 2021.



Cabo Verde has one preferential trade agreement in force. The trade-weighted average tariff rate is 12.0 percent, and four nontariff measures are in effect. In general, government policies do not interfere significantly with foreign investment. The financial system is dominated by banking. The share of nonbank financial institutions is negligible except for the state-owned pension fund.

CAMBODIA

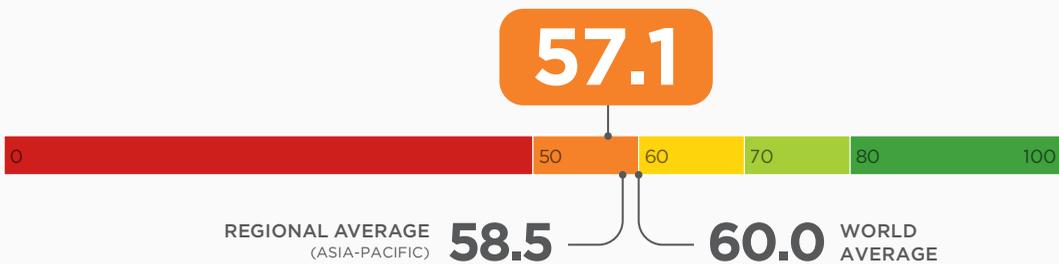
Cambodia's economic freedom score is 57.1, making its economy the 106th freest in the 2022 *Index*. Cambodia is ranked 21st among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Cambodia has averaged economic growth of 5 percent annually over the past five years despite an economic downturn in 2020. A five-year trend of declining economic freedom has continued. Depressed by score decreases in **labor freedom** and **trade freedom**, Cambodia has recorded a 2.4-point overall loss of economic freedom since 2017 and remains mired in the "Mostly Unfree" category. Fiscal health is strong, but rule of law scores are far below average.

IMPACT OF COVID-19: As of December 1, 2021, 2,944 deaths had been attributed to the pandemic in Cambodia, and the government's response to the crisis ranked 51st among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.5 percent in 2020.

WORLD RANK: **106** REGIONAL RANK: **21**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +4.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
16.7 million

GDP (PPP):
\$73.6 billion
-3.5% growth in 2020
5-year compound annual growth 5.0%
\$4,695 per capita

UNEMPLOYMENT:
0.3%

INFLATION (CPI):
2.9%

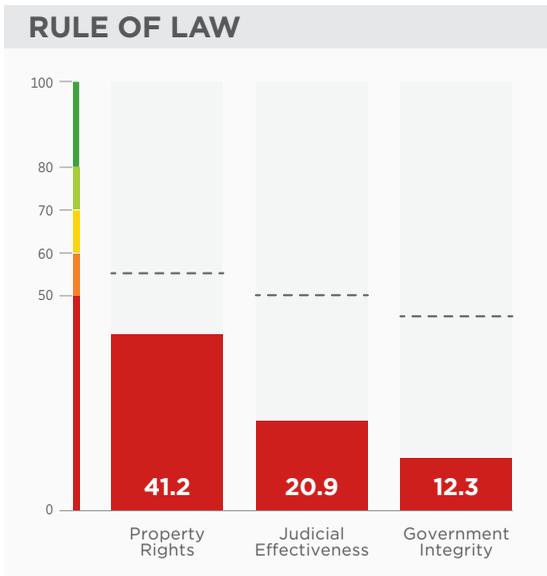
FDI INFLOW:
\$3.6 billion

PUBLIC DEBT:
31.6% of GDP

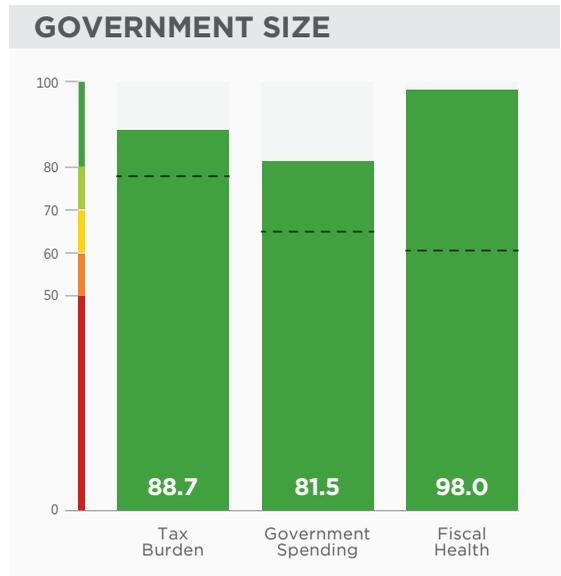
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Former Khmer Rouge member and now Prime Minister Hun Sen has ruled Cambodia since 1985. In 2017, his Cambodian People's Party executed an unprecedented crackdown against the opposition Cambodia National Rescue Party (CNRP) in the lead-up to local elections, and the CNRP was later banned and dissolved by the Cambodian Supreme Court. Elections in 2018 confirmed Cambodia's status as a one-party state. The economy remains heavily dependent on tourism revenues and garment exports. More than half of the labor force is engaged in subsistence farming, and Cambodia remains one of Asia's poorest countries. The European Union, Cambodia's largest export market, partially suspended Cambodia's preferential trade treatment in 2020 because of the government's violations of human rights, including the 2017 crackdown.

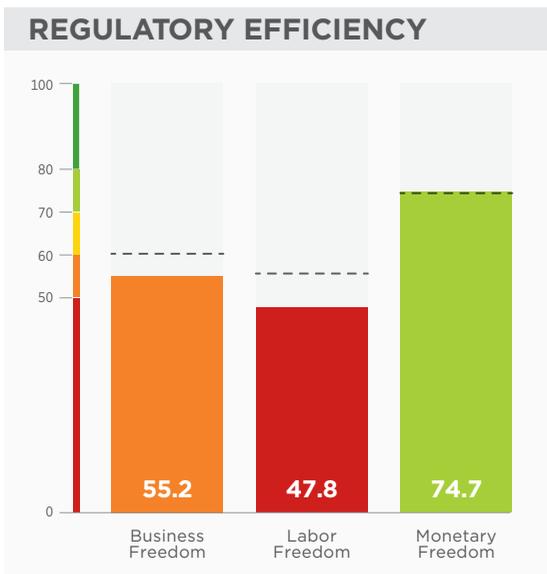
12 ECONOMIC FREEDOMS | CAMBODIA



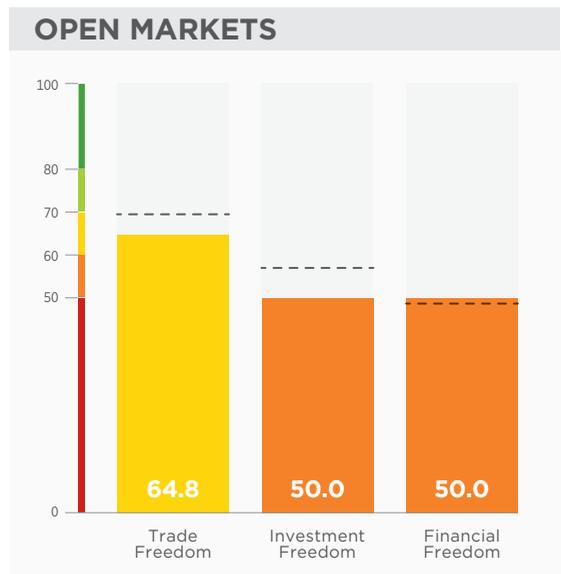
Land and property rights are regularly abused for the sake of private development projects. Overall, the weak protection of property rights reflects the ongoing negative impact of the Khmer Rouge era in the 1970s. Most property holders do not have legal titles. The understaffed and poorly trained judiciary is characterized by corruption and a lack of independence. Corruption is rampant and is especially pervasive in public procurement and tax administration.



The top individual income and corporate tax rates are 20 percent. Other taxes include excise and value-added taxes. The overall tax burden equals 18.2 percent of total domestic income. Government spending has amounted to 24.8 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.7 percent of GDP. Public debt is equivalent to 31.6 percent of GDP.



The government puts forth new regulations and economic policies without consulting the business community. Chinese state-owned enterprises receive preferential treatment. Because of the 1975–1979 genocide, most Cambodians lack higher education or specialized skills. Large subsidies for public–private partnerships and state-owned enterprises continue, and the government introduced new subsidies for garment workers in 2021.



Cambodia has seven preferential trade agreements in force, and its trade-weighted average tariff rate is 10.1 percent. One formal nontariff measure is in effect, but other impediments to trade flows persist. State-owned enterprises distort the economy, preventing dynamic investment. Credit is generally allocated on market terms, but credit for entrepreneurial activity is limited by lack of access to the full range of financing instruments.

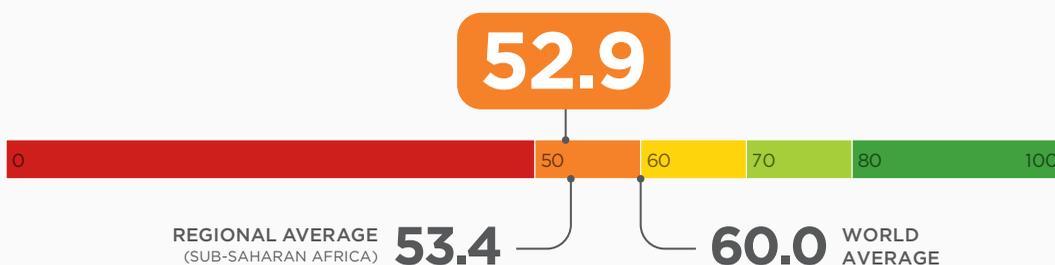
CAMEROON

Cameroon's economic freedom score is 52.9, making its economy the 136th freest in the 2022 *Index*. Cameroon is ranked 27th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Cameroon's solid economic growth was interrupted in 2020 but accelerated again in 2021. Growth in economic freedom has stagnated. Led by score increases in **fiscal health** and **business freedom**, Cameroon has recorded a 1.1-point overall gain of economic freedom since 2017 but remains in the lower half of the "Mostly Unfree" category. Government spending is under control, but the rule of law is not well established.

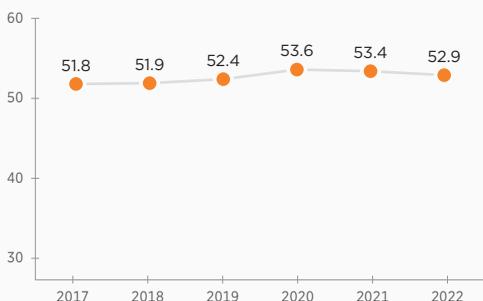
IMPACT OF COVID-19: As of December 1, 2021, 1,804 deaths had been attributed to the pandemic in Cameroon, and the government's response to the crisis ranked 150th among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
26.5 million

GDP (PPP):
\$96.8 billion
-2.8% growth
in 2020
5-year compound
annual growth 2.7%
\$3,646 per capita

UNEMPLOYMENT:
3.6%

INFLATION (CPI):
2.8%

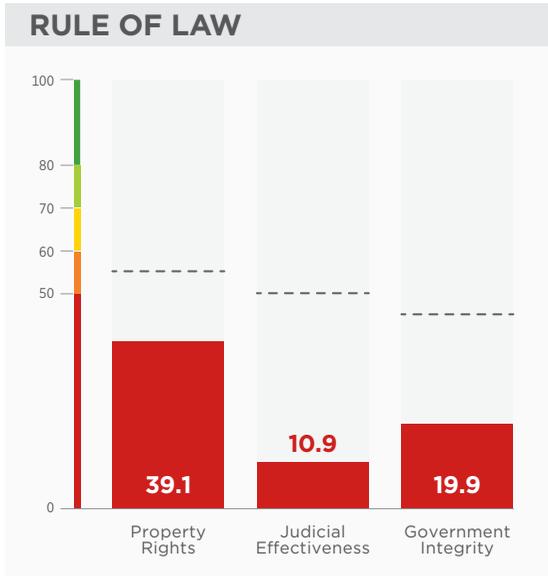
FDI INFLOW:
\$488.0 million

PUBLIC DEBT:
43.2% of GDP

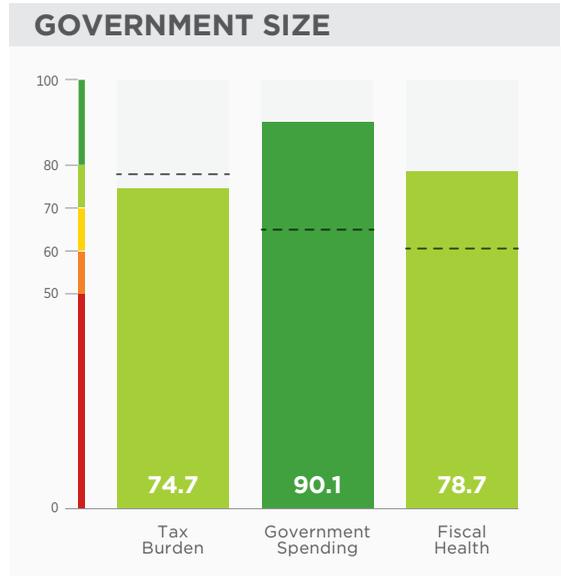
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Former French and British colonies merged in the 1960s to form Cameroon. Paul Biya, now 88 years old and Africa's second-longest-ruling head of state, abolished term limits in 2008 and went on to win seven-year terms as president in 2011 and again in 2018 in elections that were marred by irregularities. Tensions between the Anglophone minority and the central government erupted into violence with both sides reportedly committing atrocities. The Islamist terrorist group Boko Haram frequently attacks across Cameroon's 1,230-mile border with Nigeria. The economy depends on oil, which accounts for about 40 percent of export earnings. Cameroon is building Central Africa's only deep-sea port in Kribi, financed primarily by China's Export-Import Bank, and is expanding hydropower generation.

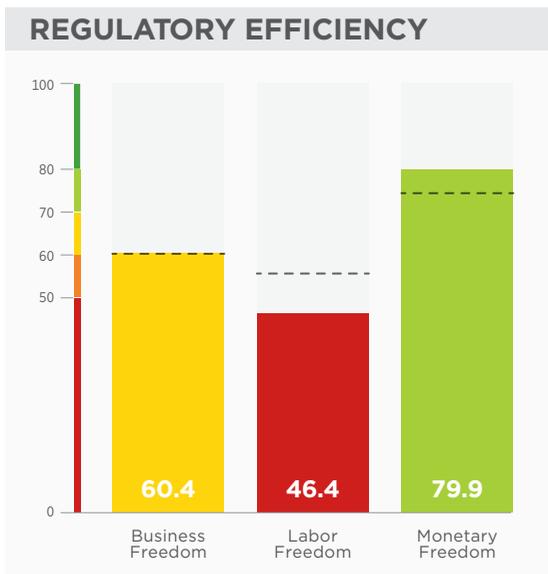
12 ECONOMIC FREEDOMS | CAMEROON



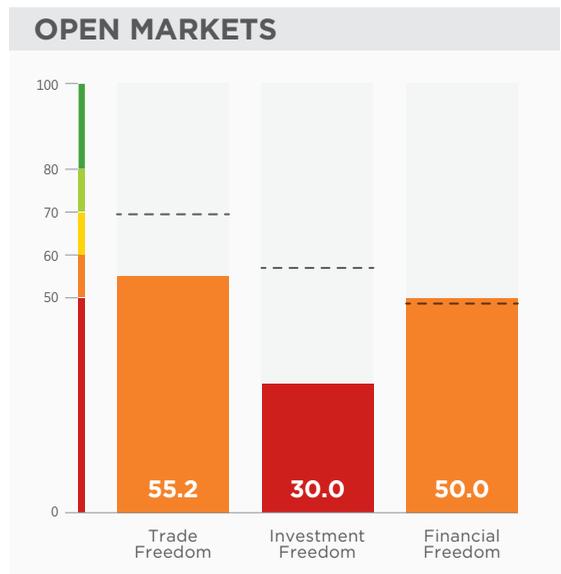
Property rights are recognized by law, but the weak judiciary makes enforcement sporadic, and land disputes are common. The inefficient judicial system is subordinate to the justice ministry, and courts are weakened by political influence and corruption. Bribery, nepotism, and corruption are rife in almost all sectors of the government and economy but are particularly prevalent in the judiciary, public services, and customs. Revenues from oil and minerals extractions are not publicly reported.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 33 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 14.6 percent of total domestic income. Government spending has amounted to 18.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.3 percent of GDP. Public debt is equivalent to 43.2 percent of GDP.



A national development strategy aims to mobilize the private sector, but no real plan exists. Telecommunications outages persist. Business registration remains a manual process after the failed launch of a registration portal. Abuses of labor rights by Chinese mining companies have received attention. Government price controls for food and other consumer goods and subsidies for electricity, retail gasoline, diesel, and liquefied natural gas continue to strain the budget.



Cameroon has four preferential trade agreements in force. The trade-weighted average tariff rate is 14.9 percent, and layers of nontariff measures prevent more dynamic trade. The inadequate judicial and regulatory systems undermine foreign investment. The financial sector remains underdeveloped. Shallow markets and the lack of available financial instruments restrict overall access to credit.



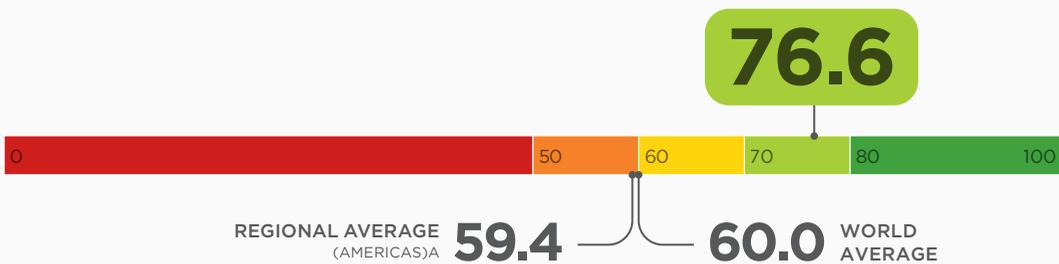
CANADA

Canada's economic freedom score is 76.6, making its economy the 15th freest in the 2022 *Index*. Canada is ranked 1st among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Over the past five years, Canada's economic growth has decelerated, turning negative in 2020, although growth appears to have resumed in 2021. Economic freedom reached a high in Canada in 2011 and has been declining gradually ever since. Weakened by score decreases in **government spending** and **fiscal health**, Canada has recorded a 1.9-point overall loss of economic freedom since 2017 and has fallen further in the top half of the "Mostly Free" category. Rule of law is strong, but **government spending** remains excessive.

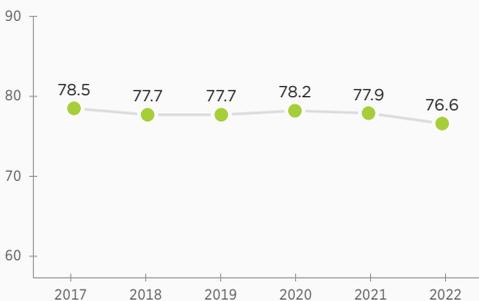
IMPACT OF COVID-19: As of December 1, 2021, 29,767 deaths had been attributed to the pandemic in Canada, and the government's response to the crisis ranked 18th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.4 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
38.0 million

GDP (PPP):
\$1.9 trillion
-5.4% growth
in 2020
5-year compound
annual growth 0.6%
\$48,720 per capita

UNEMPLOYMENT:
9.5%

INFLATION (CPI):
0.7%

FDI INFLOW:
\$23.8 billion

PUBLIC DEBT:
117.8% of GDP

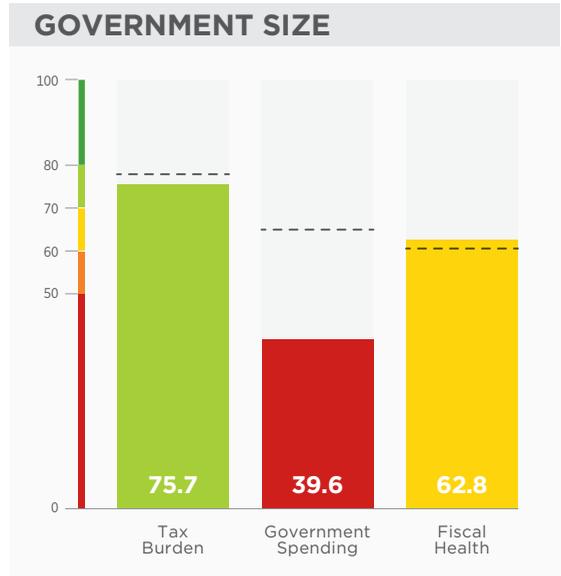
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Canada is the world's second-largest country by land area and has its 10th-largest economy. Prime Minister Justin Trudeau's Liberal Party managed to win a third mandate in a September 2021 snap election aimed at enlarging its position in parliament. Although his plurality increased, Trudeau failed to achieve a majority and was forced to form another minority government. Canada's market-oriented economic system closely resembles that of the United States. Leading sectors include automotive and other manufactures, forest products, minerals, and petroleum. Because approximately three-quarters of Canada's exports are to the United States, the U.S.-Mexico-Canada Agreement (USMCA) that entered into force in 2020 is vital to Canada's flourishing economy.

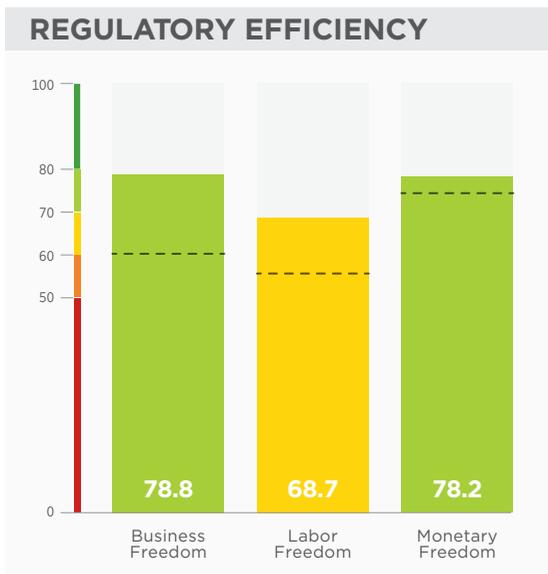
12 ECONOMIC FREEDOMS | CANADA



Property rights are generally well protected by law and through the enforcement of contracts. Expropriation is highly unusual. The judiciary is independent, and courts are considered procedurally competent, transparent, fair, and reliable. Although anticorruption statutes are enforced rigorously, numerous investigations have raised concerns about corruption, illegal financing, and kickbacks in the construction sector and in public procurement.



The top individual income tax rate is 33 percent, and the top corporate tax rate is 15 percent. Other taxes include value-added and property taxes. The overall tax burden equals 33.5 percent of total domestic income. Government spending has amounted to 44.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.3 percent of GDP. Public debt is equivalent to 117.8 percent of GDP.



Business registration and permit application processes are relatively easy and efficiently administered, but they vary by province or territory. The Canada Labor Code and provincial labor codes differ somewhat in their minimum wage and benefit requirements. In 2021, price controls imposed on a wide range of medications threatened the long-term quality of health care, and the government continued to maintain many subsidies.



Canada has 15 preferential trade agreements in force. The trade-weighted average tariff rate is 3.4 percent, and 466 nontariff measures are in effect. Market-oriented policies, facilitated by a sound and transparent investment framework, have attracted significant foreign investment. The relatively competitive financial sector is open and resilient, offering a wide range of services. The exchange rate has been allowed to adjust flexibly without intervention.

CENTRAL AFRICAN REPUBLIC

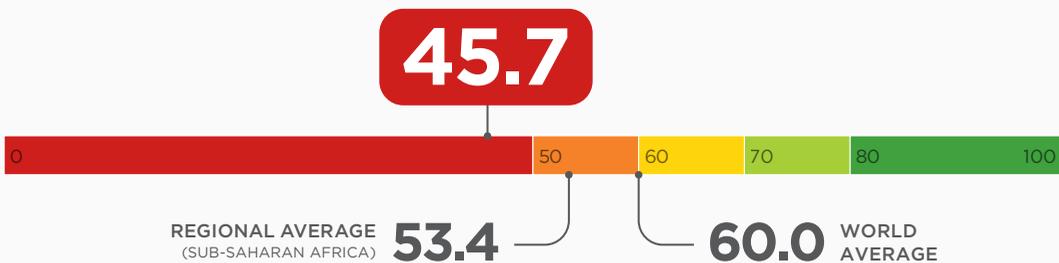
The Central African Republic's economic freedom score is 45.7, making its economy the 168th freest in the 2022 *Index*. The Central African Republic is ranked 43rd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, the Central African Republic's economic growth slowed to zero in 2020 but rebounded in 2021. A five-year trend of deteriorating economic freedom has accelerated. Depressed by significant score decreases in rule of law indicators, the Central African Republic has recorded a 6.1-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Unfree" category to the "Repressed" category. Fiscal health is strong, but most other indicators exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 101 deaths had been attributed to the pandemic in the Central African Republic, and the government's response to the crisis ranked 168th among the countries included in this *Index* in terms of its stringency. The economy experienced no growth in 2020.

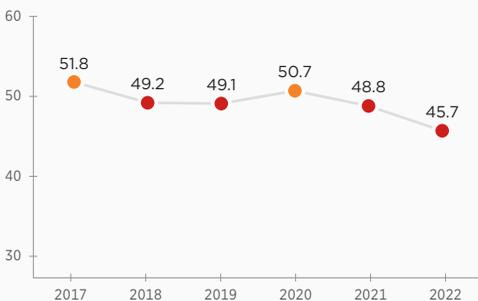
WORLD RANK: **168** REGIONAL RANK: **43**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2002): -14.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.8 million

GDP (PPP):
\$4.7 billion
0.0% growth in 2020
5-year compound annual growth 3.2%
\$979 per capita

UNEMPLOYMENT:
4.3%

INFLATION (CPI):
2.3%

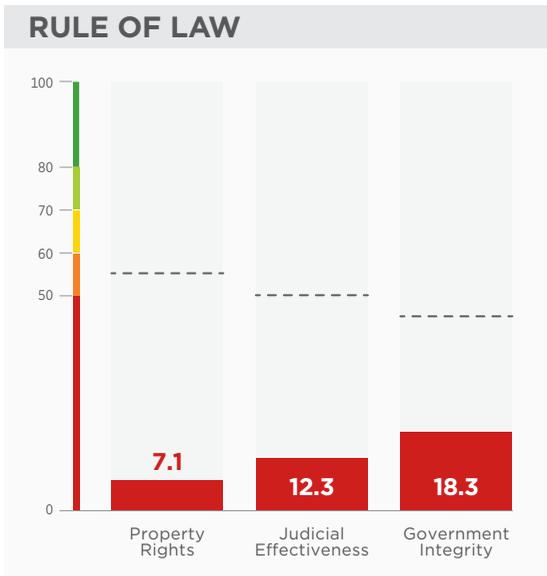
FDI INFLOW:
\$35.0 million

PUBLIC DEBT:
44.9% of GDP

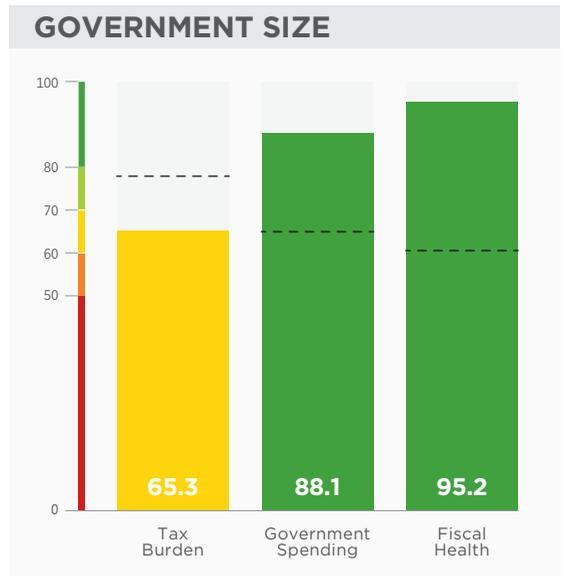
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: A former French colony, the Central African Republic became independent in 1960. In 1993, after more than 30 years of mostly incompetent and frequently brutal military regimes, a democracy was established. It ended in 2003 with a military coup led by François Bozizé, who was later elected president. In 2013, mostly Muslim Séléka rebels led by Michel Djotodia overthrew Bozizé. Subsequent sectarian violence precipitated French military intervention and the deployment of U.N. peacekeepers. Djotodia stepped down in 2014, and former Prime Minister Faustin-Archange Touadéra was elected president in 2016 and reelected in December 2020. Militia violence continues to fuel population displacement and hunger. The Central African Republic has abundant timber, gold, diamonds, and uranium.

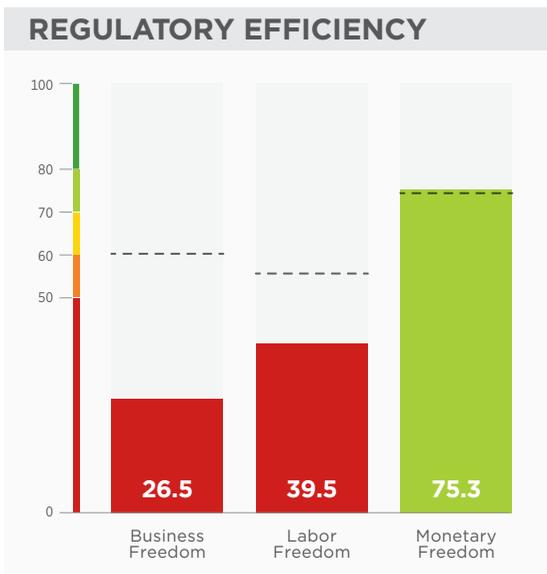
12 ECONOMIC FREEDOMS | CENTRAL AFRICAN REPUBLIC



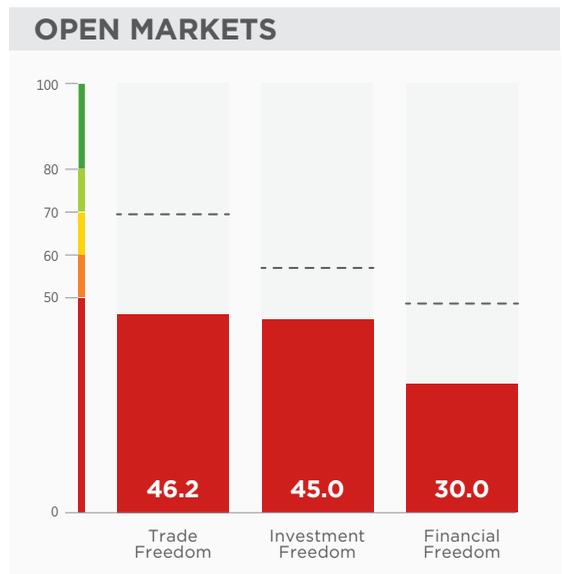
Protection of property rights is weak. Businesses and homes are regularly looted or extorted by armed militants, who enter homes without judicial authorization, seize and damage property without due process, and evict persons from their places of residence in the capital city of Bangui and throughout the country. Courts are inefficient and politicized, and they do not enforce their rulings. Corruption, bribery, extortion, and nepotism remain pervasive.



The top individual income tax rate is 50 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 8.6 percent of total domestic income. Government spending has amounted to 19.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.7 percent of GDP. Public debt is equivalent to 44.9 percent of GDP.



Military skirmishes inhibit business freedom. Only about 4 percent of the population used the Internet in 2018; 31 in 100 had cell phones. Children may be forced into labor or the sex trade. Women are subjected to forced prostitution, and adults are subjected to forced labor. Government distortions of the economy through subsidies and price controls are aggravated by ongoing political fragility that undermines the basic functioning of state institutions.



The Central African Republic has one preferential trade agreement in force. The trade-weighted average tariff rate is 16.9 percent, and nontariff barriers further impede trade. Openness to foreign investment remains severely constrained by institutional weakness. The high cost of credit and scarce access to financing deter private-sector development. A large part of the population remains outside of the formal banking sector.

CHAD

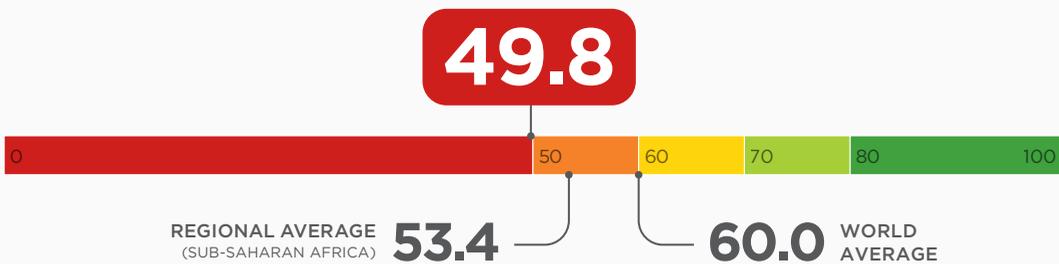
Chad's economic freedom score is 49.8, making its economy the 146th freest in the 2022 *Index*. Chad is ranked 34th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Chad experienced negative economic growth in 2017 and again in 2020 and has averaged -0.7 percent annual growth over the past five years. A five-year trend of very slowly expanding economic freedom ended this year, but Chad has recorded a 0.8-point overall gain of economic freedom since 2017, mostly due to increased **fiscal health**, and has progressed incrementally within the top half of the "Repressed" category. Scores for **government spending** and **monetary freedom** are very good, but rule of law and most other indicators exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 175 deaths had been attributed to the pandemic in Chad, and the government's response to the crisis ranked 150th among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.9 percent in 2020.

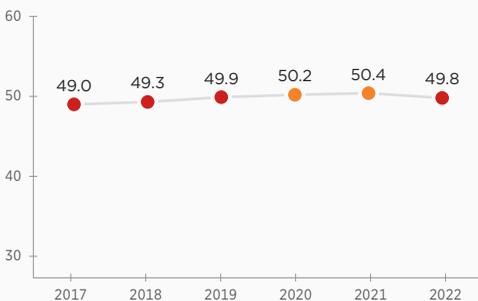


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +4.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
16.4 million

GDP (PPP):
\$26.5 billion
-0.9% growth in 2020
5-year compound annual growth -0.7%
\$1,611 per capita

UNEMPLOYMENT:
2.3%

INFLATION (CPI):
3.5%

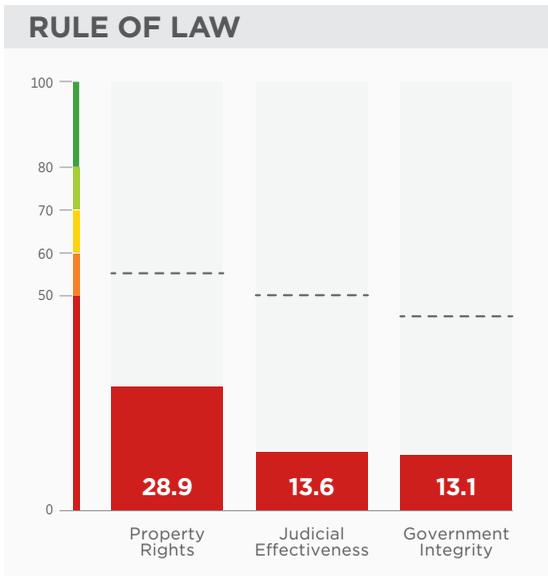
FDI INFLOW:
\$558.0 million

PUBLIC DEBT:
43.0% of GDP

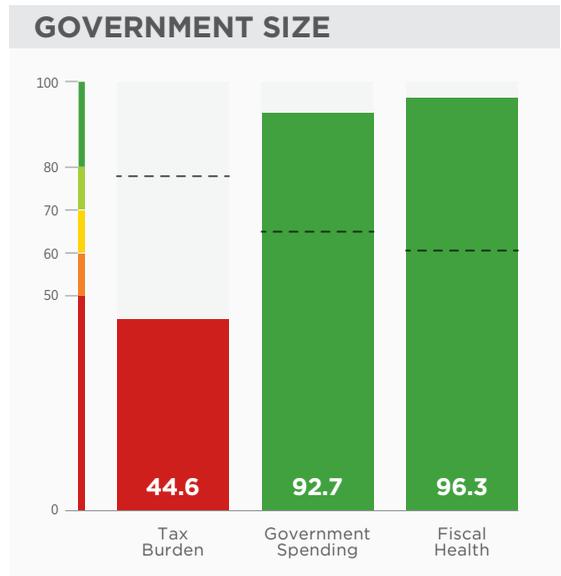
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: A former French colony, Chad endured three decades of civil war and invasions before the restoration of peace in 1990. A rebellion in the northern part of the country flares up sporadically, and Chad remains at war with the Islamist terrorist group Boko Haram, which is based in neighboring Nigeria. President Idriss Déby seized power in 1990, but a day after winning a sixth term in April 2021, he was killed fighting a rebel advance. The military chose his son Mahamat to lead both the army and the government. Landlocked Chad pays dearly for imported goods, and oil accounts for approximately 60 percent of export revenues. Cotton, cattle, livestock, and gum arabic account for the largest portion of non-oil exports.

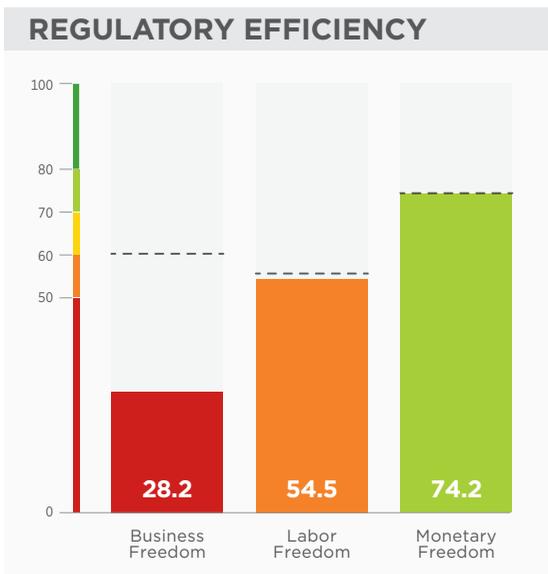
12 ECONOMIC FREEDOMS | CHAD



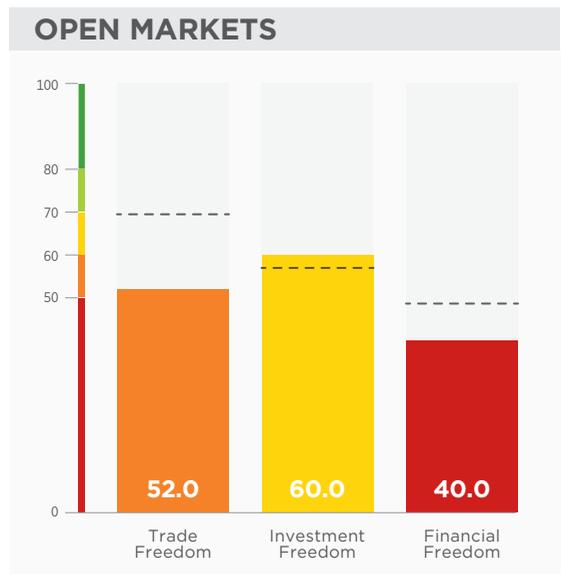
Laws establishing land and property rights are nominally in force but are not enforced in rural areas; customary law governs land ownership and use rights in practice. The cost of property registration is high. Rule of law is weak. The judiciary is overburdened, corrupt, and subject to executive interference. Corruption, bribery, and nepotism are endemic and pervasive, especially in government procurement, customs, and tax collection.



The top individual income tax rate is 60 percent, and the top corporate tax rate is 45 percent. The overall tax burden equals 13.3 percent of total domestic income. Government spending has amounted to 15.6 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.1 percent of GDP. Public debt is equivalent to 43.0 percent of GDP.



Chad's business freedom is severely repressed. Poor infrastructure, a dearth of skilled labor, inadequate and unreliable electricity, weak enforcement of contracts, and high taxes are just some of the things preventing improvement. Illegal child and forced labor persist. The government maintains subsidies to inefficient state-owned enterprises, and the country's economy remains distorted by heavily subsidized oil.



Chad has one preferential trade agreement in force. The trade-weighted average tariff rate is 14.0 percent, and nontariff barriers further undermine the benefits of dynamic trade flows. The financial system is underdeveloped, and access to financing for businesses remains very limited. Less than 20 percent of adult Chadians have access to an account with a formal banking institution.

WORLD RANK: REGIONAL RANK:

20

2

ECONOMIC FREEDOM STATUS:
MOSTLY FREE

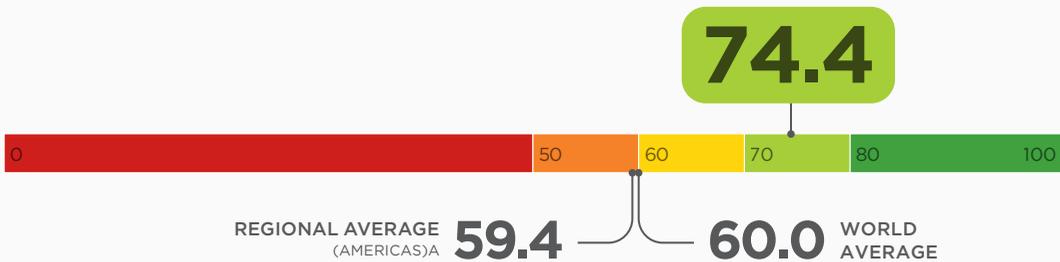
CHILE

Chile's economic freedom score is 74.4, making its economy the 20th freest in the 2022 *Index*. Chile is ranked 2nd among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Chile's economic growth turned substantially negative in 2020 but recovered in 2021. Its five-year compound annual growth rate was only 0.4 percent. A five-year trend of gradually declining economic freedom has continued. With scores depressed by losses in **fiscal health** and **trade freedom**, Chile has recorded a 2.1-point overall loss of economic freedom since 2017 and has fallen into the lower half of the "Mostly Free" category. Rule of law remains strong, but **labor freedom** exhibits its weakness.

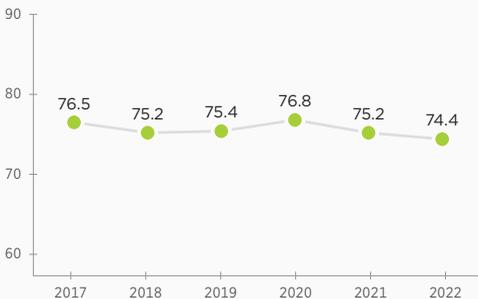
IMPACT OF COVID-19: As of December 1, 2021, 38,356 deaths had been attributed to the pandemic in Chile, and the government's response to the crisis ranked 121st among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
19.1 million

GDP (PPP):
\$454.7 billion
-5.8% growth in 2020
5-year compound annual growth 0.4%
\$23,366 per capita

UNEMPLOYMENT:
11.5%

INFLATION (CPI):
3.0%

FDI INFLOW:
\$8.4 billion

PUBLIC DEBT:
32.5% of GDP

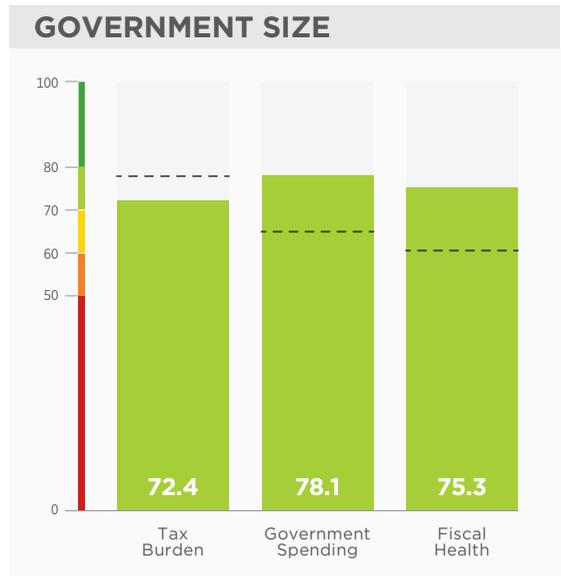
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Chile is the world's leading producer of copper, and growth in GDP is driven by exports of minerals, wood, fruit, seafood, and wine. A polarizing presidential election and the outcome of a contentious rewrite of the constitution of 1981 will shape Chilean politics in 2022 and beyond. The Constitutional Convention elected in May 2021 is dominated by the Left. Former center-right President Sebastian Piñera faced stiff resistance from left-leaning parties in Congress and violent protests that impeded his reform agenda. One of the protest leaders, 35-year-old leftist Gabriel Boric, was elected to succeed Piñera in December 2021. The challenge for the new government will be to protect the country's orthodox economic model while accommodating calls for expanded social welfare spending.

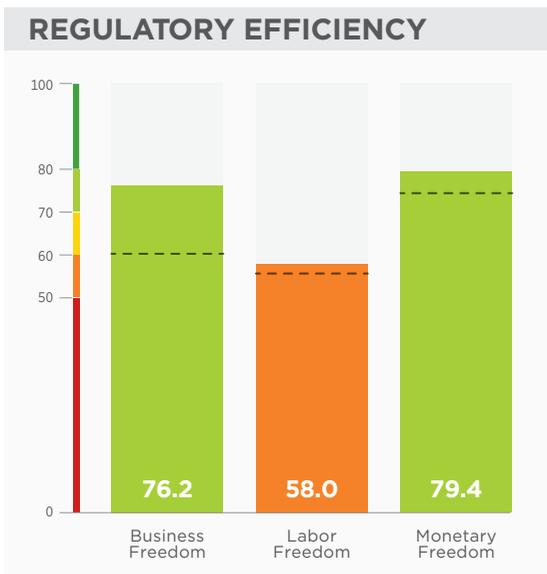
12 ECONOMIC FREEDOMS | CHILE



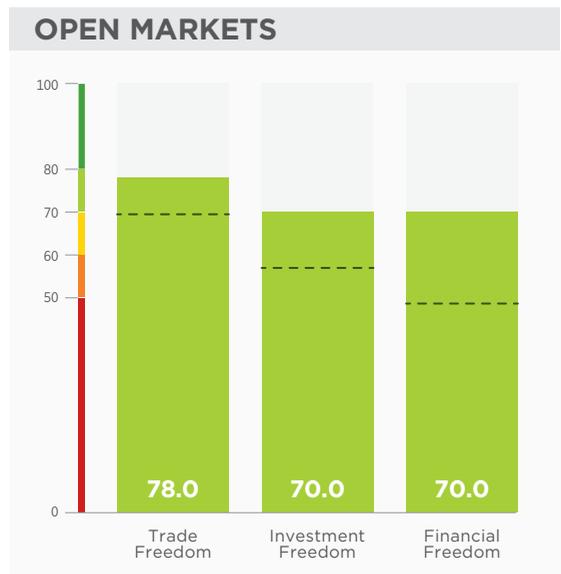
Chile has a sound legal framework, and private property rights are generally respected. Secured interests in real property are recognized and generally enforced, and expropriation is rare. The judiciary is independent, and the courts are largely competent in their enforcement of property and contractual rights and free from political interference. Chile was ranked Latin America's second least corrupt country in Transparency International's 2020 *Corruption Perceptions Index*.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 27 percent. The overall tax burden equals 20.7 percent of total domestic income. Government spending has amounted to 27.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.8 percent of GDP. Public debt is equivalent to 32.5 percent of GDP.



Environmental regulations have become extensive and unpredictable. In June 2019, the Ministry of Economy launched the Unified System for Permits (SUPER), an online single-window platform for 182 license and permit procedures that is intended to make it easier to obtain permits for investment projects. Labor laws are somewhat rigid but enforced evenly. The government increased numerous subsidies in 2021, especially for green energy projects.



Chile has 30 preferential trade agreements in force. The trade-weighted average tariff rate is 6.0 percent, and 107 non-tariff measures are in effect. Market openness to investment and a relatively efficient regulatory framework have provided a basis for economic dynamism over past decades. The competitive financial system facilitates high levels of bank usage and efficient access to financing.

CHINA

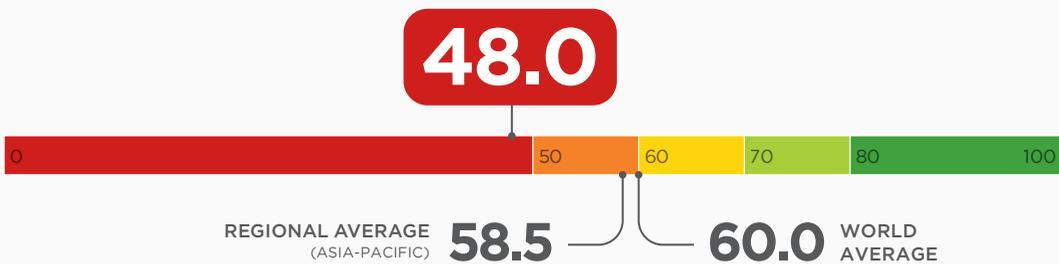
China's economic freedom score is 48.0, making its economy the 158th freest in the 2022 *Index*. China is ranked 35th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Over the past five years, China's economic growth has slowed with the largest deceleration occurring in 2020. China's five-year average growth rate is now only about half of its level a decade ago. Economic freedom peaked in China in 2020 after a decade-long gradual climb. Those gains are now erased, thanks largely to plummeting scores for **judicial effectiveness** and **fiscal health**, and China has dropped into the "Repressed" category. Trade freedom remains relatively strong, but the lack of **investment freedom** and **financial freedom** are serious impediments to productivity growth and development.

IMPACT OF COVID-19: As of December 1, 2021, 4,636 deaths had been attributed to the pandemic in China, and the government's response to the crisis ranked 8th among the countries included in this *Index* in terms of its stringency. The economy grew just 2.3 percent in 2020.

WORLD RANK: **158** | REGIONAL RANK: **35**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -4.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.4 billion

GDP (PPP):
\$24.1 trillion
2.3% growth in 2020
5-year compound annual growth 5.7%
\$17,192 per capita

UNEMPLOYMENT:
5.0%

INFLATION (CPI):
2.4%

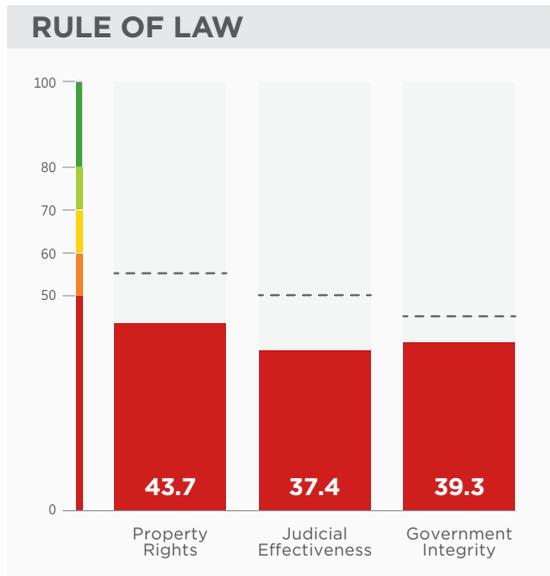
FDI INFLOW:
\$149.3 billion

PUBLIC DEBT:
66.8% of GDP

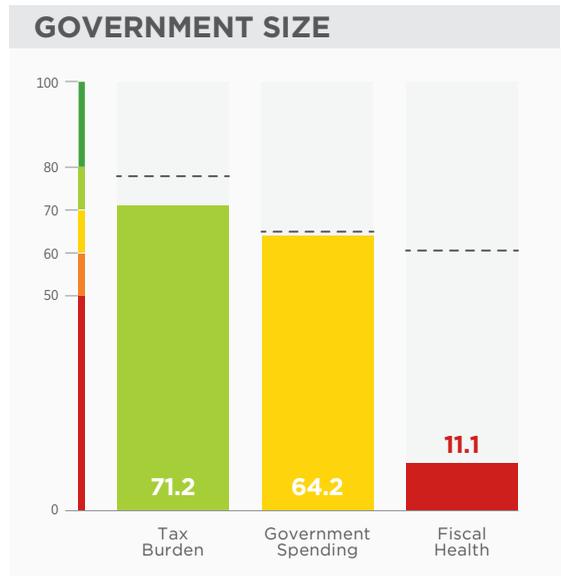
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Xi Jinping, who succeeded Hu Jintao as president in 2013, has centralized his authority, ousted internal political enemies, and tightened control of civil society. China has one of the world's largest economies and is the world's biggest exporter, but its income per capita is below the global average. A slow-down in economic growth that may be more severe than is officially acknowledged is a serious challenge to the government and to Xi's ideological economic framework. Relations with the U.S. and its allies have worsened since the start of the ongoing trade war and particularly since the advent of COVID-19. Other issues such as restrictions on Hong Kong's autonomy, the persecution of China's Uyghur minority, and Beijing's cyberwarfare activities have led to a broad decline in trust and continue to destabilize global relationships.

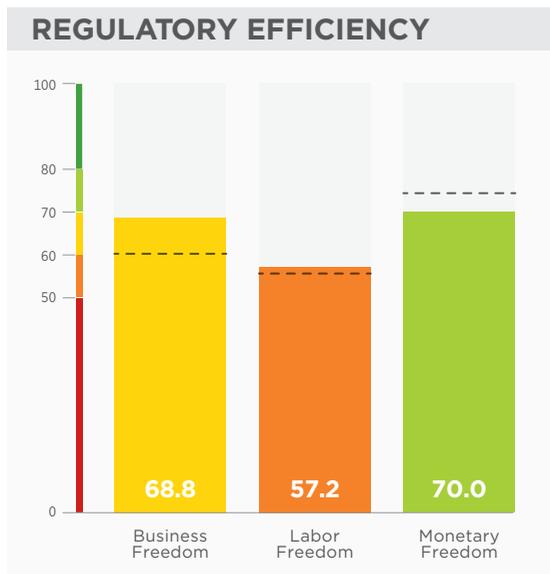
12 ECONOMIC FREEDOMS | CHINA



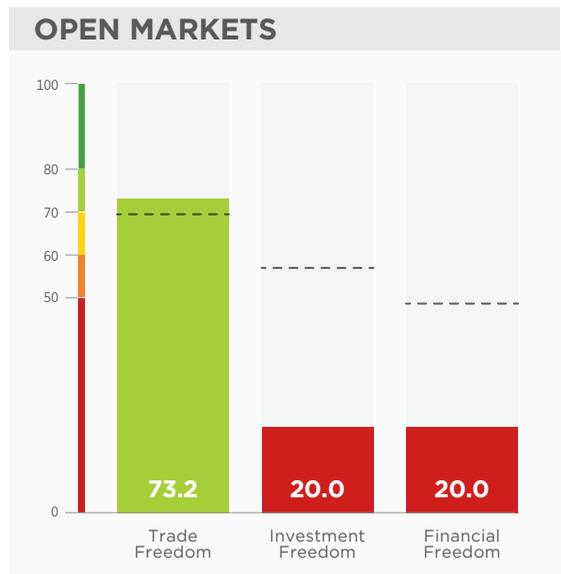
Protection and enforcement of property rights are weak. All land in China is owned either by the state or by rural collectives. Land seizures are common. Theft of foreign-owned intellectual property is widespread. The Communist Party dominates the subservient judicial system. Corruption is rampant, often in areas heavily regulated by the government such as land-usage rights, real estate, mining, and infrastructure development, which are susceptible to fraud, bribery, and kickbacks.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and real estate taxes. The overall tax burden equals 15.2 percent of total domestic income. Government spending has amounted to 34.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.5 percent of GDP. Public debt is equivalent to 66.8 percent of GDP.



Recent anti-business decrees, such as those banning companies that teach the school curriculum from making profits and a crackdown on large Internet companies, have made the business climate more uncertain. Labor and social insurance laws are complex and enforced unpredictably. The government maintains an extensive system of subsidies for numerous inefficient state-owned enterprises and controls the prices of essential goods and services.



China has 16 preferential trade agreements in force. The trade-weighted average tariff rate is 3.4 percent, and 400 nontariff measures are in effect. The National People's Congress has passed new laws replacing previous codes governing foreign investment, but China's protectionist foreign investment approval system remains restrictive and lacks transparency. The government continues to maintain its tight grip on the financial system.

COLOMBIA

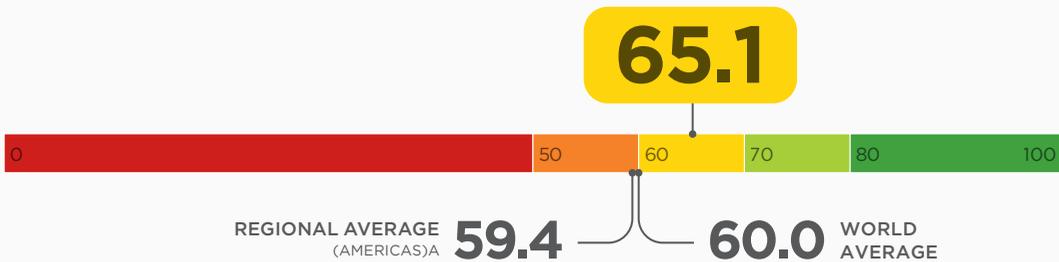
Colombia's economic freedom score is 65.1, making its economy the 60th freest in the 2022 *Index*. Colombia is ranked 12th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Economic growth turned seriously negative in Colombia in 2020 but rebounded in 2021. The five-year average growth rate was only 0.5 percent. A five-year trend of gradually declining economic freedom has intensified. Dragged down by score decreases in **property rights** and **fiscal health**, Colombia has recorded a 4.6-point overall loss of economic freedom since 2017 and has fallen from the top of the "Moderately Free" category to the middle. Trade freedom, **monetary freedom**, and **investment freedom** are strong, but **government integrity** and **labor freedom** exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 128,586 deaths had been attributed to the pandemic in Colombia, and the government's response to the crisis ranked 43rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.8 percent in 2020.

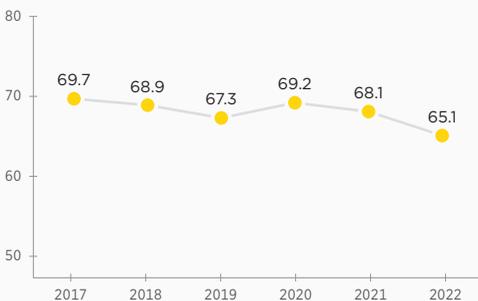


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +0.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
50.9 million

GDP (PPP):
\$728.8 billion
-6.8% growth in 2020
5-year compound annual growth 0.5%
\$14,324 per capita

UNEMPLOYMENT:
15.4%

INFLATION (CPI):
2.5%

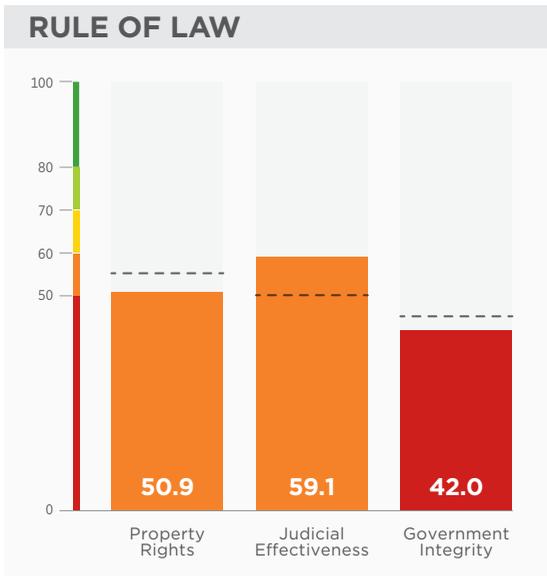
FDI INFLOW:
\$7.7 billion

PUBLIC DEBT:
62.8% of GDP

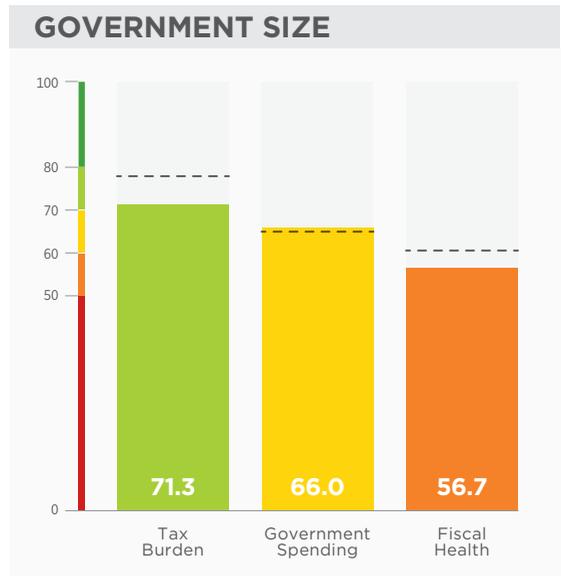
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Colombia is South America's oldest democracy and fourth-largest economy. Center-right President Iván Duque will finish his single four-year term after the presidential election in May 2022. His administration has been characterized by declining approval ratings, fractious relations with Congress, and mass social unrest accompanied by sometimes deadly violence and looting and fomented by domestic and foreign narco-terrorist groups. Colombia remains the world's top producer and exporter of cocaine. Although Colombia did not join Beijing's Belt and Road Initiative, China has expanded its investments in natural resources and infrastructure projects. Colombia is a founding member of the Pacific Alliance and has free-trade agreements with the U.S. and many other nations.

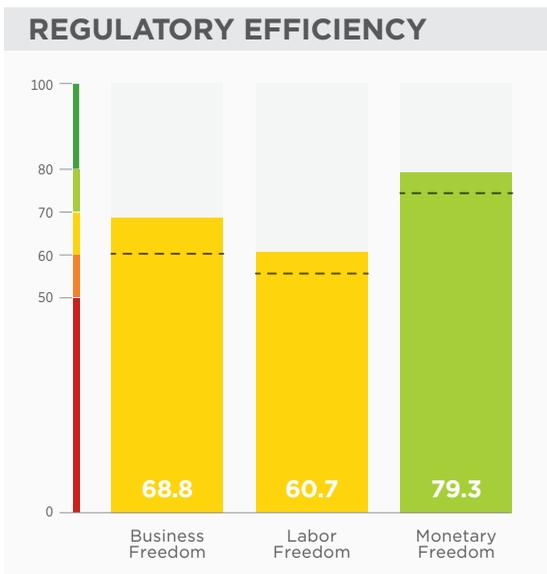
12 ECONOMIC FREEDOMS | COLOMBIA



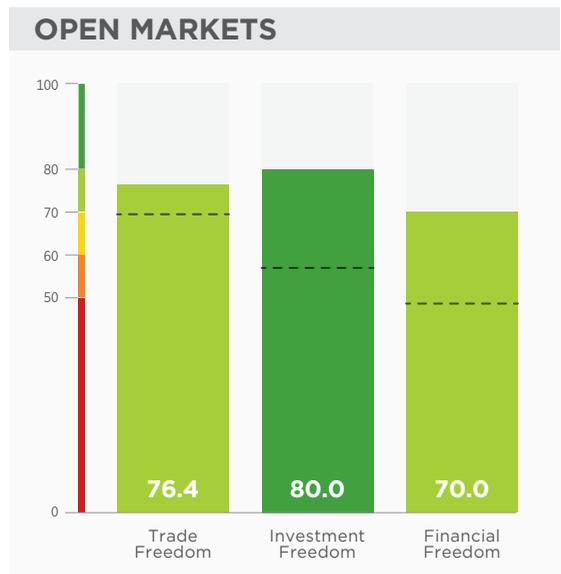
Secured interests in real property and, to a lesser degree, movable property are recognized and generally enforced after the property is properly registered. The judicial system is generally regarded as competent, fair, and reliable, although corruption, bribery, influence peddling, and abuse of privileged information persist. Violence fomented by domestic and hostile foreign actors and corruption engendered by drug trafficking continue to erode institutions and political stability.



The top individual income tax rate is 39 percent, and the top corporate tax rate has been cut to 31 percent. Other taxes include value-added and financial transactions taxes. The overall tax burden equals 19.7 percent of total domestic income. Government spending has amounted to 33.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.7 percent of GDP. Public debt is equivalent to 62.8 percent of GDP.



Narco-criminal groups threaten many businesses, and the country is losing competitiveness. About half of the Colombian workforce in cities and four-fifths in rural areas work in the informal economy. The unemployment rate was 17.3 percent at the end of 2020. Amid months of violent and deadly leftist protests, the government was forced to increase many subsidies in 2021 despite fiscal weakness.



Colombia has 15 preferential trade agreements in force. The trade-weighted average tariff rate is 6.8 percent, and 153 nontariff measures are in effect. In general, government policies do not interfere significantly with foreign investment. The financial sector remains resilient. Reforms continue to focus on and promote the development of capital markets by enhancing flexibility and competition.

COMOROS

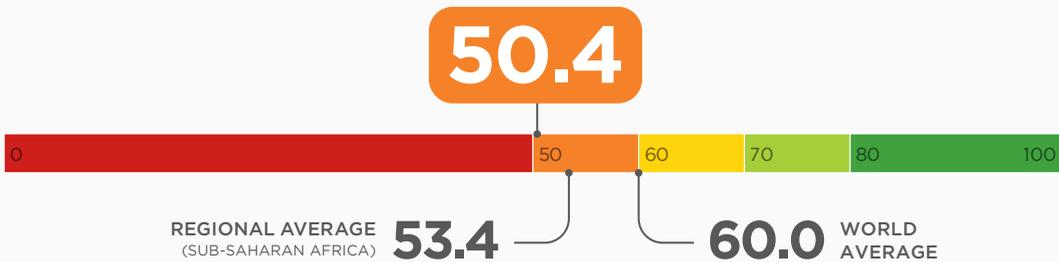
Comoros's economic freedom score is 50.4, making its economy the 143rd freest in the 2022 *Index*. Comoros is ranked 33rd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, Comoros's economic growth has slowed, turning negative in 2020 but rebounding in 2021. Economic freedom has stagnated in recent years and has now begun to decline. Depressed particularly by score decreases in the rule of law. Comoros has recorded a 5.4-point overall loss of economic freedom since 2017 and has fallen to the bottom of the "Mostly Unfree" category. Fiscal health and **monetary freedom** are strong, but other categories exhibit significant weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 150 deaths had been attributed to the pandemic in Comoros. The economy declined by 0.5 percent in 2020.

WORLD RANK: **143** REGIONAL RANK: **33**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +7.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.9 million

GDP (PPP):
\$2.7 billion
-0.5% growth in 2020
5-year compound annual growth 2.5%
\$3,048 per capita

UNEMPLOYMENT:
8.4%

INFLATION (CPI):
1.1%

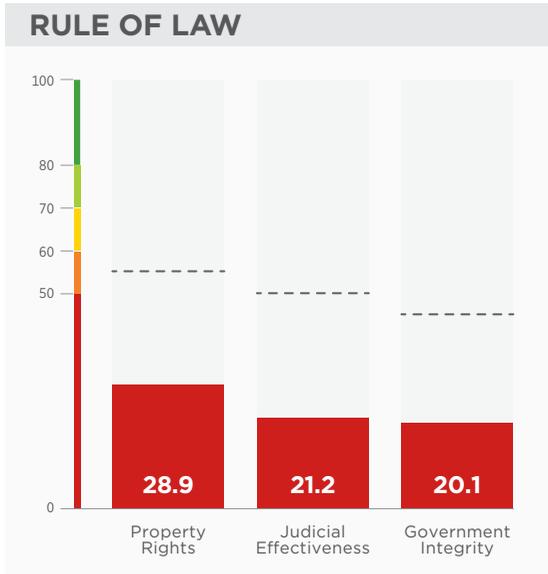
FDI INFLOW:
\$9.0 million

PUBLIC DEBT:
26.8% of GDP

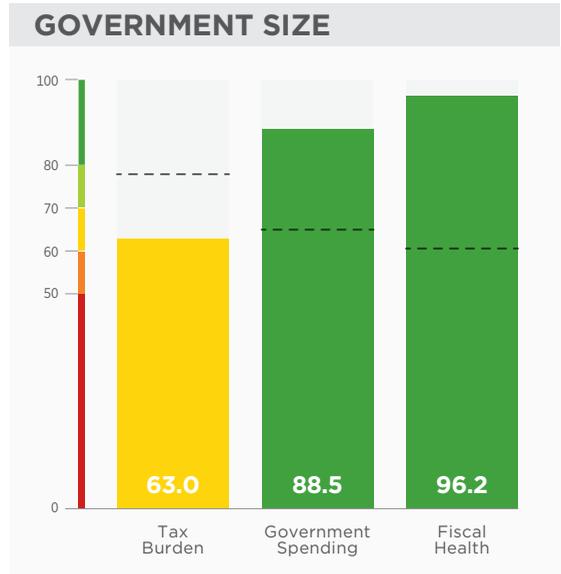
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The three-island Union of the Comoros has experienced more than 20 attempted coups since gaining independence in 1975; the most recent such attempt was in 2013. The two smaller islands seceded in 1997 but returned in 2001. In 2018, former coup leader turned President Azali Assoumani cracked down on the opposition and won a referendum that centralized executive power. He was reelected in 2019 in an election that was discredited by international observers. As a former colony, Comoros prioritizes its aid and trade relations with France, and the French Treasury guarantees the Comoran franc. Comoros is a leading producer of ylang-ylang perfume essence, cloves, and vanilla. In 2018, it became a full member of the Southern African Development Community.

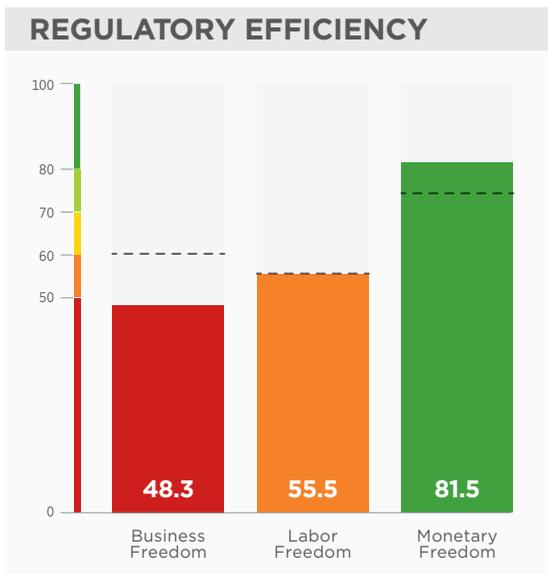
12 ECONOMIC FREEDOMS | COMOROS



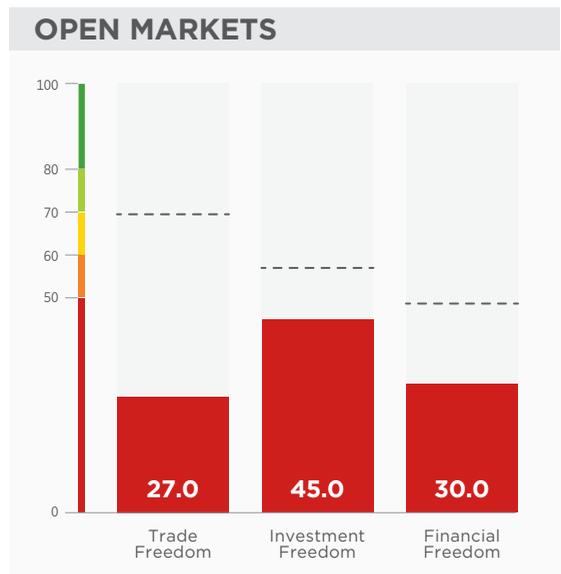
Property rights are not well protected, and enforcement of contracts is weak. The judicial system, based on both the French legal code and Sharia (Islamic) law, is weak, inconsistent, unpredictable, and subject to political influence. Corruption is reported at all levels of the nontransparent government and is driven partly by the presence of international criminal networks and partly by internal political disputes and the three island administrations' competition for resources.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 50 percent. Other taxes include value-added and insurance taxes. The overall tax burden equals 17.4 percent of total domestic income. Government spending has amounted to 19.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.2 percent of GDP. Public debt is equivalent to 26.8 percent of GDP.



Access to electricity is critically limited. Internet users comprise only 8.5 percent of the population. Agriculture accounts for 50 percent of GDP, yet the archipelago still imports 70 percent of its food. Remittances from Comorans abroad make up 25 percent of GDP. The public-sector wage bill is very high. Government subsidies to the state-owned power and water companies were maintained in 2021 despite continuing economic weakness.



Comoros has two preferential trade agreement in force. The trade-weighted average tariff rate is 26.5 percent, and non-tariff barriers further impede trade. Comoros is not a member of the World Trade Organization. Overall, policies to enhance market openness have not advanced. Persistent impediments to investment are made worse by political volatility. The financial system is underdeveloped, and access to financing for businesses remains very limited.

DEMOCRATIC REPUBLIC OF CONGO

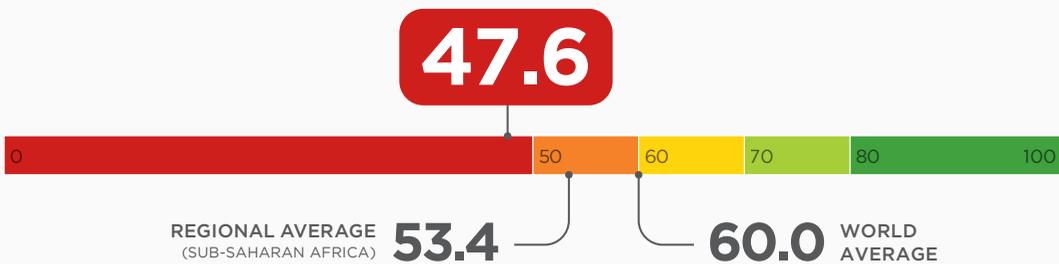
The Democratic Republic of the Congo's economic freedom score is 47.6, making its economy the 160th freest in the 2022 *Index*. The Democratic Republic of the Congo is ranked 40th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Despite a slight downturn in 2020, the Democratic Republic of the Congo (DRC) has enjoyed average annual economic growth of more than 3 percent over the past five years, based primarily on exploitation of the DRC's natural resources. Since 2017, however, the DRC has recorded an 8.8-point overall loss of economic freedom and has fallen from the "Mostly Unfree" category to the "Repressed" category. Fiscal health is strong, but economic freedom is severely lacking in most other areas.

IMPACT OF COVID-19: As of December 1, 2021, 1,107 deaths had been attributed to the pandemic in the Democratic Republic of the Congo, and the government's response to the crisis ranked 106th among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.1 percent in 2020.

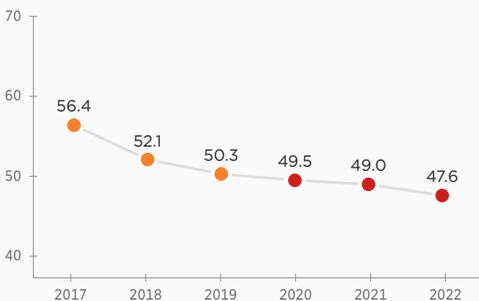
WORLD RANK: **160** REGIONAL RANK: **40**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +6.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
89.6 million

GDP (PPP):
\$100.5 billion
-0.1% growth in 2020
5-year compound annual growth 3.3%
\$1,106 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
11.3%

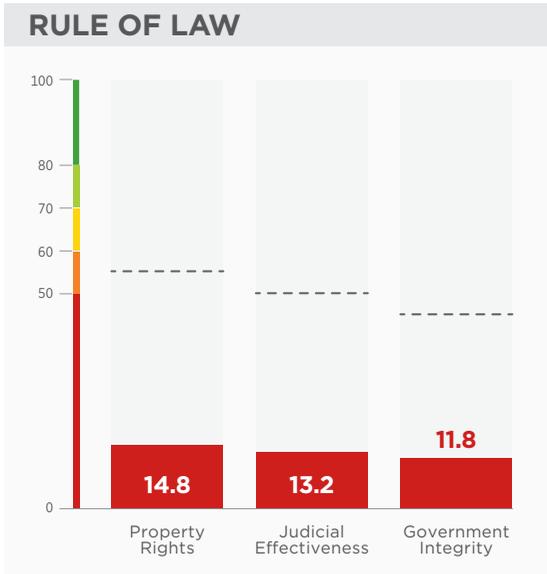
FDI INFLOW:
\$1.6 billion

PUBLIC DEBT:
15.2% of GDP

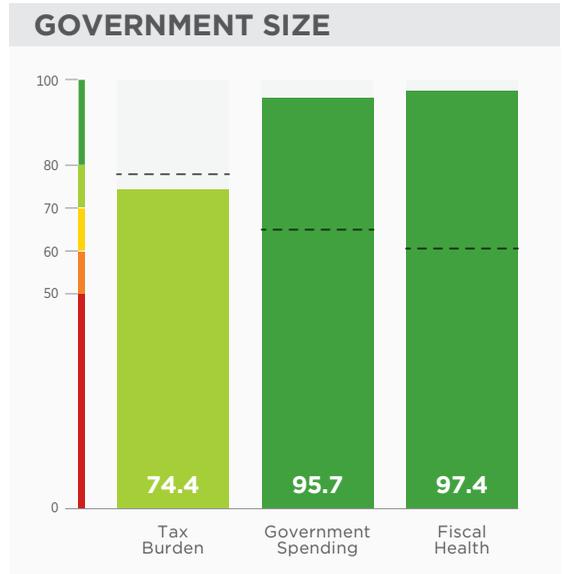
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: In 2006, Joseph Kabila won the Democratic Republic of the Congo's first multiparty election in 40 years. He finally left the presidency under international pressure in 2019. Félix Tshisekedi was declared the winner of the 2019 presidential election, most likely as a result of a corrupt bargain with Kabila. Tshisekedi's creation of a new parliamentary coalition in 2021 undermined Kabila's influence. The DRC's immense natural resource wealth, estimated at \$24 trillion, includes large deposits of rare earth minerals used in many high-technology products. The DRC is Africa's largest producer of copper and the world's largest producer of cobalt, but its political instability and high inflation discourage international investors. The DRC is also one of the world's least developed countries.

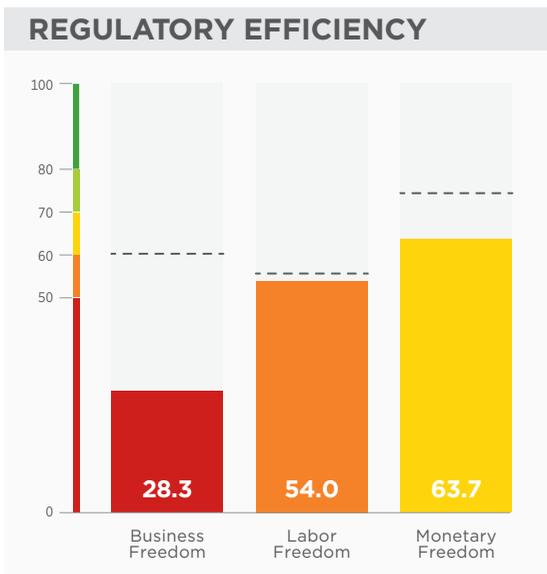
12 ECONOMIC FREEDOMS | DEMOCRATIC REPUBLIC OF CONGO



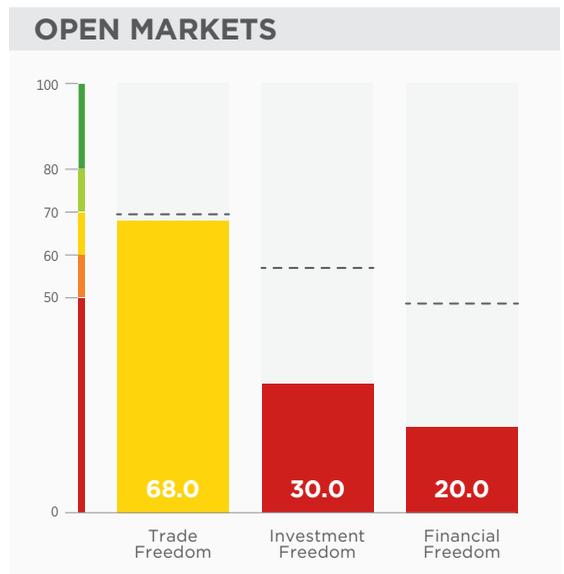
Although the constitution protects ownership of private property, enforcement is lacking, and armed groups and government soldiers have seized private property and destroyed homes in conflict zones. Apart from a few reasonably well-functioning commercial courts, the judicial system is weak, unreliable, and corrupt. Corruption permeates all levels of government and all sectors of the economy. Clientelism, rent-seeking, and patronage have decimated fair competition.



The top individual income tax rate is 40 percent, and the top corporate tax rate has been cut to 30 percent. The overall tax burden equals 7.5 percent of total domestic income. Government spending has amounted to 11.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.2 percent of GDP. Public debt is equivalent to 15.2 percent of GDP.



A fragile security situation, poor infrastructure, an arbitrary taxation system, and unevenly enforced and poorly planned regulations negatively affect the business environment. Enforcement of the labor code is rare. The economic downturn in 2020 further limited any effort by the government to reform its heavily subsidized, inefficient, and loss-making state-owned SNEL (Société Nationale d'Électricité) power utility.



The Democratic Republic of the Congo has one preferential trade agreement in force, and its simple average tariff rate is 8.5 percent. One formal nontariff measure is in effect, but other barriers to dynamic trade flows persist. Poor economic management aggravated by repeated political crises has severely constrained domestic and foreign investment. Companies have very limited access to financial services.

REPUBLIC OF CONGO

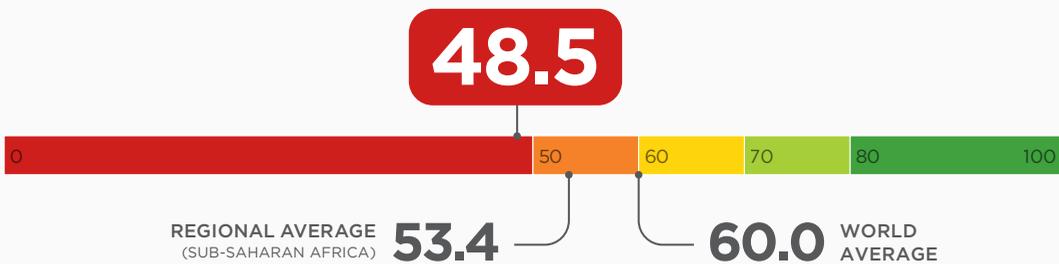
The Republic of the Congo's economic freedom score is 48.5, making its economy the 155th freest in the 2022 *Index*. The Republic of the Congo is ranked 37th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, the Republic of the Congo's economic growth was negative in 2017 and 2018, barely positive in 2019, and negative again in 2020 and 2021. Led by increases in scores for **fiscal health** and **government spending**, the Republic of the Congo has recorded an 8.5-point overall gain of economic freedom since 2017 but has nonetheless fallen back into the "Repressed" category this year. The country scores well on government size and **monetary freedom**, but other indicators are all well below average.

IMPACT OF COVID-19: As of December 1, 2021, 354 deaths had been attributed to the pandemic in the Republic of the Congo, and the government's response to the crisis ranked 122nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 7.8 percent in 2020.

WORLD RANK: **155** REGIONAL RANK: **37**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +8.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.5 million

GDP (PPP):
\$19.6 billion
-7.8% growth in 2020
5-year compound annual growth -6.0%
\$4,188 per capita

UNEMPLOYMENT:
10.3%

INFLATION (CPI):
2.4%

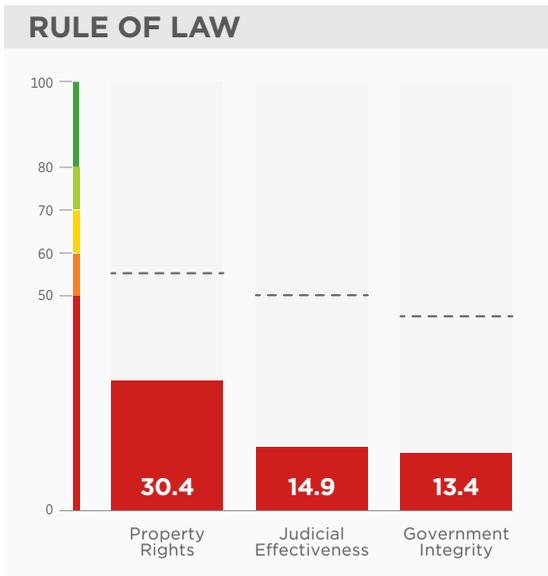
FDI INFLOW:
\$4.0 billion

PUBLIC DEBT:
101.7% of GDP

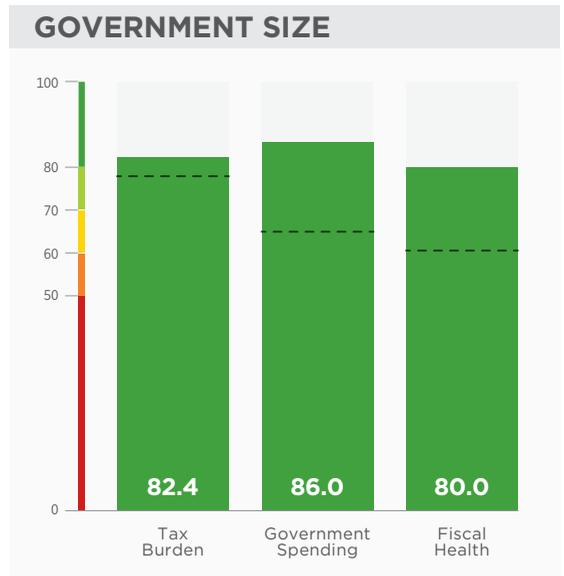
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Republic of the Congo became independent from France in 1960. Denis Sassou-Nguesso seized power in 1979 and ruled as chief of state until 1992, when he allowed a multiparty election to be conducted and was defeated. He seized power again following a 1997 civil war and then won flawed elections in 2002, 2009, 2016, and 2021. A referendum approved in 2015 modified the constitutional limits so that Sassou-Nguesso could run again. Congo is one of sub-Saharan Africa's largest producers of oil, but it lacks the infrastructure needed to exploit its natural gas reserves and hydropower potential. The Republic of the Congo shipped its first exports of iron ore in 2019.

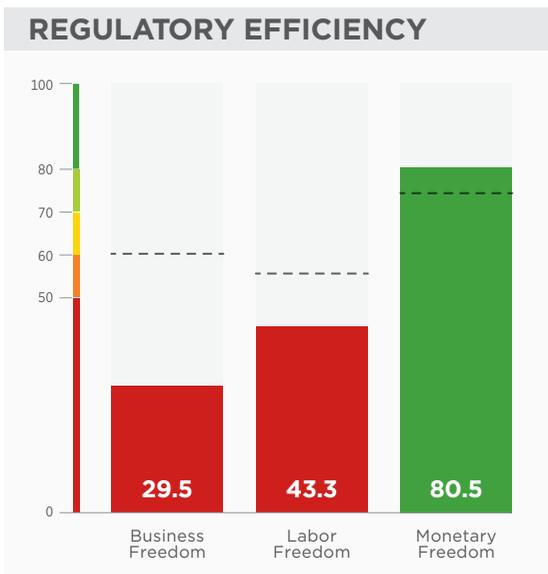
12 ECONOMIC FREEDOMS | REPUBLIC OF CONGO



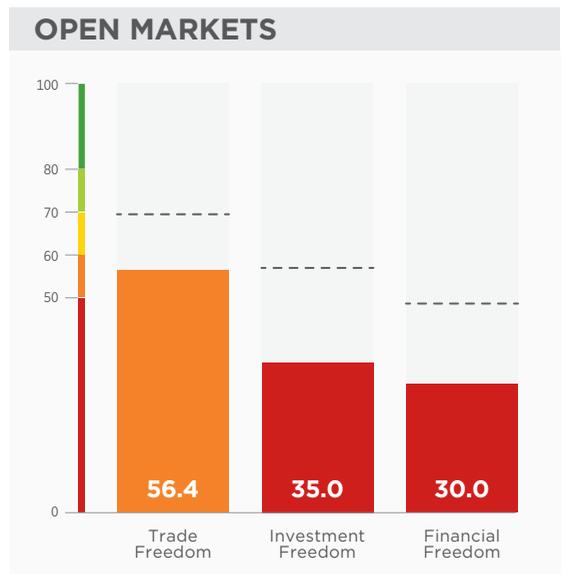
Property rights are undermined by bureaucracy, poor judicial safeguards, and corruption. The judiciary, although independent in principle, is crippled by institutional weaknesses and extremely vulnerable to political influence. Corruption remains pervasive, and government operations are opaque. “Informal” tax collectors regularly solicit bribes. The president’s family and advisers effectively control the state oil company without meaningful accountability.



The top individual income tax rate is 30 percent, and the top corporate tax rate has been cut to 28 percent. The overall tax burden equals 8.5 percent of total domestic income. Government spending has amounted to 21.6 percent of total output (GDP) over the past three years, and budget surpluses have averaged 4.0 percent of GDP. Public debt is equivalent to 101.7 percent of GDP.



Unreliable sources of electricity and water hinder business freedom, but the number of paved roads in the country has increased. Registration of businesses, obtaining of land titles, payment of taxes, and negotiation of natural resource contracts are made difficult by the government. Businesses must obtain government approval to adjust employment. The economy remained weak in 2021, putting additional pressure on the government to reduce subsidies.



The Republic of the Congo has one preferential trade agreement in force. The trade-weighted average tariff rate is 11.8 percent, and nontariff barriers persist. Government openness to foreign investment is below average, and the investment framework is inadequate. The underdeveloped financial system is dominated by banks, and overall financial intermediation is low.

COSTA RICA

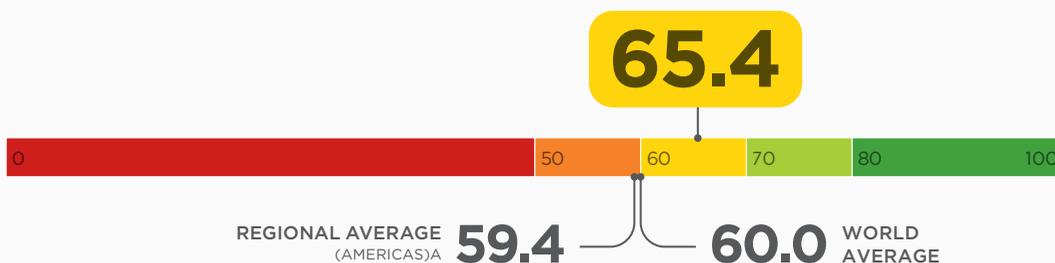
Costa Rica's economic freedom score is 65.4, making its economy the 55th freest in the 2022 *Index*. Costa Rica is ranked 10th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Costa Rica's economy has rebounded from its negative growth in 2020 and has recorded a five-year compound annual growth rate of 1.6 percent. Economic freedom has been relatively stable over the past five years with a 0.4-point gain since 2017. Improvements in the rule of law that would have driven the score higher have been offset by a steep decline in **fiscal health**, and Costa Rica remains in the middle ranks of the "Moderately Free" countries. Scores for **tax burden** and **government spending** are good, but weakness in **fiscal health** will have to be addressed if Costa Rica is to gain additional economic freedom.

IMPACT OF COVID-19: As of December 1, 2021, 7,305 deaths had been attributed to the pandemic in Costa Rica, and the government's response to the crisis ranked 49th among the countries included in this *Index* in terms of its stringency. The economy contracted by 4.8 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -2.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.1 million

GDP (PPP):
\$102.5 billion
-4.8% growth in 2020
5-year compound annual growth 1.6%
\$19,990 per capita

UNEMPLOYMENT:
17.1%

INFLATION (CPI):
0.7%

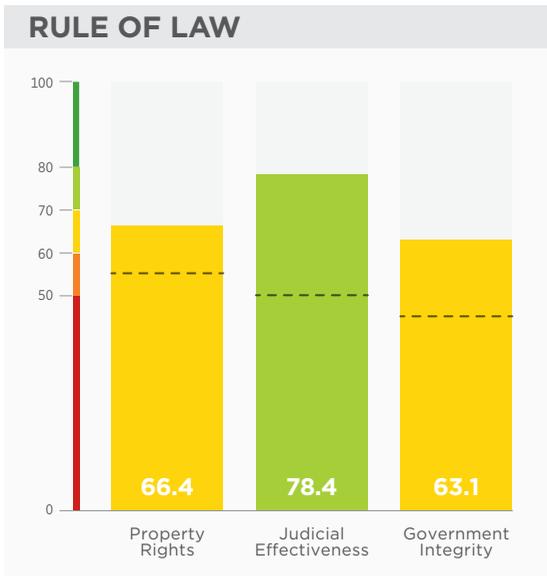
FDI INFLOW:
\$1.7 billion

PUBLIC DEBT:
68.3% of GDP

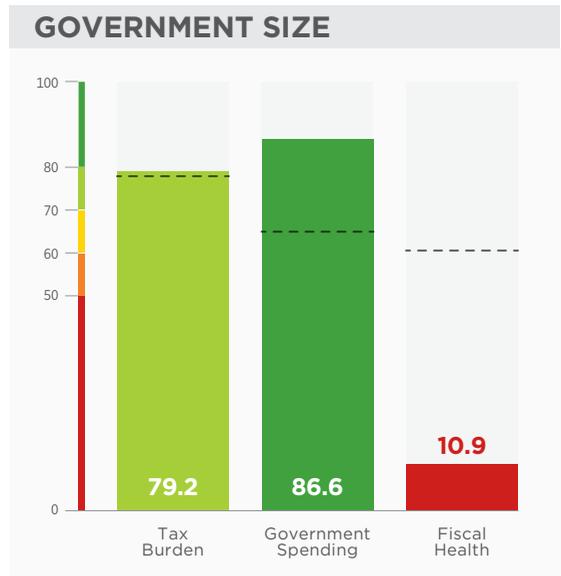
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The most prosperous of the Central American Common Market's five countries, Costa Rica has a long history of democratic stability and one of Latin America's highest levels of foreign direct investment per capita. Nearly half of the labor force is employed in the informal economy. President Carlos Alvarado of the center-left Citizen Action Party will finish his single four-year term in May 2022. The government is negotiating with the IMF to reschedule its debt. Costa Rica is one of the three Central American countries to have joined China's Belt and Road Initiative and is completing its remaining requirements to become the first Central American member of the OECD. Costa Rica has welcomed more than 100,000 refugees who have fled from Nicaragua's brutal Ortega-Murillo dictatorship.

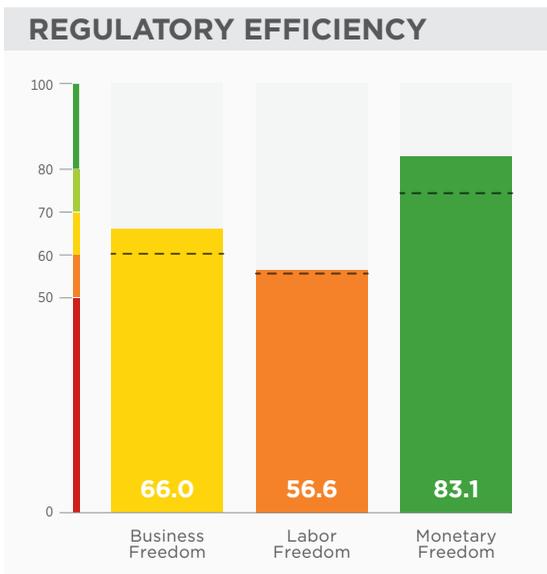
12 ECONOMIC FREEDOMS | COSTA RICA



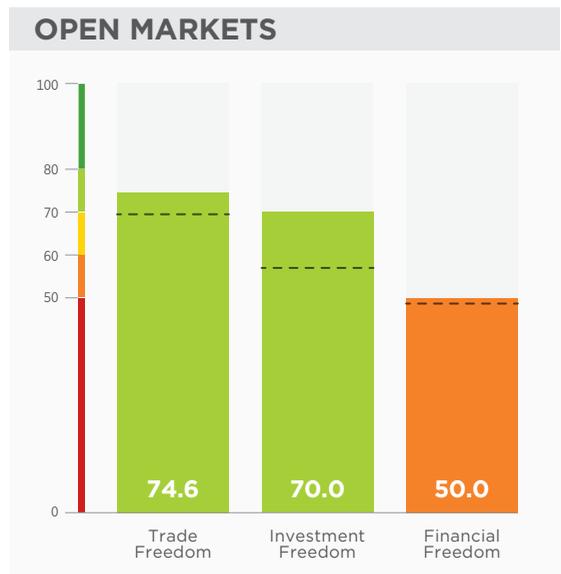
Secured interests in both chattel and real property are recognized and enforced. Mortgage and title recording are mandatory, and the vast majority of land has clear title. The courts are independent and impartial, and their authority is respected. Anticorruption laws are generally well enforced. However, despite the government's functioning anticorruption mechanisms, nearly every president since 1990 has been accused of corruption after leaving office.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 23.6 percent of total domestic income. Government spending has amounted to 21.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.1 percent of GDP. Public debt is equivalent to 68.3 percent of GDP.



A new company in Costa Rica must register with six or more government agencies. Legal fees are the most expensive start-up cost. In the fourth quarter of 2020, unemployment, at 20 percent, was 7.6 percentage points higher than it was in 2019, and the informal sector employed 43.3 percent of the non-agricultural workforce. Subsidies from the IMF have allowed the government to borrow from global capital markets at below-market interest rates.



Costa Rica has 15 preferential trade agreements in force. The trade-weighted average tariff rate is 5.2 percent, and 65 non-tariff measures are in effect. In general, foreign and domestic investors are treated equally under the law. Credit is generally allocated on market terms. Despite increased market competition, state-owned financial institutions dominate the sector and influence lending.

CÔTE D'IVOIRE

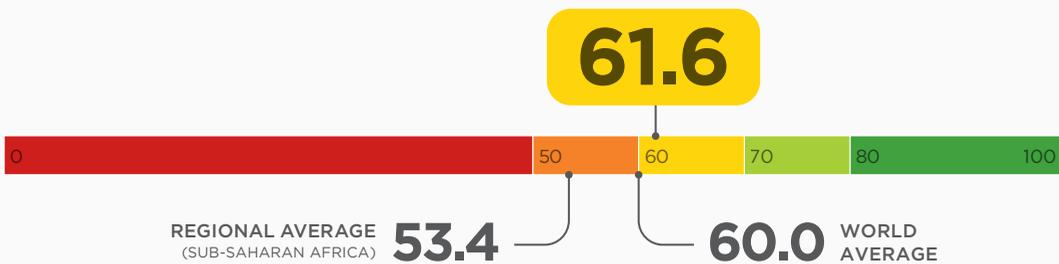
Côte d'Ivoire's economic freedom score is 61.6, making its economy the 76th freest in the 2022 *Index*. Côte d'Ivoire is ranked 4th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Côte d'Ivoire has maintained positive growth rates over the past five years, even in 2020. Its five-year compound annual growth rate is an impressive 6.0 percent. Economic freedom, however, has been on a downward trend. With declines in **judicial effectiveness** and **fiscal health** outpacing pro-business reforms, Côte d'Ivoire has recorded a 1.4-point overall loss of economic freedom since 2017 and remains in the lower half of the "Moderately Free" category. Scores for **tax burden** and **investment freedom** are relatively good, but **government integrity** and **financial freedom** exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 704 deaths had been attributed to the pandemic in Côte d'Ivoire, and the government's response to the crisis ranked 159th among the countries included in this *Index* in terms of its stringency. The economy grew just 2.3 percent in 2020.

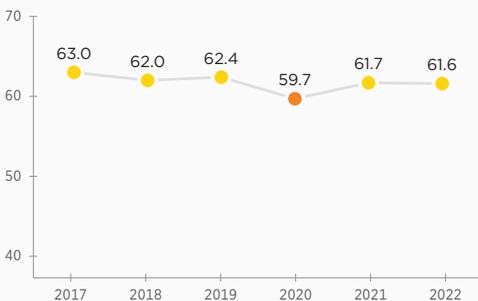


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +8.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
26.4 million

GDP (PPP):
\$144.6 billion
2.3% growth in 2020
5-year compound annual growth 6.0%
\$5,365 per capita

UNEMPLOYMENT:
3.5%

INFLATION (CPI):
2.5%

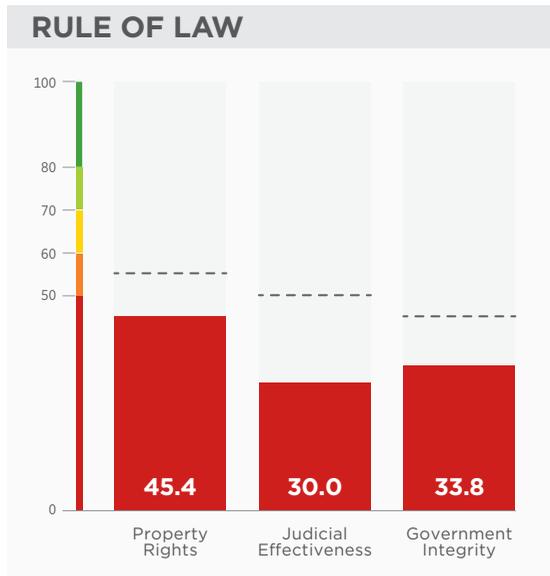
FDI INFLOW:
\$509.0 million

PUBLIC DEBT:
45.7% of GDP

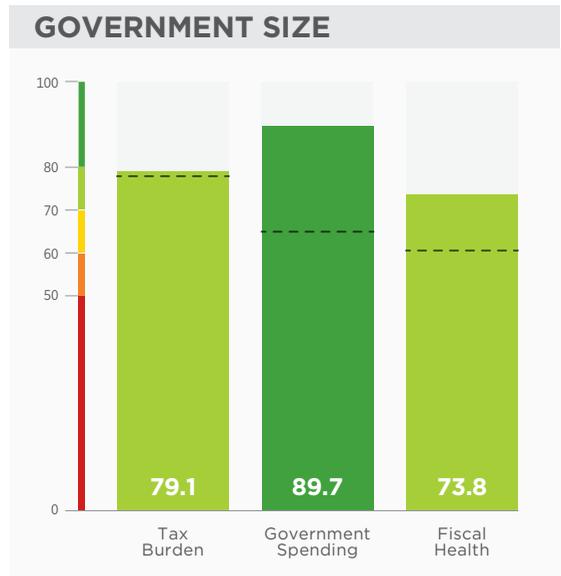
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Following independence in 1960, cocoa and cashew exports made Côte d'Ivoire West Africa's second-largest economy, but prosperity did not prevent political turmoil. The North-South civil war ended in 2007, but the U.N. and France had to intervene three years later to ensure that the internationally recognized winner of the 2010 election, Alassane Ouattara, was able to take office. After his hand-picked successor died in July 2020, Ouattara announced that he would seek a third term, which he won in October 2020 with 95 percent of the vote in an election that was marred by violence. Pro-business reforms and strong private investment in such areas as agriculture, agribusiness, mining, light manufacturing, housing, and services have driven robust economic growth in recent years.

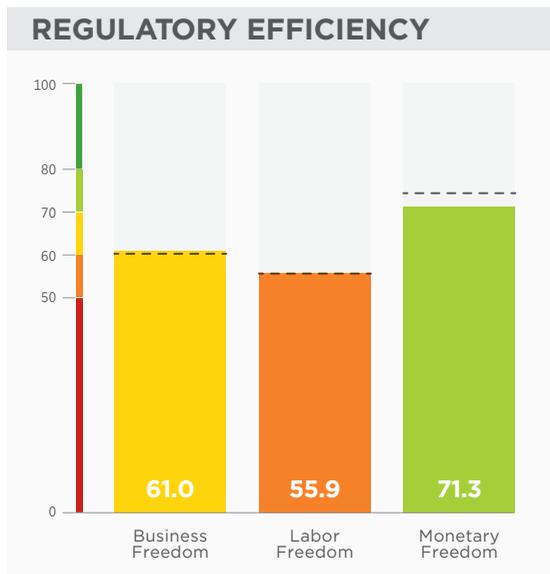
12 ECONOMIC FREEDOMS | CÔTE D'IVOIRE



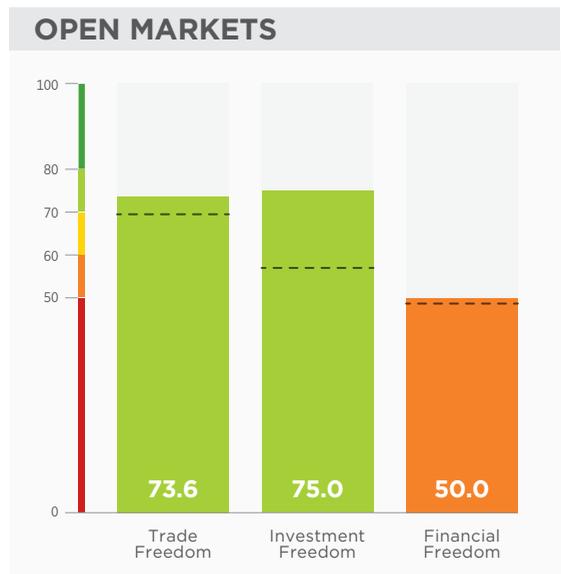
Property rights and contracts are enforced, but laws regarding rural land tenure make enforcement prohibitively difficult. Very little land has clear title. Intellectual property rights are not well protected. The judiciary is ostensibly independent, but judges can be subject to political and financial influence. Corruption and bribery remain endemic and particularly affect the judiciary, police, and government contracting operations.



The top individual income tax rate is 36 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 13.1 percent of total domestic income. Government spending has amounted to 18.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.7 percent of GDP. Public debt is equivalent to 45.7 percent of GDP.



Slow government decision-making processes impede business freedom. Official unemployment figures undercount true unemployment, and labor data are generally not reliable. In 2021, reports and lawsuits concerning child labor and child trafficking on cocoa farms were filed. The government funds numerous agricultural subsidies and maintains price controls in the gas, power, and water sectors.



Côte d'Ivoire has four preferential trade agreements in force. The trade-weighted average tariff rate is 8.2 percent, and 15 nontariff measures are in effect. In most sectors, there are no laws that limit foreign investment. Credit allocation is based on market terms and has increased to support the private sector and economic development. The number of bank branches has more than doubled over the past decade.

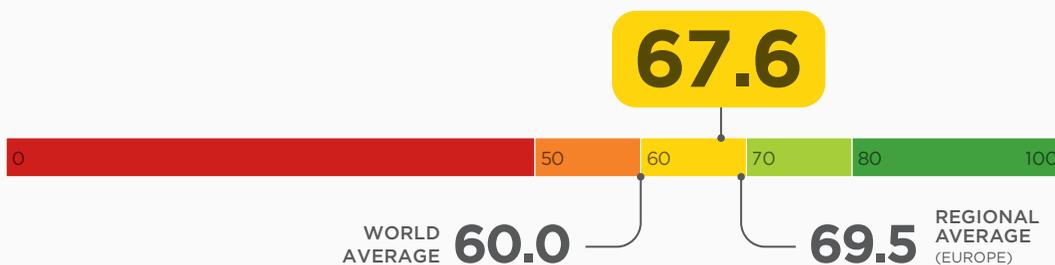
CROATIA

Croatia's economic freedom score is 67.6, making its economy the 45th freest in the 2022 *Index*. Croatia is ranked 27th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Croatia's economic growth has rebounded from a severe downturn in 2020, and a five-year trend of expanding economic freedom has accelerated. Buoyed by score increases in rule of law and **fiscal health**, Croatia has recorded an 8.2-point overall gain of economic freedom since 2017 and has moved from the lower half of the "Moderately Free" category to the top half. Monetary freedom and **trade freedom** are strong, but **government integrity** is weak, and **government spending** levels are too high.

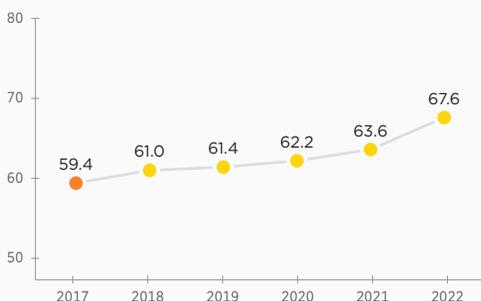
IMPACT OF COVID-19: As of December 1, 2021, 10,967 deaths had been attributed to the pandemic in Croatia, and the government's response to the crisis ranked 99th among the countries included in this *Index* in terms of its stringency. The economy contracted by 9.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +19.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.0 million

GDP (PPP):
\$112.1 billion
-9.0% growth in 2020
5-year compound annual growth 0.7%
\$27,717 per capita

UNEMPLOYMENT:
7.2%

INFLATION (CPI):
0.3%

FDI INFLOW:
\$1.3 billion

PUBLIC DEBT:
87.2% of GDP

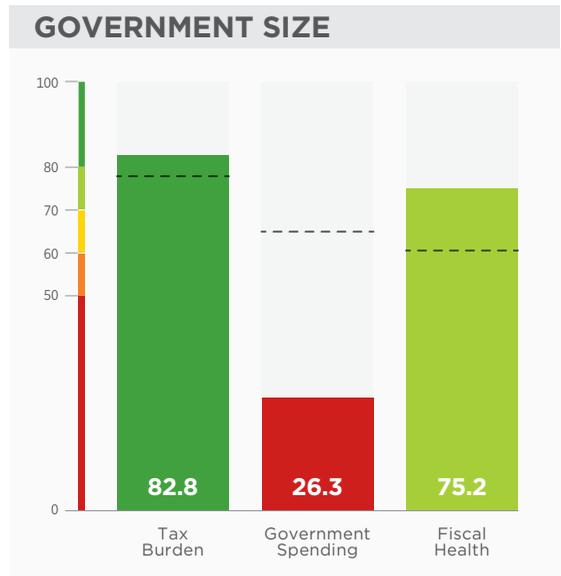
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Croatia's declaration of independence in 1991 contributed to the breakup of Yugoslavia along ethnic and religious lines. Croatia joined NATO in 2009 and the European Union in 2013. Prime Minister Andrej Plenkovic's center-right Croatian Democratic Union (HDZ) won the most seats in July 2020 elections and formed a parliamentary coalition with the liberal Croatian People's Party, the People's Party-Reformists, and representatives of national minorities. The government has enacted tax cuts, increases in the minimum wage, and enlarged health care and defense budgets. Shipbuilding and tourism are major industries. A weak export base, emigration, labor shortages, and the slow pace of privatization remain significant challenges. A new liquid natural gas import terminal at Krk Island became operational in January 2021.

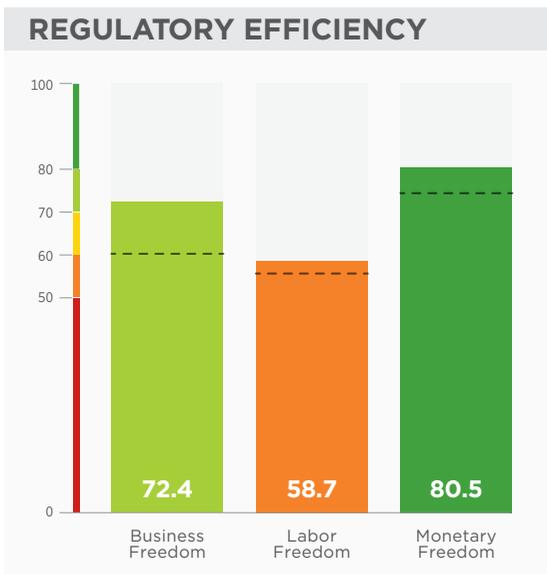
12 ECONOMIC FREEDOMS | CROATIA



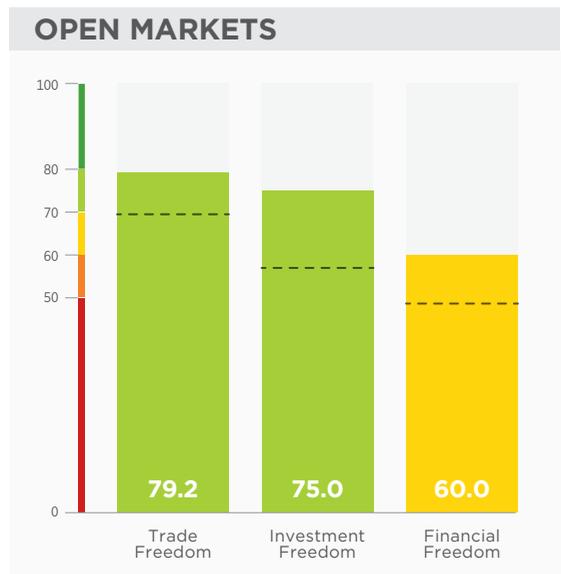
Private property rights are well established, but conflicting claims and legal ambiguity can cloud some title cases. Judicial independence is generally respected. Although reforms are underway, investors often face problems connected with lengthy court procedures, contract enforcement, and judicial efficiency. Corruption and bribery are especially prevalent in the judiciary, public procurement, and the building and construction sector.



The top individual income tax rate has been reduced to 30 percent, and the top corporate tax rate is 18 percent. Other taxes include value-added and excise taxes. The overall tax burden equals 22.2 percent of total domestic income. Government spending has amounted to 49.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.5 percent of GDP. Public debt is equivalent to 87.2 percent of GDP.



The government has pledged to improve business registration and end burdensome business regulations and processes. In 2021, Croatia began to offer visas to so-called digital nomads: digital workers who can work in Croatia and not pay income taxes. The government continues to receive substantial agricultural subsidies from the EU.



As a member of the EU, Croatia has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Croatia has an additional eight country-specific nontariff barriers. Openness to foreign investment is relatively well institutionalized. The banking sector has undergone restructuring, and the overall financial system remains stable.

CUBA

WORLD RANK: **175** | REGIONAL RANK: **31**
 ECONOMIC FREEDOM STATUS: **REPRESSED**

Cuba's economic freedom score is 29.5, making its economy the 175th freest in the 2022 *Index*. Cuba is ranked 31st among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Cuba has enjoyed positive economic growth in only three of the past five years. Over the same five years, economic freedom has trended downward from already extremely low levels. With a score decrease in **fiscal health** and the world's lowest score for **government spending**, Cuba has recorded a 4.4-point overall loss of economic freedom since 2017 and is at the bottom of the "Repressed" category. Monetary freedom and **trade freedom** have some strength, but **judicial effectiveness**, **investment freedom**, and **financial freedom** score near the bottom.

IMPACT OF COVID-19: As of December 1, 2021, 8,305 deaths had been attributed to the pandemic in Cuba, and the government's response to the crisis ranked 129th among the countries included in this *Index* in terms of its stringency.

ECONOMIC FREEDOM SCORE

29.5



REGIONAL AVERAGE (AMERICAS)**A**

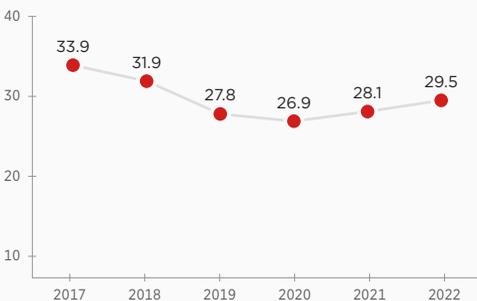
59.4

60.0

WORLD AVERAGE

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.3 million

GDP (PPP):
\$142.6 billion
-11.0% growth in 2020
5-year compound annual growth -1.4%
\$12,600 per capita

UNEMPLOYMENT:
3.9%

INFLATION (CPI):
n/a

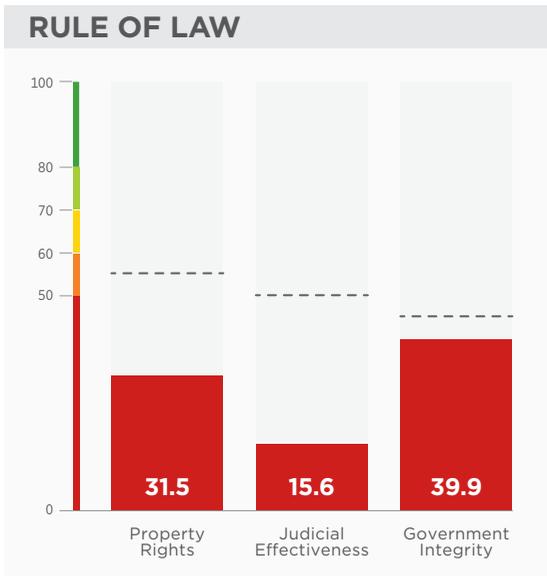
FDI INFLOW: n/a

PUBLIC DEBT:
69.4% of GDP

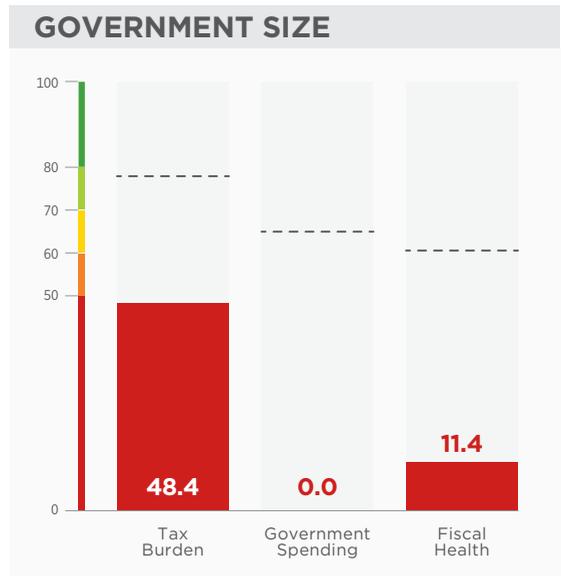
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The longest-lasting Communist dictatorship in the Western Hemisphere has ruled Cuba since 1959. After Raúl Castro stepped down as president, Miguel Díaz-Canel was selected as a figurehead ruler in 2018. However, Raúl Castro did not cede control of the Communist Party until 2021, and he remains widely influential. In July 2021, huge and unprecedented protests broke out with protestors demanding freedom and an end to the brutal dictatorship. Díaz-Canel responded with violent crackdowns. The regime profits from Western tourists, a labor trafficking scheme for the forcible export of Cuban health care professionals, and subsidies from other authoritarian or Communist regimes such as China, Russia, and Venezuela. It also seizes the meager salaries of average Cubans to convert into hard currency.

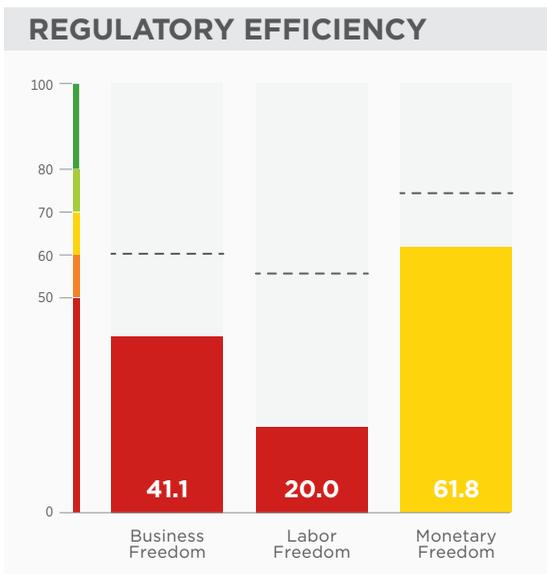
12 ECONOMIC FREEDOMS | CUBA



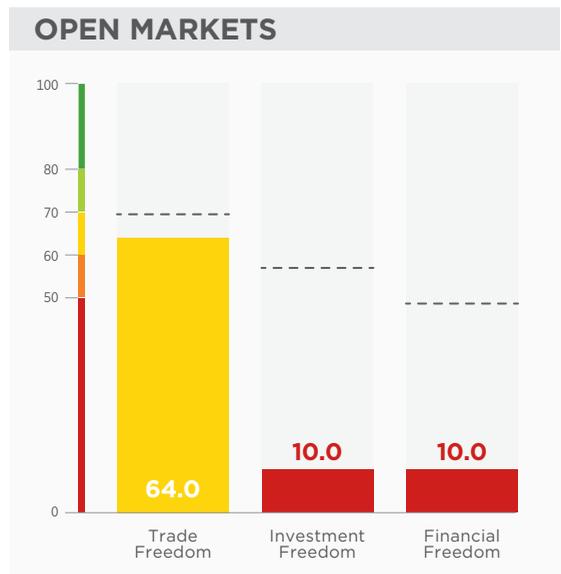
Although a 2019 constitution recognizes private property in theory, the state owns most means of production. There is practically no separation among the judiciary, the National Assembly, and the Communist Party, which can appoint or remove judges at any time. Corruption is a serious problem that remains unaddressed. Widespread illegality permeates both Cuba's limited private enterprises and the vast state-controlled economy.



The top individual income tax rate is 50 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 42.0 percent of total domestic income. Government spending has amounted to 65.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 11.1 percent of GDP. Public debt is equivalent to 69.4 percent of GDP.



The state sector employs over 70 percent of workers, and private business activity is severely repressed. Some retail self-employment is permitted, as is some private ownership of real estate and new cars, and there are 500,000 *cuenta-propistas* (self-employed workers), but recent unprecedented protests show that the public thirsts for more labor freedom. The contraction of real GDP in 2020 forced the government to reduce many subsidies.



Cuba has four preferential trade agreements in force. The trade-weighted average tariff rate is 8.0 percent, and 50 nontariff measures are in effect. The government screens and regulates foreign investment. The financial sector is heavily regulated, and financial-market shallowness severely impedes access to credit for entrepreneurial activity. The state maintains capital and exchange controls.

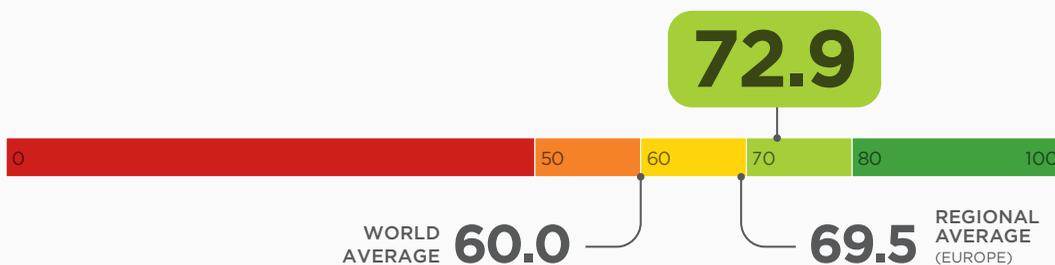
CYPRUS

Cyprus's economic freedom score is 72.9, making its economy the 23rd freest in the 2022 *Index*. Cyprus is ranked 16th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Cyprus's economic growth turned negative in 2020 but rebounded in 2021. A five-year trend of expanding economic freedom has continued. Led by score increases in the rule of law, Cyprus has recorded a 5.0-point overall gain of economic freedom since 2017 and has risen to the lower half of the "Mostly Free" category. Scores for **tax burden** and **monetary freedom** are good, but **government spending** and **financial freedom** exhibit weaknesses.

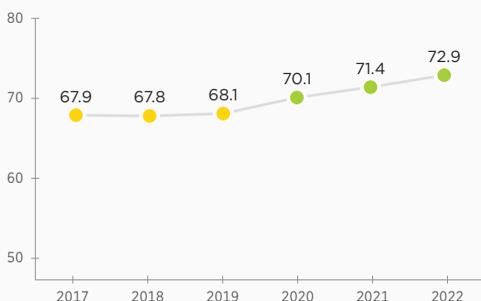
IMPACT OF COVID-19: As of December 1, 2021, 598 deaths had been attributed to the pandemic in Cyprus, and the government's response to the crisis ranked 69th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.1 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +5.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.2 million

GDP (PPP):
\$35.5 billion
-5.1% growth in 2020
5-year compound annual growth 3.0%
\$40,107 per capita

UNEMPLOYMENT:
7.2%

INFLATION (CPI):
-1.1%

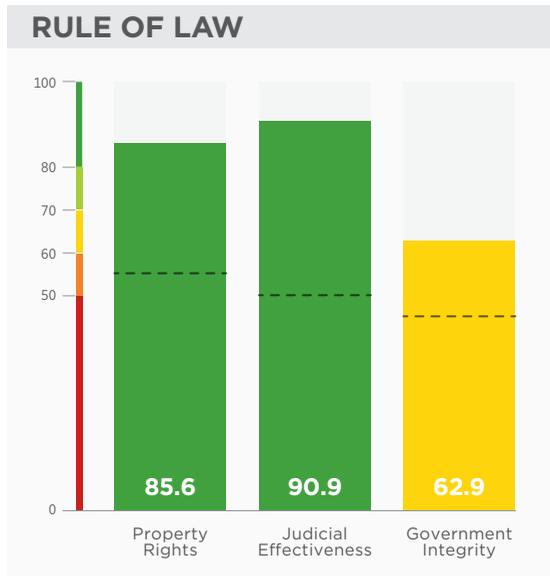
FDI INFLOW:
-\$3,647.0 million

PUBLIC DEBT:
118.2% of GDP

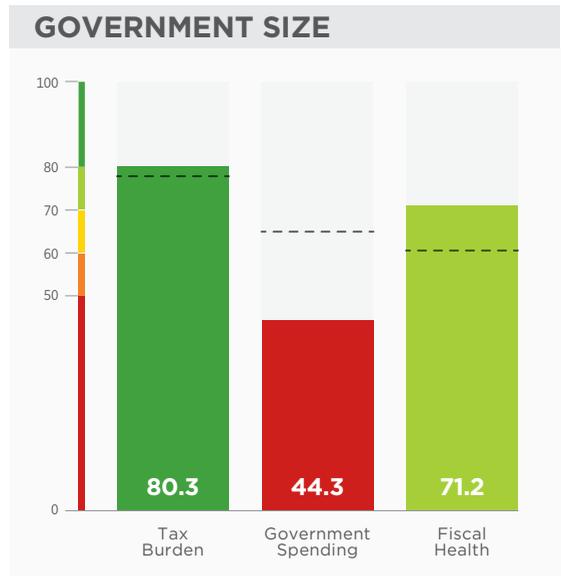
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Cyprus gained independence from the United Kingdom in 1960. Tensions between the Greek majority and the Turkish minority led to repeated episodes of violence, and a U.N. buffer zone has separated the Greek Cypriot Republic of Cyprus from the Turkish Republic of Northern Cyprus since 1974. The Republic of Cyprus joined the European Union in 2004. Reunification talks brokered by the U.N. resumed in April 2021 after a four-year hiatus but ended inconclusively. Disputes over offshore hydrocarbon resources remain unresolved, and tensions continue to flare up on a regular basis. Center-right Cyprus President Nicos Anastasiades won a second five-year term in 2018. Services such as tourism, finance, shipping, and real estate account for more than 80 percent of GDP.

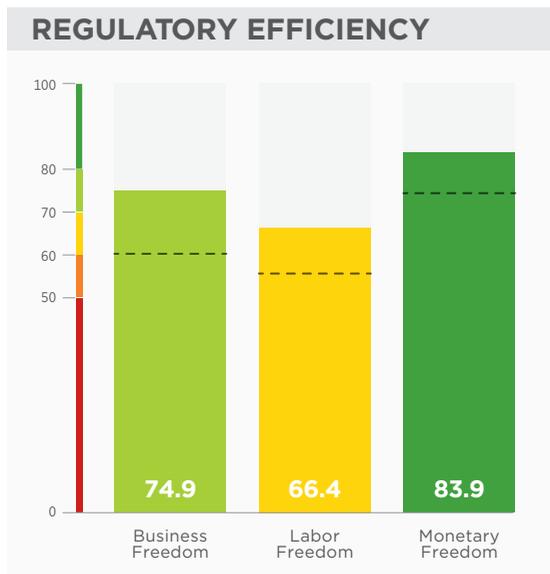
12 ECONOMIC FREEDOMS | CYPRUS



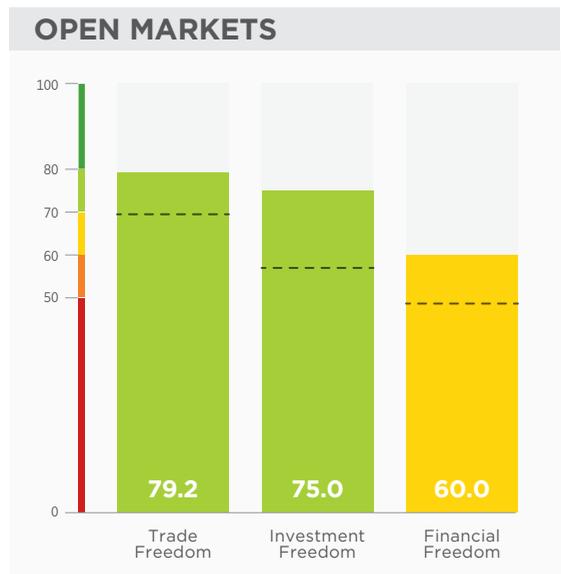
Property rights are generally respected in Cyprus, but property registration and the enforcement of contracts are not efficient. In the Republic of Cyprus, an independent and impartial judiciary that operates under British traditions and upholds due process retains high levels of public trust. Recent high-profile corruption cases have highlighted the risk of corruption in the Cypriot banking sector, public procurement, and land administration sector.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 12.5 percent. The overall tax burden equals 24.2 percent of total domestic income. Government spending has amounted to 43.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.3 percent of GDP. Public debt is equivalent to 118.2 percent of GDP.



It is easier to start a business in Cyprus than it is in many other countries, but there are numerous sector-specific procedures. Minority investors are well protected. Enforcing contracts and dealing with construction permits can be an involved process. Obtaining permits for non-EU staff can be a chore. In 2021, the European Union and the government funded two new subsidy schemes to benefit the manufacturing and housing sectors.



As a member of the EU, Cyprus has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Cyprus has an additional nine country-specific nontariff barriers. Facilitated by openness to investment, efforts to restructure the banking sector have enabled a relatively rapid return to international credit markets.

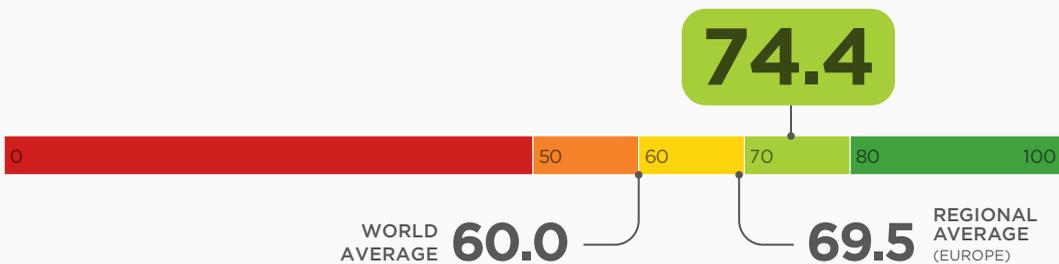
CZECH REPUBLIC

The Czech Republic's economic freedom score is 74.4, making its economy the 21st freest in the 2022 *Index*. The Czech Republic is ranked 14th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Czech Republic's economic growth has slowed over the past five years, turning negative in 2020 but growing again in 2021. A five-year trend of gradually expanding economic freedom has continued. Led by score increases in rule of law, the Czech Republic has recorded a 1.1-point overall gain of economic freedom since 2017 and has climbed higher among the "Mostly Free" countries. Fiscal health and **business freedom** are strong, but **government spending** is excessive.

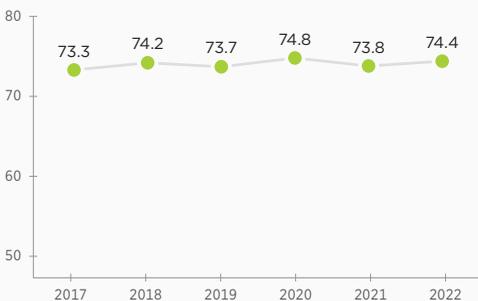
IMPACT OF COVID-19: As of December 1, 2021, 33,186 deaths had been attributed to the pandemic in the Czech Republic, and the government's response to the crisis ranked 122nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.6 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +6.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.7 million

GDP (PPP):
\$434.4 billion
-5.6% growth in 2020
5-year compound annual growth 1.5%
\$40,618 per capita

UNEMPLOYMENT:
2.9%

INFLATION (CPI):
3.2%

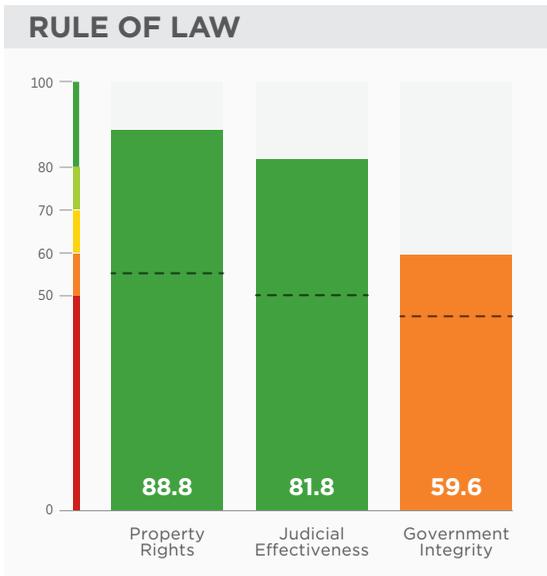
FDI INFLOW:
\$6.3 billion

PUBLIC DEBT:
37.6% of GDP

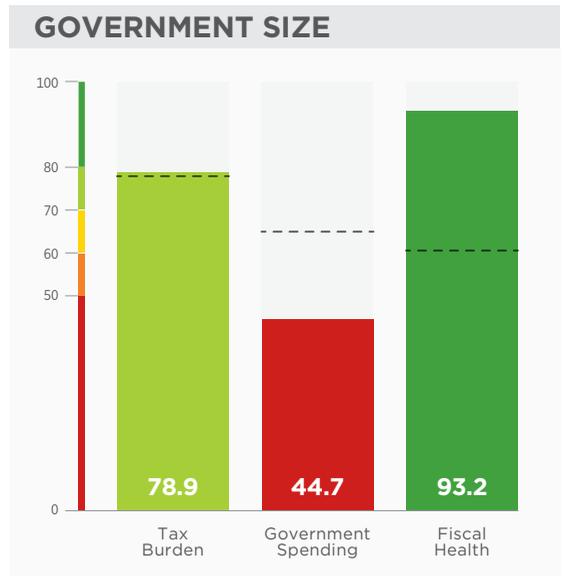
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The so-called Velvet Revolution ended Czechoslovakia's Communist dictatorship in 1989, and the Czech Republic became independent from Slovakia in 1993. President Miloš Zeman of the center-left Czech Social Democrat Party won a second term in 2018, but health concerns have led to questions about his continued fitness for office. October elections saw the populist ANO movement of Prime Minister Andrej Babis lose seats and its coalition partners fail to enter parliament. A coalition of opposition center-right political parties signed a power-sharing agreement in November to form a new government. The automotive industry, which accounts for 25 percent of the country's exports, has helped to power recent economic growth. Ties with China have cooled demonstrably after a series of disputes.

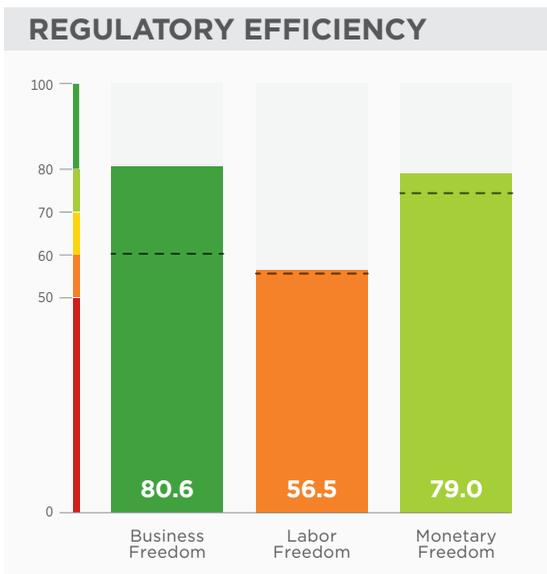
12 ECONOMIC FREEDOMS | CZECH REPUBLIC



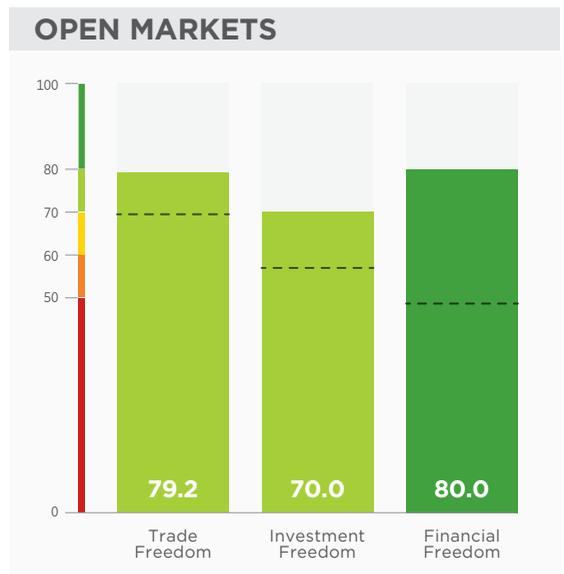
Property rights are relatively well protected, and contracts are generally secure. Almost all land in the Czech Republic has clear title. The judiciary's independence is largely respected, although its complexity has led to slow delivery of judgments. The risk of corruption, patronage, and nepotism in the public procurement sector and public administration is regarded as especially problematic.



The top individual income tax rate has been raised to 23 percent, and the top corporate tax rate is 19 percent. The overall tax burden equals 34.9 percent of total domestic income. Government spending has amounted to 42.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.6 percent of GDP. Public debt is equivalent to 37.6 percent of GDP.



A digital services tax bill that would tax services provided through a digital interface is working its way through the legislative process and threatens business freedom. Freelancer visas for foreigners working remotely and digitally are available, but qualifying for them is somewhat difficult. The European Union funded 59 percent of the Czech Republic's subsidies for the 2014 to 2020 programming period.



As a member of the EU, the Czech Republic has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. The Czech Republic has an additional 83 country-specific nontariff barriers. The investment framework generally facilitates new business activities. The resilient banking sector offers a wide range of financial products.

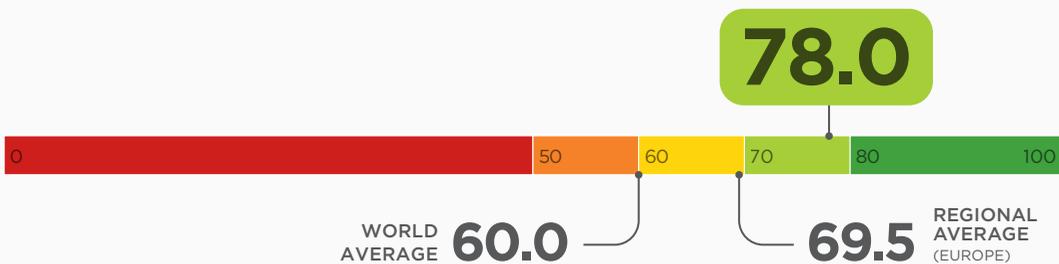
DENMARK

Denmark's economic freedom score is 78.0, making its economy the 10th freest in the 2022 *Index*. Denmark is ranked 7th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Over the past five years, Denmark's economic growth slowed from 2017 to 2019, accelerated slightly in 2019, turned negative in 2020, and rebounded in 2021. A five-year trend of expanding economic freedom has advanced. Led by robust score increases in rule of law, Denmark has recorded a 2.9-point overall gain of economic freedom since 2017 and has climbed higher among the "Mostly Free" countries. Fiscal health and **business freedom** are strong, but the score for **government spending** exhibits weakness.

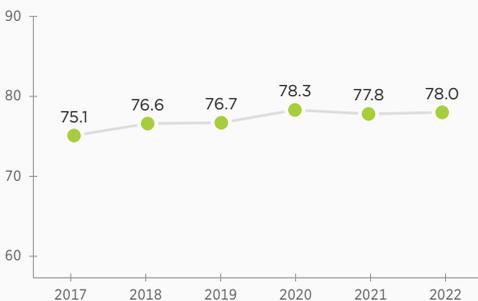
IMPACT OF COVID-19: As of December 1, 2021, 33,186 deaths had been attributed to the pandemic in Denmark, and the government's response to the crisis ranked 77th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.3 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +10.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.8 million

GDP (PPP):
\$343.2 billion
-3.3% growth in 2020
5-year compound annual growth 1.6%
\$58,933 per capita

UNEMPLOYMENT:
5.7%

INFLATION (CPI):
0.3%

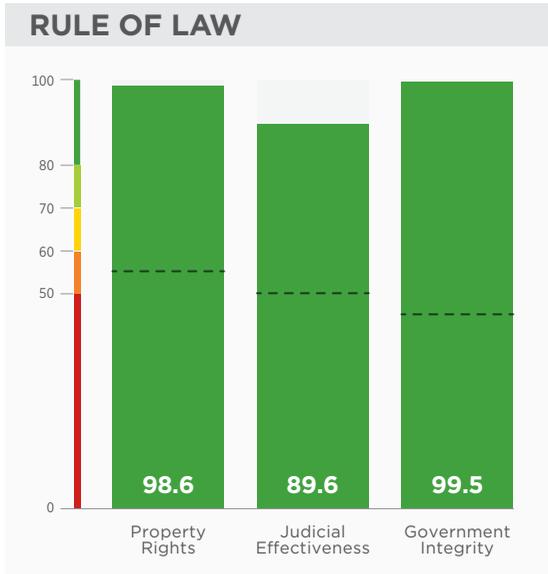
FDI INFLOW:
\$1.2 billion

PUBLIC DEBT:
43.4% of GDP

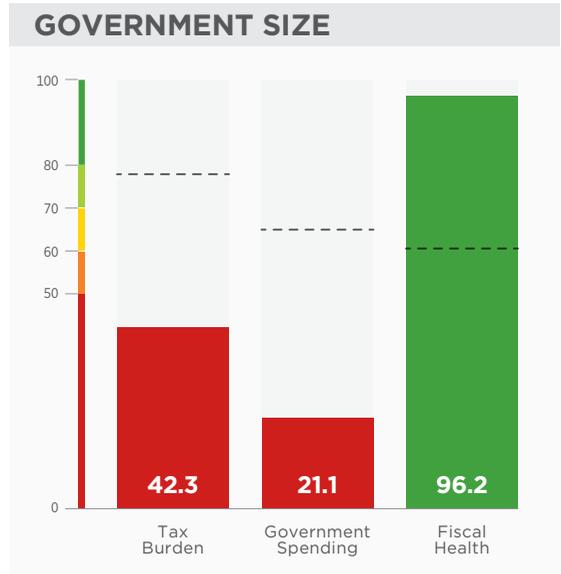
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: With a modern economy that is well integrated into the global marketplace, Denmark has been a member of the European Union since 1973. Mette Frederiksen of the center-left Social Democratic Party is the country's youngest prime minister and leads a one-party minority government that relies on support from three leftist parties to pass legislation. The Danish public supports a continued tightening of immigration policy with an emphasis on assimilation as pursued by consecutive governments. The government has introduced ambitious greenhouse gas targets and is seeking new taxes on CO2 emissions. The economy depends heavily on foreign trade, and the private sector includes many small and medium-size companies with world-leading firms in pharmaceuticals, maritime shipping, and processed foods.

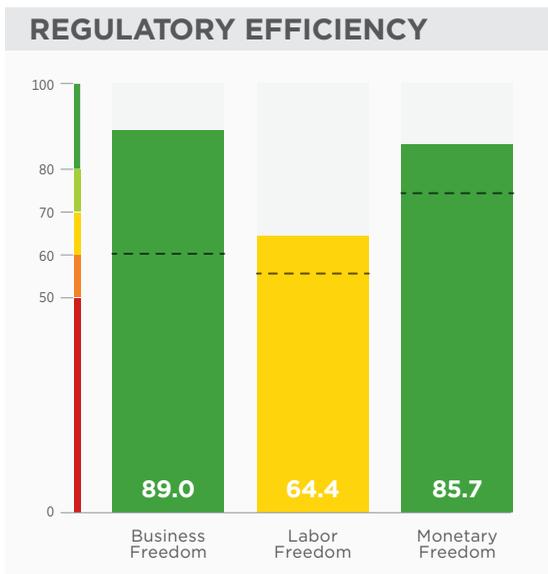
12 ECONOMIC FREEDOMS | DENMARK



Property rights are well protected by law and strongly enforced, and a trustworthy, independent, and fair judicial system is institutionalized throughout the economy. Intellectual property rights are respected, and enforcement is consistent with world standards. Denmark enjoys a reputation as one of the world's least corrupt nations and was ranked 1st out of 180 countries in Transparency International's 2020 *Corruption Perceptions Index*.



The top individual income tax rate is 56 percent, and the top corporate tax rate is 22 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 46.3 percent of total domestic income. Government spending has amounted to 51.3 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.3 percent of GDP. Public debt is equivalent to 43.4 percent of GDP.



Business regulations are clearly defined and easily understood. The entrepreneurial spirit flows freely in Denmark. Wage and labor conditions are generally established through collective bargaining, and union members comprise 75 percent of the labor force. A government commission determined that higher subsidies to fund a massive increase in the number of electric vehicles would result in a substantial net loss to Danish society.



As a member of the EU, Denmark has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Denmark has an additional 26 country-specific nontariff barriers. Open-market policies that sustain competitiveness facilitate large flows of investment. The financial sector is well institutionalized and resilient.

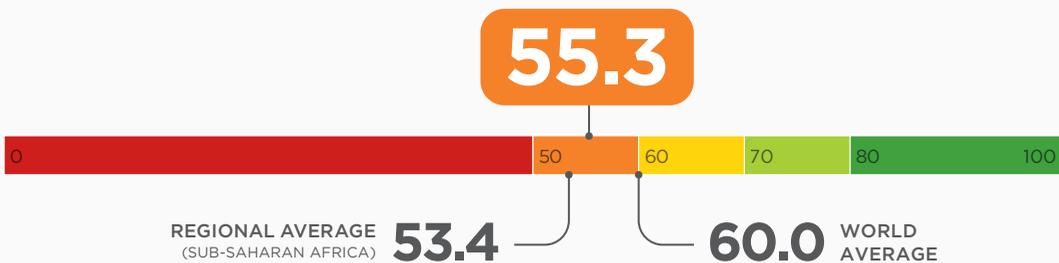
DJIBOUTI

Djibouti's economic freedom score is 55.3, making its economy the 120th freest in the 2022 *Index*. Djibouti is ranked 21st among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Over the past five years, Djibouti's economic growth accelerated through 2018, slowed in 2019 and 2020, and rebounded in 2021. A five-year trend of expanding economic freedom has halted. With higher scores for **property rights**, **judicial effectiveness**, **fiscal health**, and **government spending**, Djibouti has recorded an 8.6-point overall gain of economic freedom since 2017 and has climbed out of the "Repressed" category, but it is still considered "Mostly Unfree." Monetary freedom has improved, but **trade freedom** and **government integrity** have weakened.

IMPACT OF COVID-19: As of December 1, 2021, 186 deaths had been attributed to the pandemic in Djibouti, and the government's response to the crisis ranked 83rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 1.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +0.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.0 million

GDP (PPP):
\$5.6 billion
-1.0% growth in 2020
5-year compound annual growth 5.4%
\$5,096 per capita

UNEMPLOYMENT:
11.6%

INFLATION (CPI):
2.9%

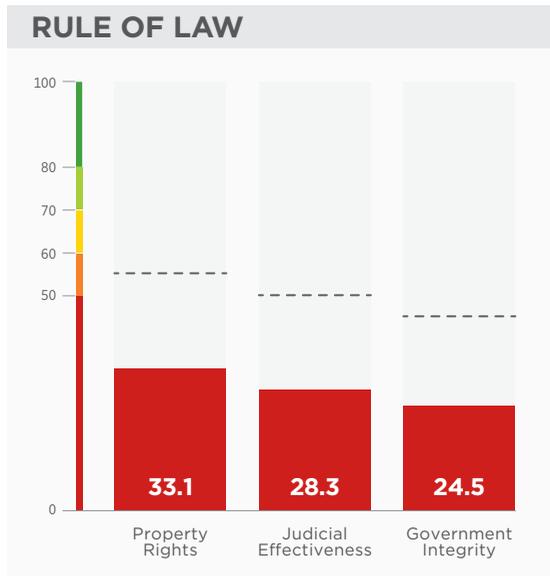
FDI INFLOW:
\$240.0 million

PUBLIC DEBT:
42.2% of GDP

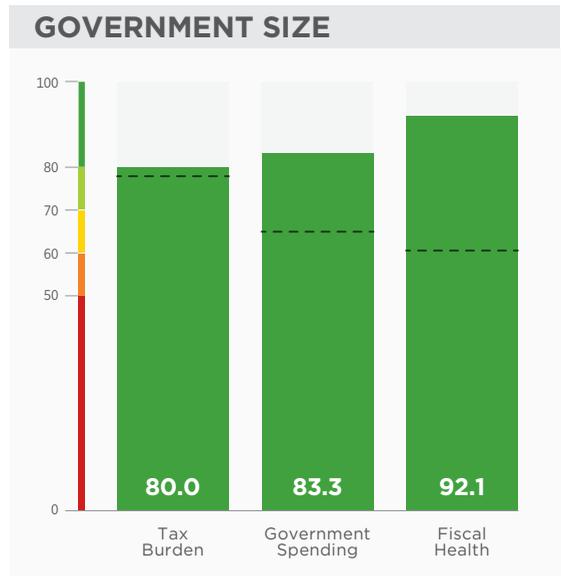
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The French Territory of the Afars and the Issas became Djibouti in 1977. President Ismael Omar Guelleh won a fifth five-year term in 2021. Djibouti is home to the only permanent U.S. military base in Africa and also hosts bases maintained by China, France, Italy, and Japan. Its services-based economy depends on commerce related to Djibouti's strategic location at the mouth of the Red Sea, which makes its railway and deep-water port facilities key assets. In 2018, Djibouti launched Africa's biggest free-trade zone, which will be managed by Chinese companies. Djibouti has lost a series of international arbitration rulings to a Dubai-based company in a controversy stemming from Djibouti's 2018 nationalization of a terminal in the Port of Djibouti.

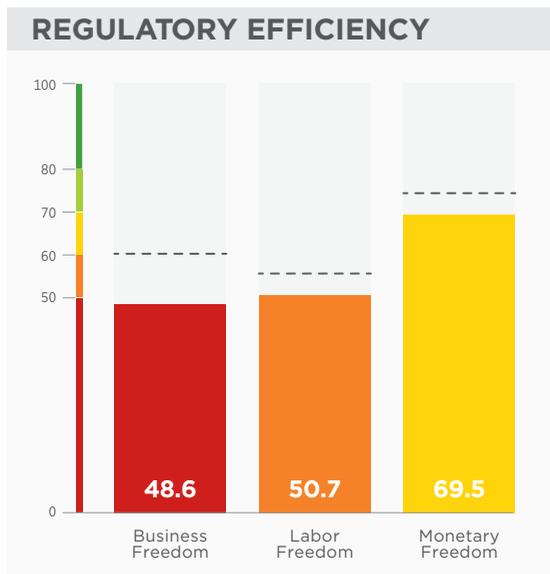
12 ECONOMIC FREEDOMS | DJIBOUTI



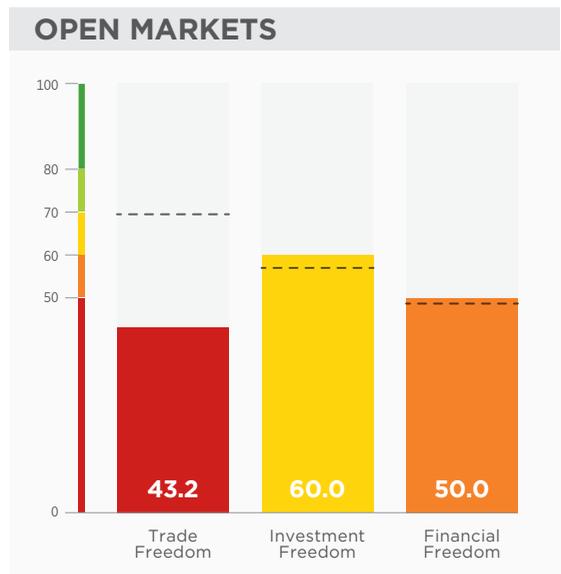
Property rights are protected by law, but Djibouti ranks below regional averages for property registration and enforcement of contracts. The ineffective judiciary is subject to political manipulation and vulnerable to corruption. The presidency dominates all aspects of administration and operates in an opaque manner. Corruption, reportedly including the president and his closest family members, is rampant, and there is no accountability.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 25 percent. Other taxes include property and excise taxes. The overall tax burden equals 21.8 percent of total domestic income. Government spending has amounted to 23.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.6 percent of GDP. Public debt is equivalent to 42.2 percent of GDP.



Companies can now register online. The new Djibouti Port Community System platform offers services to businesses. The unemployment rate is high. Up to 75 percent of workers in the capital city work in the informal sector. Complex labor laws favor the employee. Wholly state-owned enterprises control telecommunications, water, and electrical distribution as well as major media outlets and the country's ports, airport, and free zones.



Djibouti has no preferential trade agreements in force. The simple average tariff rate is 20.9 percent, and nontariff barriers further undermine the benefits of trade. Foreign investment is screened, and state-owned enterprises continue to be a distorting factor in the economy and long-term economic development. The underdeveloped and state-controlled financial sector limits access to credit.

DOMINICA

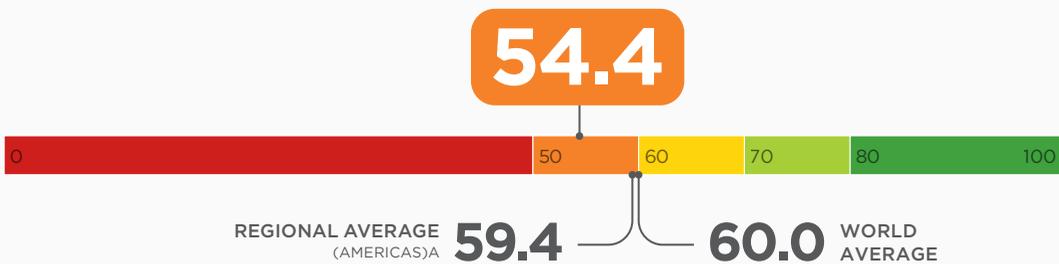
Dominica's economic freedom score is 54.4, making its economy the 125th freest in the 2022 *Index*. Dominica is ranked 24th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Over the past five years, Dominica's economic growth accelerated through 2019, contracted in 2020, and recovered in 2021. A five-year trend of shrinking economic freedom has been interrupted. With scores for **government spending** and **fiscal health** in free fall, Dominica has recorded a steep 9.3-point overall loss of economic freedom since 2017 and has fallen from the "Moderately Free" category deep into the "Mostly Unfree" category. Rule of law has strengthened, but **financial freedom** exhibits weakness.

IMPACT OF COVID-19: As of December 1, 2021, 38 deaths had been attributed to the pandemic in Dominica, and the government's response to the crisis ranked 4th among the countries included in this *Index* in terms of its stringency. The economy contracted by 10.4 percent in 2020.

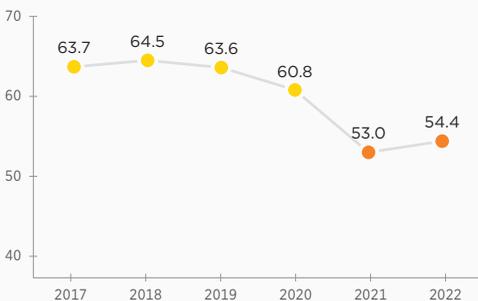
WORLD RANK: **125** REGIONAL RANK: **24**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -8.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$0.8 billion
-10.4% growth in 2020
5-year compound annual growth -1.9%
\$11,073 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
-0.3%

FDI INFLOW:
\$25.0 million

PUBLIC DEBT:
97.1% of GDP

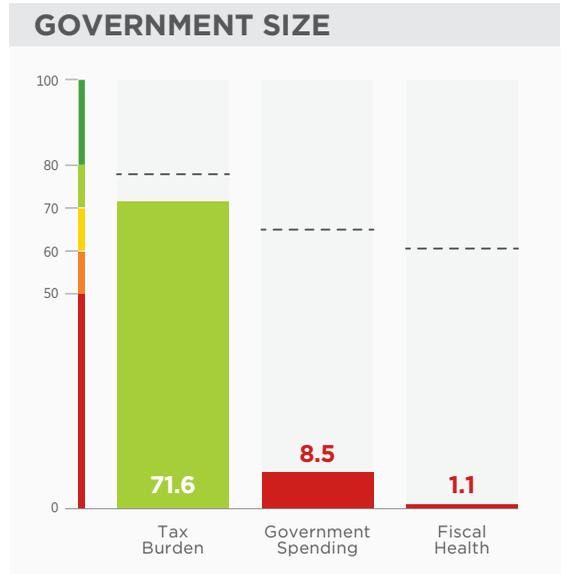
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: A small and mountainous island in the Lesser Antilles, Dominica is a member of the Organization of Eastern Caribbean States (OECS). Prime Minister Roosevelt Skerrit of the center-left Dominica Labour Party (DLP) has been in office since 2004 and was elected to a fifth consecutive five-year term in 2019 with a parliamentary majority. The country continues to recover from the devastating impact of Hurricane Maria, which destroyed nearly 90 percent of the island's infrastructure in 2017. The cost of reconstruction (especially of electricity and water service) continues to strain public resources. Dominica offers the Caribbean's cheapest program of citizenship by investment, but the government has stepped up efforts to prevent use of the program to evade taxes.

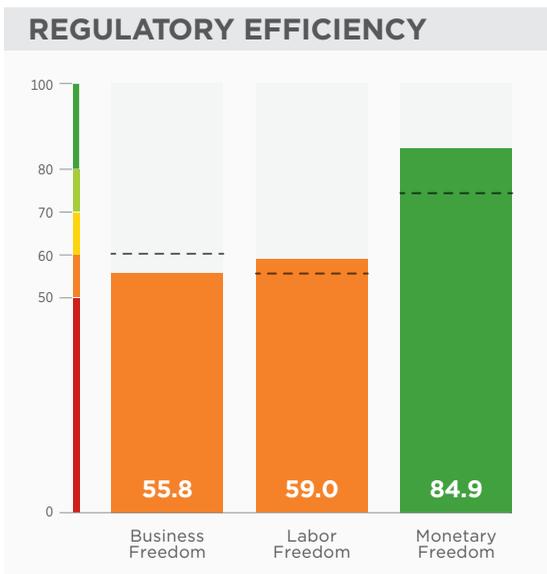
12 ECONOMIC FREEDOMS | DOMINICA



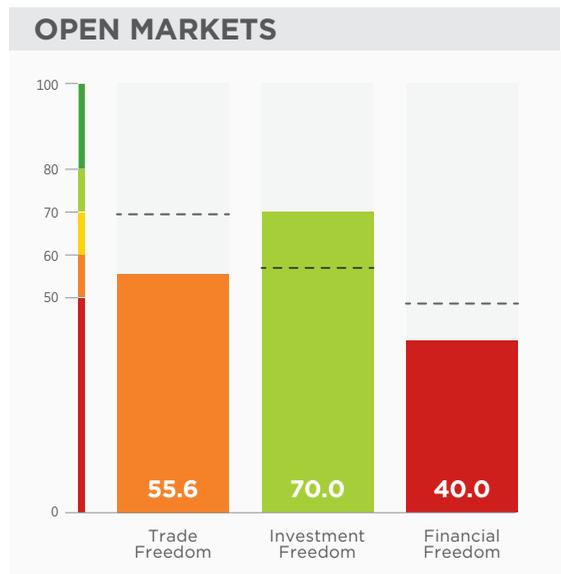
Property rights are generally safeguarded, but the property registration process is costly and lengthy. Rights holders must wait about four months to obtain land titles. The judiciary is independent and based on English common law. The government has attempted to enforce its anticorruption statutes, but it lacks adequate personnel and resources to handle complicated money-laundering and public corruption cases.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 31.5 percent of total domestic income. Government spending has amounted to 55.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 10.2 percent of GDP. Public debt is equivalent to 97.1 percent of GDP.



The Companies and Intellectual Property Office (CIPO) has an e-filing portal for its services, including company registration, but a related payment must be made at the Supreme Court office. Overtime pay is mandated for anyone working more than 40 hours in a five-day or six-day workweek. The government subsidizes agriculture and housing in addition to the state-owned electricity, water, and sanitation infrastructure.



Dominica has three preferential trade agreements in force. The trade-weighted average tariff rate is 14.7 percent, and two nontariff measures are in effect. Gradual reform has improved the overall investment framework over the years, but the financial sector remains underdeveloped. Shallow markets and a lack of available financial instruments restrict overall access to credit.

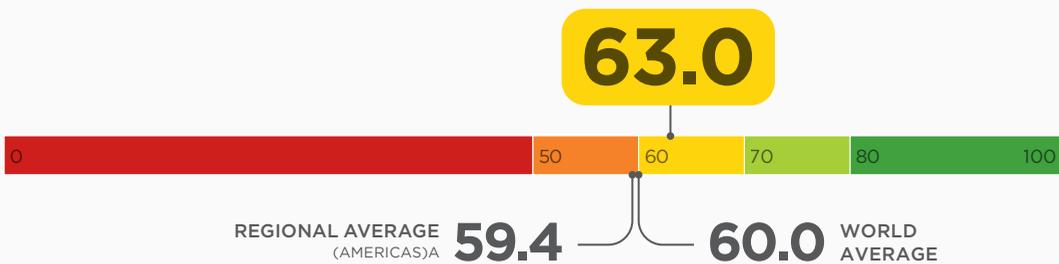
DOMINICAN REPUBLIC

The Dominican Republic's economic freedom score is 63.0, making its economy the 71st freest in the 2022 *Index*. The Dominican Republic is ranked 16th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Over the past five years, the Dominican Republic's economic growth accelerated through 2018, slowed in 2019, contracted in 2020, and rebounded in 2021. A five-year trend of stagnating economic freedom has been broken. With increases in **judicial effectiveness** and **business freedom** balanced by a sharp decrease in its **fiscal health** score, the Dominican Republic has recorded a 0.1-point overall gain of economic freedom since 2017 but remains stuck in the lower half of the "Moderately Free" category. Scores for **tax burden** and **government spending** are high, but **government integrity** and **financial freedom** are very weak.

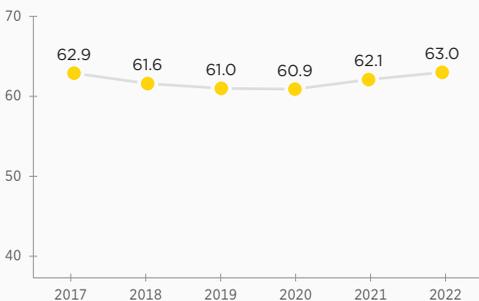
IMPACT OF COVID-19: As of December 1, 2021, 4,210 deaths had been attributed to the pandemic in the Dominican Republic, and the government's response to the crisis ranked 94th among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.7 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.8 million

GDP (PPP):
\$194.6 billion
-6.7% growth in 2020
5-year compound annual growth 3.3%
\$18,608 per capita

UNEMPLOYMENT:
8.9%

INFLATION (CPI):
3.8%

FDI INFLOW:
\$2.6 billion

PUBLIC DEBT:
69.4% of GDP

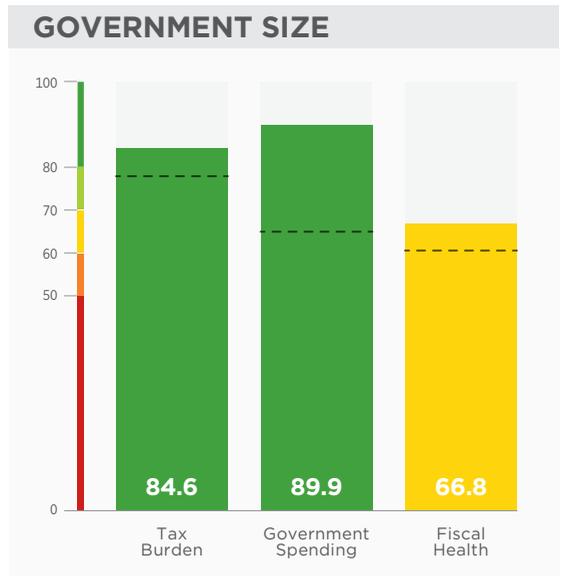
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Dominican Republic occupies the more verdant and arable eastern two-thirds of the island of Hispaniola. Former business executive Luis Abinader of the centrist Modern Revolutionary Party (PRM) was elected president in 2020 on promises to fight corruption, pursue economic reforms, expand some social programs, and strengthen ties with the United States. Abinader's election ended the 16-year reign of the Dominican Liberation Party. Fulfillment of long-standing promises in the national development strategy to impose fiscal discipline and reform the state-owned electric utility has been deferred until 2030. Recently established diplomatic and commercial relations with China have encouraged Chinese state-owned investment and financing. The island remains a major transshipment point for drugs bound for the United States and Europe.

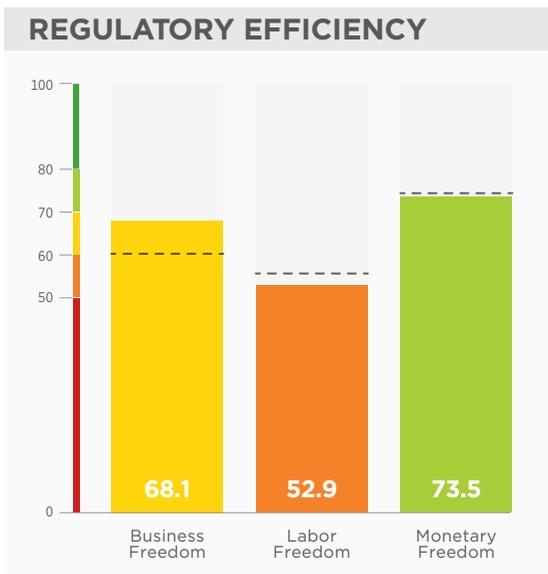
12 ECONOMIC FREEDOMS | DOMINICAN REPUBLIC



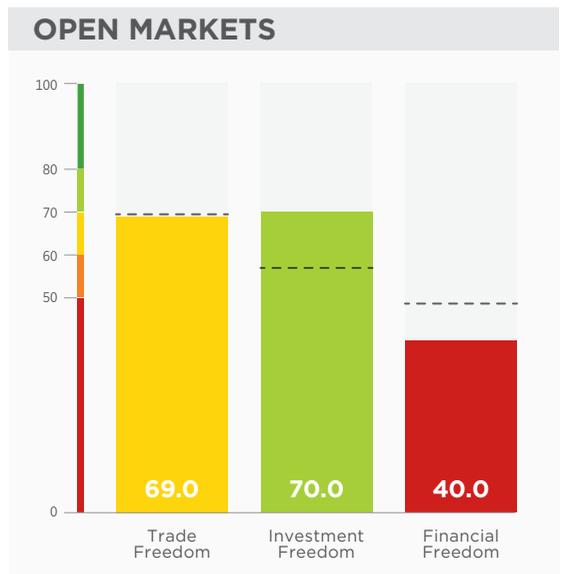
Property rights are generally well protected, although a patchwork history of land titling systems and sometimes violent political change has complicated the property registration system. There are numerous instances of fraudulent titles, expropriations, and disputes over property. The judiciary is susceptible to political pressure. Corruption remains a serious systemic problem at all levels of the government, the judiciary, and the security forces as well as in the private sector.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 27 percent. Other taxes include value-added and estate taxes. The overall tax burden equals 13.5 percent of total domestic income. Government spending has amounted to 18.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.8 percent of GDP. Public debt is equivalent to 69.4 percent of GDP.



There is a lack of transparent, standardized rules for businesses, and existing rules are enforced haphazardly. Administrative decision-making regarding businesses is inconsistent. Disputes can be held up in labor courts for years. The law prohibits dismissal of workers for union activities, but in practice, companies reportedly do fire workers for such activity. The government continues to subsidize food staples, fuel, and electricity.



The Dominican Republic has five preferential trade agreements in force. The trade-weighted average tariff rate is 8.0 percent, and 89 nontariff measures are in effect. In general, government policies do not interfere significantly with foreign investment. The small financial sector remains relatively stable and continues to evolve. The underdeveloped and state-controlled banking sector limits access to credit.

ECUADOR

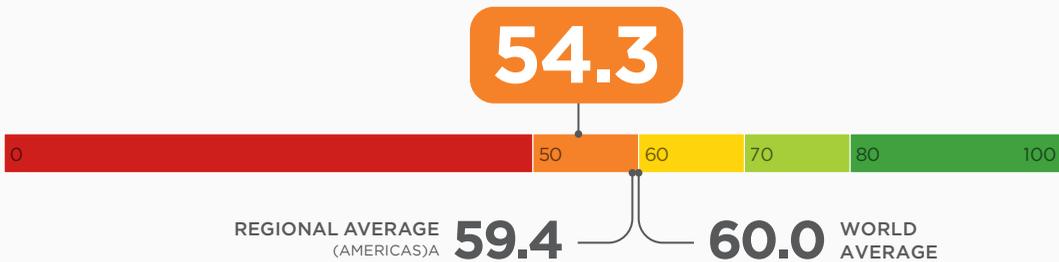
WORLD RANK: **126**
 REGIONAL RANK: **25**
 ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Ecuador's economic freedom score is 54.3, making its economy the 126th freest in the 2022 *Index*. Ecuador is ranked 25th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Over the past five years, economic growth in Ecuador was slow from 2017 through 2019, contracted in 2020, and rebounded in 2021. Economic freedom has been trending upward. With significant increases in scores for **monetary freedom** and **judicial effectiveness**, Ecuador has recorded a 5.0-point overall gain in economic freedom since 2017 and has solidified its position in the "Mostly Unfree" category. The score for **tax burden** is relatively good, but **property rights**, **government integrity**, and **investment freedom** exhibit weaknesses.

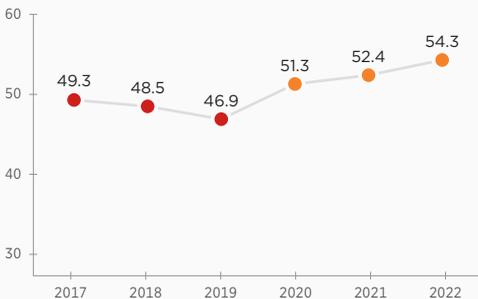
IMPACT OF COVID-19: As of December 1, 2021, 33,250 deaths had been attributed to the pandemic in Ecuador, and the government's response to the crisis ranked 37th among the countries included in this *Index* in terms of its stringency. The economy contracted by 7.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -3.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
17.6 million

GDP (PPP):
\$192.8 billion
-7.5% growth in 2020
5-year compound annual growth -1.0%
\$11,009 per capita

UNEMPLOYMENT:
6.2%

INFLATION (CPI):
-0.3%

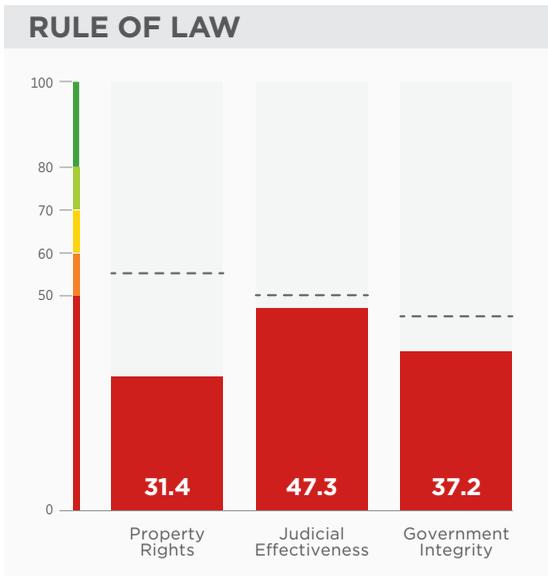
FDI INFLOW:
\$1.0 billion

PUBLIC DEBT:
64.6% of GDP

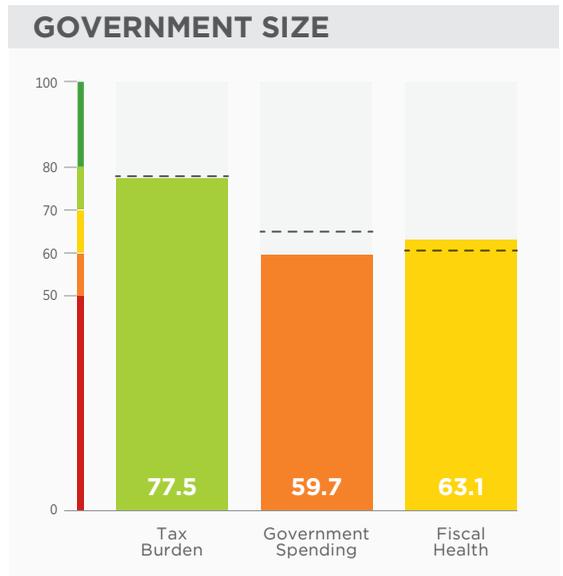
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The "Republic of the Equator" initially gained independence from Spain in 1830. President Guillermo Lasso of the center-right CREO party was elected in April 2021, defeating supporters of former socialist President Rafael Correa. Lasso has continued the reforms begun by centrist former President Lenin Moreno to promote trade and reduce public spending. Lasso has also advanced tax and labor reforms aimed at revitalizing economic growth and diversifying the economy. The government is renegotiating a \$6.5 billion loan with the IMF. The world's largest banana exporter, Ecuador also remains a major transit country for narco-trafficking. Its dollarized economy is substantially dependent on petroleum production, which accounts for more than half of export earnings and approximately 25 percent of public-sector revenues.

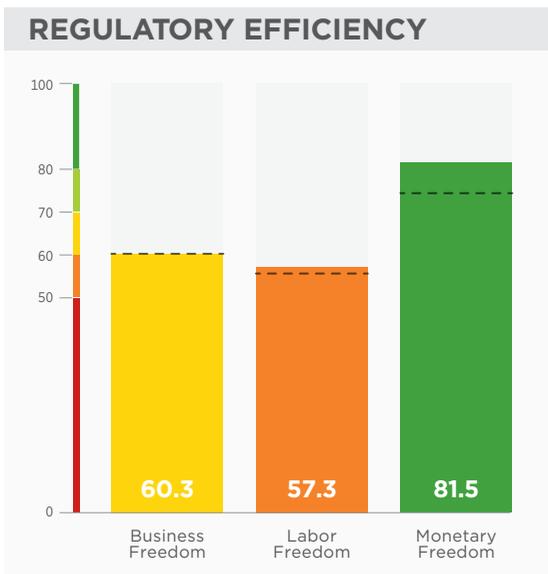
12 ECONOMIC FREEDOMS | ECUADOR



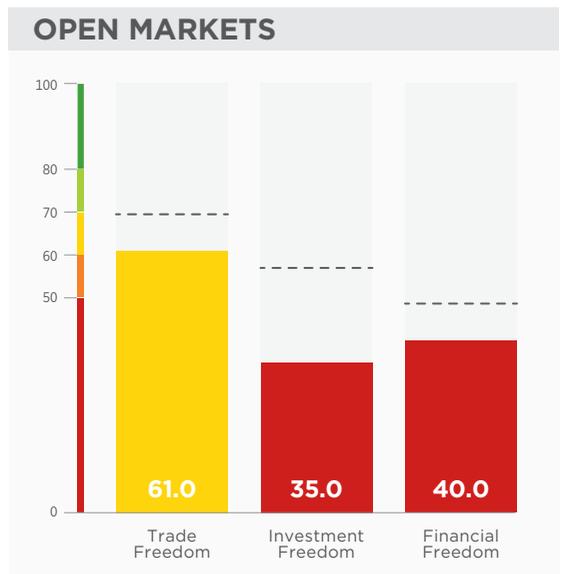
Ecuadorian law recognizes the right to private property. If land has not been in “active use” for two years, however, the state may redistribute it. Protection of property rights and enforcement of contracts are weak. The independence of the judiciary is impaired by systemic weaknesses and vulnerability to outside pressure. Corruption is pervasive, although Ecuador’s score improved slightly in Transparency International’s 2020 *Corruption Perceptions Index*.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 20.1 percent of total domestic income. Government spending has amounted to 36.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.2 percent of GDP. Public debt is equivalent to 64.6 percent of GDP.



Regulations that apply to businesses are subject to unpredictable changes. Child labor persists in the production of bananas, bricks, flowers, and gold persists. Dollarization has helped to tame inflation, and the government has been reducing fuel subsidies, but it still subsidizes many state-owned enterprises and controls some prices.



Ecuador has seven preferential trade agreements in force. The trade-weighted average tariff rate is 9.5 percent, and 284 nontariff measures are in effect. Government openness to foreign investment is below the global average. Although the banking sector has grown, state meddling constrains the overall growth of financial services. The number of nonperforming loans has been increasing.

EGYPT

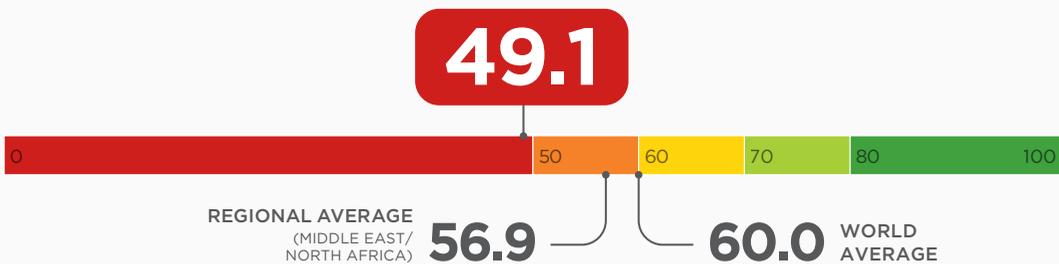
Egypt's economic freedom score is 49.1, making its economy the 152nd freest in the 2022 *Index*. Egypt is ranked 11th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

Over the past five years, Egypt's economic growth accelerated from 2017 through 2019 but slowed in 2020 and 2021. A five-year trend of incrementally improved economic freedom has suffered a significant reversal. Driven down by steep declines in scores for **judicial effectiveness** and **labor freedom**, Egypt has recorded a 3.5-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Unfree" category to the "Repressed" category. Although the **tax burden** score is sound, **fiscal health** has weakened significantly.

IMPACT OF COVID-19: As of December 1, 2021, 20,537 deaths had been attributed to the pandemic in Egypt, and the government's response to the crisis ranked 83rd among the countries included in this *Index* in terms of its stringency. The economy grew just 3.6 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
102.3 million

GDP (PPP):
\$1.3 trillion
3.6% growth in 2020
5-year compound annual growth 4.6%
\$12,790 per capita

UNEMPLOYMENT:
10.5%

INFLATION (CPI):
5.7%

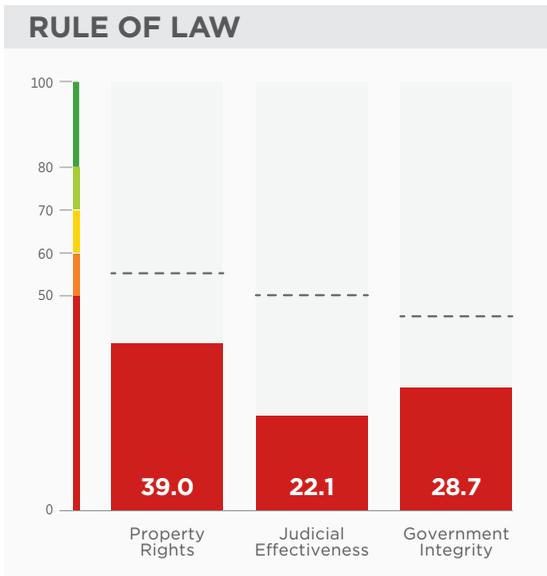
FDI INFLOW:
\$5.9 billion

PUBLIC DEBT:
90.2% of GDP

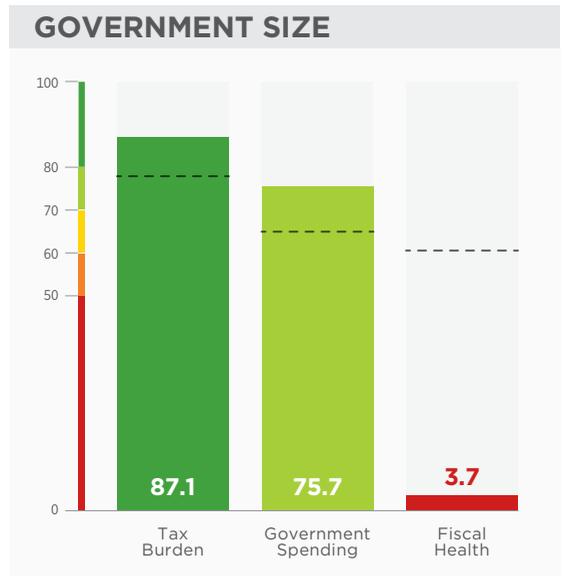
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: After the army deposed longtime President Hosni Mubarak in 2011 amid the Arab Spring protests, the ensuing political instability ultimately led the army to oust Mubarak's elected but increasingly unpopular successor, Mohamed Morsi of the Muslim Brotherhood. Under a new constitution, President Abdel Fattah el-Sisi was elected to a four-year term in 2014 and reelected in 2018. Constitutional amendments approved in 2019 strengthened presidential authority and could permit el-Sisi to rule until 2030. Most economic activity takes place in the highly fertile Nile Valley. Despite sporadic terrorist attacks, the vital tourism industry has rebounded, but Egypt remains dependent on aid from Saudi Arabia and international financial institutions.

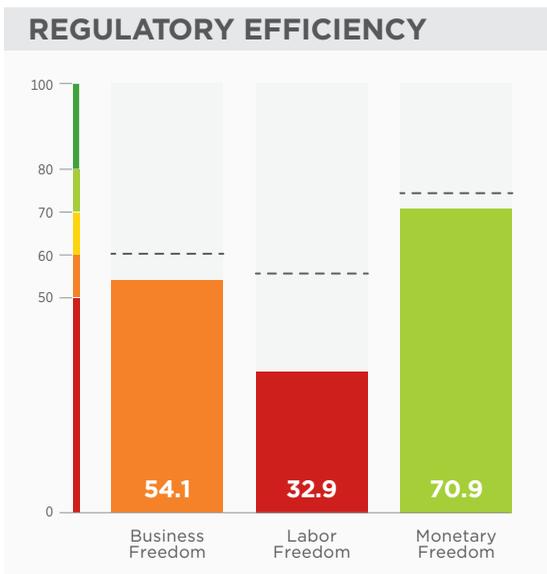
12 ECONOMIC FREEDOMS | EGYPT



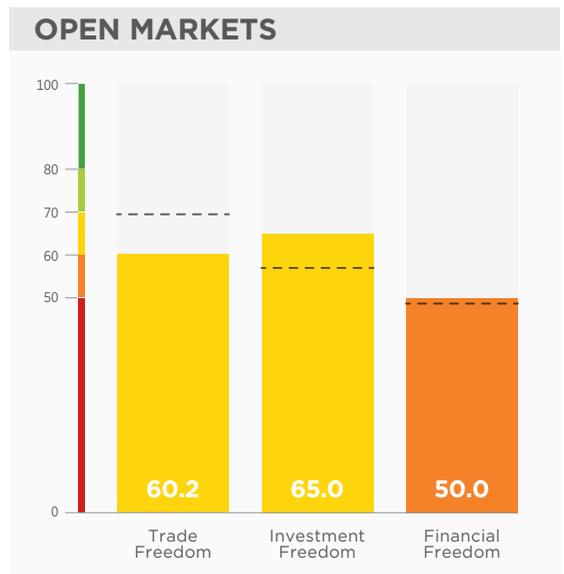
The Egyptian legal system provides protection for real and personal property. Laws on real estate ownership are complex, and titles to real property may be difficult to establish and trace. Enforcement may be delayed. Although the judiciary is proudly independent and enjoys a high level of public trust, the authoritarian executive branch exerts influence over increasingly politicized courts. Corruption is pervasive at all levels of government.



The top individual income tax rate is 22.5 percent. The top standard corporate tax rate is also 22.5 percent, but oil and gas companies are subject to a 40.55 percent rate. The overall tax burden equals 16.7 percent of total domestic income. Government spending has amounted to 28.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.4 percent of GDP. Public debt is equivalent to 90.2 percent of GDP.



A new bankruptcy law and amendments to the 1981 Companies Law were enacted in 2018, improving the business regulatory system. The government bureaucracy and public sector are unusually large, and Egypt has one of the world's highest rates of government workers per capita. Amid rising inflation, the government continues to subsidize large state-owned enterprises and grant them regulatory relief.



Egypt has 10 preferential trade agreements in force. The trade-weighted average tariff rate is 12.4 percent, and 176 nontariff measures are in effect. Egypt has more than 100 bilateral investment treaties. A recently adopted investment code consolidated regulations, but investment in several sectors remains restricted. The financial sector is dominated by banks, which are well capitalized and have recorded rating upgrades.

EL SALVADOR

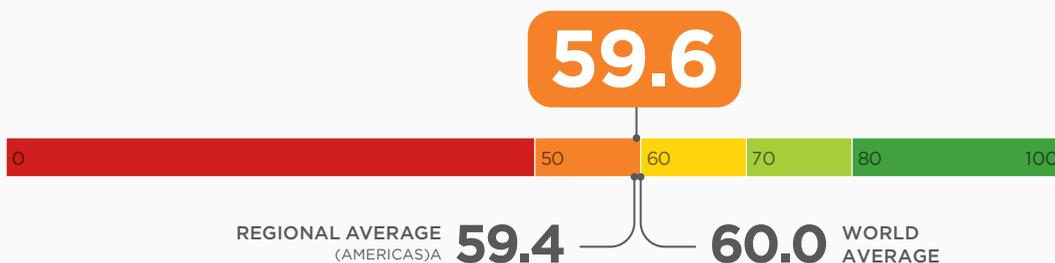
El Salvador's economic freedom score is 59.6, making its economy the 90th freest in the 2022 *Index*. El Salvador is ranked 18th among 32 countries in the Americas region, and its overall score is above the regional average but below the world average.

Over the past five years, El Salvador's economic growth accelerated until 2019, turned negative in 2020, and rebounded in 2021. A five-year trend of declining economic freedom has continued. Dragged down by sharp drops in scores for **fiscal health** and **trade freedom**, El Salvador has recorded a 4.5-point overall loss of economic freedom since 2017 and has fallen from the "Moderately Free" category to the "Mostly Unfree" category. Scores for **tax burden** and **government spending** are relatively good, but **government integrity** is weak.

IMPACT OF COVID-19: As of December 1, 2021, 3,778 deaths had been attributed to the pandemic in El Salvador, and the government's response to the crisis ranked 146th among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.6 percent in 2020.

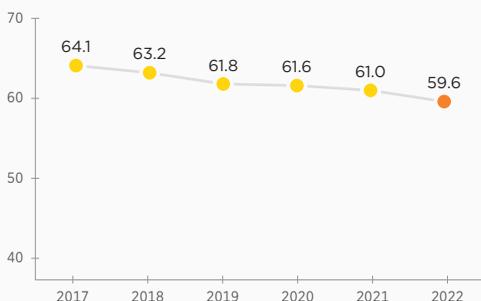
WORLD RANK: **90** | REGIONAL RANK: **18**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -9.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.5 million

GDP (PPP):
\$54.6 billion
-8.6% growth in 2020
5-year compound annual growth 0.2%
\$8,422 per capita

UNEMPLOYMENT:
7.0%

INFLATION (CPI):
0.2%

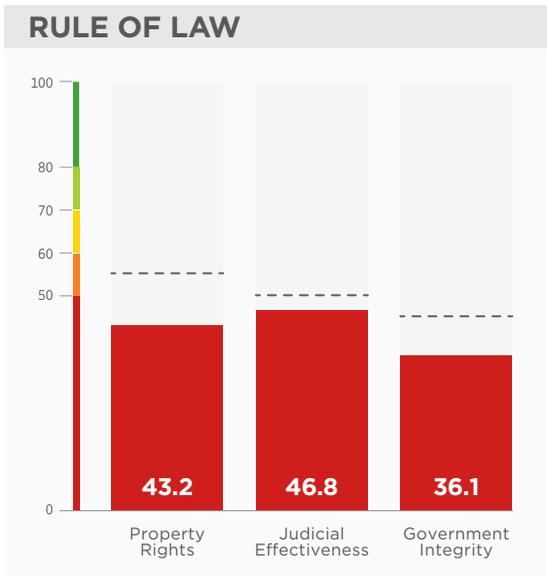
FDI INFLOW:
\$200.0 million

PUBLIC DEBT:
88.2% of GDP

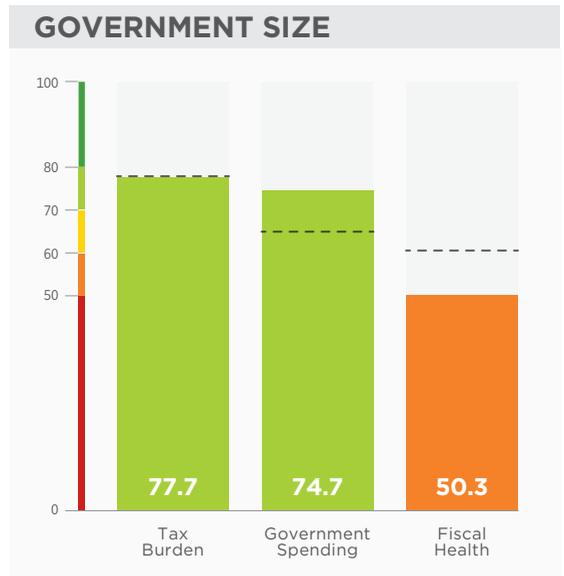
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: After its 12-year civil war ended in 1992, El Salvador enjoyed robust growth under center-right governments until the leftist and statist Farabundo Martí National Liberation Front (FMLN) took power in 2009. Nayib Bukele, a former FMLN mayor, formed a third party and handily won a five-year term as president in 2019. He pledged to improve the investment climate by addressing investor concerns about bureaucracy, corruption, and the politicized legal system. Since taking office, however, Bukele has increasingly exhibited authoritarian tendencies. His Supreme Court allies have unconstitutionally permitted him to seek an immediate second term, and his commitment to reform is now in question. Its location on Central America's isthmus makes El Salvador a key transshipment point for drug trafficking.

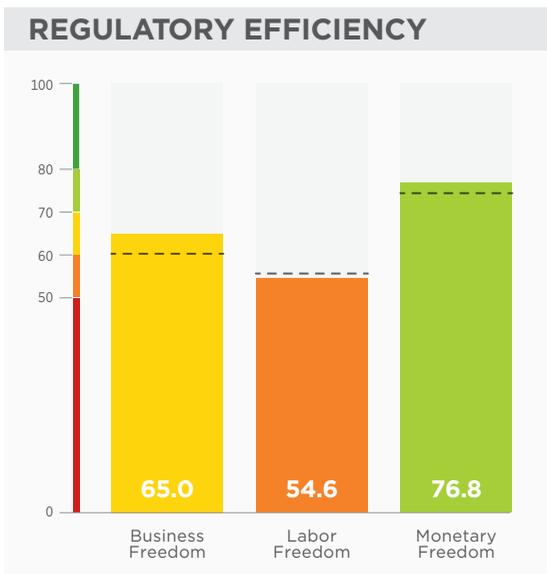
12 ECONOMIC FREEDOMS | EL SALVADOR



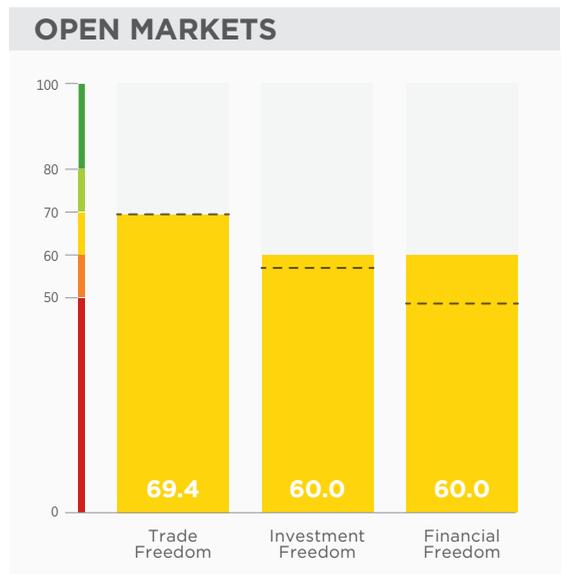
Property rights are recognized by law, but enforcement is uneven. The judiciary is independent but slow and costly, and some judges have been subject to political, economic, or other corrupting influences. Corruption is widespread at all levels of government. In June 2021, the increasingly corrupt and authoritarian Bukele administration terminated El Salvador's participation in a regional agreement against impunity.



The top individual income and corporate tax rates are 30 percent. Other taxes include value-added and excise taxes. The overall tax burden equals 20.8 percent of total domestic income. Government spending has amounted to 29.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.6 percent of GDP. Public debt is equivalent to 88.2 percent of GDP.



Nontransparent and contradictory emergency decrees in response to COVID-19 exacerbated an already murky regulatory environment that traditionally has made the conduct of business in El Salvador complicated. Laws and regulations are not applied uniformly. Some labor laws are enforced more than others. The government continues to subsidize state-owned enterprises in energy production, water supply and sanitation, ports, and airports.



El Salvador has 13 preferential trade agreements in force. The trade-weighted average tariff rate is 7.8 percent, and 12 nontariff measures are in effect. Cumbersome bureaucracy and institutional weaknesses continue to undercut investment flows. The financial sector is dominated by mostly foreign-owned banks. Two state-owned banks focus on mortgages and agricultural-sector financial services, respectively.

EQUATORIAL GUINEA

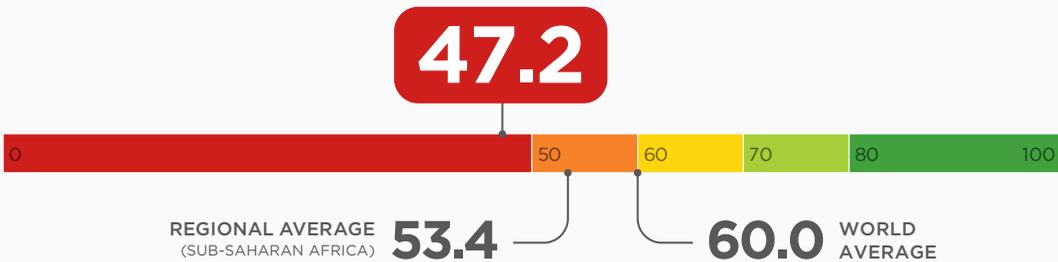
Equatorial Guinea's economic freedom score is 47.2, making its economy the 163rd freest in the 2022 *Index*. Equatorial Guinea is ranked 41st among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, Equatorial Guinea has experienced negative economic growth each year, but the contraction had begun to ease by 2021. Economic freedom has been very weak but uneven over the same period. With international donor assistance, scores for **government spending** and **fiscal health** increased, helping Equatorial Guinea to record a 2.2-point overall gain of economic freedom since 2017, but the country remains in the "Repressed" category. Monetary freedom is relatively strong, but the rule of law is exceptionally weak.

IMPACT OF COVID-19: As of December 1, 2021, 175 deaths had been attributed to the pandemic in Equatorial Guinea. The economy contracted by 5.8 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1999): +2.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.4 million

GDP (PPP):
\$25.0 billion
-5.8% growth in 2020
5-year compound annual growth -6.4%

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

UNEMPLOYMENT:
9.2%

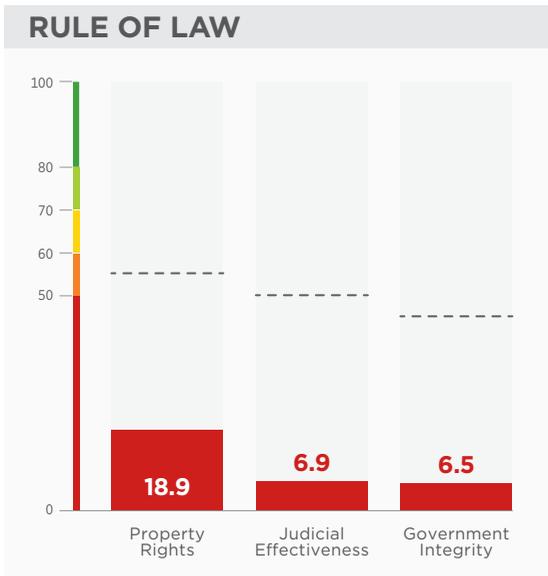
INFLATION (CPI):
4.8%

FDI INFLOW:
\$530.0 million

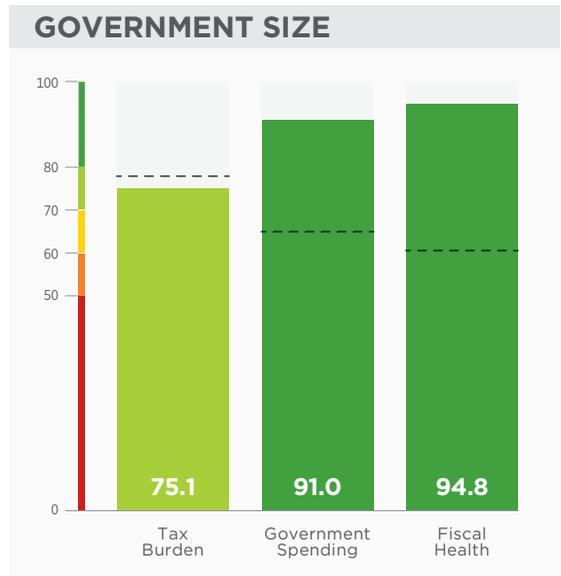
PUBLIC DEBT: 51.1% of GDP

BACKGROUND: Equatorial Guinea gained independence from Spain in 1968. President Teodoro Obiang, currently Africa's longest-serving leader, seized power in a 1979 coup and won reelection to another seven-year term in 2016 with 93 percent of the vote. The opposition protested the result as fraudulent. The ruling party controls 99 of 100 parliamentary seats. In 2018, the country's Supreme Court approved the dissolution of the main opposition party and 30-year prison sentences for nearly two dozen opposition members. Obiang later declared a total amnesty for political prisoners. Equatorial Guinea was once one of Africa's fastest-growing economies and sub-Saharan Africa's third-largest oil producer, but its economy is now in decline because of corruption, falling oil revenues, and lack of diversification.

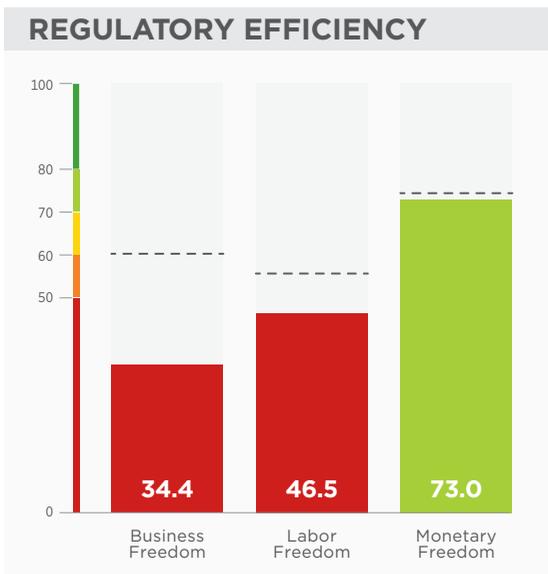
12 ECONOMIC FREEDOMS | EQUATORIAL GUINEA



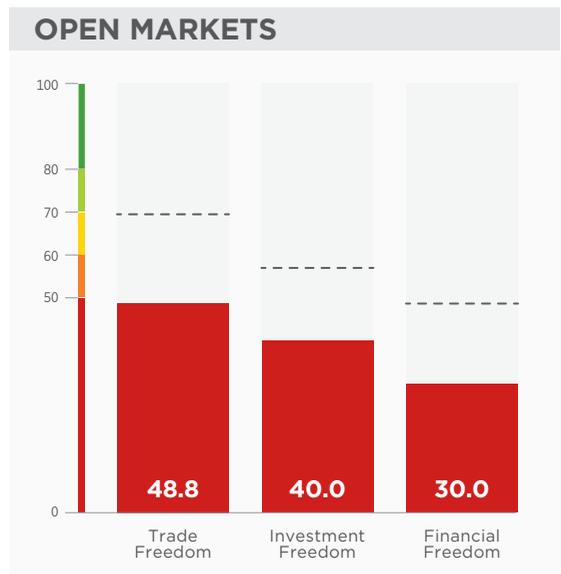
Property rights are enforced selectively, and the government can seize land with very little if any due process. The judicial system is not independent, as the president is also the chief magistrate. Graft and nepotism are rampant. Money laundering occurs often through cross-border currency transactions and illegal international cash transfers. In 2021, assets were seized from the president's corrupt son and used to buy COVID vaccines.



The top personal income and corporate tax rates are 35 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 6.3 percent of total domestic income. Government spending has amounted to 17.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.1 percent of GDP. Public debt is equivalent to 51.1 percent of GDP.



Businesses operate in an opaque regulatory environment that is characterized by heavy, inefficient bureaucracy and legal uncertainty. Administrative procedures take much longer if one lacks political or familial connections. Dismissing an employee for any reason is very difficult. The government subsidizes at least eight state-owned enterprises in the energy, housing, fishing, aerospace and defense, and information and communication sectors.



Equatorial Guinea has one preferential trade agreement in force. Its most recent publicly available average tariff rate is 15.6 percent. Equatorial Guinea is not a member of the World Trade Organization. Foreign investment in several sectors of the economy is restricted, and state-owned enterprises distort markets. The financial system remains very underdeveloped. Capital markets are nonexistent, and long-term financing is hard to obtain.

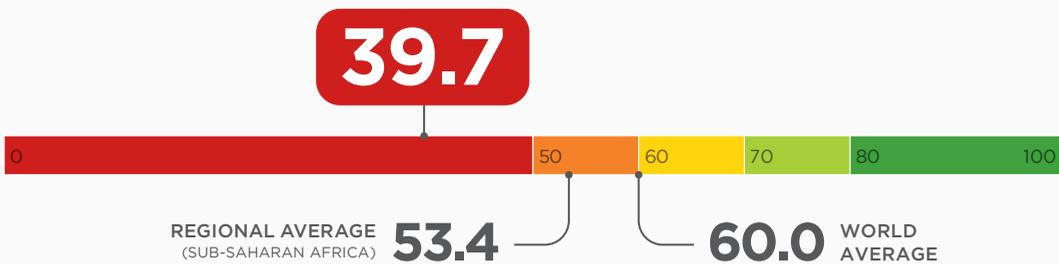
ERITREA

Eritrea's economic freedom score is 39.7, making its economy the 171st freest in the 2022 *Index*. Eritrea is ranked 44th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, Eritrea's economy grew in 2017 and 2018, slowed in 2019, turned negative in 2020, and rebounded in 2021. Economic freedom has suffered over the same period. With punishingly low scores for **business freedom** and rule of law, coupled with the world's lowest **investment freedom** score, Eritrea has recorded a 2.5-point overall loss of economic freedom since 2017 and is near the bottom of the "Repressed" category. Scores for **tax burden**, **government spending**, and **trade freedom** demonstrate some strength, but **judicial effectiveness** and **financial freedom** are among the worst in the world.

IMPACT OF COVID-19: As of December 1, 2021, 60 deaths had been attributed to the pandemic in Eritrea, and the government's response to the crisis ranked 31st among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.6 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +1.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.6 million

GDP (PPP):
\$6.5 billion
-0.6% growth in 2020
5-year compound annual growth 2.7%
\$1,821 per capita

UNEMPLOYMENT:
7.4%

INFLATION (CPI):
4.9%

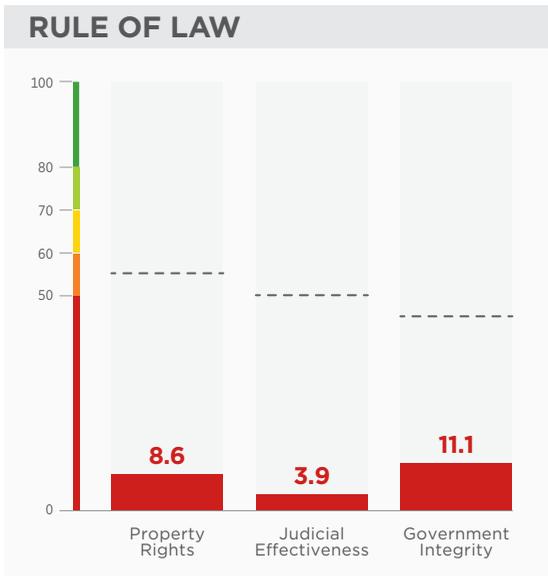
FDI INFLOW:
\$74.0 million

PUBLIC DEBT:
184.7% of GDP

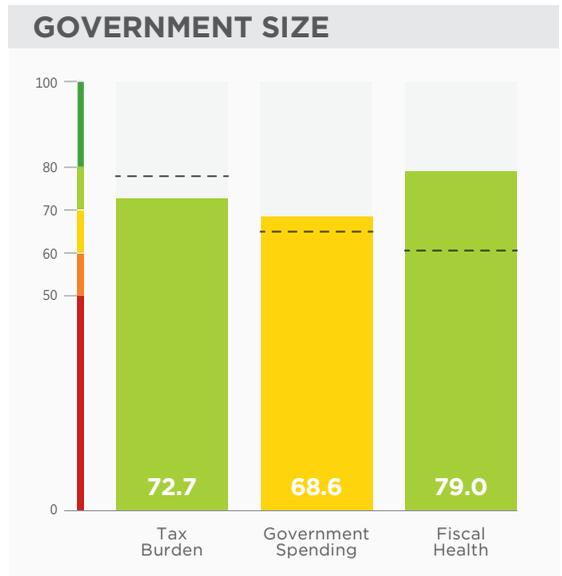
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Ethiopia's annexation of Eritrea in 1962 sparked a violent 30-year struggle for independence that ended in 1991 with Eritrean rebels defeating government forces. The autocratic and repressive rule of Isaias Afewerki has created a rigidly militarized society in which conscription is mandatory and can be for indefinite periods. Eritrea and Ethiopia normalized relations in 2018. Eritrean troops entered northern Ethiopia in support of the Ethiopian government's offensive against a rebel group in 2020 and have been accused of widespread brutality against Ethiopian civilians. The government has expanded military-owned and party-owned businesses in pursuing the president's development agenda. Copper and gold are important exports, but military spending drains resources needed for the construction of public infrastructure.

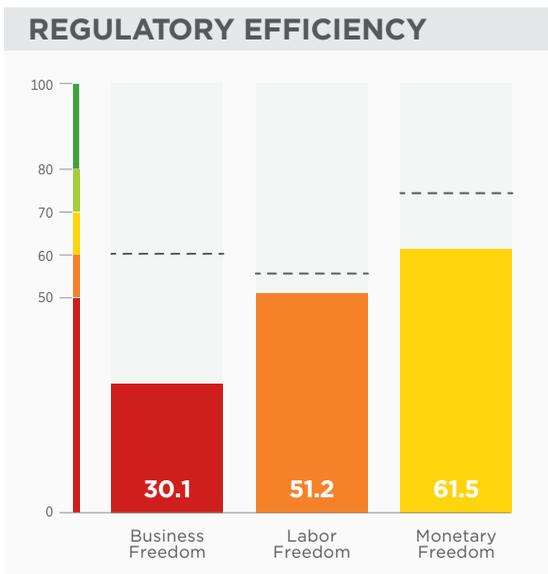
12 ECONOMIC FREEDOMS | ERITREA



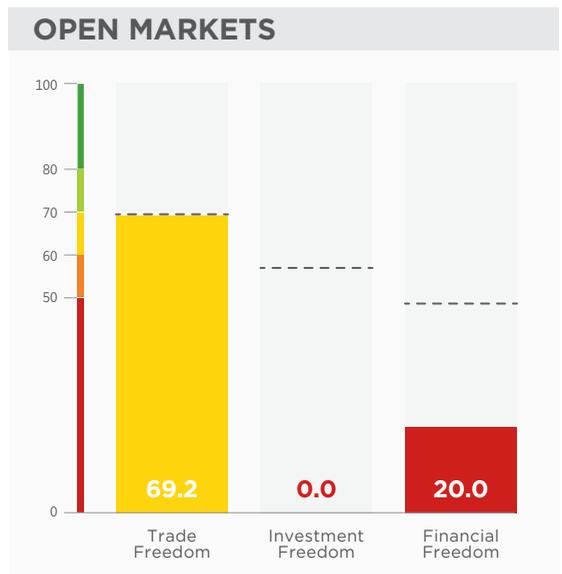
All land is considered state-owned, and property rights are nearly nonexistent in practice. The few private properties that do exist can be expropriated without due process or compensation. The politicized judiciary is understaffed, underfunded, and unprofessional. The autocratic one-party state, widely considered to be one of the world's most repressive, is controlled by the president and his inner circle. Corruption is a major problem.



The top individual income tax rate is 30 percent, and the top corporate tax rate is also 30 percent. The overall tax burden equals 30.5 percent of total domestic income. Government spending has amounted to 32.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.8 percent of GDP. Public debt is equivalent to 184.7 percent of GDP.



The sole political party, the People's Front for Democracy and Justice, controls and runs most commercial enterprises. Any money-making opportunity that exists primarily involves the government. Most citizens are forced to participate in the national service program with indefinite terms of service at very low wages in public-sector positions. Monetary stability is weak, and subsidies and price controls continue to be used widely in the command economy.



Eritrea has one preferential trade agreement in force. The country's most recent publicly available average tariff rate is 5.4 percent, but layers of nontariff barriers severely hamper trade flows. Eritrea is not a member of the World Trade Organization. Onerous regulations, exacerbated by other institutional shortcomings, impede foreign investment flows. High credit costs limit access to financing, and the government controls long-term lending.

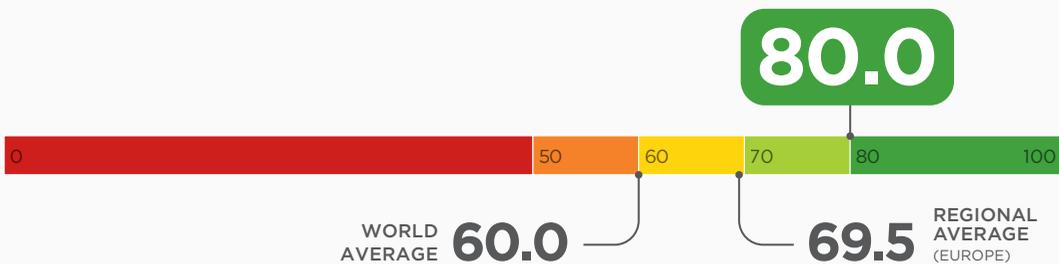
ESTONIA

Estonia's economic freedom score is 80.0, making its economy the 7th freest in the 2022 *Index*. Estonia is ranked 4th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Over the past five years, Estonia's economic growth slowed from 2017 through 2019, contracted in 2020, and rebounded in 2021. Estonia's enviable record of vibrant economic freedom has been rewarded this year. Helped by robust increases in scores for **business freedom** and rule of law, Estonia has recorded a 0.9-point overall gain of economic freedom since 2017 and for the first time in its *Index* scoring history has made it over the threshold from the "Mostly Free" category into the top "Free" category. The only glaring weakness in an otherwise admirable performance is in the score for **government spending**.

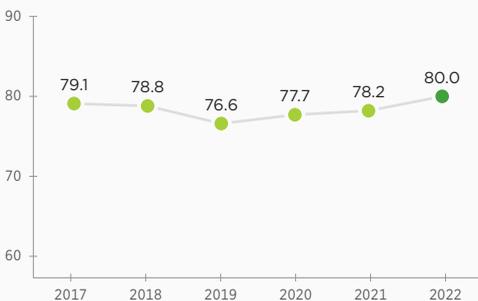
IMPACT OF COVID-19: As of December 1, 2021, 1,803 deaths had been attributed to the pandemic in Estonia, and the government's response to the crisis ranked 133rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.9 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +14.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.3 million

GDP (PPP):
\$50.2 billion
-2.9% growth in 2020
5-year compound annual growth 3.0%
\$37,745 per capita

UNEMPLOYMENT:
6.5%

INFLATION (CPI):
-0.6%

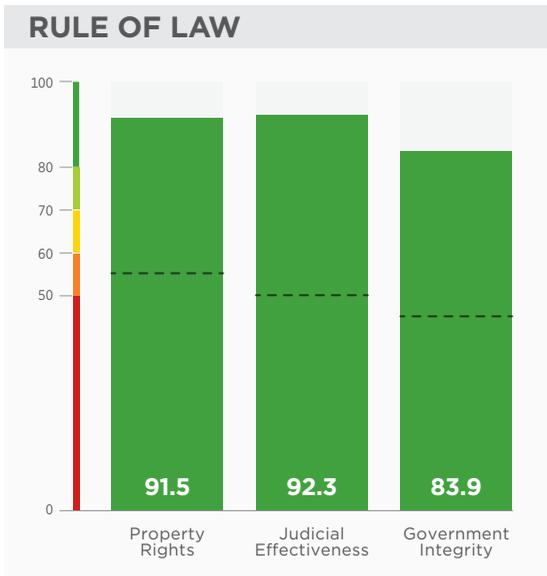
FDI INFLOW:
\$3.2 billion

PUBLIC DEBT:
18.5% of GDP

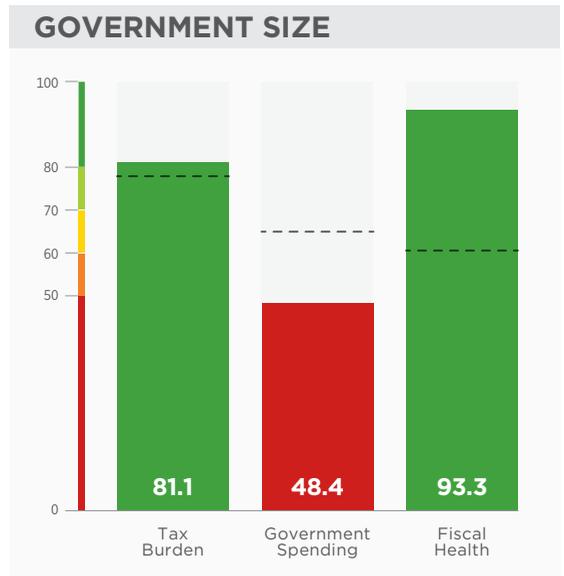
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Estonia has been independent since 1991 and has become a stable multiparty democracy. It joined NATO and the European Union in 2004 and the Organisation for Economic Co-operation and Development in 2010. In 2010, it also became the first former Soviet state to adopt the euro. Kaja Kallas of the center-right, pro-market Reform Party became the nation's first female prime minister in January 2021. Reform's coalition partner, the left-leaning Centre Party, led the previous coalition government until a corruption scandal led to its collapse. The economy relies on robust electronics and telecommunications sectors and strong regional trade ties. The government has revived plans for a Baltic Sea tunnel, previously scrapped because of security concerns related to Chinese involvement.

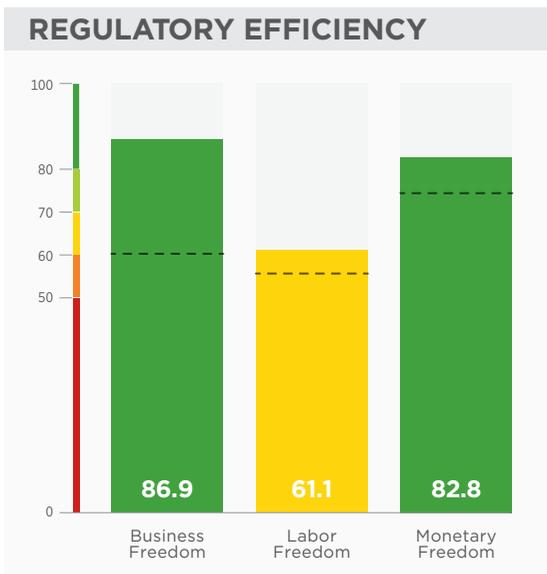
12 ECONOMIC FREEDOMS | ESTONIA



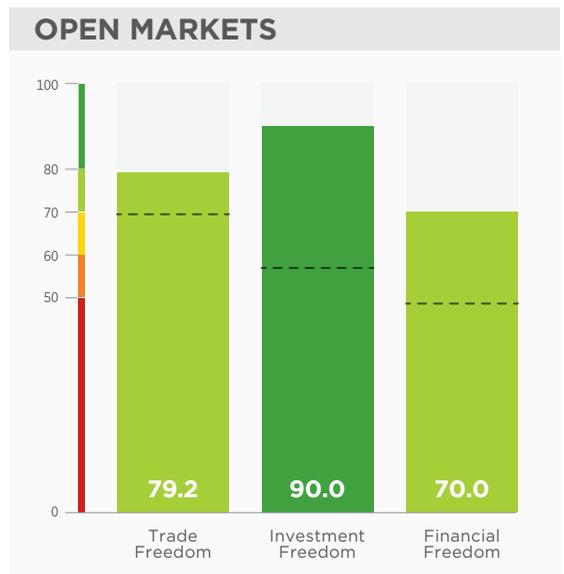
Property rights and contracts are recognized, secure, and well enforced. Expropriations in the public interest are permitted, and compensation is based on market value. Commercial codes are applied consistently. The judiciary is independent and well insulated from political influence. Effective mechanisms exist to investigate and punish abuse and incidents of official corruption, which are isolated. Overall, corruption is not a major concern.



The top personal income and corporate tax rates are 20 percent. Undistributed profits are not taxed. Other taxes include value-added and excise taxes. The overall tax burden equals 33.1 percent of total domestic income. Government spending has amounted to 41.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.9 percent of GDP. Public debt is equivalent to 18.5 percent of GDP.



Businesses have a high degree of freedom to operate without the interfering hand of government. A negative birthrate and aging population negatively affect the labor supply. Labor laws are heavily stacked in favor of employees. Increases in electricity prices have raised fears of inflation.



As a member of the EU, Estonia has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Estonia has an additional six country-specific nontariff barriers. In general, government policies do not interfere significantly with foreign investment. The modern financial sector has an efficient supervisory framework.

ESWATINI

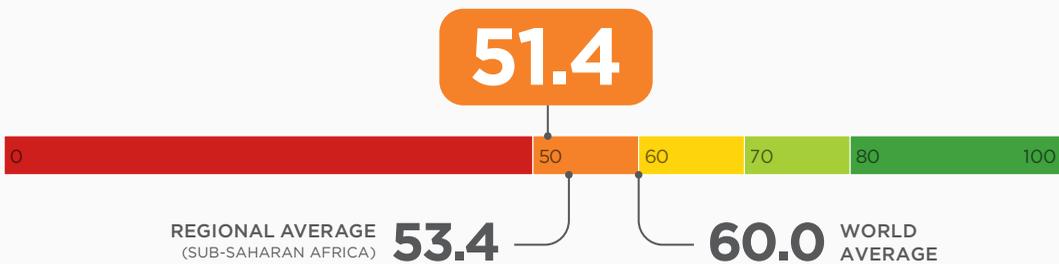
WORLD RANK: **141** | REGIONAL RANK: **31**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Eswatini's economic freedom score is 51.4, making its economy the 141st freest in the 2022 *Index*. Eswatini is ranked 31st among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Eswatini's economic growth turned negative in 2020 but rebounded in 2021. Economic freedom has been declining for the past five years. After a steep drop in **fiscal health**, Eswatini has recorded a 9.7-point overall loss of economic freedom since 2017 and has fallen to the bottom of the "Mostly Unfree" category. Monetary freedom is relatively strong, and the weight on the economy from the **tax burden** is light, but scores for rule of law and **financial freedom** are below average.

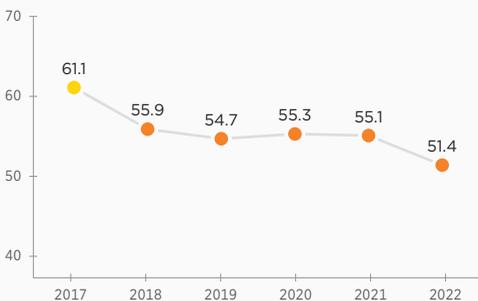
IMPACT OF COVID-19: As of December 1, 2021, 1,248 deaths had been attributed to the pandemic in Eswatini, and the government's response to the crisis ranked 31st among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.3 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -11.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.2 million

GDP (PPP):
\$10.1 billion
-3.3% growth in 2020
5-year compound annual growth 0.9%
\$8,957 per capita

UNEMPLOYMENT:
23.4%

INFLATION (CPI):
3.9%

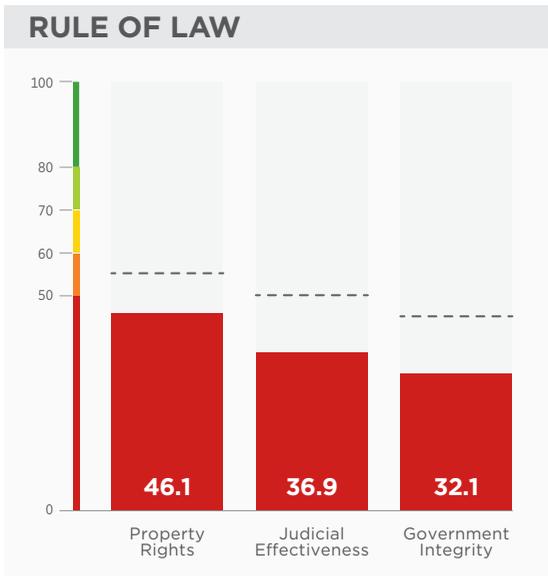
FDI INFLOW:
\$41.0 million

PUBLIC DEBT:
47.1% of GDP

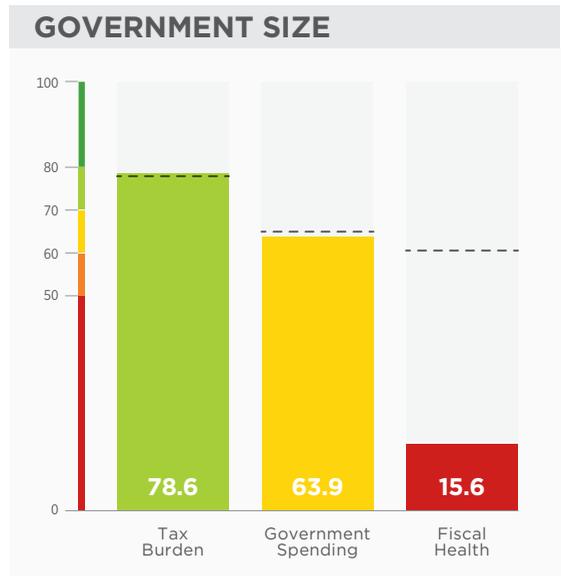
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Eswatini (formerly Swaziland) gained independence from the United Kingdom in 1968. King Mswati III, who changed the country's name in 2018, holds absolute power. Political parties are banned, and human rights groups accuse the government of imprisoning journalists and pro-democracy activists. Chiefs loyal to the king pick parliamentary candidates. Widespread protests against police brutality and the country's broader social and economic problems broke out in 2021 and were violently suppressed by the security services. Eswatini depends on South Africa for the vast majority of its trade. Approximately 70 percent of the population works in subsistence agriculture, and unemployment is high. Manufacturing was diversified in the 1980s and 1990s but has grown little in the past decade.

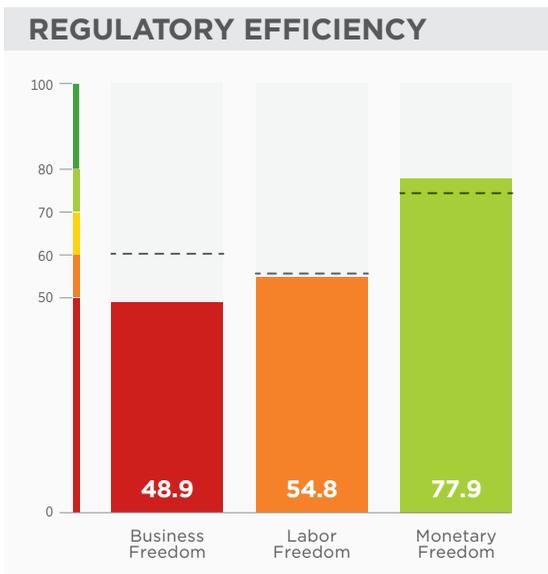
12 ECONOMIC FREEDOMS | ESWATINI



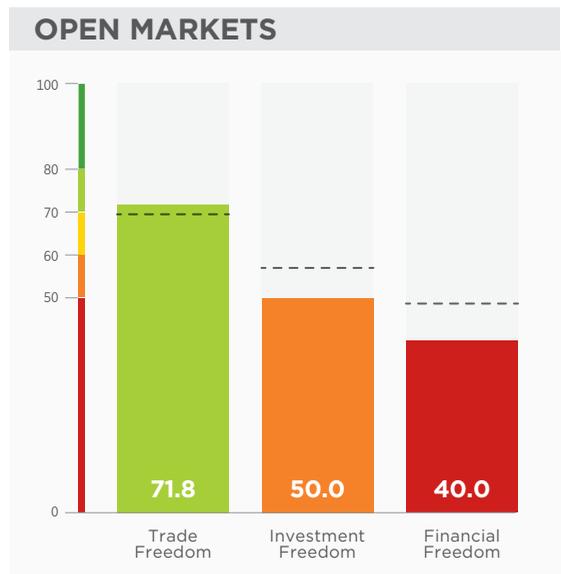
The right to own property is protected by law; most Swazis, however, reside on Swazi Nation Land, which is not covered by this constitutional protection. The constitution provides for an independent judiciary, but the king's absolute power to appoint judges limits judicial independence. Corruption is a major problem. The legal and regulatory environments are underdeveloped, opaque, and inconsistent.



The top individual income tax rate is 33 percent, and the top corporate tax rate is 27.5 percent. The overall tax burden equals 17.2 percent of total domestic income. Government spending has amounted to 34.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.3 percent of GDP. Public debt is equivalent to 47.1 percent of GDP.



The stated goal of the Eswatini government is an economy that is driven by exports and led by the private sector. Improving the business start-up environment is a priority. The economy is shifting toward strategic manufacturing and away from services. The economic characteristics and scaffolding of the labor market are stronger than those in most other Sub-Saharan African countries. The government expanded subsidies and other special payments in response to the pandemic.



Eswatini has seven preferential trade agreements in force. The trade-weighted average tariff rate is 9.1 percent. One official nontariff measure is in place, but nontariff barriers persist and deter the development of more dynamic trade activity. Foreign investment is screened, and state-owned enterprises distort the economy. The financial sector remains underdeveloped, and most of the population still lacks access to formal credit.

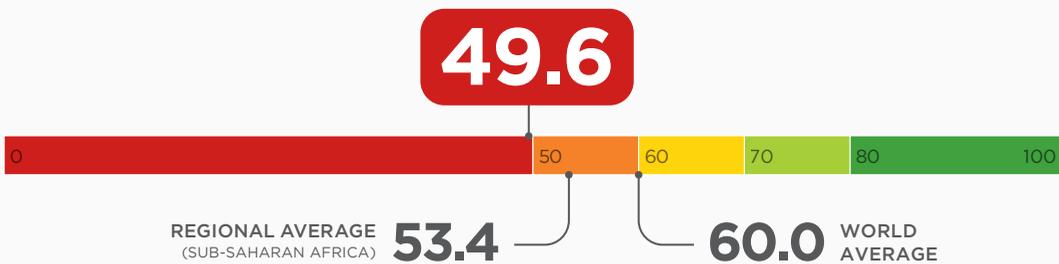
ETHIOPIA

Ethiopia's economic freedom score is 49.6, making its economy the 150th freest in the 2022 *Index*. Ethiopia is ranked 35th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, Ethiopia has enjoyed uninterrupted and impressive economic growth averaging over 8 percent annually. Economic freedom peaked in 2019 and 2020. However, dragged down by score decreases in **judicial effectiveness** and **labor freedom**, Ethiopia has recorded a 3.1-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Unfree" category to the "Repressed" category. The **government spending** score is good, but rule of law, **investment freedom**, and **financial freedom** are far below average.

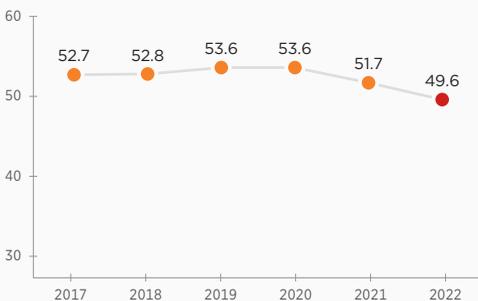
IMPACT OF COVID-19: As of December 1, 2021, 6,771 deaths had been attributed to the pandemic in Ethiopia, and the government's response to the crisis ranked 83rd among the countries included in this *Index* in terms of its stringency. The economy grew by 6.1 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
115.0 million

GDP (PPP):
\$282.6 billion
6.1% growth in 2020
5-year compound annual growth 8.2%
\$2,908 per capita

UNEMPLOYMENT:
2.8%

INFLATION (CPI):
20.4%

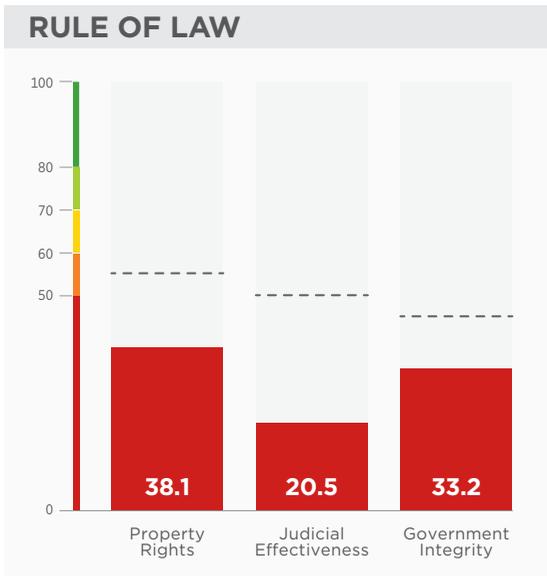
FDI INFLOW:
\$2.4 billion

PUBLIC DEBT:
55.3% of GDP

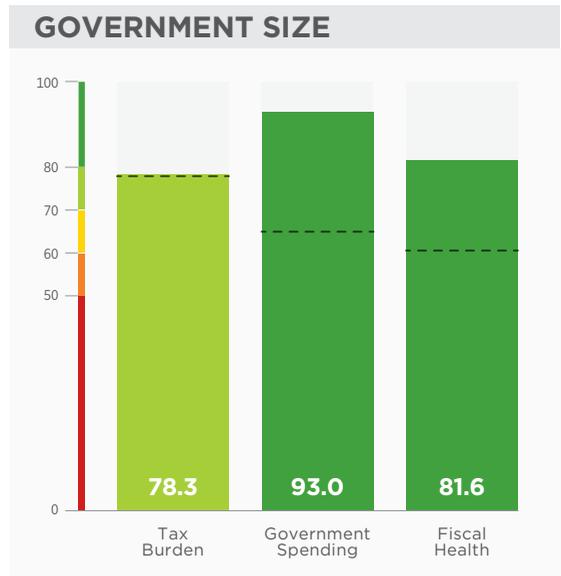
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: A military junta deposed Emperor Haile Selassie in 1974 and established a socialist state. The Ethiopian People's Revolutionary Democratic Front overthrew the junta in 1991, replacing it with a repressive one-party system dominated by the Tigray tribe. Protests by Ethiopia's marginalized Oromo tribe in 2018 led to the surprise rise of Prime Minister Abiy Ahmed, who launched an ambitious reform agenda and won the Nobel Peace Prize. In 2020, however, war broke out between rebels from the Tigray Region and the federal government. At the end of 2021, the political situation was highly unstable. The agriculture-based economy's strong growth has reduced poverty, but high unemployment, still-severe poverty, and a large debt burden remain persistent challenges.

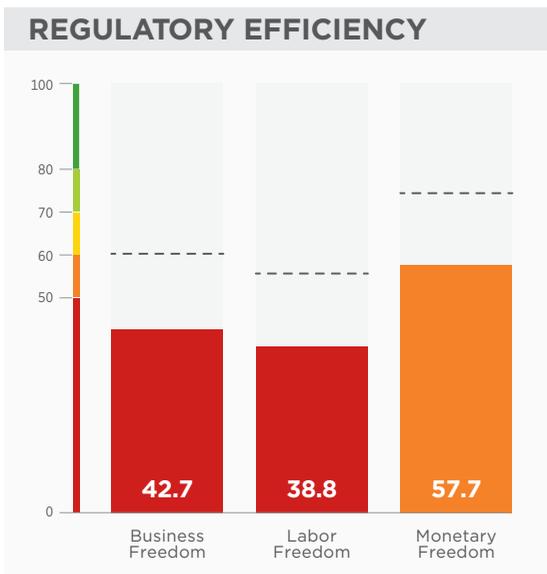
12 ECONOMIC FREEDOMS | ETHIOPIA



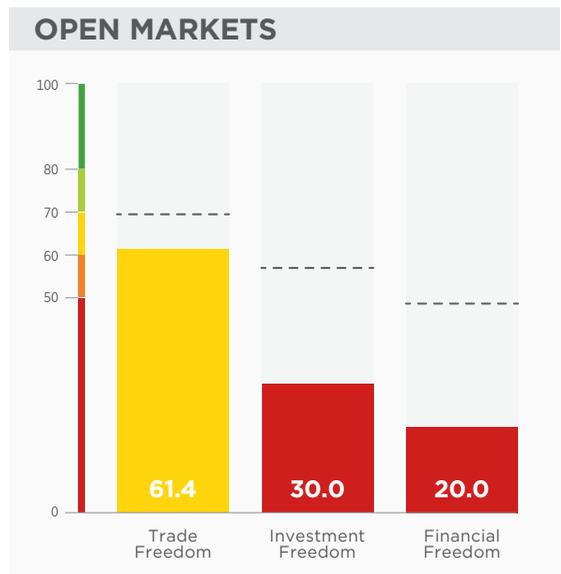
Ownership of land remains in the hands of the state, and decisions on land use have generated conflict. The judiciary is officially independent, but its judgments rarely deviate from government policy. While property and contractual rights are recognized, judges often lack a technical understanding of complex cases. Problems caused by corruption and unequal distribution of resources have contributed to the unrest that has beset Ethiopia in recent years.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 6.7 percent of total domestic income. Government spending has amounted to 15.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.8 percent of GDP. Public debt is equivalent to 55.3 percent of GDP.



In 2021, the 62-year-old commercial code was revamped to simplify business regulations and increase transparency. Ethiopia digitized its commercial registration and business licensing processes. More than 80 percent of Ethiopians work in agriculture. Partially or fully subsidized state-owned enterprises continue to dominate major sectors of the economy including telecommunications, power, banking, insurance, rail, air transport, and shipping.



Ethiopia has one preferential trade agreement in force. The trade-weighted average tariff rate is 11.8 percent, and nontariff barriers further undermine the freedom to trade. Ethiopia is not a member of the World Trade Organization. Institutional shortcomings continue to limit market openness to foreign investment. Although the state has allowed the private sector to participate in banking, it influences lending and funds state-led development projects.

FIJI

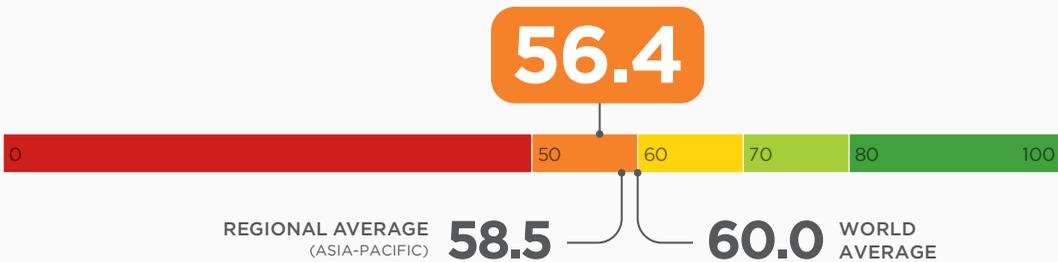
Fiji's economic freedom score is 56.4, making its economy the 111st freest in the 2022 *Index*. Fiji is ranked 23rd among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Over the past five years, Fiji's economic growth slowed in 2017 and 2018, turned negative in 2019 and sharply negative in 2020, and rebounded in 2021. A five-year trend of stable economic freedom has ended. Driven lower by a score decrease in **property rights** and a collapse of **fiscal health**, Fiji has recorded a 7.0-point overall loss of economic freedom since 2017 and has fallen from the "Moderately Free" category to the "Mostly Unfree" category. The **tax burden** on the economy is relatively light, but rule of law exhibits weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 697 deaths had been attributed to the pandemic in Fiji, and the government's response to the crisis ranked 1st among the countries included in this *Index* in terms of its stringency. The economy contracted by 19.0 percent in 2020.

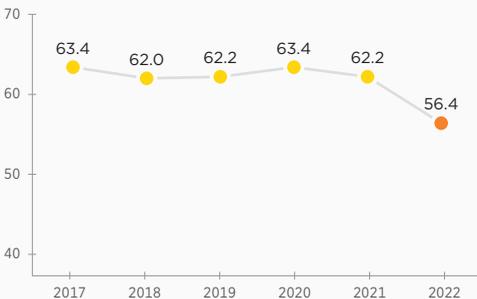
WORLD RANK: **111** REGIONAL RANK: **23**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.9 million

GDP (PPP):
\$10.4 billion
-19.0% growth in 2020
5-year compound annual growth -1.6%
\$11,567 per capita

UNEMPLOYMENT:
4.8%

INFLATION (CPI):
-2.6%

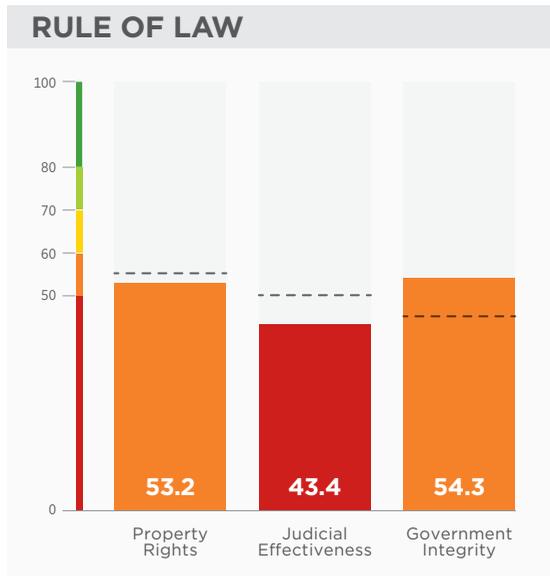
FDI INFLOW:
\$241.0 million

PUBLIC DEBT:
73.7% of GDP

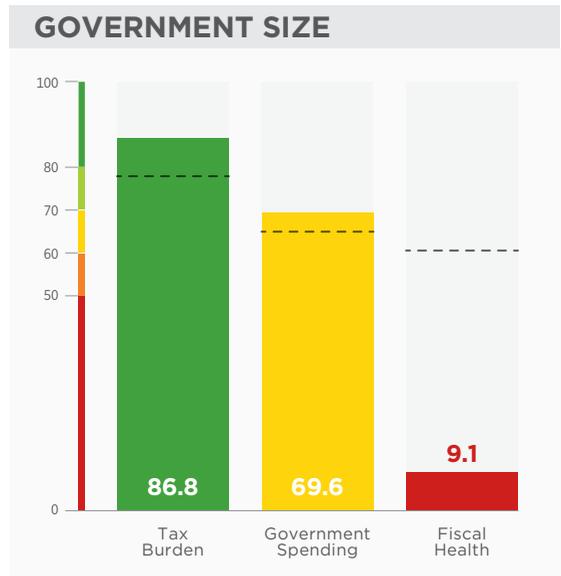
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The former British colony of Fiji gained independence in 1970. Military strongman Frank Bainimarama, who has ruled this Pacific Island nation continuously since a coup in 2006, maintained control of the government in the 2018 general election. The next general election is scheduled to be held in 2022. There is a long history of ethnic tension between the indigenous, mostly Christian population and a large minority of Hindu and Muslim Indo-Fijians. Fiji's economy relies heavily on tourism, remittances, and the sugar industry. The government's principal priority is infrastructure construction with a particular focus on the energy sector.

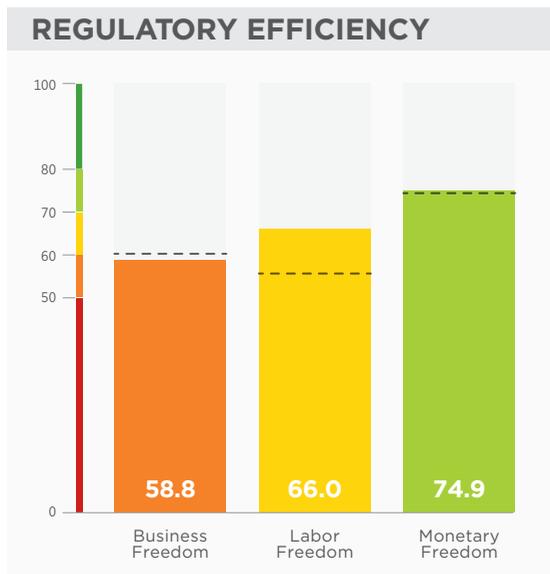
12 ECONOMIC FREEDOMS | FIJI



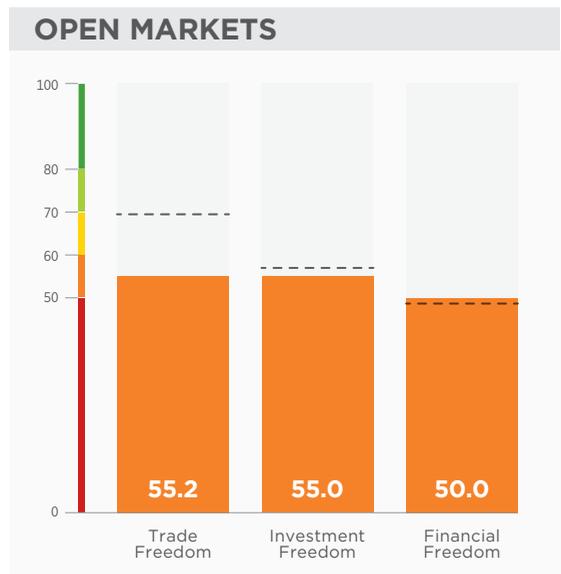
The issue of land tenure and usage in Fiji is highly complex and sensitive. Private property rights are respected, but enforcement is uncertain. The process for obtaining land titles is difficult and time-consuming. The judiciary is independent but subject to executive influence. The constitution restricts the jurisdiction of the courts. Given Fiji's relatively small population and circles of power, the effectiveness of safeguards against corruption is limited.



The top individual income tax rate is 20 percent, and the top corporate tax rate is also 20 percent. Other taxes include value-added and land sales taxes. The overall tax burden equals 22.7 percent of total domestic income. Government spending has amounted to 31.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.2 percent of GDP. Public debt is equivalent to 73.7 percent of GDP.



The government has ended several requirements for businesses, eliminated the business license requirement for low-risk businesses, and reduced processing times for business licenses. During the COVID-19 pandemic, 32 percent of employed Fijians lost their jobs. The government continues to subsidize the state-owned electricity and water companies but is also seeking increased private-sector participation in those sectors.



Fiji has five preferential trade agreements in force. The trade-weighted average tariff rate is 14.9 percent, and numerous nontariff barriers hinder trade flows. Market openness to foreign investment is below average. Foreign participation in the banking sector has gradually increased. Foreign exchange controls have been eased but still limit the repatriation of capital and profits.

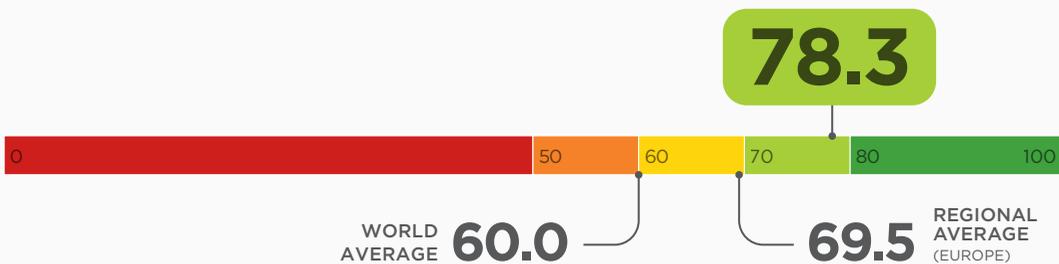
FINLAND

Finland's economic freedom score is 78.3, making its economy the 9th freest in the 2022 *Index*. Finland is ranked 6th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Finland's economic growth turned negative in 2020 but rebounded in 2021. A five-year trend of expanding economic freedom has continued. Led by an increase in its rule of law (**property rights**, **judicial effectiveness**, and **government integrity**) scores, Finland has recorded a 4.3-point overall gain of economic freedom since 2017 and is now near the top of the "Mostly Free" category. Business freedom, **monetary freedom**, and **trade freedom** are strong, but **government spending** is excessive.

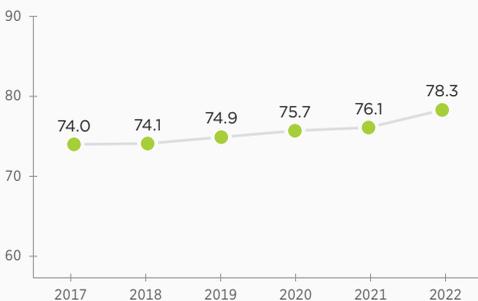
IMPACT OF COVID-19: As of December 1, 2021, 1,348 deaths had been attributed to the pandemic in Finland, and the government's response to the crisis ranked 132nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.9 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +14.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.5 million

GDP (PPP):
\$275.5 billion
-2.9% growth in 2020
5-year compound annual growth 1.1%
\$49,853 per capita

UNEMPLOYMENT:
7.8%

INFLATION (CPI):
0.4%

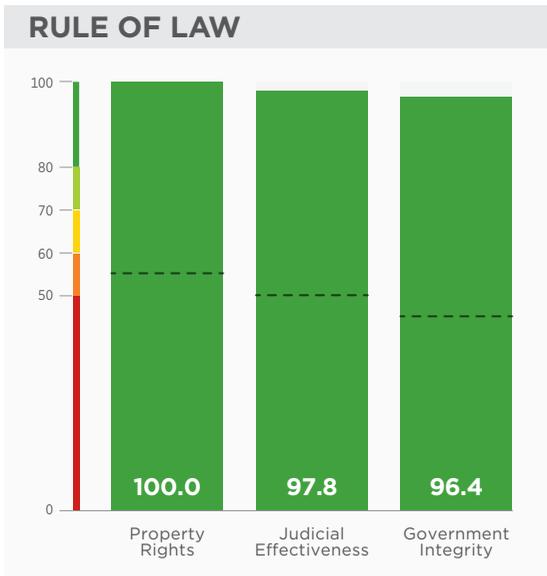
FDI INFLOW:
\$2.6 billion

PUBLIC DEBT:
67.1% of GDP

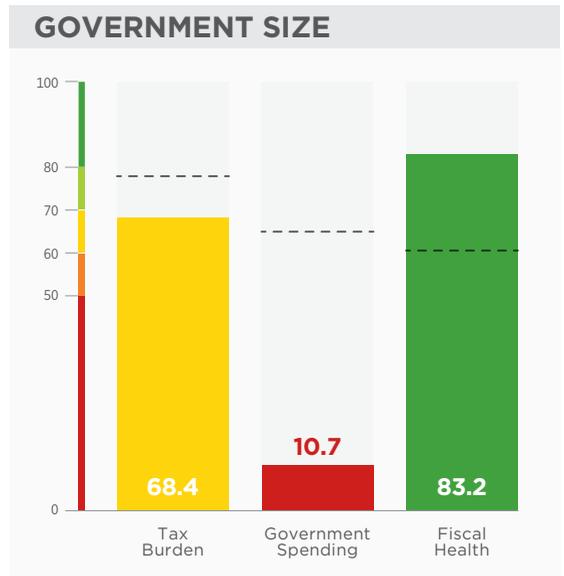
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Formerly part of Sweden and later part of the Russian Empire, Finland gained independence in 1917, joined the European Union in 1995, and adopted the euro in 1999. In December 2019, Sanna Marin of the Social Democratic Party of Finland became the world's youngest prime minister, taking over from Antti Rinne, who had resigned because of controversy surrounding his handling of a postal strike. Prime Minister Marin heads a center-left coalition with the Centre Party, the Green League, the Left Alliance, and the Swedish People's Party of Finland. President Sauli Niinistö of the National Coalition Party won a second term in 2018. The export-led economy is centered on manufacturing, principally in the wood, metals, telecommunications, and electronics industries.

12 ECONOMIC FREEDOMS | FINLAND



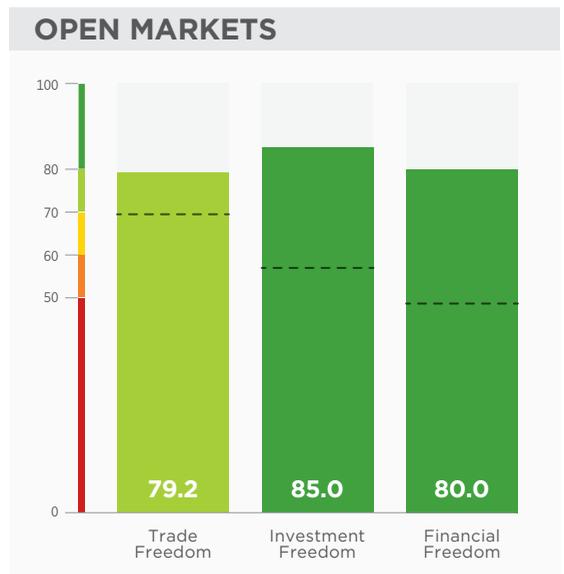
Property rights are protected by one of the world's strongest enforcement regimes. Finland adheres to many international agreements that are intended to protect intellectual property. Contractual agreements are strictly honored. The quality of the judiciary is generally high. Corruption is not a significant problem in Finland, which was ranked 3rd out of 180 countries surveyed in Transparency International's 2020 *Corruption Perceptions Index*.



The top individual income tax rate is 31.3 percent, and the top corporate tax rate is 20 percent. Other taxes include value-added and capital income taxes. The overall tax burden equals 42.2 percent of total domestic income. Government spending has amounted to 54.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.2 percent of GDP. Public debt is equivalent to 67.1 percent of GDP.



Not all trades in Finland require a license; some require only notification or registration with the authorities. Labor laws are rigid and excessive. The aging of the population and the shrinking working-age demographic threaten future economic growth. According to government statistics, direct business subsidies amounted to €1.75 billion in 2020, up 268 percent from 2019.



As a member of the EU, Finland has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Finland has an additional 13 country-specific nontariff barriers. In general, government policies do not interfere significantly with foreign investment. The competitive financial sector provides a wide range of services.

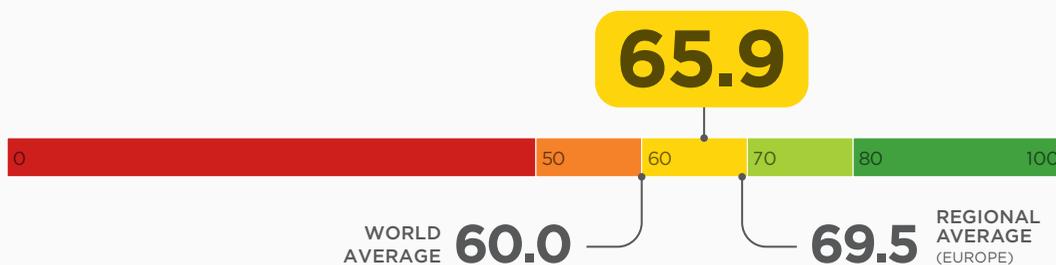
FRANCE

France's economic freedom score is 65.9, making its economy the 52nd freest in the 2022 *Index*. France is ranked 31st among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Over the past five years, France's economic growth slowed from 2017 through 2019, turned negative in 2020, and rebounded in 2021. A five-year trend of slightly rising economic freedom has continued. Led by solid increases in its rule of law (**property rights**, **judicial effectiveness**, and **government integrity**) scores, France has recorded a 2.6-point overall gain of economic freedom since 2017 and has remained in the midrange of the "Moderately Free" category. Business freedom, **monetary freedom**, and **trade freedom** are strong, but the score for **government spending** is one of the lowest in the world.

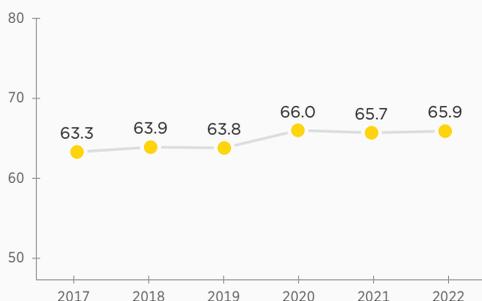
IMPACT OF COVID-19: As of December 1, 2021, 120,208 deaths had been attributed to the pandemic in France, and the government's response to the crisis ranked 25th among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
67.4 million

GDP (PPP):
\$3.0 trillion
-8.2% growth
in 2020
5-year compound
annual growth -0.3%
\$46,062 per capita

UNEMPLOYMENT:
8.6%

INFLATION (CPI):
0.5%

FDI INFLOW:
\$17.9 billion

PUBLIC DEBT:
113.5% of GDP

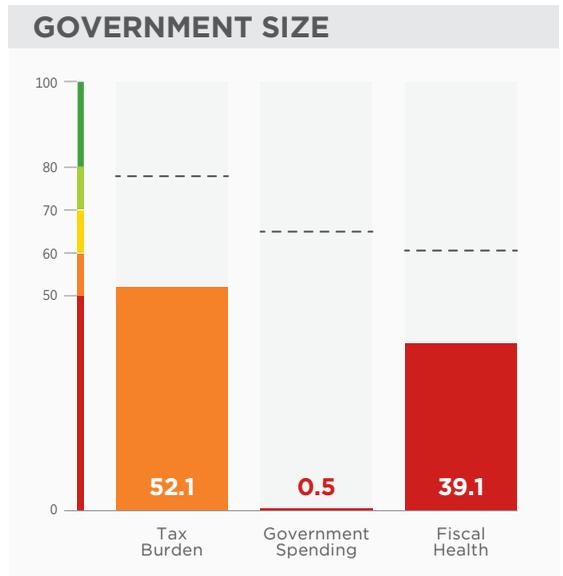
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: France is one of the world's most modern countries and sees itself as a leader among European nations. President Emmanuel Macron of the center-left La République en Marche (REM) was elected in 2017. His REM performed poorly in 2021 local elections, and defections caused Macron's coalition to lose its absolute majority in parliament. Flagging REM popularity also led to a change in prime ministers in 2020. While opposition protests and strikes have quieted, reforms remain stalled because of the economic downturn. France's diversified economy is led by tourism, manufacturing, and pharmaceuticals. The government has partially or fully privatized many large companies but maintains a strong presence in such sectors as power, public transport, and defense.

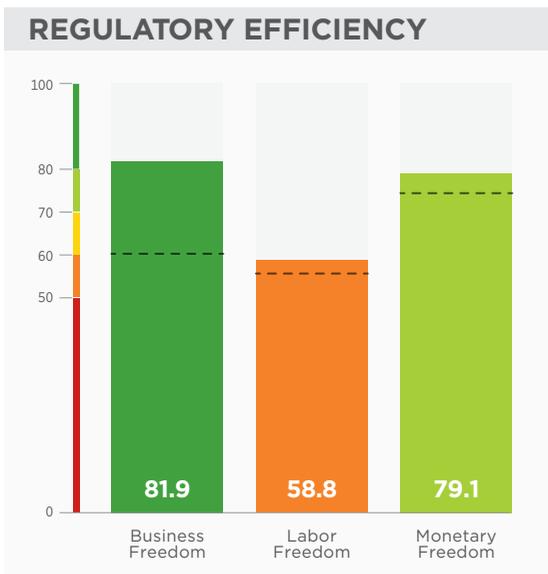
12 ECONOMIC FREEDOMS | FRANCE



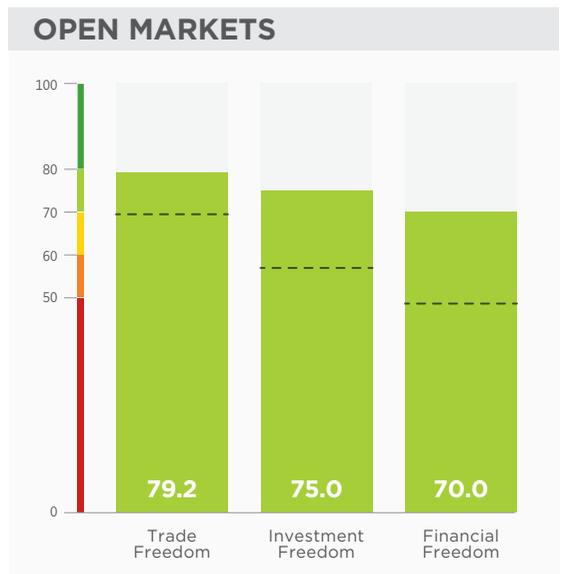
Real property rights are regulated by the French Civil Code and uniformly enforced. Contracts are enforced, and robust laws protect intellectual property rights. An independent judiciary and the rule of law are firmly established. Although the government actively promotes a strong anticorruption legal framework, corruption remains a problem in procurement in such sectors as public works, defense, and wherever else business and politics overlap.



The top individual income tax rate is 45 percent, and the top corporate tax rate has been further reduced to 26.5 percent. The overall tax burden equals 45.4 percent of total domestic income. Government spending has amounted to 57.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.1 percent of GDP. Public debt is equivalent to 113.5 percent of GDP.



World-class infrastructure and communications, an innovative business community, and a modern regulatory system help France to earn high marks for business freedom. Much-needed labor market reforms were stymied by France's Yellow Vest movement and further put on hold with the advent of the Covid-19 pandemic. The government has introduced a new subsidy of €1,000 specifically for the purchase of used purely electric cars.



As a member of the EU, France has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. France has an additional 29 country-specific nontariff barriers. Investment in some sectors remains restricted with a new decree in 2020 covering additional strategic sectors. The financial sector is competitive and mostly in private hands.

GABON

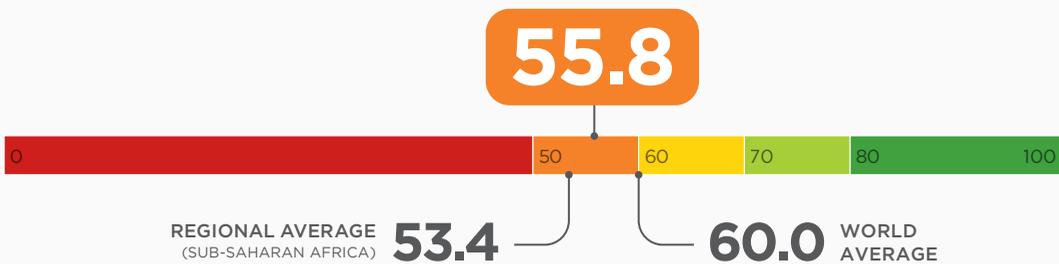
Gabon's economic freedom score is 55.8, making its economy the 115th freest in the 2022 *Index*. Gabon is ranked 19th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Gabon's economic growth accelerated from 2017 through 2019, turned negative in 2020, and rebounded in 2021. Economic freedom has stagnated over the past five years. Dragged down by lower scores for rule of law indicators (**property rights**, **judicial effectiveness**, and **government integrity**), Gabon has recorded a 2.8-point overall loss of economic freedom since 2017 and remains stuck in the "Mostly Unfree" category. Scores for **government spending** and **fiscal health** are strong, but **business freedom** and **labor freedom** lag.

IMPACT OF COVID-19: As of December 1, 2021, 279 deaths had been attributed to the pandemic in Gabon, and the government's response to the crisis ranked 59th among the countries included in this *Index* in terms of its stringency. The economy contracted by 1.8 percent in 2020.

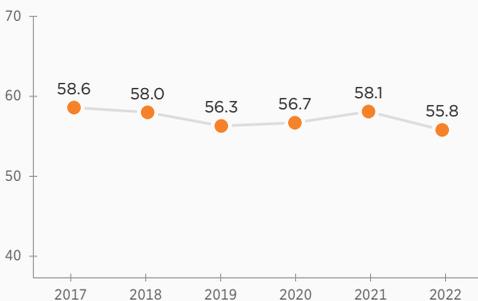
WORLD RANK: **115** | REGIONAL RANK: **19**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -1.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.2 million

GDP (PPP):
\$33.7 billion
-1.8% growth in 2020
5-year compound annual growth 1.1%
\$15,970 per capita

UNEMPLOYMENT:
20.5%

INFLATION (CPI):
1.3%

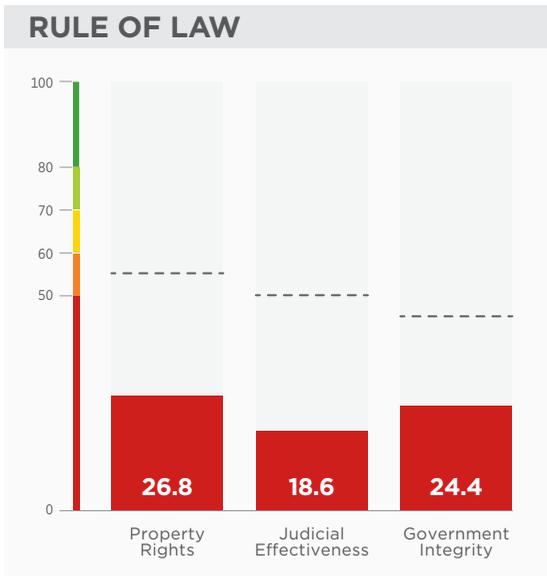
FDI INFLOW:
\$1.7 billion

PUBLIC DEBT:
72.5% of GDP

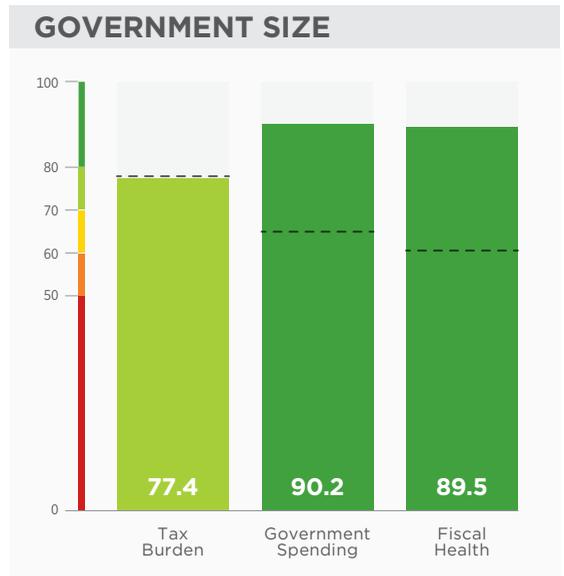
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Gabon gained independence from France in 1960 and was ruled by Omar Bongo for more than 40 years until his son, Ali Bongo Ondimba, became president in 2009. Opposition leaders accused the Bongo family of electoral fraud to ensure dynastic succession. Bongo secured his second seven-year term in disputed 2016 elections. Despite an apparent stroke in 2018, he continues to govern, and his ruling party won a strong majority in the 2018 legislative elections. Poor fiscal management and overreliance on oil have stifled the economy. Power cuts and water shortages are frequent. Gabon has one of Africa's highest average incomes per capita, but oil wealth is held by only a few, and most Gabonese live in poverty.

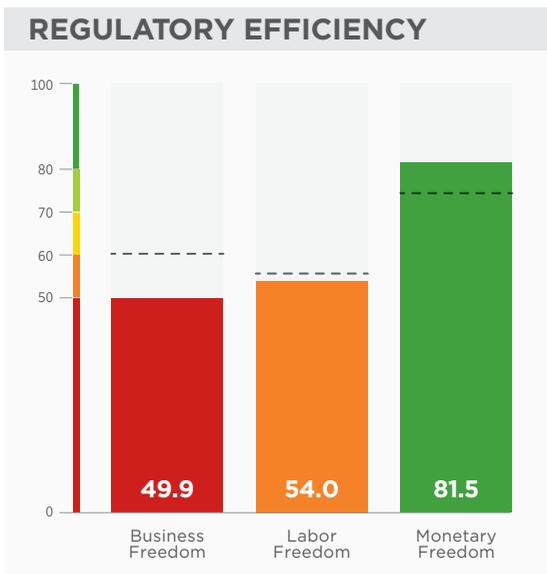
12 ECONOMIC FREEDOMS | GABON



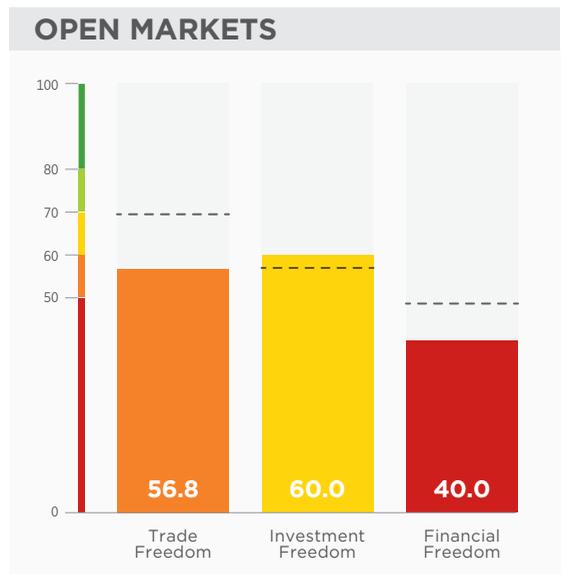
Enforcement of property rights and contracts is weak, and property registration is difficult. The judiciary is inefficient and subordinate to the president. The law is not applied consistently, and bureaucratic delays often undermine the delivery of justice. Dispute resolution takes an average of nearly three years. Anticorruption laws are not enforced, and bribery is widespread in commerce, in business, and particularly in the energy sector.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 11.5 percent of total domestic income. Government spending has amounted to 18.1 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.1 percent of GDP. Public debt is equivalent to 72.5 percent of GDP.



Obtaining loans, establishing a new business, connecting to electricity and water, and transferring company ownership are frequently difficult. The labor code, inspired by the French, is complex, rigid, and not conducive to a dynamic labor market. Implementation of a new code was expected in 2021. Rising global oil prices have increased the cost of government fuel subsidies.



Gabon has one preferential trade agreement in force. The trade-weighted average tariff rate is 14.1 percent, and two nontariff measures are in effect. Political influence and inadequate infrastructure impede dynamic investment growth. The underdeveloped financial sector remains under state control. Credit costs are high, and the state-owned development bank controls long-term lending.

THE GAMBIA



WORLD RANK: **102** | REGIONAL RANK: **14**

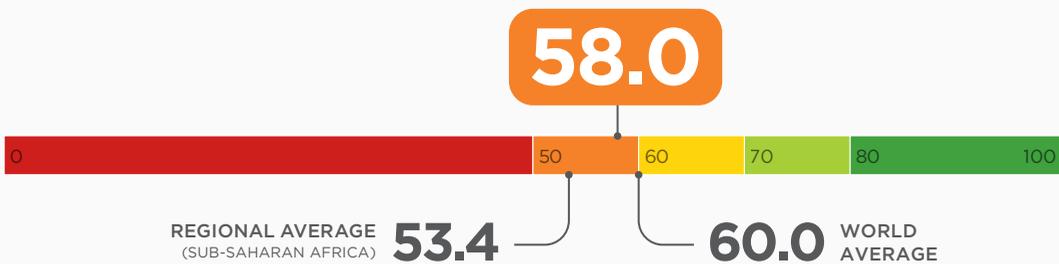
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

The Gambia's economic freedom score is 58.0, making its economy the 102nd freest in the 2022 *Index*. The Gambia is ranked 14th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

The Gambia's economic growth rate had been relatively robust before slowing to a complete stop by 2020. Growth resumed in 2021. Economic freedom has improved over the same period. With the help of an IMF Extended Credit Facility loan in 2020 that led to a recovery in **fiscal health**, The Gambia has recorded a 4.6-point overall gain in economic freedom since 2017 and remains in the upper half of the "Mostly Unfree" category. Scores for **tax burden** and **government spending** are relatively good, but **financial freedom** and rule of law exhibit weaknesses.

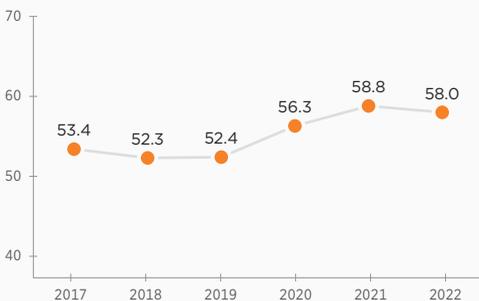
IMPACT OF COVID-19: As of December 1, 2021, 342 deaths had been attributed to the pandemic in The Gambia, and the government's response to the crisis ranked 163rd among the countries included in this *Index* in terms of its stringency. The economy registered no growth in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +5.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.4 million

GDP (PPP):
\$5.5 billion
0.0% growth in 2020
5-year compound annual growth 4.0%
\$2,275 per capita

UNEMPLOYMENT:
9.6%

INFLATION (CPI):
5.9%

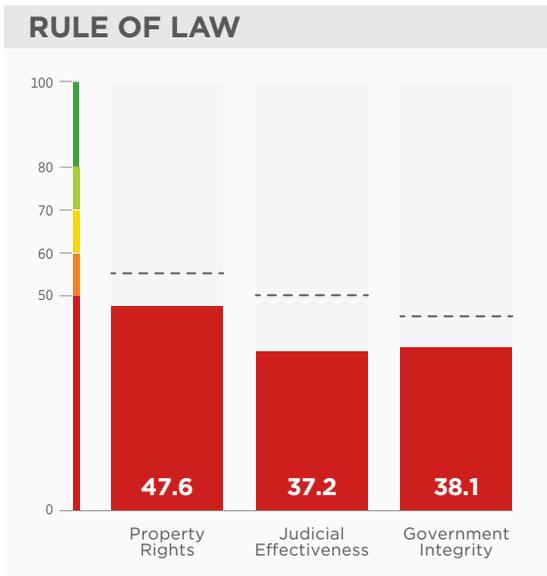
FDI INFLOW:
\$46.0 million

PUBLIC DEBT:
75.8% of GDP

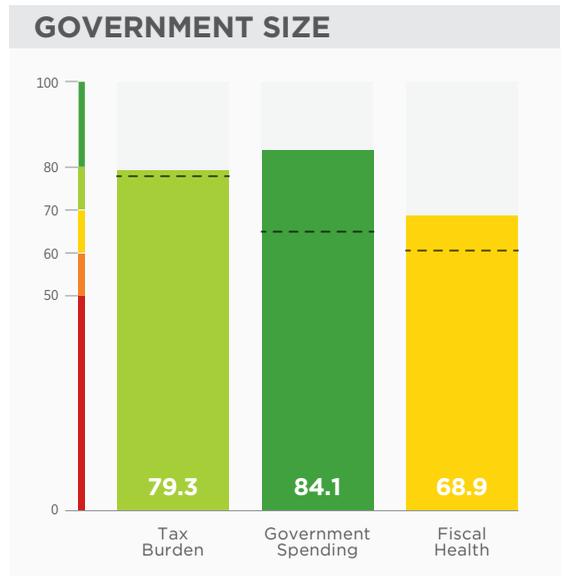
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Gambia gained independence from the United Kingdom in 1965. Dictator Yahya Jammeh took power in 1994 and after Adama Barrow defeated him in the 2016 presidential election refused to step down until other countries in the region intervened militarily to force him from office. Political tensions rose after Barrow decided to serve his full term until 2021, breaking a pledge to leave after serving for three years. In December 2021, Barrow won a second term. The government is courting Chinese investment and has signed a duty-free trade agreement with Beijing. The Gambia is surrounded geographically by Senegal, and revenue depends heavily on exports of peanuts, leaving the economy vulnerable to price fluctuations and market shocks.

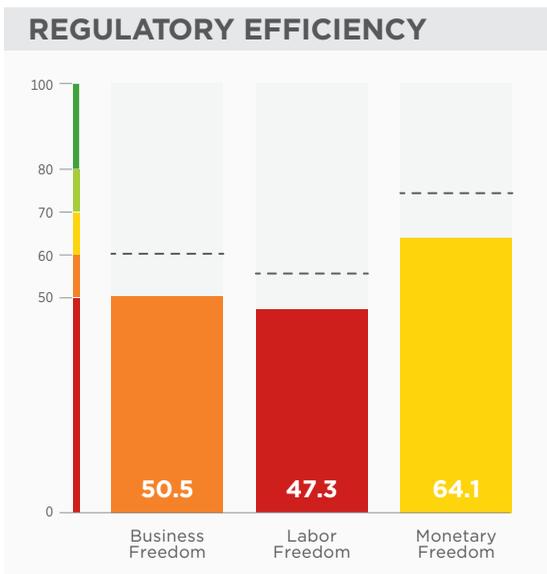
12 ECONOMIC FREEDOMS | THE GAMBIA



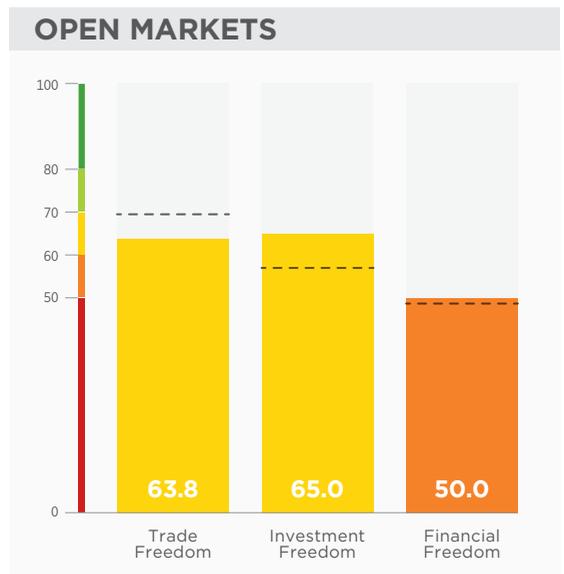
Property rights and interests are clearly protected under the law, but enforcement is weak. Complex, contentious, and overlapping land tenure systems cause the enforcement of titles to be inadequate. The judiciary is independent, and the Barrow government has not intervened inappropriately in judicial affairs. Since President Barrow took office in 2017, the government has turned a blind eye to corruption, and no one has been convicted of it.



The top individual income tax rate is 35 percent, and the top corporate tax rate has been cut to 27 percent. Other taxes include capital gains and sales taxes. The overall tax burden equals 10.8 percent of total domestic income. Government spending has amounted to 23.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.5 percent of GDP. Public debt is equivalent to 75.8 percent of GDP.



The government has cut the average number of days it takes to start a business from 25 to two. Most Gambians work outside of the formal sector where they receive none of the protections the law provides. The government administers price controls on staple foods and essential non-food items while also subsidizing the highly indebted and state-owned water and electricity services.



The Gambia has one preferential trade agreement in force. The trade-weighted average tariff rate is 13.1 percent, and one formal nontariff measure is in effect. Other nontariff barriers deter trade flows. The law treats foreign and domestic investment equally, but government openness to foreign investment is below average. High credit costs and scarce access to financing hinder entrepreneurial activity.

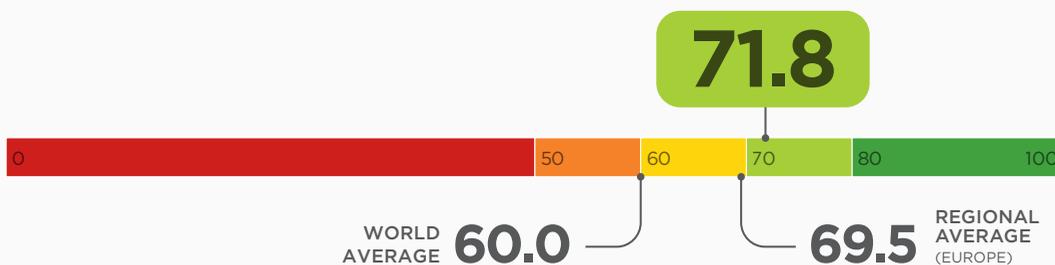
GEORGIA

Georgia's economic freedom score is 71.8, making its economy the 26th freest in the 2022 *Index*. Georgia is ranked 18th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Over the past five years, Georgia's economic growth was strong through 2019, turned negative in 2020, and recovered in 2021. Georgia's enviable track record of expanding economic freedom during the past half-decade has come to a halt. Depressed by weaker **fiscal health** and reduced **business freedom**, Georgia has recorded a 4.2-point overall loss of economic freedom since 2017 and has fallen to the bottom half of the "Mostly Free" category. Scores for **trade freedom** and **tax burden** remain solid, but **judicial effectiveness** and **labor freedom** need improvement.

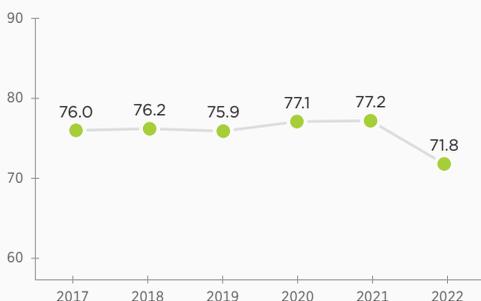
IMPACT OF COVID-19: As of December 1, 2021, 12,119 deaths had been attributed to the pandemic in Georgia, and the government's response to the crisis ranked 69th among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.1 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +27.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.7 million

GDP (PPP):
\$55.3 billion
-6.1% growth
in 2020
5-year compound
annual growth 2.3%
\$14,918 per capita

UNEMPLOYMENT:
12.1%

INFLATION (CPI):
5.2%

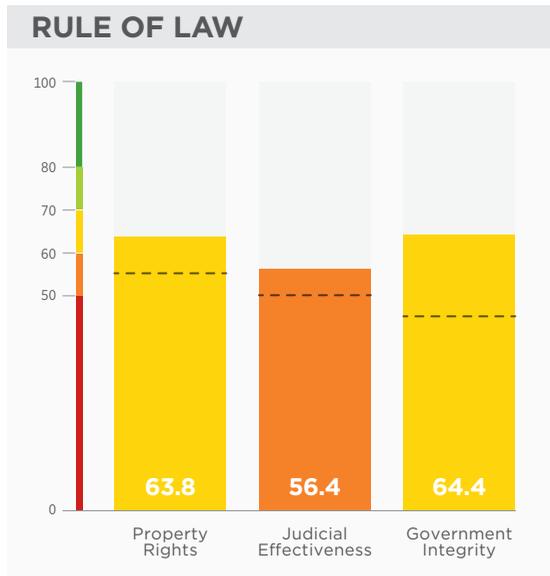
FDI INFLOW:
\$617.0 million

PUBLIC DEBT:
60.6% of GDP

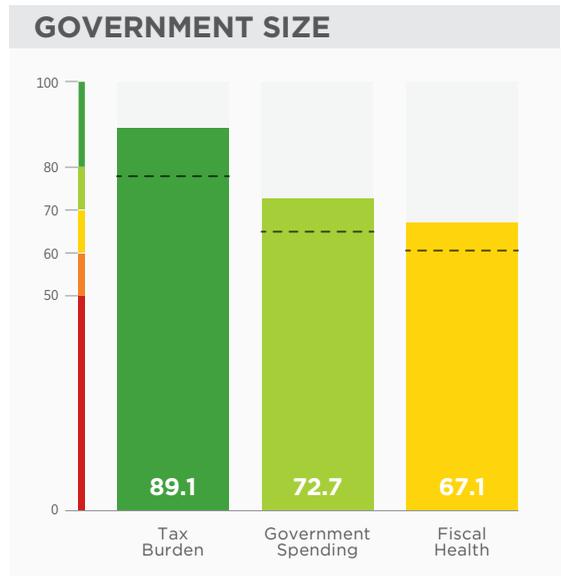
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Georgia is located in the South Caucasus region on the coast of the Black Sea. Russia invaded the country in 2008 and continues to occupy the South Ossetia and Abkhazia regions, which account for approximately 20 percent of Georgia's territory. Giorgi Gakharia, elected prime minister in 2019, resigned in February 2021 because of disagreements over the detention of Nika Melia, leader of the opposition United National Movement (UNM). Irakli Garibashvili, a member of the ruling Georgian Dream party and former prime minister, was chosen to replace Gakharia. Georgia's economy was improving noticeably until the onset of the COVID-19 pandemic. Agriculture and related industries employ more than half of the workforce. Georgia remains an official aspirant for NATO membership.

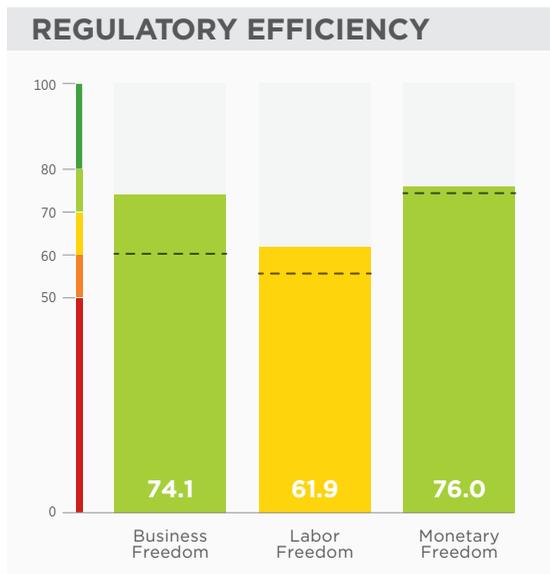
12 ECONOMIC FREEDOMS | GEORGIA



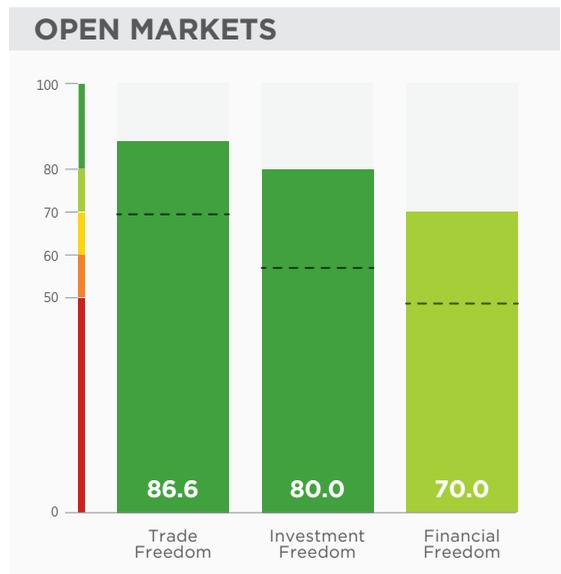
Property rights are recognized but weakly enforced, and unclear or unregistered titling can hamper investment. Political interference undermines the independence of the judicial system. Many judges lack the ability to adjudicate commercial cases independently or quickly. Transparency International cites “elite” corruption in Georgia: high-level officials exploiting legal loopholes for personal enrichment, status, or retribution.



The flat individual income tax rate is 20 percent, and the flat corporate tax rate is 15 percent. Other taxes include a value-added tax. The overall tax burden equals 22.2 percent of total domestic income. Government spending has amounted to 30.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.0 percent of GDP. Public debt is equivalent to 60.6 percent of GDP.



The regulatory environment is sound, but business disputes can languish in the court system for years. Labor costs are low. In 2020, Georgia changed how it calculates unemployment. Subsistence farmers are no longer categorized as employed, and this raises the official unemployment rate. A fast recovery in domestic demand and external factors such as high oil prices caused consumer prices to increase significantly in 2021.



Georgia has 14 preferential trade agreements in force. The trade-weighted average tariff rate is 1.7 percent, and 67 nontariff measures are in effect. Foreign and domestic investments receive equal treatment, but transparency is an issue. With the banking sector growing, access to financing has improved. The stock exchange is small and underdeveloped. No restrictive measures have been implemented in the financial sector during the past year.

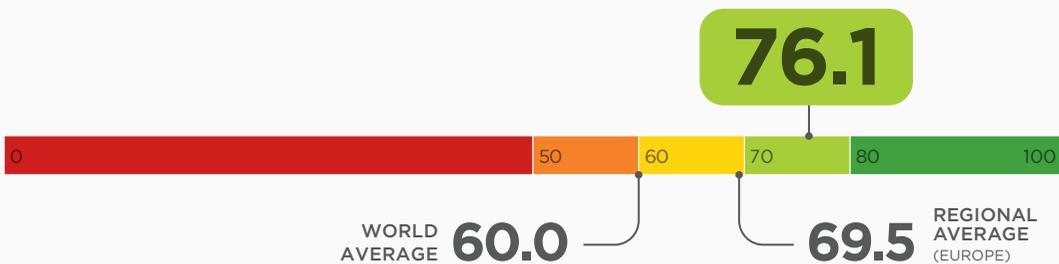
GERMANY

Germany's economic freedom score is 76.1, making its economy the 16th freest in the 2022 *Index*. Germany is ranked 11th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Germany's economic growth slowed from 2017 through 2019, turned negative in 2020, and resumed at a modest level in 2021. However, the country's lackluster trend of economic freedom over the past five years has brightened Boosted by substantial score increases in rule of law (**property rights, judicial effectiveness, and government integrity**), Germany has recorded a 2.3-point overall gain in economic freedom since 2017 and has moved into the upper half of the "Mostly Free" category for the first time in the history of the *Index*. Fiscal health and **business freedom** are robust, but scores for **government spending and tax burden** remain low.

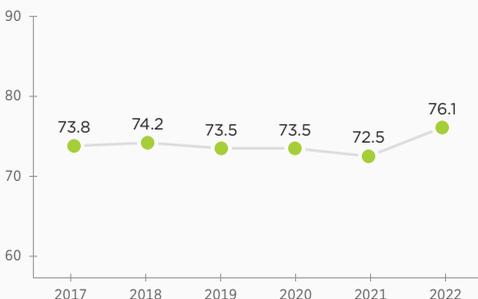
IMPACT OF COVID-19: As of December 1, 2021, 102,183 deaths had been attributed to the pandemic in Germany, and the government's response to the crisis ranked 8th among the countries included in this *Index* in terms of its stringency. The economy contracted by 4.9 percent in 2020.

ECONOMIC FREEDOM SCORE



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

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
83.2 million

GDP (PPP):
\$4.5 trillion
-4.9% growth in 2020
5-year compound annual growth 0.4%
\$54,076 per capita

UNEMPLOYMENT:
4.3%

INFLATION (CPI):
0.4%

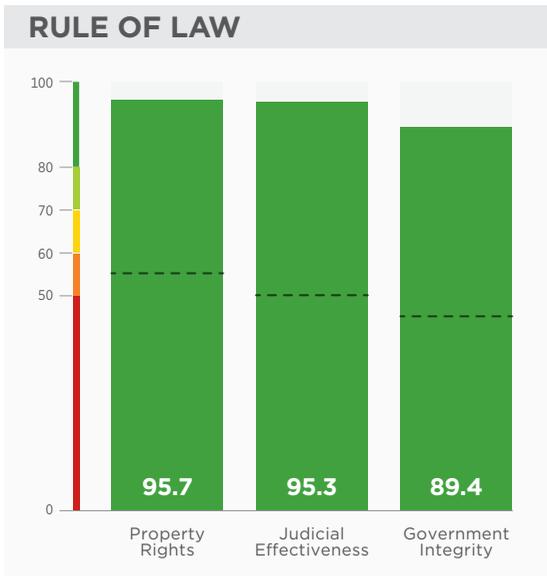
FDI INFLOW:
\$35.7 billion

PUBLIC DEBT:
68.9% of GDP

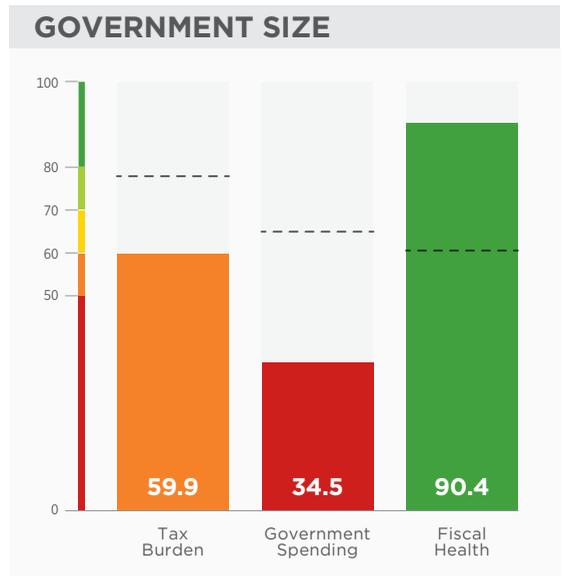
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Germany remains the European Union's most politically and economically influential member nation. Former Chancellor Angela Merkel, who dominated German politics for 16 years, was succeeded by Olaf Scholz, who became only the fourth Social Democratic chancellor since the end of World War II by forming a complicated coalition government with the environmentalist Alliance '90/Greens and the market-liberal Free Democrats after September 2021 elections. Germany's solid economy, the world's fourth largest and Europe's largest, is based on exports of high-quality manufactured goods. Germany has come under fire from other European countries and the United States for its inadequate defense spending, continued construction of a second natural gas pipeline link with Russia, and economic ties to China.

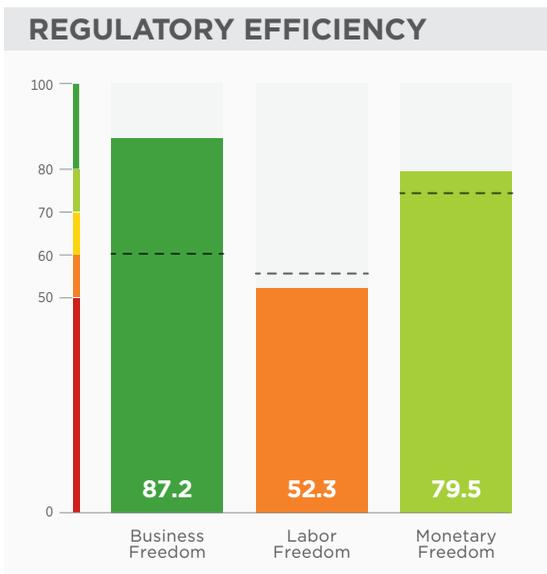
12 ECONOMIC FREEDOMS | GERMANY



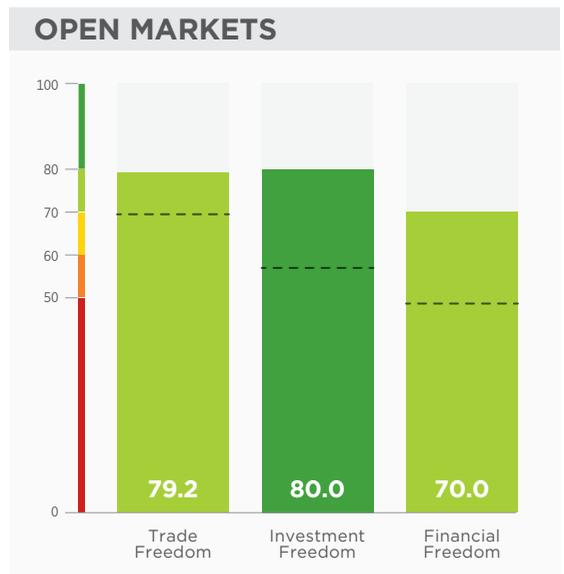
Real and intellectual property are well protected, and contracts are enforced. The judicial system is independent, and the government does not interfere in the court system. Cases of public corruption are rare, although some sectors, including the automotive industry, construction sector, and public contracting, exert political influence. The financing of political parties remains only partially transparent.



The top individual income tax rate is 47.5 percent, and the federal corporate tax rate is 15.8 percent (effectively above 30 percent with other taxes). The overall tax burden equals 38.8 percent of total domestic income. Government spending has amounted to 46.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.3 percent of GDP. Public debt is equivalent to 68.9 percent of GDP.



Regulatory and accounting systems are complex but fair. Infrastructure is reliable, and the social climate is attractive. Germany ranks seventh among the 27 EU members for average labor cost. Labor laws make the hiring and dismissing of employees problematic. Inflation in historically fiscally and monetarily conservative Germany rose significantly to nearly 3 percent in 2021, partly because of sharply rising natural gas prices across Europe.



As a member of the EU, Germany has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. The consistent, transparent, and modern investment framework supports and facilitates foreign investment. The competitive financial sector offers a full range of services.

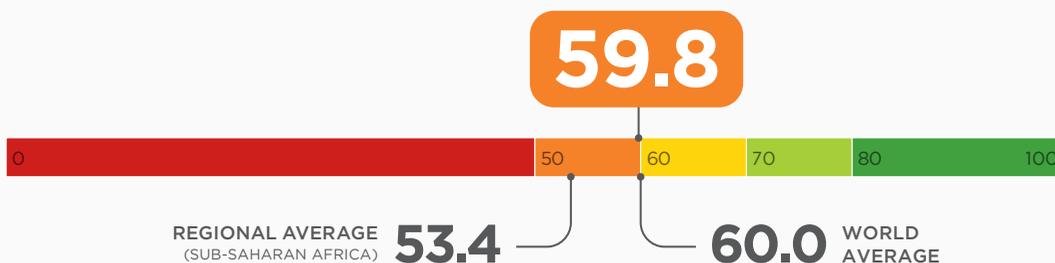
GHANA

Ghana's economic freedom score is 59.8, making its economy the 89th freest in the 2022 *Index*. Ghana is ranked 9th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Over the past five years, Ghana's economic growth had been decelerating, but it turned upward in 2021. The expansion of economic freedom over the same five years has resumed its upward trajectory. Aided by significantly higher scores for rule of law (**property rights, judicial effectiveness, and government integrity**), Ghana has recorded a 3.6-point overall gain of economic freedom since 2017 and has climbed to the top of the "Mostly Unfree" category. The burden on the economy from taxes and **government spending** is relatively light, but **fiscal health** has collapsed.

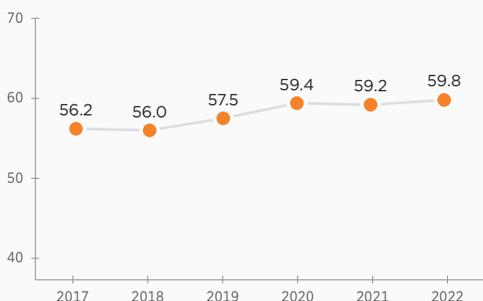
IMPACT OF COVID-19: As of December 1, 2021, 1,209 deaths had been attributed to the pandemic in Ghana, and the government's response to the crisis ranked 99th among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.9 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +4.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
31.1 million

GDP (PPP):
\$175.2 billion
0.9% growth in 2020
5-year compound annual growth 5.0%
\$5,693 per capita

UNEMPLOYMENT:
4.5%

INFLATION (CPI):
9.9%

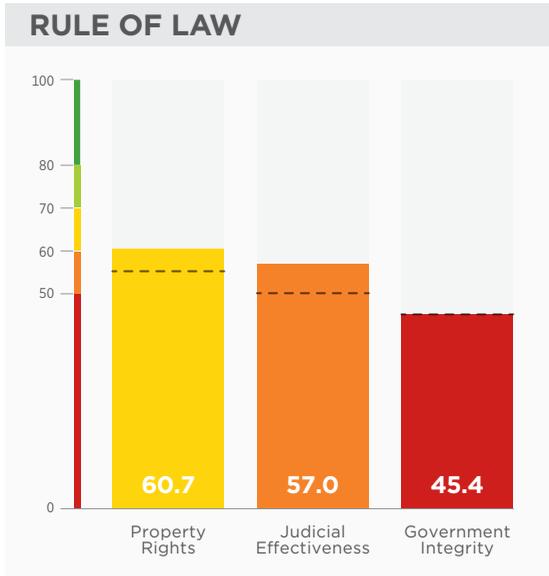
FDI INFLOW:
\$1.9 billion

PUBLIC DEBT:
78.0% of GDP

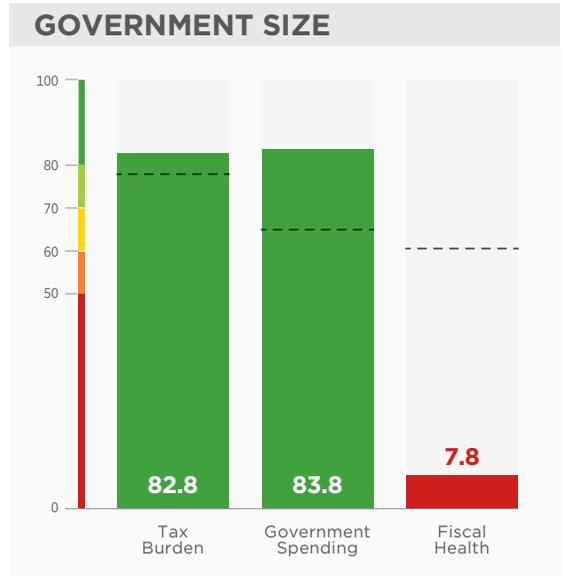
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Formed from the British colony of Gold Coast and the Trust Territory of Togoland in 1957, Ghana became the first sub-Saharan country to gain its independence. It has been a stable democracy since 1992. In 2016, President John Dramani Mahama lost his bid for reelection to Nana Akufo-Addo, who defeated Mahama again in December 2020 elections. Violence following the elections caused the death of at least five people. Akufo-Addo's New Patriotic Party has a one-seat parliamentary majority that is reliant on an independent member of parliament. Ghana is Africa's second-biggest producer of gold and second-largest producer of cocoa in addition to being rich in diamonds and oil.

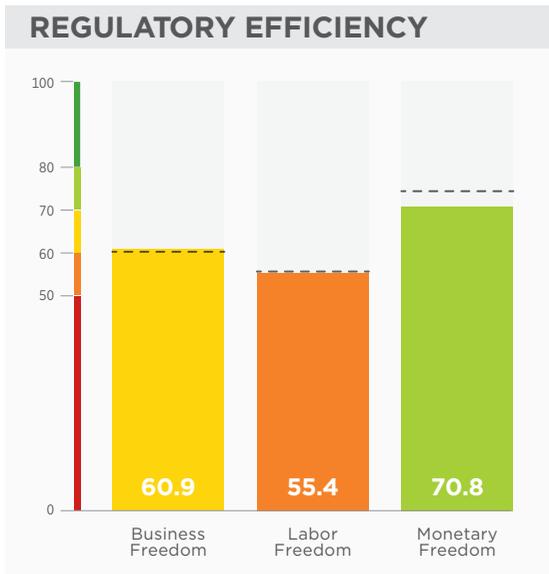
12 ECONOMIC FREEDOMS | GHANA



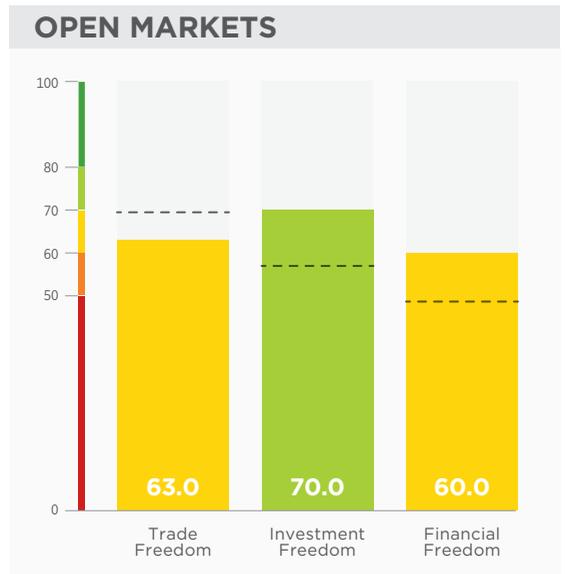
Property rights are recognized and enforced, but the process for getting clear title to land is often difficult, complicated, and lengthy. Ghana's legal system is based on British common law and local customary law. There is a history of government intervention in the court system, which suffers from a lack of training as well as delays and inadequate resourcing. Bribery is most pervasive in the judicial system and across public services.



The top individual income tax rate has been cut to 30 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 14.1 percent of total domestic income. Government spending has amounted to 23.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 10.1 percent of GDP. Public debt is equivalent to 78.0 percent of GDP.



Electricity is administered through an inefficient state-owned power distribution system. Bureaucracy is onerous, and there is a general lack of government transparency. The fact that about one in three Ghanaians is illiterate limits productivity. The government is trying to divest 27 highly indebted and loss-making state-owned enterprises including the Tema Oil Refinery, Electricity Company of Ghana, and Ghana National Petroleum Corporation.



Ghana has four preferential trade agreements in force. The trade-weighted average tariff rate is 11.0 percent, and five nontariff measures are in effect. The government generally does not discriminate against foreign investors except in key sectors, but the overall investment regime lacks efficiency and transparency. The financial sector has undergone restructuring, but access to financing remains limited.

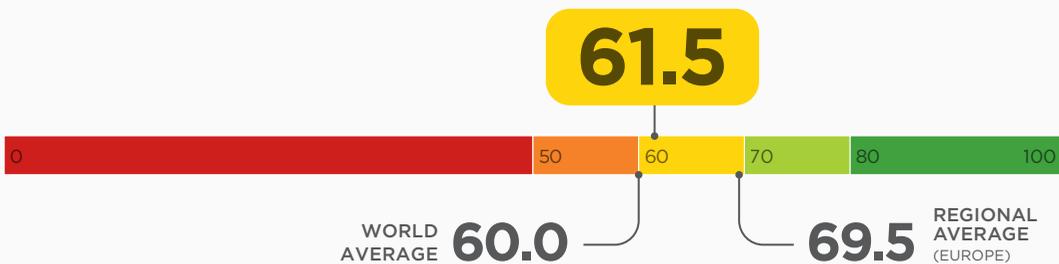
GREECE

Greece's economic freedom score is 61.5, making its economy the 77th freest in the 2022 *Index*. Greece is ranked 38th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

A sharp downturn in 2020 has wiped out Greece's economic growth over the past five years. However, a five-year trend of expanding economic freedom has continued. Aided by significantly higher scores for rule of law (**property rights**, **judicial effectiveness**, and **government integrity**), Greece has recorded a 6.5-point overall gain in economic freedom since 2017 and has now secured its ranking in the "Moderately Free" category after being ranked "Mostly Unfree" for more than a decade. Monetary freedom and **trade freedom** are solid, but excessive **government spending** continues to burden the economy.

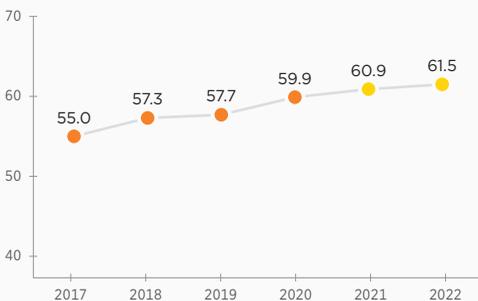
IMPACT OF COVID-19: As of December 1, 2021, 18,234 deaths had been attributed to the pandemic in Greece, and the government's response to the crisis ranked 3rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +0.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.7 million

GDP (PPP):
\$307.9 billion
-8.2% growth
in 2020
5-year compound
annual growth -0.8%
\$28,748 per capita

UNEMPLOYMENT:
16.9%

INFLATION (CPI):
-1.3%

FDI INFLOW:
\$3.6 billion

PUBLIC DEBT:
213.1% of GDP

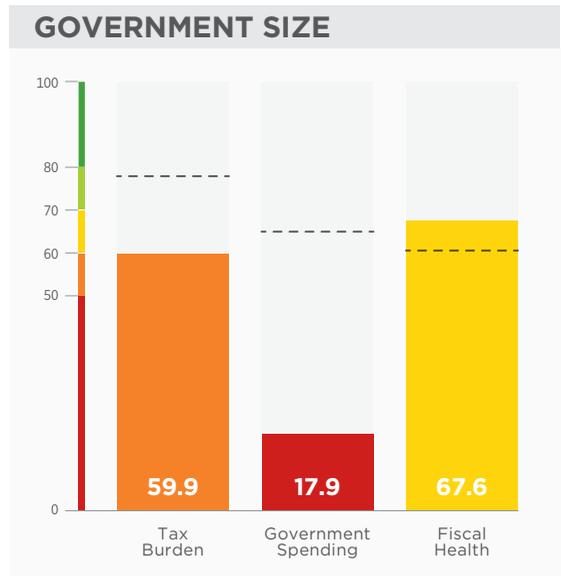
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Independent from the Ottoman Empire since 1830, Greece became a member of NATO in 1952, joined the European Union in 1981, and entered the eurozone in 2002. The center-right New Democracy Party's Kyriakos Mitsotakis has been prime minister since 2019. Recent labor reforms passed by his majority were met with protests and strikes. In 2018, Greece exited from an eight-year bailout program that was conditioned on economic reforms and deeply unpopular austerity measures. Tourism, which saw a precipitous drop in 2020, and shipping are Greece's most important industries. Unemployment and public debt remain high. Significant Chinese investment includes a controlling stake in the port of Piraeus. Disagreements with Turkey regarding overlapping claims to hydrocarbon resources in the Mediterranean remain potentially combustible.

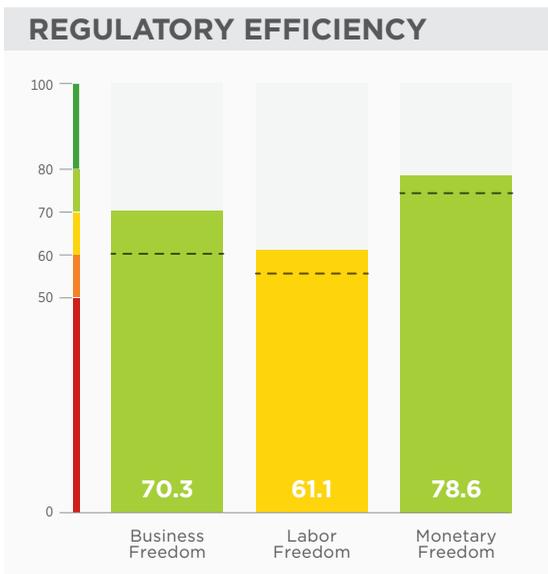
12 ECONOMIC FREEDOMS | GREECE



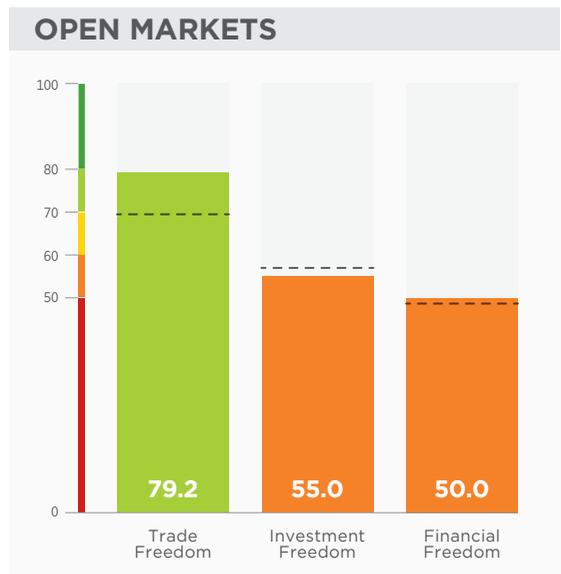
Secured interests in property are recognized and enforced, but modernization of the land registry is behind schedule. Bureaucratic delays in the judicial system weaken enforcement. The judiciary is independent but inefficient, slow, and understaffed. According to one survey, one-third of Greeks indicate that they perceive corruption as widespread among local government officials, especially in health care. The anticorruption apparatus is fragmented.



The top individual income tax rate is 44 percent, and the top corporate tax rate is 24 percent. The overall tax burden equals 38.7 percent of total domestic income. Government spending has amounted to 52.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.8 percent of GDP. Public debt is equivalent to 213.1 percent of GDP.



The process for starting a business is relatively straightforward, but financing can be difficult to obtain. The unemployment rate has fallen over the past two years but remains high. Greek state-owned and subsidized enterprises are active in utilities, transportation, energy, media, health, and the defense industry.



As a member of the EU, Greece has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Foreign and domestic investors are generally treated equally, but bureaucratic barriers undermine investment. Although the financial system has regained stability, the level of nonperforming loans in the banking sector remains high.

GUATEMALA

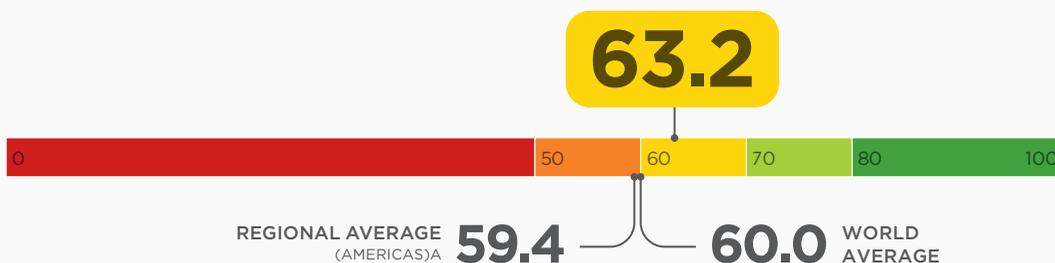
Guatemala's economic freedom score is 63.2, making its economy the 69th freest in the 2022 *Index*. Guatemala is ranked 15th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Over the past five years, Guatemala's economic growth accelerated from 2017 to 2019, turned negative in 2020, and recovered in 2021. Economic freedom has remained largely unchanged in Guatemala for the past half-decade. With improved **judicial effectiveness** offset by declining **fiscal health**, Guatemala has recorded an almost negligible 0.2-point overall gain in economic freedom since 2017 and remains in the lower half of the "Moderately Free" category. The economy is not heavily burdened by taxes and **government spending**, but **property rights**, **government integrity**, and **labor freedom** are weak.

IMPACT OF COVID-19: As of December 1, 2021, 15,956 deaths had been attributed to the pandemic in Guatemala, and the government's response to the crisis ranked 106th among the countries included in this *Index* in terms of its stringency. The economy contracted by 1.5 percent in 2020.

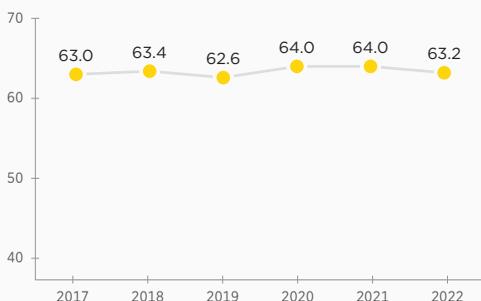


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
16.9 million

GDP (PPP):
\$149.0 billion
-1.5% growth in 2020
5-year compound annual growth 2.3%
\$8,293 per capita

UNEMPLOYMENT:
4.7%

INFLATION (CPI):
2.4%

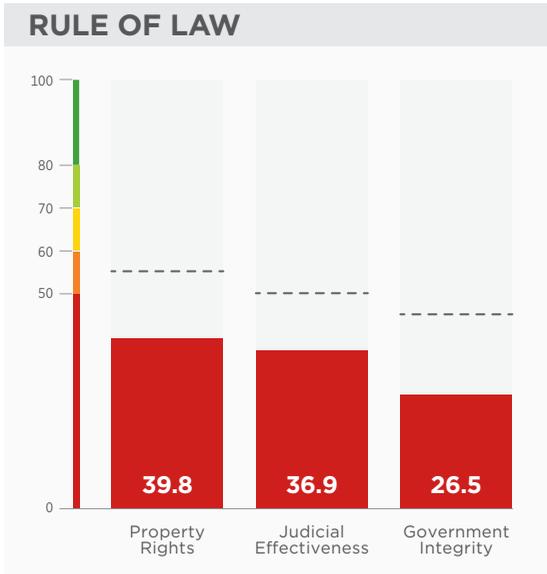
FDI INFLOW:
\$915.0 million

PUBLIC DEBT:
31.7% of GDP

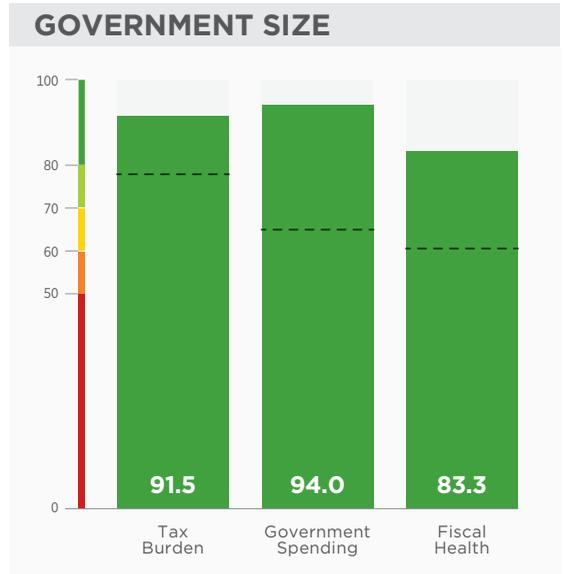
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: After a multi-decade guerrilla war that killed more than 200,000 people ended in 1996, stability and reforms attracted foreign investment. President Alejandro Giammattei of the center-right Vamos party began his four-year term in 2020. His priorities include business-led growth, expanded trade with Mexico, and removal of the International Commission Against Impunity in Guatemala, a politicized and left-leaning U.N.-sponsored anticorruption commission. Nevertheless, government corruption must be addressed. Economic growth is not broadly shared. Job creation is needed to forestall emigration. Remittances are nearly 14 percent of GDP. More than half of the population lives in poverty, and many children are malnourished. Gang violence and drug trafficking continue to impede economic development.

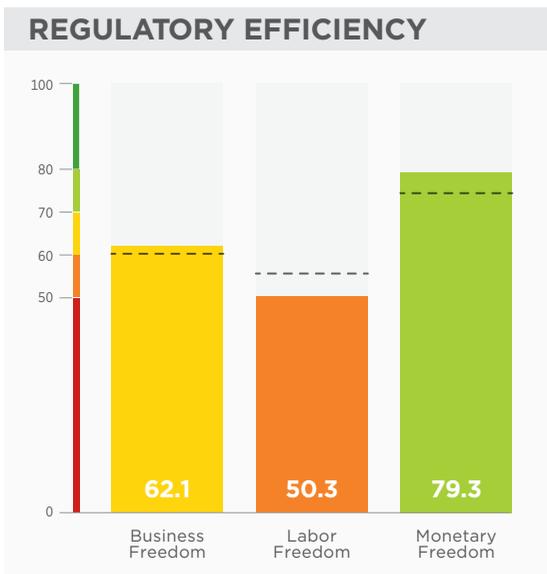
12 ECONOMIC FREEDOMS | GUATEMALA



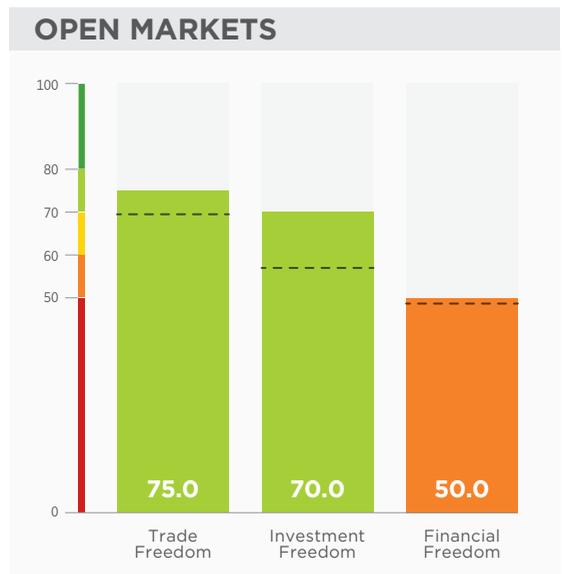
Protection of property rights is inadequate. Defects in titles and ownership gaps in the public record can lead to conflicting claims of land ownership, especially in rural areas. Rule of law is not well established. The judicial system is weak, overworked, ill-trained in complex commercial cases, and inefficient. Pervasive corruption, often linked to narco-trafficking and organized crime, remains a serious problem, especially in government procurement and customs.



The top individual income tax rate is 7 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and real estate taxes. The overall tax burden equals 13.1 percent of total domestic income. Government spending has amounted to 14.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.0 percent of GDP. Public debt is equivalent to 31.7 percent of GDP.



Ambiguous rules for businesses, unpredictable judicial decisions, and bureaucratic barriers hurt business freedom. The prevalence of unskilled and inexpensive labor allows employers to use labor-intensive production methods. Universities focus on social sciences, making technical and managerial workers hard to find. The government subsidizes electricity and the operations of state-owned ports on the country's Caribbean and Pacific coasts.



Guatemala has 10 preferential trade agreements in force. The trade-weighted average tariff rate is 5.0 percent, and 30 nontariff measures are in effect. Technically, foreign investors receive national treatment, but regulatory hurdles can serve as barriers to investment. The financial sector is dominated by bank-centered financial conglomerates, and the five largest banks account for more than 60 percent of total assets.

GUINEA

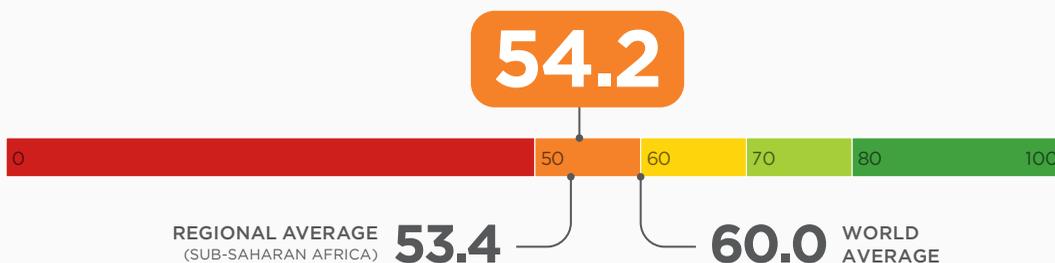
Guinea's economic freedom score is 54.2, making its economy the 129th freest in the 2022 Index. Guinea is ranked 25th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Guinea's economic expansion over the past five years was slow until 2020, when it improved, bucking the worldwide trend, before slowing again in 2021. Economic freedom in Guinea peaked in 2019 but has slackened since then. Nevertheless, with its **fiscal health** improved by loans through the IMF's Extended Credit Facility, Guinea has recorded a 6.6-point overall gain of economic freedom since 2017. It made the jump from the "Repressed" category into the ranks of the "Mostly Unfree" in 2018 and has remained there. Monetary freedom and **trade freedom** are relatively strong, but the rule of law is very weak.

IMPACT OF COVID-19: As of December 1, 2021, 387 deaths had been attributed to the pandemic in Guinea, and the government's response to the crisis ranked 35th among the countries included in this *Index* in terms of its stringency. The economy grew 5.2 percent in 2020.

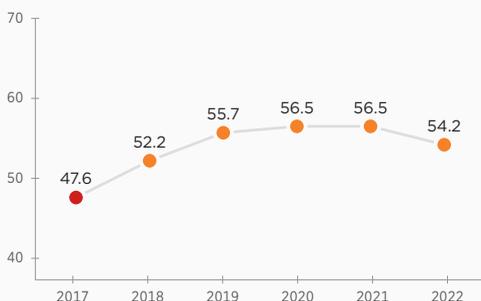
WORLD RANK: **129**
REGIONAL RANK: **25**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -5.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
13.1 million

GDP (PPP):
\$36.4 billion
5.2% growth in 2020
5-year compound annual growth 7.6%
\$2,604 per capita

UNEMPLOYMENT:
4.4%

INFLATION (CPI):
10.6%

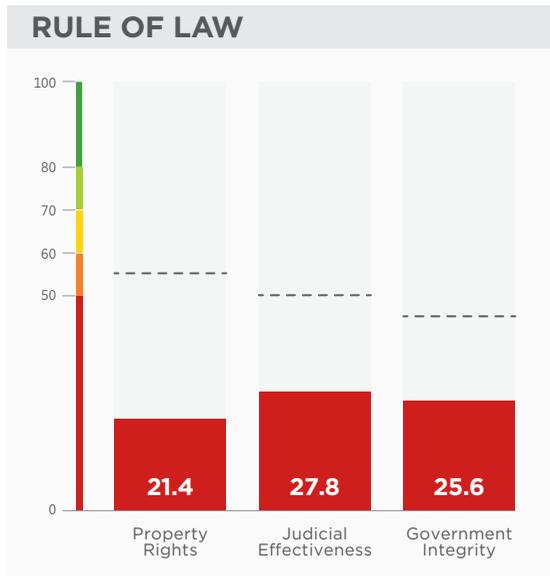
FDI INFLOW:
\$325.0 million

PUBLIC DEBT:
41.4% of GDP

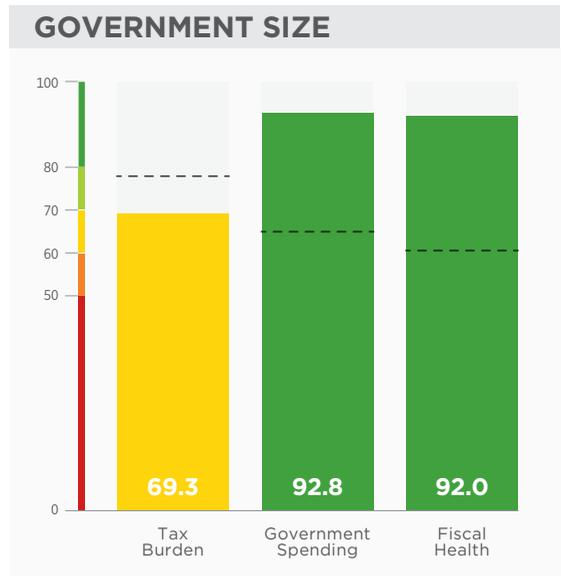
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: In 2010, Alpha Condé won Guinea's first presidential election since independence from France in 1958, but it was an election marred by irregularities and political violence. Condé easily won a second term in 2015 after the opposition boycotted the elections. In 2020, a constitutional referendum cleared the way for the 83-year-old Condé to seek a third term, which he won in October elections, the aftermath of which was marred by violence and the arrests of opposition party leaders. In September 2021, Condé was ousted in a coup, leading the regional body ECOWAS to suspend Guinea's membership. Guinea has huge bauxite reserves and large deposits of iron ore, gold, and diamonds. Despite this great mineral wealth, however, many Guineans live in poverty.

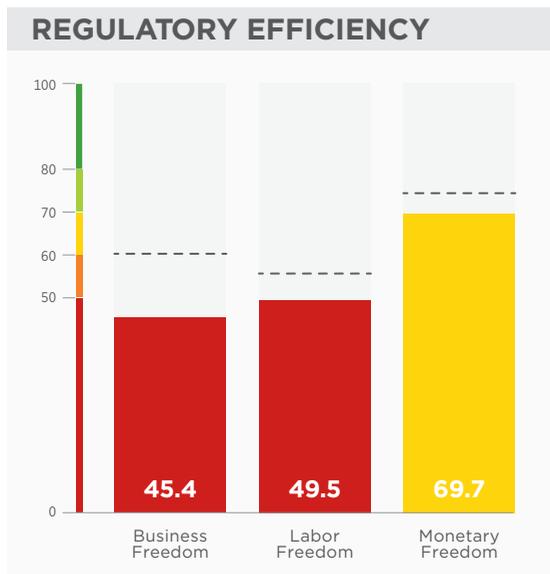
12 ECONOMIC FREEDOMS | GUINEA



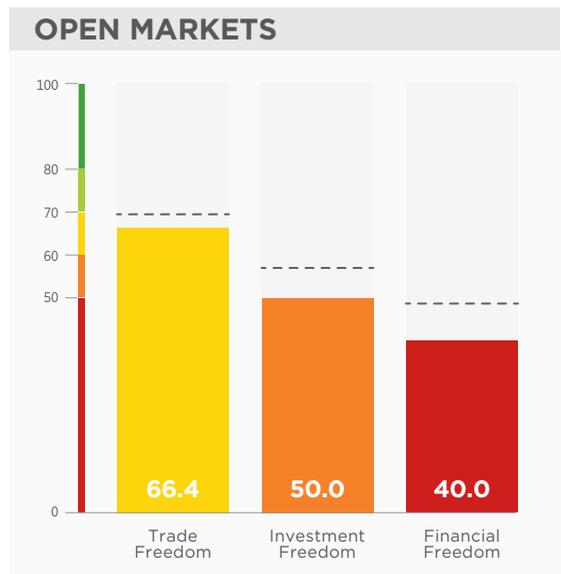
Property rights and ownership can be documented, but enforcement of those rights depends on a corrupt and inefficient legal and administrative system. The same piece of land can have several overlapping deeds. The judicial system is generally understaffed, corrupt, and opaque. The business and political cultures, coupled with low government salaries, encourage corruption. Requests for bribes are common.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 35 percent. The overall tax burden equals 15.6 percent of total domestic income. Government spending has amounted to 15.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.7 percent of GDP. Public debt is equivalent to 41.4 percent of GDP.



Small and medium-sized businesses face severe financing constraints, and political unrest threatens business freedom. There is a shortage of electricity. The labor force suffers from a tremendous lack of specialized skills that is exacerbated by the poor educational system. Many mining workers are working in unsafe conditions. The government continues to subsidize electricity and other energy sources.



Guinea has two preferential trade agreements in force. The trade-weighted average tariff rate is 9.3 percent, and nontariff barriers discourage more dynamic trade. The law treats foreign and domestic investment equally, but government openness to foreign investment is below average. High credit costs and scarce access to financing hinder entrepreneurial activity, although bank credits to the private sector have increased.

GUINEA-BISSAU



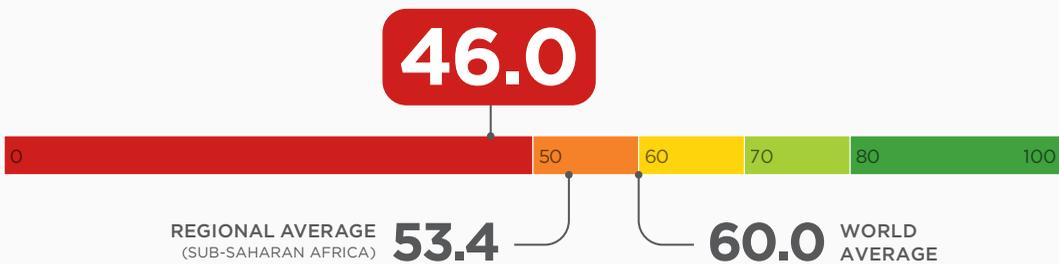
WORLD RANK: **166**
 REGIONAL RANK: **42**
 ECONOMIC FREEDOM STATUS: **REPRESSED**

Guinea-Bissau's economic freedom score is 46.0, making its economy the 166th freest in the 2022 *Index*. Guinea-Bissau is ranked 42nd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Economic growth in Guinea-Bissau has been erratic over the past five years, slowing and then recovering to produce a five-year annual average of 3.1 percent. Economic freedom in the country held steady over the same period until suddenly plummeting in 2021. Dragged down by poor **fiscal health** and sharply lower scores for **judicial effectiveness** and **government integrity**, Guinea-Bissau has recorded a staggering 10.1-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Unfree" category into the "Repressed" category. Scores for **tax burden** and **government spending** exhibit strength, but **business freedom**, **investment freedom**, and **financial freedom** are weak.

IMPACT OF COVID-19: As of December 1, 2021, 148 deaths had been attributed to the pandemic in Guinea-Bissau. The economy contracted by 2.4 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1999): +12.5

RECENT FREEDOM TREND



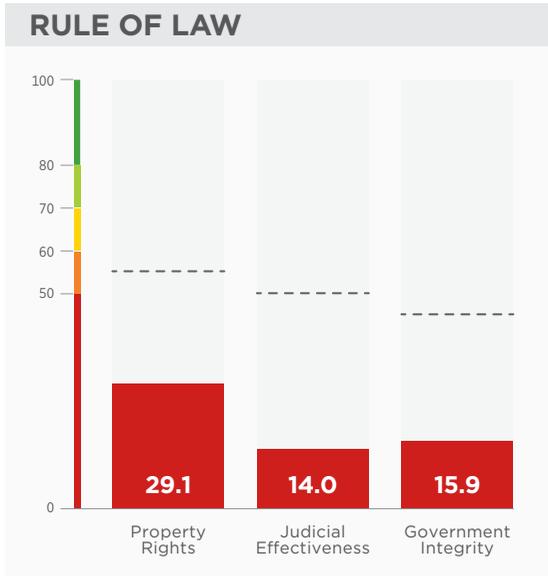
QUICK FACTS

POPULATION: 2.0 million
UNEMPLOYMENT: 3.2%
GDP (PPP): \$4.3 billion
 -2.4% growth in 2020
 5-year compound annual growth 3.1%
 \$2,348 per capita
INFLATION (CPI): 1.5%
FDI INFLOW: \$20.0 million
PUBLIC DEBT: 78.1% of GDP

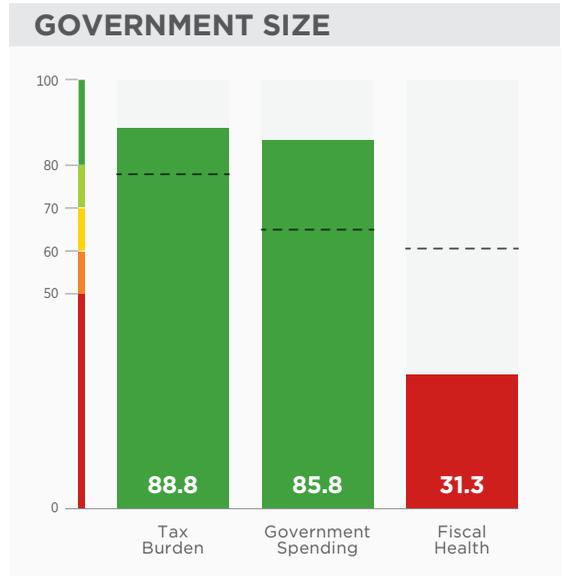
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Conflict has wracked Guinea-Bissau almost continuously since independence from Portugal in 1974. A contested presidential election in late 2019 plunged the country into crisis. Two competing governments were formed, and after months of unrest during which several former senior ruling party officials temporarily fled the country and the military briefly took control of some government buildings, Umaro Sissoco Embaló, a former prime minister and general, was confirmed as the country's sole president. Guinea-Bissau is highly dependent on subsistence agriculture, the export of cashew nuts, and foreign assistance, which normally accounts for approximately 80 percent of its budget. The incomes of approximately two-thirds of the population are below the extreme-poverty line.

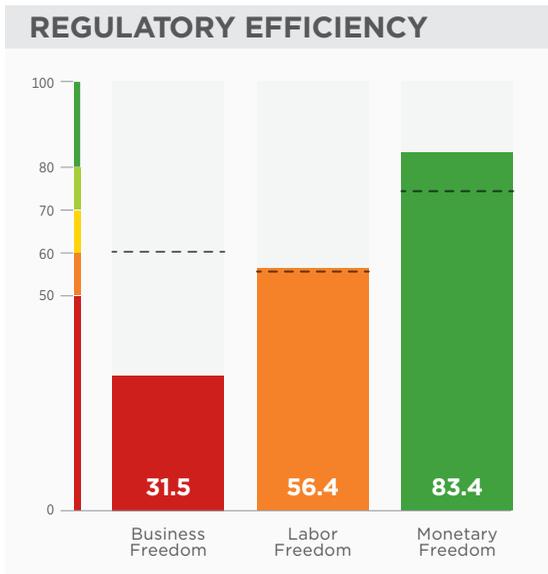
12 ECONOMIC FREEDOMS | GUINEA-BISSAU



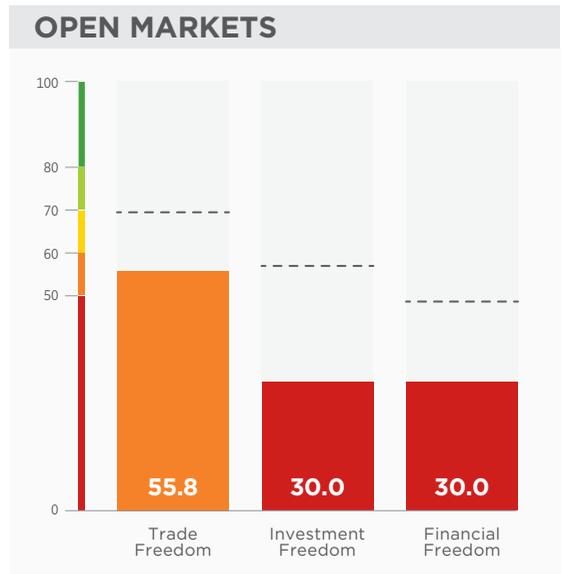
Protection of property rights is poor because the legal system is weak and slow. Enforcement of contracts can be difficult. The judiciary has little independence and is barely operational. Judges are poorly trained and underpaid. Corruption is pervasive, including among senior government figures. Many officials are suspected of facilitating the country's status as a transit hub for cocaine trafficking from South America to Europe.



The top individual income tax rate is 20 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 9.5 percent of total domestic income. Government spending has amounted to 21.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.0 percent of GDP. Public debt is equivalent to 78.1 percent of GDP.



Guinea-Bissau is having a difficult time improving its business climate without a stable government. Weak institutions and problems related to its status as a way station for illegal drugs bound for Europe ensnarl business owners. Two out of three Bissau-Guineans subsist below the absolute poverty line. The government continues to subsidize electricity, partly through a loan from the African Development Bank.



Guinea-Bissau has one preferential trade agreement in force. The simple average tariff rate is 12.1 percent, and nontariff barriers continue to impede trade. The government screens foreign investment, and investment is discouraged by inefficient regulations. The underdeveloped financial sector remains under state control. Credit costs are high, and access to financing is scarce.

GUYANA

WORLD RANK: REGIONAL RANK:

91

19

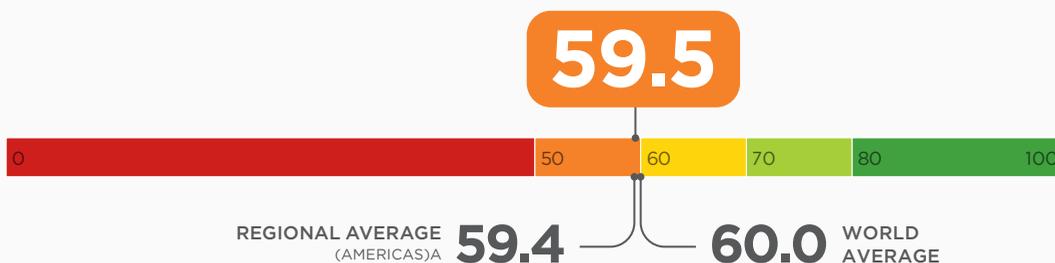
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Guyana's economic freedom score is 59.5, making its economy the 91st freest in the 2022 *Index*. Guyana is ranked 19th among 32 countries in the Americas region, and its overall score is above the regional average but below the world average.

Over the past five years, Guyana's economic growth accelerated as the offshore oil boom gathered speed and propelled investment and reforms. Economic freedom fluctuated over the same period but began to grow in 2020 and improved again in 2021. Driven by higher scores for rule of law (**property rights**, **judicial effectiveness**, and **government integrity**), Guyana has recorded a 1.0-point overall gain of economic freedom since 2017 and has neared the top of the "Mostly Unfree" category. Monetary freedom and **trade freedom** are relatively strong, but rule of law and **financial freedom** remain weak.

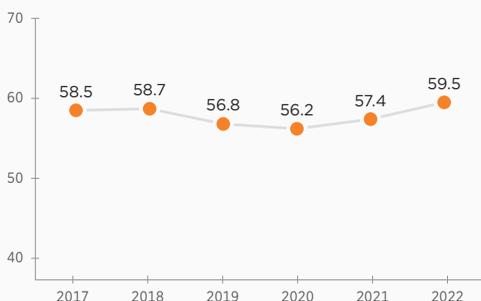
IMPACT OF COVID-19: As of December 1, 2021, 997 deaths had been attributed to the pandemic in Guyana, and the government's response to the crisis ranked 27th among the countries included in this *Index* in terms of its stringency. The economy grew 43.4 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +13.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.8 million

GDP (PPP):
\$15.5 billion
43.4% growth in 2020
5-year compound annual growth 12.1%
\$19,684 per capita

UNEMPLOYMENT:
15.8%

INFLATION (CPI):
0.7%

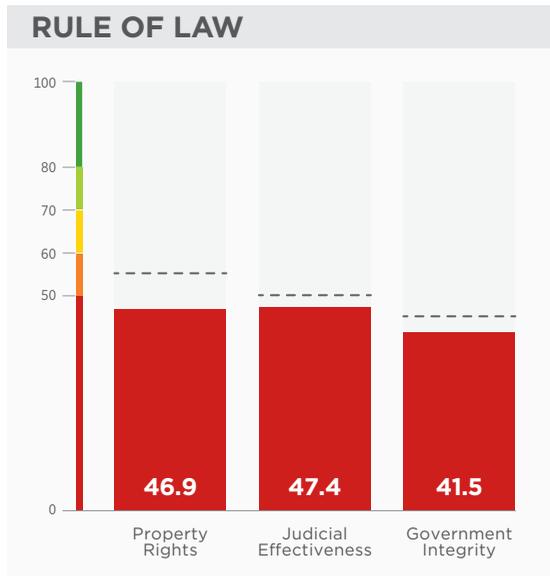
FDI INFLOW:
\$1.8 billion

PUBLIC DEBT:
43.9% of GDP

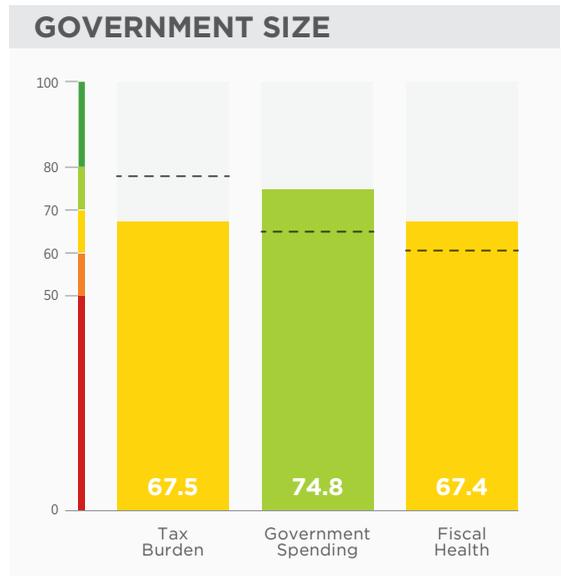
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: After former slaves in British Guyana settled in urban areas, indentured servants from India were recruited to work on plantations. Guyana's ethno-cultural divide has led to a history of political turmoil and electoral violence that stretches back to its independence from the United Kingdom in 1966. Irfaan Ali of the leftist People's Progressive Party/Civic became president in 2020 after months of uncertainty over disputed election results. Ali has pursued an agenda focused on creating local jobs and negotiating with foreign oil companies. Petroleum production from recently discovered offshore oilfields has transformed Guyana's economy and is expected to raise GDP substantially. Venezuela claims more than two-thirds of Guyana's territory and has pursued annexation unsuccessfully in international courts.

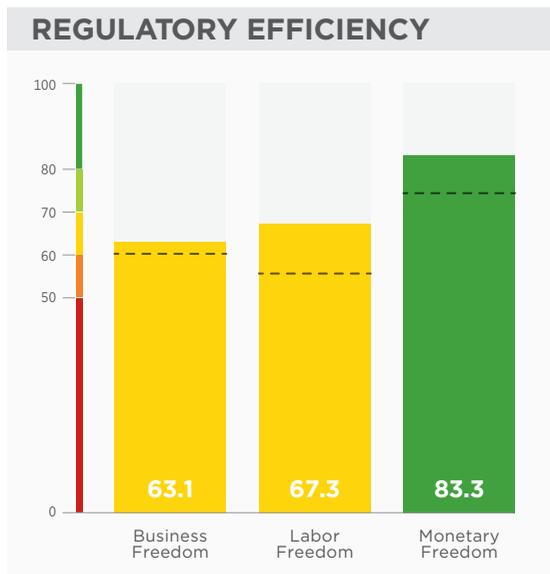
12 ECONOMIC FREEDOMS | GUYANA



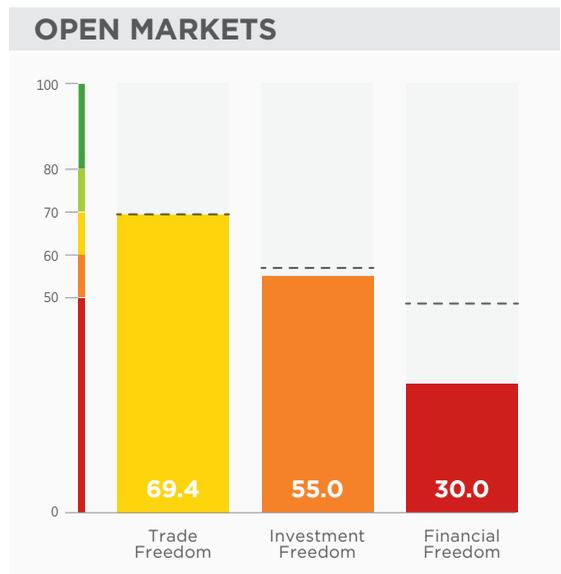
Protection of property rights is weakened by an overly bureaucratic, opaque, and complex system with overlapping, competing, and nontransparent regulations. Although the judiciary is independent, the understaffed and inadequately resourced judicial system is generally perceived as slow and ineffective in enforcing legal contracts. There are widespread concerns about inefficiencies and corruption in the awarding of contracts.



The top individual income tax rate is 33.3 percent, and the top corporate tax rate is 40 percent. The overall tax burden equals 23.2 percent of total domestic income. Government spending has amounted to 29.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.2 percent of GDP. Public debt is equivalent to 43.9 percent of GDP.



Guyana's newfound oil wealth made it the world's fastest-growing economy in 2020. Being the only English-speaking country in South America creates the potential for call centers and other service industries. New revenue from oil production will permit the government to fund a vast expansion of its state-run enterprises (SOEs); it already subsidizes 10 SOEs in such sectors as electricity, sugar, rice growing, and shipping.



Guyana has four preferential trade agreements in force. The trade-weighted average tariff rate is 5.3 percent, and 32 non-tariff measures are in effect. Most new foreign investments are screened. The approval process for investments can be burdensome and nontransparent. The banking sector, characterized by inefficiency and a poor institutional framework, has become more fragile.

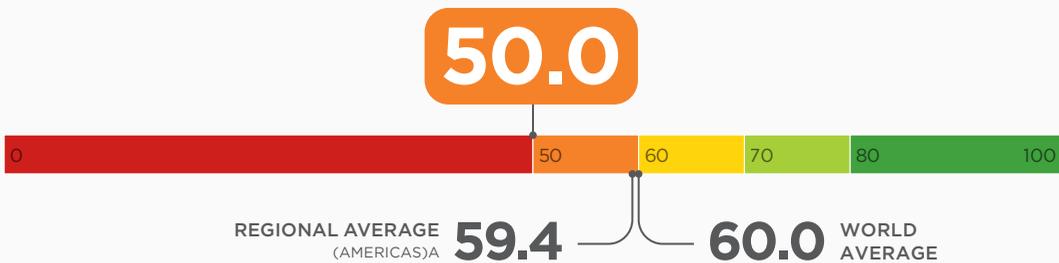
HAITI

Haiti's economic freedom score is 50.0, making its economy the 145th freest in the 2022 *Index*. Haiti is ranked 28th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Over the past five years, Haiti's economy grew slowly until 2019. It then turned negative until a slight rebound in 2021. A five-year trend of economic freedom has followed a similar path, rising at first and then steadily declining. With a big gain in **fiscal health** offset by lower scores for **judicial effectiveness** and **government integrity**, Haiti has registered a net gain in economic freedom of only 0.4 point since 2017 and is now at the very bottom of the "Mostly Unfree" category. Trade freedom demonstrates some strength, but **business freedom**, **investment freedom**, and **financial freedom** are weak.

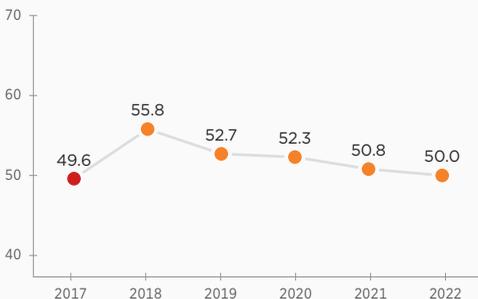
IMPACT OF COVID-19: As of December 1, 2021, 746 deaths had been attributed to the pandemic in Haiti, and the government's response to the crisis ranked 28th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.7 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.4 million

GDP (PPP):
\$33.2 billion
-3.7% growth
in 2020
5-year compound
annual growth 0.1%
\$2,916 per capita

UNEMPLOYMENT:
14.5%

INFLATION (CPI):
22.9%

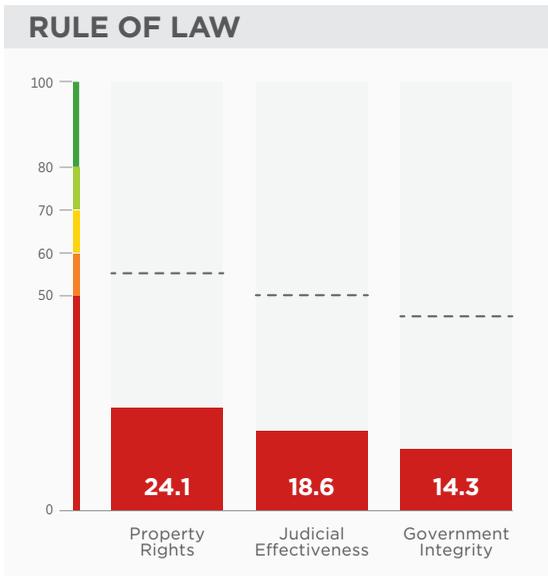
FDI INFLOW:
\$30.0 million

PUBLIC DEBT:
25.1% of GDP

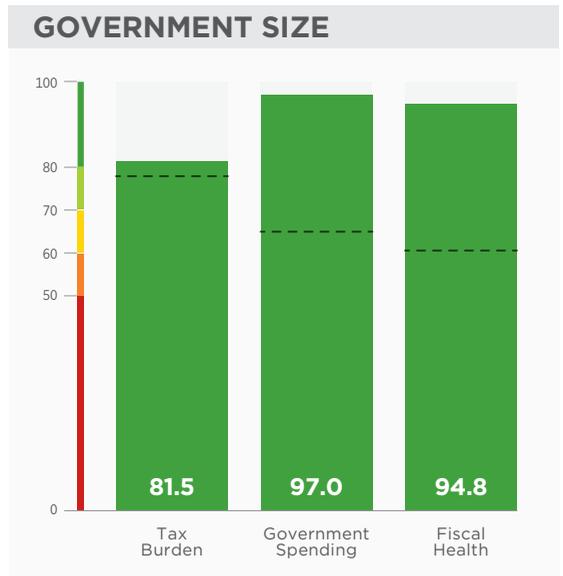
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Western Hemisphere's poorest country, Haiti is plagued by widespread corruption, gang violence, drug trafficking, and organized crime and is nearing the status of a failed state. These conditions were exacerbated in 2021 with the assassination of President Jovenel Moïse and a subsequent earthquake that ravaged much of the country's Southwest. Acting President Ariel Henry attempts to govern with no elected legislature and no date set for the next election. Since the assassination, gangs in Haiti have been widely seen as controlling much of the country, including most of Port-au-Prince. Rampant crime and violence on top of a stagnating economy, social unrest, and widespread corruption paint a grim picture of a still unstable Haiti. Over one-quarter of Haitians live in extreme poverty.

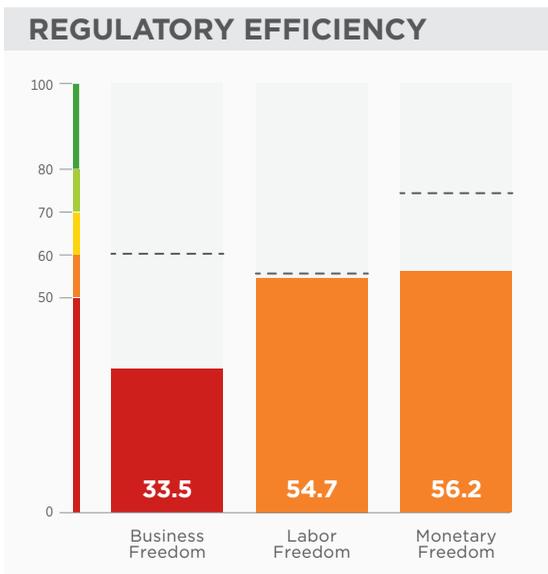
12 ECONOMIC FREEDOMS | HAITI



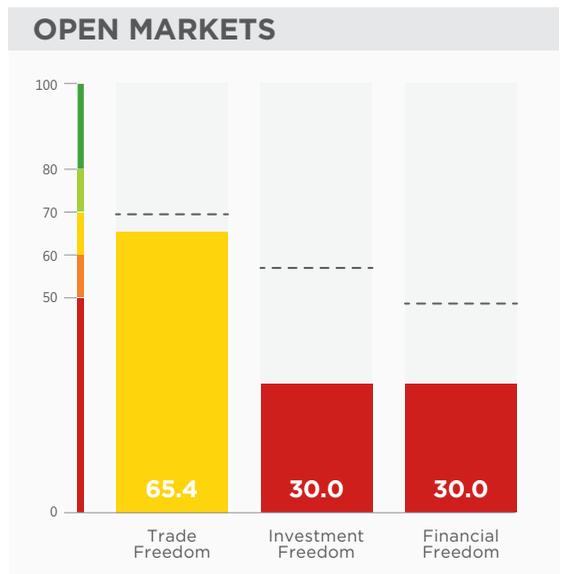
In a period of extreme political instability bordering on anarchy, the protection of property rights and enforcement of contracts in Haiti are very poor. There is no comprehensive civil registry for real property, and legitimate property titles are often either nonexistent or in dispute. The judiciary is poorly resourced and susceptible to political pressure and corruption, which remains pervasive.



The top personal income and corporate tax rates are 30 percent. Other taxes include a value-added tax. The overall tax burden equals 7.4 percent of total domestic income. Government spending has amounted to 10.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.6 percent of GDP. Public debt is equivalent to 25.1 percent of GDP.



Political uncertainty and a frail security situation hold back business freedom. Unpredictable and sudden regulatory changes are common. Relations between labor and management have sometimes been strained. Labor laws are loosely enforced. The government subsidizes state-owned enterprises in such sectors as food processing, construction, heavy equipment, telecommunications, electricity, banking, ports, and airports.



Haiti has two preferential trade agreements in force. The trade-weighted average tariff rate is 7.3 percent, and one formal nontariff measure is in effect. However, bureaucratic impediments, worsened by ongoing political instability and institutional shortcomings, severely undermine trade flow and discourage foreign investment. The strained financial infrastructure remains fragile with many economic transactions occurring outside of the formal banking sector.

HONDURAS

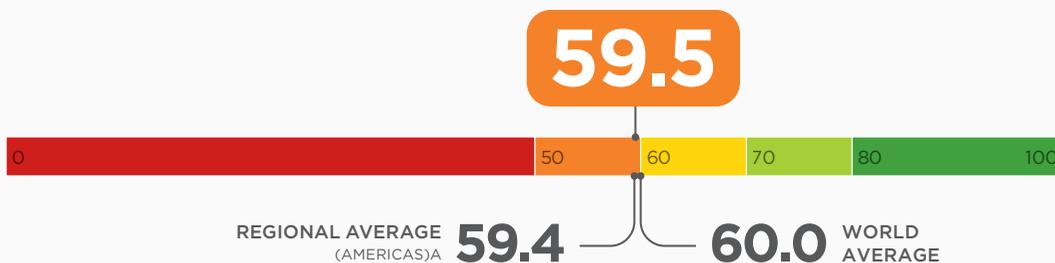
Honduras's economic freedom score is 59.5, making its economy the 92nd freest in the 2022 *Index*. Honduras is ranked 20th among 32 countries in the Americas region, and its overall score is above the regional average but below the world average.

Economic growth slowed over the past five years and turned sharply negative in 2020 before resuming in 2021. Economic freedom has retreated from its all-time high in 2020. With gains in **fiscal health** and **labor freedom** largely offset by decreases in **property rights**, **judicial effectiveness**, and **government integrity**, Honduras has registered a net gain in economic freedom of only 0.7 point since 2017 and remains in the "Mostly Unfree" category where it has been throughout most of its history in the *Index*. Monetary freedom and **trade freedom** are relatively strong, but rule of law and **labor freedom** score poorly.

IMPACT OF COVID-19: As of December 1, 2021, 10,402 deaths had been attributed to the pandemic in Honduras, and the government's response to the crisis ranked 53rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.0 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.9 million

GDP (PPP):
\$54.2 billion
-8.0% growth in 2020
5-year compound annual growth 1.4%
\$5,450 per capita

UNEMPLOYMENT:
9.4%

INFLATION (CPI):
3.5%

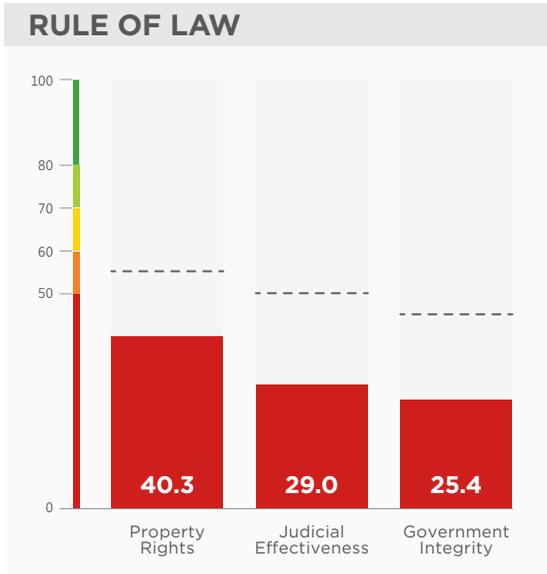
FDI INFLOW:
\$419.0 million

PUBLIC DEBT:
48.9% of GDP

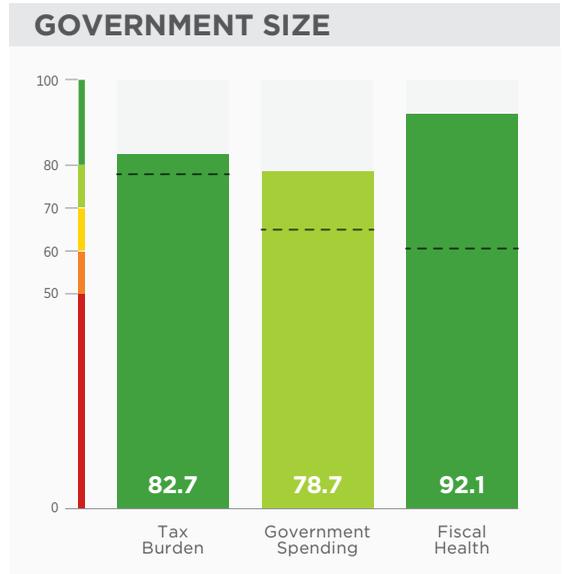
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Honduras is Central America's second-poorest country and has one of the world's highest homicide rates. Gangs and transnational criminal networks prey on communities, often in collusion with authorities. Xiomara Castro of the leftist Liberty and Refoundation party, whose husband (and former president) Manuel was deposed by a 2012 military coup, defeated Nasry Asfura of the formerly ruling but scandal-tainted center-right National Party in the November 2021 presidential election. The country's location leaves it vulnerable to narco-trafficking. High unemployment, violence, and lack of opportunity continue to encourage emigration. Historically dependent on exports of bananas and coffee, Honduras has diversified its export base to include apparel and automobile wire harnesses. Remittances account for as much as one-fifth of GDP.

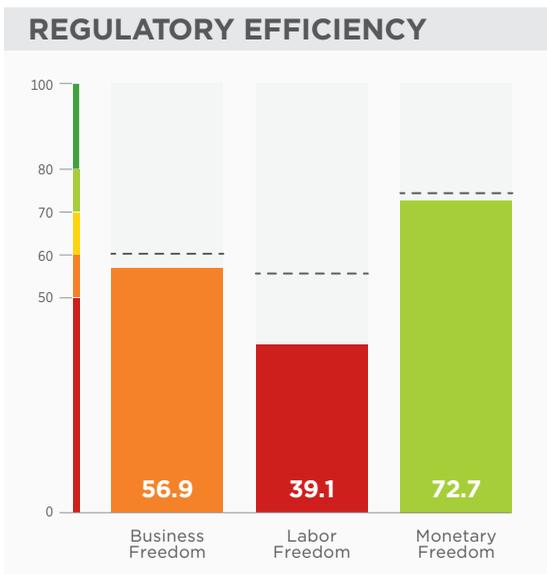
12 ECONOMIC FREEDOMS | HONDURAS



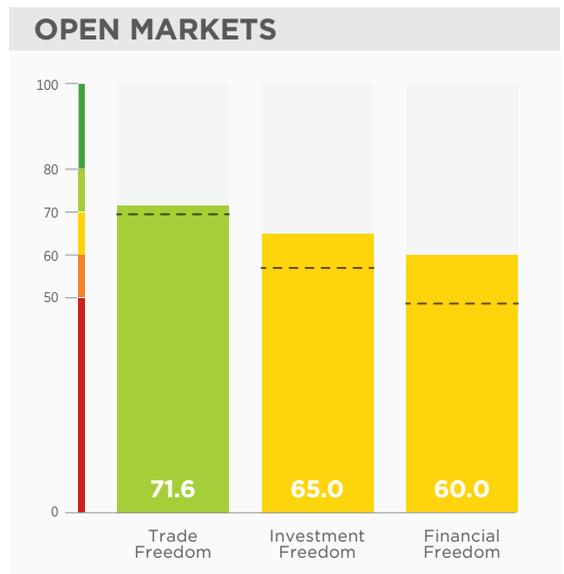
The Civil Procedures Code protects commercial transactions, property rights, and land tenure. Approximately 80 percent of privately held land is either untitled or improperly titled. The very slow judicial system lacks transparency and is vulnerable to favoritism, external pressure, and bribes. Corruption is pervasive in government procurement, issuance of government permits, customs, real estate transactions, performance requirements, and the regulatory system.



The top individual income and corporate tax rates are 25 percent. Other taxes include a value-added tax. The overall tax burden equals 21.9 percent of total domestic income. Government spending has amounted to 26.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.4 percent of GDP. Public debt is equivalent to 48.9 percent of GDP.



Crime, unreliable and expensive electricity, erratic tax enforcement, and poor infrastructure detract from business freedom. Recent hurricanes and COVID-19 restrictions have caused 18 percent of the labor force to lose their jobs. The government maintains price controls for basic food items, fuel, water, telecommunications, and ports and often imposes temporary price controls on other basic goods.



Honduras has 13 preferential trade agreements in force. The trade-weighted average tariff rate is 6.7 percent, but various nontariff barriers remain onerous. The government is generally open to foreign investment, but the overall investment environment is negatively affected by weak institutions and high levels of crime. The banking sector is relatively stable. The overall financial sector is underdeveloped, and a modern capital market is largely absent.

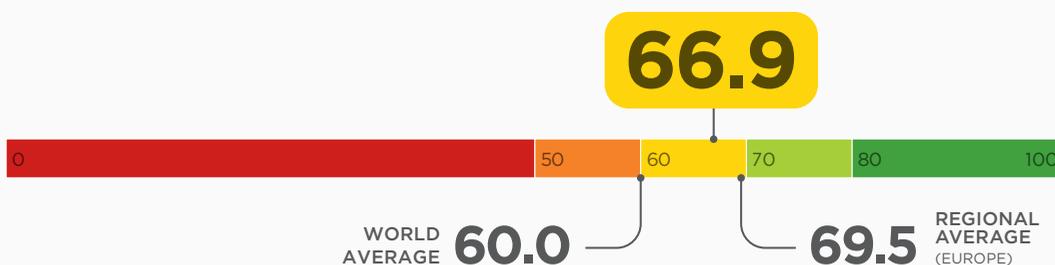
HUNGARY

Hungary's economic freedom score is 66.9, making its economy the 48th freest in the 2022 *Index*. Hungary is ranked 29th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Hungary's economic growth decelerated in 2019, turned negative in 2020, and rebounded in 2021. The country has slightly improved its economic freedom over the past five years. With an increase in the **property rights** score outpacing a loss of **fiscal health**, Hungary has recorded a 1.1-point overall score gain since 2017 and remains in the upper half of the "Moderately Free" category. Trade freedom and **investment freedom** are strong, but the score for **government spending** is weak.

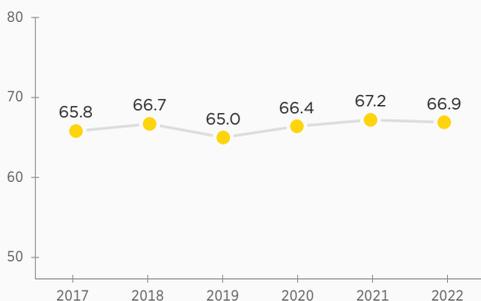
IMPACT OF COVID-19: As of December 1, 2021, 34,713 deaths had been attributed to the pandemic in Hungary, and the government's response to the crisis ranked 155th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +11.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.7 million

GDP (PPP):
\$322.7 billion
-5.0% growth in 2020
5-year compound annual growth 2.3%
\$33,030 per capita

UNEMPLOYMENT:
4.4%

INFLATION (CPI):
3.3%

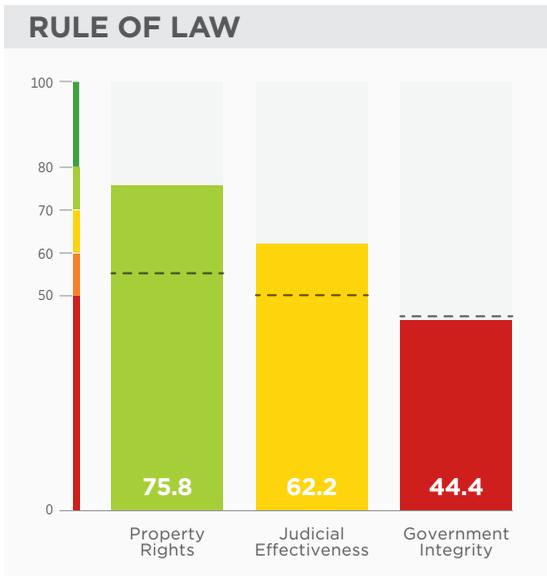
FDI INFLOW:
\$4.2 billion

PUBLIC DEBT:
81.2% of GDP

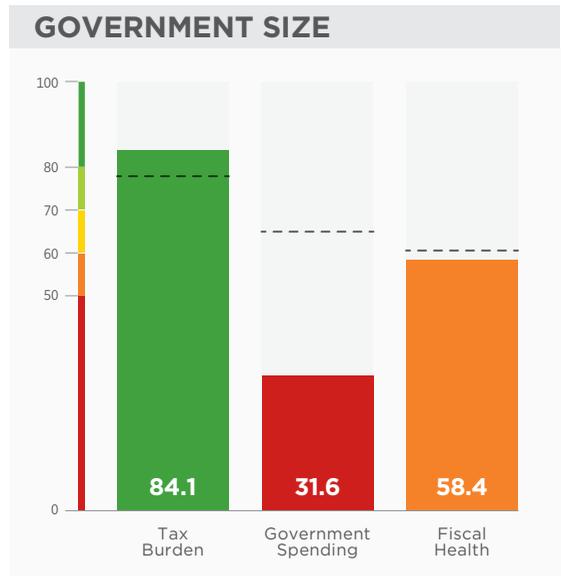
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Once part of the Austro-Hungarian Empire, Hungary emerged from 45 years of Communist rule to become fully independent in 1990. It joined NATO in 1999 and became a member of the European Union in 2004. Prime Minister Viktor Orbán, in office since 2010, won reelection to a third term in 2018. His center-right Fidesz-Hungarian Civic Alliance won two-thirds of the seats in parliament. Orbán's government has clashed repeatedly with the European Union, particularly over migration issues and accusations of government encroachment on independent media and the judiciary. Tourism and a robust automotive manufacturing sector power the economy. The government's more nationalist and populist approach to economic management has set Hungary somewhat apart from its neighbors.

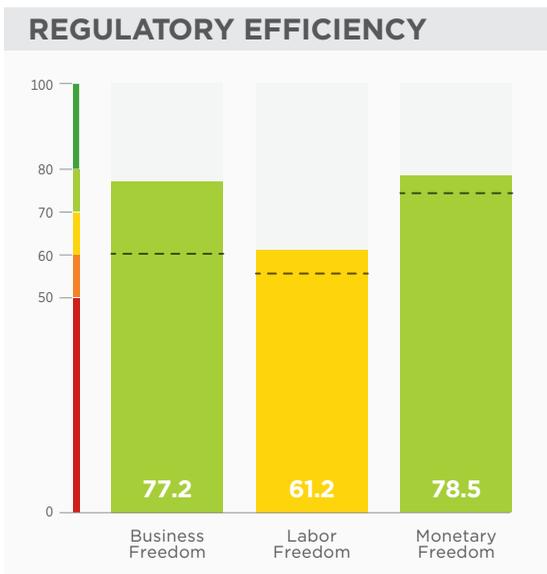
12 ECONOMIC FREEDOMS | HUNGARY



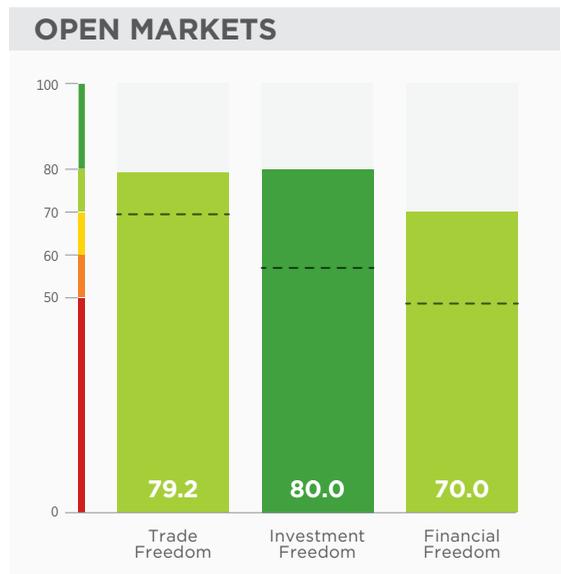
Hungarian law protects property rights, and the land registry is reliable. The judiciary is independent. Courts generally operate without interference under fair and reliable judicial procedures. Navigating the legacy of burdensome government regulations reportedly can involve bribes and other irregular payments. Some administrative procedures suffer from excessive red tape and a lack of transparency and predictability.



The flat individual income tax rate is 15 percent, and the flat corporate tax rate is 9 percent. There are special taxes on banks, financial firms, and companies in the energy sector. The overall tax burden equals 35.8 percent of total domestic income. Government spending has amounted to 47.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.2 percent of GDP. Public debt is equivalent to 81.2 percent of GDP.



Some national and government-linked companies benefit from favorable sector-specific tax and regulatory policies. The employer-paid welfare contribution of 27 percent in 2016 was gradually cut to 15.5 percent in 2020. Most prices in Hungary are set by the market, but prices in such sectors as pharmaceuticals, telecommunications, and electricity are administered.



As a member of the EU, Hungary has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Hungary has an additional 95 country-specific nontariff barriers. Foreign investment remains generally free from government interference. No restrictive measures have been implemented in the financial sector during the past year.

ICELAND

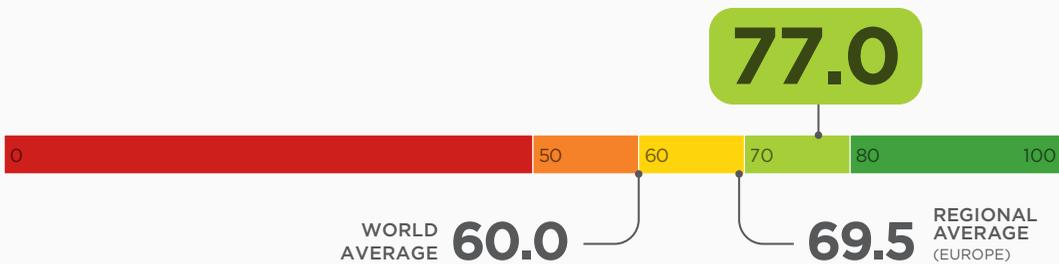


Iceland's economic freedom score is 77.0, making its economy the 13th freest in the 2022 *Index*. Iceland is ranked 9th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Iceland's economy grew at a steady but decelerating pace from 2017 through 2019, crashed in 2020, but recovered in 2021, resulting in a five-year average annual growth rate of 2.2 percent. The country has maintained robust levels of economic freedom for the past half-decade. Lifted by substantial score increases for rule of law (**property rights**, **judicial effectiveness**, and **government integrity**), Iceland has recorded a 2.6-point overall gain of economic freedom since 2017 and remains in the top tier of the "Mostly Free" category. Monetary freedom, **trade freedom**, and **investment freedom** are strong, but **government spending** continues to weigh heavily on the economy.

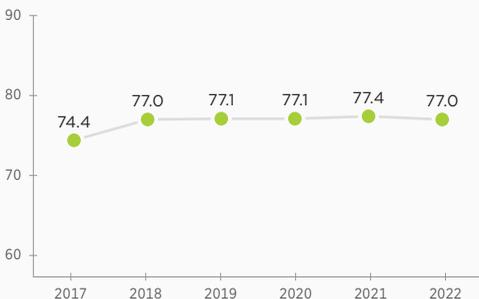
IMPACT OF COVID-19: As of December 1, 2021, 35 deaths had been attributed to the pandemic in Iceland, and the government's response to the crisis ranked 131st among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.6 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +6.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.4 million

GDP (PPP):
\$20.4 billion
-6.6% growth in 2020
5-year compound annual growth 2.2%
\$55,966 per capita

UNEMPLOYMENT:
5.0%

INFLATION (CPI):
2.9%

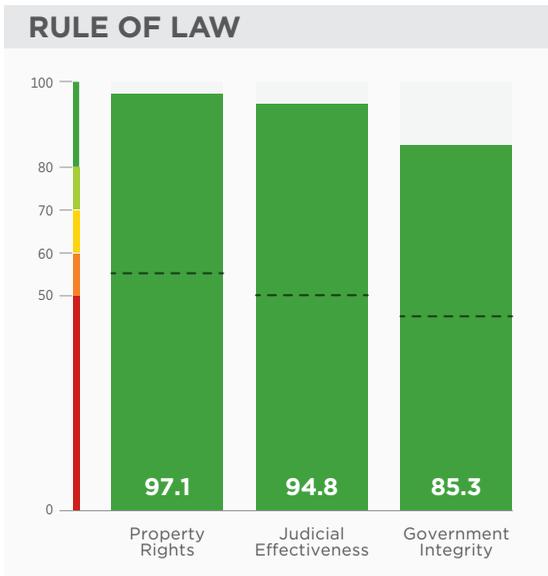
FDI INFLOW:
-\$811.0 million

PUBLIC DEBT:
79.9% of GDP

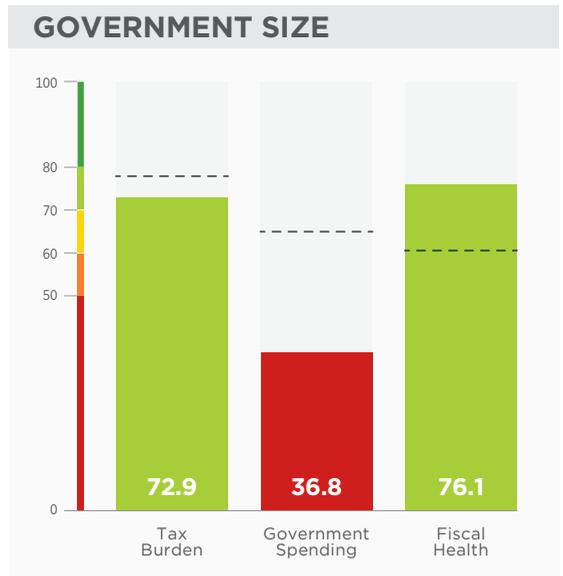
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Iceland is one of the world's oldest democracies. Katrin Jakobsdottir of the Left-Green Movement became the country's sixth prime minister since 2009 after forming a coalition with the center-right Independence Party and the populist Progressive Party in 2017. Independent Guðni Jóhannesson, a historian, was reelected to the largely ceremonial presidency in 2020. The government has pledged aggressive targets for emission reductions. Iceland's economy has been adversely affected by the contraction of its tourism industry, which began in 2019 and accelerated in 2020 because of the COVID-19 pandemic. Although Iceland officially withdrew its application for membership in the European Union in 2015, it enjoys free trade and movement of capital, labor, goods, and services with the EU.

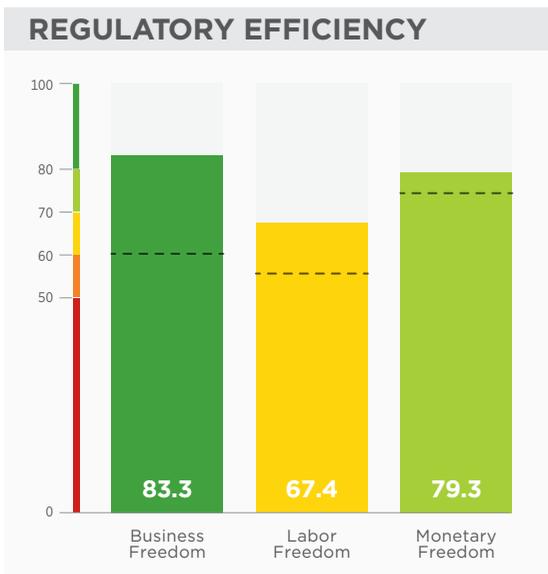
12 ECONOMIC FREEDOMS | ICELAND



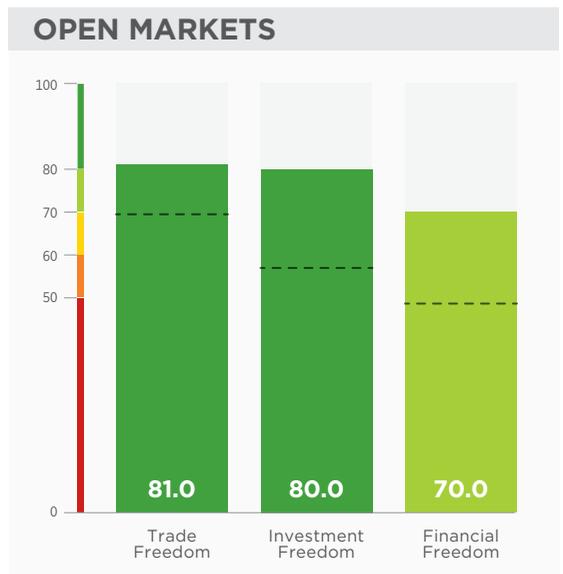
The civil law system enforces property rights, contractual rights, and the means to protect these rights. Although registration is easy, real property rights are reserved primarily to Icelandic citizens. The judiciary is independent from parliament and government, and its accountability and transparency are well institutionalized. Although isolated cases and allegations of corruption have occurred, corruption is well controlled.



The top individual income tax rate is 31.8 percent, and the top corporate tax rate is 20 percent. Other taxes include value-added and estate taxes. The overall tax burden equals 36.1 percent of total domestic income. Government spending has amounted to 45.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.6 percent of GDP. Public debt is equivalent to 79.9 percent of GDP.



Laws regulating businesses are consistent with OECD standards. Regulations are transparent, and proposed laws and regulations are open for comment. The Covid-related contraction of the tourism sector has had a serious impact on employment. The government funds numerous subsidy and grant programs related to climate change and the environment including for electric vehicles.



Iceland has 32 preferential trade agreements in force. The trade-weighted average tariff rate is 2.0 percent, and 89 nontariff measures are in effect. Transparent and efficient regulations, applied evenly in most cases, encourage investment. With capital controls removed, the financial sector has regained stability. A range of commercial banking services is available. No restrictive measures were implemented in the banking sector during 2020.

INDIA

WORLD RANK: REGIONAL RANK:

131

27

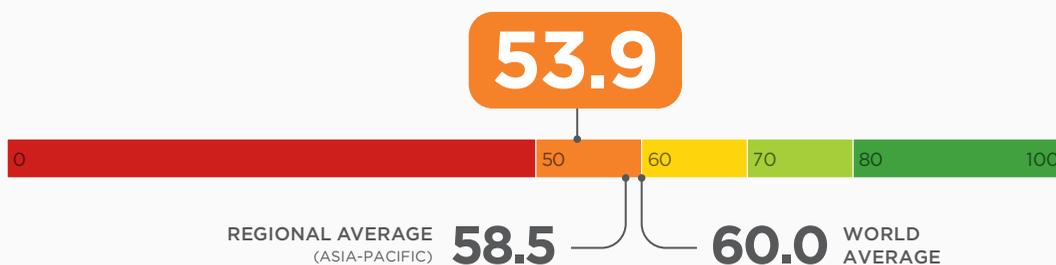
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

India's economic freedom score is 53.9, making its economy the 131st freest in the 2022 *Index*. India is ranked 27th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

India's economic growth has slowed somewhat over the past five years, turning negative in 2020 but recovering in 2021. Before a dip this year, the country had been benefitting from small but steady annual increases in economic freedom. With increases in scores for **judicial effectiveness**, **business freedom**, and **labor freedom** outweighing a deterioration in **fiscal health**, India has recorded a 1.3-point overall gain of economic freedom since 2017 and remains in the middle ranks of the "Mostly Unfree" category. Monetary freedom is solid, but **investment freedom** and **financial freedom** lag.

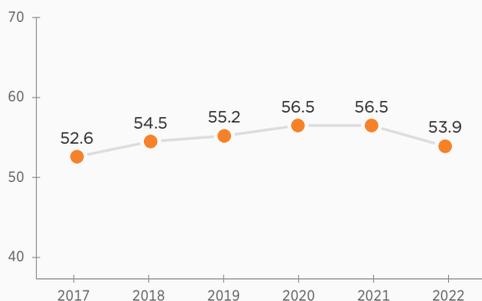
IMPACT OF COVID-19: As of December 1, 2021, 469,724 deaths had been attributed to the pandemic in India, and the government's response to the crisis ranked 74th among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +8.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.4 billion

GDP (PPP):
\$8.9 trillion
-8.0% growth in 2020
5-year compound annual growth 3.5%
\$6,461 per capita

UNEMPLOYMENT:
7.1%

INFLATION (CPI):
6.2%

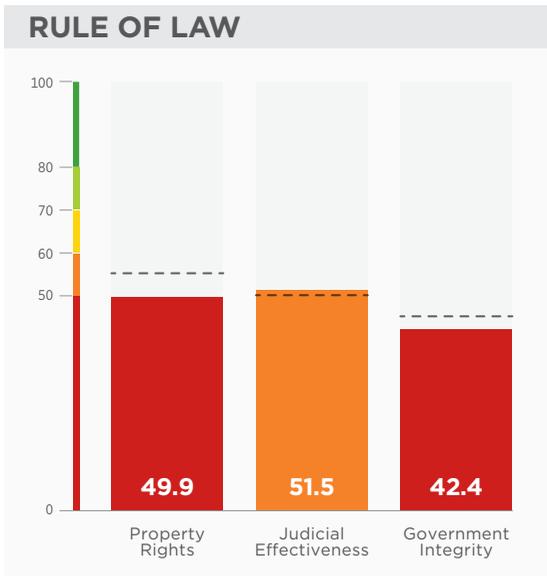
FDI INFLOW:
\$64.1 billion

PUBLIC DEBT:
89.6% of GDP

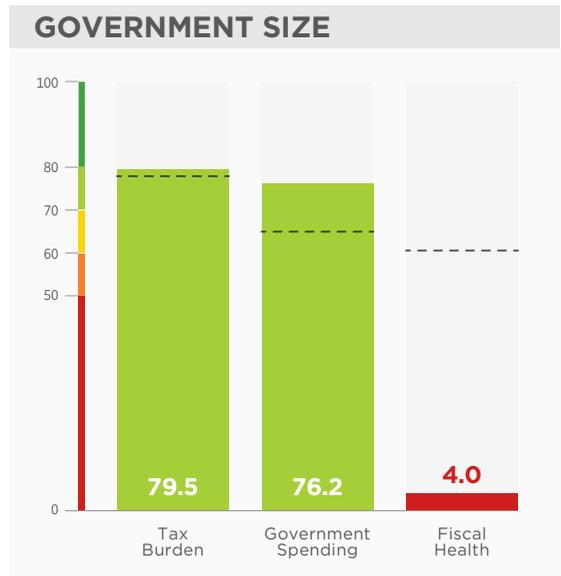
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: India is the world's most populous stable democracy. Roughly 80 percent of its nearly 1.4 billion people adhere to Hinduism, but it is also home to one of the world's largest Muslim populations. Prime Minister Narendra Modi, leader of the Bharatiya Janata Party (BJP), took office in 2014 and retained the post when the BJP expanded its majority in 2019. A deadly crisis at the disputed China-India border in the same year exacerbated the two countries' long-standing rivalry. India's diverse economy encompasses traditional village farming, industrial-scale agriculture, handicrafts, and a wide range of modern industries. Capitalizing on its well-educated English-speaking population, India has become a major exporter of information technology services, business outsourcing services, and software workers.

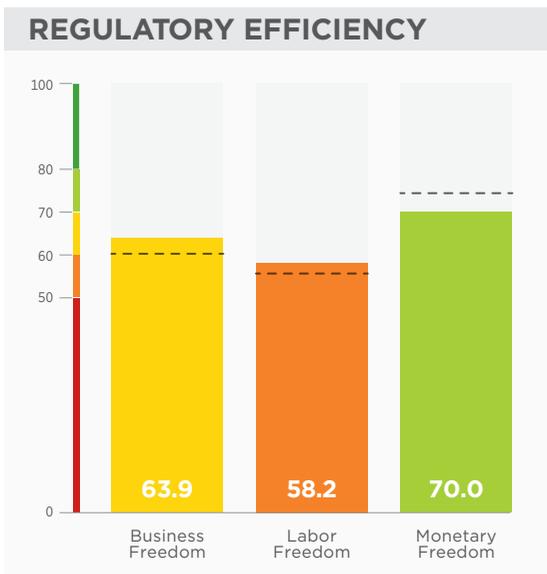
12 ECONOMIC FREEDOMS | INDIA



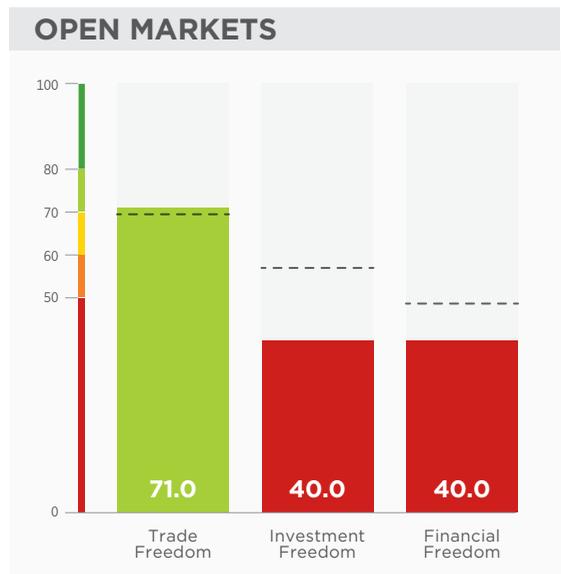
Property rights are difficult to establish legally. Land titles are not always reliable. The judiciary is independent and based on English common law. Indian courts are understaffed and lack technology. Large-scale political corruption scandals have repeatedly exposed bribery and other malfeasance, but a great deal of corruption goes unreported and unpunished.



The top individual income tax rate is 30.9 percent, and the top corporate tax rate is 32.4 percent. Other taxes include a goods and services tax. The overall tax burden equals 6.8 percent of total domestic income. Government spending has amounted to 28.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.7 percent of GDP. Public debt is equivalent to 89.6 percent of GDP.



New procurement rules that limit competitive choices, advance non-science-based sanitary measures, and establish Indian-specific standards are disrupting supply chains. New labor codes passed in 2020 simplify and consolidate 29 existing labor laws. Central and state government electricity subsidies have increased steadily in recent years; other key sectors such as infrastructure, oil, gas, mining, and manufacturing are also subsidized.



India has 17 preferential trade agreements in force. The trade-weighted average tariff rate is 7.0 percent, and 358 nontariff measures are in effect. India's overall investment framework remains onerous, although ownership restrictions in some sectors have been reduced. Despite some liberalization, state-owned institutions dominate the banking sector and capital markets. Foreign participation is limited.

INDONESIA

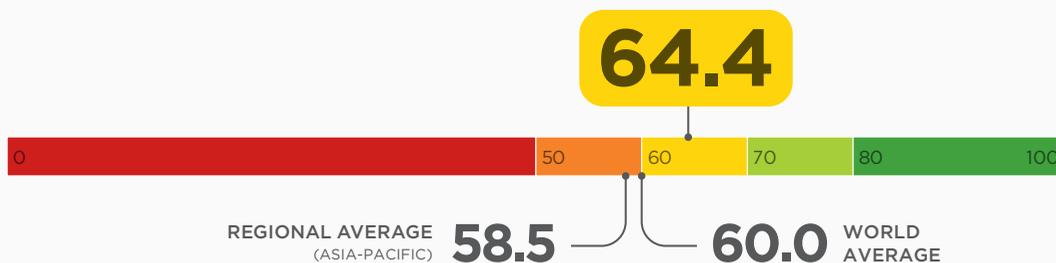
WORLD RANK: **63** | REGIONAL RANK: **10**
ECONOMIC FREEDOM STATUS:
MODERATELY FREE

Indonesia's economic freedom score is 64.4, making its economy the 63rd freest in the 2022 *Index*. Indonesia is ranked 10th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Indonesia's economy was growing from 2017 through 2019 before a downturn in 2020. A recovery in 2021 pulled the five-year average annual growth rate to 3.6 percent. Economic freedom in Indonesia climbed from 2017 until 2020. Although the downward slide that began in 2020 continues this year, the overall expansion of economic freedom over the past five years is still positive. With score increases in **business freedom** and **labor freedom**, Indonesia has recorded a 2.5-point overall gain of economic freedom since 2017 and remains in the middle ranks of the "Moderately Free" countries. The weight of **government spending** on the economy is light, but rule of law is relatively weak.

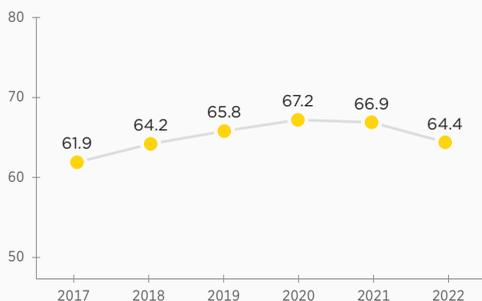
IMPACT OF COVID-19: As of December 1, 2021, 143,840 deaths had been attributed to the pandemic in Indonesia, and the government's response to the crisis ranked 32nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.1 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +9.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
273.5 million

GDP (PPP):
\$3.3 trillion
-2.1% growth
in 2020
5-year compound
annual growth 3.6%
\$12,222 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
2.0%

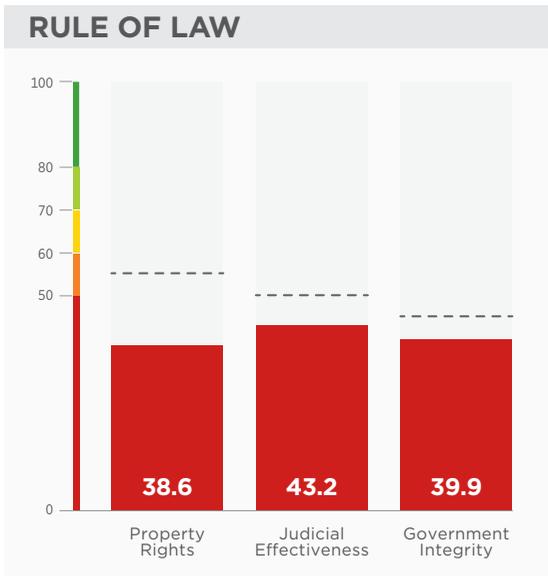
FDI INFLOW:
\$18.6 billion

PUBLIC DEBT:
36.6% of GDP

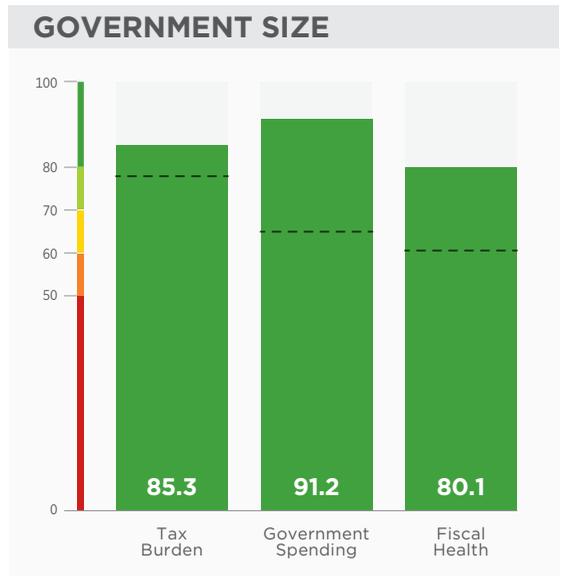
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Indonesia is the world's most populous Muslim-majority country. Since the departure of long-serving authoritarian ruler General Suharto in 1998, Indonesians have enjoyed a wide range of political freedoms. Joko Widodo, former businessman and governor of Jakarta, won a five-year presidential term in 2014 and was reelected in 2019. Indonesia is Southeast Asia's largest economy. Key exports include mineral fuels, animal and vegetable fat, electrical machinery, rubber, machinery, and parts for mechanical appliances. Continued improvements in infrastructure should help to reduce high transport and logistical costs. Indonesia's significant untapped maritime resources could facilitate future development, but barriers to international trade and investment undermine prospects for growth.

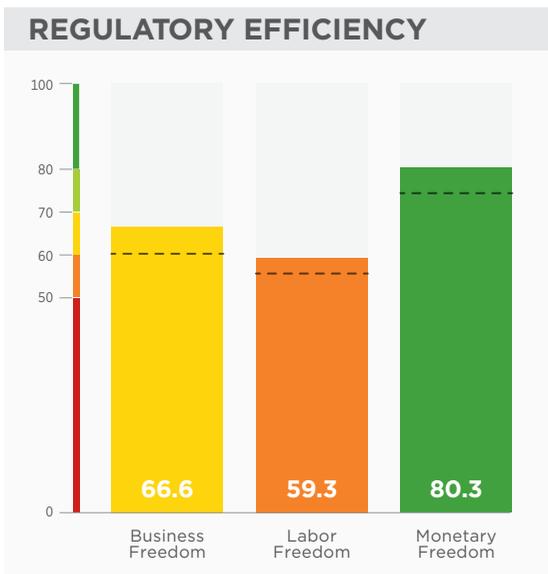
12 ECONOMIC FREEDOMS | INDONESIA



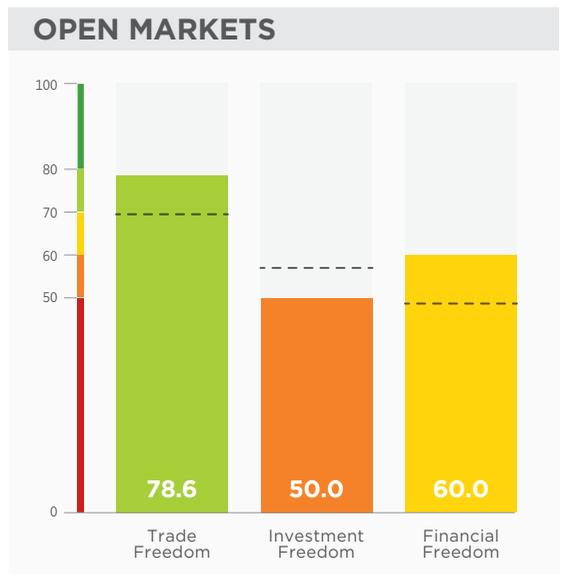
Ownership of private property is recognized by law, but enforcement is uneven, and registration of property is sometimes difficult. Indonesia has lacked clear land titles for decades. The judiciary is independent, but the court system is still undermined by corruption and other weaknesses. Corruption is endemic at all levels of government and law enforcement, and the public's perception of it has increased.



The top individual income tax rate is 30 percent, and the top corporate tax rate has been cut to 22 percent. Other taxes include property and value-added taxes. The overall tax burden equals 9.5 percent of total domestic income. Government spending has amounted to 17.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.3 percent of GDP. Public debt is equivalent to 36.6 percent of GDP.



The 2020 Omnibus Bill aims to lower corporate taxes, reform rigid labor laws, simplify business licenses, and cut bureaucratic obstructions. The amount of severance pay mandated by law has been reduced, and sectoral minimum wages have been abolished. The government has increased subsidies for palm oil biodiesel production but has made progress on privatizing state-owned enterprises.



Indonesia has 12 preferential trade agreements in force. The trade-weighted average tariff rate is 5.7 percent, and 127 nontariff measures are in effect. The government has moved to dismantle some of Indonesia's previously imposed barriers to foreign investment. Overall, the financial system's efficiency has increased. The state still owns several banks. Bank ownership is limited to no more than 40 percent per single shareholder.

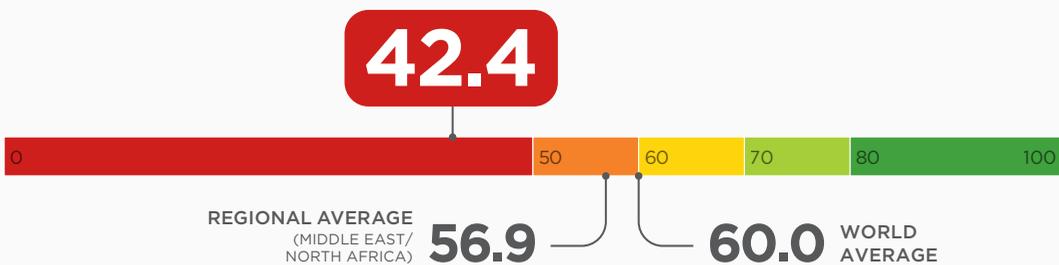
IRAN

Iran's economic freedom score is 42.4, making its economy the 170th freest in the 2022 *Index*. Iran is ranked last among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

Over the past five years, Iran has experienced very slow growth: an average of only 1.2 percent annually. A five-year trend of declining economic freedom has accelerated. Sinking under the weight of sharp drops in scores for **fiscal health** and **business freedom**, Iran has recorded an 8.1-point overall loss of economic freedom since 2017 and has fallen further in the "Repressed" category. Although taxes and **government spending** do not weigh heavily on the economy, all of the other 10 indicators for Iran reflect significant weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 129,912 deaths had been attributed to the pandemic in Iran, and the government's response to the crisis ranked 18th among the countries included in this *Index* in terms of its stringency. The economy grew just 1.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +6.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
84.0 million

GDP (PPP):
\$1.1 trillion
1.5% growth in 2020
5-year compound
annual growth 1.2%
\$13,073 per capita

UNEMPLOYMENT:
11.0%

INFLATION (CPI):
36.5%

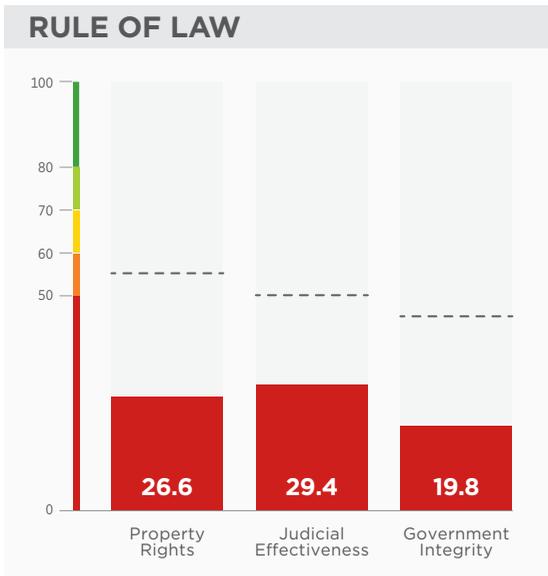
FDI INFLOW:
\$1.3 billion

PUBLIC DEBT:
42.8% of GDP

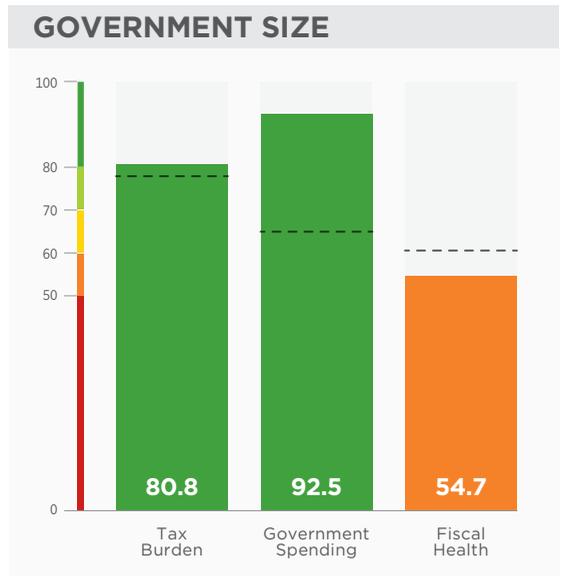
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Iran's economy, one of the Middle East's most advanced before 1979, has been undermined since then by mismanagement, international sanctions, and pervasive graft under a repressive Islamic government dominated by Shiite religious authorities. President Ebrahim Raisi, installed after rigged elections in June 2021, is a protégé of Supreme Leader Ayatollah Ali Khamenei. Iran has the world's second-largest reserves of natural gas and fourth-largest reserves of crude oil. U.S. sanctions imposed after Washington withdrew from the 2015 nuclear agreement in 2018 slashed Iran's oil exports and pushed the country into recession, but current talks could yield an agreement that allows Tehran to expand oil exports, attract greater foreign investment, and increase trade.

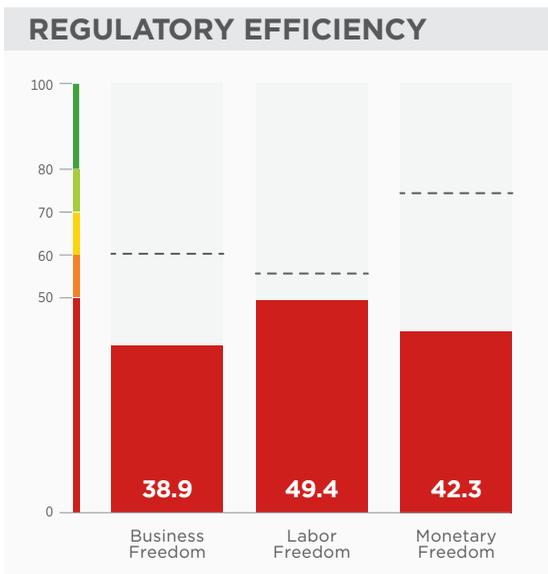
12 ECONOMIC FREEDOMS | IRAN



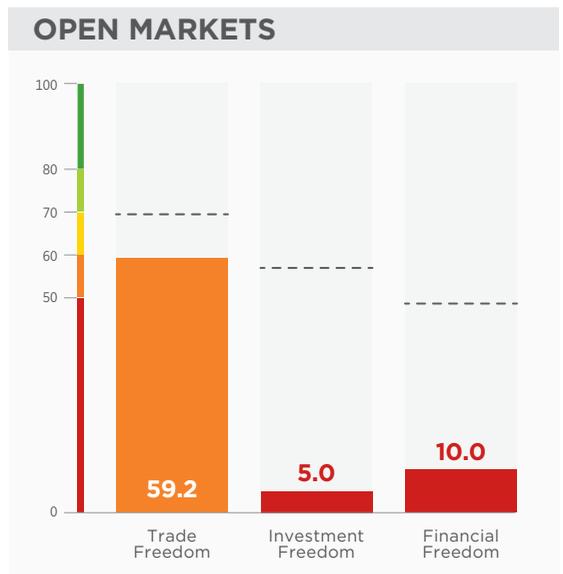
Iranians have the legal right to own property and establish private businesses, but powerful institutions such as the Revolutionary Guard limit fair competition and entrepreneurial opportunities. The judicial system is not independent of the supreme leader. The quality and availability of administrative services provided by the state are constrained by mismanagement, bribery, and rampant corruption. Anticorruption efforts target opponents of the regime.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 25 percent. Other taxes include inheritance and real estate taxes. The overall tax burden equals 8.4 percent of total domestic income. Government spending has amounted to 15.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.1 percent of GDP. Public debt is equivalent to 42.8 percent of GDP.



The bloated state-owned sector and companies controlled by Iranian security forces put private business owners at a disadvantage. Private businesses are often small-scale workshops, farms, manufacturers, or services. There is a shortage of skilled labor. Energy subsidies account for as much as 25 percent of GDP, and the government has increased its economically harmful price controls in the face of high inflation.



Iran has three preferential trade agreements in force. The trade-weighted average tariff rate is 12.9 percent. Iran is not a member of the World Trade Organization. The intrusive state continues to hold back economic development, undermining trade and investment flows. Government controls limit access to financing for businesses. State-owned commercial banks and specialized financial institutions account for the majority of banking-sector assets.

IRAQ

Iraq is not ranked in the 2022 *Index* because of the continuing lack of reliable data. Insurgent groups and Iran-backed militias seriously threaten the rule of law in many areas, and the risk to law-abiding citizens making investment and economic decisions is considerable. Overall political instability continues. The outlook is uncertain and depends on whether a new government can reduce social unrest, curb Iran-backed militias, and prevent a resurgence of influence by the Islamic State in 2022.

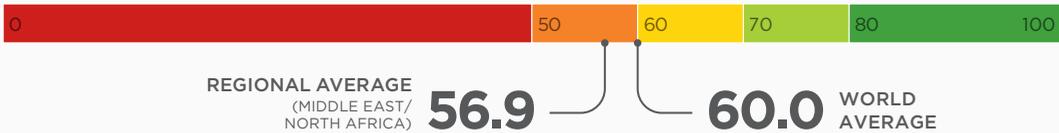
To establish the basis for economic freedom, the government needs to rein in spending, curb corruption, improve fiscal management, and strengthen the financial sector. The key to Iraq's long-term economic development will be a strengthened investment climate to bolster private-sector engagement, which will require an improved security environment and restoration of the rule of law.

IMPACT OF COVID-19: As of December 1, 2021, 23,844 deaths had been attributed to the pandemic in Iraq, and the government's response to the crisis ranked 111th among the countries included in this *Index* in terms of its stringency. The economy contracted by 10.9 percent in 2020.

WORLD RANK: N/A REGIONAL RANK: N/A
ECONOMIC FREEDOM STATUS: NOT GRADED

ECONOMIC FREEDOM SCORE

N/A



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
40.2 million

GDP (PPP):
\$401.4 billion
-10.9% growth in 2020
5-year compound annual growth 1.2%
\$10,003 per capita

UNEMPLOYMENT:
13.7%

INFLATION (CPI):
0.6%

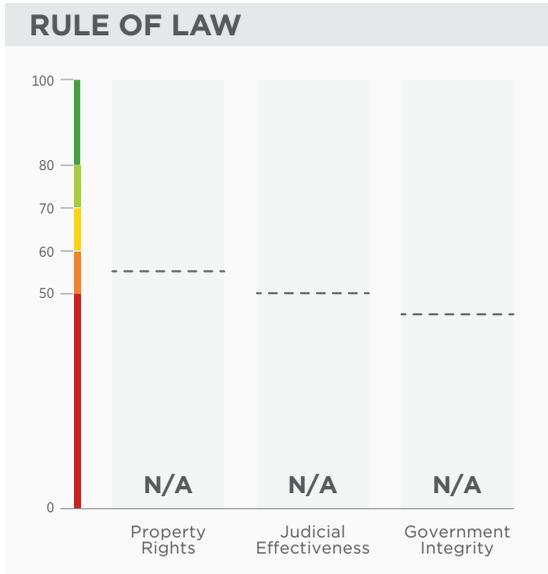
FDI INFLOW:
-\$2,896.0 million

PUBLIC DEBT:
81.2% of GDP

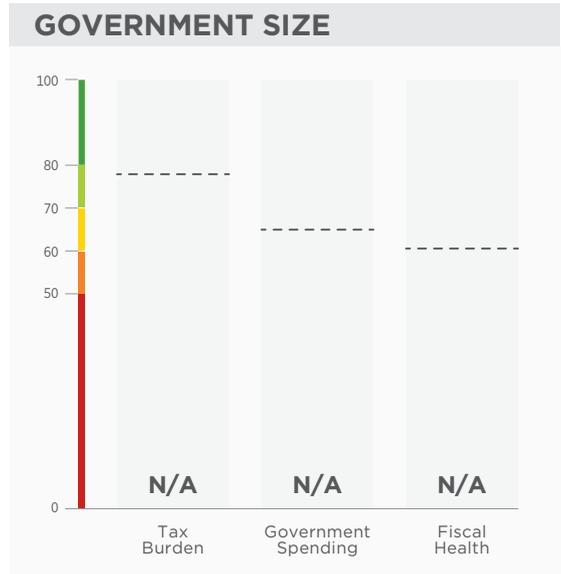
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Iraq is slowly recovering from the traumatic war against the Islamic State, which seized significant amounts of territory in western Iraq in 2014 and continues to pose a terrorist threat. Antigovernment protests led to the resignation of Prime Minister Adil Abdul-Mahdi and the appointment of Mustafa al-Kadhimi as the new prime minister in 2020. Although early elections were promised, the next election is scheduled for 2022. Iraq's state-dominated economy is led by the oil sector, which provides approximately 85 percent of government revenue. The war against the Islamic State imposed a high cost on the economy, which also has been hurt by rampant corruption, sluggish oil prices, and war-related damage to infrastructure.

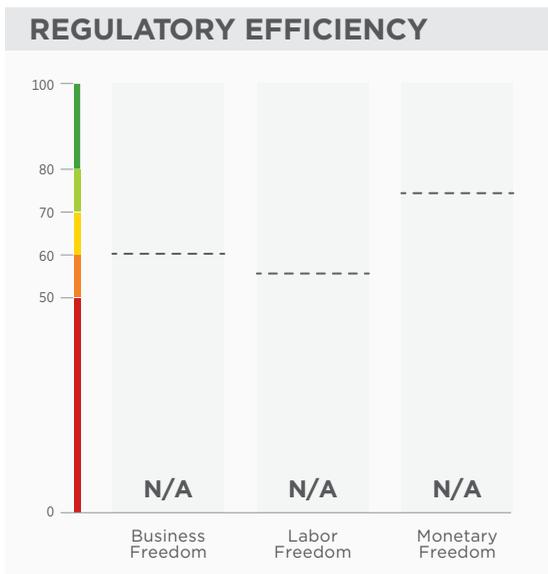
12 ECONOMIC FREEDOMS | IRAQ



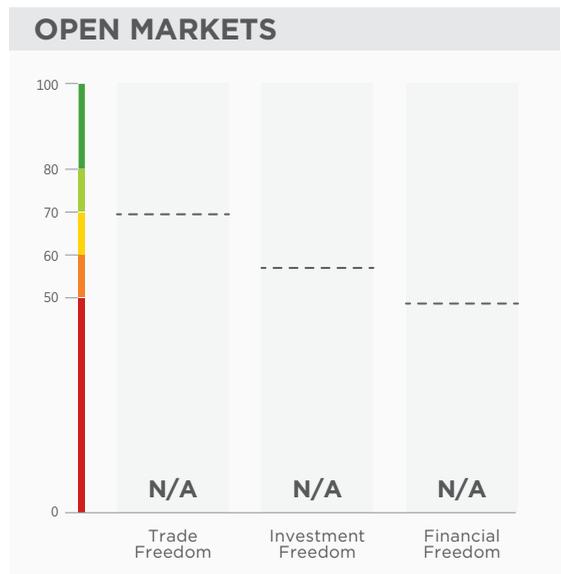
Real property is recognized, and mortgages and liens can be recorded, but enforcement of property rights and contracts is severely weakened by unclear regulations, lack of decision-making authority, and rampant corruption. The politicized and corrupt judiciary is enfeebled by constant executive interference, tribal and religious forces, and bureaucratic bottlenecks. Bribery, money laundering, nepotism, and misappropriation of public funds are common.



The top individual income tax rate is 15 percent, and the top corporate tax rate is 35 percent. The overall tax burden equals 1.4 percent of total domestic income. Government spending has amounted to over 40 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.6 percent of GDP. Public debt is equivalent to 81.2 percent of GDP.



Iraq's cabinet has proposed several business-friendly reforms in a white paper, but whether these reforms will be implemented successfully is unclear. The labor force is large and unskilled, and there is a dearth of skilled labor. Heavily subsidized and inefficient state-owned enterprises and costly and poorly targeted fuel and electricity subsidies are unsustainable in the long run.



Iraq is not a member of the World Trade Organization. Security challenges and institutional shortcomings continue to deter foreign trade and investment. Numerous state-owned enterprises distort the economy. Iraq's cash-based economy lacks the infrastructure of a fully functioning financial system. Despite some progress, the banking regulation frameworks have not been strengthened enough to deepen financial intermediation.

IRELAND

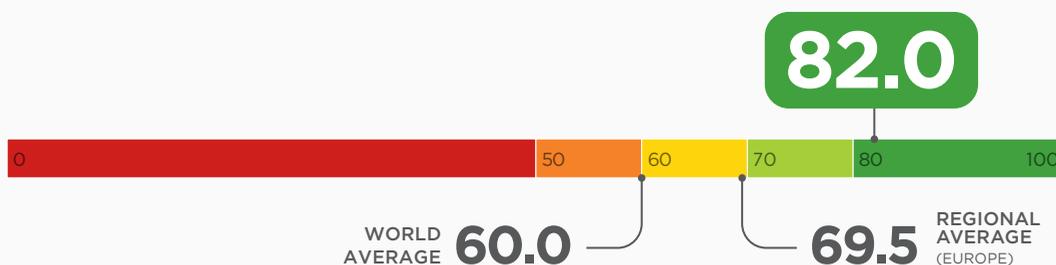


Ireland's economic freedom score is 82.0, making its economy the 3rd freest in the 2022 *Index*. Ireland is ranked 2nd among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Irish economy had slowed over the past five years before picking up steam in 2021. Ireland has been a role model for countries that are seeking to achieve greater economic freedom, especially during the past half-decade. Lifted by robust increases in scores for rule of law and **fiscal health**, Ireland has registered a 5.3-point overall gain of economic freedom since 2017 and now seems firmly established in the highest, "Free" category in the *Index*. Additional improvements in **financial freedom** and **labor freedom** would enable the country to climb even higher.

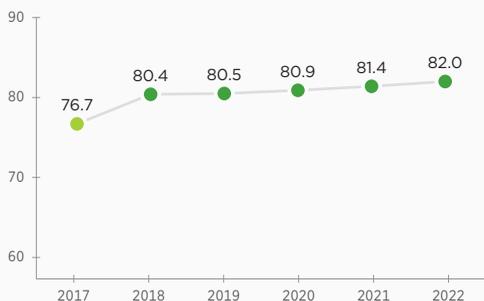
IMPACT OF COVID-19: As of December 1, 2021, 5,707 deaths had been attributed to the pandemic in Ireland, and the government's response to the crisis ranked 77th among the countries included in this *Index* in terms of its stringency. The economy grew just 2.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +13.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.0 million

GDP (PPP):
\$471.4 billion
2.5% growth in 2020
5-year compound annual growth 5.8%
\$94,392 per capita

UNEMPLOYMENT:
5.9%

INFLATION (CPI):
-0.5%

FDI INFLOW:
\$33.4 billion

PUBLIC DEBT:
59.8% of GDP

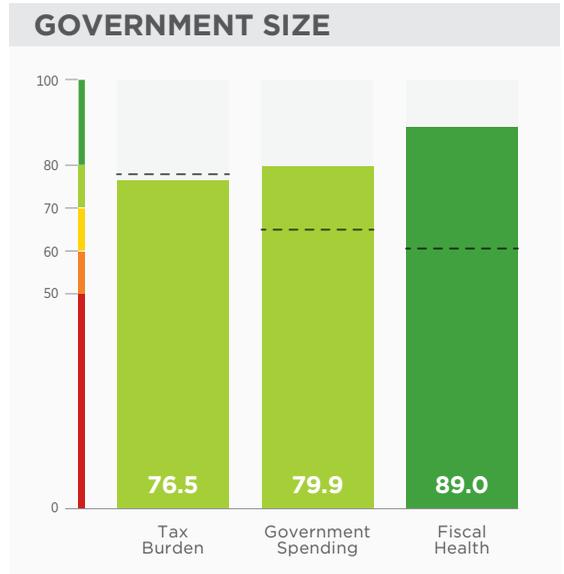
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The 2020 general election produced a fractured legislature; conservative Fianna Fáil (FF) outpolled surging leftist Sinn Féin and the center-right Fine Gael (FG) party of outgoing Taoiseach (Prime Minister) Leo Varadkar. Micheál Martin of FF became Taoiseach in June 2020, leading a coalition with FG and the Green Party and with FF and FG governing together for the first time. Under the agreement, Leo Varadkar will return as Taoiseach in December 2022. The small, modern, and trade-dependent economy has performed extraordinarily well for decades and was among the first in the European Union to recover from the 2008 financial crisis. Foreign multinationals dominate the export sector, led by machinery and equipment, computers, chemicals, medical devices, pharmaceuticals, foodstuffs, and animal products.

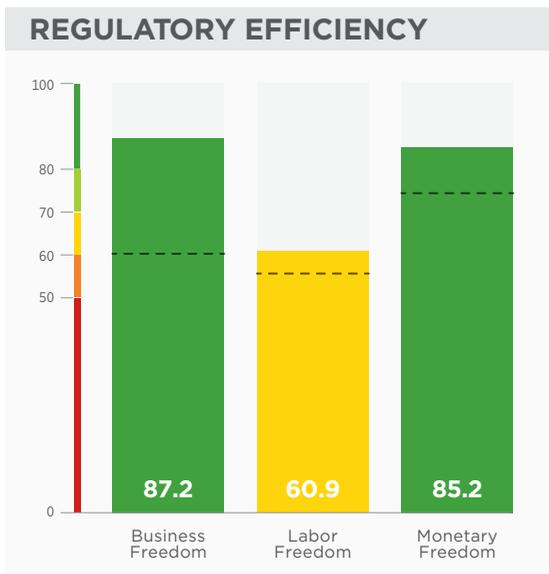
12 ECONOMIC FREEDOMS | IRELAND



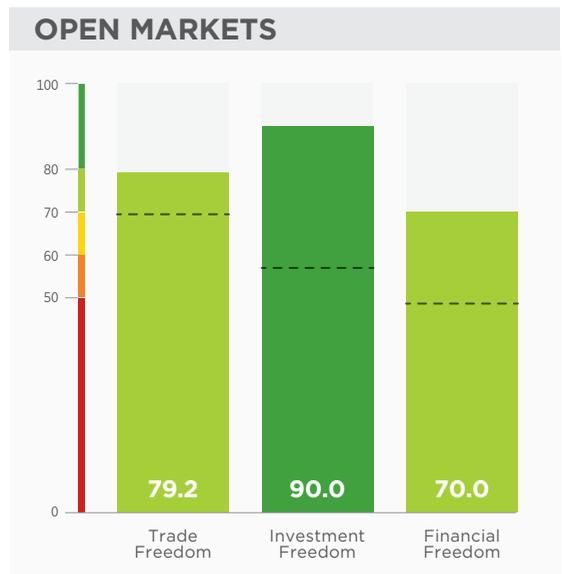
Property rights are well protected, and secured interests in property, both chattel and real estate, are recognized and enforced. Contracts are secure, and expropriation is rare. Ireland's legal system is based on common law, and the judiciary is independent. Outright public-sector corruption is rare and is investigated and prosecuted. Ireland is a participating member of the OECD Working Group on Bribery.



The top individual income tax rate is 41 percent, and the top corporate tax rate is 12.5 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 22.7 percent of total domestic income. Government spending has amounted to 25.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.6 percent of GDP. Public debt is equivalent to 59.8 percent of GDP.



Ireland's business-friendly tax rates, advantageous geographical location, and status as the only English-speaking country in the EU are just some of the advantages that make it a good country in which to run a business. Labor relations are cooperative, and the labor market is dynamic. The government has halved its subsidy for plug-in hybrids and has introduced a subsidy cap for all types of electrified vehicles.



As a member of the EU, Ireland has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Domestic and foreign firms receive equal treatment under a competitive and efficient investment regime. The banking sector has been stable. The government holds majority stakes in two banking groups and a minority stake in another.

ISRAEL

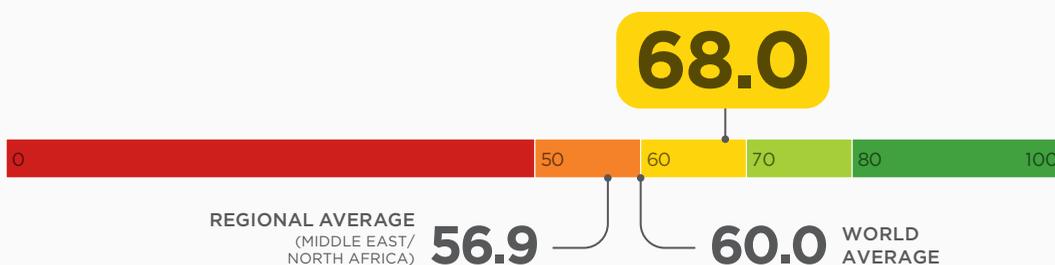
Israel's economic freedom score is 68.0, making its economy the 43rd freest in the 2022 *Index*. Israel is ranked 2nd among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

The Israeli economy slowed from 2017 through 2019, turned negative in 2020, and recovered in 2021. A multi-year expansion of economic freedom that peaked in 2020 skidded sharply this year to a low not seen since 2013. With an increase in the **government integrity** score unable to overcome a steep drop in **fiscal health**, Israel has recorded a 1.7-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Free" category to the "Moderately Free" category. Monetary freedom, **trade freedom**, and **investment freedom** reflect strength, but **labor freedom** and **government spending** remain areas for improvement.

IMPACT OF COVID-19: As of December 1, 2021, 8,199 deaths had been attributed to the pandemic in Israel, and the government's response to the crisis ranked 41st among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.4 percent in 2020.

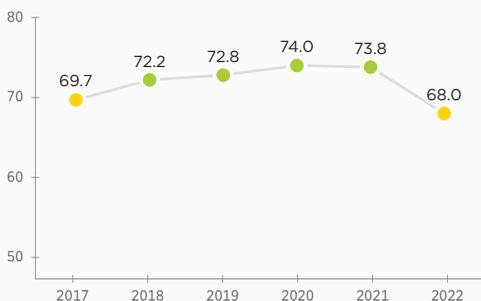


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +6.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.2 million

GDP (PPP):
\$373.7 billion
-2.4% growth in 2020
5-year compound annual growth 2.4%
\$40,547 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
-0.6%

FDI INFLOW:
\$24.8 billion

PUBLIC DEBT:
73.0% of GDP

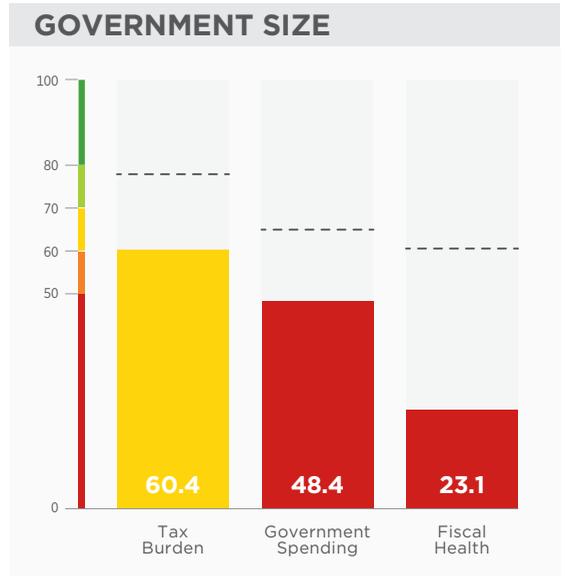
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Israel won its war for independence in 1948, and its vibrant democracy remains unique in the region. Naftali Bennett, who replaced Benjamin Netanyahu as prime minister in June 2021, leads a fragile coalition government. Israel's high-technology sector attracts considerable foreign investment, and large offshore deposits of natural gas have improved its energy security and balance-of-payments prospects. Despite a 2006 war against Hezbollah in Lebanon, frequent military campaigns against Hamas in Gaza, and the constant threat of terrorism, Israel's modern market economy is fundamentally sound and dynamic. Israel's 2020 normalization agreements with Bahrain, the United Arab Emirates, Morocco, and Sudan should encourage greater regional trade, investment, tourism, and technological and strategic cooperation.

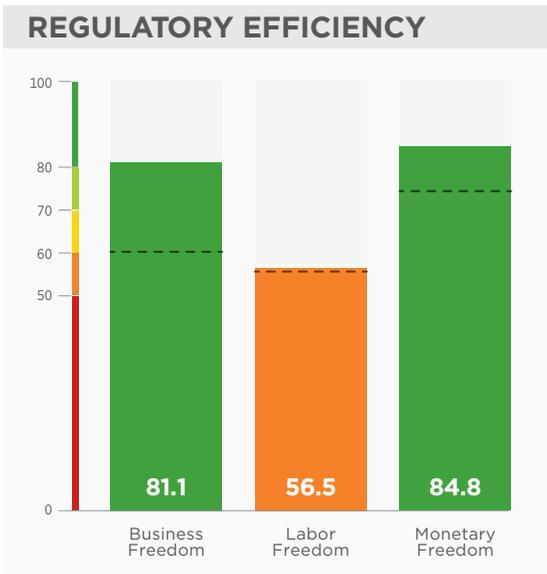
12 ECONOMIC FREEDOMS | ISRAEL



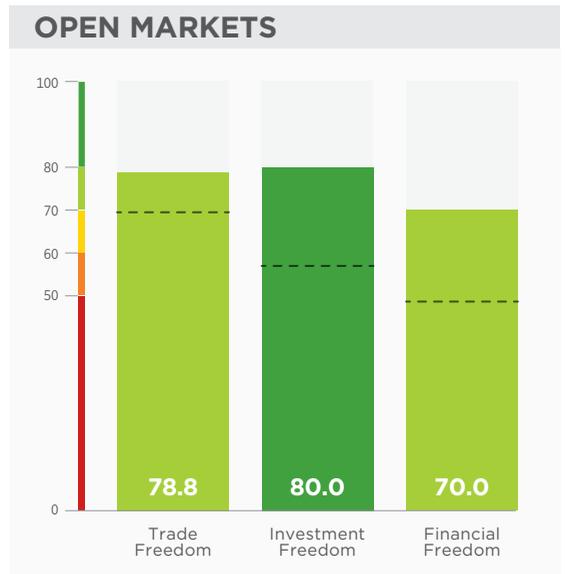
Israel's modern legal system is based on British common law and provides effective means for enforcing property and contractual rights. Property registration and titling procedures are cumbersome. The judiciary is independent but slow. Bribery and other forms of corruption are illegal. A strong societal intolerance of graft undergirds the effectiveness of anticorruption laws and provides a strong foundation for economic freedom.



The top individual income tax rate is 50 percent (including a surtax), and the top corporate tax rate is 23 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 30.5 percent of total domestic income. Government spending has amounted to 41.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.4 percent of GDP. Public debt is equivalent to 73.0 percent of GDP.



A pro-business policy framework makes it easier to run a robust business in Israel than it is in many other countries. As the public sector has shrunk, labor strikes have become less common. The government offers subsidies to foreign investors, and populist-oriented price controls have been in place for many years for basic foods, medicines, gasoline, and basic banking services.



Israel has 10 preferential trade agreements in force. The trade-weighted average tariff rate is 3.1 percent, and 94 nontariff measures are in effect. A modern and efficient investment regime supports vibrant levels of foreign investment. Financial institutions offer a wide range of services, and credit is readily available on market terms. Capital markets have gradually been liberalized.

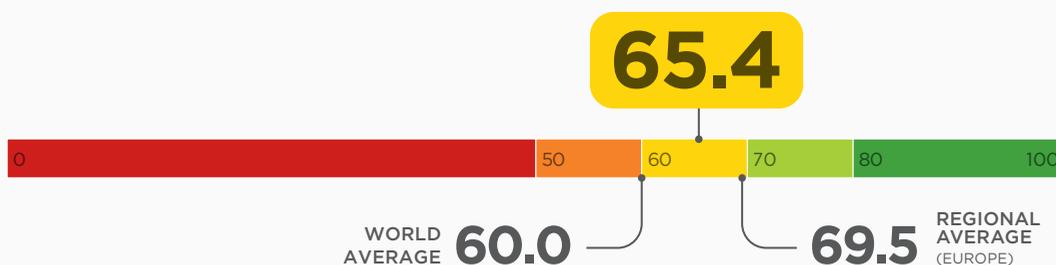
ITALY

Italy's economic freedom score is 65.4, making its economy the 57th freest in the 2022 *Index*. Italy is ranked 33rd among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

The Italian economy slowed from 2017 through 2019, contracted in 2020, and resumed growth in 2021. A five-year trend of generally improving economic freedom has continued. Led by notable jumps in scores for rule of law (**property rights**, **judicial effectiveness**, and **government integrity**), Italy has posted an overall 2.9-point gain in economic freedom since 2017 and has climbed into the top half of the "Moderately Free" category. Monetary freedom, **trade freedom**, and **investment freedom** are strong, but the economy remains heavily burdened by **government spending**.

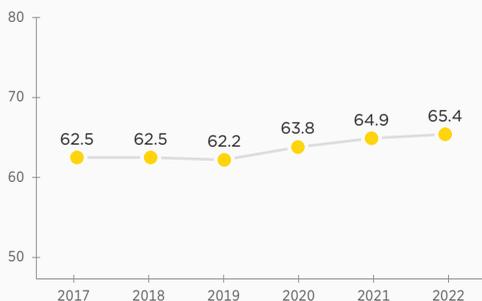
IMPACT OF COVID-19: As of December 1, 2021, 133,931 deaths had been attributed to the pandemic in Italy, and the government's response to the crisis ranked 16th among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.9 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +4.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
59.6 million

GDP (PPP):
\$2.5 trillion
-8.9% growth
in 2020
5-year compound
annual growth -0.9%
\$40,861 per capita

UNEMPLOYMENT:
9.3%

INFLATION (CPI):
-0.1%

FDI INFLOW:
-\$388.0 million

PUBLIC DEBT:
155.6% of GDP

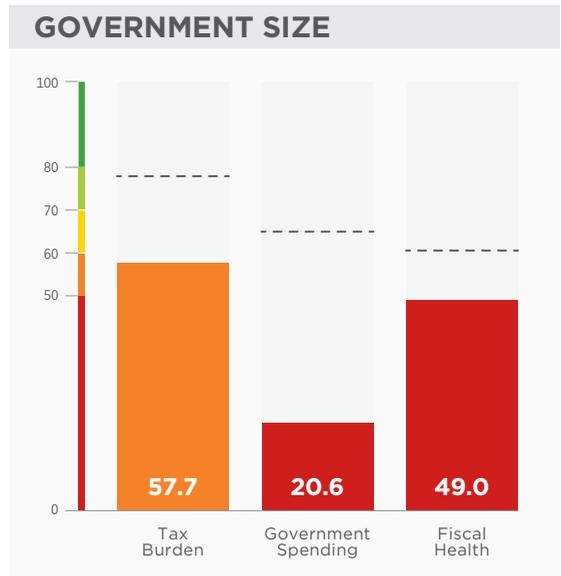
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Italy is a charter member of NATO and the European Union. Former Prime Minister Giuseppe Conte's coalition collapsed in January 2021 over disagreements about how to spend EU coronavirus recovery funds, of which Italy is a chief beneficiary. Former EU banker Mario Draghi became prime minister in February and heads a unity government. Italy remains on the front lines of Europe's migration crisis, and Lega Nord, which favors strict controls on immigration, remains the nation's most politically popular party. Italy's diversified economy is bifurcated between the highly developed industrial North, dominated by private companies, and a less-developed, highly subsidized agricultural South where unemployment is higher. Tourism accounts for 13 percent of GDP, and the sector's current struggles are an economic albatross.

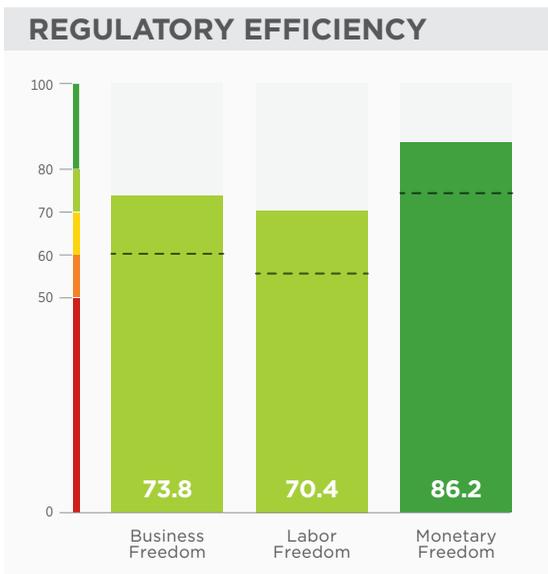
12 ECONOMIC FREEDOMS | ITALY



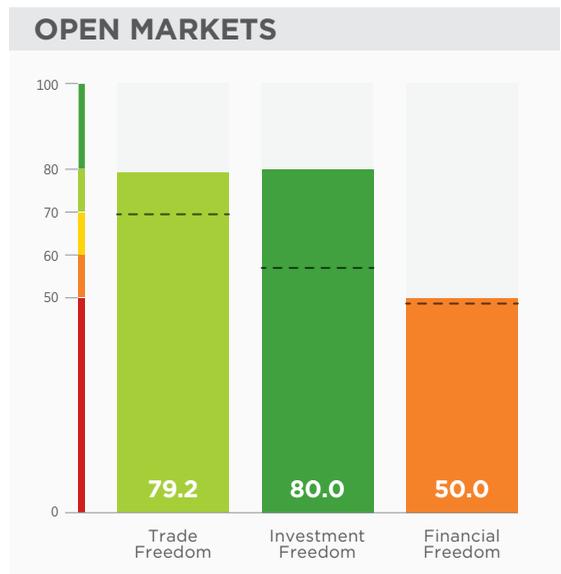
Real property rights are protected, and the recording system for mortgages is reliable. The legal system enforces property and contractual rights, but it is cumbersome and notoriously slow and can be vulnerable to political interference. A bloated and self-interested bureaucracy slows efforts to enforce anticorruption laws. Corruption and organized crime continue to be significant impediments to investment and economic growth.



The top individual income tax rate is 43 percent, and the top standard corporate tax rate is 24 percent with qualifying banks and financial institutions taxed at 27.5 percent. The overall tax burden equals 42.5 percent of total domestic income. Government spending has amounted to 51.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.4 percent of GDP. Public debt is equivalent to 155.6 percent of GDP.



Business freedom would be higher if it were not for Italy's many layers of redundant bureaucracy and the amount of time that compliance with regulatory processes requires. Taxes on labor income are relatively high. The government banned most layoffs in response to COVID-19. A new package of subsidized incentives to encourage sales of state-of-the-art combustion-engine cars as well as electric and hybrid vehicles has been enacted.



As a member of the EU, Italy has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. A decree that strengthens the screening of foreign direct investment in strategically important areas has been adopted. Restructuring and consolidation of the banking sector continue, and the number of nonperforming loans has declined.

JAMAICA

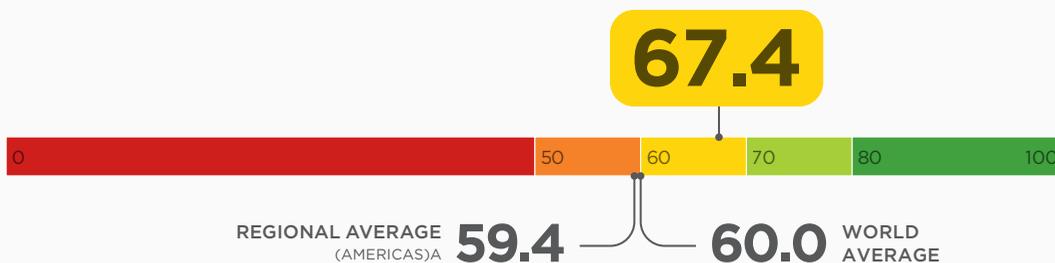
Jamaica's economic freedom score is 67.4, making its economy the 46th freest in the 2022 *Index*. Jamaica is ranked 7th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Jamaica's economy slowed in 2019, contracted in 2020, and resumed growth in 2021. Over the past five years, economic freedom held steady until this year. With improvements in the rule of law not enough to avoid a 2.1-point overall loss of economic freedom since 2017, Jamaica is falling toward the middle ranks of the "Mostly Free" category. Fiscal health and **investment freedom** are strong, but **government integrity** and **financial freedom** exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 2,396 deaths had been attributed to the pandemic in Jamaica, and the government's response to the crisis ranked 6th among the countries included in this *Index* in terms of its stringency. The economy contracted by 10.2 percent in 2020.

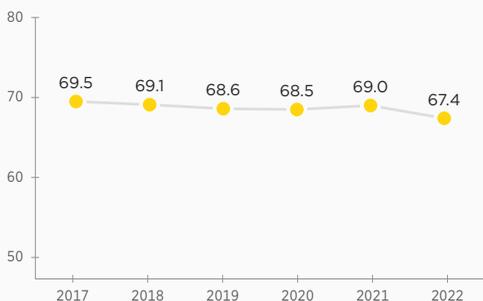


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.0 million

GDP (PPP):
\$27.3 billion
-10.2% growth in 2020
5-year compound annual growth -1.0%
\$9,975 per capita

UNEMPLOYMENT:
8.4%

INFLATION (CPI):
5.2%

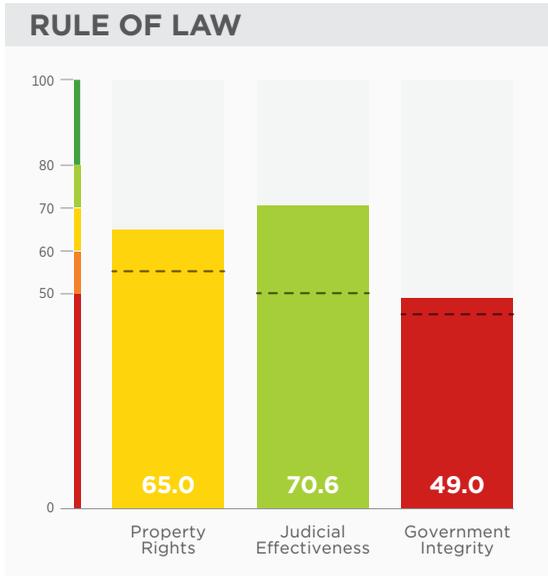
FDI INFLOW:
\$366.0 million

PUBLIC DEBT:
105.6% of GDP

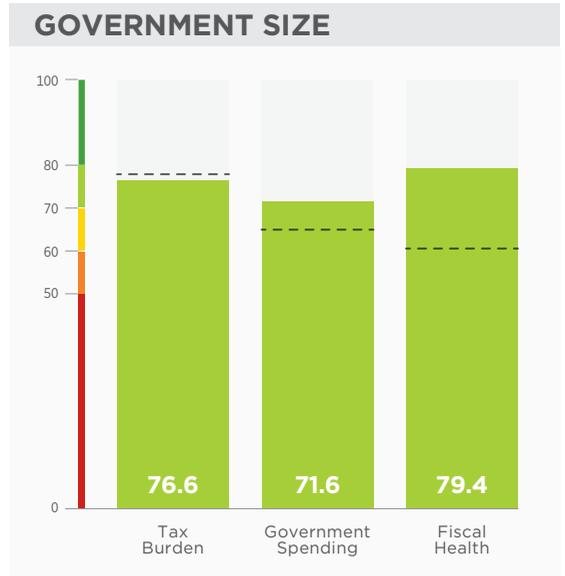
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: A former colony with a plantation economy that originally was based on slave labor, the island gained independence from the United Kingdom in 1962. Prime Minister Andrew Holness was elected to a third (non-consecutive) term in 2020 on a pro-market, reformist platform. His Jamaica Labour Party now holds 49 of 63 parliamentary seats. Jamaica is on a small list of Financial Action Task Force countries required to fix weaknesses in their institutional safeguards against money-laundering of criminal proceeds. Long-standing recurrent violence among organized crime networks that are involved in illicit drug and arms trafficking (and often affiliated with political parties) is an ongoing problem. The country is heavily dependent on remittances, tourism, and bauxite exports.

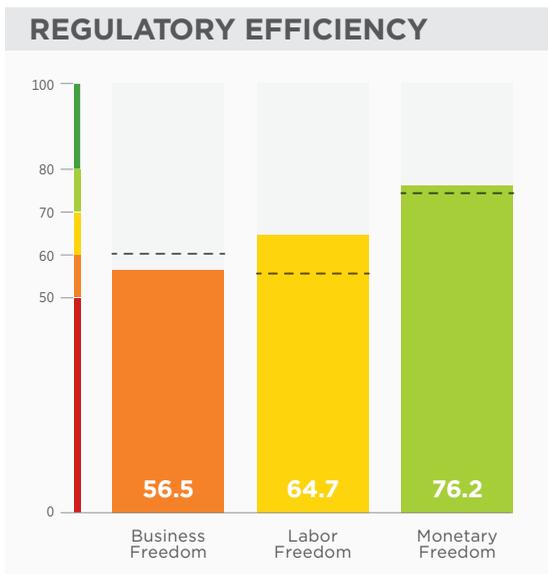
12 ECONOMIC FREEDOMS | JAMAICA



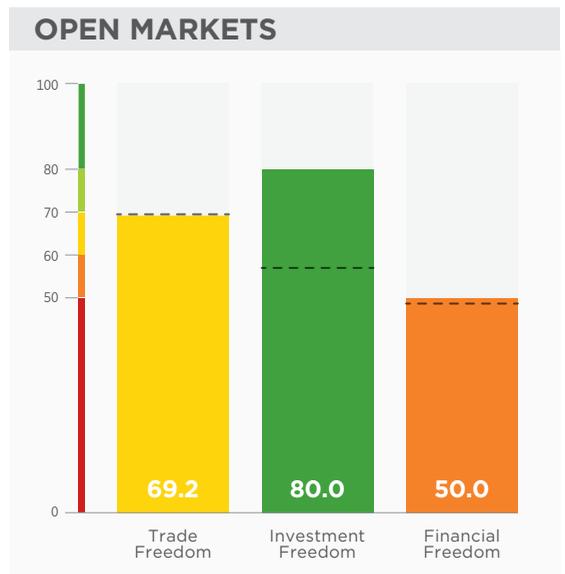
Property rights are constitutionally guaranteed, and laws exist to enforce them. Bureaucratic delays make the registration of property difficult. Nearly 20 percent of Jamaica's people live as squatters, mostly on public lands. The judicial system is fair, but its inefficiency and large backlog of cases weaken the rule of law. Corruption, often linked to organized crime, is one of the root causes of Jamaica's high crime rate and economic stagnation.



The top individual income tax rate has been increased to 30 percent, and the top corporate tax rate is 25 percent. Other taxes include property transfer and general consumption taxes. The overall tax burden equals 28.6 percent of total domestic income. Government spending has amounted to 30.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.6 percent of GDP. Public debt is equivalent to 105.6 percent of GDP.



Business freedom is inhibited by Jamaica's high crime rate. An Integrated Resource Plan is intended to lower the cost of electricity on the island. Some industries including the security guard industry hire workers on extended contracts to avoid direct employment costs. The government continues to subsidize medications and health care through the National Health Fund and regulates utility prices for water, electricity, and telecommunications services.



Jamaica has three preferential trade agreements in force. The trade-weighted average tariff rate is 10.4 percent, and six nontariff measures are in effect. Jamaica is relatively open to foreign investment, but state-owned enterprises distort the economy. High financing costs hamper private-sector growth. Approximately 80 percent of adult Jamaicans have an account with a formal banking institution.

JAPAN

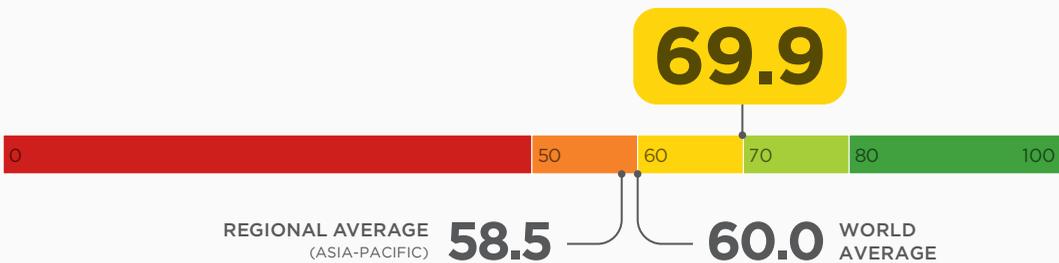
Japan's economic freedom score is 69.9, making its economy the 35th freest in the 2022 *Index*. Japan is ranked 6th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Economic growth in Japan slowed to zero in 2019, turned negative in 2020, and rebounded in 2021. Economic freedom had been expanding slowly, but with higher scores for **property rights** and **judicial effectiveness** just barely outpacing declines in **business freedom** and **labor freedom**, Japan has managed to record only a 0.3-point overall gain of economic freedom since 2017 and is currently at the top of the "Moderately Free" category. The rule of law remains strong, but **fiscal health** is extremely weak.

IMPACT OF COVID-19: As of December 1, 2021, 18,358 deaths had been attributed to the pandemic in Japan, and the government's response to the crisis ranked 62nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 4.8 percent in 2020.

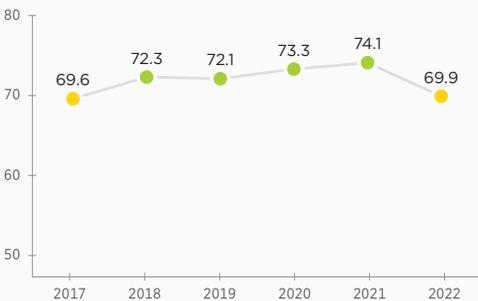


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -5.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
125.8 million

GDP (PPP):
\$5.3 trillion
-4.8% growth in 2020
5-year compound annual growth -0.3%
\$42,248 per capita

UNEMPLOYMENT:
3.0%

INFLATION (CPI):
0.0%

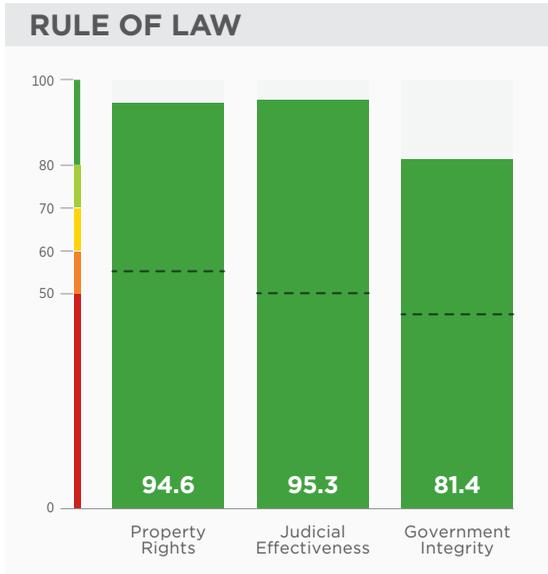
FDI INFLOW:
\$10.3 billion

PUBLIC DEBT:
256.2% of GDP

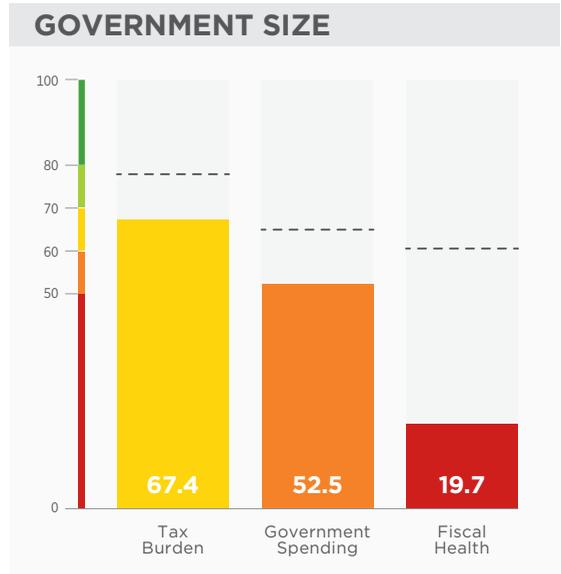
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Japan has long been a global economic power. In September 2020, Shinzo Abe resigned as prime minister, having set a record as the longest-serving Japanese leader. His successor, former Chief Cabinet Secretary Yoshihide Suga, lasted only a year before declining to seek reelection. Former Foreign Minister Fumio Kishida was elected in October 2021 vowing to maintain Japan's foreign and security policies. Suga was heavily criticized for Japan's slow response to the COVID-19 pandemic, but Kishida faces an improved COVID situation and is vowing to implement strong fiscal stimulus measures to reinvigorate Japan's sluggish economy. The public wants strong reforms to remedy Japan's endemic economic problems but fears the upheaval that such measures could cause.

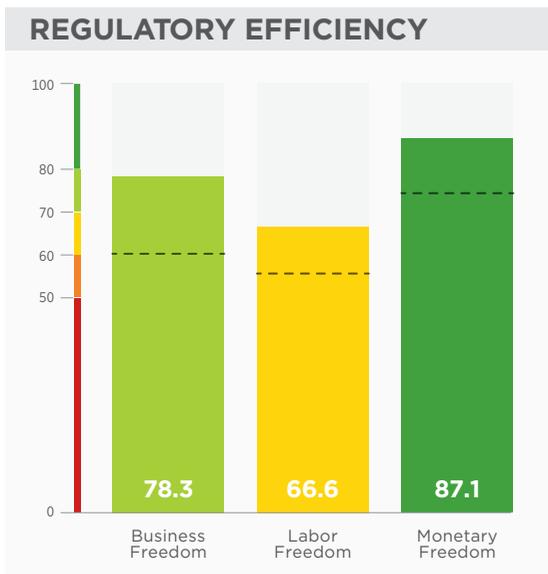
12 ECONOMIC FREEDOMS | JAPAN



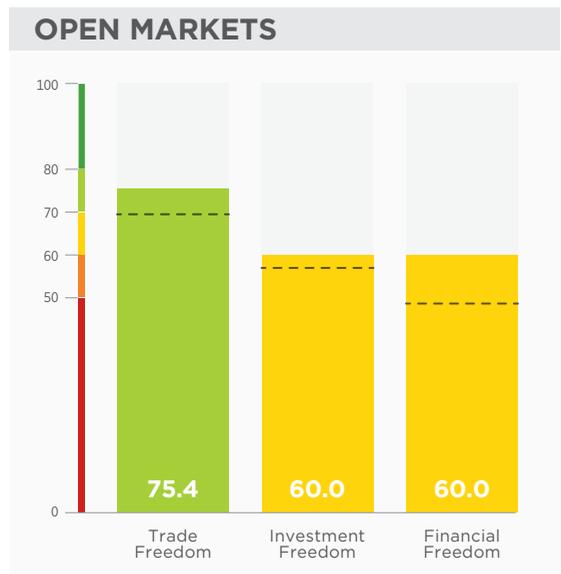
Secured interests in real property are recognized and enforced effectively. Japan's judiciary is independent and fair. Levels of corruption are low, but close relationships among companies, politicians, and government agencies foster an inwardly cooperative business climate that is conducive to favoritism. *Amakudari* (granting retired government officials top positions within Japanese companies) is common in some sectors.



The top individual income tax rate is 40.8 percent, and the top corporate tax rate is 23.9 percent, which local taxes and an enterprise tax can increase significantly. The overall tax burden equals 32.0 percent of total domestic income. Government spending has amounted to 39.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.1 percent of GDP. Public debt is equivalent to 256.2 percent of GDP.



Most state-owned enterprises have been privatized. The third phase of power-sector reforms took effect in 2020. Due to the shrinking labor force, a law was revised to ask companies to "make efforts" to employ workers between 65 and 70 years old. The government has doubled the value of subsidies aimed at promoting electric vehicles on condition that such vehicles are charged with renewable energy including solar power.



Japan has 18 preferential trade agreements in force. The trade-weighted average tariff rate is 2.3 percent, and 401 nontariff measures are in effect. The government screens foreign investment in some sectors. The financial sector is competitive, but state involvement persists. The government has expanded the volume of concessional loans, which are interest free without collateral, primarily for small and medium-size firms affected by the pandemic.

JORDAN

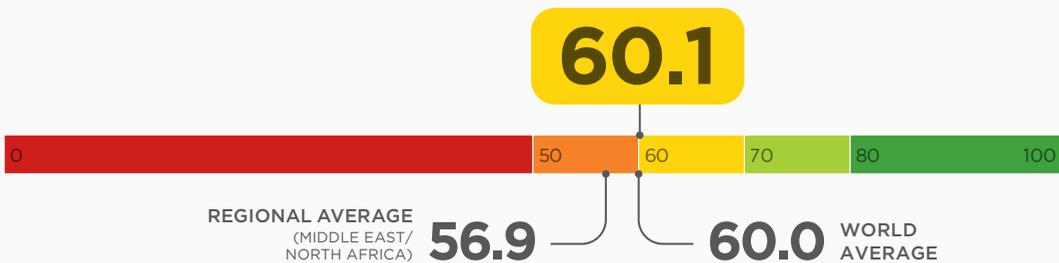
Jordan's economic freedom score is 60.1, making its economy the 87th freest in the 2022 *Index*. Jordan is ranked 5th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

Over the past five years, the Jordanian economy grew through 2019, contracted in 2020, and revived in 2021. A slow decline in economic freedom over the past half-decade has accelerated. Pushed down by a steep drop in its **fiscal health** score and declines in rule of law scores, Jordan has registered a stark 6.6-point overall loss of economic freedom since 2017 and has fallen to the bottom of the "Moderately Free" category. Monetary freedom is relatively strong, and the burden of taxes on the economy is comparatively light, but **business freedom** and **labor freedom** are flawed.

IMPACT OF COVID-19: As of December 1, 2021, 11,633 deaths had been attributed to the pandemic in Jordan, and the government's response to the crisis ranked 144th among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.0 percent in 2020.

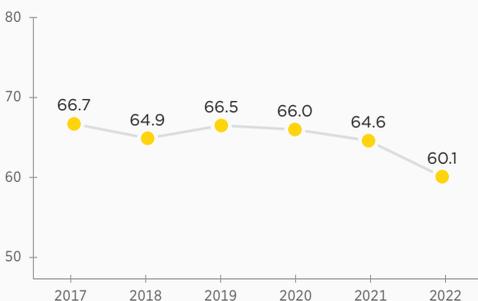


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -2.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.2 million

GDP (PPP):
\$105.2 billion
-2.0% growth in 2020
5-year compound annual growth 1.2%
\$10,306 per capita

UNEMPLOYMENT:
18.5%

INFLATION (CPI):
0.4%

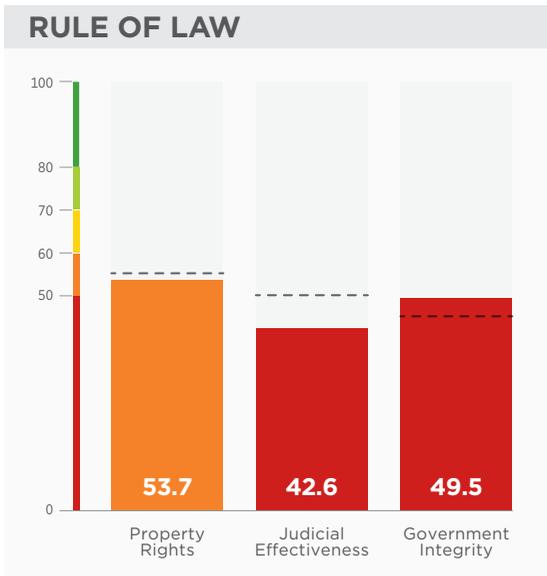
FDI INFLOW:
\$726.0 million

PUBLIC DEBT:
88.5% of GDP

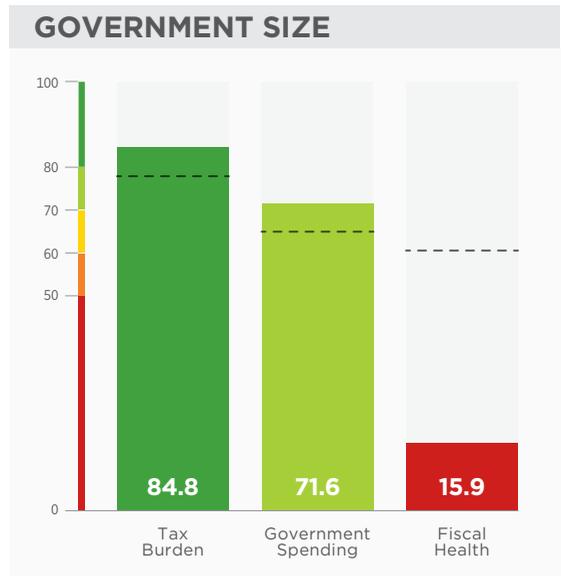
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Independent from the United Kingdom since 1946, the Hashemite Kingdom of Jordan is a constitutional monarchy with relatively few natural resources. King Abdullah II assumed the throne in 1999 with an ambitious reform agenda. The economy, one of the region's smallest, is supported by foreign loans, international aid, and remittances from expatriate workers. In 2000, Jordan joined the World Trade Organization and signed a free-trade agreement with the United States. The king appointed Bisher al-Khasawneh to serve as prime minister in October 2020 and tasked him with focusing on economic reform that includes a realistic government budget. Ongoing conflicts in Iraq and Syria have severely disrupted Jordan's economy and regional trade, and more than 1.3 million Syrian and Iraqi refugees have strained its limited resources.

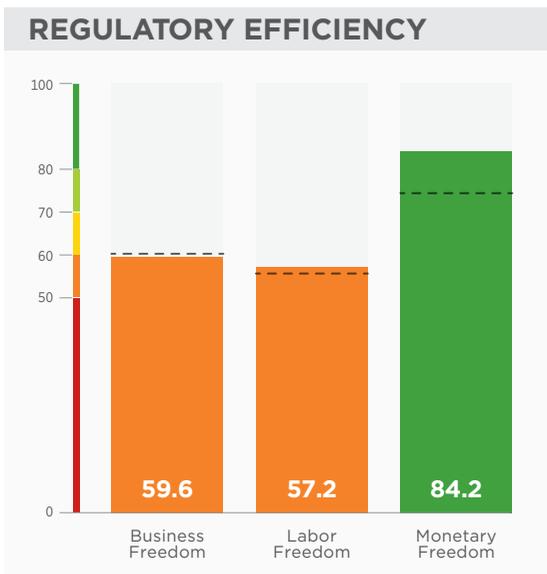
12 ECONOMIC FREEDOMS | JORDAN



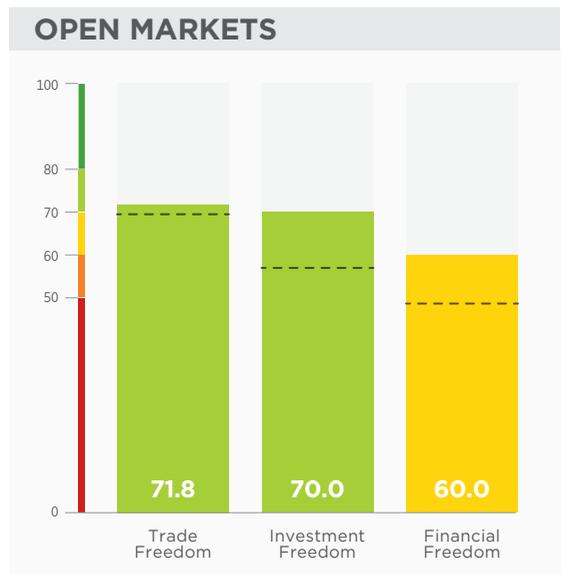
The legal system reliably facilitates and protects the acquisition and disposition of property rights. Interest in real property is recognized and enforced after it is recorded in a legal registry. The judiciary's independence is limited. A large case backlog delays judicial proceedings. The use of family, business, and other connections to advance business and individual interests is endemic and regarded by Jordanians as part of their culture.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 20 percent. The overall tax burden equals 14.8 percent of total domestic income. Government spending has amounted to 30.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.5 percent of GDP. Public debt is equivalent to 88.5 percent of GDP.



Businesses struggle with excessive red tape, trouble starting and closing businesses, and regulations and laws that are interpreted differently over time. Many occupations are closed to foreign workers. Most foreigners labor in construction, agriculture, and domestic housekeeping. The government's capacity to fund subsidies is constrained by its high debt-to-GDP ratio.



Jordan has eight preferential trade agreements in force. The trade-weighted average tariff rate is 9.1 percent, and 19 nontariff measures are in effect. In general, foreign and local investors are treated equally under the law. Banking regulations generally conform to international standards. In 2020, the central bank increased the financial system's liquidity and allowed banks to postpone loan repayments in sectors affected by COVID-19.

KAZAKHSTAN

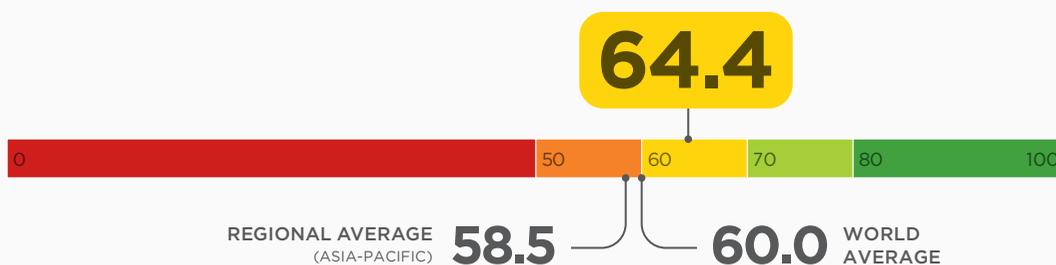
Kazakhstan's economic freedom score is 64.4, making its economy the 64th freest in the 2022 *Index*. Kazakhstan is ranked 11th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Kazakhstan's economy expanded from 2017 through 2019, contracted in 2020, and resumed growth in 2021. Its level of economic freedom fluctuated over the same five years before taking a decidedly negative turn this year. Dragged down by sharply lower scores for **judicial effectiveness**, **business freedom**, and **labor freedom**, Kazakhstan has recorded a 4.6-point overall loss of economic freedom since 2017 and has fallen to the lower half of the "Moderately Free" category. Fiscal health is strong, but **government integrity**, **investment freedom**, and **financial freedom** are weak.

IMPACT OF COVID-19: As of December 1, 2021, 17,856 deaths had been attributed to the pandemic in Kazakhstan, and the government's response to the crisis ranked 16th among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.6 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +22.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
18.8 million

GDP (PPP):
\$501.3 billion
-2.6% growth in 2020
5-year compound annual growth 2.2%
\$26,565 per capita

UNEMPLOYMENT:
6.1%

INFLATION (CPI):
6.8%

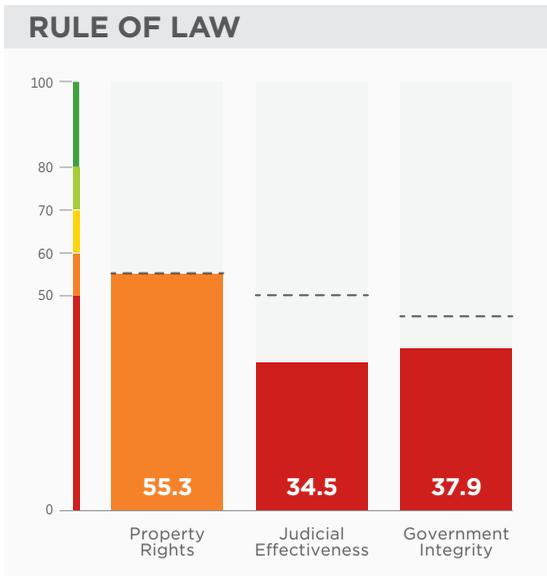
FDI INFLOW:
\$3.9 billion

PUBLIC DEBT:
27.4% of GDP

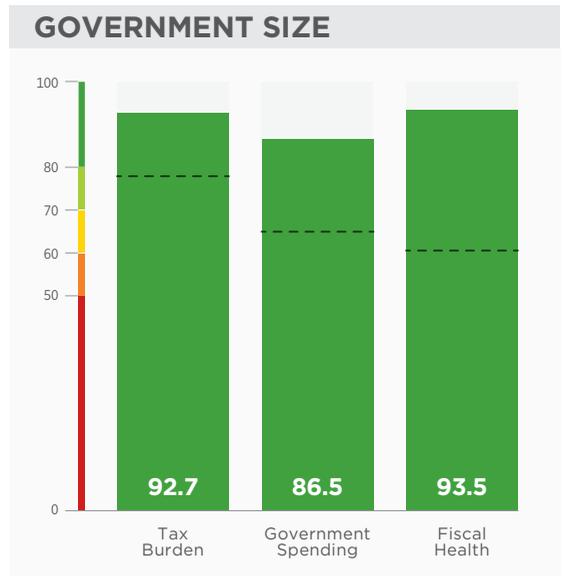
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: A vast semiarid steppe, Kazakhstan is geographically the largest nation in the Central Asian region. President Nursultan Nazarbayev, whose rule lasted nearly 30 years, resigned early in 2019. Kassym-Jomart Tokayev won the snap presidential election in June 2019. Over the past several years, Kazakhstan has been transitioning from the Cyrillic alphabet to the Latin alphabet. Oil production is booming, primarily because of a nearly \$37 billion expansion of the Tengiz oil field. Kazakhstan's vast hydrocarbon and mineral reserves, especially in the Caspian Basin, form the backbone of its economy. The country is the world's largest producer of uranium and has a large agricultural sector that features live-stock and grain.

12 ECONOMIC FREEDOMS | KAZAKHSTAN



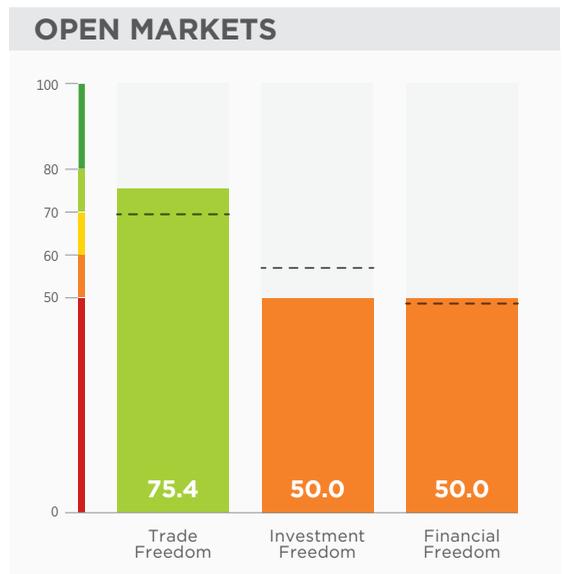
Property rights are recognized under the Civil Code and the Land Code, but they are not always secure. Only citizens may own or lease agricultural land. Although the judicial system is independent by law, the government interferes in judicial matters. Judges and prosecutors often lack technical expertise. Corruption is widespread at all levels of government and reportedly is especially rampant in the land sector.



The flat personal income tax rate is 10 percent, and the standard corporate tax rate is 20 percent. Other taxes include a value-added tax. The overall tax burden equals 15.1 percent of total domestic income. Government spending has amounted to 21.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.8 percent of GDP. Public debt is equivalent to 27.4 percent of GDP.



As a new policy, President Tokayev declared that prosecution or tax audits against entrepreneurs can be conducted only after tax court rulings. In 2020, the trade union law was amended to bring it closer to compliance with International Labor Organization standards. The government subsidizes a wide range of economic sectors including agriculture, energy, and transportation.



Kazakhstan has 10 preferential trade agreements in force. The trade-weighted average tariff rate is 4.8 percent, and 35 nontariff measures are in effect. Foreign investment in some sectors is restricted, and state-owned enterprises distort the economy. The financial sector is relatively stable but subject to state influence. Approximately 70 percent of adults have access to an account with a formal banking institution. Nonperforming loans are a problem.

KENYA

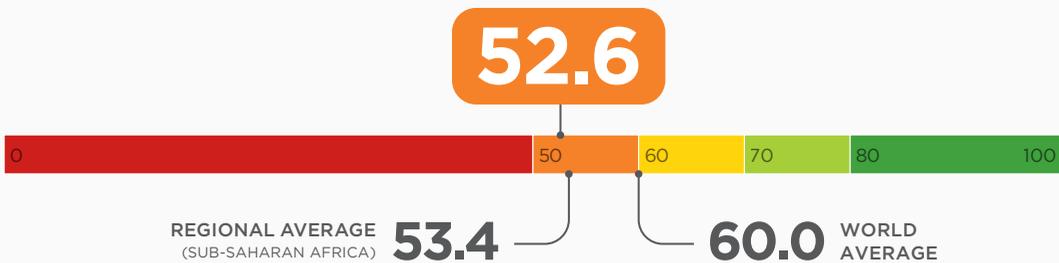
Kenya's economic freedom score is 52.6, making its economy the 138th freest in the 2022 *Index*. Kenya is ranked 28th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Kenya's economy slowed in 2019, slipped into negative territory in 2020, and recovered in 2021. Over the past five years, economic freedom has continued to stagnate. With score decreases in **fiscal health** and **trade freedom** edging out improvements in **government integrity** and **business freedom**, Kenya has recorded a 0.9-point overall loss of economic freedom since 2017 and is now lower in the "Mostly Unfree" category. Monetary freedom shows some strength, but the rule of law is generally weak.

IMPACT OF COVID-19: As of December 1, 2021, 5,335 deaths had been attributed to the pandemic in Kenya, and the government's response to the crisis ranked 133rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.1 percent in 2020.

WORLD RANK: **138** REGIONAL RANK: **28**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -1.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
53.8 million

GDP (PPP):
\$239.8 billion
-0.1% growth in 2020
5-year compound annual growth 4.4%
\$4,926 per capita

UNEMPLOYMENT:
3.0%

INFLATION (CPI):
5.3%

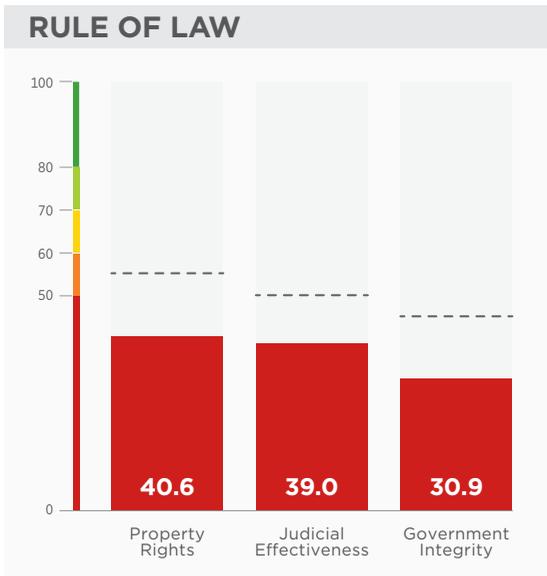
FDI INFLOW:
\$717.0 million

PUBLIC DEBT:
68.7% of GDP

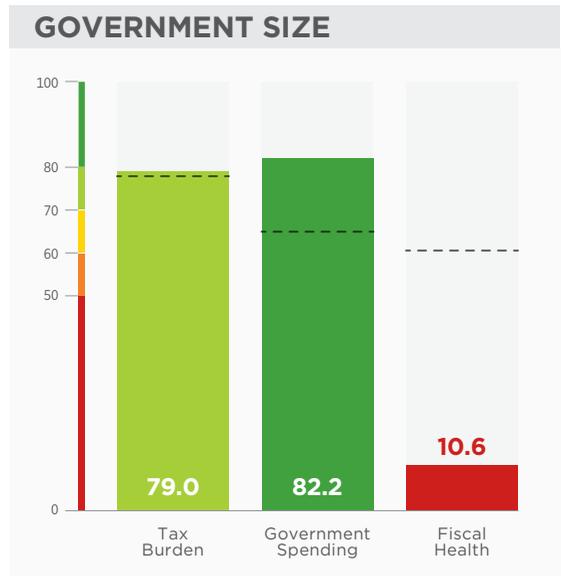
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Kenya achieved independence from Britain in 1963, but true political liberalization did not begin until the early 1990s. In 2013, Uhuru Kenyatta, the son of Kenya's inaugural president, won the first presidential election conducted under a new 2010 constitution. After the Supreme Court annulled his victory in the initial vote, Kenyatta won reelection in October 2017. In 2018, Kenyatta reconciled with Raila Odinga, his opponent in the contested election. Tensions within the ruling Jubilee Party have increased because of a growing rift between Kenyatta and William Ruto, his deputy and former heir apparent. Kenya is East Africa's economic, financial, and transport hub.

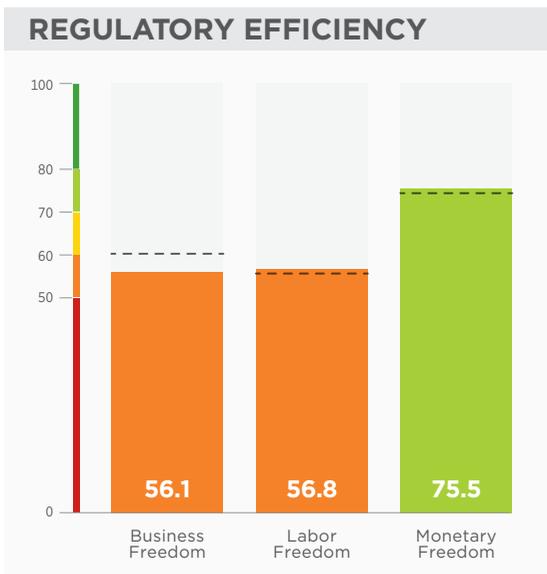
12 ECONOMIC FREEDOMS | KENYA



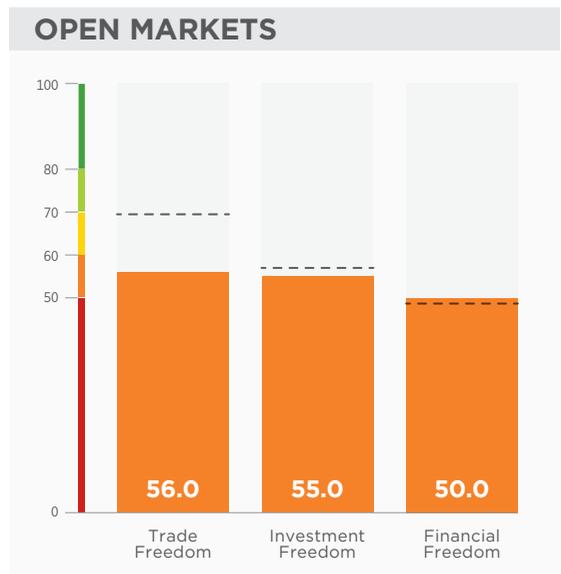
Protection of property rights is not adequately enforced. The land titling process remains difficult. Titles are not secure, and 70 percent of land is untitled. The judiciary, although generally independent, impartial, and free from corruption, is undermined by weak institutional capacity. Corruption is pervasive and entrenched, especially in the government's land administration. Anticorruption reforms have met with only limited success.



The top individual income and corporate tax rates are 30 percent. Other taxes include a value-added tax. The overall tax burden equals 17.4 percent of total domestic income. Government spending has amounted to 24.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.8 percent of GDP. Public debt is equivalent to 68.7 percent of GDP.



Aggressive bureaucratic behavior toward businesses and delays in obtaining business licenses persist. The government is the largest formal-sector employer. Approximately 80 percent of the workforce is employed informally. The government continues to regulate prices through subsidies (for example, for electricity and maize) and through agricultural marketing boards and state-owned enterprises.



Kenya has three preferential trade agreements in force. The trade-weighted average tariff rate is 12.0 percent, and 53 nontariff measures are in effect. Foreign ownership in some sectors is restricted, and state-owned enterprises undermine more dynamic private-sector development. The growing financial sector has become more open to competition, and its overall stability is relatively well maintained.

KIRIBATI

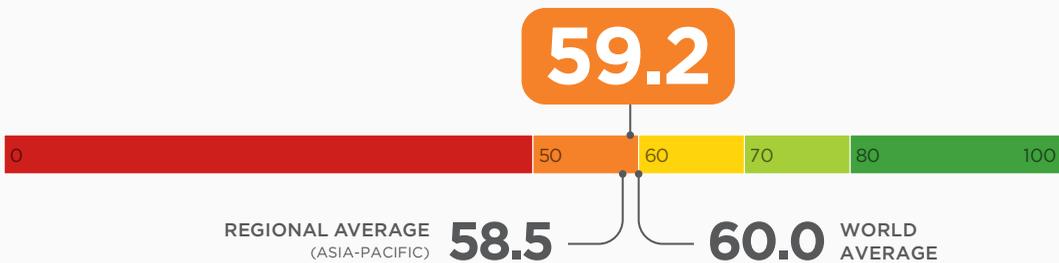
WORLD RANK: **96** | REGIONAL RANK: **20**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Kiribati's economic freedom score is 59.2, making its economy the 96th freest in the 2022 *Index*. Kiribati is ranked 20th among 39 countries in the Asia-Pacific region, and its overall score is above the regional average but below the world average.

In the past five years, Kiribati's economic growth accelerated from 2017 through 2019, turned negative in 2020, and rebounded in 2021. After five years of steadily shrinking economic freedom, Kiribati has pivoted dramatically higher. Led by score increases in rule of law, Kiribati has recorded an 8.3-point overall gain of economic freedom since 2017 and has risen from the "Repressed" category to the "Mostly Unfree" category. International donor assistance has helped to maintain **fiscal health**, but the burden of **government spending** is too high, and **investment freedom** and **financial freedom** are woefully inadequate.

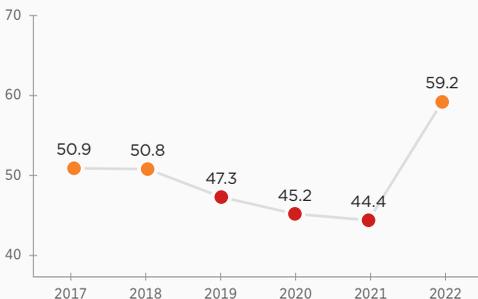
IMPACT OF COVID-19: As of December 1, 2021, data on cumulative deaths attributed to the pandemic in Kiribati were not available, and the government's response to the crisis ranked 150th among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +13.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$0.3 billion
-0.5% growth in 2020
5-year compound annual growth 2.7%
\$2,200 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
2.5%

FDI INFLOW:
\$0.0 million

PUBLIC DEBT: 17.3% of GDP

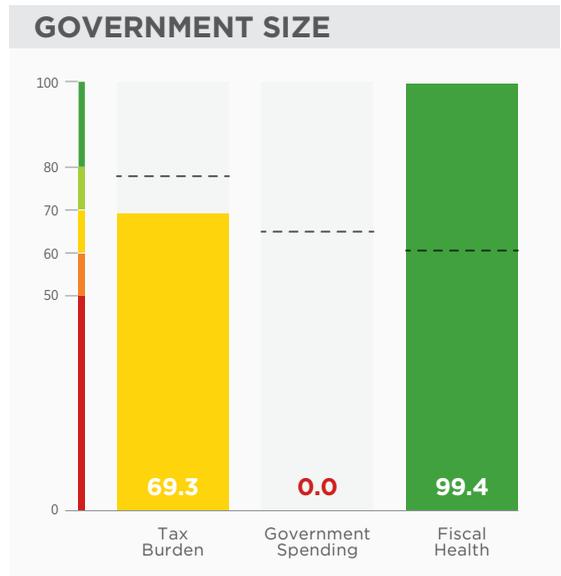
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Comprised of 33 scattered coral atolls, Kiribati has few natural resources and is one of the least-developed Pacific Island countries. Kiribati gained independence from the United Kingdom in 1979, and its government functions democratically. Taneti Maamau of the Tobwaan Kiribati Party, who was elected president in 2016 after 12 years of rule by Anote Tong of the Boutokaan Te Koaua, was reelected in 2020. Economic activity once was centered on the mining of phosphates, but those deposits have been exhausted. A \$722 million fund created with mining revenues continues to provide significant support for the government's budget. Kiribati relies on foreign assistance, emigrants' remittances, fishing, coconut exports, and tourism. Crippling algae in the corals are a serious threat to the fishing industry.

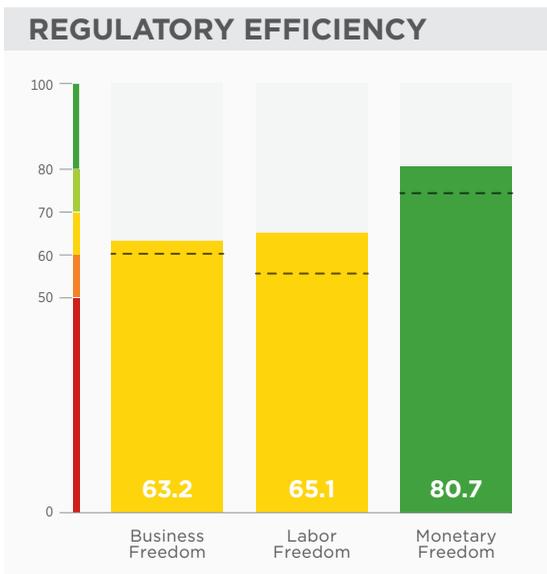
12 ECONOMIC FREEDOMS | KIRIBATI



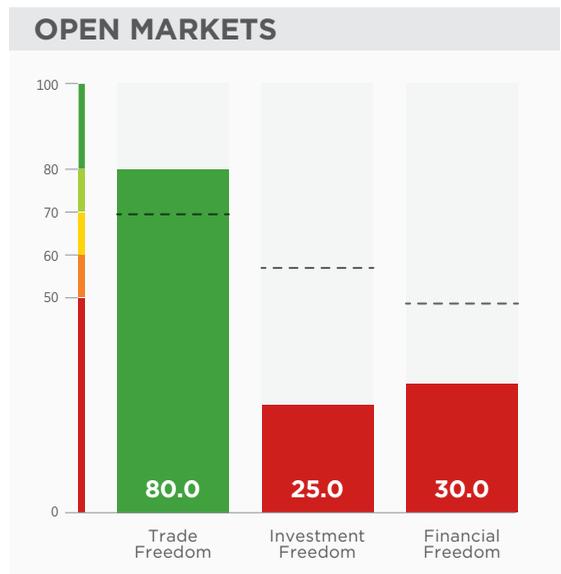
Property rights are weak. The judicial system, modeled on English common law, provides adequate due process rights, but the rule of law remains uneven across the country. Contracts are weakly enforced, and courts are relatively inexperienced in commercial litigation. Official corruption, nepotism, and other abuses of privilege are serious problems. The government's implementation of anticorruption measures is inadequately resourced and ineffective.



The top individual income and corporate tax rates are 35 percent. Taxation remains inconsistent and poorly administered across the economy. The overall tax burden equals 24.9 percent of total domestic income. Government spending has amounted to 119.1 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.2 percent of GDP. Public debt is equivalent to 17.3 percent of GDP.



Aside from government projects, fishing and handicrafts are the most important industries, and the business regulatory regime is not highly developed. Not including subsistence farmers, 39,000 I-Kiribati are active in the labor force. Kiribati's monetary instability is mitigated by its use of the Australian dollar, but the government funds price-distorting subsidies for some agricultural products.



Kiribati has three preferential trade agreements in force. The trade-weighted average tariff rate is 0.0 percent, but nontariff barriers persist. Kiribati is not a member of the World Trade Organization. Much-needed investment continues to be undermined by inefficient state-owned enterprises and regulations that hinder private-sector development. High credit costs impede development of the private sector.

NORTH KOREA

North Korea's economic freedom score is 3.0, making its economy the 177th freest in the 2022 *Index*. North Korea is ranked 39th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

North Korea's economy is estimated to have shrunk by 8.0 percent in 2020 and by a further 5.0 percent in 2021. Commercial and business activity is severely repressed, and the country has been ranked lowest in the world every year since the inception of the *Index* in 1995. Chronic structural problems beset one of the world's most centrally commanded and least open economies. In a country that lacks even the most basic policy infrastructure of a free-market economy, individuals and businesses lack any economic freedom whatsoever, both in principle and in practice.

IMPACT OF COVID-19: No reliable information is available with respect to the impact of Covid-19 on North Korea.

WORLD RANK: **177** | REGIONAL RANK: **39**
 ECONOMIC FREEDOM STATUS: **REPRESSED**

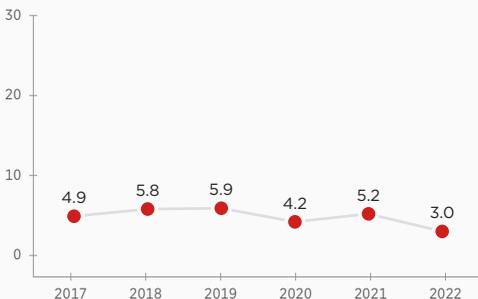
ECONOMIC FREEDOM SCORE

3.0



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -5.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
25.8 million

GDP (PPP): n/a
-8.0% growth in 2020
5-year compound annual growth -1.9%
n/a per capita

UNEMPLOYMENT:
2.8%

INFLATION (CPI):
n/a

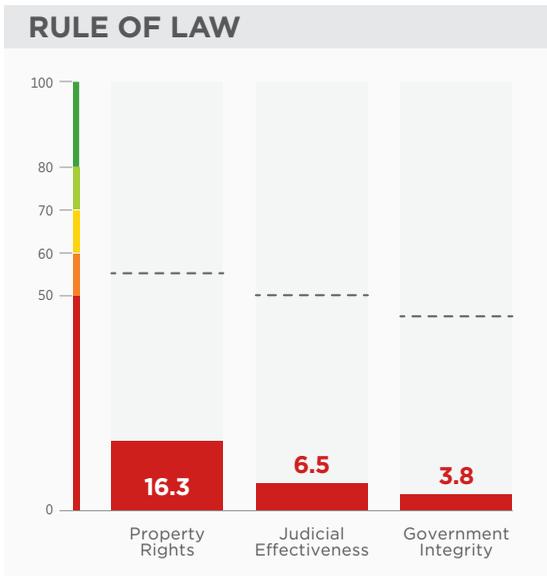
FDI INFLOW:
\$6.0 million

PUBLIC DEBT: n/a

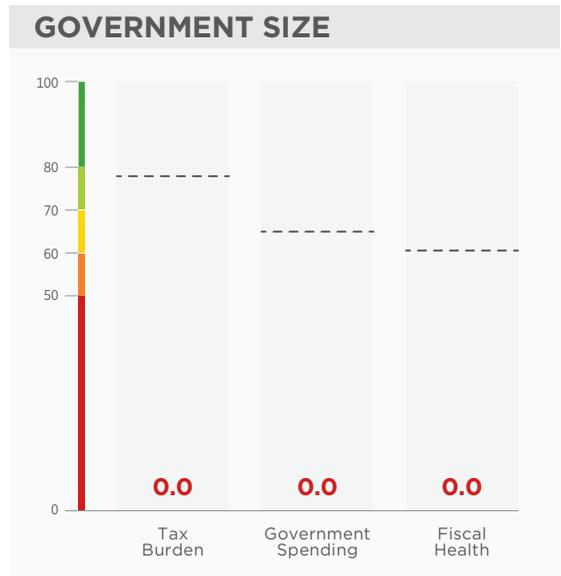
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Founding President Kim Il-sung's family has ruled the Democratic People's Republic of Korea (DPRK) with an iron fist since 1948. After years of self-imposed national isolation, Kim Il-sung's grandson, Kim Jong-un, burst onto the international diplomatic stage in 2018, initiating summits with South Korea, China, and the United States. Kim's offer to discuss denuclearization raised hopes for a long-sought diplomatic solution, but those hopes were dashed when Pyongyang made it clear that it refuses to disarm unilaterally as required under U.N. resolutions. Despite repeated attempts at engagement, there has been no progress toward denuclearization. After decades of economic mismanagement and resource misallocation, the DPRK has faced chronic food shortages since the mid-1990s.

12 ECONOMIC FREEDOMS | NORTH KOREA



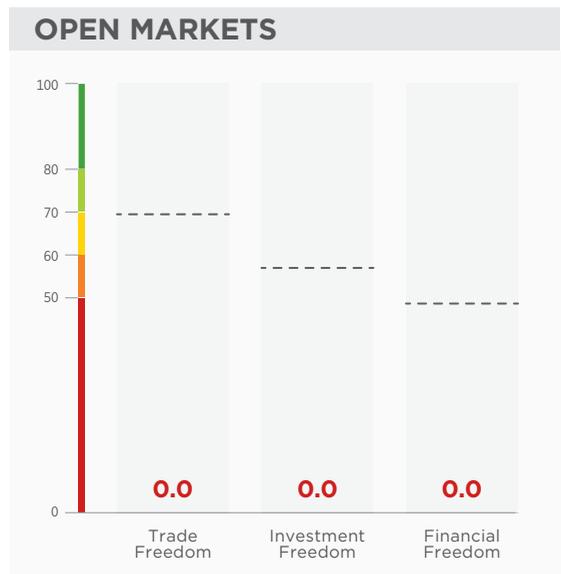
Almost all property belongs to the state. Government control extends even to chattel property. There is no functioning judiciary, and the rule of law is weak. Corruption and bribery are rampant throughout the government, and state institutions are opaque. The ruling Workers' Party, the Korean People's Army, and members of the cabinet run all companies earning foreign exchange.



No effective tax system is in place. The government commands and dictates almost every part of the economy. The government sets production levels for most products, and state-owned industries account for nearly all GDP. The state continues to direct all significant economic activity. Large military spending further drains scarce resources. Black markets have grown despite the state's attempts to crack down on them.



Decades of rigid central planning have ruined industries and left most business equipment in permanent disrepair. The labor force suffers from prolonged malnutrition and abject poverty. There is no trace of a dynamic labor market. North Korea's monetary regime is completely controlled, which leads to price distortions, and China continues its extensive subsidies of the country's food and energy.



Trade and investment flows are controlled by the government and affected by multilateral economic sanctions. The regime may be attempting to start modest economic opening by encouraging limited foreign direct investment, but the dominant influence of the military establishment makes any meaningful near-term change unlikely. Access to financing is very limited and constrained by the repressive and firmly state-controlled economic system.

SOUTH KOREA

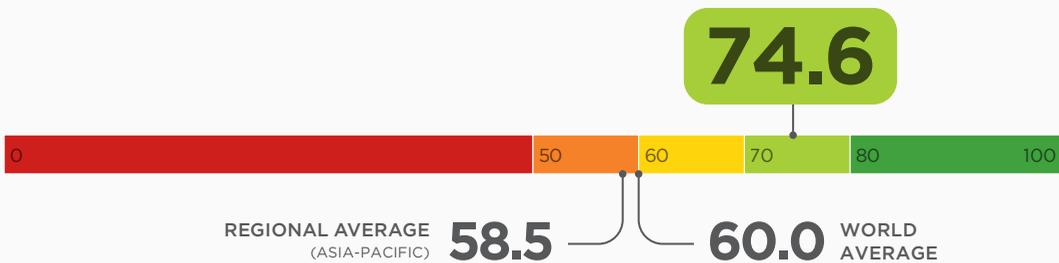
South Korea's economic freedom score is 74.6, making its economy the 19th freest in the 2022 *Index*. South Korea is ranked 5th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Over the past five years, the South Korean economy has followed a track similar to those of many other countries: slowing growth from 2017 through 2019, negative growth in 2020, and recovery in 2021. During the same period, levels of economic freedom have remained largely unchanged. With significant score increases for **property rights** and **judicial effectiveness** offset by losses in **business freedom** and a higher tax rate, South Korea has recorded a negligible 0.3-point overall gain of economic freedom since 2017 and remains in the middle ranks of the "Mostly Free" countries. Fiscal health is robust, but **investment freedom** and **financial freedom** are relatively weak.

IMPACT OF COVID-19: As of December 1, 2021, 3,705 deaths had been attributed to the pandemic in South Korea, and the government's response to the crisis ranked 105th among the countries included in this *Index* in terms of its stringency. The economy contracted by 1.0 percent in 2020.

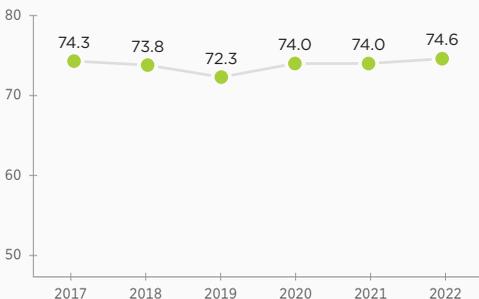


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
51.8 million

GDP (PPP):
\$2.3 trillion
-1.0% growth in 2020
5-year compound annual growth 2.0%
\$44,621 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
0.5%

FDI INFLOW:
\$9.2 billion

PUBLIC DEBT:
48.7% of GDP

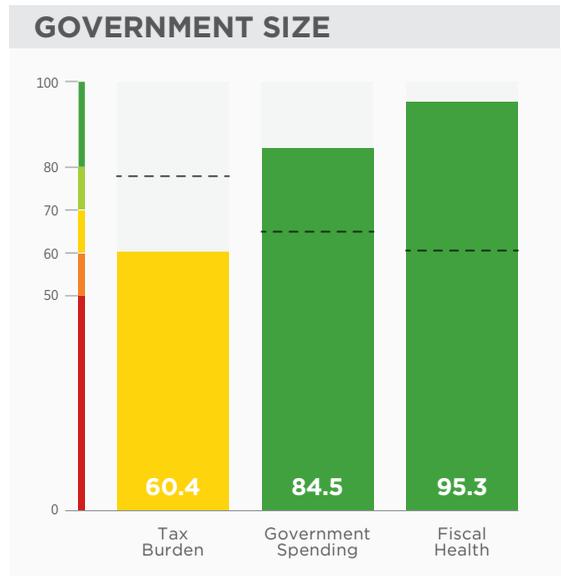
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Since his election in 2017, progressive President Moon Jae-in has sought to improve relations with North Korea by offering economic benefits that include massive infrastructure projects. Pyongyang, however, has dismissed Seoul's diplomatic endeavors, even rejecting humanitarian assistance. After decades of rapid economic growth and global integration, South Korea has become a high-technology, industrialized, \$2 trillion economy led by such sectors as electronics, telecommunications, automobile production, chemicals, shipbuilding, and steel. Daunting challenges include an aging population, low worker productivity, and the need to implement a structural shift away from overreliance on an export-led growth model and expansionary fiscal policy.

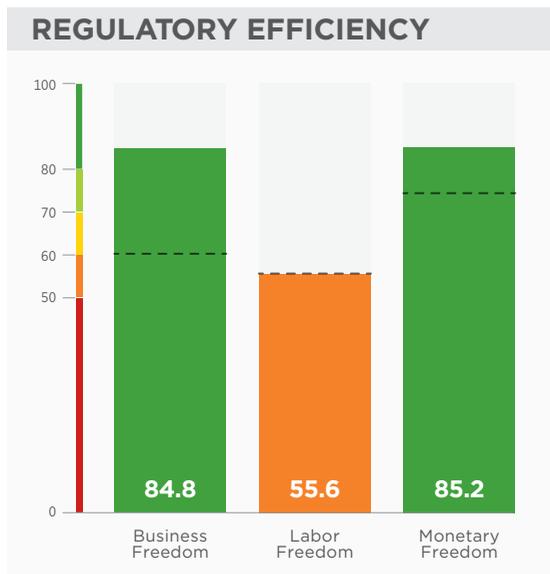
12 ECONOMIC FREEDOMS | SOUTH KOREA



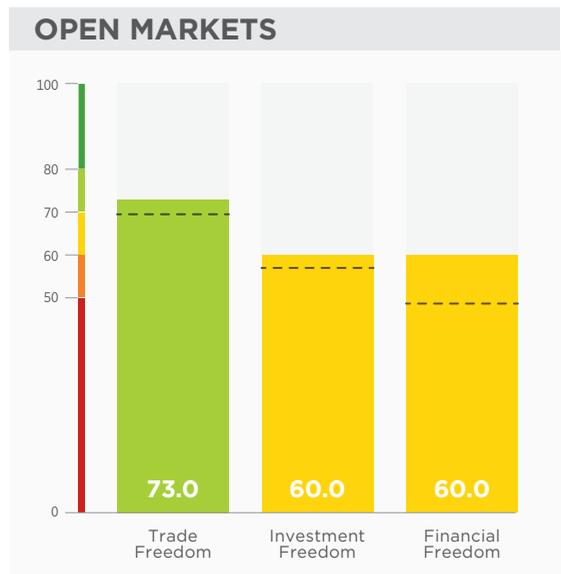
Under provisions in civil law, property rights and interests are protected and enforced, and there is a reliable system for the registration of mortgages and liens. Intellectual property rights are consistent with international standards. The judiciary is independent and transparent. Despite the government's anticorruption efforts, bribery, influence peddling, nepotism, and extortion persist in politics, business, and everyday life.



The top personal income tax rate has been raised to 45 percent, and the top corporate tax rate is 25 percent. Both rates are subject to a 10 percent surtax. The overall tax burden equals 27.4 percent of total domestic income. Government spending has amounted to 22.7 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.0 percent of GDP. Public debt is equivalent to 48.7 percent of GDP.



Businesses must contend with a complicated, opaque, and country-specific regulatory framework. Two-tiered labor regulations that govern regular and non-regular workers complicate the restrictive labor market. Government subsidies to purchasers of electric vehicles increased by more than 20 percent in 2021, and subsidies for fuel cell electric vehicles increased by almost 50 percent.



South Korea has 20 preferential trade agreements in force. The trade-weighted average tariff rate is 8.5 percent, and 448 nontariff measures are in effect. Foreign investment in some sectors remains restricted, and policy reforms are needed to facilitate greater investment inflows. The financial sector is competitive, but business start-ups still struggle to obtain financing. Interventionist policies have increased, undermining the potential for growth.

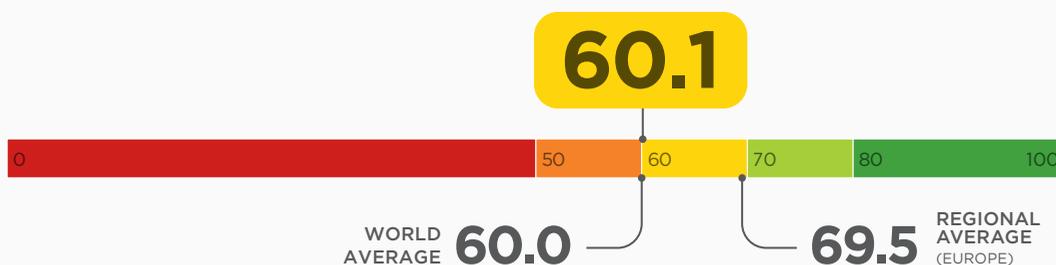
KOSOVO

Kosovo's economic freedom score is 60.1, making its economy the 86th freest in the 2022 *Index*. Kosovo is ranked 40th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Over the past five years, Kosovo's economic growth accelerated from 2017 through 2019 before turning negative in 2020. There was a healthy revival of growth in 2021. A five-year trend of declining economic freedom has continued. With a steep drop in scores for rule of law, Kosovo has recorded a 7.8-point overall loss of economic freedom since 2017 and has fallen to the bottom of the "Moderately Free" category. Monetary freedom and **trade freedom** are relative strengths, but **financial freedom** is poor.

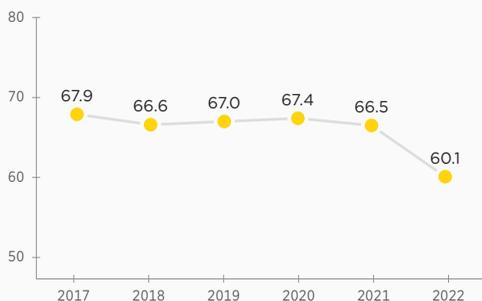
IMPACT OF COVID-19: As of December 1, 2021, 2,984 deaths had been attributed to the pandemic in Kosovo, and the government's response to the crisis ranked 91st among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2016): -1.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.8 million

GDP (PPP):
\$20.4 billion
-6.0% growth in 2020
5-year compound annual growth 2.2%
\$11,274 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
0.2%

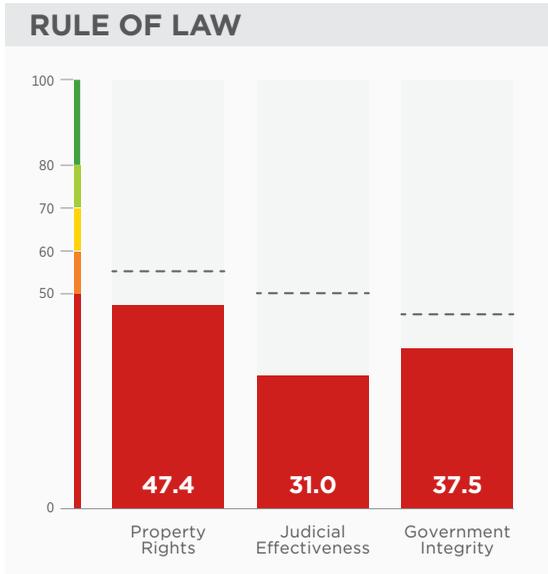
FDI INFLOW:
\$304.2 million

PUBLIC DEBT: 24.4% of GDP

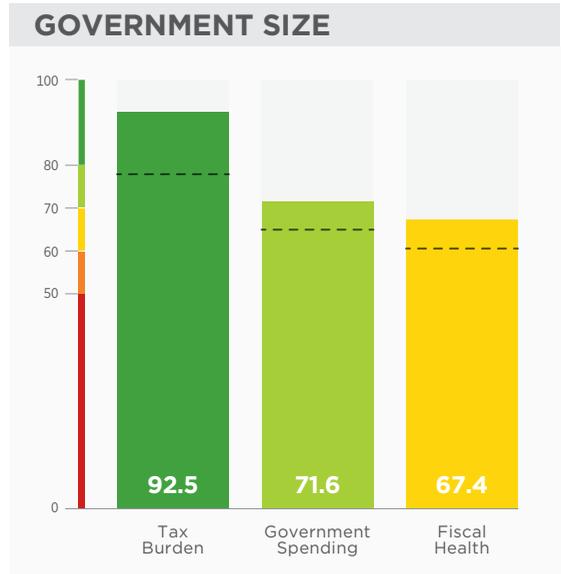
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Kosovo gained independence from Serbia in 2008, and most members of the European Union have recognized its sovereignty. Nevertheless, NATO still maintains a peacekeeping force in the country. President Hashim Thaci was indicted for war crimes in June 2020 and resigned in November 2020; he continues to maintain that he is innocent of the charges. Albin Kurti of the leftist-nationalist Movement for Self-Determination returned as prime minister with support from several minority parties following snap elections in February 2021. Talks with Serbia on normalizing relations have resumed. Despite having made some progress in transitioning to a market-based economy with macroeconomic stability, Kosovo is still highly dependent on remittances and financial and technical assistance from Western donors and the diaspora.

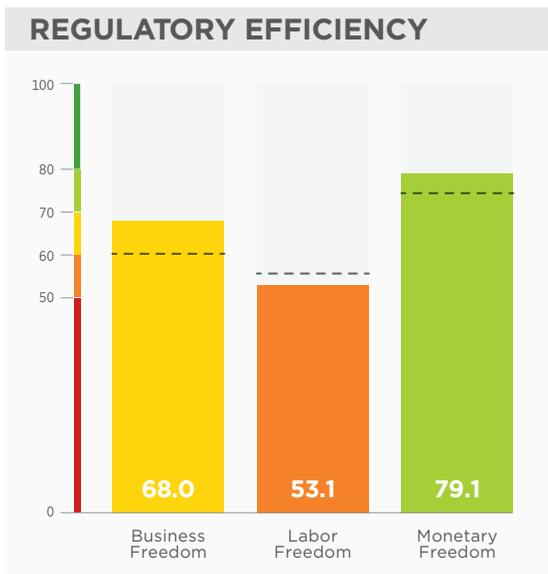
12 ECONOMIC FREEDOMS | KOSOVO



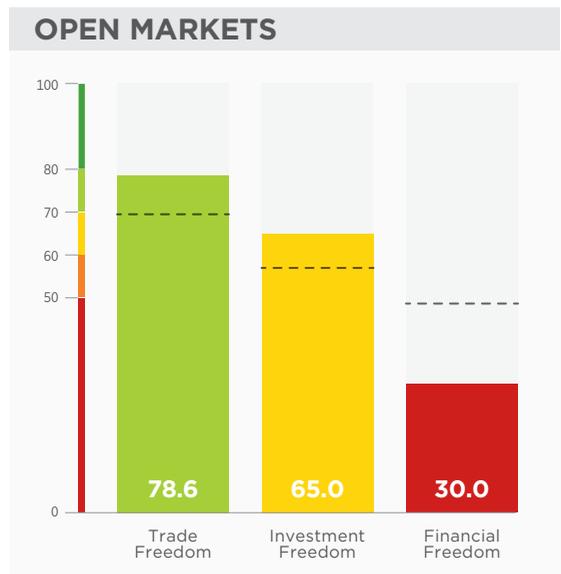
Property rights are respected, but weaknesses in the legal system and difficulties associated with establishing title to real estate, partly as a result of competing claims arising from the history of conflict with Serbia, make enforcement difficult. The weak judiciary lacks independence and technical capacity. Corruption is widespread and a matter of serious concern, and the institutional framework to combat it is weak.



The top personal income and corporate tax rates are 10 percent. Other taxes include value-added and property taxes. The overall tax burden equals 23.4 percent of total domestic income. Government spending has amounted to 30.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.4 percent of GDP. Public debt is equivalent to 24.4 percent of GDP.



Political interference with business freedom and a prevailing lack of contract enforcement can make running a business in Kosovo a risky endeavor. A skills and wage gap is partly to blame for Kosovo's persistently high unemployment rate. In addition to maintaining large agricultural and energy-related subsidies, the government continues to support money-losing state-owned enterprises.



Kosovo has two preferential trade agreements in force. The trade-weighted average tariff rate is 3.2 percent. Efforts to dismantle lingering nontariff barriers continue. Foreign and domestic investors are generally treated equally under the law. State-owned enterprises distort the economy. The financial system is dominated by banking and continues to evolve. In 2020, several temporary measures were taken to ease the immediate financial impact of the COVID-19 pandemic.

KUWAIT

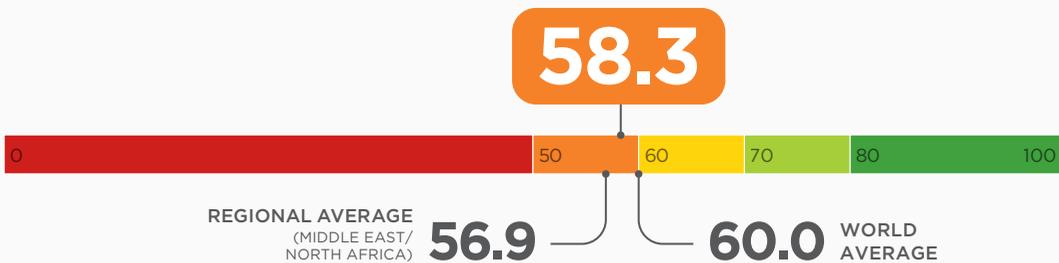
Kuwait's economic freedom score is 58.3, making its economy the 101st freest in the 2022 *Index*. Kuwait is ranked 7th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional average but below the world average.

After accelerating from 2017 through 2018 and slowing in 2019, Kuwait's economic growth contracted in 2020 and then rebounded in 2021. During the same period, however, generally weakening economic freedom worsened. Driven lower by score decreases in **property rights** and **judicial effectiveness**, Kuwait has registered a 6.8-point overall loss of economic freedom since 2017 and has fallen from the "Moderately Free" category to the "Mostly Unfree" category. Fiscal health is robust, but **government spending** weighs very heavily on the economy.

IMPACT OF COVID-19: As of December 1, 2021, 2,465 deaths had been attributed to the pandemic in Kuwait, and the government's response to the crisis ranked 99th among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.1 percent in 2020.

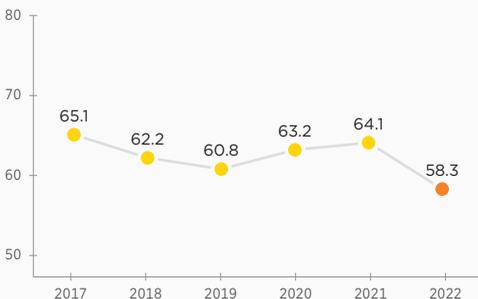


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -7.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.3 million

GDP (PPP):
\$203.3 billion
-8.1% growth in 2020
5-year compound annual growth -1.6%
\$41,627 per capita

UNEMPLOYMENT:
6.8%

INFLATION (CPI):
2.1%

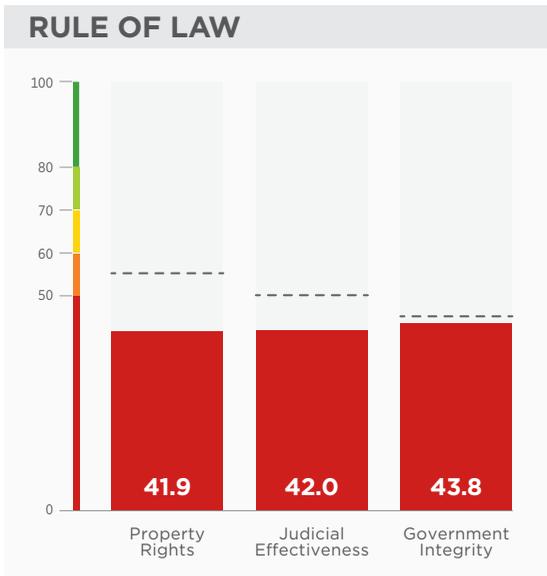
FDI INFLOW:
-\$319.0 million

PUBLIC DEBT: 11.5% of GDP

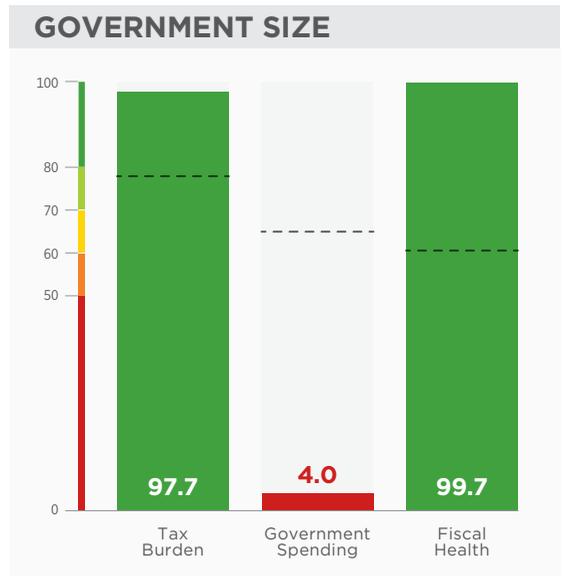
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The former British protectorate of Kuwait is a constitutional monarchy and has been ruled by the al-Sabah dynasty since the 18th century. Growing opposition from Islamists and tribal populists since 2012 has triggered protests, several cabinet shakeups, and dissolutions of the National Assembly. Nawaf al-Ahmad Al-Jaber al-Sabah succeeded Sabah al-Ahmad al-Jabr al-Sabah as emir following the latter's death in 2020. Kuwait controls approximately 6 percent of the world's oil reserves. Oil and gas account for more than half of GDP and approximately 92 percent of export revenues. The government saves at least 10 percent of revenue annually to cushion itself against the possible impact of lower oil prices.

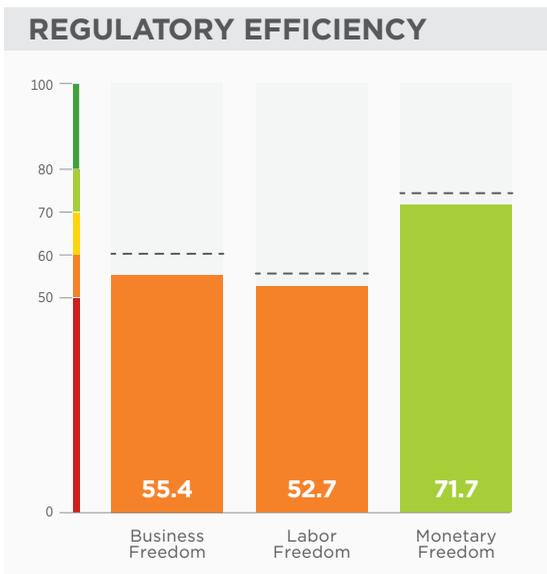
12 ECONOMIC FREEDOMS | KUWAIT



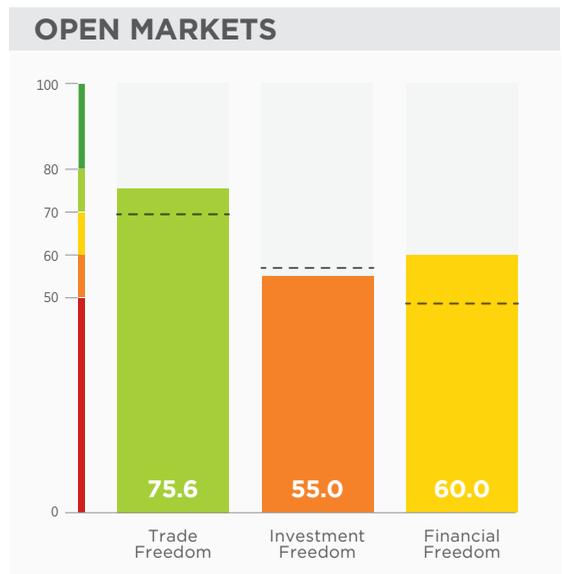
The law defines property rights, but enforcement is uneven. Most land is state-owned and frequently misallocated because of weak titling and registration systems. In general, citizens of non-Gulf Cooperation Council countries may not own land. The judiciary is independent by law but poorly developed and subject to interference. Corruption is pervasive, especially among ruling elites who sometimes act with impunity.



Individual income is not taxed. Foreign-owned firms and joint ventures are the only businesses that are subject to the flat 15 percent corporate income tax. The overall tax burden equals 1.4 percent of total domestic income. Government spending has amounted to 56.6 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.4 percent of GDP. Public debt is equivalent to 11.5 percent of GDP.



Slow-moving bureaucracy and restrictive economic policies inhibit private-sector growth. Many Kuwaitis prefer government jobs and are not accustomed to working in the private sector. Abuses of the *Kafala* (sponsorship) system that applies to foreign workers are widespread. The government supports almost all Kuwaiti citizens, usually with public-sector jobs and always with generous benefits and subsidies from cheap electricity and gasoline to free health care and education.



Kuwait has three preferential trade agreements in force. The trade-weighted average tariff rate is 4.7 percent, and 57 nontariff measures are in effect. The economy benefits from openness to foreign investment, although some sectors are not open. A modern financial regulatory system facilitates and welcomes portfolio investment. The banking sector remains well capitalized, and a more dynamic capital market is evolving.

KYRGYZSTAN

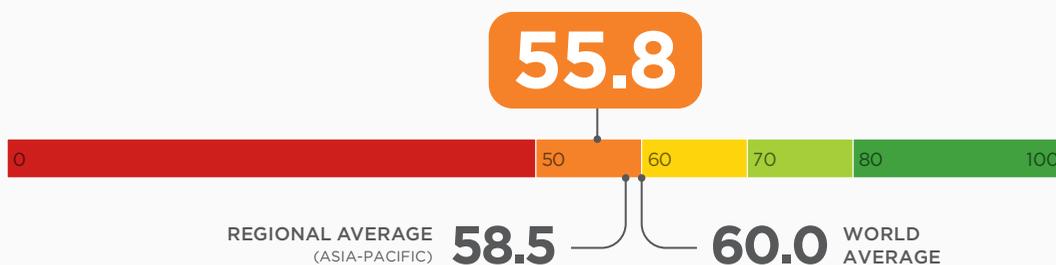
Kyrgyzstan's economic freedom score is 55.8, making its economy the 116th freest in the 2022 *Index*. Kyrgyzstan is ranked 24th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Kyrgyzstan's economic growth turned negative in 2020 but recovered in 2021. A five-year trend of expanding economic freedom has been broken. Amid falling scores for **business freedom**, **labor freedom**, and rule of law, Kyrgyzstan has recorded a 5.3-point overall loss of economic freedom since 2017 and has fallen from the "Moderately Free" category to the "Mostly Unfree" category. The burden of taxes on the economy is relatively light, but **judicial effectiveness** is dangerously weak.

IMPACT OF COVID-19: As of December 1, 2021, 2,749 deaths had been attributed to the pandemic in Kyrgyzstan, and the government's response to the crisis ranked 83rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.0 percent in 2020.

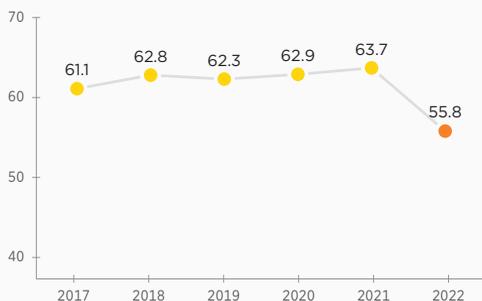
WORLD RANK: **116** REGIONAL RANK: **24**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +4.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.6 million

GDP (PPP):
\$32.8 billion
-8.0% growth
in 2020
5-year compound
annual growth 1.8%
\$5,036 per capita

UNEMPLOYMENT:
7.9%

INFLATION (CPI):
6.3%

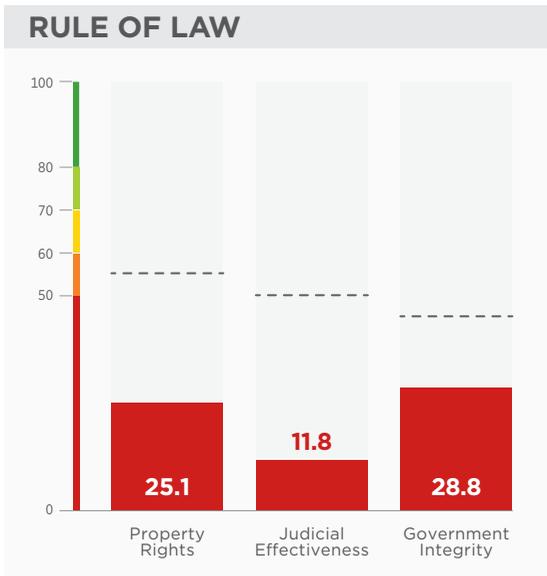
FDI INFLOW:
-\$331.0 million

PUBLIC DEBT:
74.3% of GDP

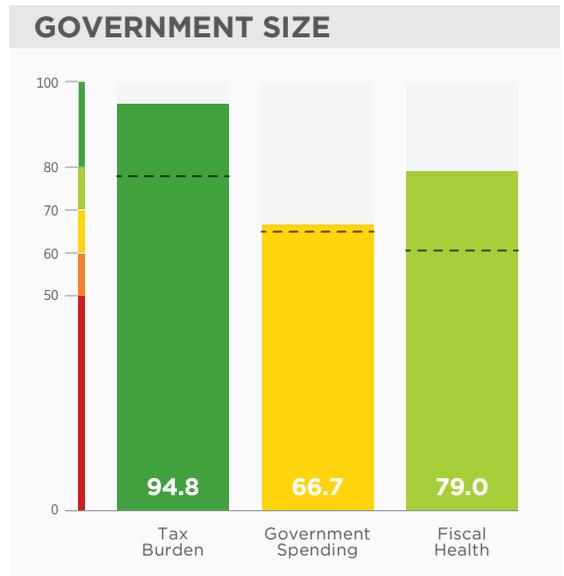
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Kyrgyzstan is a Central Asian republic that since independence in 1991 has been plagued by weak governance, organized crime, and corruption. Sooronbai Jeenbekov, who became president in 2017, resigned in 2020 after days of protests that followed a disputed parliamentary election. In January 2021, Sadyr Japarov was elected to succeed him. The influx of Chinese workers, nontransparent Chinese loans and investment, and government contracts won by Chinese firms have bred voter resentment and political instability. Kyrgyzstan is a member of the Russia-backed Eurasian Economic Union. Its economy is heavily dependent on gold exports and remittances from Kyrgyzstani migrants working in Russia and Kazakhstan. Cotton, wool, and meat are the main agricultural products, but only cotton is exported in any quantity.

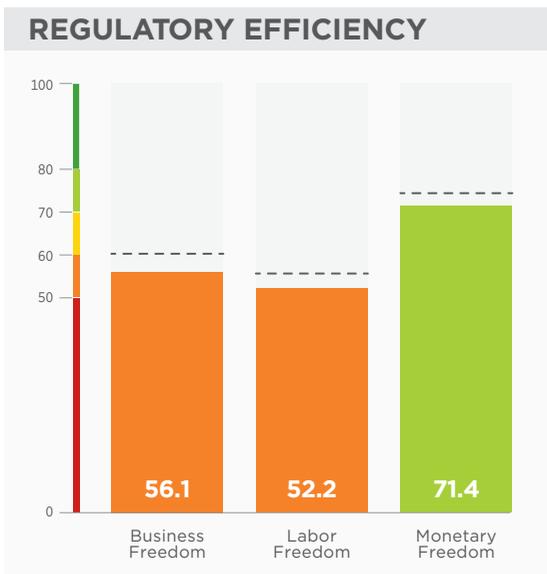
12 ECONOMIC FREEDOMS | KYRGYZSTAN



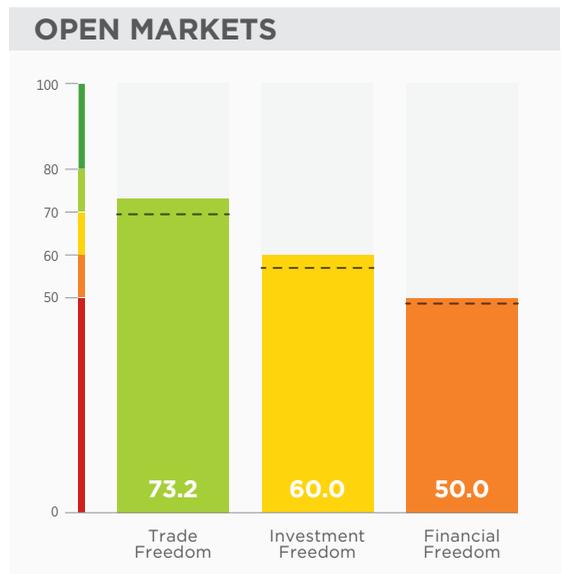
Property rights laws and land registration are better than the regional average, but enforcement is undermined by corruption. The judiciary does not operate in a transparent manner, and its effectiveness is compromised by corruption and political interference. Corruption is a serious problem at all levels of society and in all sectors of the economy. Anticorruption efforts have targeted private businesses instead of public officials.



The personal income and corporate tax rates are a flat 10 percent, but overall taxation remains erratic and poorly administered. The overall tax burden equals 17.9 percent of total domestic income. Government spending has amounted to 33.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.5 percent of GDP. Public debt is equivalent to 74.3 percent of GDP.



Heavy bureaucracy and political instability inhibit business freedom. Rural inhabitants lack an understanding of regulatory matters. Many qualified citizens find employment abroad. Hazardous working conditions in factories are common, and child labor laws are poorly enforced. Despite ongoing pressure from the International Monetary Fund, the government continues to fund very costly energy subsidies as well as state-owned enterprises.



Kyrgyzstan has nine preferential trade agreements in force. The trade-weighted average tariff rate is 5.9 percent, and 18 nontariff measures are in effect. The overall investment climate is subject to considerable risk and uncertainty. The financial sector, dominated by banking, is underdeveloped and lacks an effective regulatory infrastructure. Credit costs remain high. In 2020, measures were taken to increase liquidity in the financial system.

LAOS

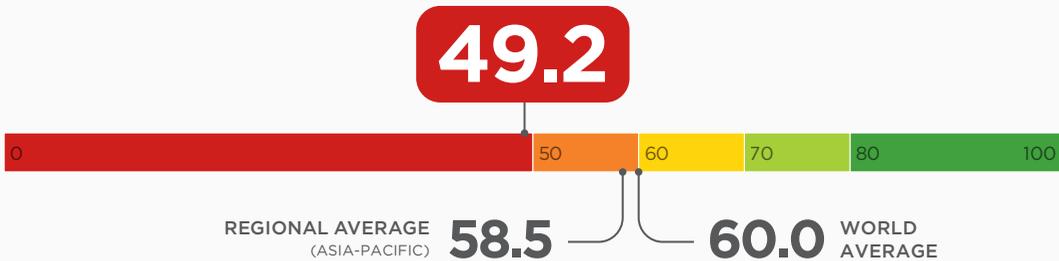
Laos's economic freedom score is 49.2, making its economy the 151st freest in the 2022 *Index*. Laos is ranked 33rd among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The Laotian economy grew slowly over the past five years, with only a modest decline in 2020. After an initial uptick, economic freedom has declined in the past half-decade. Driven lower by score decreases in **fiscal health** and rule of law, Laos has recorded a 4.8-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Unfree" category to the "Repressed" category. An economy relatively unburdened by taxation and **government spending** may be a bright spot, but **judicial effectiveness** and **financial freedom** in Laos are among the worst in the world.

IMPACT OF COVID-19: As of December 1, 2021, 178 deaths had been attributed to the pandemic in Laos, and the government's response to the crisis ranked 2nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.4 percent in 2020.

WORLD RANK: **151** REGIONAL RANK: **33**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +10.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
7.3 million

GDP (PPP):
\$58.9 billion
-0.4% growth in 2020
5-year compound annual growth 4.9%
\$8,111 per capita

UNEMPLOYMENT:
1.0%

INFLATION (CPI):
5.1%

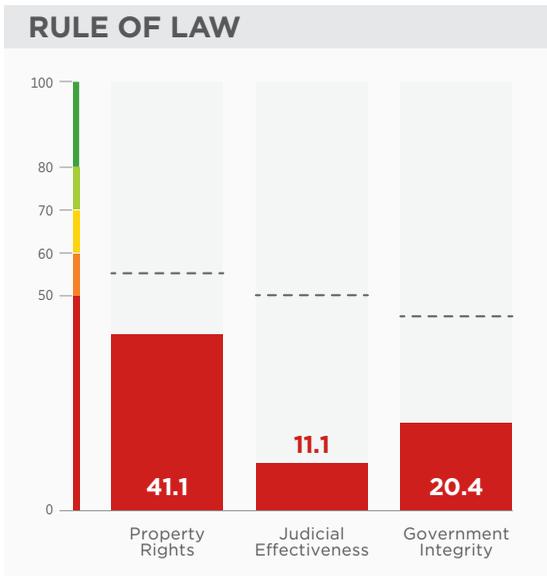
FDI INFLOW:
\$968.0 million

PUBLIC DEBT:
68.0% of GDP

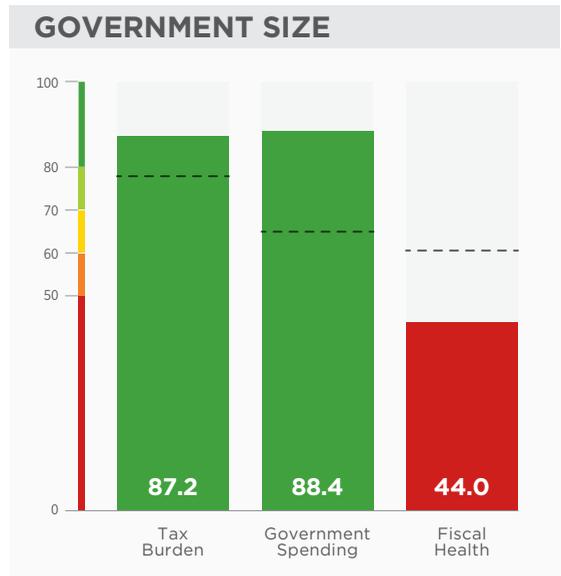
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Laos is a one-party state. In the early years of its rule, the Communist government that took power in 1975 destroyed the economy. Minimal liberalization, begun in 1986, has yielded some progress, but civil liberties remain heavily restricted. In 2021, the National Assembly elected former Prime Minister Thongloun Sisoulith to a five-year term as President of Laos and General Secretary of the Lao People's Revolutionary Party. He is the first non-military civilian to be so elected. According to the World Bank, Laos has enjoyed a rapid decline in poverty rates, which dropped from 46 percent in 1993 to 18 percent in 2019. Approximately 80 percent of the rural population works in subsistence farming. The economy relies heavily on exports of such natural resources as copper, gold, and timber.

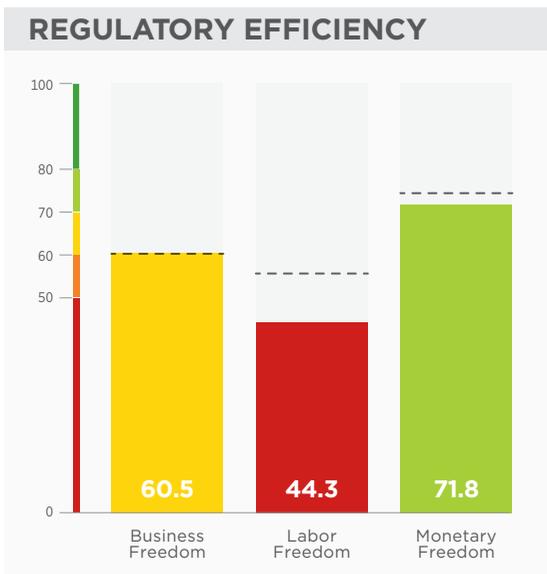
12 ECONOMIC FREEDOMS | LAOS



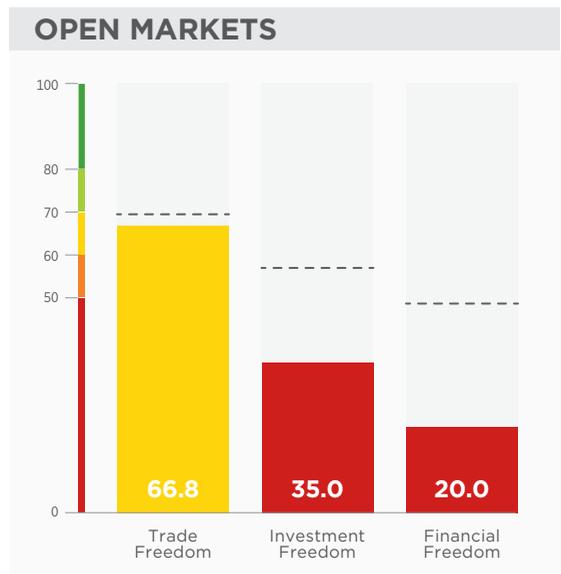
By law, the state owns all land. Protection of property rights is weak, titles are unclear, and some areas practice communal titling. The judicial system is inefficient, underdeveloped, corrupt, and controlled by the ruling party. Corruption and graft are pervasive among government officials. According to Freedom House, anticorruption efforts had very little impact in 2020.



The top personal and corporate income tax rates are 24 percent. Other taxes include an excise tax. The overall tax burden equals 11.4 percent of total domestic income. Government spending has amounted to 19.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.4 percent of GDP. Public debt is equivalent to 68.0 percent of GDP.



Regulatory capacity is low. A railway connecting Kunming in China's Yunnan Province with Vientiane was expected to be finished and operating by the end of 2021, providing new business opportunities. There is a shortage of workers with technical skills or relevant education. The government influences many prices through subsidies and state-owned enterprises to advance its socialist "state-managed market-orientated economy."



Laos has nine preferential trade agreements in force. The trade-weighted average tariff rate is 9.1 percent, and 12 nontariff measures are in effect. The minimum capital requirements for certain foreign investors have been removed, but the investment regime lacks transparency. The financial sector is underdeveloped, and the lack of long-term credits hinders private-sector growth.

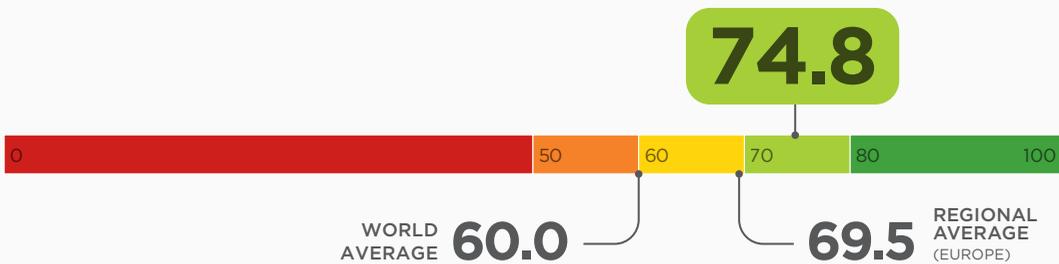
LATVIA

Latvia's economic freedom score is 74.8, making its economy the 18th freest in the 2022 *Index*. Latvia is ranked 13th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Latvia's economic growth has waxed and waned in the past half decade, ending up negative in 2020 before reviving in 2021. However, a five-year record of solid economic freedom has held relatively steady. With gains in scores for rule of law matched by losses in scores for **tax burden** and **government spending**, Latvia's overall level of economic freedom is unchanged from 2017, and the country remains near the middle of the "Mostly Free" category. Monetary freedom, **trade freedom**, and **investment freedom** are relatively strong, but **labor freedom** and **financial freedom** exhibit weaknesses.

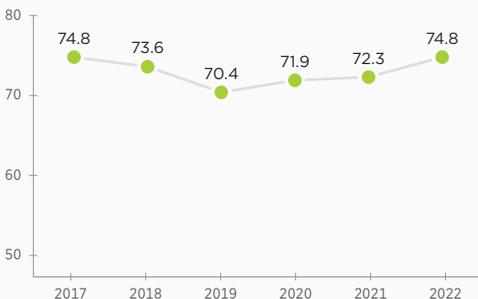
IMPACT OF COVID-19: As of December 1, 2021, 4,213 deaths had been attributed to the pandemic in Latvia, and the government's response to the crisis ranked 69th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.6 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +19.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.9 million

GDP (PPP):
\$60.1 billion
-3.6% growth
in 2020
5-year compound
annual growth 1.6%
\$31,509 per capita

UNEMPLOYMENT:
8.2%

INFLATION (CPI):
0.1%

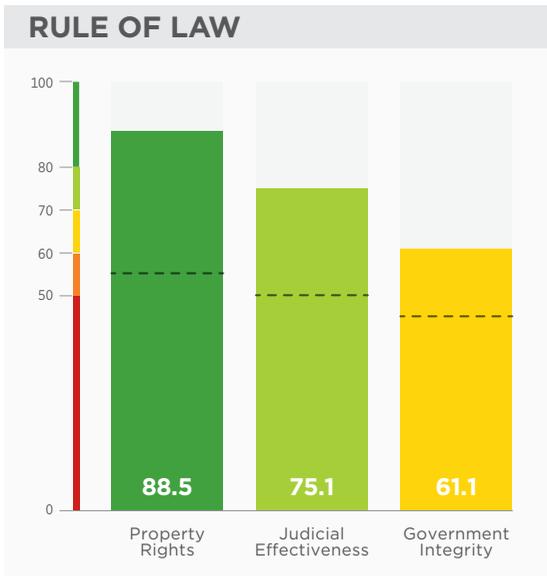
FDI INFLOW:
\$873.0 million

PUBLIC DEBT:
45.5% of GDP

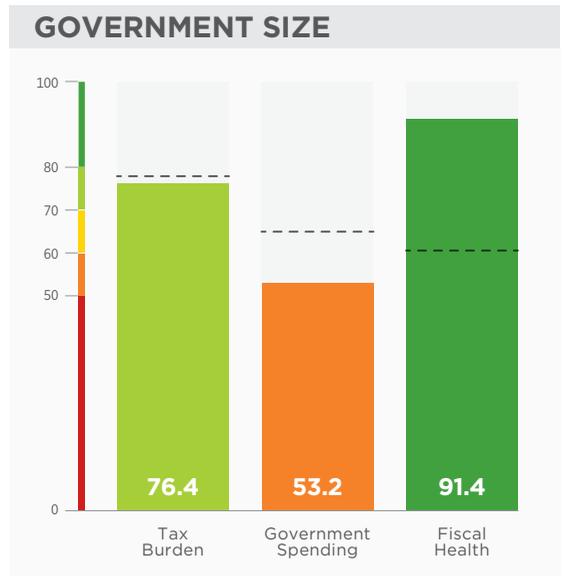
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Latvia regained its independence from the Soviet Union in 1991, joined the European Union and NATO in 2004, and joined the eurozone in 2014. Despite the fact that his center-right New Unity party holds the fewest seats in parliament, Arturs Krišjanis Kariņš became prime minister in 2019. He heads a four-party coalition that includes the New Conservative Party (JKP), For Development/For!, and the National Alliance. Latvia's small, open economy relies heavily on exports. Transit services are highly developed, as are timber and wood processing, agriculture and food products, and the machinery manufacturing and electronics industries. Corruption remains a serious concern as evidenced by a recent series of high-profile bribery and money-laundering scandals.

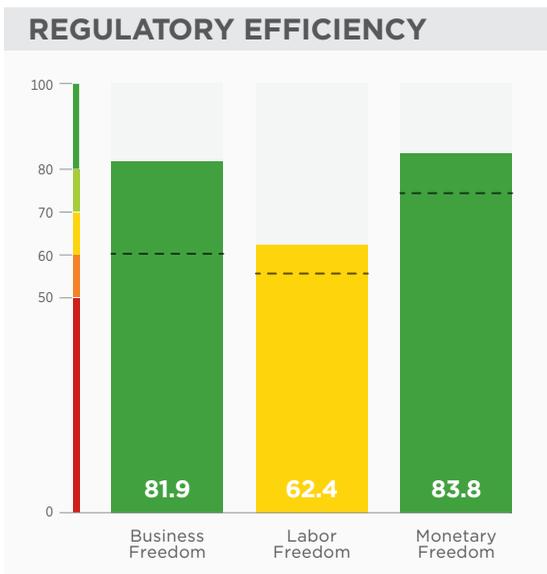
12 ECONOMIC FREEDOMS | LATVIA



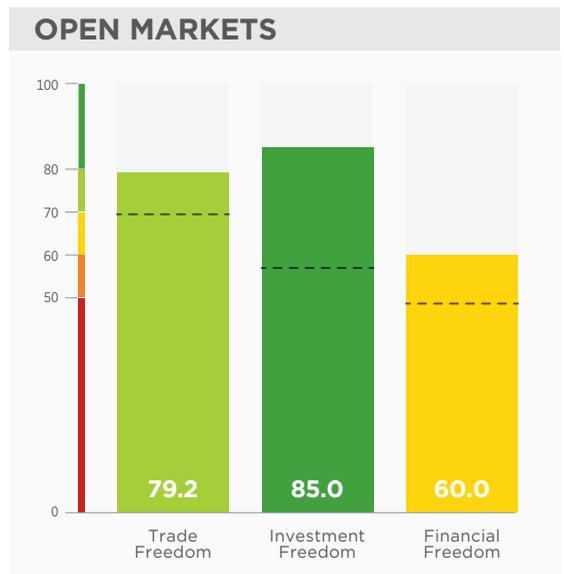
The full spectrum of property rights is recognized. Expropriations are extremely rare. Improvements in the judicial system are still needed to accelerate the adjudication of cases, strengthen the enforcement of court decisions, and upgrade professional standards. There are reports of corruption and lack of transparency in public procurement. Relatively few government officials have been prosecuted and convicted for corruption.



The top individual income tax rate is 31.4 percent, and the top corporate tax rate is 20 percent. The overall tax burden equals 31.2 percent of total domestic income. Government spending has amounted to 39.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.7 percent of GDP. Public debt is equivalent to 45.5 percent of GDP.



The Latvian economy is known for innovation and for being a regional transportation hub, but there is also a significant shadow economy. Labor costs are relatively low by European Union standards. There is a shortage of available workers. The government provides subsidies for electricity, heating, agriculture, transportation, and other sectors.



As a member of the EU, Latvia has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. In general, rules regarding foreign investment are not burdensome. Investment regulations are relatively transparent. The small financial sector is open and stable.

LEBANON

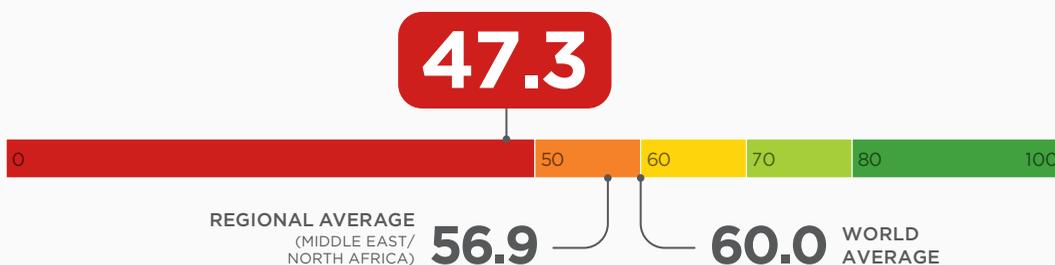
Lebanon's economic freedom score is 47.3, making its economy the 162nd freest in the 2022 *Index*. Lebanon is ranked 12th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

Lebanon's economy has experienced negative growth for the past five years. That long economic contraction has been mirrored by a steady degradation of economic freedom. With score decreases in seven of the 12 indicators, Lebanon has registered an overall 6.0-point loss in economic freedom since 2017 and has fallen into the "Repressed" category. Trade freedom is relatively strong, but Lebanon's **fiscal health** is the lowest in the world.

IMPACT OF COVID-19: As of December 1, 2021, 8,735 deaths had been attributed to the pandemic in Lebanon, and the government's response to the crisis ranked 138th among the countries included in this *Index* in terms of its stringency. The economy contracted by 25.0 percent in 2020.

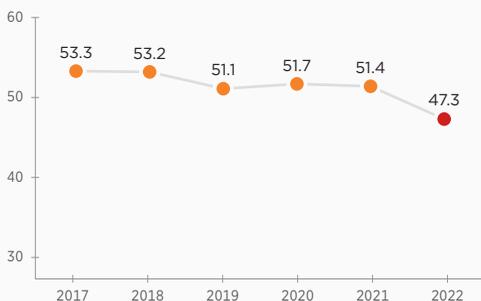


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -15.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.8 million

GDP (PPP):
\$78.9 billion
-25.0% growth in 2020
5-year compound annual growth -6.2%
\$11,564 per capita

UNEMPLOYMENT:
6.6%

INFLATION (CPI):
88.2%

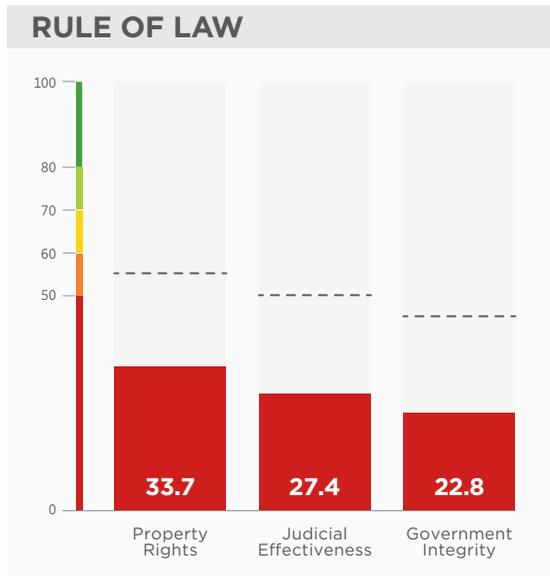
FDI INFLOW:
\$3.1 billion

PUBLIC DEBT:
154.4% of GDP

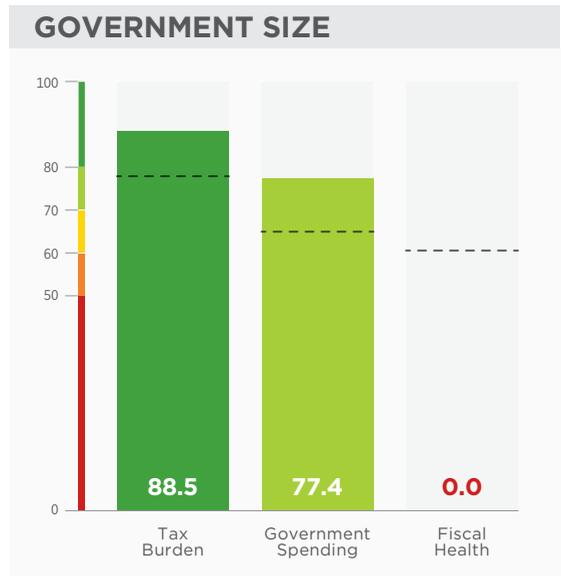
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Once a prosperous leading regional center for finance and trade, Lebanon has been severely damaged in recent decades by political turmoil. Since 1975, the country has been destabilized by civil war, Syrian occupation, and clashes between Israel and Hezbollah. Syria's army withdrew in 2005 after its government was implicated in the assassination of Lebanese Prime Minister Rafiq al-Hariri. Sectarian tensions have made political cooperation difficult. Hassan Diab has served as a caretaker prime minister since resigning in August 2020 following the Beirut port explosion. After former Prime Minister Saad al-Hariri failed to form a new government, President Michel Aoun appointed Nijab Mikati, another former prime minister, to try to form a new government in July 2021. New elections are scheduled for May 2022.

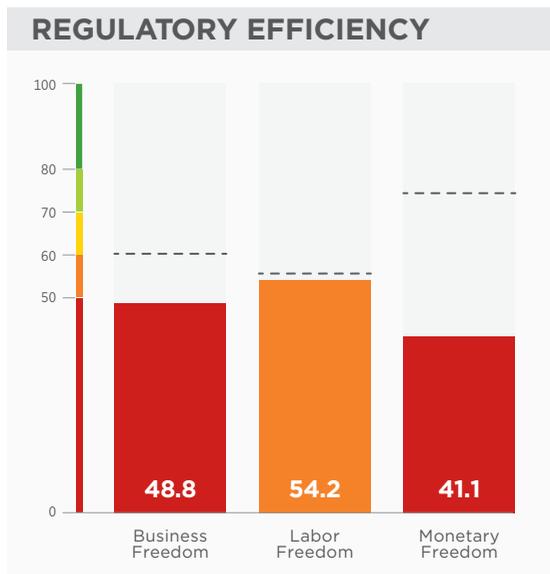
12 ECONOMIC FREEDOMS | LEBANON



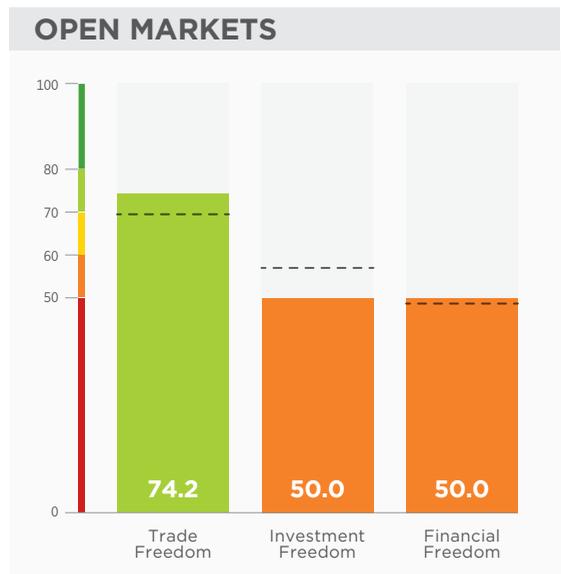
Secured interests in property, both movable and real, are recognized and enforced. Weak judicial capacity (a shortage of judges, inadequate support structures, and administrative delays) causes delays in the handling of cases. Powerful lobbying groups often interfere in the court system. Corruption is reportedly pervasive in government contracts (primarily in procurement and public works) as well as taxation, elections, judicial rulings, and real estate registration.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 17 percent. The overall tax burden equals 15.3 percent of total domestic income. Government spending has amounted to 27.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 10.6 percent of GDP. Public debt is equivalent to 154.4 percent of GDP.



Businesses struggle to adapt or even to survive amid fiscal, financial, debt, and currency crises and an overall lack of security. An annual list of jobs that are restricted to Lebanese nationals is published. The government has struggled to subsidize imports of a wide variety of essential goods while also trying to keep hyperinflation under control.



Lebanon has four preferential trade agreements in force. The trade-weighted average tariff rate is 5.4 percent, but poor regulatory systems discourage dynamic trade and investment flows. Lebanon is not a member of the World Trade Organization. Political instability has severely impeded investment. Lebanon's financial sector used to be a regional hub, but ongoing political insecurity has subjected it to a high degree of uncertainty and strain.

LESOTHO

WORLD RANK: REGIONAL RANK:

157

38

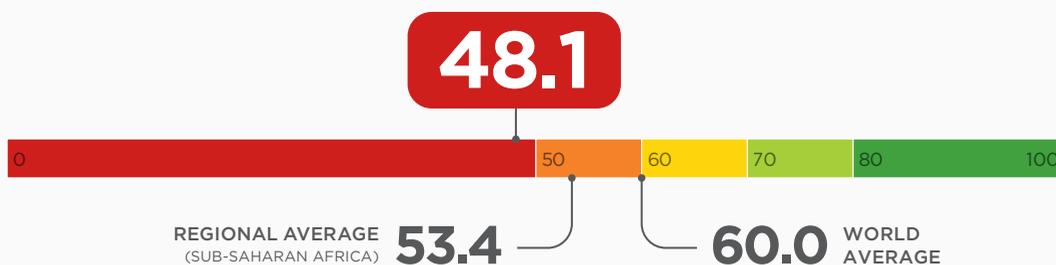
ECONOMIC FREEDOM STATUS:
REPRESSED

Lesotho's economic freedom score is 48.1, making its economy the 157th freest in the 2022 *Index*. Lesotho is ranked 38th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Lesotho's economic growth was positive from 2017 through 2019, turned negative in 2020, and rebounded in 2021. During the same period, its economic freedom was consistently weak. Dragged down by significant decreases in scores for **fiscal health**, **business freedom**, and **property rights**, Lesotho has recorded a 5.8-point overall loss of economic freedom since 2017 and has fallen into the "Repressed" category. Monetary freedom and **tax burden** reflect some strength, but **fiscal health** is poor, and excessive **government spending** is crushing the economy.

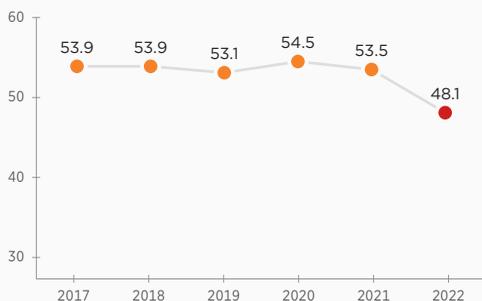
IMPACT OF COVID-19: As of December 1, 2021, 663 deaths had been attributed to the pandemic in Lesotho, and the government's response to the crisis ranked 83rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 4.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +1.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.1 million

GDP (PPP):
\$5.6 billion
-4.5% growth
in 2020
5-year compound
annual growth -1.1%
\$2,718 per capita

UNEMPLOYMENT:
24.7%

INFLATION (CPI):
4.9%

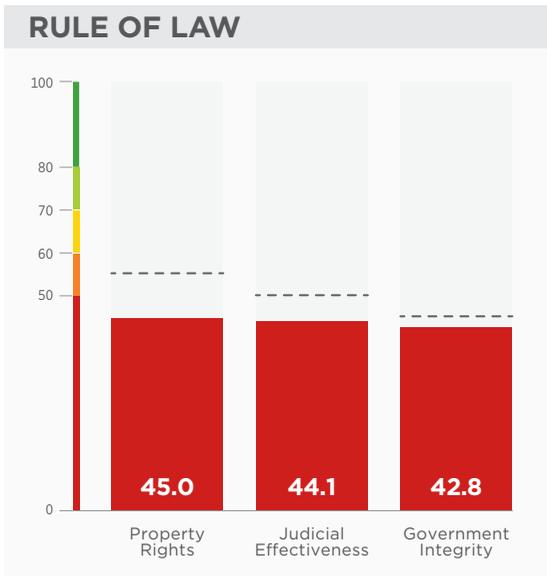
FDI INFLOW:
\$102.0 million

PUBLIC DEBT:
50.3% of GDP

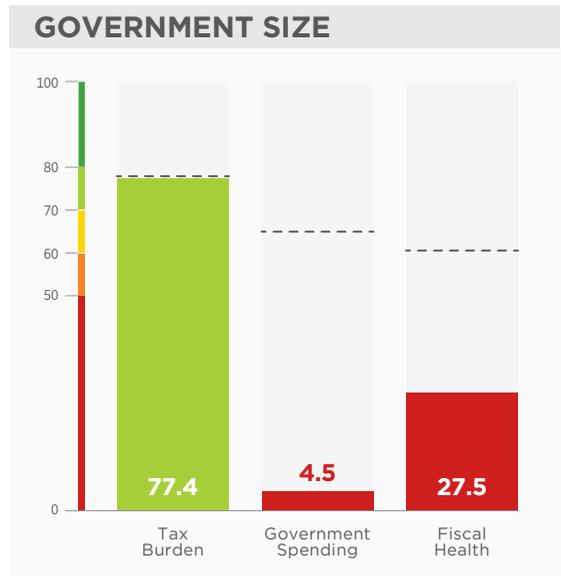
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Landlocked within a mountainous area of South Africa, Basutoland was renamed the Kingdom of Lesotho upon independence from the United Kingdom in 1966. It is a parliamentary constitutional monarchy, currently headed by King Letsie III. In 2020, Finance Minister Moeketsi Majoro replaced Prime Minister Thomas Thabane, who resigned after being implicated in the murder of his ex-wife. Lesotho's narrow economic base consists of textile manufacturing, agriculture, diamond mining, remittances from Basothos working in South Africa, and regional customs revenue. About three-fourths of the population is engaged in animal herding and subsistence agriculture. A large dam and tunnel infrastructure project will divert water to South Africa and provide money and hydropower to Lesotho.

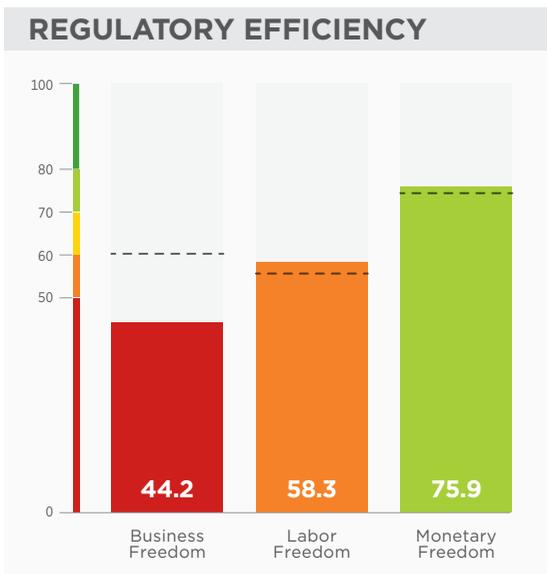
12 ECONOMIC FREEDOMS | LESOTHO



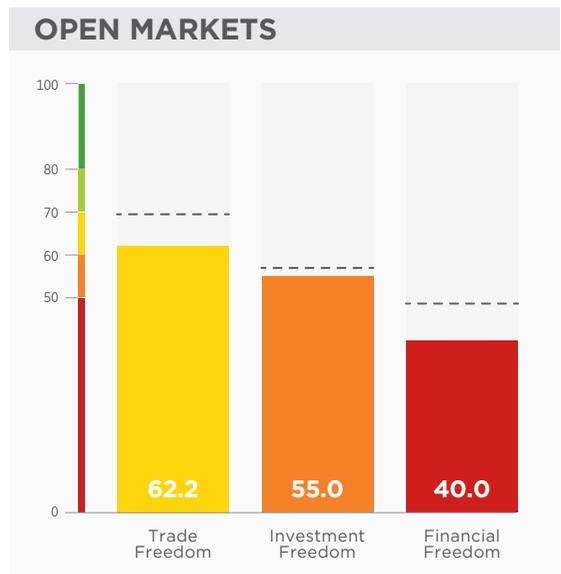
The law protects the right to private property. Property rights and interests are enforced but not consistently. Expropriation is unlikely. The judiciary is relatively independent but politicized, inefficient, slow, and chronically underfunded. Official corruption and impunity remain problems in all sectors of government and public services. Corruption is most pervasive in government procurement, the awarding of licenses, and customs procedures.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 20.2 percent of total domestic income. Government spending has amounted to 56.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.5 percent of GDP. Public debt is equivalent to 50.3 percent of GDP.



New e-licensing and e-registration platforms introduced in 2020 make it easier to launch a business. Immigrants with businesses in certain sectors including small retail food sales and auto repair face greater difficulty. Informal resolution of labor disputes is tried before formal processes are used. Monetary stability is affected by the South African rand, and the government maintains food subsidies and influences other prices through state-owned enterprises.



Lesotho has seven preferential trade agreements in force. The trade-weighted average tariff rate is 11.4 percent. Customs procedures are gradually improving, but other nontariff barriers persist. Private-sector investment remains limited. Facilitation of economic diversification is undermined by political considerations, and investment inflows remain constrained. The high cost of credit hinders the development of a vibrant private sector.

LIBERIA

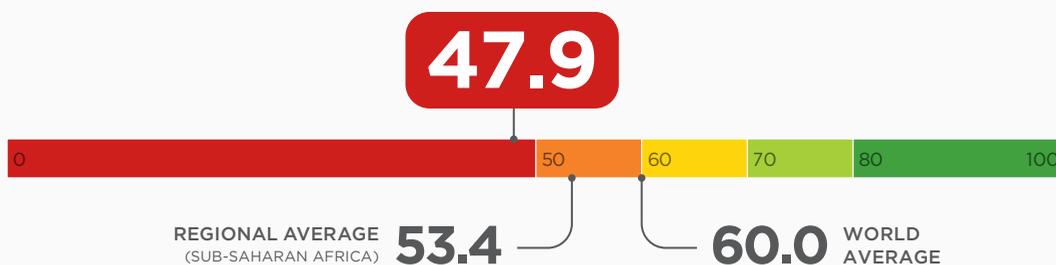
Liberia's economic freedom score is 47.9, making its economy the 159th freest in the 2022 *Index*. Liberia is ranked 39th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Liberia's economy contracted in 2019 and 2020 before recovering some growth in 2021. Economic freedom has lagged over the past five years. With score increases for **government spending** and **fiscal health** outweighed by declines in **judicial effectiveness** and **business freedom**, Liberia has registered a 1.2-point overall loss of economic freedom since 2017 and has fallen deeper in the "Repressed" category. The economy is not heavily burdened by taxation, but **labor freedom** and **financial freedom** are weak.

IMPACT OF COVID-19: As of December 1, 2021, 287 deaths had been attributed to the pandemic in Liberia, and the government's response to the crisis ranked 99th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.0 percent in 2020.

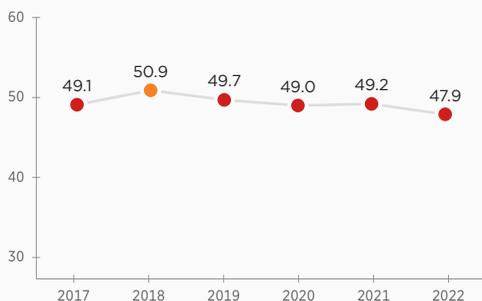


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -0.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.1 million

GDP (PPP):
\$7.3 billion
-3.0% growth in 2020
5-year compound annual growth -0.7%
\$1,557 per capita

UNEMPLOYMENT:
3.3%

INFLATION (CPI):
17.0%

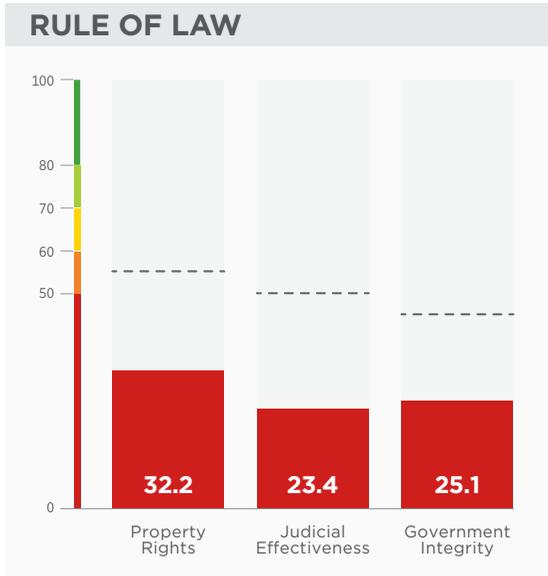
FDI INFLOW:
\$87.0 million

PUBLIC DEBT:
61.8% of GDP

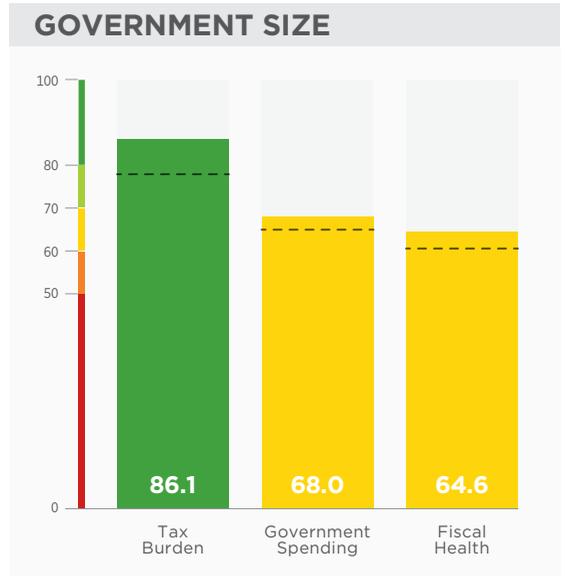
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Settled in the 19th century by freed slaves, predominantly from the United States, Liberia enjoyed relative peace until a long and bloody civil war that ended in 1995. Rebel leader Charles Taylor was forced to step down as president in 2003 and was later convicted of war crimes. Ellen Johnson Sirleaf became president in 2006 and stabilized the country during her two terms. In 2017, former soccer star George Weah won the presidency in an election that was marred by allegations of fraud. Opposition and independent candidates performed well in the December 2020 mid-term elections, reflecting popular frustration with governmental corruption and economic underperformance. Although Liberia is rich in natural resources including rubber, mineral resources, and iron ore, poverty is widespread.

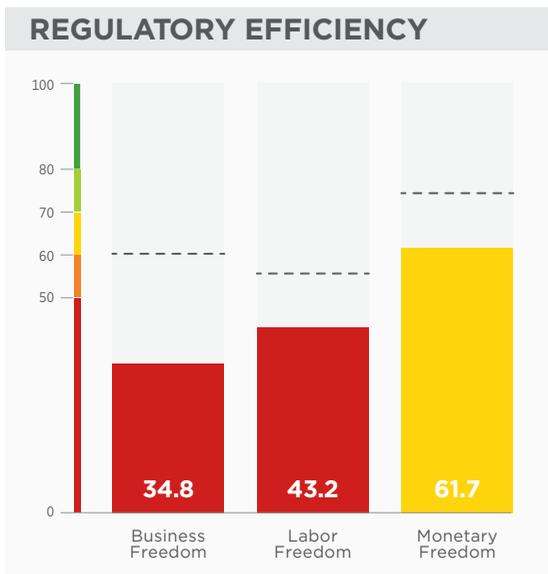
12 ECONOMIC FREEDOMS | LIBERIA



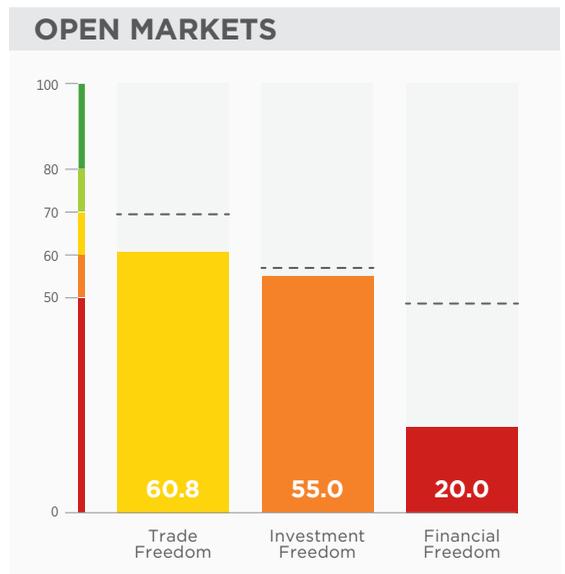
Liberian law protects property rights and interests, but enforcement mechanisms are weak. The process for enforcement of contracts is lengthy. Less than 20 percent of land is registered. Conflicting land ownership records are common. The constitutionally independent judiciary is impeded by corruption, backlogs, and funding shortfalls. The country suffers from both public-sector and private-sector corruption.



The top individual income and corporate tax rates are 25 percent. Other taxes include property and goods and services taxes. The overall tax burden equals 20.2 percent of total domestic income. Government spending has amounted to 56.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.5 percent of GDP. Public debt is equivalent to 61.8 percent of GDP.



Expensive and unreliable electricity, poor roads and Internet outside of urban areas, and contradictory government decision-making hold back business freedom. Labor rights violations and child labor abuses are common. There are 20 large and subsidized state-owned enterprises, and the government has no plan to privatize any of them.



Liberia has one preferential trade agreement in force. The simple average tariff rate is 12.1 percent, and three nontariff measures are in effect. Some nontariff barriers have been dismantled, but a lack of transparency persists. Foreign investment in several sectors is restricted. The overall financial system is underdeveloped, and much of the population remains outside of the formal banking sector.

LIBYA

Libya is not ranked in the 2022 *Index of Economic Freedom* because of the lack of reliable data. Official government reporting of economic data is insufficient, and data reported by many of the international organizations on which *Index* grading depends are incomplete.

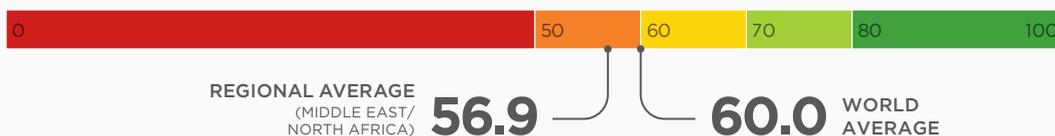
The lack of societal stability has resulted in wide swings in rates of economic growth. Political volatility and lax security are expected to persist to some degree for several more years. A backdrop of ongoing instability, security threats and military conflict, capital flight, and oil production problems presents extreme challenges to any government that seeks to implement a coherent policy to enforce the rule of law and reform the state-dominated economy.

IMPACT OF COVID-19: As of December 1, 2021, 5,466 deaths had been attributed to the pandemic in Libya, and the government's response to the crisis ranked 111th among the countries included in this *Index* in terms of its stringency. The economy contracted by 59.7 percent in 2020.



ECONOMIC FREEDOM SCORE

N/A



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.9 million

GDP (PPP):
\$39.2 billion
-59.7% growth in 2020
5-year compound annual growth 5.6%
\$5,893 per capita

UNEMPLOYMENT:
19.4%

INFLATION (CPI):
22.3%

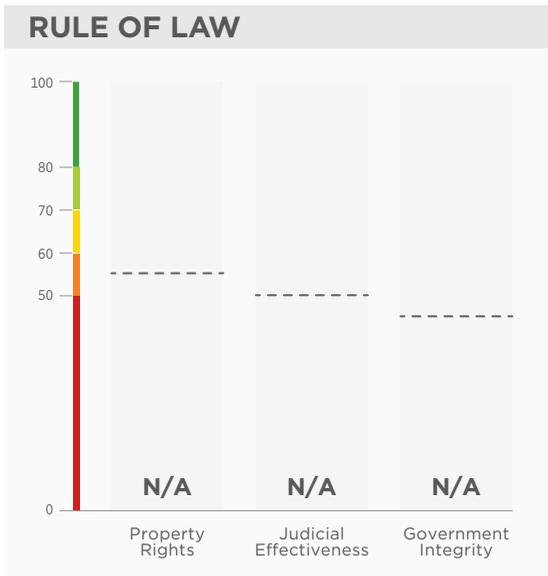
FDI INFLOW:
\$18.4 billion

PUBLIC DEBT: 11.3% of GDP

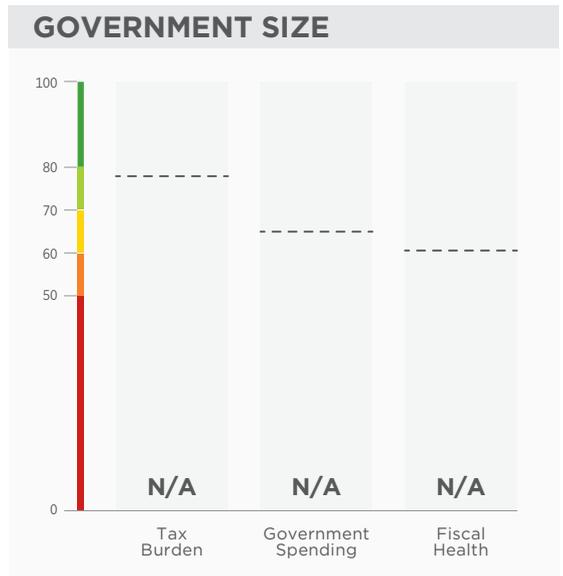
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Muammar Qadhafi seized power in 1969 and ruled until he was overthrown in 2011. Since then, bitter factional infighting has polarized Libyans along political, ethnic, tribal, and regional lines. In 2016, the U.N. brokered the establishment of a national unity government to replace two rival administrations, but civil war, foreign intervention, and the 2019 offensive of Commander Khalifa Haftar disrupted unification of the country. An October 2020 cease-fire agreement cleared the way for Abdelhamid Dbeibah's election as interim prime minister by Libyan delegates at a U.N.-sponsored conference in February 2021. Dbeibah is tasked with implementing a U.N.-brokered political road map that includes elections in December 2021. Oil and natural gas dominate the economy and provide almost all of Libya's export revenues.

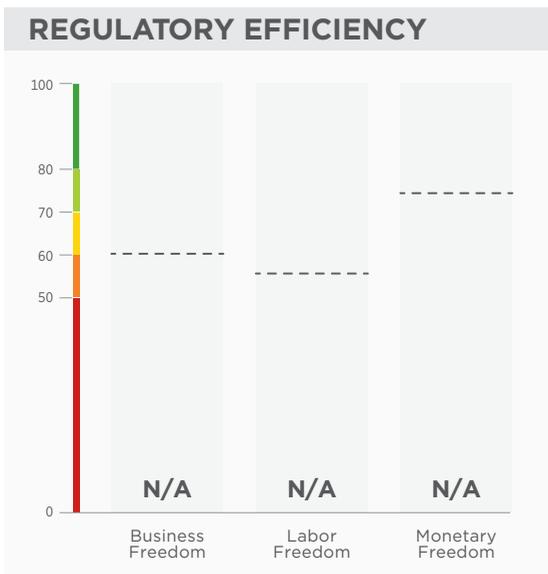
12 ECONOMIC FREEDOMS | LIBYA



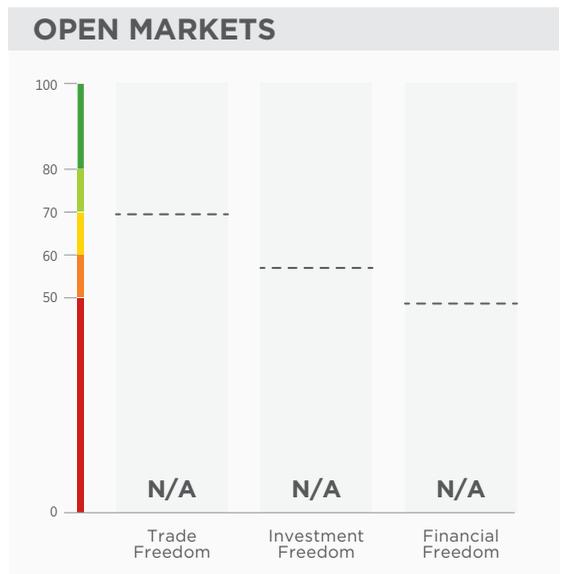
Foreign investors may not own land or property in Libya. Although Libyans may legally own property and start businesses, property rights are not protected, contracts are not enforced, and the role of the judiciary remains unclear. Corruption is pervasive among government officials, and opportunities for graft and criminal activity abound in the absence of functioning fiscal, judicial, and other institutions.



The top individual income tax rate is 10 percent, and the top corporate tax rate is 20 percent. In practice, however, the effective enforcement of taxation has been impeded by political and economic instability in recent years. Government spending has amounted to 94.5 percent of total output (GDP) over the past three years, and budget deficits have averaged more than 30 percent of GDP. Public debt is equivalent to 11.3 percent of GDP.



Largely nonexistent contract enforcement and a critical lack of transparency or accountability mechanisms make business freedom abysmal in Libya. Labor laws do not protect workers in practice. There is a skills mismatch with the types of educational degrees held not matching what employers are seeking. The government subsidizes utilities, oil and gas, agriculture, construction, real estate development and manufacturing, and the corporate economy.



The combined value of exports and imports is equal to about 110 percent of Libya's GDP. Political instability, exacerbated by lingering security threats, is a serious impediment to foreign trade and investment. The financial infrastructure has been significantly degraded by unstable political and economic conditions. Limited access to financing severely impedes any meaningful private business development.

LIECHTENSTEIN

Liechtenstein is not graded in the 2022 *Index of Economic Freedom* because of the lack of adequate specific data concerning the country's economy. Liechtenstein is closely interlocked with Switzerland and shares the Swiss currency, the Swiss franc.

Flexibility and openness to global commerce have been the cornerstones of Liechtenstein's modern and widely diversified economy. Minimal barriers to trade and investment foster vibrant economic activity, and a straightforward, transparent, and streamlined regulatory system supports an innovative entrepreneurial sector. Banking has benefited from Liechtenstein's high levels of political and social stability and its sound and transparent judicial system.

IMPACT OF COVID-19: As of December 1, 2021, 61 deaths had been attributed to the pandemic in Liechtenstein, and the government's response to the crisis ranked 119th among the countries included in this *Index* in terms of its stringency.

ECONOMIC FREEDOM SCORE

N/A



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
38,137

GDP (PPP): n/a
n/a growth in 2020
5-year compound annual growth n/a
n/a per capita

UNEMPLOYMENT:
1.9%

INFLATION (CPI):
n/a

FDI INFLOW: n/a

PUBLIC DEBT: n/a

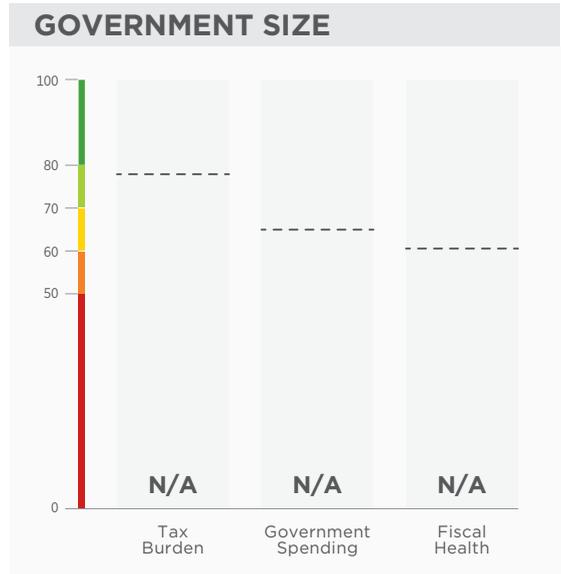
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Liechtenstein is a member of the European Free Trade Association, the Schengen Area, and the European Economic Area. Prince Hans-Adam II is the principality's head of state, but his son, Prince Alois, wields considerable power as regent and can dismiss the government and veto bills. Following the February 2021 elections, Daniel Risch of the center-right Patriotic Union party became prime minister. He heads a coalition government with the center-right Progressive Citizens' Party. Traditions of strict bank secrecy have helped financial institutions to attract funds as well as interest from block chain and cryptocurrency businesses. Liechtenstein has signed an agreement with the European Union on automatic exchange of financial account information and an agreement with Switzerland on tax information exchange.

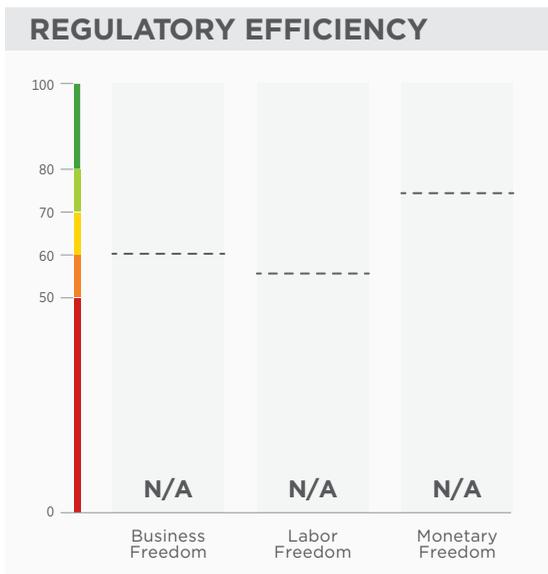
12 ECONOMIC FREEDOMS | LIECHTENSTEIN



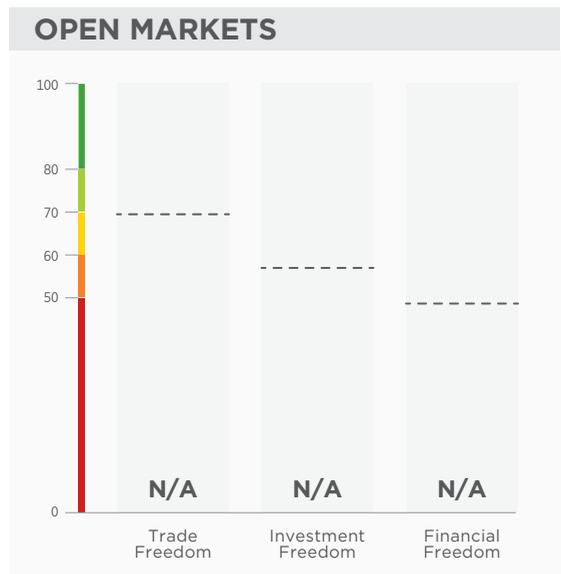
Property rights and contracts are secure. Despite the appointment of judges by the hereditary monarch, the constitutionally independent judiciary is impartial. Liechtenstein is largely free of corruption, and the government enforces anticorruption laws effectively. Although the country is a leading offshore tax haven and traditionally has maintained tight bank secrecy laws, the government has made efforts to increase transparency in banking.



Liechtenstein imposes low taxes. The national personal income tax rates comprise eight tax bands with a maximum rate of 8 percent. Other taxes include a state tax and a municipal tax that varies. The corporate tax rate is a flat 12.5 percent. The standard value-added tax rate is 7.7 percent. Although the fiscal system lacks transparency, government fiscal management has been relatively sound.



Liechtenstein's business climate mirrors Switzerland's. More people are employed than make up the total domestic population because of Swiss, Austrians, and Germans that work there. An exception to the EU's Free Movement of People Agreement allows the country to deny residence permits to workers. Liechtenstein has a de facto monetary union with Switzerland but has no say in determining the Swiss National Bank's monetary policies.



Liechtenstein's trade regime is generally open with minimal nontariff barriers in place except in agriculture. Foreign investment is welcome, and the overall investment environment encourages dynamic growth in the private sector. There are no restrictions on repatriation of profits or currency transfers. Liechtenstein is a major financial center, particularly in private banking. The banking sector remains stable under a prudent regulatory regime.

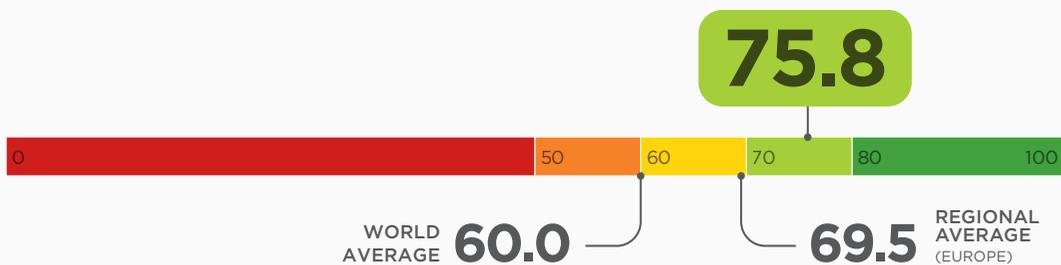
LITHUANIA

Lithuania's economic freedom score is 75.8, making its economy the 17th freest in the 2022 *Index*. Lithuania is ranked 12th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Lithuania's economic growth was volatile from 2017 through 2019, turned negative in 2020, and resumed in 2021. Economic freedom in Lithuania has moved somewhat erratically during the same period. With improved scores for **property rights** and **judicial effectiveness** balanced by lower scores for **fiscal health** and **monetary freedom**, the level of economic freedom is now exactly the same as it was in 2017, and Lithuania remains in the top half of the "Mostly Free" category. Business freedom is strong, but **labor freedom** would benefit from additional reforms.

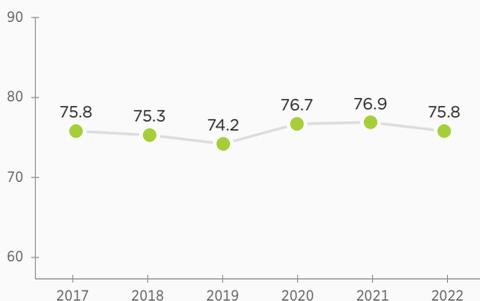
IMPACT OF COVID-19: As of December 1, 2021, 6,759 deaths had been attributed to the pandemic in Lithuania, and the government's response to the crisis ranked 69th among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +26.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.8 million

GDP (PPP):
\$108.6 billion
-0.8% growth in 2020
5-year compound annual growth 2.9%
\$38,824 per capita

UNEMPLOYMENT:
8.4%

INFLATION (CPI):
1.1%

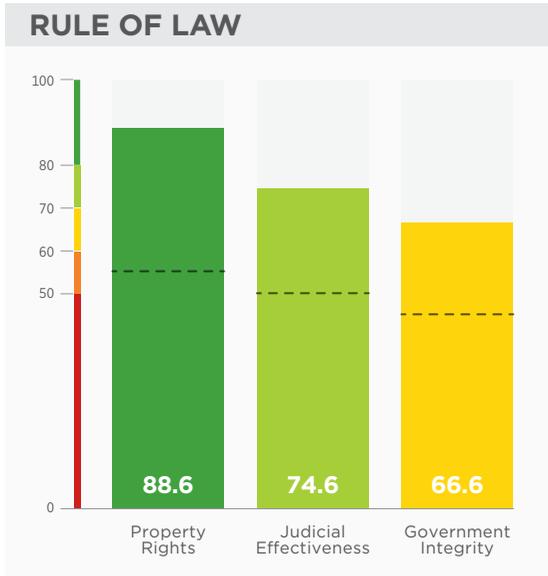
FDI INFLOW:
\$479.0 million

PUBLIC DEBT:
47.0% of GDP

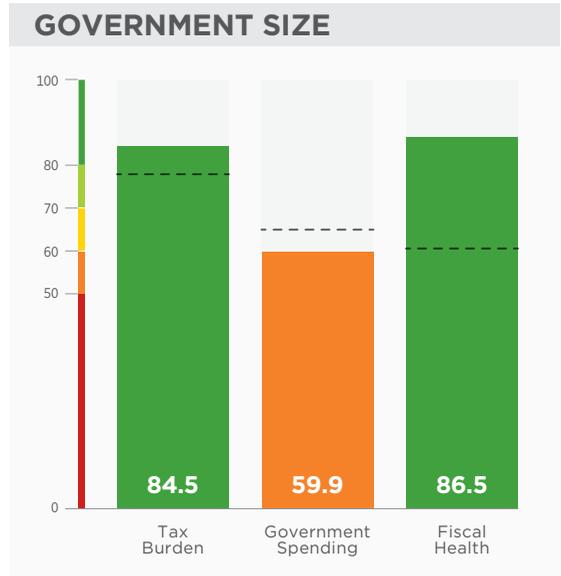
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Lithuania regained independence in 1991, joined the European Union in 2004, and joined the Organisation for Economic Co-operation and Development in 2018. Political independent Gitanas Nausėda was elected president in 2019. The center-right Homeland Union–Lithuanian Christian Democrats (TS–LKD) won the most seats in the October 2020 parliamentary elections. TS–LKD's Ingrida Šimonytė became prime minister in December. Her coalition partners are the economics-focused Liberal Movement and centrist Freedom Party. The privatization of most state-owned enterprises helped to encourage years of growth, but youth emigration continues to be a problem. Lithuania's offshore liquefied natural gas terminal at Klaipėda has helped to diversify the country's energy imports.

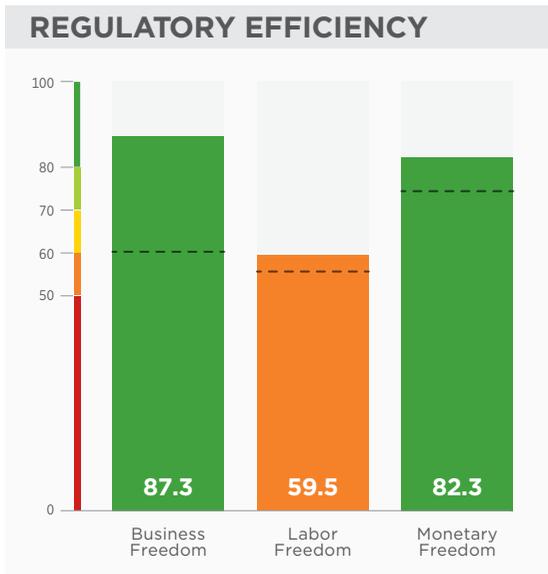
12 ECONOMIC FREEDOMS | LITHUANIA



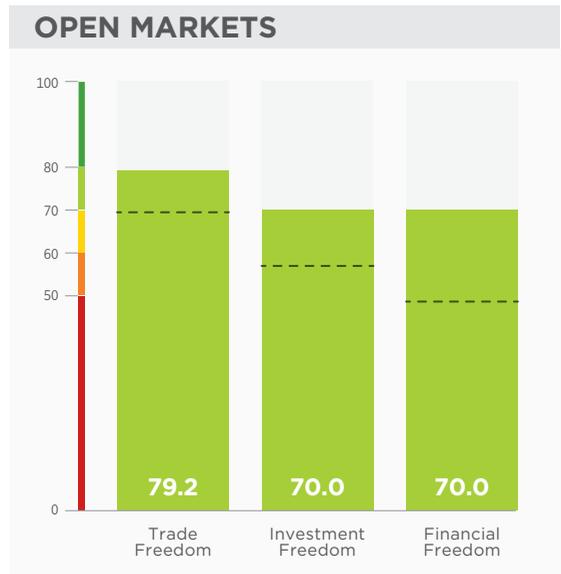
Lithuania's constitution protects private property from nationalization. In the event of justified expropriation, applicable law entitles investors to compensation equivalent to the fair market value of the expropriated property. The judiciary is separate and independent but susceptible to influence from the executive and powerful business interests. A recent Eurobarometer study shows that corruption is becoming less of an obstacle to the conduct of business.



The top individual income tax rate is 20 percent, and the top corporate tax rate is 15 percent. Other taxes include inheritance and value-added taxes. The overall tax burden equals 30.3 percent of total domestic income. Government spending has amounted to 36.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.4 percent of GDP. Public debt is equivalent to 47.0 percent of GDP.



The new government elected at the end of 2020 maintains that it will continue its efforts to improve the business climate. Wages are low compared to most of the European Union, but employment regulations are stricter. Sectors with the highest government subsidies include electricity, natural gas, transportation, and extractive industries.



As a member of the EU, Lithuania has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Lithuania has an additional seven country-specific nontariff barriers. The relatively sound regulatory framework facilitates foreign investment flows. The financial sector offers a full range of services, and the banking system is stable.

LUXEMBOURG

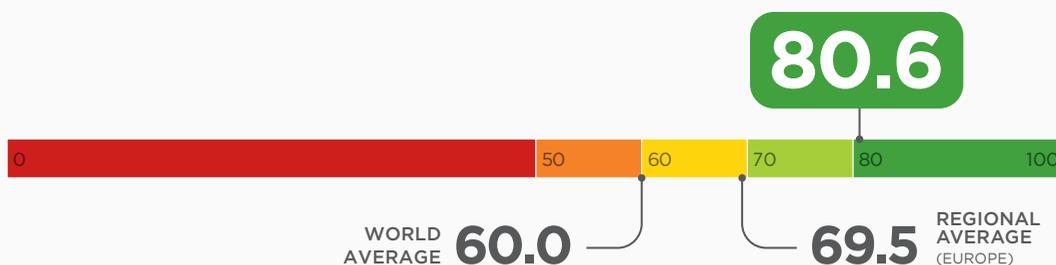


Luxembourg's economic freedom score is 80.6, making its economy the 5th freest in the 2022 *Index*. Luxembourg is ranked 3rd among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Five years ago, Luxembourg's economy was growing. It slackened in 2019, contracted in 2020, and registered renewed growth in 2021. During those years, however, economic freedom remained vigorous. With gains in scores for **business freedom** and rule of law outperforming decreases in **monetary freedom** and **trade freedom**, Luxembourg has recorded an impressive 4.7-point overall gain of economic freedom since 2017 and has climbed back into the highest, "Free" *Index* category after a two-decade hiatus. Fiscal health and **investment freedom** are very robust, but **government spending** still weighs heavily on the economy.

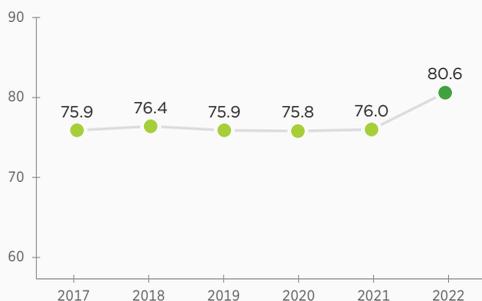
IMPACT OF COVID-19: As of December 1, 2021, 876 deaths had been attributed to the pandemic in Luxembourg, and the government's response to the crisis ranked 69th among the countries included in this *Index* in terms of its stringency. The economy contracted by 1.3 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +8.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.6 million

GDP (PPP):
\$73.9 billion
-1.3% growth
in 2020
5-year compound
annual growth 2.1%
\$118,002 per capita

UNEMPLOYMENT:
6.7%

INFLATION (CPI):
0.0%

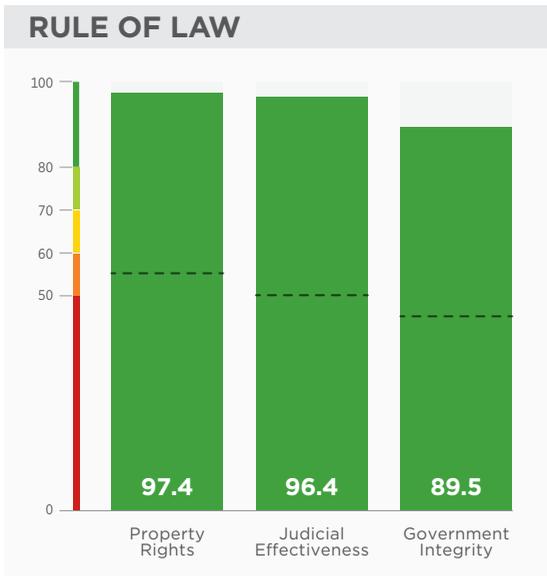
FDI INFLOW:
\$62.1 billion

PUBLIC DEBT:
25.5% of GDP

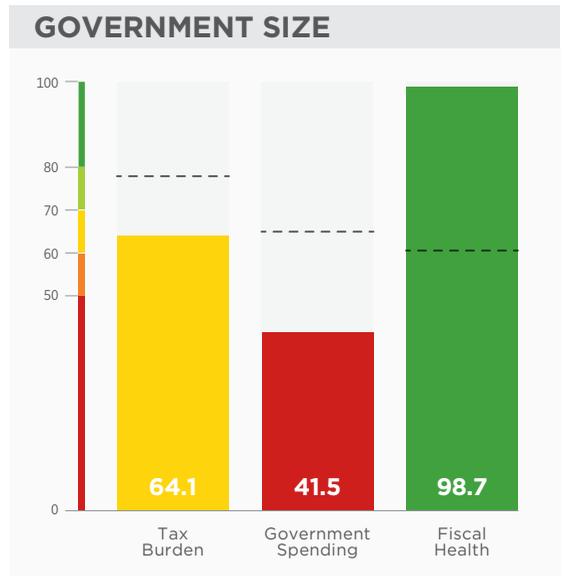
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: A founding member of the European Union in 1957 and the eurozone in 1999, the small Grand Duchy of Luxembourg continues to promote European integration. Democratic Party Prime Minister Xavier Bettel leads a three-party left-leaning coalition. Luxembourg enjoys high levels of prosperity; the recession provoked by the economic crisis in 2009, for example, was its first recession in 60 years. During the 20th century, Luxembourg evolved into a mixed manufacturing and services economy with a strong financial services sector that accounts for 25 percent of GDP. With its low energy costs, a reliable electricity grid, stable governance, and a growing data-storage sector, Luxembourg is attracting interest as a hub for the 21st century information economy.

12 ECONOMIC FREEDOMS | LUXEMBOURG



Luxembourg's legal system protects and facilitates the acquisition and disposition of all property rights. The open and transparent economy has no restrictions on foreign ownership. Contracts are secure. The judiciary is independent, albeit slow, and a well-functioning legal framework strongly supports the rule of law. Laws, regulations, and penalties are enforced impartially to combat corruption.



The top individual income tax rate is 42 percent, and the top corporate tax rate is 17 percent. The overall tax burden equals 39.2 percent of total domestic income. Government spending has amounted to 44.1 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.6 percent of GDP. Public debt is equivalent to 25.5 percent of GDP.



The robust financial sector transitioned to telework with the advent of the COVID pandemic, and the economy remained strong. More investment fund assets are domiciled in Luxembourg than in any other country besides the United States. Proactive actions against labor and human rights abuses have been effective. Labor regulations could be simplified. Monetary stability has been well maintained, and the government has made some progress in privatizing state-owned enterprises.



As a member of the EU, Luxembourg has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Overall investment activity is sustained by the solid institutional foundations of an open-market system. The sophisticated financial sector is well capitalized and competitive.

MADAGASCAR

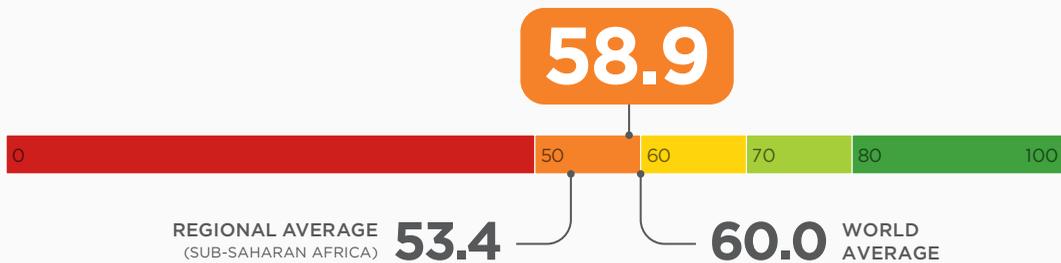
WORLD RANK: **98** REGIONAL RANK: **12**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Madagascar's economic freedom score is 58.9, making its economy the 98th freest in the 2022 *Index*. Madagascar is ranked 12th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Madagascar registered sporadic economic growth from 2017 through 2019 and then suffered a contraction in 2020. Growth resumed in 2021. During those five years, economic freedom scores were generally on the low side but somewhat erratic. With score increases in **property rights** and **judicial effectiveness** outpacing a decline in **business freedom**, Madagascar has recorded a 1.5-point overall gain of economic freedom since 2017 and remains in the upper half of the "Mostly Unfree" category. Fiscal health is greatly improved, but **trade freedom** has deteriorated, and **government integrity** is abysmal.

IMPACT OF COVID-19: As of December 1, 2021, 967 deaths had been attributed to the pandemic in Madagascar, and the government's response to the crisis ranked 148th among the countries included in this *Index* in terms of its stringency. The economy contracted by 4.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
27.7 million

GDP (PPP):
\$44.1 billion
-4.2% growth in 2020
5-year compound annual growth 2.3%
\$1,599 per capita

UNEMPLOYMENT:
1.9%

INFLATION (CPI):
4.2%

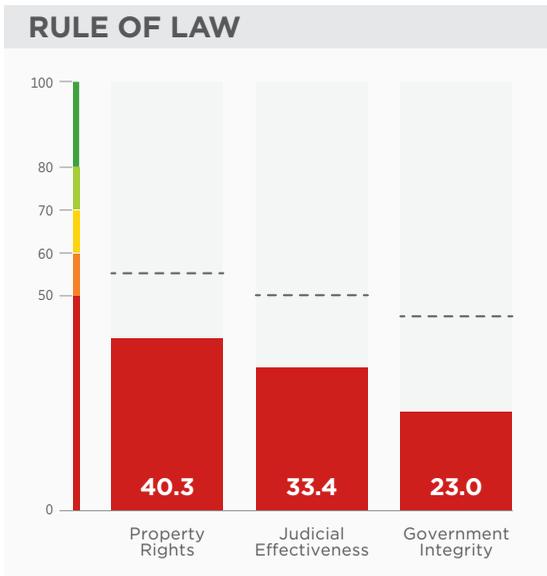
FDI INFLOW:
\$359.0 million

PUBLIC DEBT:
43.6% of GDP

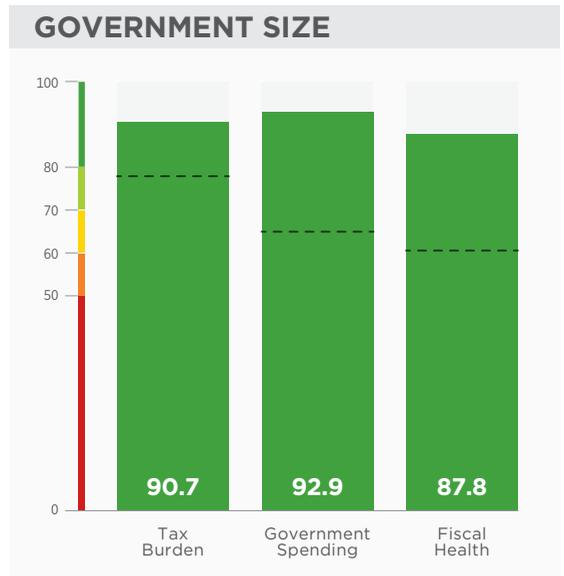
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Madagascar, a former French colony, has been rocked by military coups, political violence, and corruption for decades. In 2014, after years of instability, Hery Rajaonarimampianina was elected president, and international donor assistance was resumed. In 2018, protests against proposed changes in the election law forced the prime minister to resign. Andry Rajoelina, a former president installed by a coup, reclaimed the presidency in a December 2018 runoff election. His ruling coalition gained a majority in the lower house in 2019 and a majority in the upper house in 2020. Madagascar produces 80 percent of the world's natural vanilla. Agriculture, forestry, and fishing are economic mainstays. Interruptions in the power supply caused by deficient infrastructure and natural disasters such as cyclones are frequent.

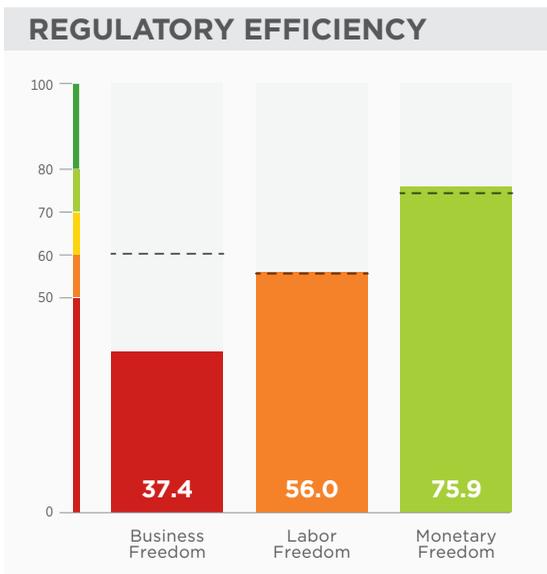
12 ECONOMIC FREEDOMS | MADAGASCAR



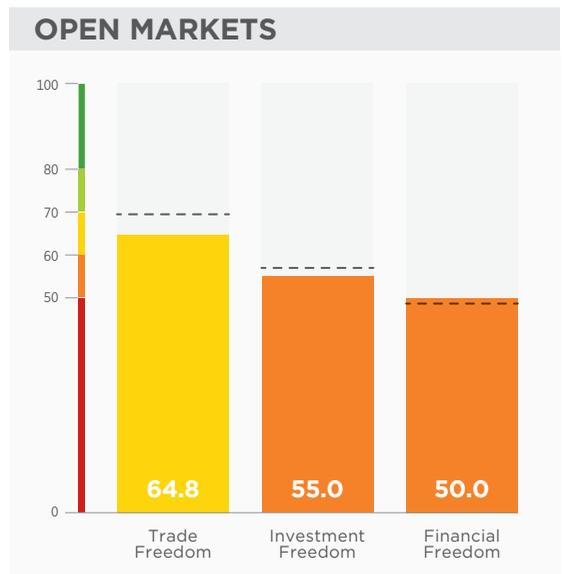
Property rights and interests are poorly respected because of corruption and the lack of material and technological resources. The registration system is cumbersome, complicated, and unreliable. The slow and inefficient judiciary lacks independence in practice and is perceived as corrupt. There is pervasive corruption in the police, tax authorities, customs, land administration, and many commercial sectors. Anticorruption efforts are weak.



The top individual income and corporate tax rates are 20 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 11.4 percent of total domestic income. Government spending has amounted to 15.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.3 percent of GDP. Public debt is equivalent to 43.6 percent of GDP.



The 2019 Plan Emergence de Madagascar aspires to revive business activity, but it lacks policy focus and transparency. Enforcement of contracts is lax. Labor laws, including those regulating child labor, are poorly upheld. The state funds subsidies in such key sectors as aviation, public utilities (water and electricity), ports, hotels, insurance, finance, mining, maintenance, and ship construction.



Madagascar has one preferential trade agreement in force. The trade-weighted average tariff rate is 10.1 percent, and 17 nontariff measures are in effect. The investment regime's inefficiency and lack of transparency curtail prospects for dynamic growth in new investment. The relatively high cost of financing is a barrier to entrepreneurial growth in the private sector, particularly for small and medium-size firms.

MALAWI

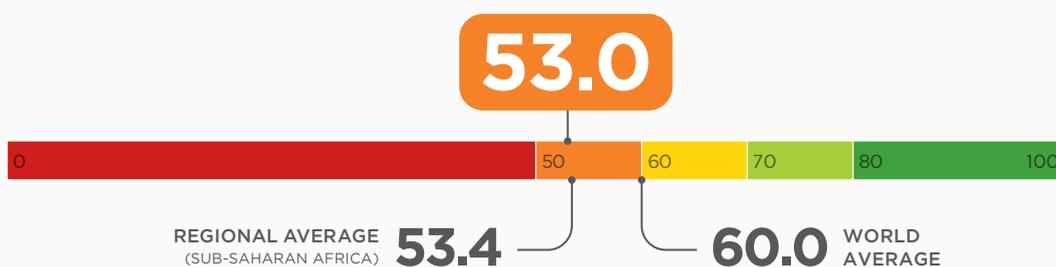
WORLD RANK: **134** | REGIONAL RANK: **26**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Malawi's economic freedom score is 53.0, making its economy the 134th freest in the 2022 *Index*. Malawi is ranked 26th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Malawi's economic growth has continued at an uneven pace over the past five years. Unfortunately, economic freedom also continued to be quite weak during that period. With generally higher scores for rule of law edging out a decline in **fiscal health**, Malawi has recorded a fractionally higher 0.8-point overall gain in economic freedom since 2017 and remains among the lower ranks of the "Mostly Unfree" countries. Monetary freedom and **trade freedom** demonstrate some strength, but **government integrity** is very low.

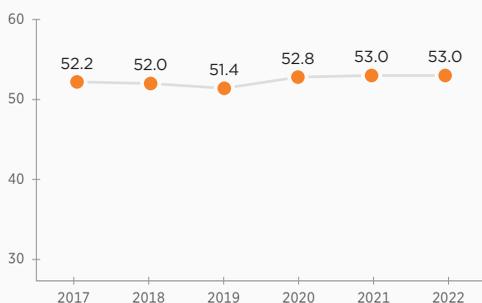
IMPACT OF COVID-19: As of December 1, 2021, 2,306 deaths had been attributed to the pandemic in Malawi, and the government's response to the crisis ranked 77th among the countries included in this *Index* in terms of its stringency. The economy grew just 0.6 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -1.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
19.1 million

GDP (PPP):
\$20.7 billion
0.6% growth in 2020
5-year compound annual growth 2.9%
\$993 per capita

UNEMPLOYMENT:
6.0%

INFLATION (CPI):
8.6%

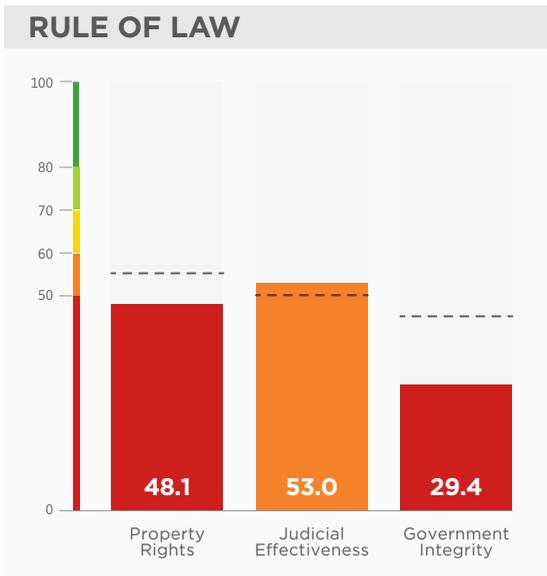
FDI INFLOW:
\$98.0 million

PUBLIC DEBT:
67.3% of GDP

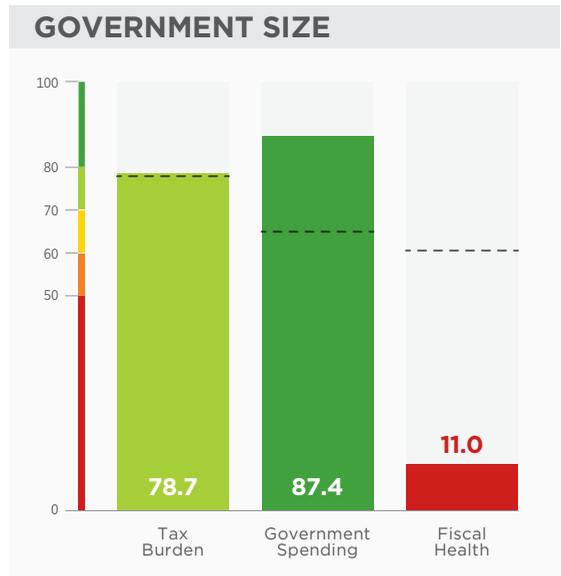
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Malawi achieved independence from the United Kingdom in 1964 and was ruled as a one-party state by Dr. Hastings Kamuzu Banda for 30 years. Arthur Peter Mutharika, brother of former President Bingu wa Mutharika, won the presidency in 2014 in elections that were of questionable legitimacy. The constitutional court overturned his reelection in 2019, citing large-scale irregularities, and Lazarus Chakwera won the subsequent rerun of the election in 2020. More than half of the population lives below the poverty line, dependent primarily on subsistence agriculture. Tobacco, tea, and sugar are important exports. A long-running border dispute with Tanzania centers on Lake Malawi and its potentially large oil and gas reserves.

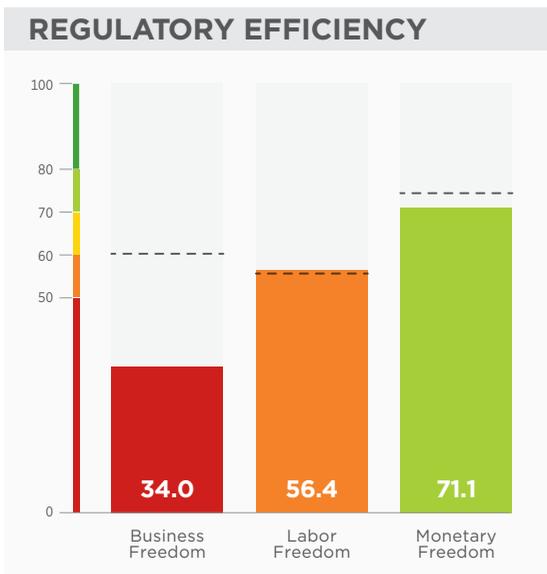
12 ECONOMIC FREEDOMS | MALAWI



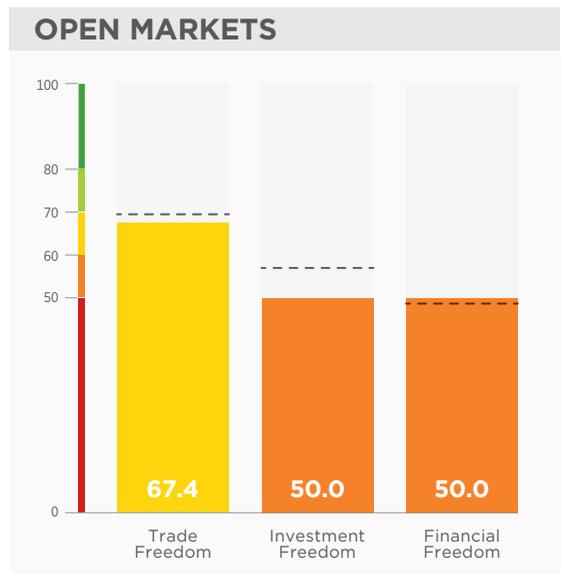
Property rights and interests are not sufficiently respected. The land registration system is inadequate. The judiciary is reputable and independent, but the overall system is inefficient and weakened by poor record-keeping, heavy caseloads, a lack of resources, and a shortage of judges, attorneys, and trained personnel. Corruption is endemic in both the public and private sectors, although the government has stepped up anticorruption efforts.



The top individual income and corporate tax rates are 30 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 18.3 percent of total domestic income. Government spending has amounted to 20.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.7 percent of GDP. Public debt is equivalent to 67.3 percent of GDP.



Resolution of business disputes can take an enormous amount of time. The development and implementation of regulations are only semitransparent. There is a scarcity of skilled and semi-skilled labor. The government lacks resources to enforce its labor laws. Despite the significant economic role played by state-owned and subsidized enterprises, information on their finances is opaque, and relevant statistics are not readily available.



Malawi has two preferential trade agreements in force. The trade-weighted average tariff rate is 8.8 percent. The lack of transparency, often worsened by bureaucratic delays, is a considerable impediment to foreign trade and investment. The investment framework remains underdeveloped. High credit costs and scarce access to financing constrain the private sector. Much of the population remains outside of the formal banking sector.

MALAYSIA

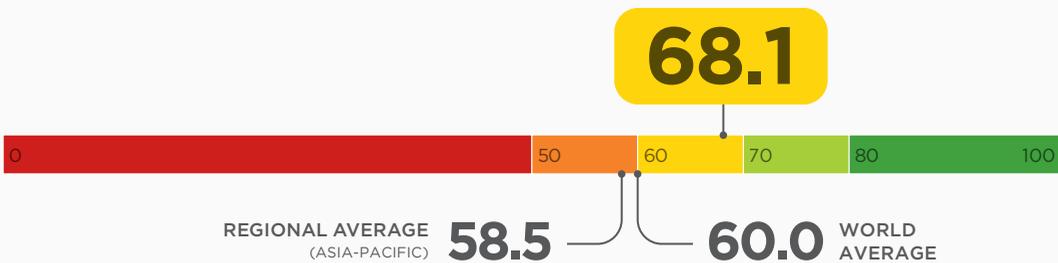
Malaysia's economic freedom score is 68.1, making its economy the 42nd freest in the 2022 *Index*. Malaysia is ranked 8th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Economic growth slowed in Malaysia from 2017 through 2019, turned negative in 2020, and resumed in 2021. The country has recorded a 5.7-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Free" category to the "Moderately Free" category. Government size is well calibrated, and **monetary freedom** and **trade freedom** are bright spots, but reforms are needed to upgrade investment and **financial freedom**. Problems related to **government integrity** need serious attention.

IMPACT OF COVID-19: As of December 1, 2021, 30,474 deaths had been attributed to the pandemic in Malaysia, and the government's response to the crisis ranked 46th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.6 percent in 2020.

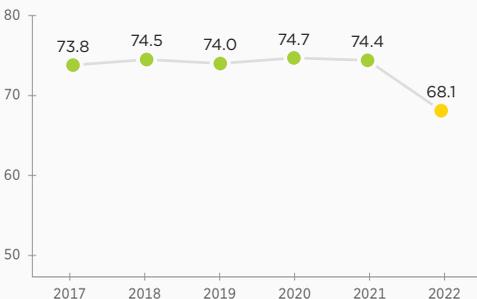


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -3.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
32.4 million

GDP (PPP):
\$902.6 billion
-5.6% growth in 2020
5-year compound annual growth 2.7%
\$27,402 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
-1.1%

FDI INFLOW:
\$3.5 billion

PUBLIC DEBT:
67.5% of GDP

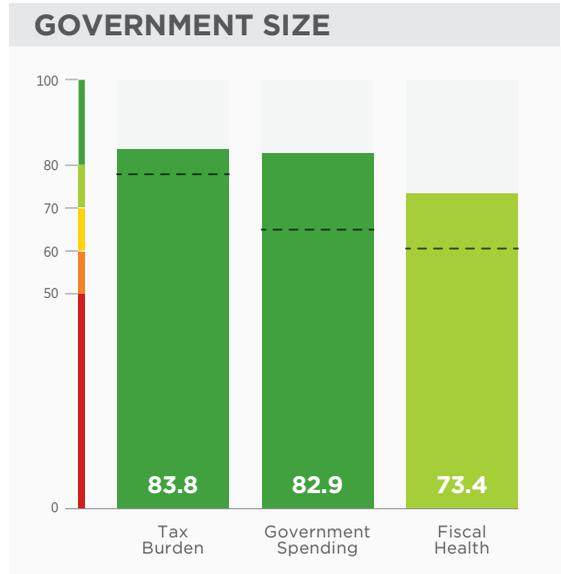
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: In the 2018 election, the opposition Pakatan Harapan coalition defeated the long-ruling Barisan Nasional, bringing 94-year-old Prime Minister Mahathir Bin Mohamad back to office for a second time. Running on his economic record, he crafted a winning political coalition in the wake of a massive scandal involving the state-run development board. Former Deputy Prime Minister Anwar Ibrahim was expected to succeed Mahathir, but the coalition fell apart. The result was a political crisis that ended when Mahathir resigned and was replaced by former United Malays National Organisation Deputy Chairman and former Pakatan Harapan member Muhyiddin Yassin. The governing coalition, however, maintains a small majority and is very fragile. Malaysia's leading exports include consumer electronics, petroleum, chemicals, and palm oil.

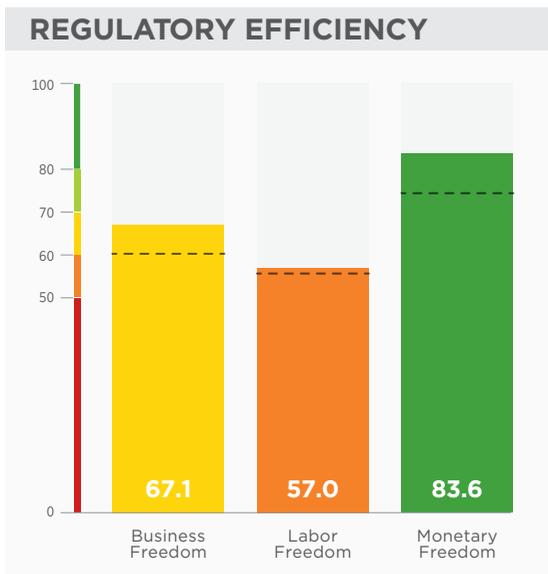
12 ECONOMIC FREEDOMS | MALAYSIA



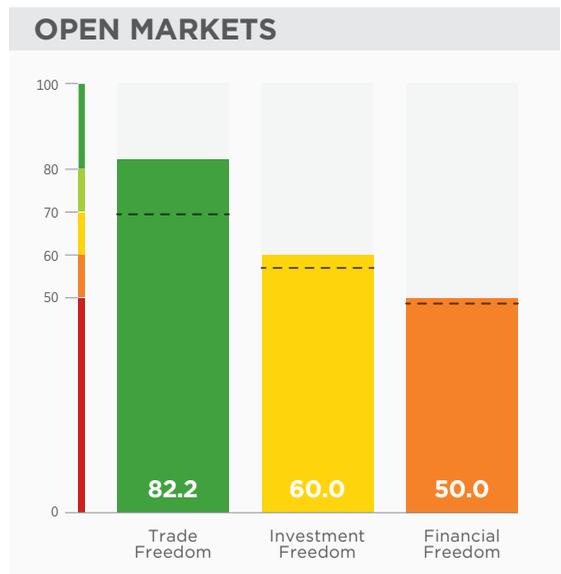
Protection of property rights is strong, and the property registration and titling system is reliable. Judicial independence is often compromised by extensive executive influence. Although hundreds of public officials were arrested for corruption and bribery in 2019 and 2020, the perceived special treatment accorded to a former prime minister and his wife in 2020 on charges related to the multibillion-dollar Malaysia Development Berhad (IMDB) embezzlement scandal stoked public outrage.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 24 percent. The overall tax burden equals 12.0 percent of total domestic income. Government spending has amounted to 23.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.3 percent of GDP. Public debt is equivalent to 67.5 percent of GDP.



Incorporation requirements have been simplified under the Companies Act of 2016. In 2018, the government noted the need to “establish an accountability mechanism for the implementation of regulatory reviews,” but little progress has been made. Until the advent of COVID-19, the economy was typically operating at or near full employment. The government continues to target its fuel subsidy program narrowly and efficiently.



Malaysia has 15 preferential trade agreements in force. The trade-weighted average tariff rate is 3.9 percent, and 74 non-tariff measures are in effect. Foreign investment is officially welcome, and efforts to attract more flows have been made, but a lack of transparency may deter dynamic growth in new investment. Despite the challenging external environment, the banking sector remains stable.

MALDIVES

WORLD RANK: REGIONAL RANK:

161

36

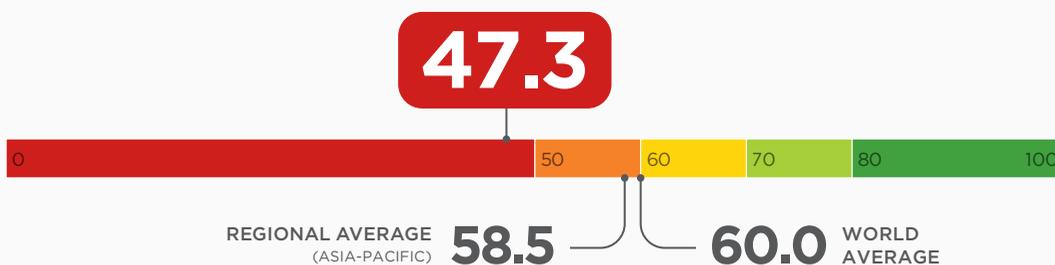
ECONOMIC FREEDOM STATUS:
REPRESSED

The Maldives' economic freedom score is 47.3, making its economy the 161st freest in the 2022 *Index*. The Maldives is ranked 36th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

After growing from 2017 through 2019, the Maldives' economy contracted in 2020 and recovered in 2021. During those five years, economic freedom at first strengthened but then weakened significantly. Driven down by weak scores for **fiscal health** and **business freedom**, the Maldives has recorded a 3.0-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Unfree" category to the "Repressed" category. Although the economy is lightly burdened by taxes, **investment freedom** and **financial freedom** are very anemic.

IMPACT OF COVID-19: As of December 1, 2021, 251 deaths had been attributed to the pandemic in the Maldives. The economy contracted by 32.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -4.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.5 million

GDP (PPP):
\$7.4 billion
-32.2% growth
in 2020
5-year compound
annual growth -0.7%
\$19,609 per capita

UNEMPLOYMENT:
7.2%

INFLATION (CPI):
-1.6%

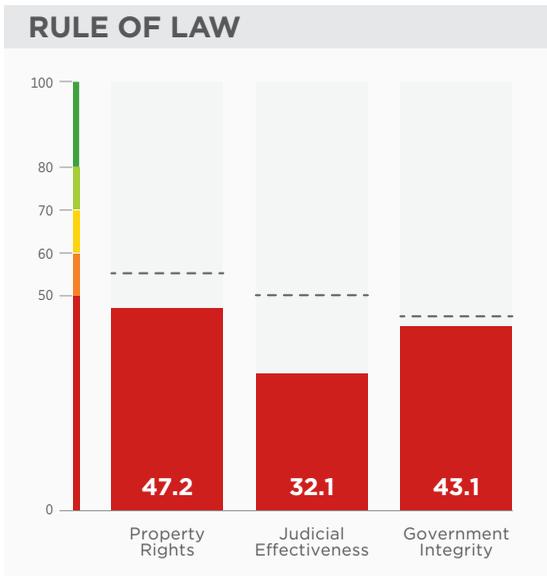
FDI INFLOW:
\$348.0 million

PUBLIC DEBT:
142.6% of GDP

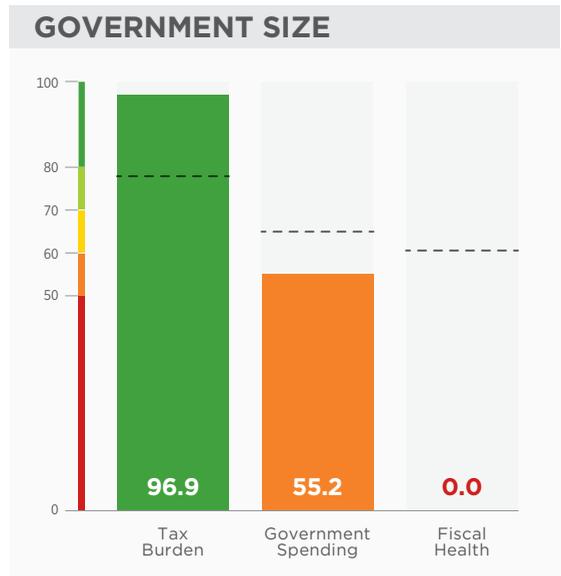
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Muslim-majority Maldives archipelago lies southwest of India in the Arabian Sea. Ibrahim Mohamed Solih handily defeated incumbent President Abdulla Yameen in 2018 elections with a surprising 58 percent of the vote. Solih's Maldivian Democratic Party also won the most seats in the 2019 parliamentary elections. Current Parliament Speaker and former President Mohamed Nasheed (who is also one of Solih's close friends) survived an assassination attempt in May 2021. Political tensions increased when Yameen took actions to weaken democratic institutions, curtail civil liberties, and tilt the country away from India and toward China, from which he borrowed heavily. Driven by the rapid growth of its tourism and fisheries sectors, the Maldives has become a middle-income country.

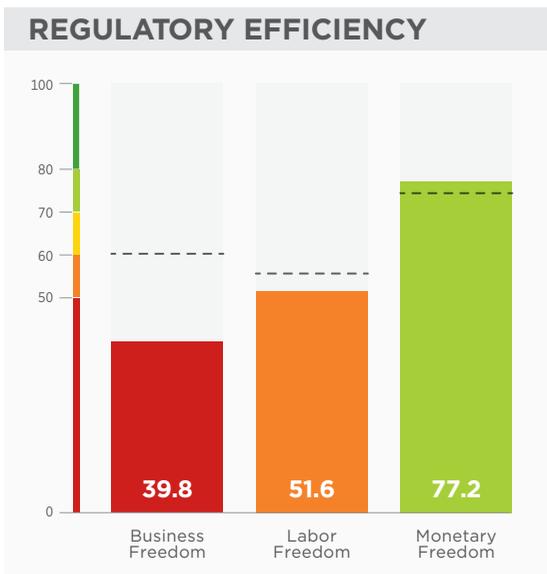
12 ECONOMIC FREEDOMS | MALDIVES



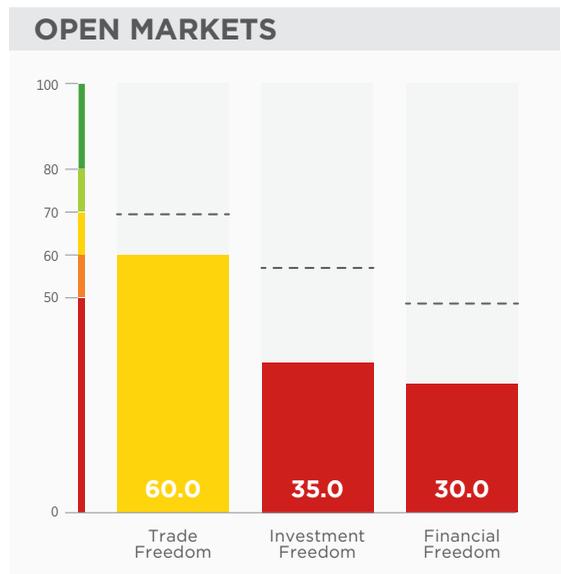
Property rights are limited. The state owns most land and leases it to private owners or developers. The judiciary is slow, politicized, often arbitrary, and subject to external influence. It is estimated that 25 percent of the country's judges have criminal records. Corruption is endemic at all levels of government. The enforcement of laws remains inconsistent and targets the political opposition. Some whistleblowers and journalists have been jailed.



The Maldives government levies no personal income or corporate tax. Bank profits are subject to a profits tax. The overall tax burden equals 17.5 percent of total domestic income. Government spending has amounted to 38.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 11.9 percent of GDP. Public debt is equivalent to 142.6 percent of GDP.



Upgrades to telecommunications infrastructure have been extended to outer islands, but some further upgrades were slowed by COVID-19, which also has contributed to widespread job losses. About 70 percent of the labor force works in services. In 2021, according to the finance ministry, the government subsidized more than 60 percent of the price of staples (rice, sugar, flour) and funded higher subsidies for electricity and fuel.



The Maldives has two preferential trade agreements in force. The trade-weighted average tariff rate is 12.5 percent, and nontariff barriers persist. A new foreign investment code that still excludes several sectors from foreign participation and ownership was adopted in 2020. The financial sector is shallow and dominated by banking. Costly credit and limited access to financial services impede development of a vibrant private sector.

MALI

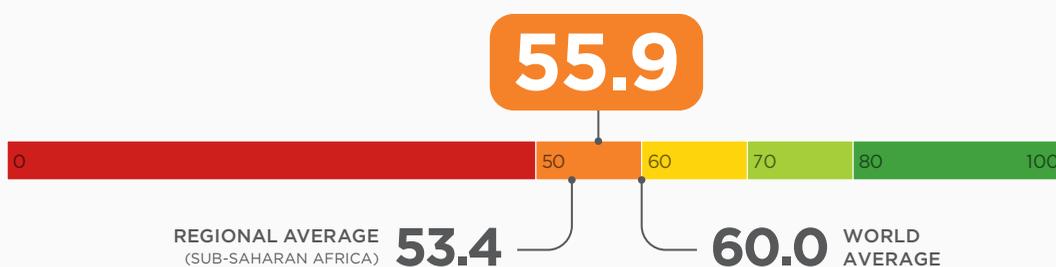
Mali's economic freedom score is 55.9, making its economy the 114th freest in the 2022 *Index*. Mali is ranked 18th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Mali's economic growth slowed from 2017 through 2018, accelerated in 2019, contracted in 2020, and resumed in 2021. Unfortunately, economic freedom has been trending slowly downward in Mali over the same period. With slight losses in some rule of law scores coupled with a significant decline in **fiscal health**, Mali has registered a 2.7-point overall loss of economic freedom since 2017 and remains in the middle ranks of the "Mostly Unfree" countries. Monetary freedom is relatively strong, but the rule of law is weak.

IMPACT OF COVID-19: As of December 1, 2021, 610 deaths had been attributed to the pandemic in Mali, and the government's response to the crisis ranked 77th among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.0 percent in 2020.

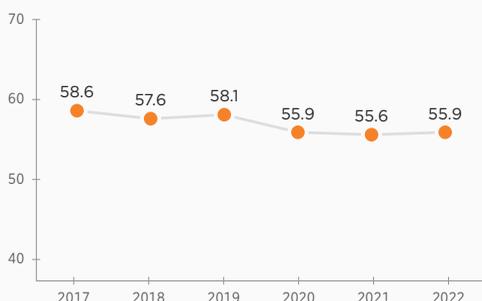


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
20.3 million

GDP (PPP):
\$47.2 billion
-2.0% growth in 2020
5-year compound annual growth 3.7%
\$2,401 per capita

UNEMPLOYMENT:
7.5%

INFLATION (CPI):
0.6%

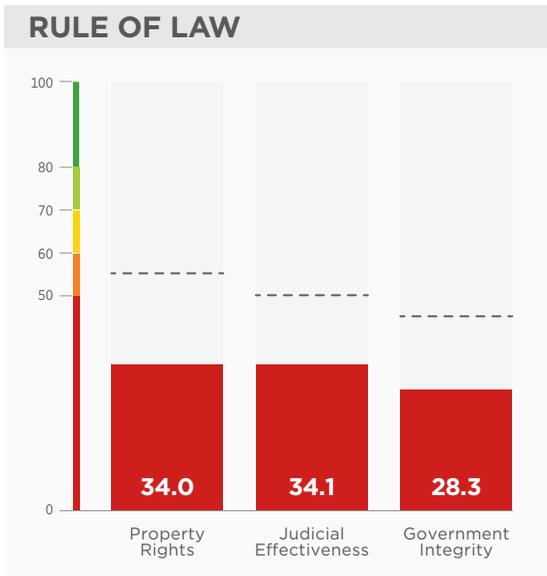
FDI INFLOW:
\$308.0 million

PUBLIC DEBT:
44.2% of GDP

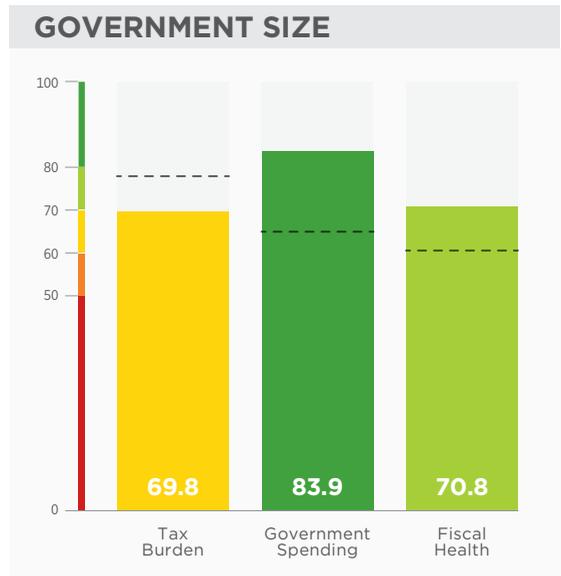
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: After decades of French colonial rule and a brief federation with Senegal, the Republic of Mali was established in 1960. Following a 2012 military coup, Tuareg separatists and militants linked to al-Qaeda took control of northern Mali, prompting a French military intervention. Terrorist attacks and tribal violence are common in Mali's central and northern regions. Ibrahim Boubacar Keita won a second five-year term as president in a low-turnout 2018 vote amid allegations of fraud and was subsequently ousted in an August 2020 coup. International pressure forced the putschists to relinquish power, but they overthrew the newly installed interim government in May 2021 and declared their leader, Colonel Assimi Goita, president. One of the world's 25 poorest countries, Mali depends on gold mining and agricultural exports.

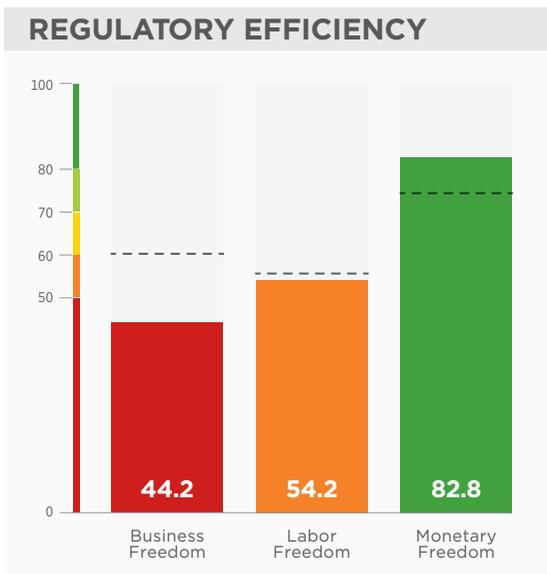
12 ECONOMIC FREEDOMS | MALI



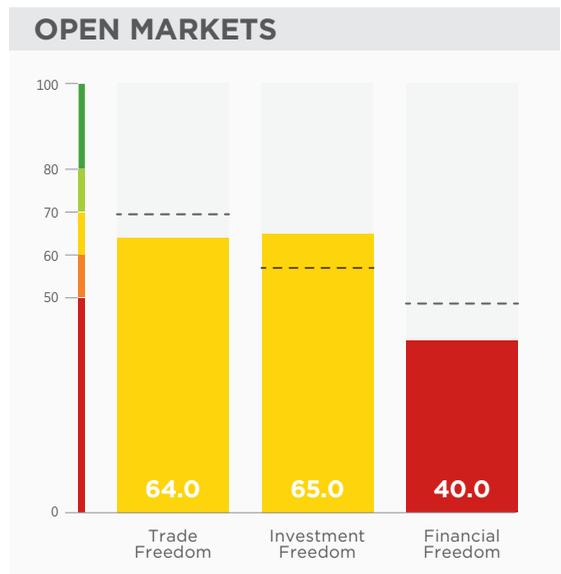
Protection of property rights is inadequate. There is no nationwide land registry. The president appoints all judges. The minister of justice supervises both law enforcement and judicial functions. Courts operate inefficiently. Civil servants resent having to declare their assets publicly, and corruption remains widespread in the public sector. Bribery and embezzlement of public funds are common, and impunity for corrupt officials is the norm.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 35 percent. The overall tax burden equals 14.1 percent of total domestic income. Government spending has amounted to 23.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.0 percent of GDP. Public debt is equivalent to 44.2 percent of GDP.



Drug trafficking and smuggling and the ongoing conflict in the northern and central portions of the country interfere with business freedom. There is a lack of transparency. Workers face threats of crime, terrorism, and kidnapping, and child labor and forced labor abuses have been reported. Government subsidies are targeted so that they primarily benefit the wealthiest Malians living in urban centers.



Mali has two preferential trade agreements in force. The trade-weighted average tariff rate is 10.5 percent, and 20 non-tariff measures are in effect. The government is encouraging economic diversification and broader economic development, but progress is limited by inadequate financial infrastructure and the fragile security situation. The high cost of credit in the underdeveloped financial sector deters entrepreneurial growth.

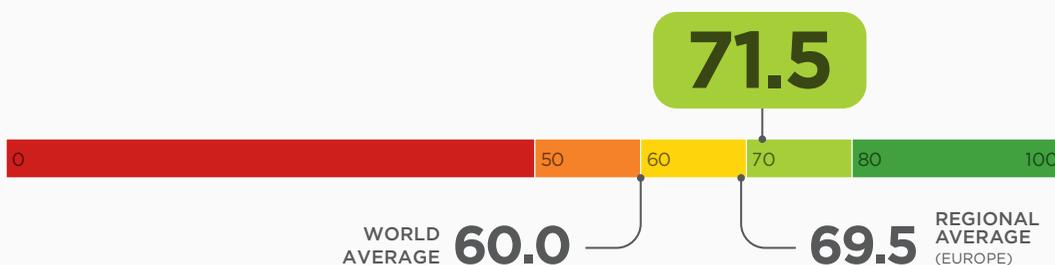
MALTA

Malta's economic freedom score is 71.5, making its economy the 27th freest in the 2022 *Index*. Malta is ranked 19th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Economic growth in Malta accelerated from 2017 through 2019, turned negative in 2020, and resumed in 2021. Economic freedom has expanded steadily in the past half-decade. With improved scores for rule of law and **business freedom**, Malta has registered an overall 3.8-point gain of economic freedom since 2017 and remains in the "Mostly Free" category for the second year in a row. Fiscal health is sturdy, but **financial freedom** remains relatively low.

IMPACT OF COVID-19: As of December 1, 2021, 468 deaths had been attributed to the pandemic in Malta, and the government's response to the crisis ranked 83rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 7.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +15.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.5 million

GDP (PPP):
\$22.1 billion
-7.0% growth in 2020
5-year compound annual growth 3.2%
\$42,856 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
0.8%

FDI INFLOW:
\$3.9 billion

PUBLIC DEBT:
55.4% of GDP

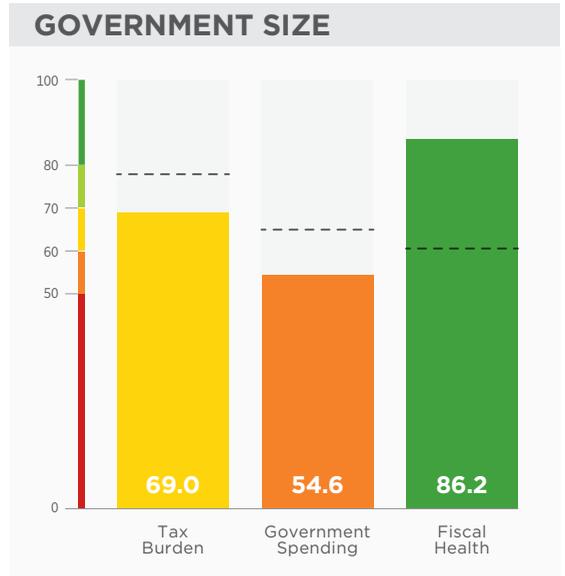
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Malta joined the European Union in 2004 and the eurozone in 2008. Prime Minister Robert Abela of the center-left Labour Party took office in 2020 following the resignation of his predecessor, Joseph Muscat, after months of protests occasioned by Muscat's handling of questions generated by the murder of an investigative journalist. With few natural resources, the tiny island nation imports most of its food, most of its fresh water, and all of its energy. The government maintains a sprawling bureaucracy that oversees heavy entitlement spending. The economy depends on tourism, trade, and manufacturing. Malta's recent inclusion on a money-laundering "Greylist" could have a negative effect on investment. Challenges include (among others) substantial immigration from politically unstable North African neighbors.

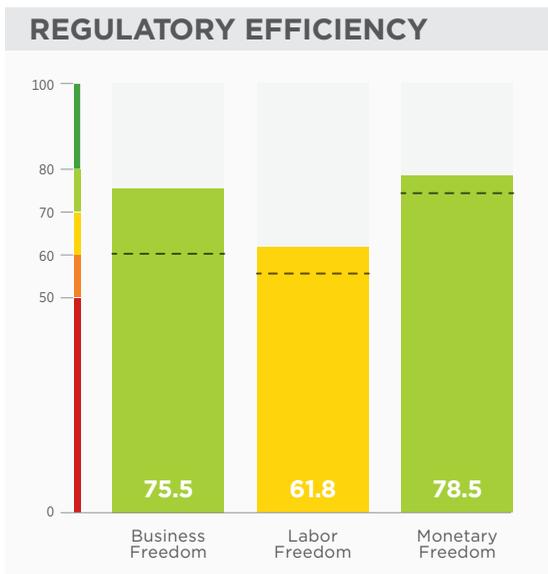
12 ECONOMIC FREEDOMS | MALTA



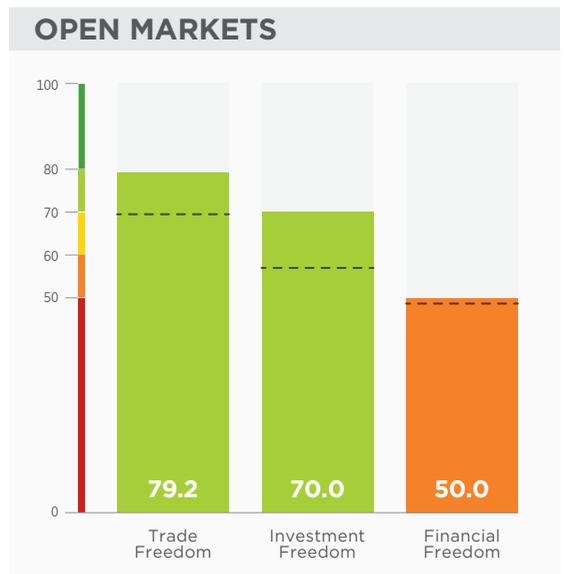
Property, secured interests, and contractual rights over immovable property are enforced after they are registered publicly. There is a property transfer tax of 12 percent of value. The judiciary is independent, but the courts are slow to process cases. Although low-level public-sector corruption, including bribery, is not a significant problem, a journalist investigating high-level corruption was murdered in 2017.



The top individual income and corporate tax rates are 35 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 25.5 percent of total domestic income. Government spending has amounted to 38.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.2 percent of GDP. Public debt is equivalent to 55.4 percent of GDP.



The principle of private business ownership is firmly ingrained. A one-stop shop (Business First) facilitates the processing of services and information necessary to start a company. Labor regulations are somewhat rigid. Labor unrest is little known. In recent years, the government has privatized several state-controlled firms including the country's largest bank, the postal service, shipyards, energy generation plants, and the wireless telecommunications industry.



As a member of the EU, Malta has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Foreign investment is welcome, and investment regulations are generally transparent. The financial sector has undergone gradual restructuring and expansion, and the banking sector has become more open to foreign banks.

MAURITANIA

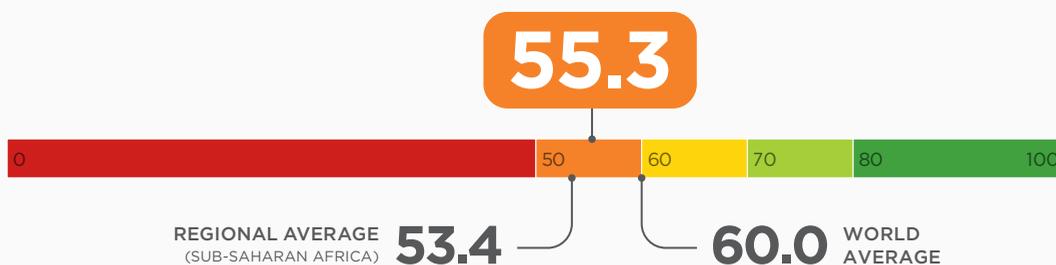
Mauritania's economic freedom score is 55.3, making its economy the 119th freest in the 2022 *Index*. Mauritania is ranked 20th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

The Mauritanian economy grew slowly in 2017 and 2018, picked up speed in 2019, contracted in 2020, and resumed growth in 2021. A five-year trend of stagnant economic freedom has continued. Lifted by higher scores for **property rights** and **judicial effectiveness**, Mauritania has recorded a slight 0.9-point overall gain of economic freedom since 2017 and remains stuck in the middle ranks of the "Mostly Unfree" countries. Fiscal health is robust, but **business freedom** has deteriorated significantly.

IMPACT OF COVID-19: As of December 1, 2021, 835 deaths had been attributed to the pandemic in Mauritania, and the government's response to the crisis ranked 111th among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.2 percent in 2020.

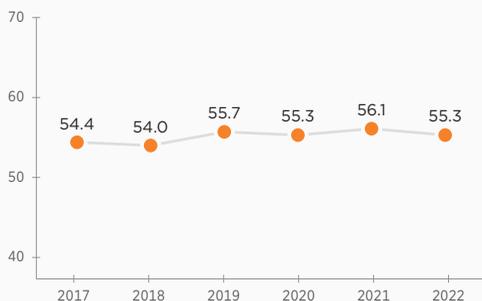
WORLD RANK: **119** | REGIONAL RANK: **20**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +9.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.6 million

GDP (PPP):
\$24.2 billion
-2.2% growth in 2020
5-year compound annual growth 2.1%
\$5,834 per capita

UNEMPLOYMENT:
10.7%

INFLATION (CPI):
2.3%

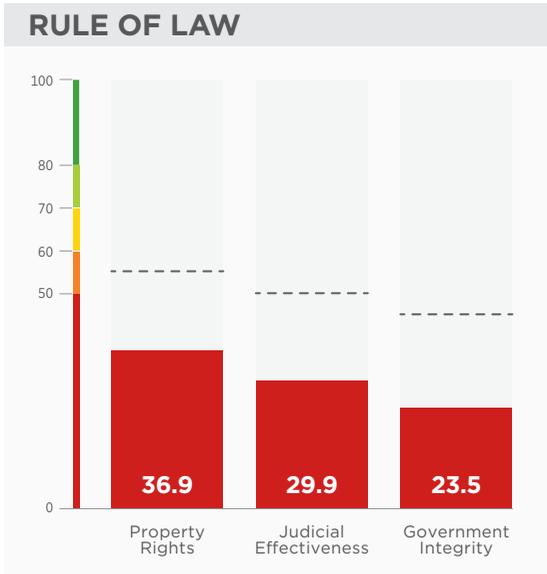
FDI INFLOW:
\$978.0 million

PUBLIC DEBT:
59.5% of GDP

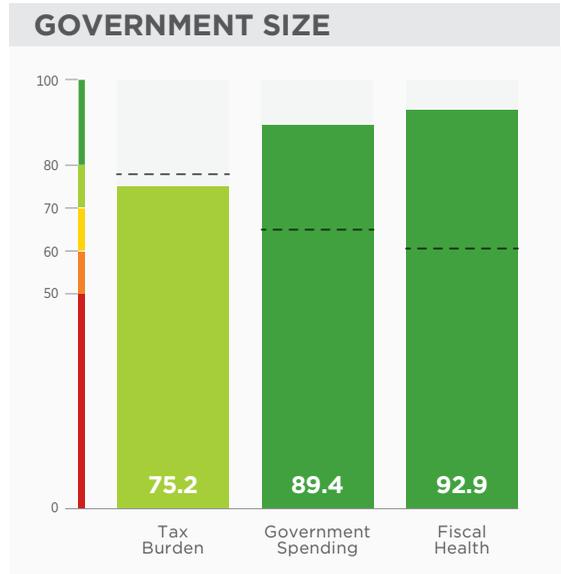
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Islamic Republic of Mauritania emerged from French colonial rule in 1960. Since independence, it has been governed by a series of dictators and authoritarian regimes, each typically ended by a military coup. Mohamed Ghazouani's victory in the June 2019 presidential elections was described by some as the first peaceful transfer of power in the country's history, but because of Ghazouani's military background, it was criticized by others as "just another coup." Societal tensions run high between Arabic-speaking descendants of slaves, Arabic-speaking "White Moors," and sub-Saharan ethnic groups. In 2020, a corruption scandal implicating several ministers prompted a cabinet reshuffle. Terrorist groups are active in the mostly desert country. Extractive industries (oil and mines), fisheries, and agriculture dominate the economy.

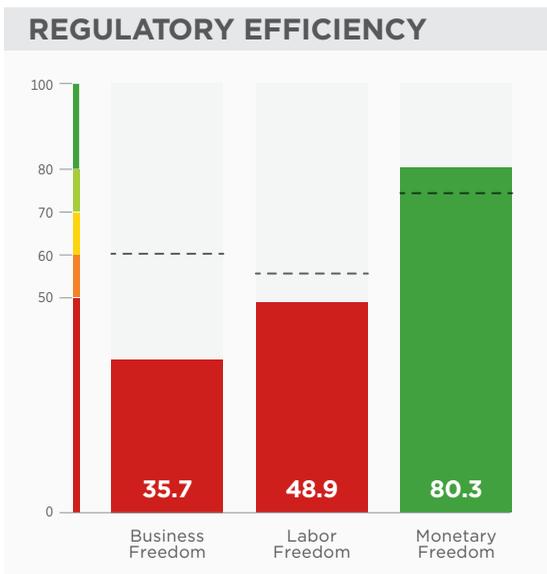
12 ECONOMIC FREEDOMS | MAURITANIA



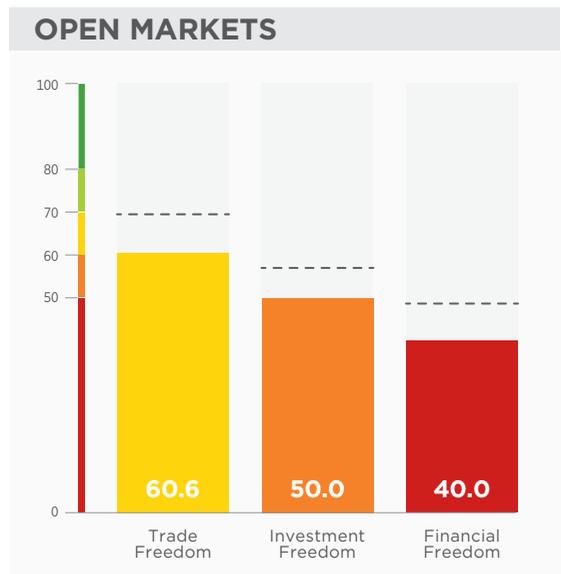
Although property rights are protected by law, enforcement is uneven. The property registration system is well developed, but there are serious land disputes in Southern Mauritania. The hybrid French-Sharia judicial system is weak, chaotic, and susceptible to tribal pressures and bribery. Corruption is most pervasive in government procurement, bank loans, fishing license attribution, land distribution, access to port facilities and tax payments.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 25 percent. The overall tax burden equals 16.0 percent of total domestic income. Government spending has amounted to 18.8 percent of total output (GDP) over the past three years, and budget surpluses have averaged 3.0 percent of GDP. Public debt is equivalent to 59.5 percent of GDP.



A large find of natural gas is scheduled to begin production in 2023. In 2019, to improve the business climate, the former Ministry of Economy and Finance was divided into two separate ministries. Limited access to credit and a lack of skilled labor are impediments. Effective monetary policy is constrained by a vast informal economy, and the government subsidizes numerous state-owned and parastatal enterprises.



Mauritania has no preferential trade agreements in force. The trade-weighted average tariff rate is 9.7 percent. Nontariff barriers and other restrictions prevent entrepreneurs from participating in the global economy, and open-market policies to promote investment are not fully institutionalized. Investors continue to be subject to uncertainty caused by political instability. Given the financial system's lack of depth, capital markets are absent.

MAURITIUS

WORLD RANK: **30** | REGIONAL RANK: **1**

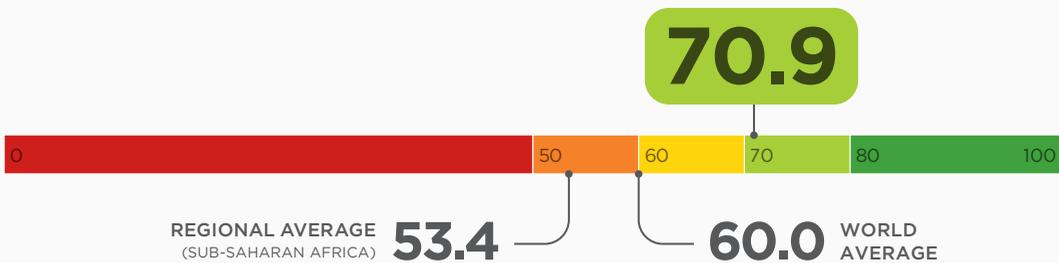
ECONOMIC FREEDOM STATUS:
MOSTLY FREE

Mauritius's economic freedom score is 70.9, making its economy the 30th freest in the 2022 *Index*. Mauritius is ranked 1st among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Over the past five years, Mauritius's economic growth was positive from 2017 to 2019, turned negative in 2020, and rebounded in 2021. Economic freedom has fluctuated during that period. Dragged down by a huge drop in its **fiscal health** score, Mauritius has recorded a 3.8-point overall loss of economic freedom since 2017 and has fallen to the bottom of the "Mostly Free" category. Property rights and **judicial effectiveness** are strong, but **government integrity** is relatively weak.

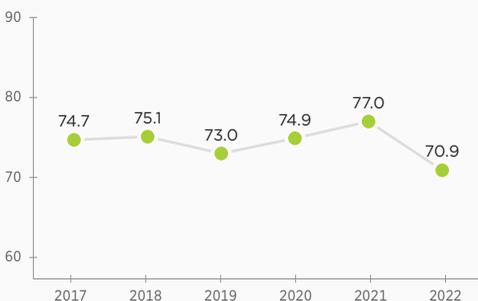
IMPACT OF COVID-19: As of December 1, 2021, 240 deaths had been attributed to the pandemic in Mauritius, and the government's response to the crisis ranked 62nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 15.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1999): +2.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.3 million

GDP (PPP):
\$25.7 billion
-15.8% growth in 2020
5-year compound annual growth -0.3%
\$20,292 per capita

UNEMPLOYMENT:
7.1%

INFLATION (CPI):
2.5%

FDI INFLOW:
\$246.0 million

PUBLIC DEBT:
87.8% of GDP

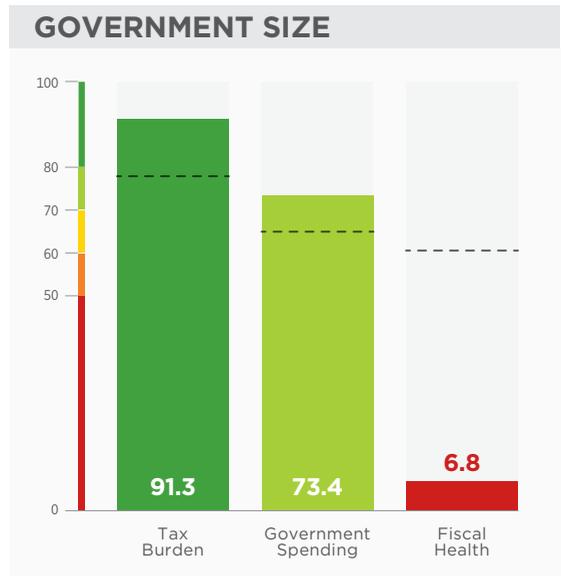
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Mauritius gained independence from the United Kingdom in 1968. Sir Anerood Jugnauth, a former president, became prime minister for the third time in 2014 but resigned in 2017 in favor of his son Pravind, whose party won a rare parliamentary majority in 2019. Mauritius has undergone a remarkable economic transformation from a low-income, agriculturally based economy to a diversified, upper-middle-income country that has attracted considerable foreign investment and has one of the Africa region's highest per capita GDPs. The government is trying to modernize the sugar and textile industries while promoting diversification into such other areas as information technology and financial and business services. Services and tourism remain important economic drivers, and maritime security is a priority.

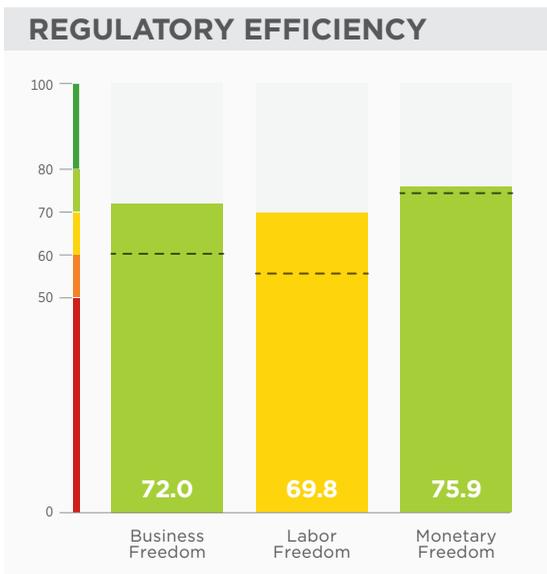
12 ECONOMIC FREEDOMS | MAURITIUS



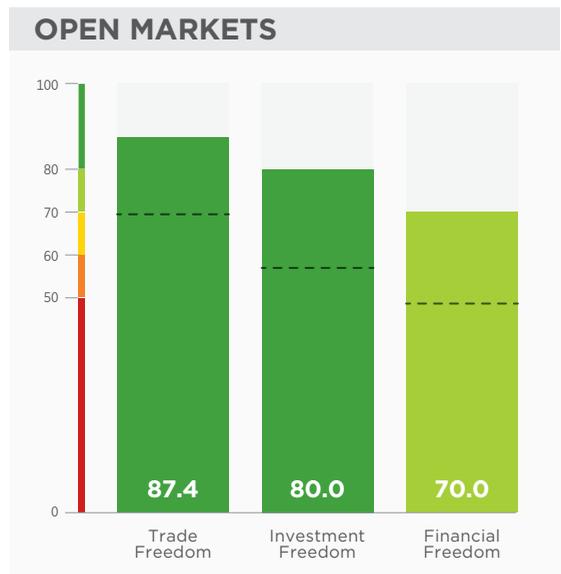
The law protects real property rights, and the property registration system is reliable. The judiciary is based on a legacy hybrid French–British system and generally operates independently and transparently. The prevalence of corruption is low by regional standards, but graft and nepotism remain concerns and are increasingly a source of public frustration. Anticorruption laws are applied inconsistently.



The personal income and corporate tax rates are a flat 15 percent. Other taxes include a value-added tax. The overall tax burden equals 20.4 percent of total domestic income. Government spending has amounted to 29.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.0 percent of GDP. Public debt is equivalent to 87.8 percent of GDP.



Business freedom is strong in Mauritius, and safety and security are far superior to comparable conditions in most other sub-Saharan African countries. The government pays holders of diplomas a monthly stipend if a small or medium-size enterprise hires them. The government controls and subsidizes key services directly or through parastatal companies in the power and water, television broadcasting, and postal service sectors.



Mauritius has eight preferential trade agreements in force. The trade-weighted average tariff rate is 1.3 percent, and 13 nontariff measures are in effect. The investment framework is open and efficient, facilitating the flow of new investment. The modern financial sector, dominated by private commercial banks, is competitive. The banking sector is well capitalized and has been resilient in responding to external shocks.

MEXICO

WORLD RANK:

67

REGIONAL RANK:

14

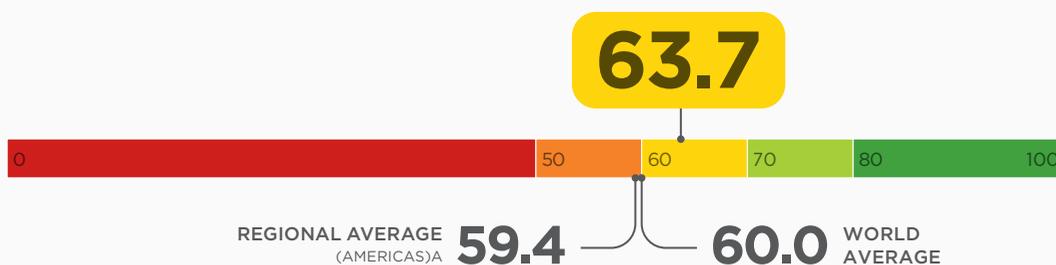
ECONOMIC FREEDOM STATUS:
MODERATELY FREE

Mexico's economic freedom score is 63.7, making its economy the 67th freest in the 2022 *Index*. Mexico is ranked 14th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The Mexican economy grew slowly in 2017 and 2018, contracted in 2019 and more deeply in 2020, and returned to growth in 2021. During those five years, a trend of middling economic freedom has continued. With minor score changes across all 12 indicators, Mexico has recorded a negligible 0.1-point overall gain of economic freedom since 2017 and remains trapped in the middle ranks of the "Moderately Unfree" countries. Fiscal health, **trade freedom**, and **investment freedom** are relatively strong, but Mexico's long-time, very feeble rule of law does not befit the second-largest economy in Latin America.

IMPACT OF COVID-19: As of December 1, 2021, 294,428 deaths had been attributed to the pandemic in Mexico, and the government's response to the crisis ranked 122nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +0.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
128.9 million

GDP (PPP):
\$2.4 trillion
-8.2% growth in 2020
5-year compound annual growth -0.3%
\$19,130 per capita

UNEMPLOYMENT:
4.7%

INFLATION (CPI):
3.4%

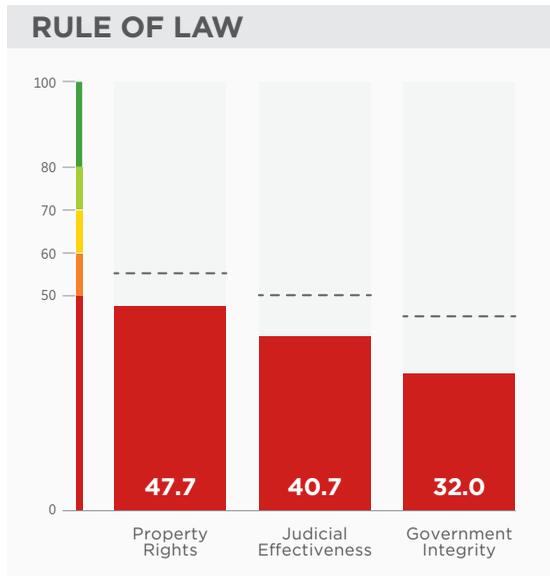
FDI INFLOW:
\$29.1 billion

PUBLIC DEBT:
60.6% of GDP

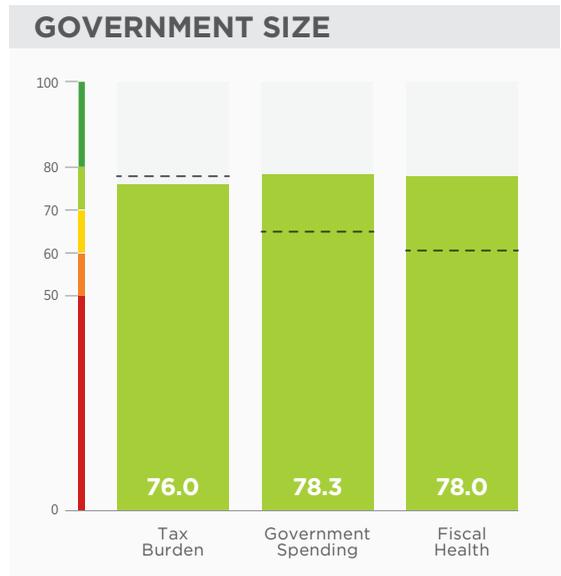
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: President Andrés Manuel López Obrador of the populist left-wing MORENA party is in the fourth year of his single six-year term. His failure to deliver on promises to solve such problems as crime, corruption, and poverty led to MORENA's congressional losses in 2021 mid-term elections and could derail constitutional amendments that López Obrador seeks to enhance his power, reverse his predecessor's reforms, and reimpose 1970s-style statist controls over energy and other sectors in the oil-rich country. Nevertheless, he supports the U.S.-Mexico-Canada trade agreement that helps to propel the Mexican economy. He must also deal with unprecedented new flows of migrants seeking to enter the U.S. illegally from Mexico. Nearly 60 percent of economic activity takes place in the informal sector.

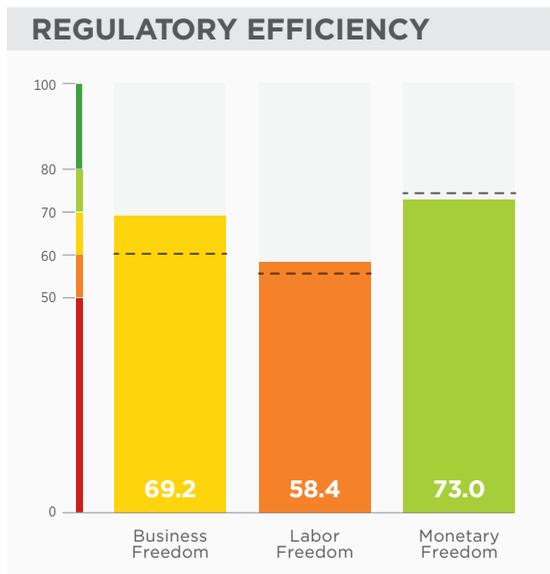
12 ECONOMIC FREEDOMS | MEXICO



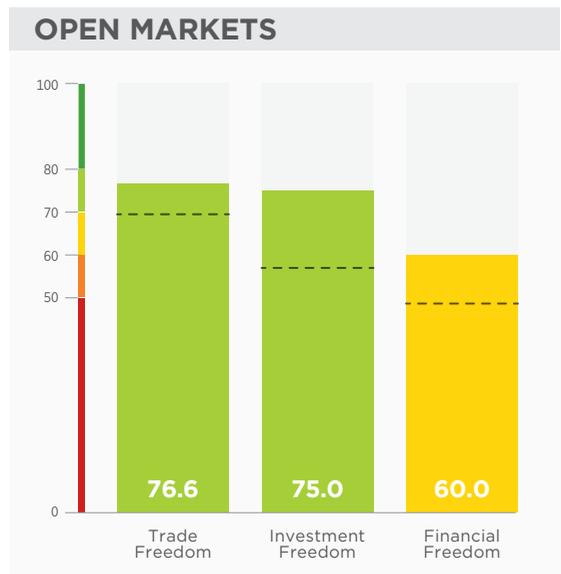
Property rights are protected, but enforcement is uneven, and property registration is problematic. Foreign ownership of land is limited. The judiciary is independent, but court decisions are susceptible to improper influence. Corruption flourishes and rule of law is weakened amid a history of societal toleration of public-sector bribe solicitations, criminal violence, and entrenched political and economic interests that often collaborate with transnational drug cartels.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 30 percent. Other taxes include a value-added tax. The overall tax burden equals 16.5 percent of total domestic income. Government spending has amounted to 26.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.0 percent of GDP. Public debt is equivalent to 60.6 percent of GDP.



Sudden regulatory changes and policy reversals breed a business climate of uncertainty. Questionable contract enforcement, an amorphous security situation, informality, and varying levels of corruption are some of the problems with which businesses must contend. Labor courts are being phased in gradually, state by state, until May 2022. Massive subsidies to the state-owned electric utility and the state-owned oil company PEMEX were increased in 2021.



Mexico has 23 preferential trade agreements in force. The trade-weighted average tariff rate is 4.2 percent, and 251 nontariff measures are in effect. Despite a strong desire to attract more foreign investment, the investment regime lacks efficiency and is hampered by inconsistency. The modern financial sector has become more competitive and open. The banking system remains relatively well capitalized.

MICRONESIA

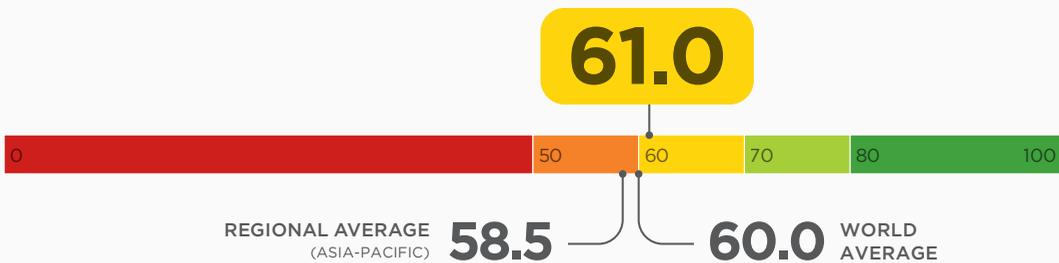
Micronesia's economic freedom score is 61.0, making its economy the 82nd freest in the 2022 *Index*. Micronesia is ranked 16th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Micronesia's economic growth slowed from 2017 to 2018 but accelerated in 2019 before turning negative in 2020. A five-year trend of declining economic freedom has reversed course. Boosted by significant score increases for rule of law, Micronesia has recorded a 6.9-point overall gain in economic freedom since 2017 and has climbed into the "Moderately Free" category for the first time. Micronesia's status as a major beneficiary of international aid is reflected in its robust **fiscal health**, but the burden of **government spending** on the economy is one of the heaviest in the world.

IMPACT OF COVID-19: As of December 1, 2021, data on deaths attributed to the pandemic in Micronesia were not available. The economy contracted by 1.6 percent in 2020.

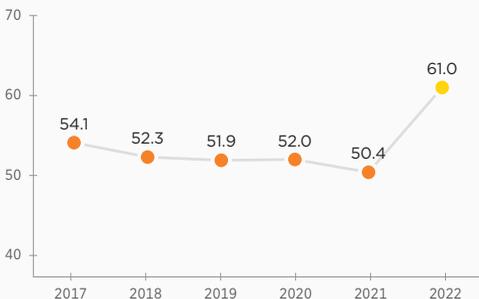


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +9.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$0.4 billion
-1.6% growth in 2020
5-year compound annual growth 0.7%
\$3,446 per capita

UNEMPLOYMENT:
16.2% (2010 est.)

INFLATION (CPI):
0.5%

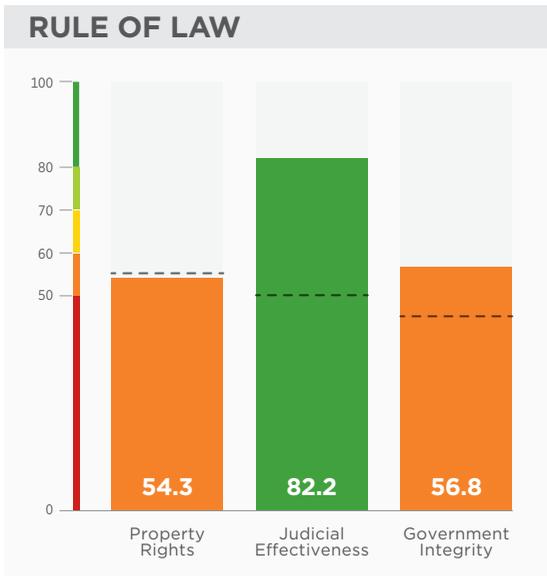
FDI INFLOW: n/a

PUBLIC DEBT: 16.0% of GDP

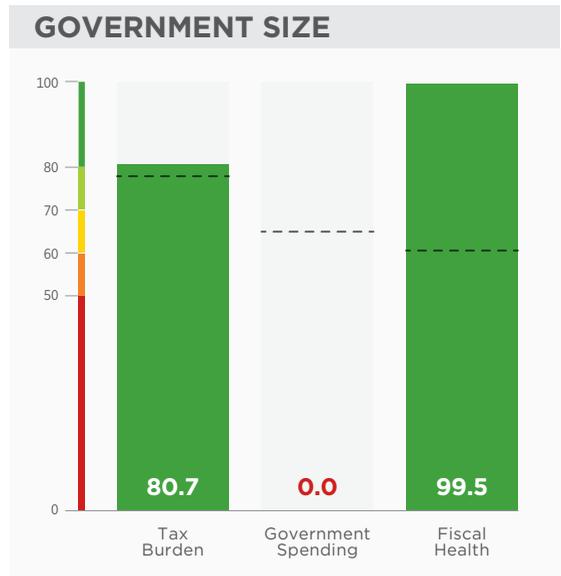
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The widely scattered Caroline Islands in the southwestern Pacific Ocean were part of a U.N. Trust Territory administered by the United States after World War II. The eastern four island groups (Pohnpei, Chuuk, Yap, and Kosrae) adopted a constitution in 1979 and became the Federated States of Micronesia. The 607-island archipelago's central government has only limited powers. In 2019, David Panuelo was elected president by a narrow margin. Elections for the unicameral parliament took place in March 2021. Under a Compact of Free Association signed in 1986 and up for renewal in 2023, the U.S. is responsible for Micronesia's defense and currently provides approximately \$130 million annually in economic assistance. Economic activity consists largely of subsistence farming and fishing.

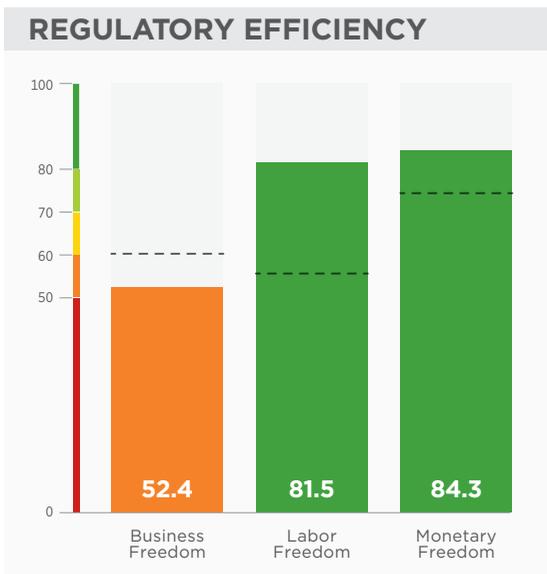
12 ECONOMIC FREEDOMS | MICRONESIA



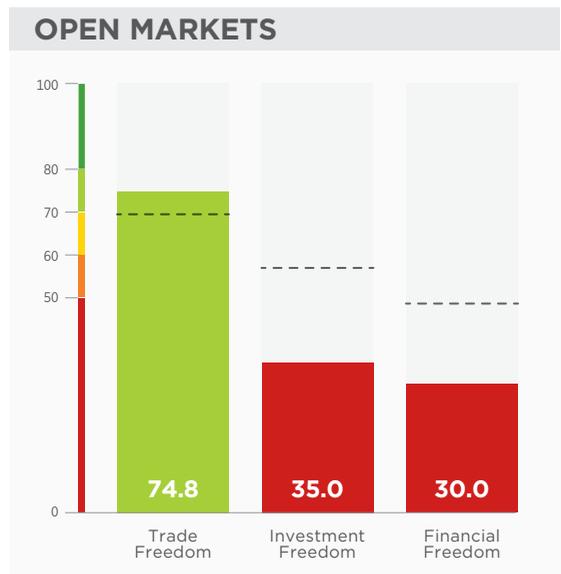
The law respects and protects property rights. The judiciary is constitutionally independent, but courts are weakened by chronic underfunding, technical constraints on capacity, delays, and an inability to enforce judgments properly. Although the authorities can investigate and punish cases of official corruption and misuse of funds, both problems remain subjects of public discontent.



The top individual income tax rate is 10 percent, and the top corporate tax rate is 21 percent. The overall tax burden equals 37.3 percent of total domestic income. Government spending has amounted to 61.5 percent of total output (GDP) over the past three years, and budget surpluses have averaged 13.0 percent of GDP. Public debt is equivalent to 16.0 percent of GDP.



Micronesia is essentially a subsistence economy except in larger towns where the government is by far the largest employer and limited commercial activity is conducted. There is a minimum wage for government jobs in all four states, but only one state (Pohnpei) has a minimum wage for the private sector. The government has monopolies in fuel, telecommunications, and copra production and is heavily dependent on U.S. subsidies.



Micronesia has two preferential trade agreements in force. The simple average tariff rate is 5.1 percent, but nontariff barriers and poor trade infrastructure limit overall trade freedom. Micronesia is not a member of the World Trade Organization. Numerous impediments discourage foreign investment. High credit costs and scarce access to financing constrain the small private sector. Much of the population does not use formal banking.

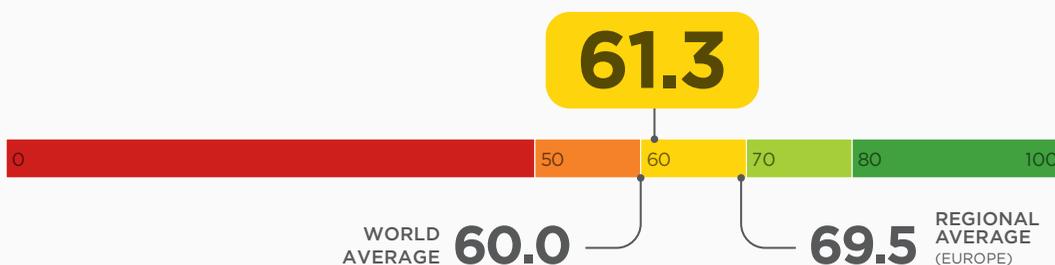
MOLDOVA

Moldova's economic freedom score is 61.3, making its economy the 78th freest in the 2022 *Index*. Moldova is ranked 39th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Five years ago, Moldova's economy began to decelerate, and growth turned negative in 2020 before recovering in 2021. During those five years, economic freedom continued to expand slowly. Led by higher scores for rule of law and **government spending**, Moldova has recorded a 3.3-point overall gain of economic freedom since 2017 and remains in the "Moderately Free" category for the third year in a row. The **tax burden** is light, and **fiscal health** is solid, but **investment freedom** and **financial freedom** are lagging.

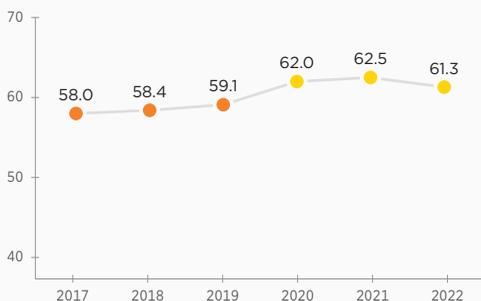
IMPACT OF COVID-19: As of December 1, 2021, 9,141 deaths had been attributed to the pandemic in Moldova, and the government's response to the crisis ranked 141st among the countries included in this *Index* in terms of its stringency. The economy contracted by 7.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +28.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.6 million

GDP (PPP):
\$33.7 billion
-7.5% growth
in 2020
5-year compound
annual growth 1.8%
\$12,811 per capita

UNEMPLOYMENT:
4.7%

INFLATION (CPI):
3.8%

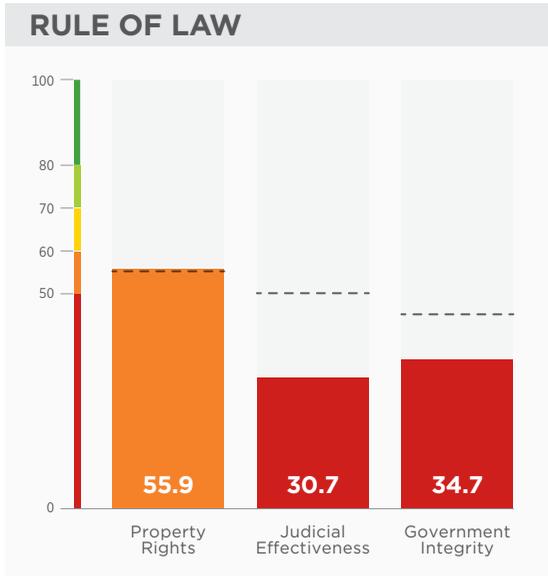
FDI INFLOW:
\$55.0 million

PUBLIC DEBT:
35.3% of GDP

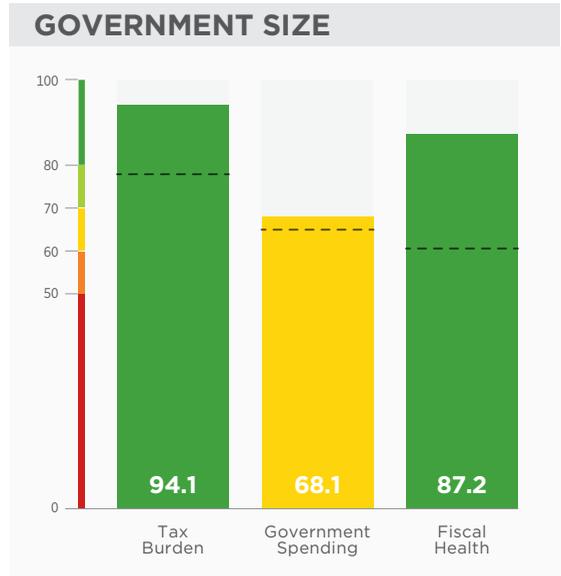
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Moldova, landlocked but separated from the Black Sea by only three kilometers of Ukrainian territory, was long a pawn in Eastern European politics. It is vulnerable to economic pressure from Russia and has to contend with a secessionist pro-Russian movement in its Transnistria region, which is currently home to about 1,500 Russian troops. The election of Western-leaning President Maia Sandu, street protests, a constitutional crisis, and dissolution of the Russia-friendly parliament led to snap parliamentary elections in July 2021. The pro-Western Party of Action and Solidarity (PAS) gained a clear victory. Former Finance Minister Natalia Gavrilita was appointed prime minister in August 2021. Moldova's economy depends on emigrants' remittances and such agricultural products as fruits, vegetables, wine, and tobacco.

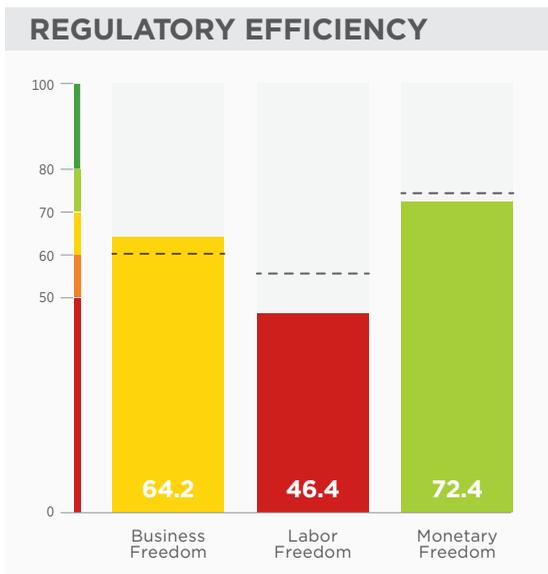
12 ECONOMIC FREEDOMS | MOLDOVA



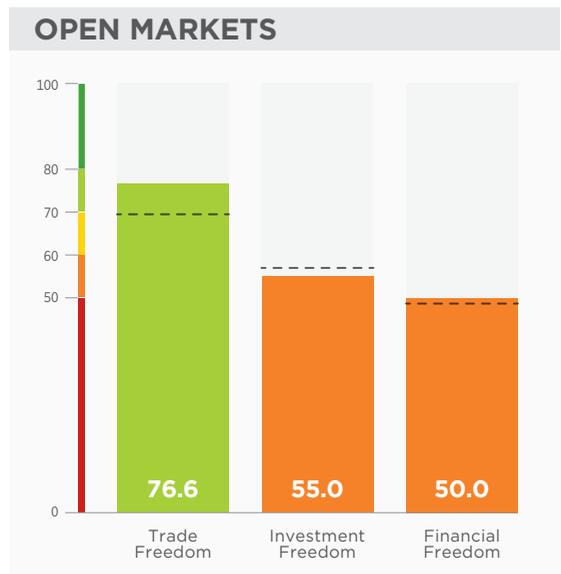
Property rights are protected by law, and ownership titles are registered by a national cadastral office, but enforcement is undermined by a weak and sometimes corrupt judiciary. Judicial appointments lack transparency, and courts are highly susceptible to political pressure. Corruption remains entrenched at all levels of government, and anticorruption laws are not adequately enforced. Officials engage in corrupt practices with impunity.



The top individual income and corporate tax rates are 12 percent. Other taxes include a value-added tax. The overall tax burden equals 17.3 percent of total domestic income. Government spending has amounted to 32.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.5 percent of GDP. Public debt is equivalent to 35.3 percent of GDP.



Inefficient administrative capacities, political uncertainty, and vested bureaucratic interests stunt business freedom. Remittances from the approximately one million Moldovans who work abroad account for almost 15 percent of GDP. The government subsidizes agriculture and other sectors and maintains price controls on food and other staple goods.



Moldova has nine preferential trade agreements in force. The trade-weighted average tariff rate is 4.2 percent, and eight nontariff measures are in effect. Foreign and domestic investors are treated equally, but the overall investment regime is not conducive to dynamic investment growth. The level of overall financial intermediation remains shallow. Long-term financing remains difficult.

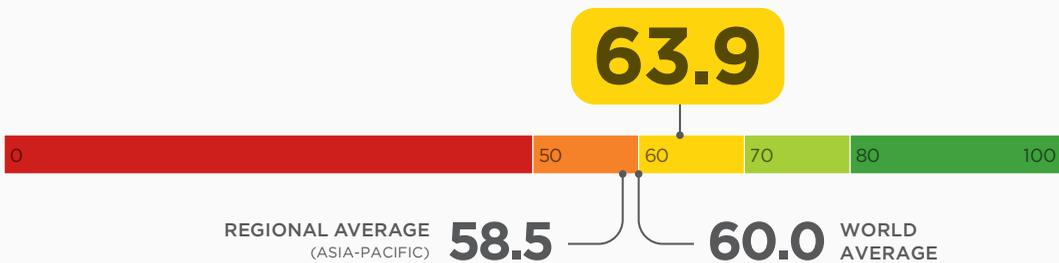
MONGOLIA

Mongolia's economic freedom score is 63.9, making its economy the 66th freest in the 2022 *Index*. Mongolia is ranked 12th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Mongolia's economy gathered steam in 2017 and 2018, slowed in 2019, and turned negative in 2020. Growth resumed in 2021. Economic freedom has improved during the past half-decade. Boosted by substantial score increases for **fiscal health** and **judicial effectiveness**, Mongolia has recorded an impressive 9.1-point overall gain of economic freedom since 2017 and has retained its position in the lower half of the "Moderately Free" category for two consecutive years. The **tax burden** is light, but **government integrity** is woefully inadequate.

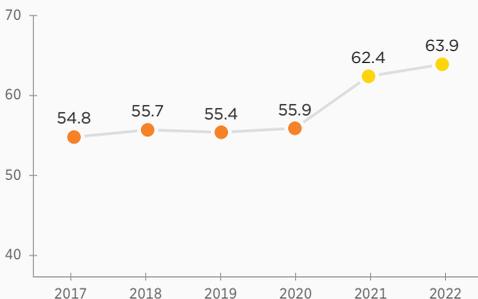
IMPACT OF COVID-19: As of December 1, 2021, 2,008 deaths had been attributed to the pandemic in Mongolia, and the government's response to the crisis ranked 118th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.3 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +16.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.3 million

GDP (PPP):
\$39.7 billion
-5.3% growth in 2020
5-year compound annual growth 2.7%
\$11,825 per capita

UNEMPLOYMENT:
4.3%

INFLATION (CPI):
3.7%

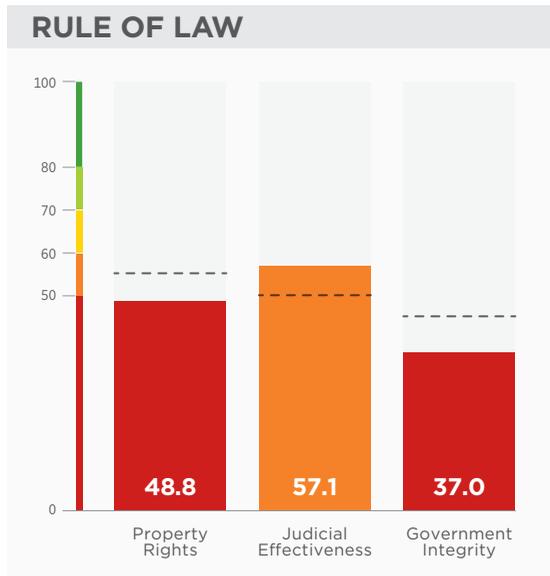
FDI INFLOW:
\$1.7 billion

PUBLIC DEBT: 76.6% of GDP

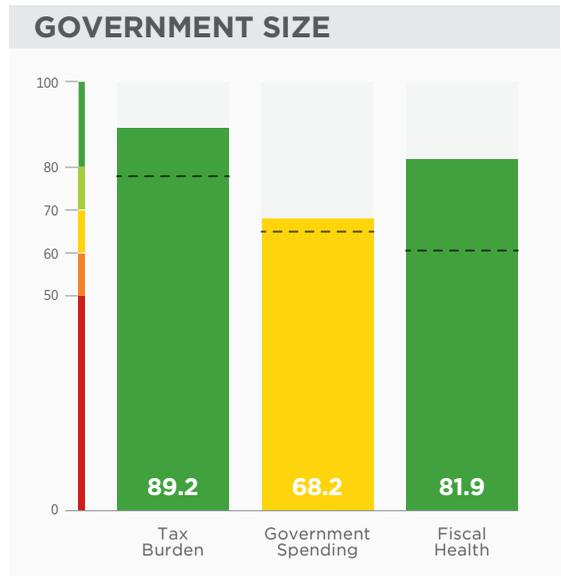
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: After adopting a new constitution in 1992, Mongolia was transformed from a closed single-party Communist state into a dynamic multiparty democracy. This transition has been accompanied by the gradual introduction of free-market reforms and relatively well-maintained political stability. Nevertheless, the Soviet-era Mongolian People's Party (MPP) has held a parliamentary majority since 2016. The MPP reclaimed the presidency from the Democratic Party in the June 2021 elections, electing President Ukhnaa Khurelsukh. Agriculture and mining remain the most important sectors of the economy. Internationally, Mongolia enjoys observer status in the Shanghai Cooperation Organization and is being considered for membership in the Asia-Pacific Economic Cooperation forum. The majority of ethnic Mongolians today live in China.

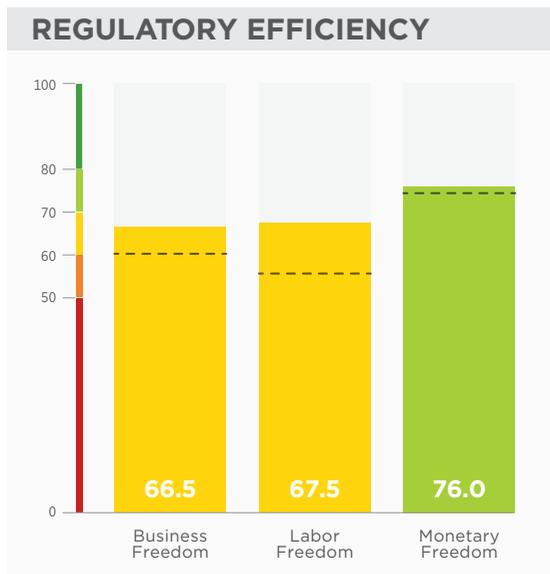
12 ECONOMIC FREEDOMS | MONGOLIA



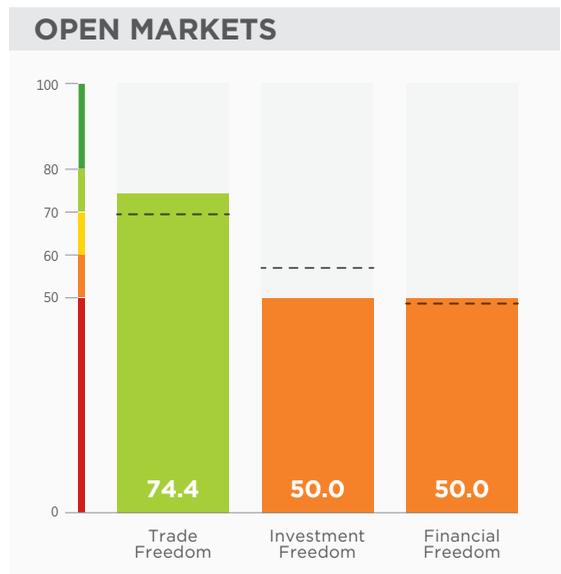
The law recognizes property and contractual rights, but enforcement is uneven, and title registration is problematic. Although the judiciary is independent, the courts are vulnerable to corruption and political interference by third parties. Endemic corruption is widely perceived as having worsened in recent years, particularly with respect to state involvement in the mining sector. Anticorruption laws are vaguely written and infrequently enforced.



The individual income tax rate is a flat 10 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and excise taxes. The overall tax burden equals 18.7 percent of total domestic income. Government spending has amounted to 32.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.0 percent of GDP. Public debt is equivalent to 76.6 percent of GDP.



There is a lack of consultation with the business community when rules are made, and the government is four years behind in implementing its transparency agreement to address the issue. About 54 percent of unemployed workers are youths. There is a high level of temporary contract labor because many businesses do not operate year-round. The government funds subsidies for agriculture, mining, electricity, and other sectors.



Mongolia has one preferential trade agreement in force. The trade-weighted average tariff rate is 5.3 percent, and seven formal nontariff measures are in effect. However, other barriers to trade, exacerbated by institutional shortcomings, undermine trade flows. Foreign investment is generally welcome, and the regulatory framework is still developing. The financial system has undergone modernization. The banking sector is relatively stable.

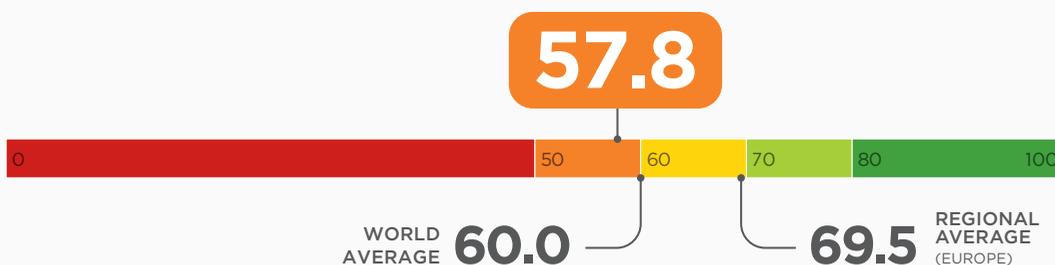
MONTENEGRO

Montenegro's economic freedom score is 57.8, making its economy the 103rd freest in the 2022 *Index*. Montenegro is ranked 41st among 45 countries in the Europe region, and its overall score is below the regional and world averages.

Montenegro's economic growth rate slowed from 2017 through 2019. Then the economy contracted in 2020 before resuming growth in 2021. Unfortunately, a five-year record of generally solid economic freedom has been undermined. Dragged lower by a sharp drop in the **fiscal health** score, Montenegro has recorded a 4.2-point overall loss of economic freedom since 2017 and has fallen from the "Moderately Free" category to the "Mostly Unfree" category. Monetary freedom and **trade freedom** still demonstrate strength, but **judicial effectiveness** and **government integrity** are weak.

IMPACT OF COVID-19: As of December 1, 2021, 2,310 deaths had been attributed to the pandemic in Montenegro. The economy contracted by 15.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2002): +11.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.6 million

GDP (PPP):
\$12.0 billion
-15.2% growth
in 2020
5-year compound
annual growth 0.3%
\$19,252 per capita

UNEMPLOYMENT:
15.9%

INFLATION (CPI):
-0.2%

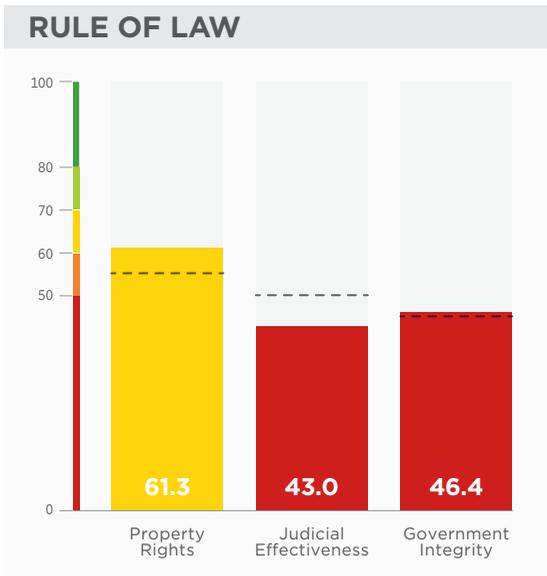
FDI INFLOW:
\$529.0 million

PUBLIC DEBT:
108.8% of GDP

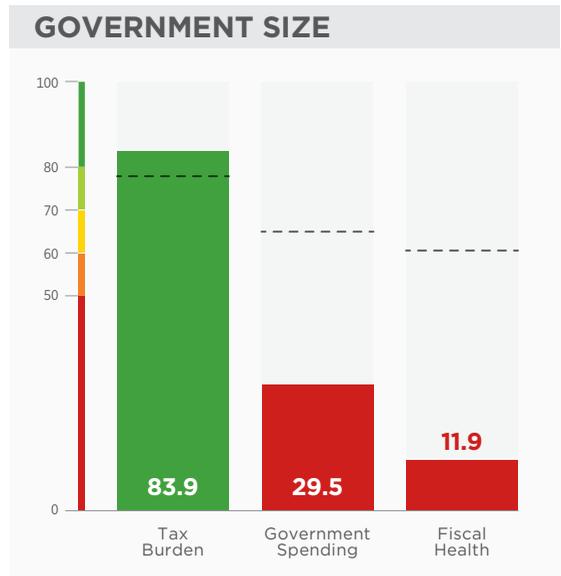
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Montenegro declared independence from Serbia in 2006, introduced significant privatizations, and adopted the euro despite lack of membership in the eurozone. It joined NATO in 2017 and is an EU candidate country. Despite winning the most seats in the August 2020 elections, the center-left Democratic Party of Socialists, which had ruled for 30 years but faced charges of corruption, failed to form a majority. A coalition of three opposition blocs headed by Prime Minister Zdravko Krivokapić took power. The most powerful coalition party is the pro-Russian and Serb Democratic Front. Nevertheless, the government has pledged to maintain a pro-Western orientation while focusing on economic recovery and the rule of law. A controversial law regarding the ownership of property by religious communities was amended in December 2020.

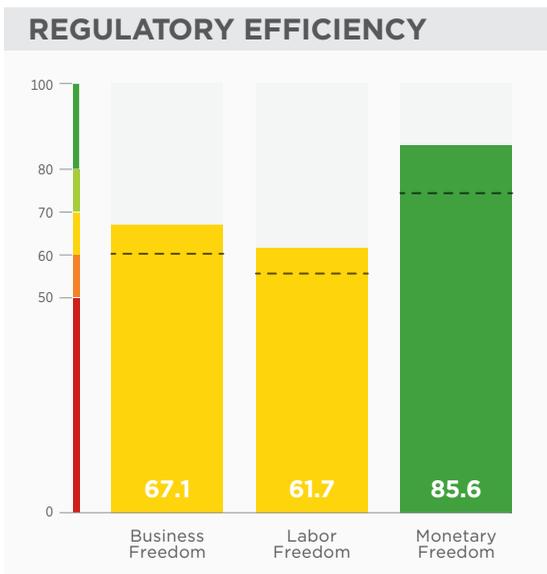
12 ECONOMIC FREEDOMS | MONTENEGRO



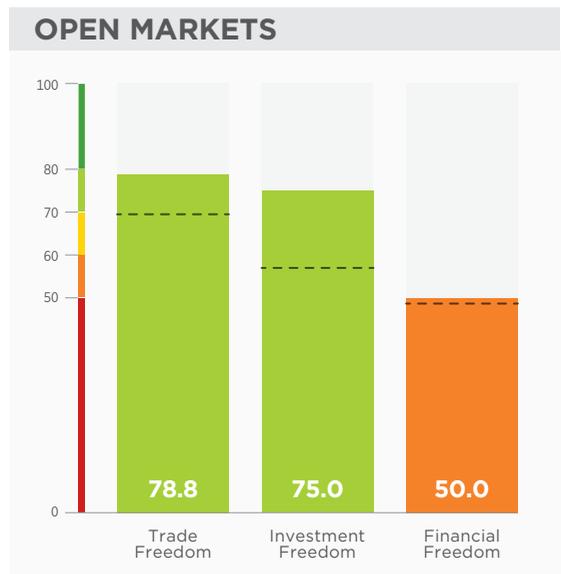
Property rights are respected. Despite efforts to bolster its independence, the judiciary remains susceptible to pressure from the government and suffers from serious deficiencies in transparency, openness, professionalism, and accountability. Corruption and cronyism remain widespread, and the new anticorruption agency's integrity, credibility, impartiality, independence, accountability, and setting of priorities have been questioned.



The personal income and corporate tax rates are a flat 9 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 38.1 percent of total domestic income. Government spending has amounted to 48.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.5 percent of GDP. Public debt is equivalent to 108.8 percent of GDP.



Implementation of the legal framework adopted in 2006 to encourage privatization has been slow. Little success has been achieved in diversifying beyond tourism, energy, and agriculture. About 20 percent of those with jobs work in the public sector, which is less than in previous years. The government continues to subsidize strategically important state enterprises in such fields as energy, transport, and tourism.



Montenegro has five preferential trade agreements in force. The trade-weighted average tariff rate is 5.6 percent, and 16 nontariff measures are in effect. Although foreign investment is officially welcome, the investment regime remains bureaucratic and undercuts more dynamic investment growth. The small financial sector has gradually become more competitive and diversified.

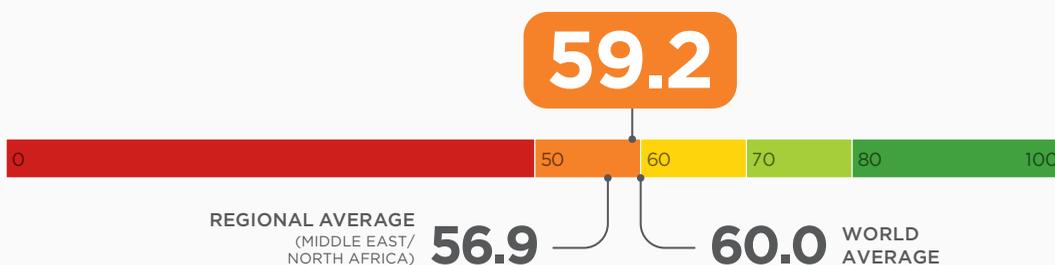
MOROCCO

Morocco's economic freedom score is 59.2, making its economy the 97th freest in the 2022 *Index*. Morocco is ranked 6th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional average but below the world average.

The past five years have been a period of slow growth for the economy of Morocco. Unfortunately, a trend of moderate growth in economic freedom during those five years has been broken. Weighed down by low scores for **judicial effectiveness** and **fiscal health**, Morocco has recorded a 2.3-point overall loss of economic freedom since 2017 and has slipped from the "Moderately Free" category into the "Mostly Unfree" category. Monetary freedom is a strong point, but **government integrity** is weak.

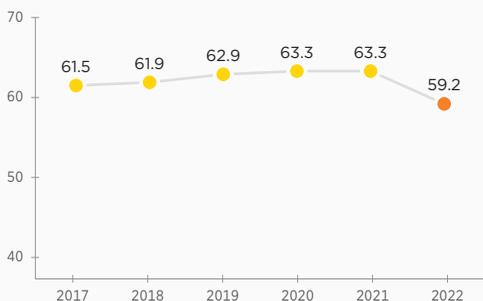
IMPACT OF COVID-19: As of December 1, 2021, 14,779 deaths had been attributed to the pandemic in Morocco, and the government's response to the crisis ranked 22nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 7.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -3.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
36.9 million

GDP (PPP):
\$274.0 billion
-7.0% growth in 2020
5-year compound annual growth 0.8%
\$7,620 per capita

UNEMPLOYMENT:
10.2%

INFLATION (CPI):
0.6%

FDI INFLOW:
\$1.8 billion

PUBLIC DEBT:
76.1% of GDP

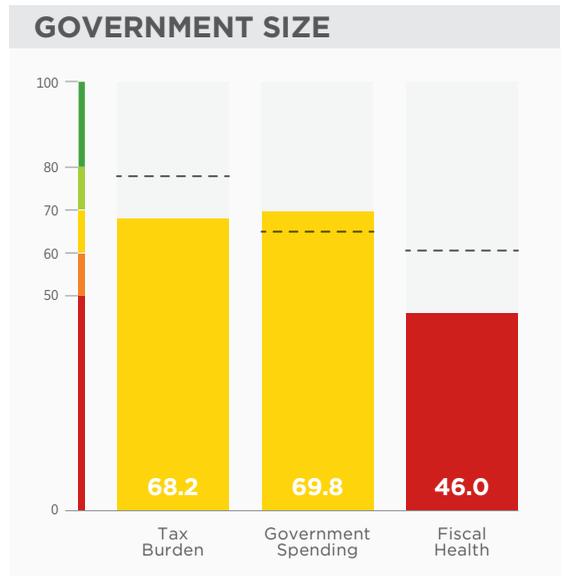
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Morocco's Alawite royal family dates from the 17th century. A constitutional monarchy with an elected parliament, Morocco has been a key Western ally in the fight against Islamist terrorism. Although he took steps after 2011 to increase the power and independence of the prime minister (currently Saadeddine Othmani) and provide greater civil liberties, King Mohammed VI remains chief executive and a key stabilizing influence. The United Nations has monitored a cease-fire between Morocco and the Polisario Front in the phosphate-rich Western Sahara since 1991, but peace talks have been deadlocked since 2008. A peace agreement with Israel announced in December 2020 has cleared the way for normalization of trade, investment, technological cooperation, and tourism between the two countries.

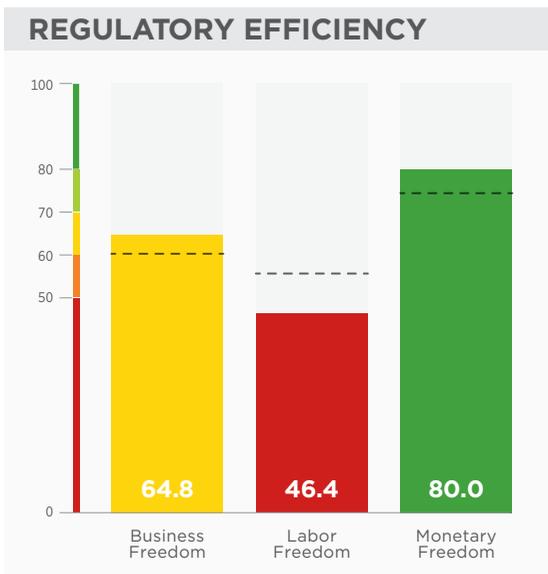
12 ECONOMIC FREEDOMS | MOROCCO



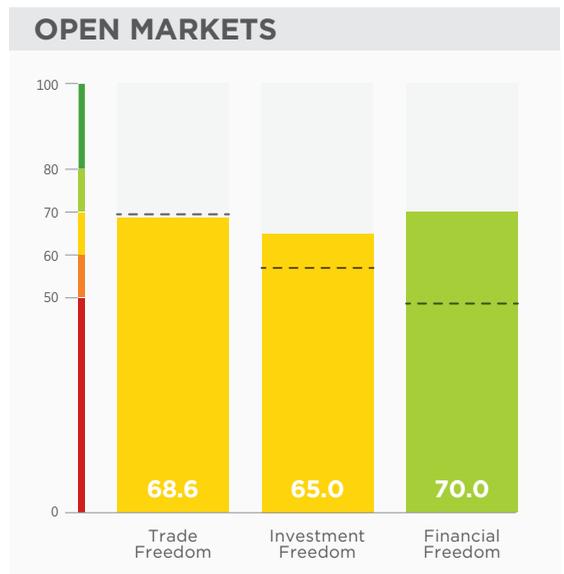
Property rights are recognized, but the land registration system is not fully transparent. Only about 30 percent of land is formally registered, primarily in urban areas. Tribes own more than one-third of the land. Corruption and extrajudicial influence have weakened judicial independence. Judges lack training in the resolution of commercial disputes. Corruption is rife in state institutions and the economy.



The top individual income tax rate is 38 percent, and the top corporate tax rate is 31 percent. Other taxes include a value-added tax. The overall tax burden equals 27.8 percent of total domestic income. Government spending has amounted to 31.8 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 76.1 percent of GDP.



A privatization program was relaunched in the 2019 budget, but the government still had a direct share in 225 state-owned enterprises in 2021. Regulatory reform moves at a slow pace. It is very difficult to fire an employee. The government subsidizes butane gas, fuel, sugar, and flour prices in addition to the agriculture sector.



Morocco has nine preferential trade agreements in force. The trade-weighted average tariff rate is 10.7 percent, and 49 non-tariff measures are in effect. Foreign investment is welcome, but sector restrictions continue, particularly in areas where the state maintains a monopoly. With financial intermediation gradually increasing, the competitive financial sector continues to grow and offers a range of financing options.

MOZAMBIQUE

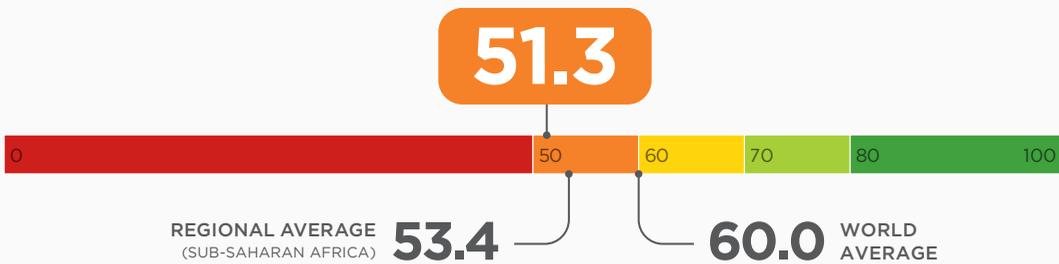
WORLD RANK: **142** | REGIONAL RANK: **32**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Mozambique's economic freedom score is 51.3, making its economy the 142nd freest in the 2022 *Index*. Mozambique is ranked 32nd among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

In the past half-decade, Mozambique's economy grew slowly from 2017 through 2019, contracted in 2020, and resumed growth in 2021. Economic freedom has declined from highs reached in the early part of this century, but the recent five-year trend is positive. With improved scores for **government spending** and **fiscal health**, Mozambique has eked out a 1.4-point overall gain of economic freedom since 2017 and has managed to maintain its position in the "Mostly Unfree" category for three consecutive years. Monetary freedom is relatively good, but **government integrity** and **investment freedom** are very weak.

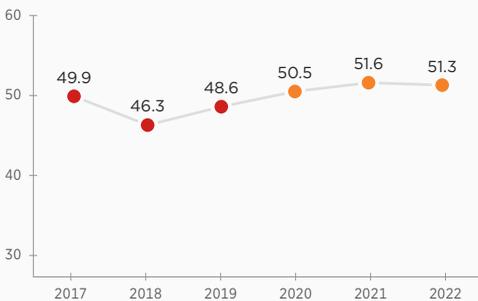
IMPACT OF COVID-19: As of December 1, 2021, 1,941 deaths had been attributed to the pandemic in Mozambique, and the government's response to the crisis ranked 61st among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +5.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
31.3 million

GDP (PPP):
\$40.8 billion
-0.5% growth
in 2020
5-year compound
annual growth 2.6%
\$1,277 per capita

UNEMPLOYMENT:
3.4%

INFLATION (CPI):
3.1%

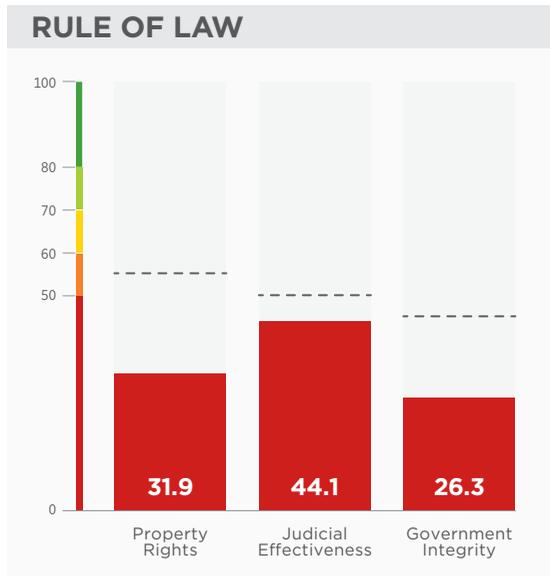
FDI INFLOW:
\$2.3 billion

PUBLIC DEBT:
122.2% of GDP

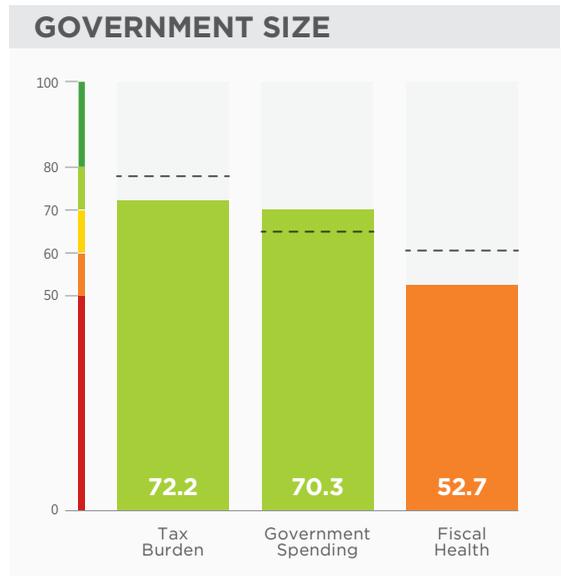
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Mozambique Liberation Front (FRELIMO), headed since 2015 by President Filipe Nyusi, has been in power since independence from Portugal in 1975. Nyusi was returned to office in a landslide October 2019 election that was deemed neither free nor fair. A 16-year civil war between FRELIMO and the rebel Mozambican National Resistance (RENAMO) ended with a peace agreement in 1992, but there has been sporadic violence since 2013. A brutal Islamist terrorist group in the North threatens the development of large gas fields. International legal proceedings to determine liability for the furtive accrual of massive unauthorized government debt are ongoing. More than half of the population remains below the poverty line and reliant on subsistence agriculture.

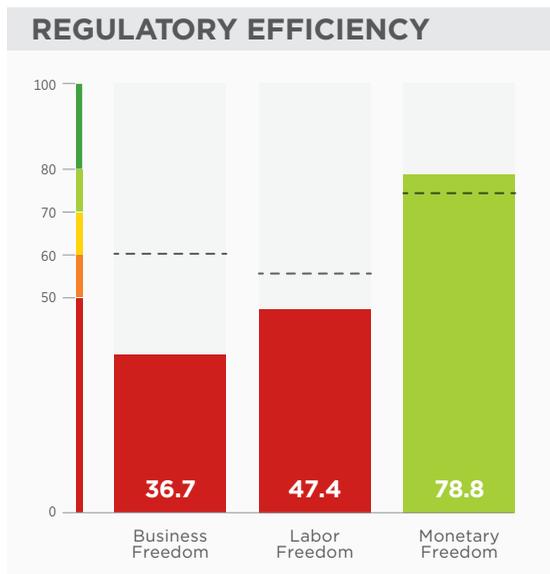
12 ECONOMIC FREEDOMS | MOZAMBIQUE



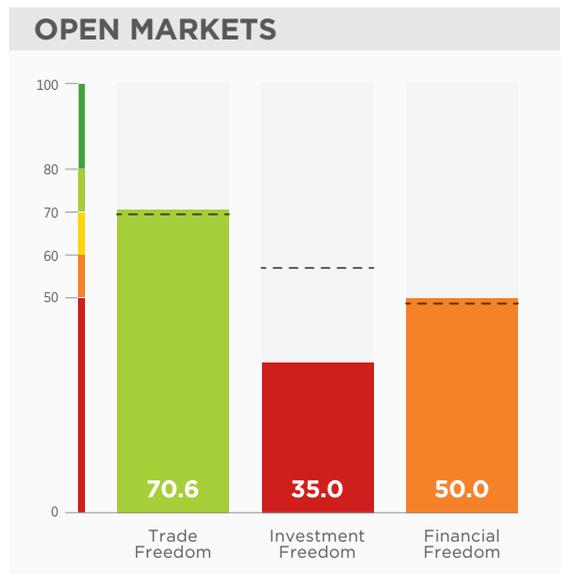
The legal system recognizes and protects property rights with respect to buildings and movable property, but private ownership of land is forbidden because all land is owned by the state. The judiciary is independent but hampered by executive interference. Corruption remains widespread at the highest levels of government. Patronage networks are deeply entrenched, and various groupings compete for state resources.



The top individual income and corporate tax rates are 32 percent. Other taxes include value-added and inheritance taxes. The overall tax burden equals 27.1 percent of total domestic income. Government spending has amounted to 31.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.1 percent of GDP. Public debt is equivalent to 122.2 percent of GDP.



Business operating costs are high, partly because of poor infrastructure. Several large corporations have put plans for the extraction of natural gas on hold because of terrorism. Most of the labor force works informally in subsistence agriculture. The government continues to subsidize legacy Marxist-Leninist state-owned enterprises that compete unfairly with privately owned companies in several sectors.



Mozambique has four preferential trade agreements in force. The trade-weighted average tariff rate is 7.2 percent, and four nontariff measures are in effect. Although there is no formal investment screening process, lingering institutional and regulatory shortcomings undermine expansion of the private sector. The financial sector is dominated by banking and remains underdeveloped.

NAMIBIA

WORLD RANK:

95

REGIONAL RANK:

11

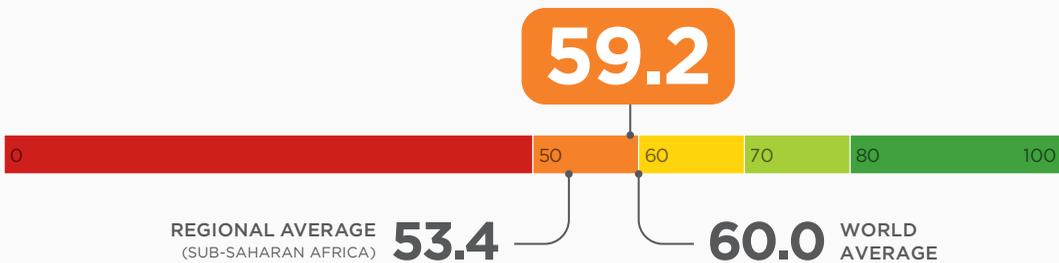
ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Namibia's economic freedom score is 59.2, making its economy the 95th freest in the 2022 *Index*. Namibia is ranked 11th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Namibia's economic growth over the past five years has ebbed and flowed: negative in 2017, positive in 2018, negative in 2019 and 2020, and back to positive in 2021. Economic freedom has vacillated similarly during those years. With strong upswings in scores for rule of law overshadowed by a steep decline in **fiscal health**, Namibia has recorded a 3.3-point overall loss of economic freedom since 2017 and has fallen from the "Moderately Free" category to the "Mostly Unfree" category. Monetary freedom is relatively strong, but **financial freedom** is weak.

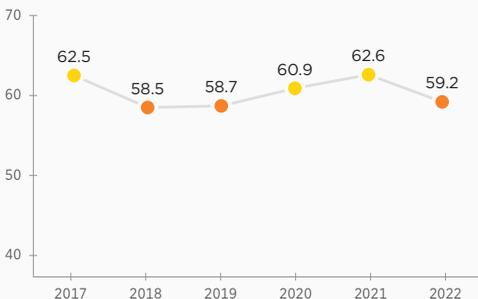
IMPACT OF COVID-19: As of December 1, 2021, 3,573 deaths had been attributed to the pandemic in Namibia, and the government's response to the crisis ranked 149th among the countries included in this *Index* in terms of its stringency. The economy contracted by 7.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): -2.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.5 million

GDP (PPP):
\$23.8 billion
-7.2% growth in 2020
5-year compound annual growth -1.8%
\$9,397 per capita

UNEMPLOYMENT:
20.4%

INFLATION (CPI):
2.6%

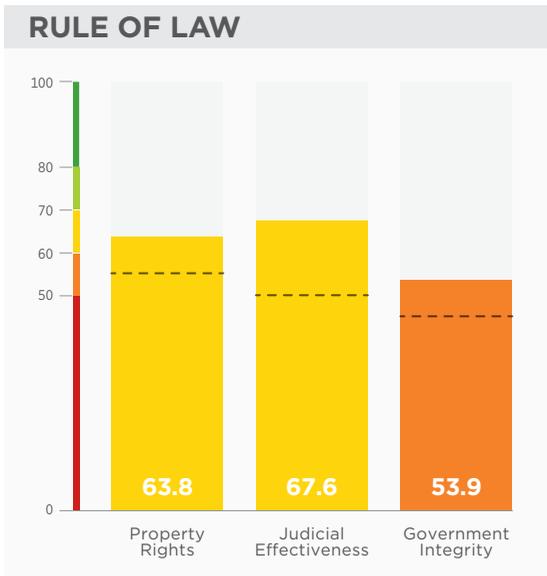
FDI INFLOW:
-\$75.0 million

PUBLIC DEBT:
65.7% of GDP

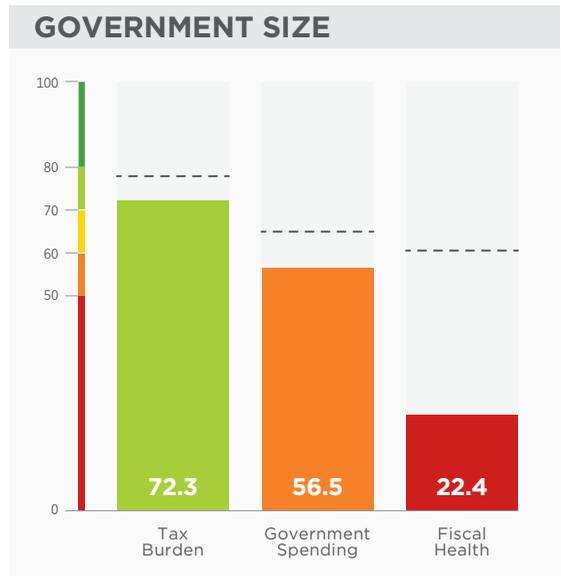
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Namibia gained its independence from South Africa in 1990 and since then has been politically stable. President Hage Geingob was elected to a second five-year term in 2019 but by a much narrower margin than he earned in 2014. The ruling SWAPO Party of Namibia, which has won every election by large majorities since 1990, lost its parliamentary supermajority in the 2019 election. The mining sector, especially uranium, brings in more than 50 percent of foreign exchange earnings. Namibia's economy is closely linked to South Africa's, and its credit rating is one of the highest in the region. Land reforms being considered by the government include expropriation of land with "fair compensation" for redistribution to the black majority.

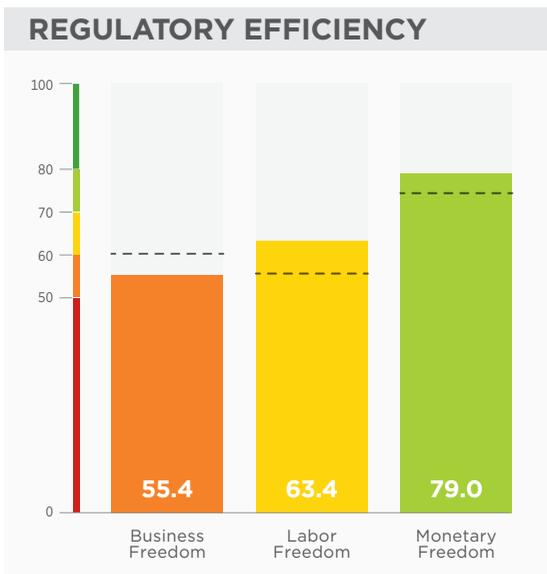
12 ECONOMIC FREEDOMS | NAMIBIA



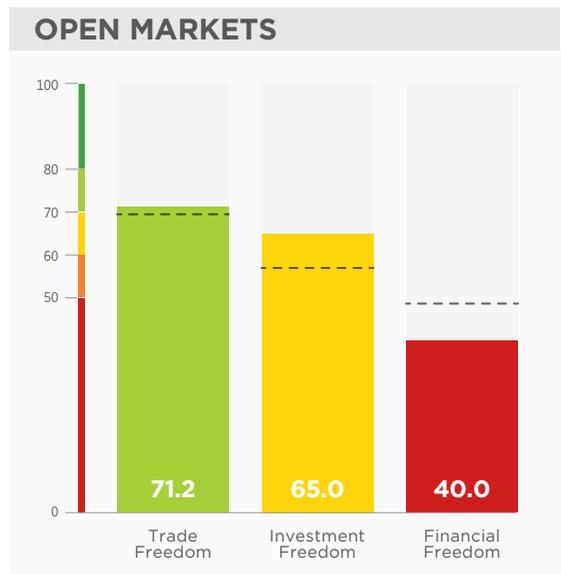
Property rights and contractual rights are guaranteed by law and enforceable by the judicial system, but the judiciary lacks adequate resources and technical capacity. Land rights are contentious, and property registration can be difficult and time-consuming. Officials sometimes engage in corrupt practices, and demands for bribes are not uncommon in the public sector. Enforcement of anticorruption laws is inconsistent.



The top individual income tax rate is 37 percent, and the top corporate tax rate is 32 percent. Other taxes include a value-added tax. The overall tax burden equals 19.4 percent of total domestic income. Government spending has amounted to 38.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.6 percent of GDP. Public debt is equivalent to 65.7 percent of GDP.



Business infrastructure is good, and roads are the best on the African continent, but the overall regulatory environment is less facilitative than those of many other countries. The labor market is characterized by low productivity and a shortage of skilled labor. There is no plan for the privatization of state-owned enterprises, and the government continues to subsidize education, medical care, and agriculture.



Namibia has seven preferential trade agreements in force. The trade-weighted average tariff rate is 6.9 percent, and one formal nontariff measure is in effect. However, other barriers, exacerbated by regulatory shortcomings, undermine overall trade freedom. There are no formal limits on foreign ownership, but some sectors are subject to a joint local ownership requirement. Despite some progress, financial intermediation is uneven across the country.

NEPAL

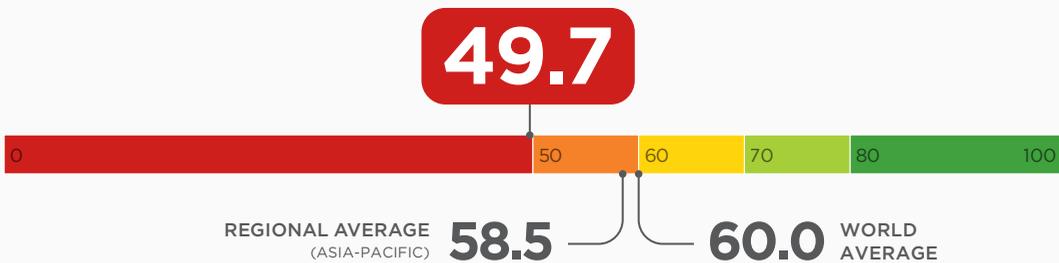
WORLD RANK: **148** | REGIONAL RANK: **31**
 ECONOMIC FREEDOM STATUS:
REPRESSED

Nepal's economic freedom score is 49.7, making its economy the 148th freest in the 2022 *Index*. Nepal is ranked 31st among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Over the past five years, Nepal's economic growth rate decelerated rapidly from 2017 through 2019. The economy went into full contraction in 2020 but rebounded in 2021. A five-year trend of declining economic freedom has continued. With a sharp drop in its **fiscal health** score, Nepal has recorded a 5.4-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Unfree" category to the "Repressed" category. The Nepali economy is lightly taxed, but **investment freedom** and **financial freedom** are very low.

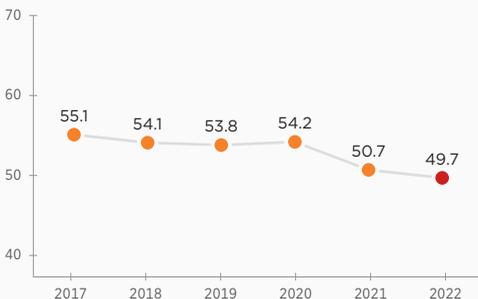
IMPACT OF COVID-19: As of December 1, 2021, 11,529 deaths had been attributed to the pandemic in Nepal, and the government's response to the crisis ranked 37th among the countries included in this *Index* in terms of its stringency. The economy contracted by 1.9 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -0.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
29.1 million

GDP (PPP):
\$117.1 billion
-1.9% growth in 2020
5-year compound annual growth 4.4%
\$4,061 per capita

UNEMPLOYMENT:
4.4%

INFLATION (CPI):
6.2%

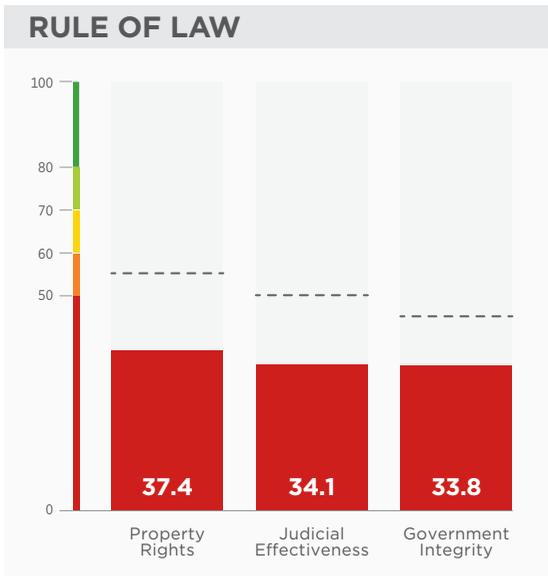
FDI INFLOW:
\$126.0 million

PUBLIC DEBT:
41.3% of GDP

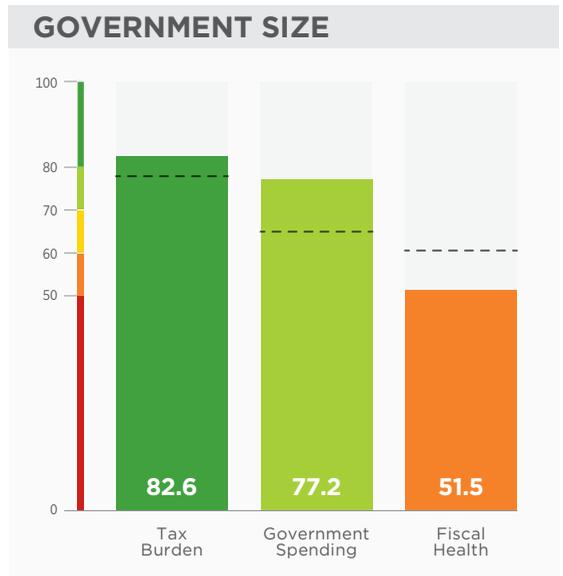
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Kingdom of Nepal, a small Hindu-majority nation wedged between India and China in the Himalayas, became a multiparty federal republic in 2008. Since then, the country's political life has been paralyzed by continuous instability including multiple political crises in 2021. Nepal remains one of the world's poorest and least-developed countries. Khadga Prasad Oli of the Maoist-leaning Communist Party became the country's 41st prime minister in 2018. Also in 2018, China and Nepal agreed to establish a rail link and signed a deal to increase Chinese investments in Nepal's power grid. China's growing footprint has become a source of contention with India, which traditionally has enjoyed an outsized influence on Nepal's foreign and economic policies.

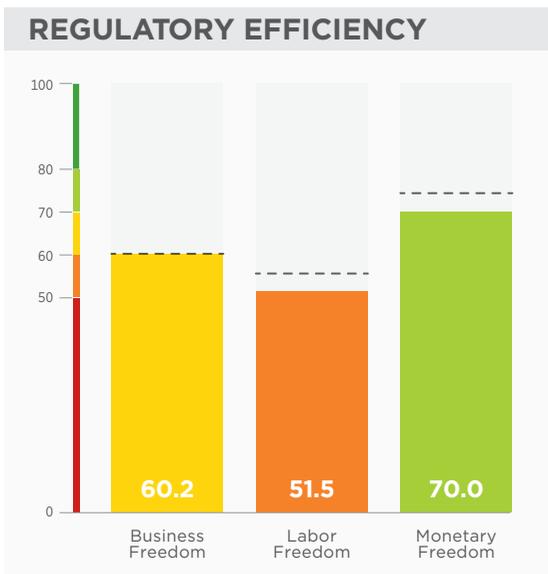
12 ECONOMIC FREEDOMS | NEPAL



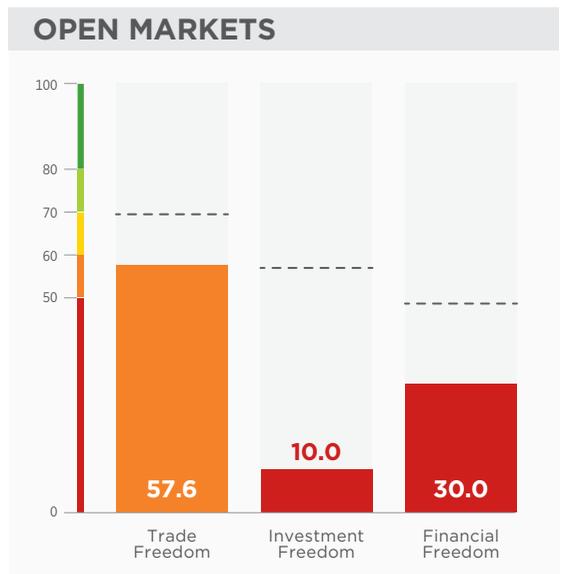
Ownership of property and land can be registered. Lingering property disputes, some dating from the 1996–2006 Maoist insurgency, have undermined the enforcement of property rights. The judiciary is independent, but the courts, although generally reliable, are vulnerable to political pressure, bribery, and intimidation. Corruption is institutionalized and endemic in Nepali politics and government and often goes unpunished.



The top individual income and corporate tax rates are 25 percent. Other taxes include value-added and property taxes. The overall tax burden equals 22.1 percent of total domestic income. Government spending has amounted to 27.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.3 percent of GDP. Public debt is equivalent to 41.3 percent of GDP.



Political fighting, poor infrastructure, and government restrictions inhibit business freedom in Nepal. Because there is little demand for skilled workers, thousands of skilled Nepalis emigrate each year to work in other countries. The government continues to provide subsidies to private-sector industries, primarily in the agricultural and export sectors.



Nepal has three preferential trade agreements in force. The trade-weighted average tariff rate is 13.7 percent, and nine nontariff measures are in effect. The government's statist approach to economic management and development is a serious drag on trade and investment. The government has raised the minimum foreign investment threshold. The financial sector is dominated by banking and remains underdeveloped and vulnerable to state interference.

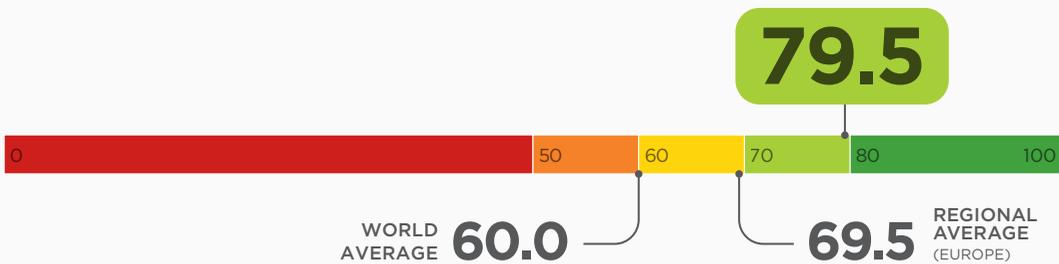
NETHERLANDS

The Netherlands' economic freedom score is 79.5, making its economy the 8th freest in the 2022 *Index*. The Netherlands is ranked 5th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Dutch economy slowed from 2017 to 2019, turned negative in 2020, and rebounded in 2021. During those five years, economic freedom has expanded. Lifted by improvements in scores for rule of law and **fiscal health**, the Netherlands has recorded a 3.7-point overall gain of economic freedom since 2017 and has moved to the top of the "Mostly Free" category. Nine of the Netherlands' indicators are strongly positive, but the economy remains burdened by heavy taxation and **government spending**.

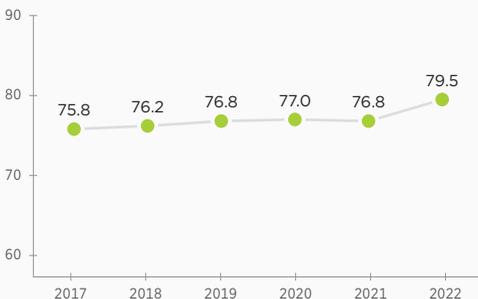
IMPACT OF COVID-19: As of December 1, 2021, 19,909 deaths had been attributed to the pandemic in the Netherlands, and the government's response to the crisis ranked 53rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +9.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
17.4 million

GDP (PPP):
\$1.0 trillion
-3.8% growth
in 2020
5-year compound
annual growth 1.1%
\$57,534 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
1.1%

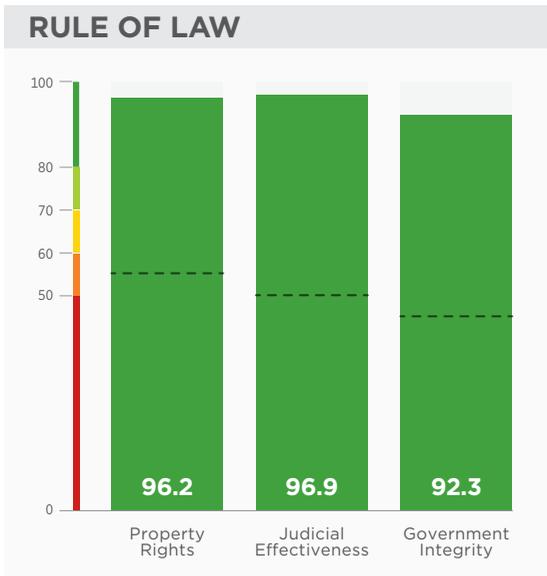
FDI INFLOW:
-\$115,300.0 million

PUBLIC DEBT:
54.0% of GDP

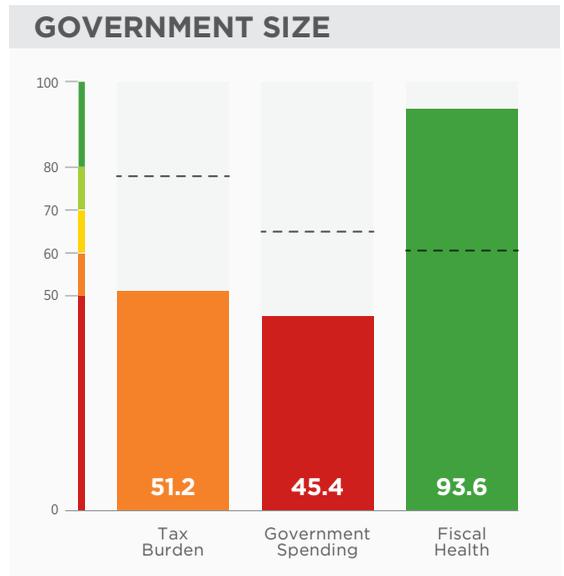
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Prime Minister Mark Rutte resigned in January 2021 after a scandal involving child welfare payments. His center-right People's Party for Freedom and Democracy lost seats in the March 2021 elections but remains the largest party in Parliament. Coalition negotiations to form a new government, which Prime Minister Rutte is expected to lead, were ongoing in December. Reductions in the Netherlands' annual budget contributions helped to secure Dutch support for the EU's coronavirus recovery fund. A European transportation hub, the Netherlands has the EU's fifth-largest economy, supported by exports of chemicals, refined petroleum, and electrical machinery as well as by a highly mechanized and profitable agricultural sector.

12 ECONOMIC FREEDOMS | NETHERLANDS



Private property rights are strongly protected, and contracts are reliably enforced. The judiciary is independent of political interference and provides impartial adjudication of disputes. Tolerance for political corruption is very low, and any cases that do arise are prosecuted expeditiously. Anticorruption laws are effective and promote government integrity. The Netherlands is a signatory to major international anticorruption conventions.



The top individual income tax rate is 52 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and environmental taxes. The overall tax burden equals 39.3 percent of total domestic income. Government spending has amounted to 42.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.6 percent of GDP. Public debt is equivalent to 54.0 percent of GDP.



It is not hard to start a business or resolve insolvency in the Netherlands. The business community is known for its innovation. The labor market is heavily regulated. Participation in the labor market by older workers is growing. The number of independent contractors has been rising. The government has funded a \$2.4 billion subsidy for construction of one of the world's largest carbon capture and storage projects.



As a member of the EU, the Netherlands has 46 preferential trade agreements in force. The trade weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. The Netherlands has an additional four country-specific nontariff barriers. There is no restrictive screening of foreign investment, and most sectors are open. Sensible banking regulations facilitate entrepreneurial growth.

NEW ZEALAND

WORLD RANK:

4

REGIONAL RANK:

2

ECONOMIC FREEDOM STATUS:

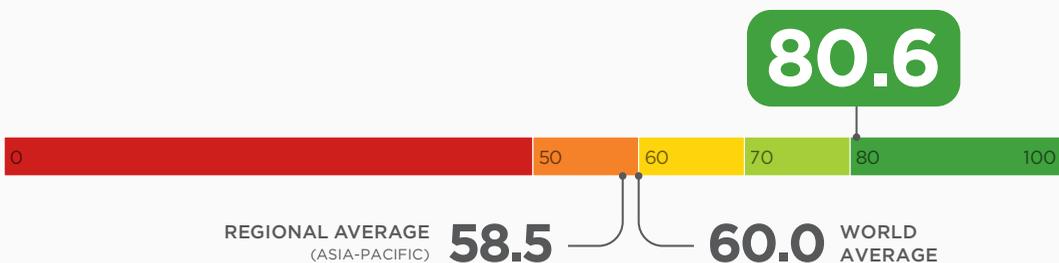
FREE

New Zealand's economic freedom score is 80.6, making its economy the 4th freest in the 2022 *Index*. New Zealand is ranked 2nd among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

New Zealand's economy was growing smartly in 2017 and 2018 but began to slow in 2019 before contracting in 2020. Growth recovered in 2021. During the past five years, economic freedom has generally been robust, although it has dipped. With higher scores for **government integrity** and **judicial effectiveness** overshadowed by score decreases in **fiscal health** and **business freedom**, New Zealand has registered an overall 3.1-point loss of economic freedom since 2017 but nevertheless remains in the top, "Free" *Index* category. The country's indicators are generally very strong except for the burden of **government spending** on the economy.

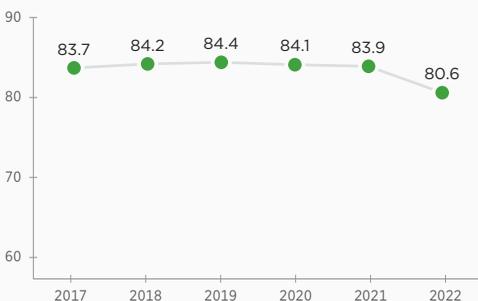
IMPACT OF COVID-19: As of December 1, 2021, 44 deaths had been attributed to the pandemic in New Zealand, and the government's response to the crisis ranked 7th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +2.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.1 million

GDP (PPP):
\$213.9 billion
-3.0% growth in 2020
5-year compound annual growth 2.1%
\$42,018 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
1.7%

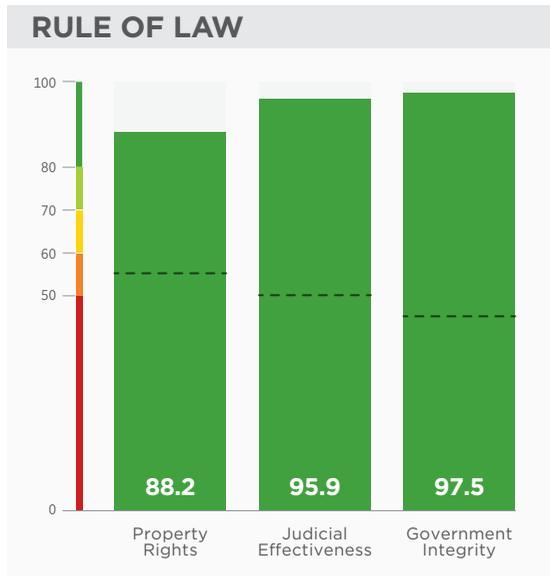
FDI INFLOW:
\$4.2 billion

PUBLIC DEBT:
41.3% of GDP

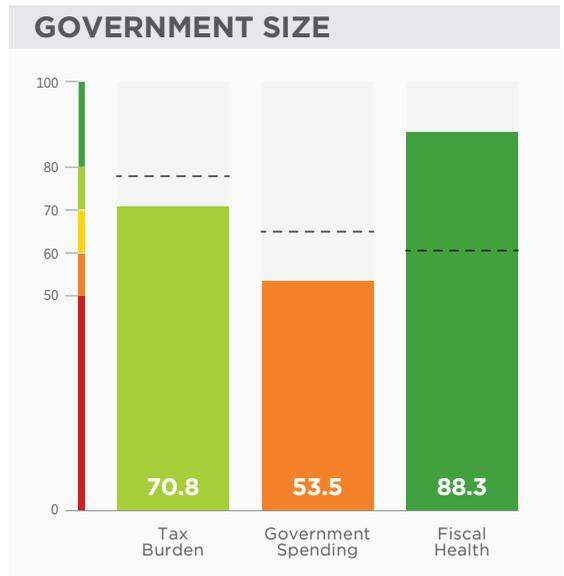
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The former British colony of New Zealand is one of the Asia-Pacific region's most prosperous countries. General elections in 2017 resulted in a hung parliament, enabling new Prime Minister Jacinda Ardern's center-left Labor Party to return to power. She will remain in power until 2023 after winning a landslide victory in 2020 elections. Far-reaching deregulation and privatization since the 1980s have largely liberated the economy. Agriculture is important as are manufacturing, tourism, and a strong geothermal energy resource base. The ongoing trade tension between the U.S. and China is of concern to New Zealand, especially given its heavy reliance on China for export revenue. Until the present crisis, New Zealand's economy had been expanding since 2010.

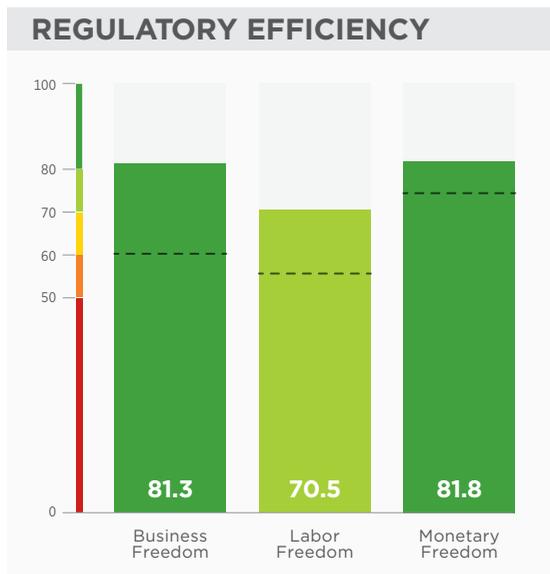
12 ECONOMIC FREEDOMS | NEW ZEALAND



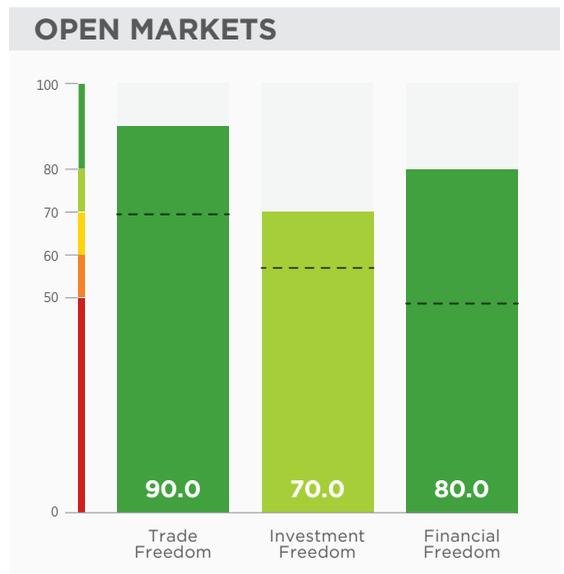
New Zealand recognizes and enforces secured interests in property, both movable and real. The Land Transfer Act of 2017 simplified and modernized property law. The judicial system is independent and functions well. New Zealand ranked 1st among the 180 countries surveyed in Transparency International's 2020 *Corruption Perceptions Index*. Stiff penalties against bribery of government officials and those who accept bribes are strictly enforced.



The top income tax rate is 33 percent, and the top corporate tax rate is 28 percent. Other taxes include goods and services and environmental taxes. The overall tax burden equals 32.3 percent of total domestic income. Government spending has amounted to 39.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.3 percent of GDP. Public debt is equivalent to 41.3 percent of GDP.



The government's strict shutdowns of the economy decimated tourism. The government began to tax online businesses at 15 percent and is considering additional taxes. A wage subsidy of 80 percent of private companies' salaries has kept unemployment under control during the crisis, but it also has significantly increased public debt. The government has introduced new subsidies for electric vehicles and for housing and urban development.



New Zealand has 13 preferential trade agreements in force. The trade-weighted average tariff rate is 2.5 percent, and 247 nontariff measures are in effect. Overall, openness to global trade and investment is firmly institutionalized. Banking is well established and competitive. To support the financial system's stability and liquidity during the pandemic, implementation of a higher capital reserve requirement for banks has been postponed.

NICARAGUA

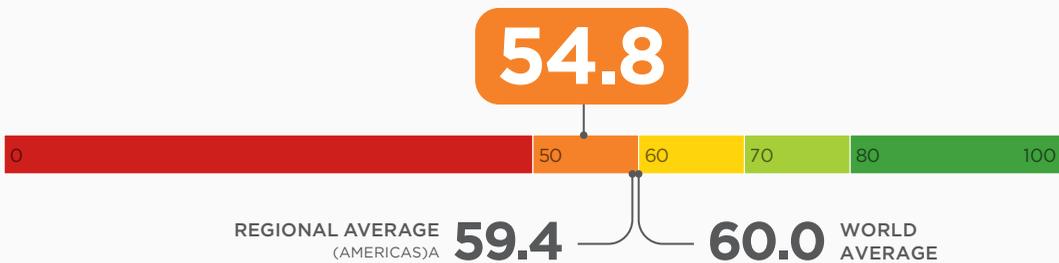
Nicaragua's economic freedom score is 54.8, making its economy the 122nd freest in the 2022 *Index*. Nicaragua is ranked 23rd among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Economic growth has stalled in Nicaragua over the past five years. During the same period, economic freedom has declined each year. Weighed down by sinking scores for **government integrity**, **fiscal health**, and **trade freedom**, Nicaragua has recorded a 4.4-point overall loss of economic freedom since 2017 and has fallen into the lower half of the "Mostly Unfree" category. Monetary freedom is somewhat stable, but **business freedom** is lacking.

IMPACT OF COVID-19: As of December 1, 2021, 213 deaths had been attributed to the pandemic in Nicaragua, and the government's response to the crisis ranked 169th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.0 percent in 2020.

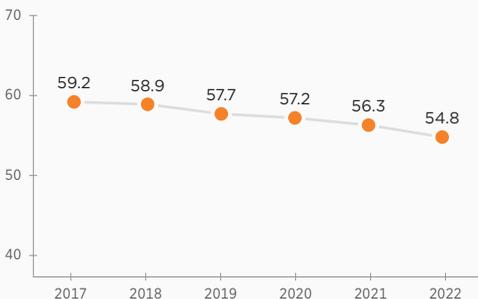
WORLD RANK: **122** REGIONAL RANK: **23**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +12.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.6 million

GDP (PPP):
\$36.2 billion
-3.0% growth in 2020
5-year compound annual growth -0.3%
\$5,575 per capita

UNEMPLOYMENT:
5.8%

INFLATION (CPI):
3.7%

FDI INFLOW:
\$182.0 million

PUBLIC DEBT:
46.0% of GDP

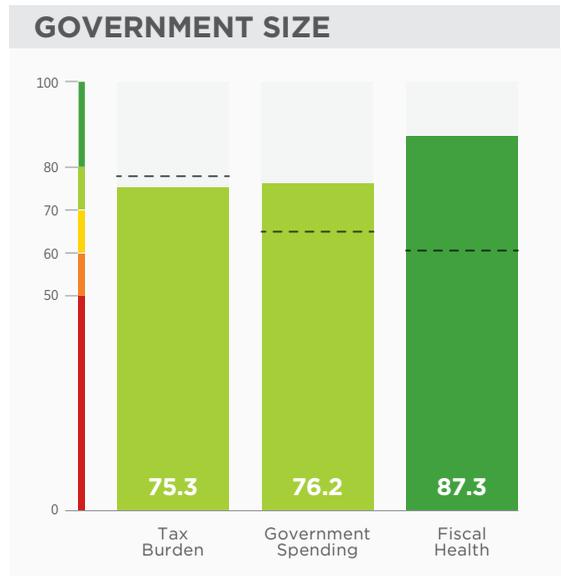
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Leftist Sandinista National Liberation Front (FSLN) leader Daniel Ortega overthrew the authoritarian Somoza regime in the late 1970s and headed an FSLN-led junta until losing a free and fair election in 1990. Elected president again in 2006 with 38 percent of the vote, Ortega and his wife, Vice President Rosario Murillo, have tightened their brutal authoritarian grip on power. They control the government, security forces, and other key sectors. Before Ortega's run for a fourth term in November 2021, the regime arrested all major opposition presidential candidates and took many other political prisoners. As punishment for the fraudulent election, the U.S. and other democratic nations have imposed sanctions and taken other measures to try to force the regime from power.

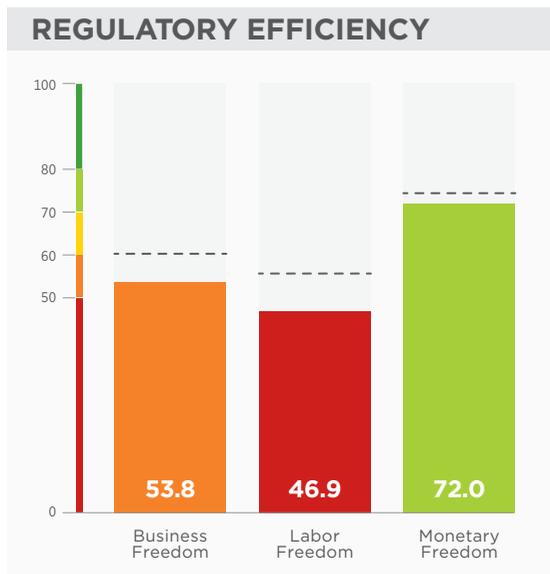
12 ECONOMIC FREEDOMS | NICARAGUA



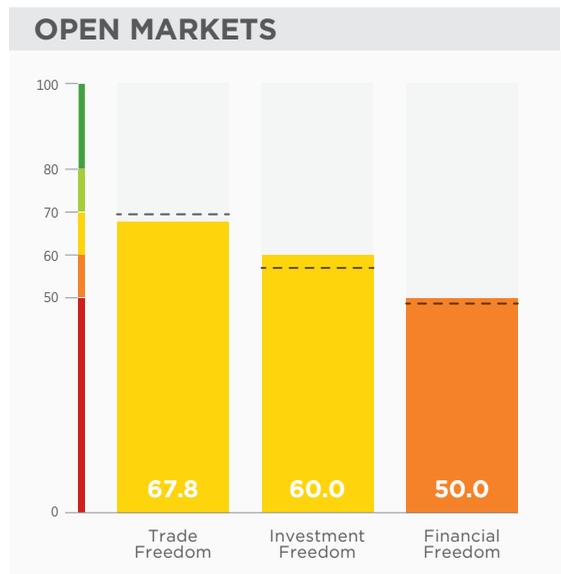
Property rights, contractual rights, and their enforcement are notoriously unreliable. The government regularly fails to enforce court decisions with respect to seizure, restitution, or compensation of private property. The judicial system is susceptible to bribes, manipulation, and political influence. Corruption pervades every element of government from top to bottom. The Ortega–Murillo family’s authoritarian rule is the greatest threat to fairness and equity.



The top individual income and corporate tax rates are 30 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 25.9 percent of total domestic income. Government spending has amounted to 28.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.3 percent of GDP. Public debt is equivalent to 46.0 percent of GDP.



Constitutionally guaranteed civil rights are frequently suspended, and regulations are handed down by the Ortega government with no predictability. Alarming laws approved in 2020 include the “gag” law, “foreign agents law,” and “consumer protection law.” The government maintains substantial controls on prices of butane gas, electricity for households, and pharmaceuticals while heavily subsidizing fuel and water.



Nicaragua has 11 preferential trade agreements in force. The trade-weighted average tariff rate is 6.1 percent, and 56 nontariff measures are in effect. The judicial and regulatory systems favor state-owned enterprises and undermine inflows of foreign investment. The low level of financial intermediation continues to hamper private-sector growth. Less than 40 percent of adult Nicaraguans have accounts with formal banking institutions.

NIGER

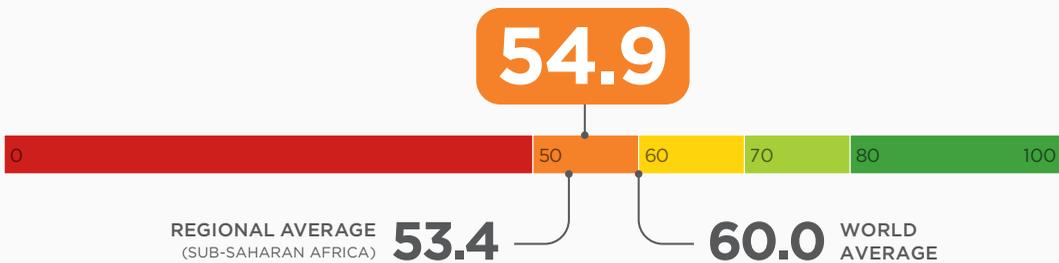
Niger's economic freedom score is 54.9, making its economy the 121st freest in the 2022 *Index*. Niger is ranked 22nd among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Niger's strong economic growth slowed in 2019 and 2020 and regained momentum in 2021. Although a four-year trend of expanding economic freedom has stumbled a bit, gains in scores for **judicial effectiveness** and **fiscal health** have enabled Niger to post an overall 4.1-point gain of economic freedom since 2017. Nevertheless, it remains near the middle of the "Mostly Unfree" category. Monetary freedom is somewhat solid, but **business freedom** needs significant improvement.

IMPACT OF COVID-19: As of December 1, 2021, 259 deaths had been attributed to the pandemic in Niger, and the government's response to the crisis ranked 160th among the countries included in this *Index* in terms of its stringency. The economy grew by 1.2 percent in 2020.

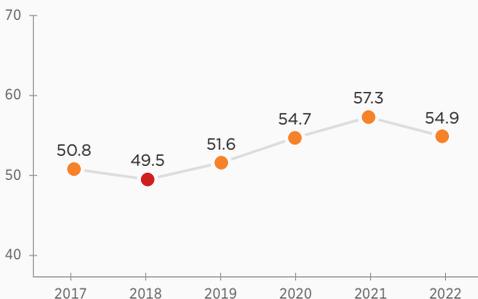
WORLD RANK: **121**
REGIONAL RANK: **22**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +9.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
24.2 million

GDP (PPP):
\$30.5 billion
1.2% growth in 2020
5-year compound annual growth 5.0%
\$1,259 per capita

UNEMPLOYMENT:
0.7%

INFLATION (CPI):
2.8%

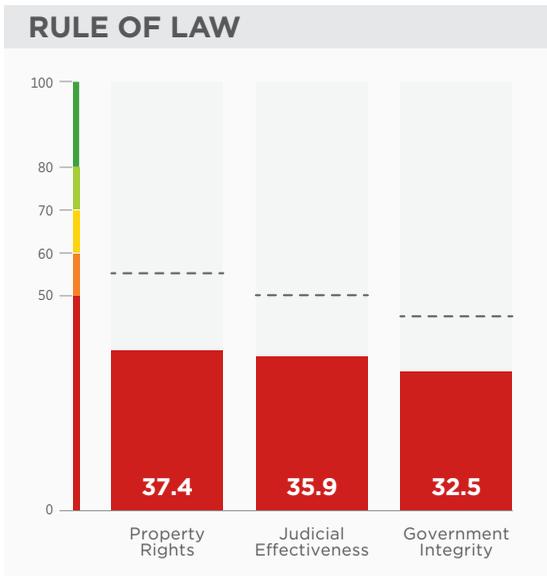
FDI INFLOW:
\$367.0 million

PUBLIC DEBT:
44.2% of GDP

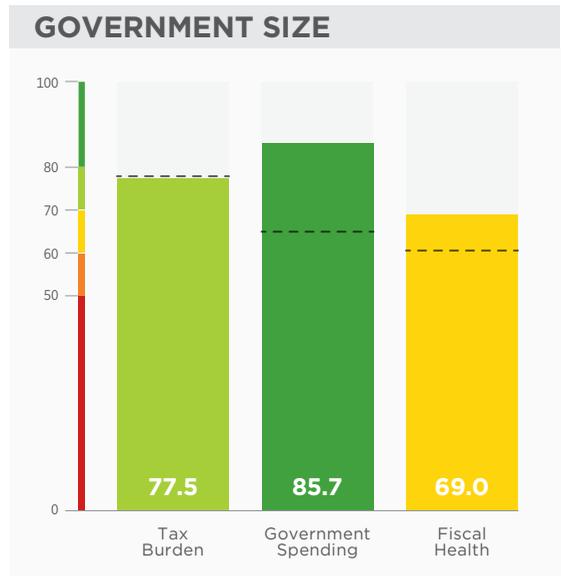
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: After independence from France in 1960, Niger was ruled by a single-party military regime until elections led to democratic government in 1993. Mohamed Bazoum of the Nigerien Party for Democracy and Socialism (PNDS) won a five-year term as president in a disputed election in 2021. The PNDS won the largest number of seats (80) in the 2020 legislative election. Together, the PNDS and its coalition partner, the Movement for the Rebirth of Niger (MRN), have a parliamentary majority. Ongoing challenges include a restive Tuareg population in the North, spillover violence from conflicts in Libya and Mali, and terrorist groups linked to al-Qaeda and the Islamic State. Niger has some of the world's largest uranium deposits, but its economy is centered on subsistence crops and livestock.

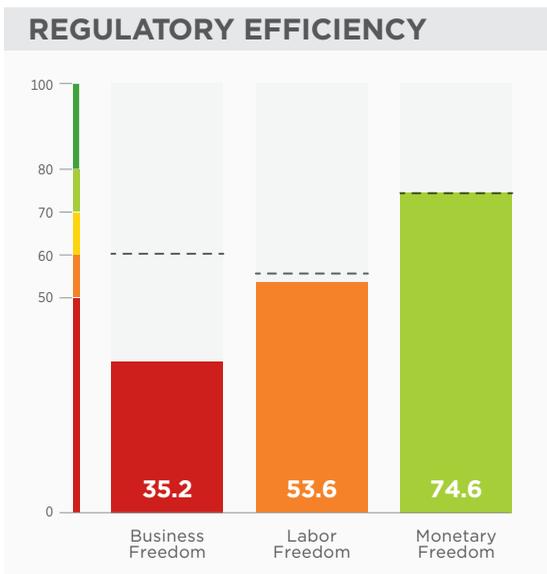
12 ECONOMIC FREEDOMS | NIGER



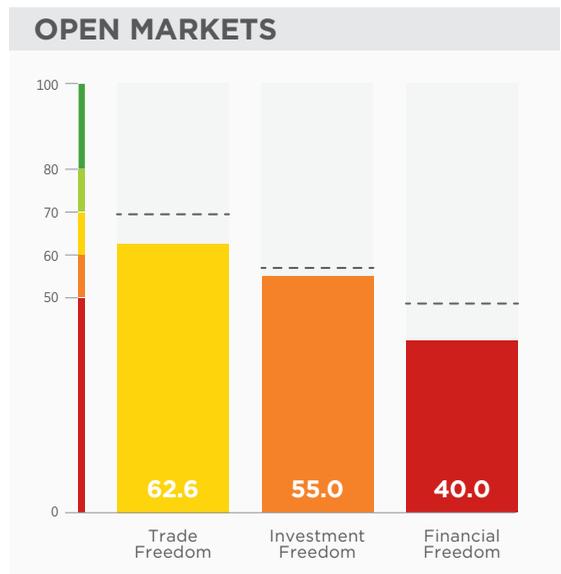
Property rights can be enforced, but disputes are common, particularly when community-owned land or customary land titles are involved. The judicial framework is ineffective, and the court system is weak and vulnerable to political pressure. High rates of illiteracy among the semi-nomadic Nigeriens contribute to a political culture that is overly tolerant of widespread corruption.



The top personal income tax rate is 35 percent, and the top corporate tax rate is 30 percent. Other taxes include interest and capital gains taxes. The overall tax burden equals 11.1 percent of total domestic income. Government spending has amounted to 21.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.1 percent of GDP. Public debt is equivalent to 44.2 percent of GDP.



Limited infrastructure, political instability, and the threat of terrorism have a negative impact on businesses. It remains to be seen whether a new office aimed at improving scores in indexes of this type can achieve policy change. There is often a significant time lag between finishing school and landing one's first job. The government subsidizes food, fuel, and other basic goods and controls numerous state-owned enterprises in key sectors.



Niger has two preferential trade agreements in force. The trade-weighted average tariff rate is 11.2 percent. The inefficient regulatory and legal environments constrain trade and investment. The underdeveloped, weak, and fragmented financial system reflects the small size of the formal economy. Participation in the financial system is low, and less than 20 percent of adult Nigeriens have formal bank accounts.

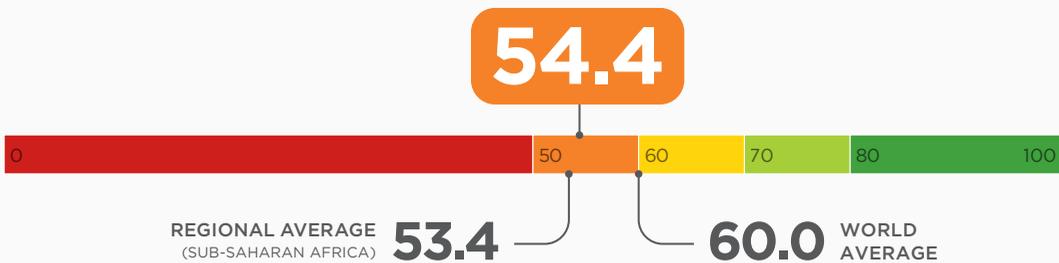
NIGERIA

Nigeria's economic freedom score is 54.4, making its economy the 124th freest in the 2022 *Index*. Nigeria is ranked 23rd among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

The Nigerian economy grew from 2017 through 2019, turned negative in 2020, and rebounded in 2021. The country's five-year trend of mediocre economic freedom has continued. Dragged down by score decreases in **fiscal health** and **property rights**, Nigeria has recorded a 2.7-point overall loss of economic freedom since 2017 and has fallen to the lower half of the "Mostly Unfree" category. Monetary freedom and **trade freedom** demonstrate some promise, but scores for rule of law and **financial freedom** are very low.

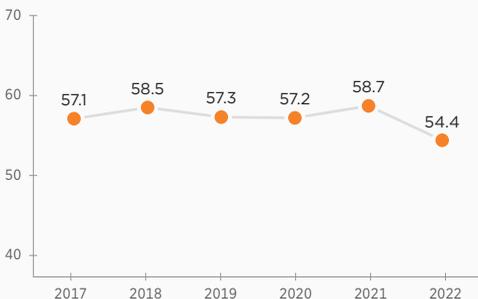
IMPACT OF COVID-19: As of December 1, 2021, 2,978 deaths had been attributed to the pandemic in Nigeria, and the government's response to the crisis ranked 62nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 1.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
206.1 million

GDP (PPP):
\$1.1 trillion
-1.8% growth
in 2020
5-year compound
annual growth 0.3%
\$5,187 per capita

UNEMPLOYMENT:
9.0%

INFLATION (CPI):
13.2%

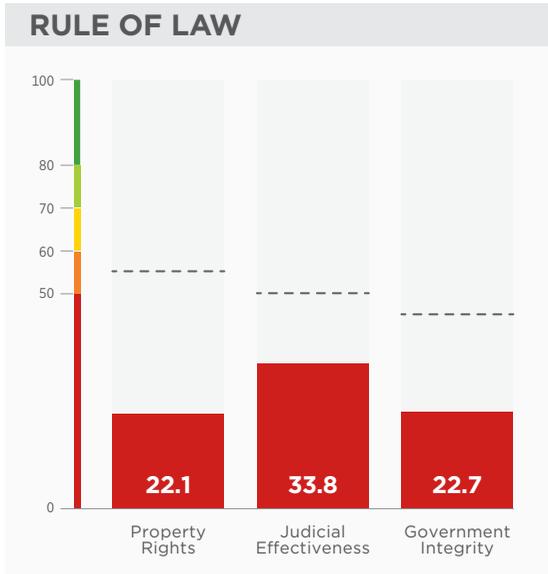
FDI INFLOW:
\$2.4 billion

PUBLIC DEBT:
35.1% of GDP

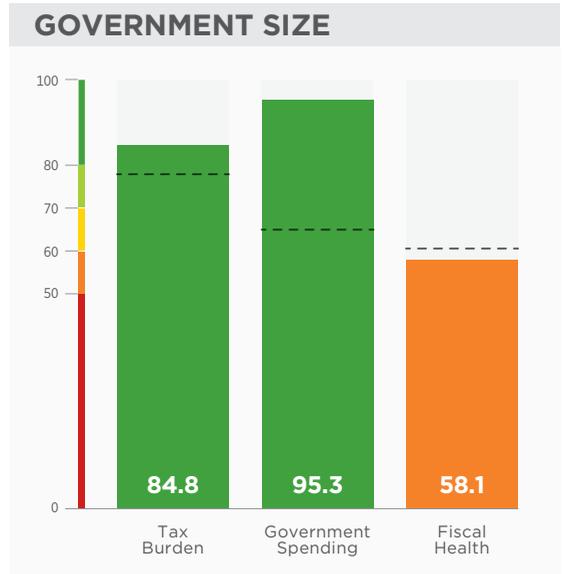
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Nigeria is Africa's most populous country. A new constitution established civilian government in 1999. President Muhammadu Buhari won reelection in 2019 despite long absences from the country and rumored ill health. A multinational coalition has expelled the Islamist terrorist Boko Haram from many of its strongholds in northeast Nigeria, but attacks by the increasingly powerful Islamic State West Africa Province continue. There also have been lethal outbreaks of violence in the Middle Belt, Niger Delta, and northwestern regions. The petroleum-based economy's fortunes rise and fall with the price of oil. Agriculture, telecommunications, and services are contributing to modest economic growth, but more than 60 percent of Nigeria's 170 million people still live in extreme poverty.

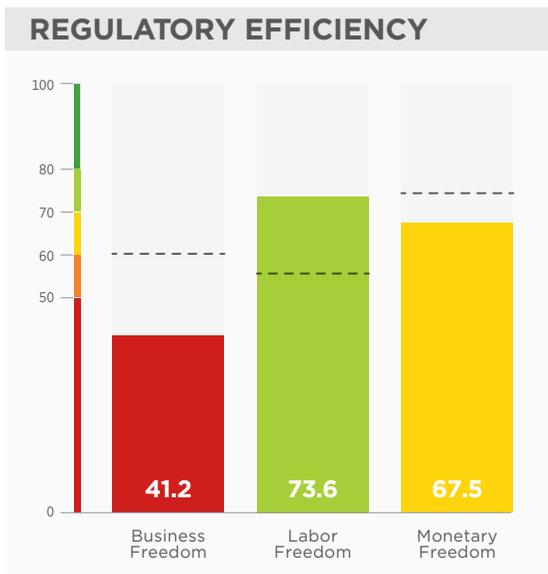
12 ECONOMIC FREEDOMS | NIGERIA



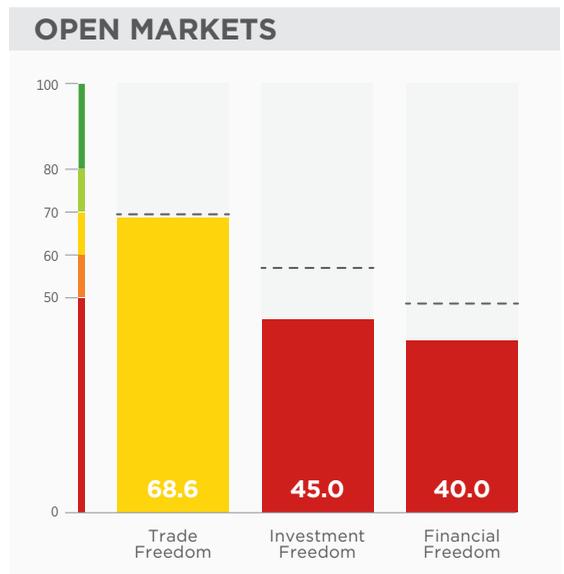
The government recognizes secured interests in property, such as mortgages, but enforcement is weakened by poorly regulated, complex, and corrupt state-level property registration and titling systems. Disputes over land ownership in rural areas are common. The judiciary is vulnerable to political interference. Courts lack adequate funding, equipment, and training. Corruption is pervasive in both public and private institutions.



The top individual income tax rate is 24 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 6.3 percent of total domestic income. Government spending has amounted to 12.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.0 percent of GDP. Public debt is equivalent to 35.1 percent of GDP.



Corruption among customs and port officials and others interferes with business freedom. It is hard to run a business or to be gainfully employed in the locales where violence and murder are common occurrences. Educated Nigerians often emigrate. The government's generous and budgetarily untenable monthly spending on fuel subsidies for consumers is increasingly burdensome.



Nigeria has two preferential trade agreements in force. The trade-weighted average tariff rate is 8.2 percent, and one formal nontariff measure is in effect. However, barriers to trade and investment persist in the form of bureaucratic delays. The financial sector is dominated by banking and is growing unevenly across the country. Nonperforming loans continue to be a problem.

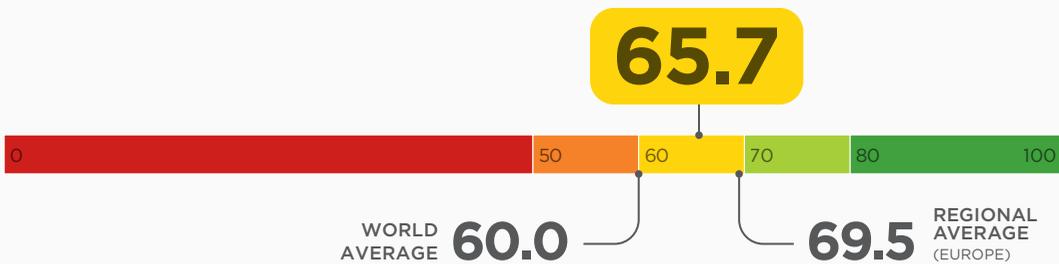
NORTH MACEDONIA

North Macedonia's economic freedom score is 65.7, making its economy the 53rd freest in the 2022 *Index*. North Macedonia is ranked 32nd among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

North Macedonia's economy accelerated from 2017 through 2019, turned negative in 2020, and recovered in 2021. Economic freedom peaked in 2018 but has declined since then. Dragged down by score decreases in **trade freedom** and rule of law (**property rights**, **judicial effectiveness**, and **government integrity**), North Macedonia has recorded a 5.0-point overall loss of economic freedom since 2017 and has fallen to the middle ranks of the "Moderately Free" countries. The economy is lightly burdened by taxation, but **fiscal health** needs to be improved.

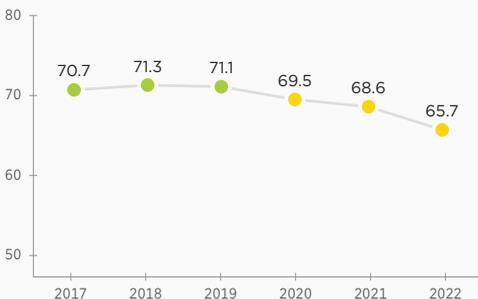
IMPACT OF COVID-19: As of December 1, 2021, 7,592 deaths had been attributed to the pandemic in North Macedonia. The economy contracted by 4.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2002): +7.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.1 million

GDP (PPP):
\$34.7 billion
-4.5% growth in 2020
5-year compound annual growth 1.1%
\$16,712 per capita

UNEMPLOYMENT:
18.4%

INFLATION (CPI):
1.2%

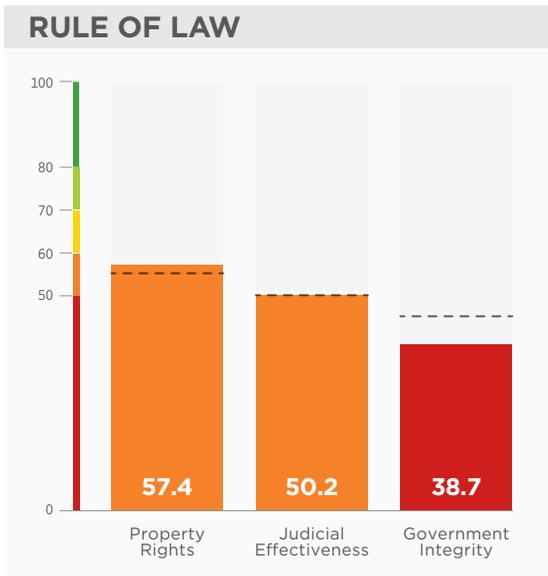
FDI INFLOW:
\$274 million

PUBLIC DEBT:
51.3% of GDP

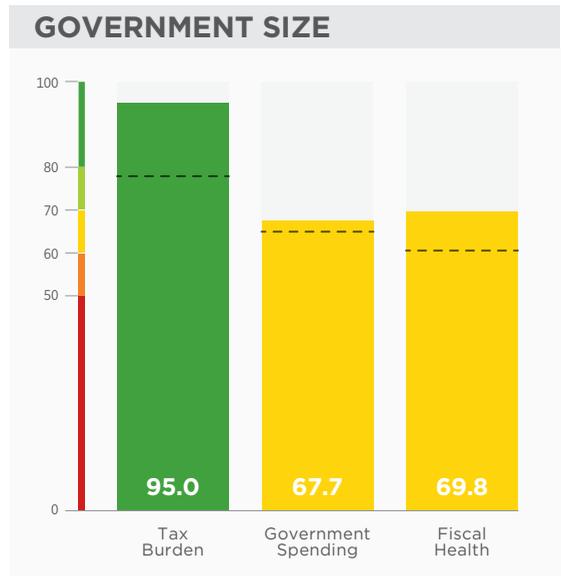
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Newly named Republic of North Macedonia gained independence from the former Yugoslavia in 1991 and joined NATO in 2020. Prime Minister Zoran Zaev of the center-left Social Democratic Union (SDSM) began a second term in 2020 after the SDSM won the most votes in July snap elections. Zaev heads a coalition with the ethnic Albanian Democratic Union for Integration (DUI). His previous government collapsed over failed attempts to start talks on accession to the European Union, which remain blocked. The EU is North Macedonia's principal trade and investment partner. Whether a 2019 name-change agreement with Greece appropriately preserves Macedonia's unique national, cultural, and linguistic identity remains a subject of controversy.

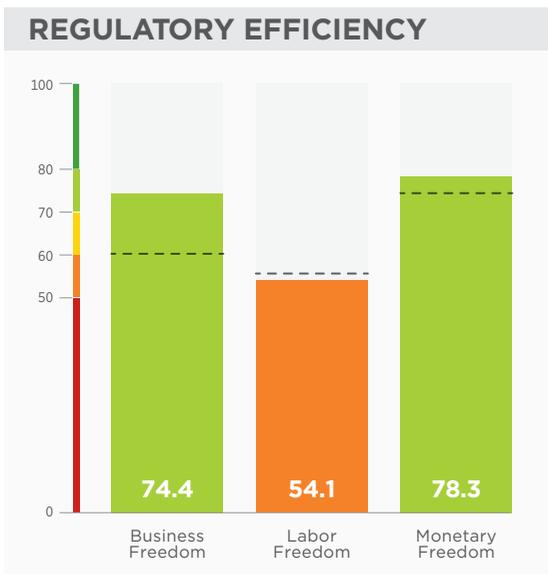
12 ECONOMIC FREEDOMS | NORTH MACEDONIA



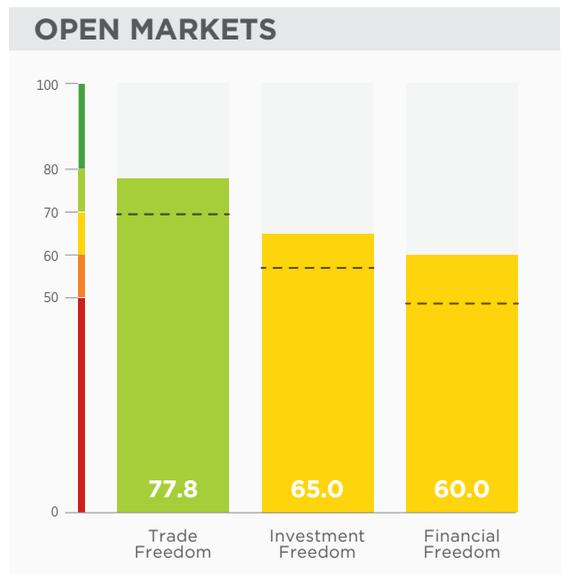
Property rights and contractual rights are recognized, but their protection is inconsistent. Improvements in the cadaster system have increased the security and speed of property registration. There are numerous reports of undue executive, business, and political interference in the judiciary. Administrative courts are poorly managed and underfunded. Corruption and impunity for corrupt government officials remain serious problems.



The individual income and corporate tax rates are a flat 10 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 17.2 percent of total domestic income. Government spending has amounted to 32.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.0 percent of GDP. Public debt is equivalent to 51.3 percent of GDP.



Regulations governing businesses are generally not overly rigid, but they do tend to change frequently, adding the specter of unpredictability to running a business in North Macedonia. Labor costs are competitive, and the number of English speakers is high. According to the International Monetary Fund, government spending on subsidies for agriculture, social programs, and other sectors has increased steadily in the past five years.



North Macedonia has six preferential trade agreements in force. The trade-weighted average tariff rate is 6.1 percent. Although one formal nontariff measure is in effect, other bureaucratic hurdles to trade linger. A streamlined regulatory framework generally facilitates investment, but political uncertainty continues to undercut more vibrant inflows of investment. The financial system continues to evolve, and the banking sector is stable.

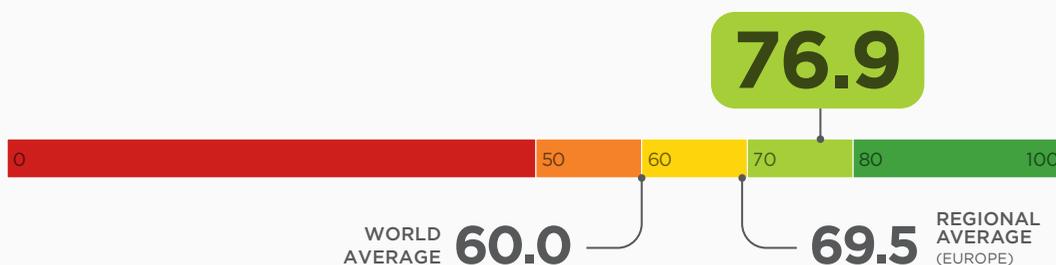
NORWAY

Norway's economic freedom score is 76.9, making its economy the 14th freest in the 2022 *Index*. Norway is ranked 10th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Norway's economy slowed from 2017 through 2019 before growth turned negative in 2020. The economy recovered in 2021. During the same five-year period, economic freedom remained steady and robust. Boosted by increased scores for rule of law, Norway has recorded a 2.9-point overall gain of economic freedom since 2017 and has risen to the top half of the "Mostly Free" category. Fiscal health is very strong, but the economy remains heavily burdened by excessive **government spending**.

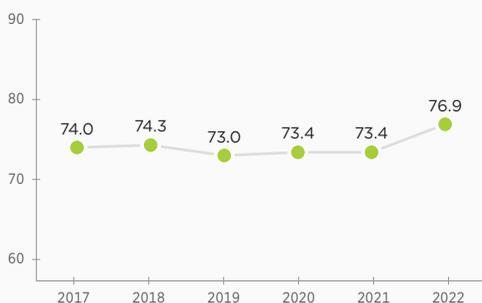
IMPACT OF COVID-19: As of December 1, 2021, 1,092 deaths had been attributed to the pandemic in Norway, and the government's response to the crisis ranked 154th among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +11.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.4 million

GDP (PPP):
\$354.6 billion
-0.8% growth
in 2020
5-year compound
annual growth 0.9%
\$65,800 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
1.3%

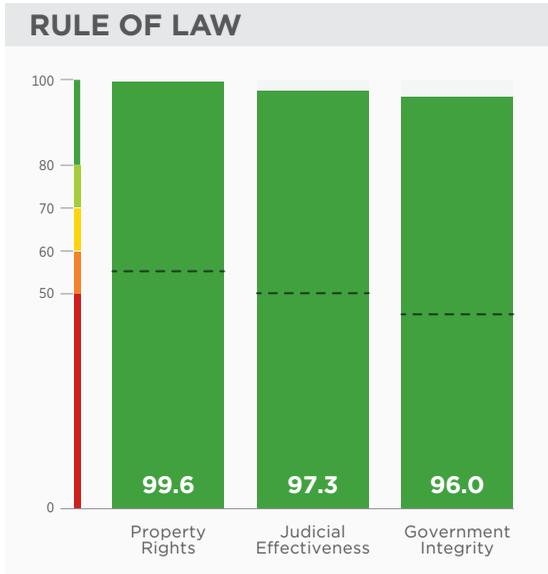
FDI INFLOW:
-\$2,394.0 million

PUBLIC DEBT:
41.4% of GDP

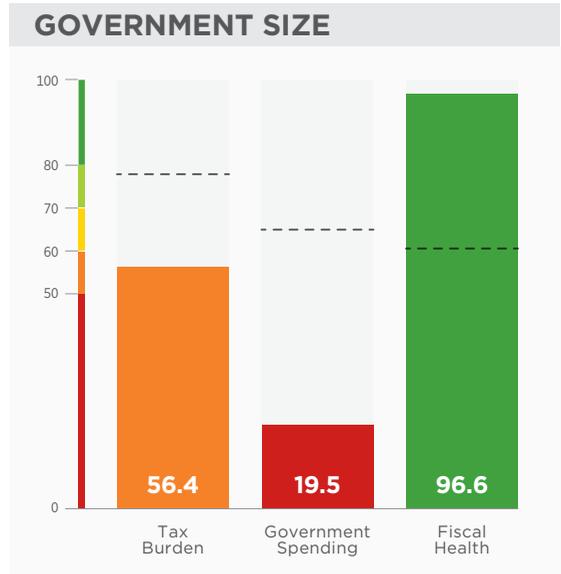
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Norway abandoned its traditional neutrality and became a charter member of NATO in 1949. It also joined the European Free Trade Association. A minority center-left coalition led by Prime Minister Jonas Gahr Støre of the Labor Party with the agrarian Center Party took office in October 2021. The former center-right minority government was weakened by a dispute over the repatriation of ISIS members. Norway is one of the world's most prosperous countries, and the production of oil and gas accounts for 20 percent of its economy. Other important sectors include hydropower, fish, forests, and minerals. State revenues from petroleum are deposited in the world's largest sovereign wealth fund. Unemployment is typically low, but the aging of the population presents challenges.

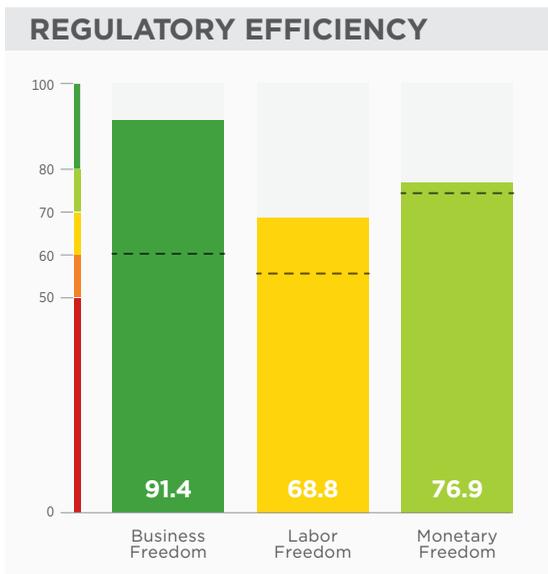
12 ECONOMIC FREEDOMS | NORWAY



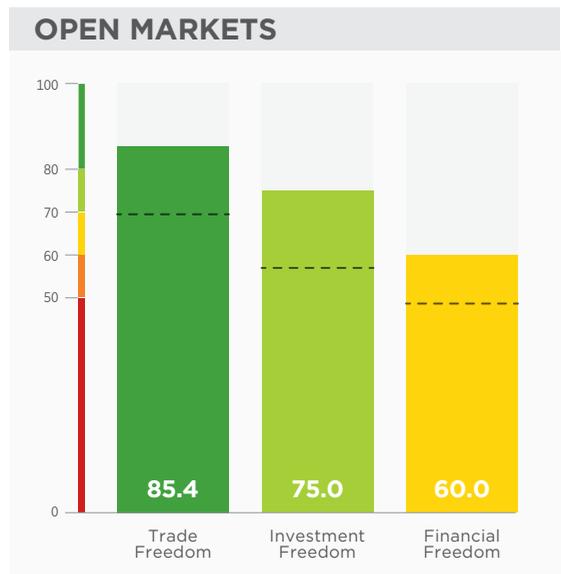
Private property rights are secure. The system for recording interests in property is recognized and reliable. Contracts are enforced. The judiciary is independent, and the legal system is robust and trusted. Norway is one of the world's least corrupt countries according to Transparency International's 2020 *Corruption Perceptions Index*. Well-established anticorruption measures reinforce a cultural emphasis on government integrity.



The top individual income tax rate is 47.8 percent, and the top corporate tax rate is 22 percent. Other taxes include value-added and environmental taxes. The overall tax burden equals 39.9 percent of total domestic income. Government spending has amounted to 51.8 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.8 percent of GDP. Public debt is equivalent to 41.4 percent of GDP.



A vibrant private sector coexists with a large state sector. Norway is the world's second most prolific exporter of seafood. Petroleum accounts for 37 percent of exports. Growth in employment has been successfully detached from world energy prices. The government funds Europe's most generous subsidies for electric vehicles: more than \$2.3 billion.



Norway has 31 preferential trade agreements in force. The trade-weighted average tariff rate is 2.3 percent, and 236 nontariff measures are in effect. The economy benefits from overall openness to foreign investment, although there are national ownership restrictions in certain sectors. The financial sector is competitive and open. The state retains ownership of the largest financial institution.

OMAN

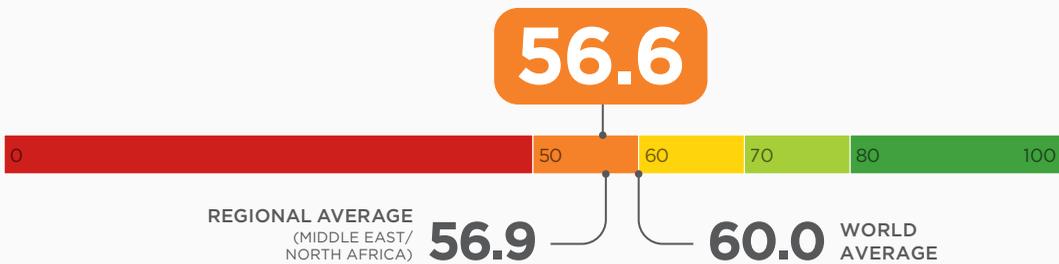
Oman's economic freedom score is 56.6, making its economy the 108th freest in the 2022 *Index*. Oman is ranked 8th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

Oman's economy gained strength from 2017 through 2018, turned negative in 2019, and contracted further in 2020. Growth returned in 2021. Economic freedom has fluctuated over the past five years. With sharp score decreases in **judicial effectiveness**, **fiscal health**, **business freedom**, and **trade freedom**, Oman has registered a 5.5-point overall loss of economic freedom since 2017 and has fallen from the "Moderately Free" category to the "Mostly Unfree" category. Property rights and **monetary freedom** are strong points, but **labor freedom** is mediocre.

IMPACT OF COVID-19: As of December 1, 2021, 4,113 deaths had been attributed to the pandemic in Oman, and the government's response to the crisis ranked 106th among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.4 percent in 2020.

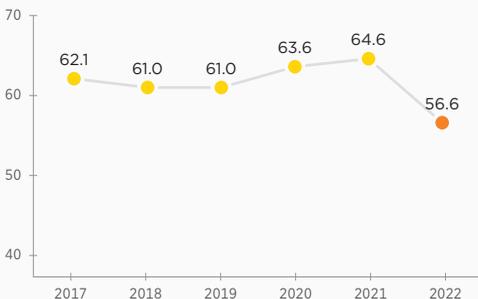
WORLD RANK: **108** REGIONAL RANK: **8**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -13.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.1 million

GDP (PPP):
\$134.2 billion
-6.4% growth in 2020
5-year compound annual growth -0.2%
\$30,178 per capita

UNEMPLOYMENT:
5.0%

INFLATION (CPI):
-0.9%

FDI INFLOW:
\$4.1 billion

PUBLIC DEBT: 81.1% of GDP

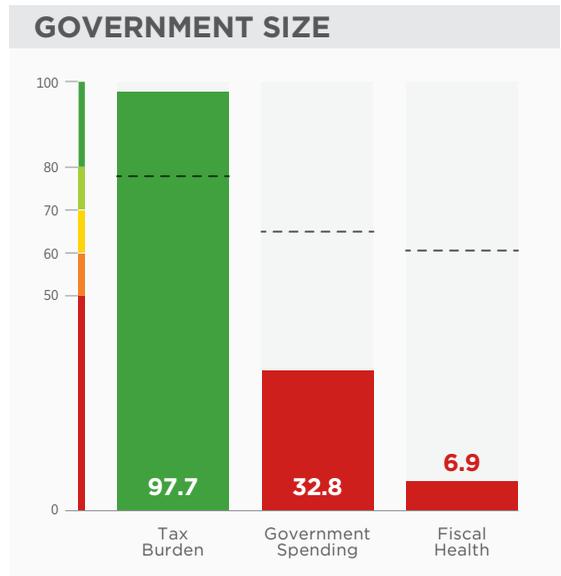
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The relatively small kingdom of Oman is one of the least populous Arab countries. Sultan Qaboos bin Said Al-Said, who ruled from 1970 until his death in 2020, was replaced by his cousin, Haitham bin Tariq al-Said. During the 2011 Arab Spring protests, Sultan Qaboos changed cabinet ministers and implemented reforms by expanding government regulatory and legislative powers. As part of its efforts to decentralize authority and allow greater citizen participation in local governance, Oman conducted its first municipal council elections in 2012. Oman joined the World Trade Organization in 2000 and is heavily dependent on its dwindling oil resources, which generate about four-fifths of government revenue. Tourism, shipping, mining, manufacturing, and gas-based industries are key components of the government's diversification strategy.

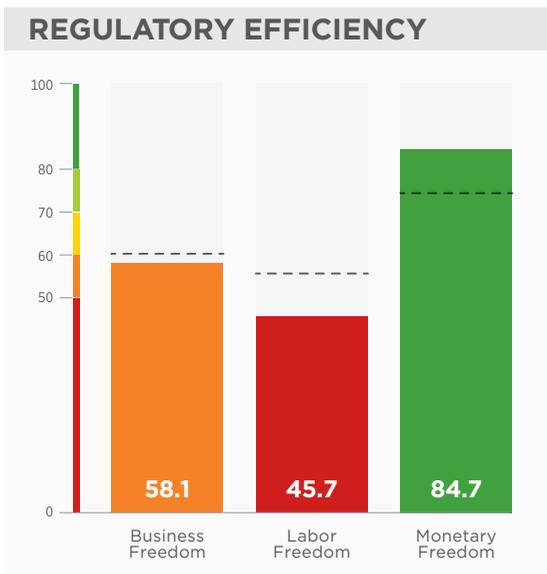
12 ECONOMIC FREEDOMS | OMAN



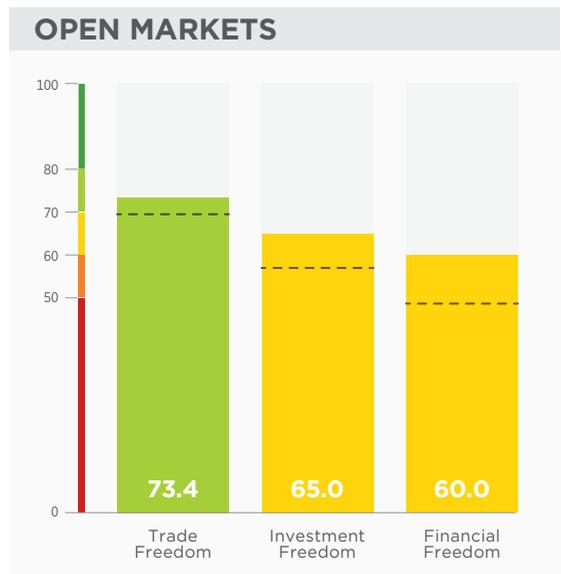
Although the legal system facilitates the acquisition and disposition of property, Oman does not recognize or enforce securitized interests in property. Foreigners are generally barred from owning real estate. The judiciary is competent but remains subordinate to the sultan and the Ministry of Justice. The legal code does not provide an effective framework for the prevention, exposure, and impartial prosecution of corruption.



There is no individual income tax, and the top corporate tax rate is 15 percent. There are no consumption or value-added taxes. The overall tax burden equals 2.6 percent of total domestic income. Government spending has amounted to 47.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 10.8 percent of GDP. Public debt is equivalent to 81.1 percent of GDP.



Updates to Oman's Commercial Companies Law, Foreign Capital Investment Law, Privatization Law, Public-Private Partnership Law, and Bankruptcy Law are intended to improve the business climate and open more sectors to private-sector competition. "Omanization" quotas mandate the hiring of Omani nationals who are legally very hard to dismiss. In 2021, the government increased subsidies for food commodities, fuel, electricity, and water.



Oman has four preferential trade agreements in force. The trade-weighted average tariff rate is 5.8 percent, and 19 nontariff measures are in effect. There is no general screening of foreign investment. Efforts to increase transparency and streamline the investment framework are ongoing. Most credit is offered at market rates, but the government uses subsidized loans to promote investment. The Muscat Securities Market is active and open to foreign investors.

PAKISTAN

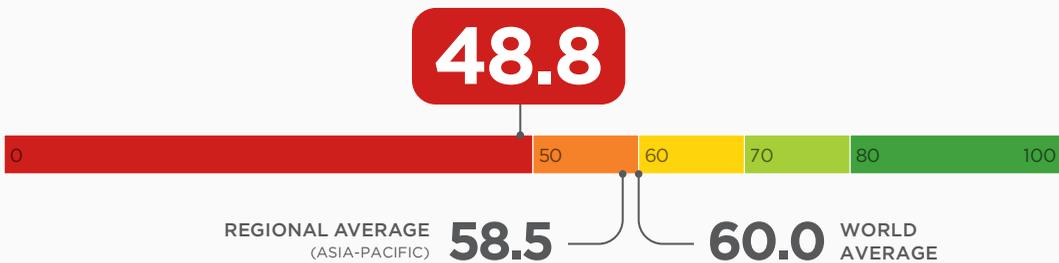
WORLD RANK: **153** | REGIONAL RANK: **34**
 ECONOMIC FREEDOM STATUS: **REPRESSED**

Pakistan's economic freedom score is 48.8, making its economy the 153rd freest in the 2022 *Index*. Pakistan is ranked 34th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Pakistan's economy slowed in 2019 and contracted in 2020. Growth resumed in 2021. A five-year trend of anemic economic freedom has weakened further. Driven down by declines in scores for **business freedom**, **fiscal health**, and rule of law, Pakistan has recorded a 4.0-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Unfree" category to the "Repressed" category. Monetary freedom and **trade freedom** show some promise, but an ongoing lack of evenhanded rule of law threatens economic freedom.

IMPACT OF COVID-19: As of December 1, 2021, 28,745 deaths had been attributed to the pandemic in Pakistan, and the government's response to the crisis ranked 137th among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.4 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -8.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
220.9 million

GDP (PPP):
\$1.1 trillion
-0.4% growth in 2020
5-year compound annual growth 3.4%
\$5,150 per capita

UNEMPLOYMENT:
4.7%

INFLATION (CPI):
10.7%

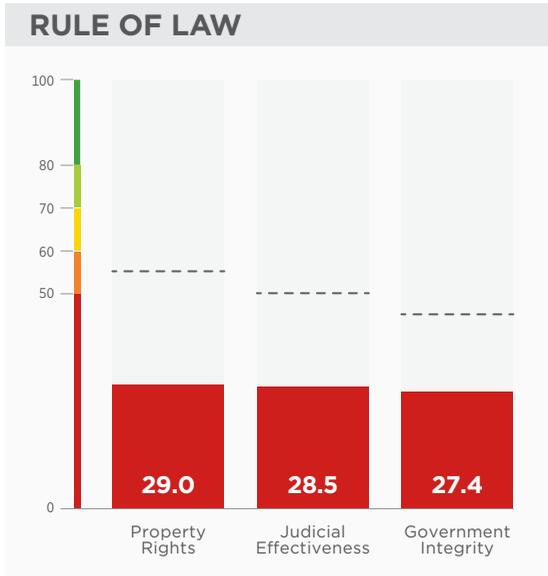
FDI INFLOW:
\$2.1 billion

PUBLIC DEBT:
87.2% of GDP

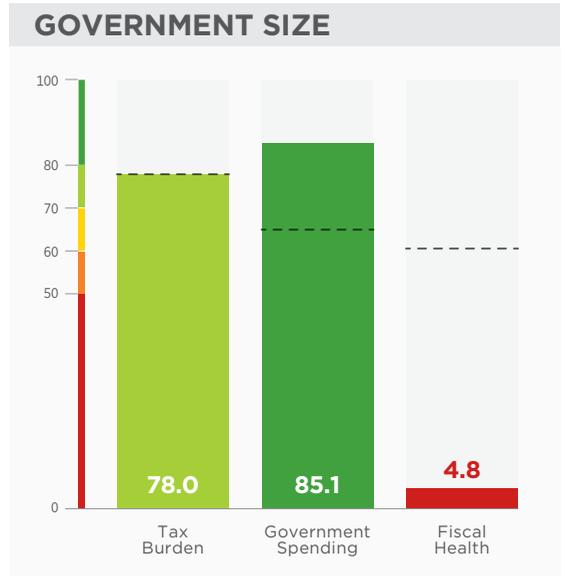
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Created by the partition of India in 1947, Pakistan remains a relatively unstable pseudo-democracy that is threatened by sectarian violence and religious extremism. Civilian authorities remain subservient to the military. Prime Minister Imran Khan took office after his Pakistan Tehreek-e-Insaf (PTI) party performed well in a 2018 election on promises of job creation, new housing, and economic reforms. Tensions between India and Pakistan remain high. Political and social instability hinder economic development. Textiles and apparel account for most export earnings, but much of the economy is informal, and underemployment remains high. China has pledged more than \$60 billion in infrastructure and energy investments in China-Pakistan Economic Corridor (CPEC) projects that have suffered significant setbacks and have drawn criticism.

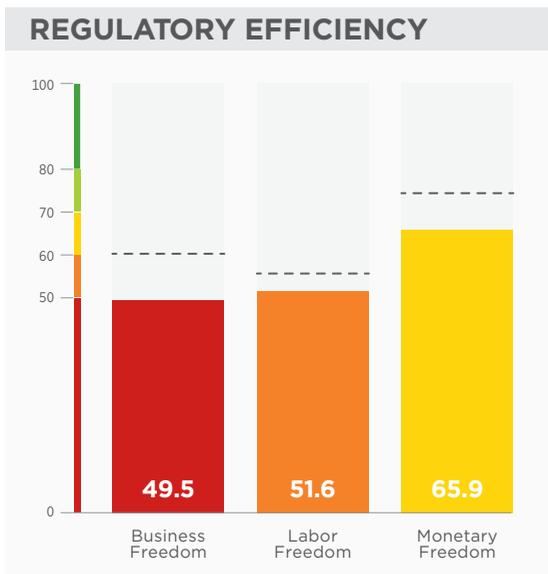
12 ECONOMIC FREEDOMS | PAKISTAN



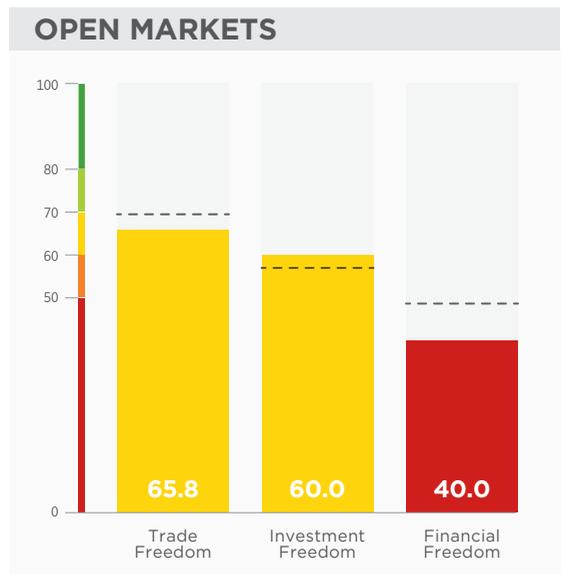
Protection for the acquisition and disposition of property rights is weakened by organized crime, corruption, a weak regulatory environment, and subversion of the legal system. The judiciary is politicized and subject to external influence and intimidation by extremist groups and high-ranking political officials. Courts are slow, outdated, and inefficient. Corruption is endemic in politics, government, and law enforcement.



The top individual income tax rate is 35 percent, and the top corporate tax rate has been reduced to 29 percent. The overall tax burden equals 11.4 percent of total domestic income. Government spending has amounted to 22.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.8 percent of GDP. Public debt is equivalent to 87.2 percent of GDP.



The business climate has been improved to some extent since 2019, but privatization of state-owned enterprises has been slow. Business regulations lack harmonization across the provinces, and labor laws are neither implemented nor enforced uniformly. In 2021, the IMF urged the elimination of subsidies on basic foods as well as electricity and gas to establish fiscal discipline, but the 2021-2022 budget increased many of the same subsidies.



Pakistan has 10 preferential trade agreements in force. The trade-weighted average tariff rate is 9.6 percent, and 83 non-tariff measures are in effect. Lingering state involvement in the economy and the inefficient investment regime continue to be serious drags on economic dynamism. A majority of commercial banks are private, but the banking sector remains vulnerable to state interference.

PANAMA

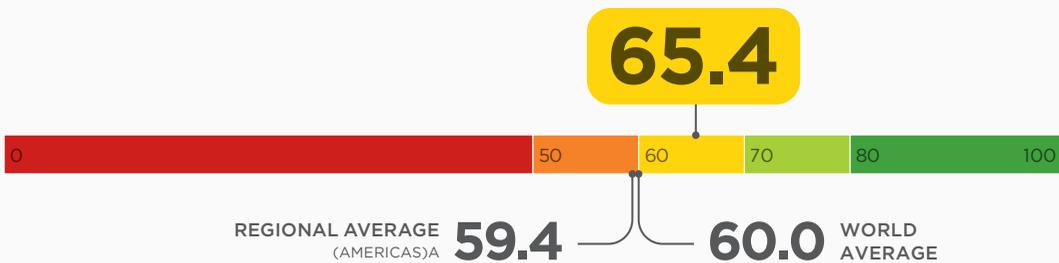
Panama's economic freedom score is 65.4, making its economy the 56th freest in the 2022 *Index*. Panama is ranked 11th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The Panamanian economy has softened over the past five years and lost significant ground in 2020 before rebounding in 2021. Moderately solid economic freedom has been sustained but not strengthened over the past half-decade. With score declines in **government integrity** and **fiscal health** slightly outweighing improvements in **judicial effectiveness** and **labor freedom**, Panama has recorded a 0.9-point overall loss of economic freedom since 2017 and remains in the middle ranks of the "Moderately Free" countries. Fiscal health is precarious, but **labor freedom** has improved.

IMPACT OF COVID-19: As of December 1, 2021, 7,367 deaths had been attributed to the pandemic in Panama, and the government's response to the crisis ranked 122nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 17.9 percent in 2020.

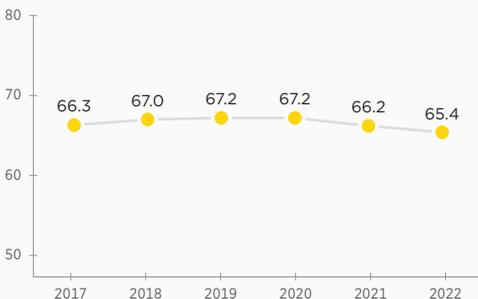


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -6.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
4.3 million

GDP (PPP):
\$115.5 billion
-17.9% growth in 2020
5-year compound annual growth -0.2%
\$27,003 per capita

UNEMPLOYMENT:
10.2%

INFLATION (CPI):
-1.6%

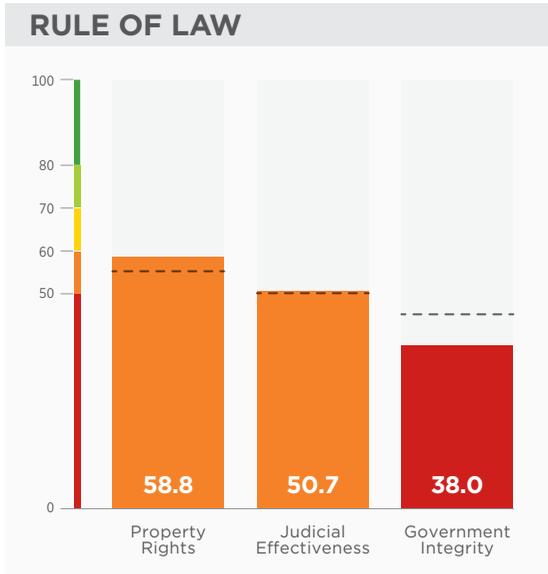
FDI INFLOW:
\$589.0 million

PUBLIC DEBT:
63.5% of GDP

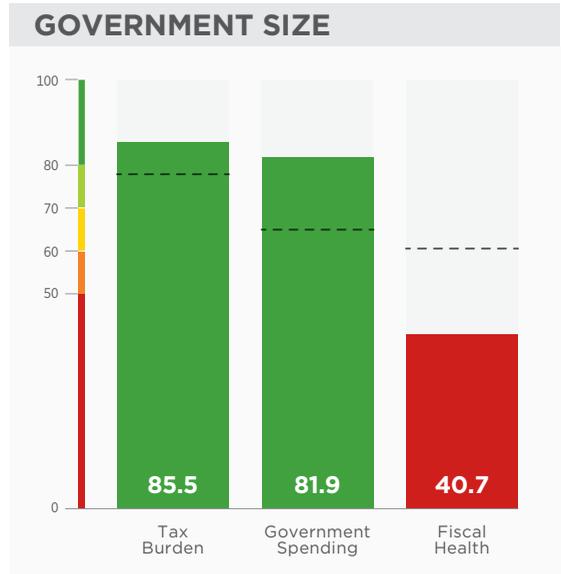
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Panama's isthmian canal connecting the Caribbean Sea and Pacific Ocean has been a vital conduit for global commerce since it opened in 1914. President Laurentino "Nito" Cortizo of the Revolutionary Democratic Party (PRD) began a five-year term in 2019. Cortizo is negotiating a free-trade agreement with China. Although its growth has slowed in recent years, Panama's dollar-based economy has been stimulated by the canal's ambitious 2016 expansion, additional public infrastructure projects, and rising copper exports. The well-developed services sector accounts for more than 75 percent of GDP. Panama has long been an illicit financing and narco-trafficking hub, and international regulators have increased their oversight.

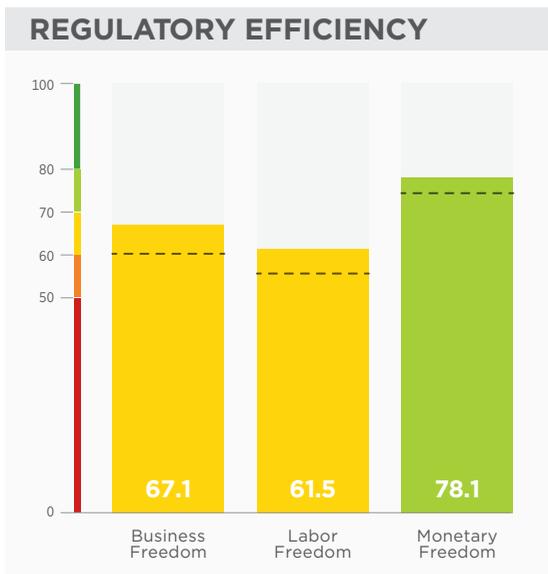
12 ECONOMIC FREEDOMS | PANAMA



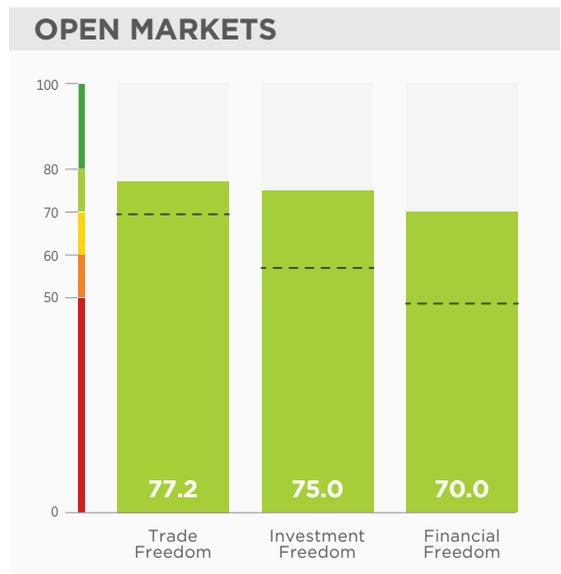
Private property is recognized by law, but enforcement is undermined in part by organized crime. Most land in Panama is not titled. The country's judicial system is plagued by corruption and inefficiency. Courts are backlogged, are underfunded, and lack qualified staff and technology. Corruption, especially corruption related to narco-money laundering and tax evasion, is rampant in the private sector and at all levels of government.



The top individual income and corporate tax rates are 25 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 14.1 percent of total domestic income. Government spending has amounted to 24.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.7 percent of GDP. Public debt is equivalent to 63.5 percent of GDP.



It is relatively easy to start and operate a business in Panama, and the well-developed services sector derives most of its revenue from activities related to operations of the recently expanded Panama Canal. Panama's very restrictive labor code holds back growth, and about one-fourth of the population lives in poverty. Because of dollarization, inflation has been stable and relatively low.



Panama has 18 preferential trade agreements in force. The trade-weighted average tariff rate is 6.4 percent, and 20 nontariff measures are in effect. In general, the government does not screen or discriminate against foreign investment, which has been officially welcome and subject to national treatment, but there are sectoral restrictions. The financial sector, vibrant and generally well regulated, provides a wide range of services.

PAPUA NEW GUINEA

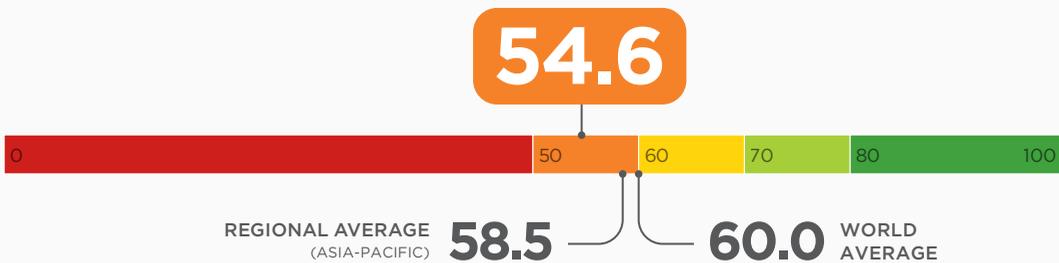
Papua New Guinea's economic freedom score is 54.6, making its economy the 123rd freest in the 2022 *Index*. Papua New Guinea is ranked 26th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

In the past half-decade, economic growth in Papua New Guinea has vacillated: slowing in 2017, negative in 2018, rebounding in 2019, contracting in 2020, and recovering again in 2021. A slow improvement of economic freedom over the past five years has faltered. Nevertheless, with a spike in its **fiscal health** score outpacing losses in **government integrity**, **judicial effectiveness**, and **business freedom**, Papua New Guinea has recorded a 3.7-point overall gain of economic freedom since 2017 and remains near the middle of the "Mostly Unfree" category. Trade freedom is strong, but **investment freedom** and **financial freedom** are exceptionally weak.

IMPACT OF COVID-19: As of December 1, 2021, 546 deaths had been attributed to the pandemic in Papua New Guinea, and the government's response to the crisis ranked 20th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.9 percent in 2020.

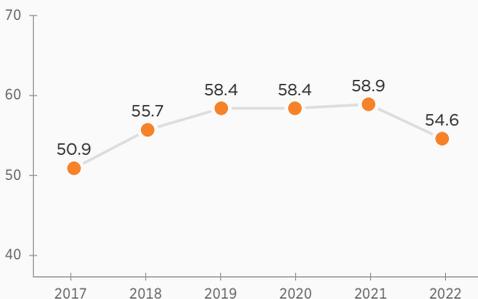


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -4.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
8.9 million

GDP (PPP):
\$33.7 billion
-3.9% growth in 2020
5-year compound annual growth 2.1%
\$3,833 per capita

UNEMPLOYMENT:
2.7%

INFLATION (CPI):
5.0%

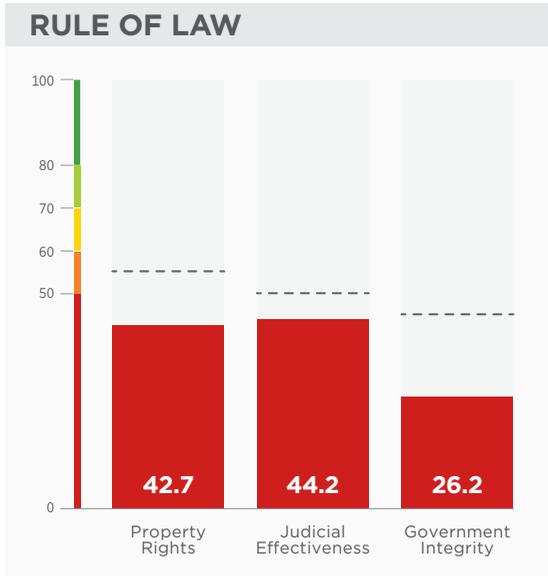
FDI INFLOW:
-\$935.0 million

PUBLIC DEBT:
49.2% of GDP

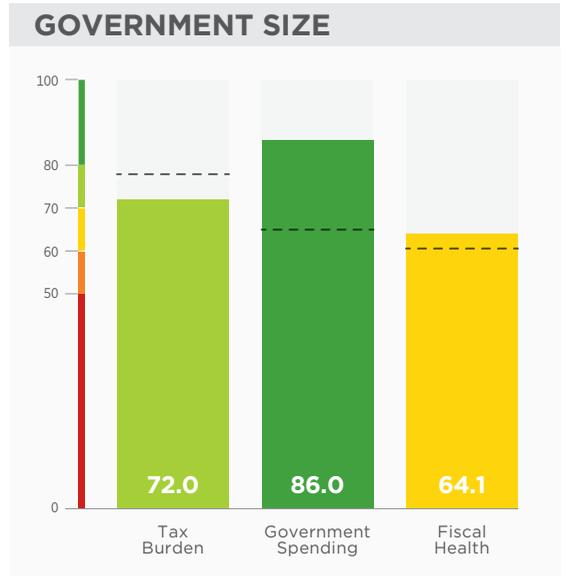
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Formerly administered by Australia, Papua New Guinea became an independent parliamentary democracy in 1975. All told, its more than 8 million people speak more than 840 different languages. After a vote of no confidence, Prime Minister Peter O'Neill was replaced by James Marape of the Pangu party in 2019. Papua New Guinea is richly endowed with natural resources, and its economy's small formal sector is focused on exports of such commodities as gold, copper, oil, and natural gas. The vast majority of its people live below the poverty line and work informally in subsistence agriculture. In 2019, the Autonomous Region of Bougainville voted for independence from Papua New Guinea in a non-binding referendum.

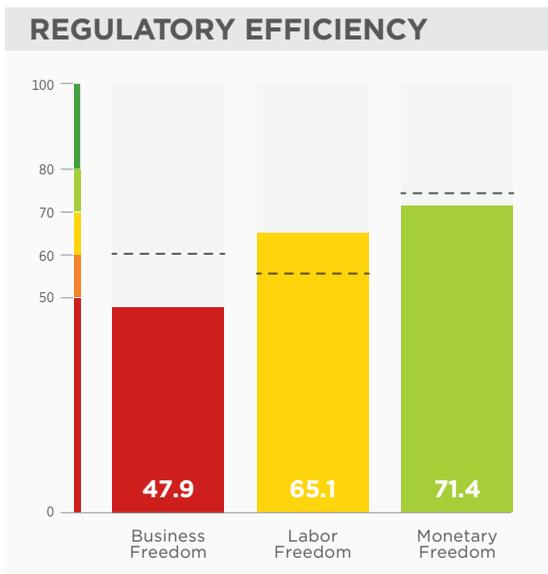
12 ECONOMIC FREEDOMS | PAPUA NEW GUINEA



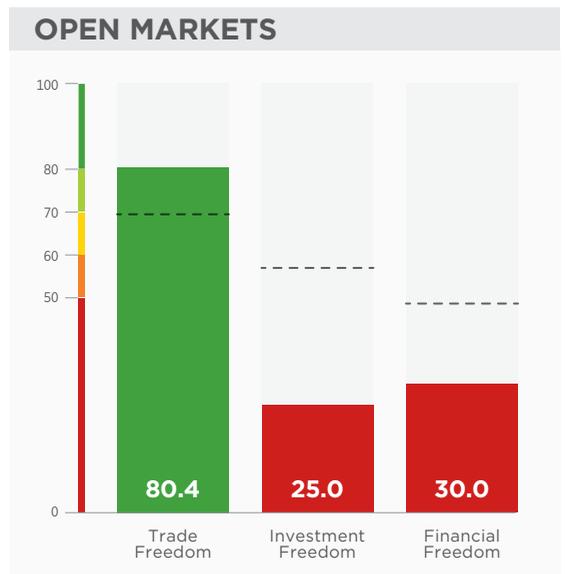
Formal property rights are recognized and enforced in some areas, but acquisition and disposition of property are subject to substantial delays. More than 80 percent of the land is “customarily owned” and lacks title. The judiciary is independent but very slow. Courts are underfunded and short-staffed. Because of bureaucracy, limited financial and human capacity, and the lack of political will, pervasive corruption and nepotism often go unpunished.



The top individual income tax rate is 42 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 11.8 percent of total domestic income. Government spending has amounted to 21.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.4 percent of GDP. Public debt is equivalent to 49.2 percent of GDP.



Wasteful state-owned enterprises, underdeveloped infrastructure, expensive logistical services, unpredictable law and order, and an overweight public sector traditionally have stacked the deck against private enterprise. There are few restrictions on labor. Heavily subsidized state-owned enterprises provide substandard services for power, water, banking, telecommunications, air travel, and seaports.



Papua New Guinea has six preferential trade agreements in force. The trade-weighted average tariff rate is 2.3 percent, but numerous nontariff barriers undercut trade flows. Foreign investors may not own land, and investment in several other sectors is restricted. Financial intermediation varies across the country, and a large portion of the population remains unconnected to the banking system.

PARAGUAY

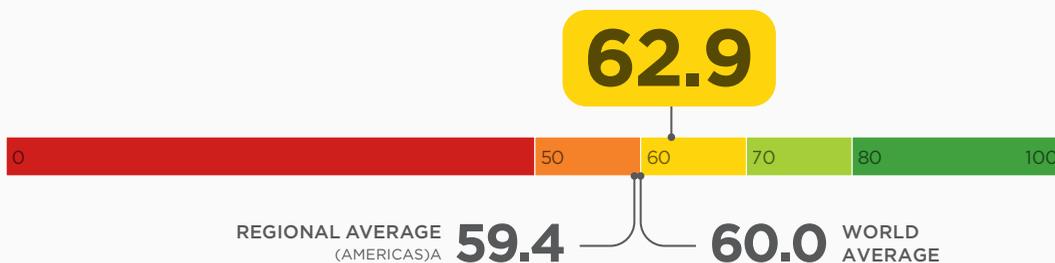
Paraguay's economic freedom score is 62.9, making its economy the 73rd freest in the 2022 *Index*. Paraguay is ranked 17th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Paraguay's economy slowed in 2017 and 2018, contracted in 2019 and 2020, and resumed growth in 2021. Economic freedom has not advanced significantly over the same half-decade. With a relatively steep drop in its **fiscal health** score offset by improvements in scores for **property rights**, **judicial effectiveness**, and **labor freedom**, Paraguay has recorded a minuscule 0.5-point overall gain in economic freedom since 2017 and remains in the lower ranks of the "Moderately Free" countries. The burden of taxation may be light, but scores for rule of law are far below average.

IMPACT OF COVID-19: As of December 1, 2021, 16,474 deaths had been attributed to the pandemic in Paraguay, and the government's response to the crisis ranked 122nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.9 percent in 2020.

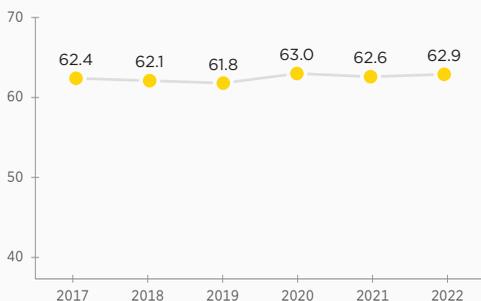


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -3.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
7.1 million

GDP (PPP):
\$93.4 billion
-0.9% growth in 2020
5-year compound annual growth 2.3%
\$12,881 per capita

UNEMPLOYMENT:
7.6%

INFLATION (CPI):
1.8%

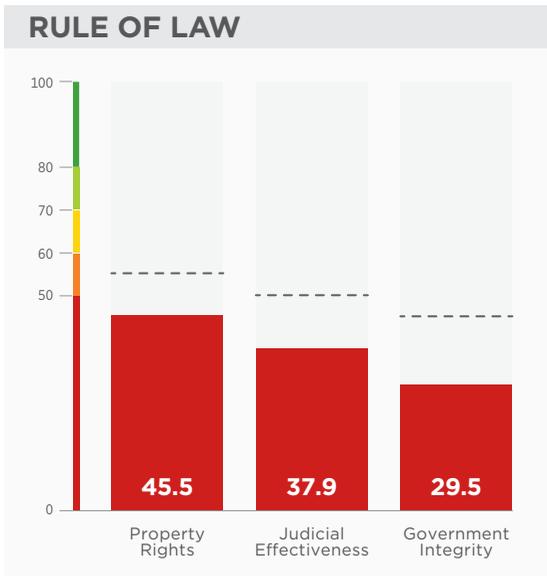
FDI INFLOW:
\$568.0 million

PUBLIC DEBT:
34.8% of GDP

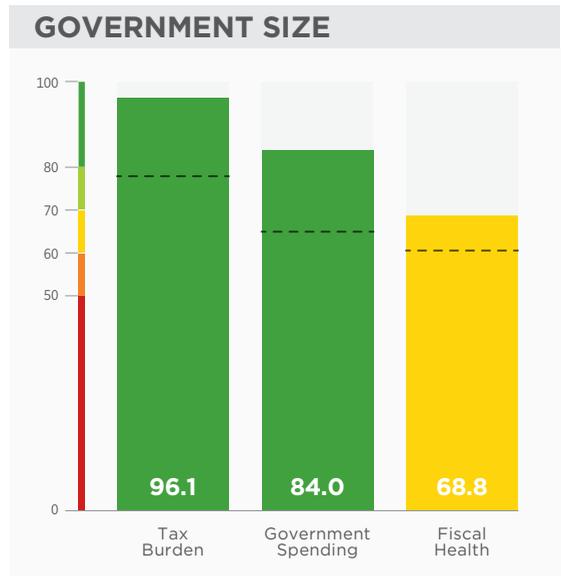
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Paraguay was established in the 19th century along with Bolivia and Uruguay as a buffer state between regional powers Brazil and Argentina. It is a global leader in hydroelectricity production, one-quarter of which is generated by the state-owned Itaipú dam, one of the world's largest. The Itaipú dam is co-owned by Paraguay and Brazil, and renegotiation of its financial terms is of critical importance to the country's fiscal health. Mario Abdo of the center-right Colorado Party (PC) began a five-year term in 2018, maintaining the PC's control of the presidency. The government has enacted legislation to increase controls on illicit financing of political campaigns, but despite government efforts, Paraguay remains a significant international money-laundering and illicit smuggling hub.

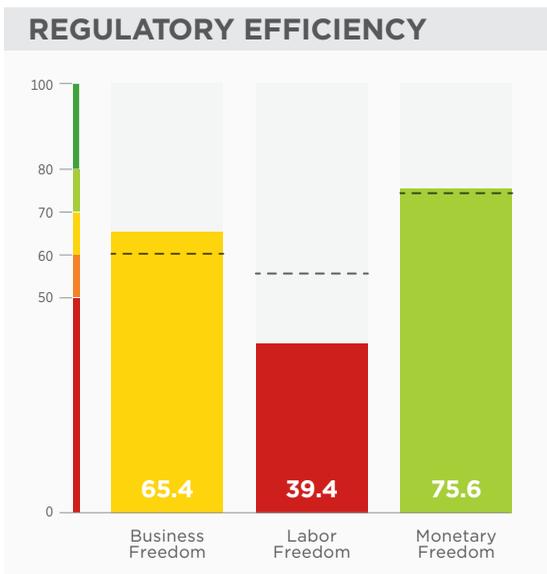
12 ECONOMIC FREEDOMS | PARAGUAY



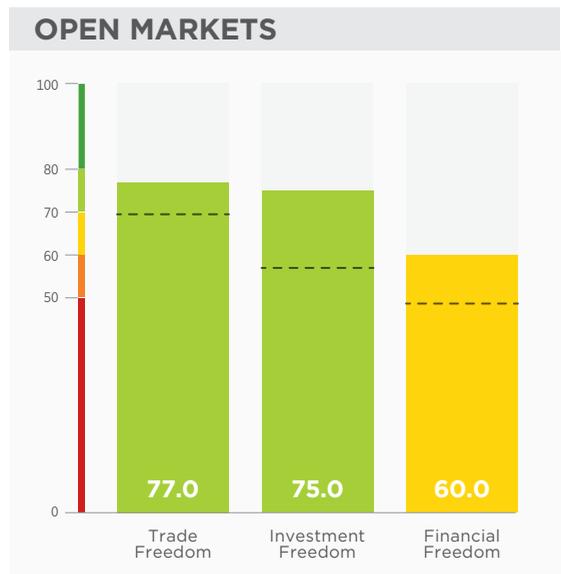
Property rights are respected, but a lack of consistent property surveys and registries often makes it difficult to acquire title documents for land. This leaves property rights and contracts insecure, particularly in the interior of the country. The judiciary is nominally independent but vulnerable to political influence as well as to threats and intimidation by drug traffickers and money launderers. Corruption is widespread at all levels of government.



The top individual income and corporate tax rates are 10 percent. Other taxes include value-added and property taxes. The overall tax burden equals 13.9 percent of total domestic income. Government spending has amounted to 23.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.2 percent of GDP. Public debt is equivalent to 34.8 percent of GDP.



The government has been known to dishonor previous administrations' debts to private companies. A new process allows businesses to register online at no cost in 24 to 72 hours. Child labor is an ongoing problem both in retail and in sugar, brick, and limestone production. There are seven major state-owned monopolies in the fuel, cement, electricity (distribution and generation), water, aviation, river navigation, and telecommunications sectors.



Paraguay has eight preferential trade agreements in force. The trade-weighted average tariff rate is 6.5 percent, and 16 nontariff measures are in effect. Foreign investment is not subject to restrictive screening. Most sectors are open to private investment, and equal treatment of foreign investment is formally guaranteed. However, the overall investment regime lacks efficiency. The level of financial intermediation has been improving gradually.

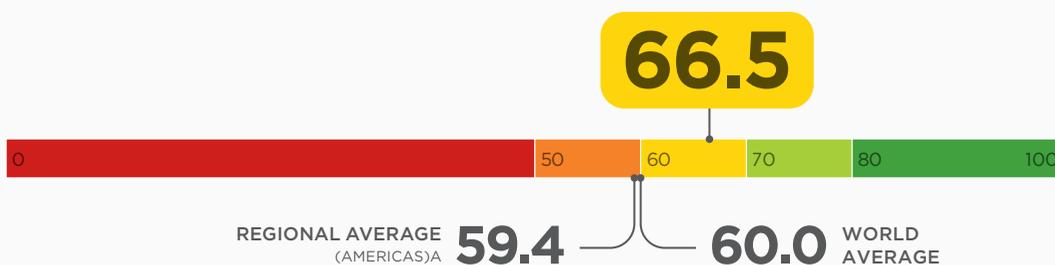
PERU

Peru's economic freedom score is 66.5, making its economy the 51st freest in the 2022 *Index*. Peru is ranked 8th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Peru's economy grew in 2017 and 2018, slowed in 2019, turned negative in 2020, and returned to growth in 2021. During those five years, economic freedom failed to advance. With a big gain in its **judicial effectiveness** score overwhelmed by a sharp drop in its **fiscal health** score, Peru has recorded a 2.4-point overall loss of economic freedom since 2017 and remains in the top half of the "Moderately Free" category. Monetary freedom and **trade freedom** are strong, but **business freedom** has deteriorated.

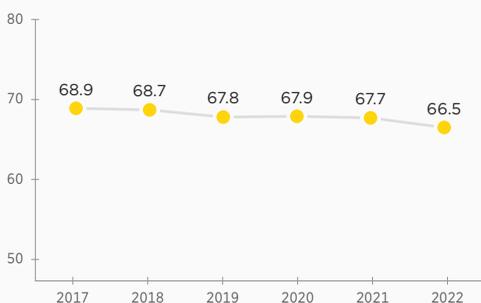
IMPACT OF COVID-19: As of December 1, 2021, 201,209 deaths had been attributed to the pandemic in Peru, and the government's response to the crisis ranked 25th among the countries included in this *Index* in terms of its stringency. The economy contracted by 11.1 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +9.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
33.0 million

GDP (PPP):
\$397.6 billion
-11.1% growth in 2020
5-year compound annual growth 0.3%
\$11,871 per capita

UNEMPLOYMENT:
6.2%

INFLATION (CPI):
1.8%

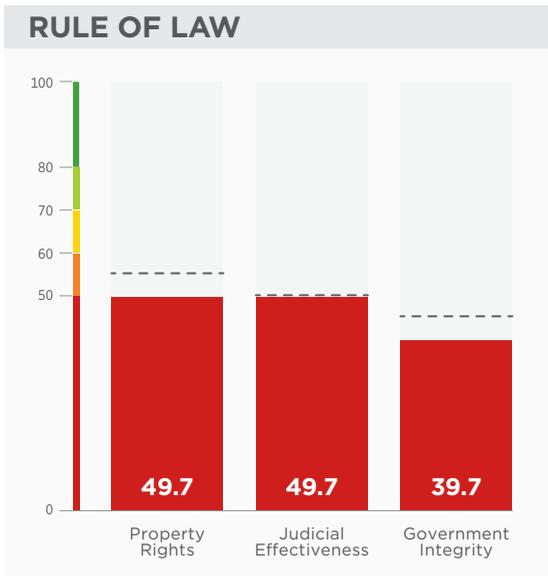
FDI INFLOW:
\$982.0 million

PUBLIC DEBT:
35.4% of GDP

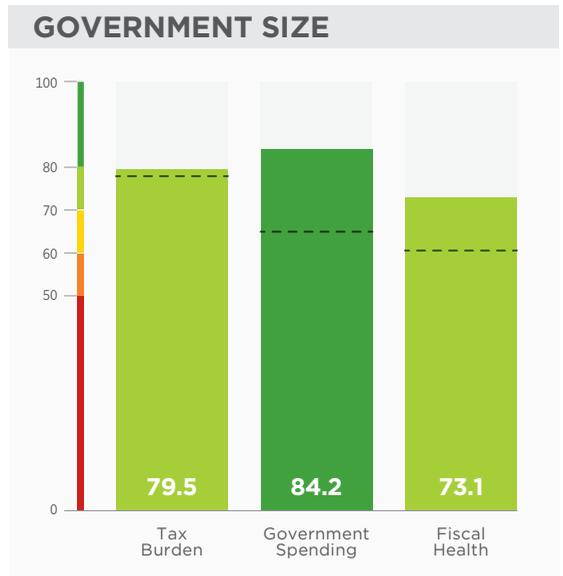
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: In the last third of the 20th century, Peru alternated between military rule and democracy. A violent, multi-decade guerilla insurgency was defeated in the 1990s by ex-President Alberto Fujimori, an authoritarian who nevertheless implemented liberal economic reforms. In 2021, however, and after two years of political turmoil, voters elected an unknown teacher, Pedro Castillo of the socialist Free Peru party, to serve as president. Castillo's election has raised concerns about the country's future economic health and political stability. Castillo has vowed to reform the constitution just as leftist parties are doing in Chile. Peru benefits from exports of natural resources, agriculture, manufacturing, and services. It also remains the world's second-largest producer of cocaine.

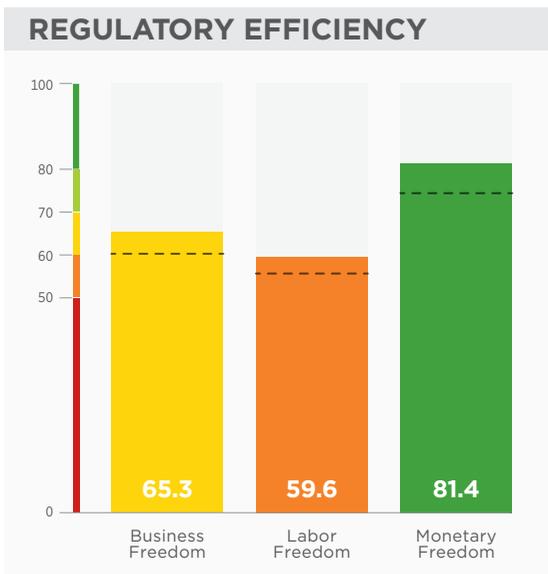
12 ECONOMIC FREEDOMS | PERU



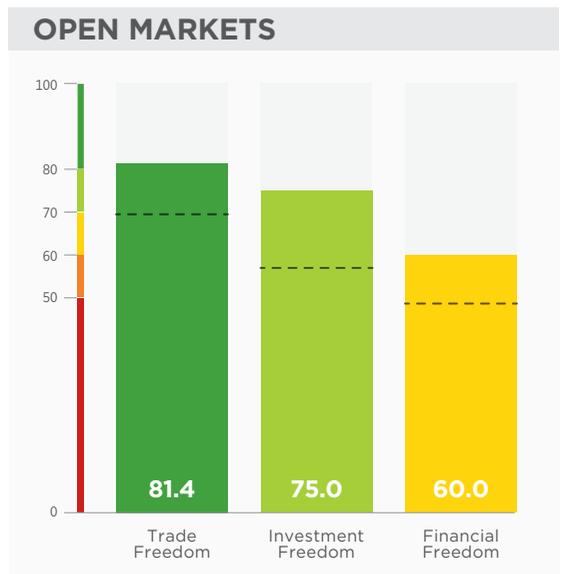
The government enforces property rights. Mortgages and liens exist, and the recording system is reliable. The judiciary is independent, but it is also vulnerable to political interference and corruption. Courts are slow to hear cases and issue decisions. Corruption is widespread and affects the whole of society and all levels of government, especially public procurement.



The top individual income tax rate is 30 percent, and the top corporate tax rate is 29.5 percent. Other taxes include value-added and financial transactions taxes. The overall tax burden equals 16.6 percent of total domestic income. Government spending has amounted to 23.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.9 percent of GDP. Public debt is equivalent to 35.4 percent of GDP.



The processes involved in registering and starting a business are burdensome, drawn out, and expensive. They also have grown even more burdensome, drawn out, and expensive in recent years. Workers are usually paid monthly. The monthly minimum wage is set at 930 soles (~\$266 USD) per month. In June 2021, the new president promised not to impose price controls.



Peru has 20 preferential trade agreements in force. The trade-weighted average tariff rate is 1.8 percent, and 383 nontariff measures are in effect. The economy is relatively open to most foreign investment, but a lack of regulatory predictability impedes more dynamic investment. Lingering bureaucratic deficiencies continue to hamper growth. The financial sector has undergone gradual transformation with credit to the private sector increasing steadily.

PHILIPPINES

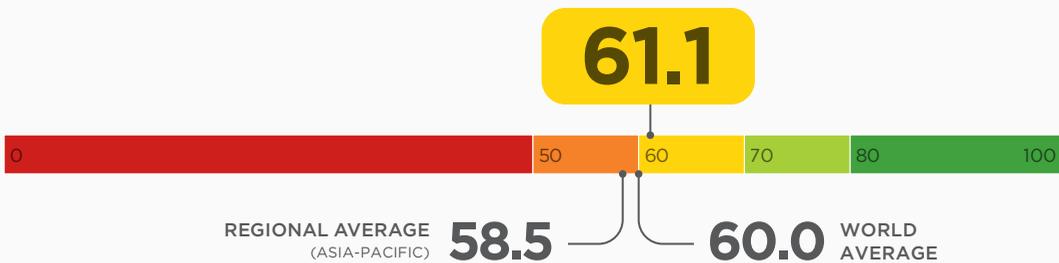
The Philippines' economic freedom score is 61.1, making its economy the 80th freest in the 2022 *Index*. The Philippines is ranked 15th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Economic growth in the Philippines slowed from 2017 through 2019, turned negative in 2020, and rebounded in 2021. Over the same five-year period, economic freedom has slipped. Dragged down by decreased scores for **fiscal health** and **monetary freedom**, the Philippines has recorded a 4.5-point overall loss of economic freedom since 2017 and has fallen to the bottom ranks of the "Moderately Free" countries. The **tax burden** is not heavy, and **trade freedom** is a bright spot, but **judicial effectiveness** and **government integrity** exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 48,712 deaths had been attributed to the pandemic in the Philippines, and the government's response to the crisis ranked 11th among the countries included in this *Index* in terms of its stringency. The economy contracted by 9.5 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +6.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
109.6 million

GDP (PPP):
\$919.4 billion
-9.5% growth in 2020
5-year compound annual growth 3.4%
\$8,452 per capita

UNEMPLOYMENT:
3.4%

INFLATION (CPI):
2.6%

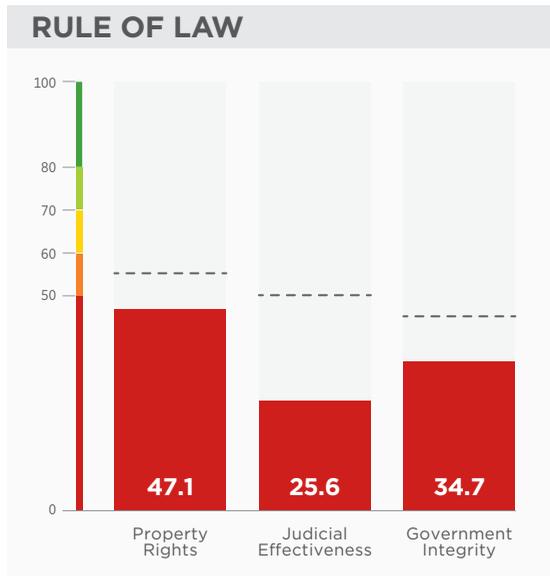
FDI INFLOW:
\$6.5 billion

PUBLIC DEBT:
47.1% of GDP

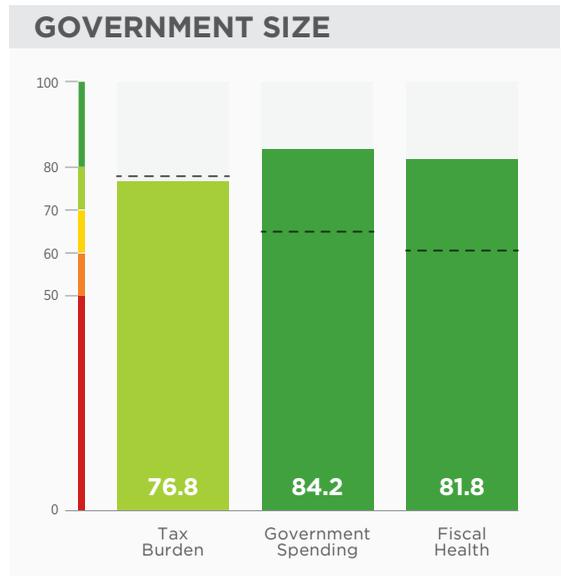
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: A former colony of Spain and then of the United States that is spread over 7,000 linguistically diverse Western Pacific islands, the Philippines became a self-governing commonwealth in 1935. President Rodrigo Duterte, whose term ends in 2022, has consolidated power by marginalizing his opponents. The brutality of his crackdown on illegal drug trafficking reflects authoritarian tendencies. Duterte was strengthened politically when his allies swept the 2019 midterm Senate elections. To improve economic relations between the two countries, Duterte has downplayed tensions between the Philippines and China. Agriculture is still a significant part of the economy, but industrial production in such areas as electronics, apparel, and shipbuilding has been growing rapidly. Remittances from overseas workers are equivalent to 10.5 percent of GDP.

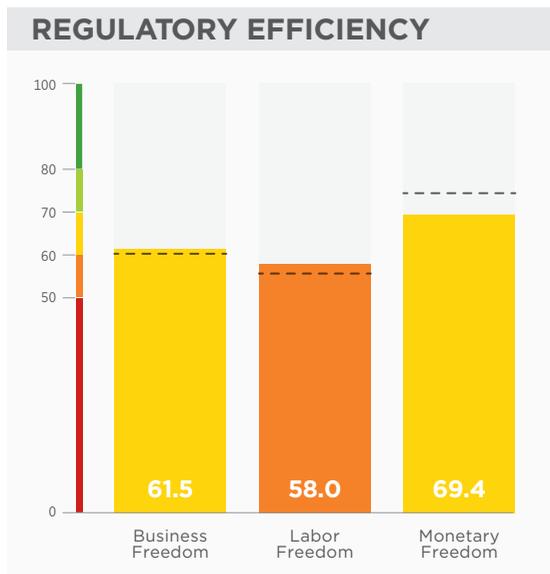
12 ECONOMIC FREEDOMS | PHILIPPINES



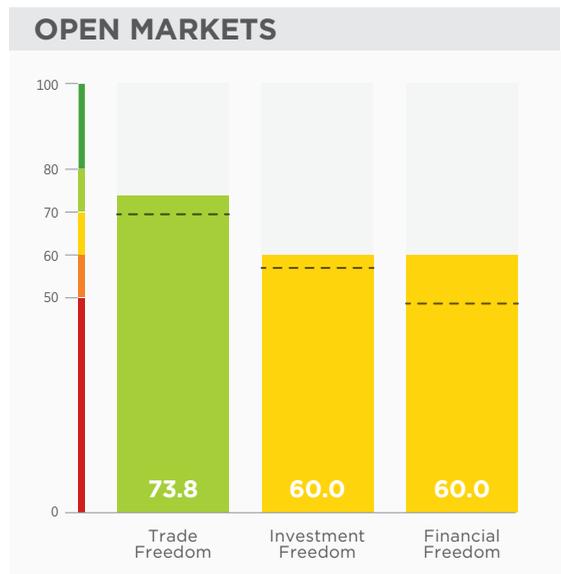
The law recognizes property rights, but enforcement is weak and fragmented. Land administrators are often corrupt. Courts are inefficient, biased, corrupt, slow, and hampered by low pay, intimidation, and complex procedures. At least 61 lawyers, judges, and prosecutors reportedly have been killed since 2016. Corruption and cronyism are pervasive. There is little accountability for powerful politicians, big companies, or wealthy families.



The top individual income tax rate has been raised to 35 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and environmental taxes. The overall tax burden equals 14.0 percent of total domestic income. Government spending has amounted to 23.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.9 percent of GDP. Public debt is equivalent to 47.1 percent of GDP.



Weak infrastructure, unaffordable power costs, shabby broadband, and inconsistent regulations tend to make business ownership a challenge. Minimum wage standards and payments of social security contributions, bonuses, and overtime as stipulated by law are often ignored. In 2020, the OECD estimated that government agriculture subsidies amounted to nearly 27 percent of gross farm receipts.



The Philippines has 11 preferential trade agreements in force. The trade-weighted average tariff rate is 5.6 percent, and 285 nontariff measures are in effect. Foreign investment is generally welcome, and the investment code treats foreign investors the same as it treats domestic investors. However, investment in several sectors remains restricted. The financial sector, dominated by banking, is relatively stable. Capital markets are underdeveloped.

POLAND

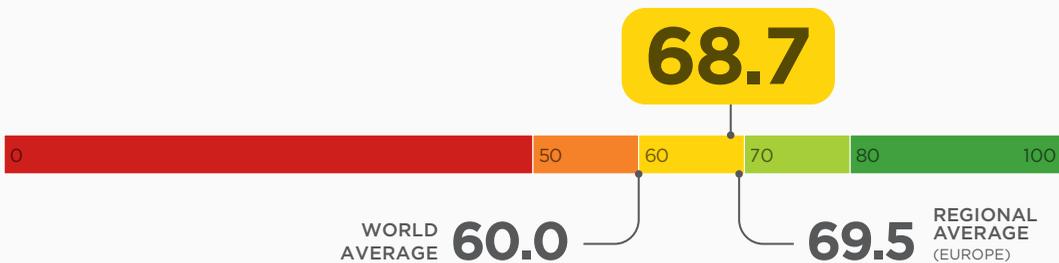
WORLD RANK: **39** | REGIONAL RANK: **25**
 ECONOMIC FREEDOM STATUS:
MODERATELY FREE

Poland's economic freedom score is 68.7, making its economy the 39th freest in the 2022 *Index*. Poland is ranked 25th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

The Polish economy gained strength in 2017 and 2018, slowed in 2019, and contracted in 2020. Growth resumed in 2021. Economic freedom has trended upward over those five years. With score increases in **property rights** and **business freedom**, Poland has recorded a slight 0.4-point overall gain of economic freedom since 2017 and remains in the upper reaches of the "Moderately Free" category. Fiscal health, **monetary freedom**, **trade freedom**, and **investment freedom** are strengths, but **government spending's** weight on the economy remains a problem.

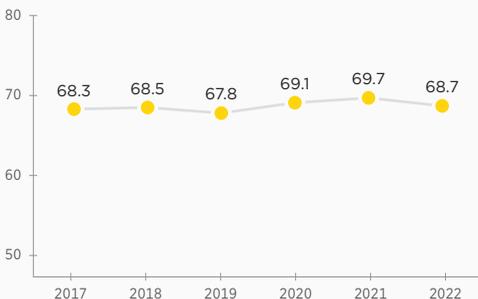
IMPACT OF COVID-19: As of December 1, 2021, 84,153 deaths had been attributed to the pandemic in Poland, and the government's response to the crisis ranked 94th among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.7 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +18.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
38.0 million

GDP (PPP):
\$1.3 trillion
-2.7% growth in 2020
5-year compound annual growth 3.0%
\$34,103 per capita

UNEMPLOYMENT:
3.6%

INFLATION (CPI):
3.4%

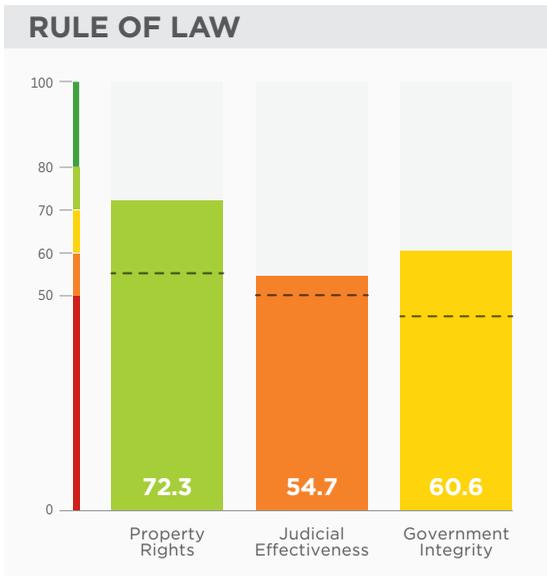
FDI INFLOW:
\$10.1 billion

PUBLIC DEBT:
57.7% of GDP

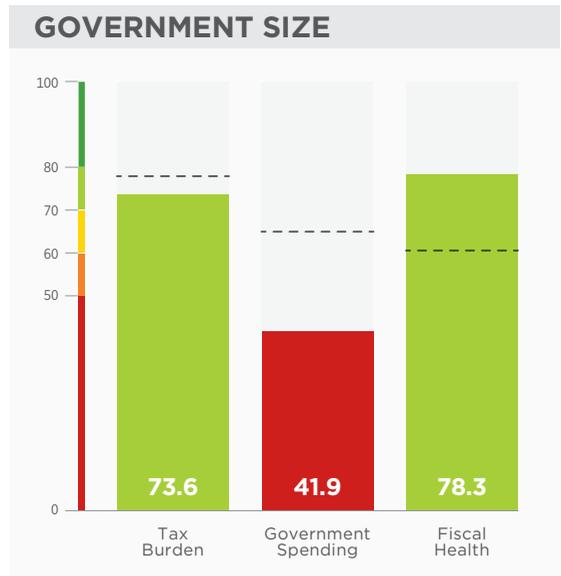
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Poland played a pivotal role in ending Soviet domination of Eastern Europe, joined NATO in 1999, and became a member of the European Union in 2004. The conservative and Euroskeptic Law and Justice Party (PiS), first elected to power in 2015, won an even bigger parliamentary majority in 2019. In 2020, President Andrzej Duda of the PiS was narrowly reelected to a second five-year term. The government has prioritized closer cooperation with the U.S. while clashing with the EU over migration and judicial and media reforms. Tensions exist between the country's poorer and rural eastern region and its more prosperous and industrialized western region. Coming out of the pandemic, Poland's strong economy is returning to growth.

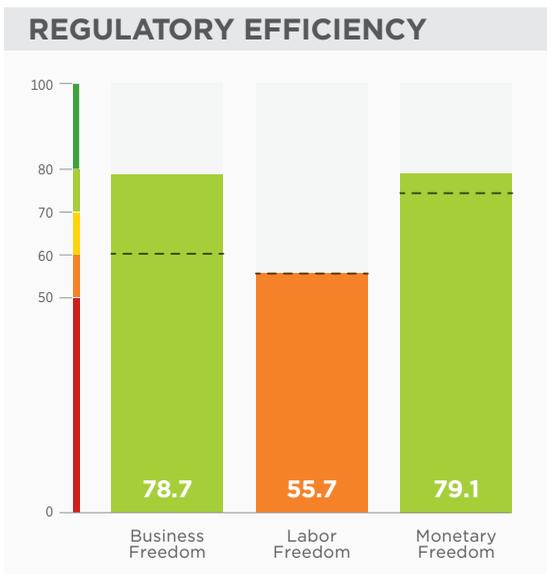
12 ECONOMIC FREEDOMS | POLAND



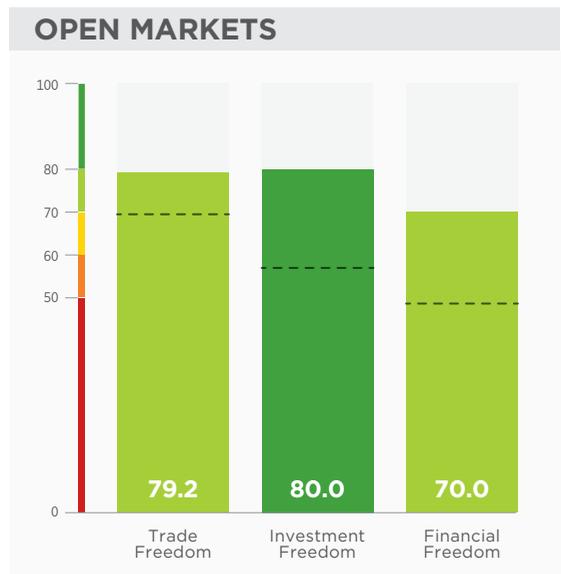
Secured interests in property and the sanctity of contracts are recognized and enforced by law. The registration system for land titles and mortgages is reliable. The Polish legal system is code-based and prosecutorial. The judiciary is independent, and courts function slowly but effectively. Laws, regulations, and penalties have been imposed to combat corruption among public officials and to counteract conflicts of interest.



The top individual income tax rate is 32 percent, and the top corporate tax rate is 19 percent. Other taxes include value-added and property taxes. The overall tax burden equals 35.4 percent of total domestic income. Government spending has amounted to 44.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.1 percent of GDP. Public debt is equivalent to 57.7 percent of GDP.



Members of the business community report that regulations have become less predictable. Outsized state-owned and state-controlled companies infringe on business freedom. Labor productivity has been rising. The unemployment rate varies a great deal across regions. The government has increased the minimum wage, and the rate of inflation rose steadily throughout 2021.



As a member of the EU, Poland has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Poland has an additional 340 country-specific nontariff barriers. Foreign and domestic investors are generally treated equally. The financial sector consists mainly of private banks, and capital markets are expanding.

PORTUGAL

Portugal's economic freedom score is 70.8, making its economy the 31st freest in the 2022 *Index*. Portugal is ranked 21st among 45 countries in the Europe region, and its overall score is above the regional and world averages.

The Portuguese economy contracted in 2020, but growth resumed in 2021. In the past half-decade, a robust expansion of economic freedom has continued. Aided by substantial score increases for **fiscal health** and rule of law, Portugal has recorded an impressive 8.2-point overall gain of economic freedom since 2017 and has climbed into the "Mostly Free" category for the first time in the 28-year history of the *Index*. Monetary freedom and **trade freedom** are healthy, but the economy continues to be burdened by heavy **government spending**.

IMPACT OF COVID-19: As of December 1, 2021, 18,458 deaths had been attributed to the pandemic in Portugal, and the government's response to the crisis ranked 99th among the countries included in this *Index* in terms of its stringency. The economy contracted by 7.6 percent in 2020.

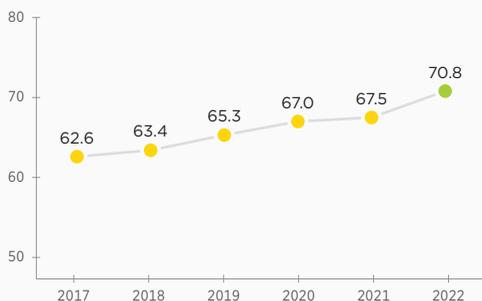


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +8.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.3 million

GDP (PPP):
\$350.2 billion
-7.6% growth in 2020
5-year compound annual growth 0.7%
\$34,043 per capita

UNEMPLOYMENT:
7.2%

INFLATION (CPI):
-0.1%

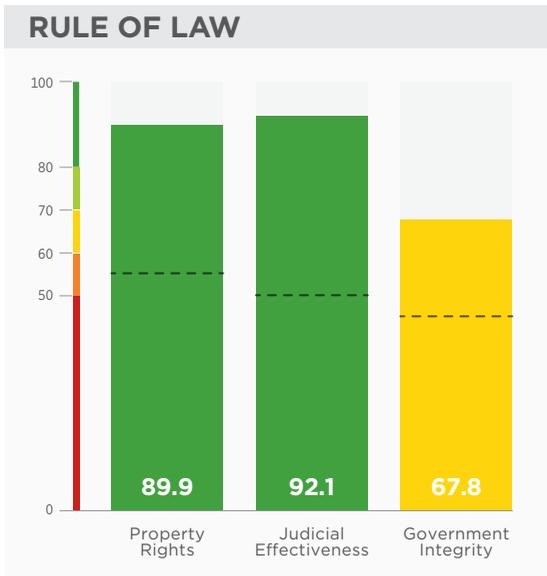
FDI INFLOW:
\$6.3 billion

PUBLIC DEBT:
131.6% of GDP

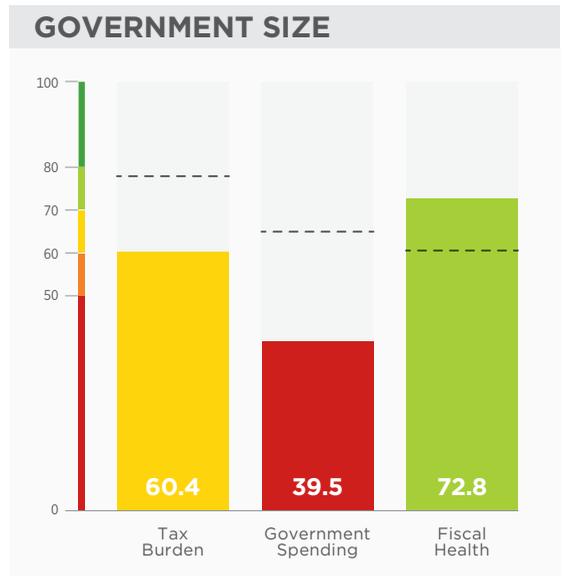
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Portugal returned to democracy in 1976 and joined the European Union in 1986. Socialist Prime Minister António Costa, first elected in 2015, was able to form another minority government after 2019 elections. Gaining the support of the Communists and other hard-left parties for the passage of legislation has become increasingly difficult. Despite increasing minimum wage and welfare payments, the government has left the economy's major structural shortcomings unaddressed. Leading economic sectors include financial services, telecommunications, and a tourism industry that is in a historic trough. In 2019, shareholders of Portugal's largest electrical utility blocked a takeover bid by its largest shareholder, a Chinese state-owned enterprise. A new state-owned development bank, incorporated in November 2020, is handling EU bailout funds.

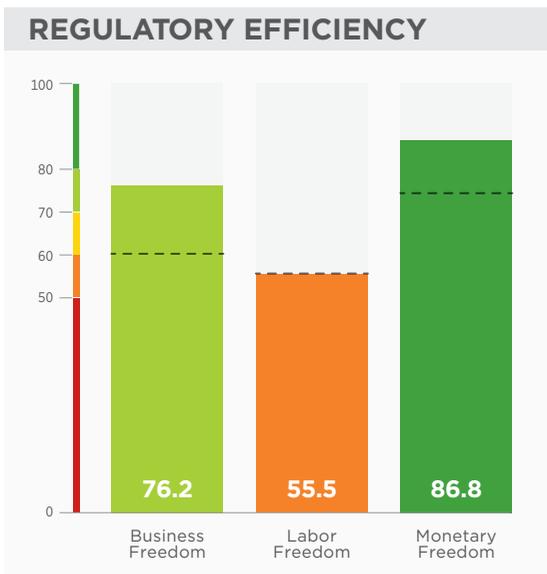
12 ECONOMIC FREEDOMS | PORTUGAL



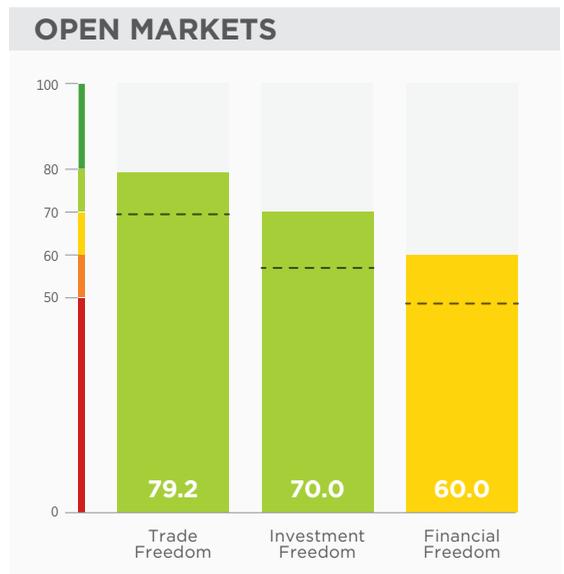
Property rights and secured interests are protected by law, and enforcement by the courts is reliable. The registration system is digitalized and efficient, and land registry procedures are being simplified. The judicial system is independent, and reforms are being implemented to modernize it. Public-sector corruption is generally not perceived as a problem, and anticorruption statutes have been toughened.



The top individual income tax rate is 48 percent, and the top corporate tax rate is 21 percent. Other taxes include a value-added tax. The overall tax burden equals 34.8 percent of total domestic income. Government spending has amounted to 44.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.1 percent of GDP. Public debt is equivalent to 131.6 percent of GDP.



Portugal's Agency for Competitiveness and Innovation (IAPMEI) offers financing, training, and other services for small and medium-sized enterprises. Labor reform packages meant to increase productivity were implemented after the 2011 bailout but have not reached their goal. The World Bank estimates that subsidies and transfers amounted to 46 percent of the budget in 2019 (the most recent year for which data are available).



As a member of the EU, Portugal has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. The investment regime is conducive to new investment. The financial sector, dominated by banking, has regained stability and offers a range of financial services. The capital market continues to grow and evolve.

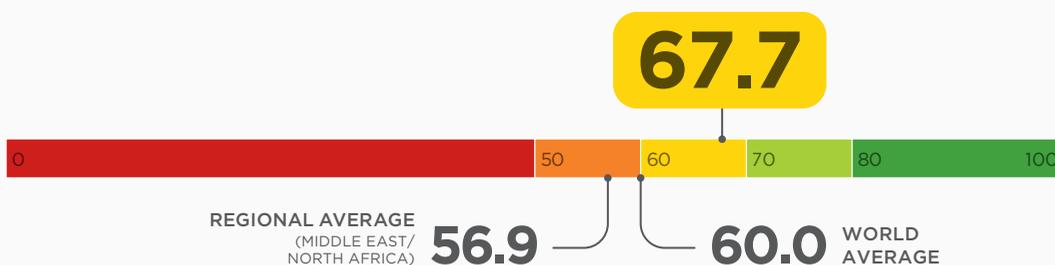
QATAR

Qatar's economic freedom score is 67.7, making its economy the 44th freest in the 2022 *Index*. Qatar is ranked 3rd among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

Qatar's economic growth has fluctuated over the past five years: positive in 2017 and 2018, slowing in 2019, negative in 2020, and returning to positive in 2021. A five-year trend of solid economic freedom, however, has faltered. With drops in scores for **judicial effectiveness** and **trade freedom**, Qatar has recorded a 5.4-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Free" category to the "Moderately Free" category. Qatar has hearty **fiscal health**, but **business freedom** lags.

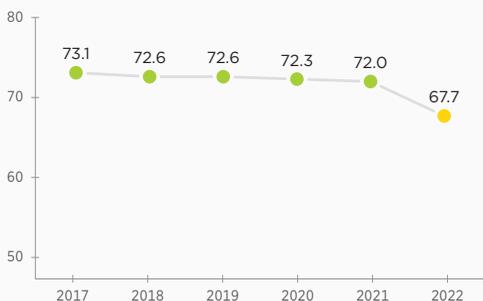
IMPACT OF COVID-19: As of December 1, 2021, 611 deaths had been attributed to the pandemic in Qatar, and the government's response to the crisis ranked 43rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.6 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1999): +5.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.9 million

GDP (PPP):
\$262.0 billion
-2.6% growth in 2020
5-year compound annual growth 0.2%
\$93,508 per capita

UNEMPLOYMENT:
3.5%

INFLATION (CPI):
-2.7%

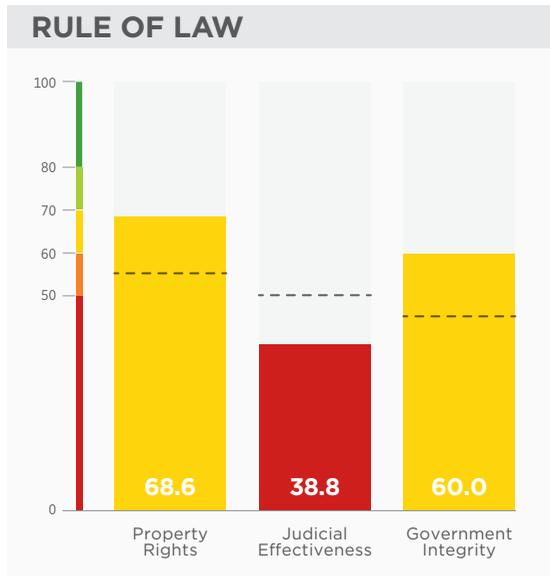
FDI INFLOW:
-\$2,434.0 million

PUBLIC DEBT:
71.8% of GDP

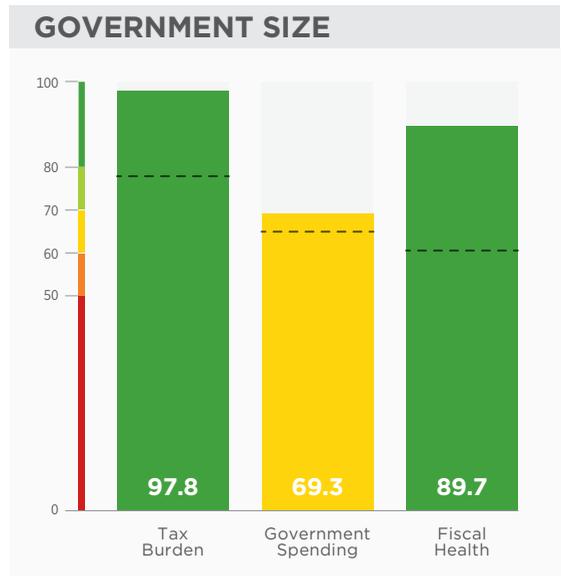
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Once an impoverished British protectorate, Qatar gained independence in 1971 and has become one of the world's richest countries because of its massive reserves of oil and natural gas. Sheikh Tamim bin Hamad Al-Thani, in power since 2013, has promoted improvements in infrastructure, health care, and education as well as the expansion of manufacturing, construction, and financial services. A four-year dispute with Saudi Arabia, Bahrain, Egypt, and the United Arab Emirates related to Qatar's support for Islamist extremists and friendly relations with Iran was resolved in January 2021. Since winning its bid to host the 2022 World Cup, the government has expedited a variety of large infrastructure projects including roads, light rail transportation, a new port, stadiums, and other sporting facilities.

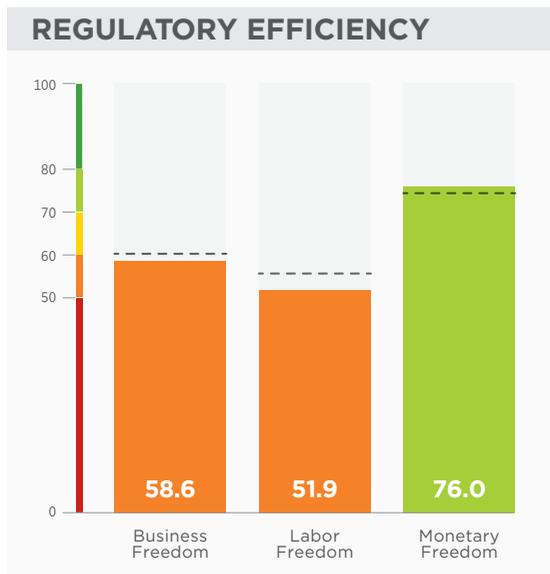
12 ECONOMIC FREEDOMS | QATAR



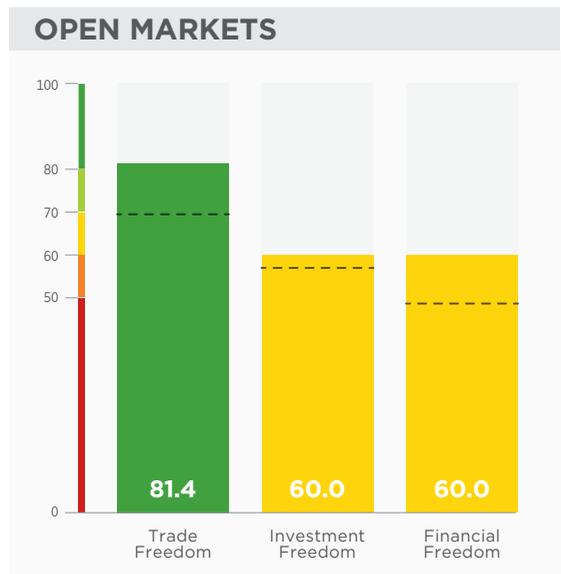
A set of laws, ministerial decrees, and resolutions form the legal basis upon which property rights are established. Registration is efficient. Foreign ownership rights are limited. The judiciary is not independent in practice. Many judges are foreign nationals. Sharia (Islamic) courts handle family law. Corruption is not a major problem, although the power of personal connections plays a major role in business culture.



There is no individual income tax or domestic corporate tax. Foreign corporations operating in Qatar are subject to a flat 10 percent corporate rate. The overall tax burden equals 14.7 percent of total domestic income. Government spending has amounted to 32.0 percent of total output (GDP) over the past three years, and budget surpluses have averaged 4.1 percent of GDP. Public debt is equivalent to 71.8 percent of GDP.



Qatar exports more liquified natural gas than any other country. The government now allows 100 percent foreign ownership of businesses in most sectors. Unemployment rates are among the lowest in the world. Qatar has enacted laws in recent years to remedy the problem of late or unpaid wages. State-owned enterprises dominate such sectors as oil and gas and minerals, and the government continues to fund Emirates and Qatar Airways.



Qatar has three preferential trade agreements in force. The trade-weighted average tariff rate is 4.3 percent, and four nontariff measures are in effect. Openness to global commerce through trade and investment underpins Qatar's competitiveness. Foreign investment in several sectors of the economy is capped. The stable banking sector remains competitive. Growth in financial services has contributed to economic diversification.

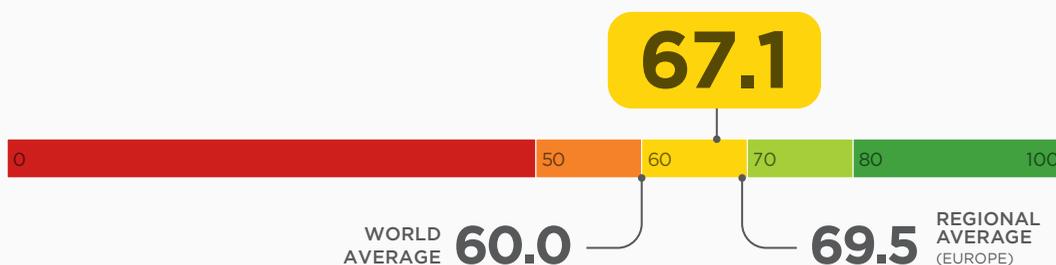
ROMANIA

Romania's economic freedom score is 67.1, making its economy the 47th freest in the 2022 *Index*. Romania is ranked 28th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

The Romanian economy slowed from 2017 through 2019 before contracting in 2020. Growth recovered in 2021. During the same five years, the expansion of economic freedom stalled and then stumbled. With increases in scores for **property rights** and **business freedom** unable to overcome a sharp drop in its **fiscal health** score, Romania has recorded a 2.6-point overall loss of economic freedom since 2017 and remains in the upper half of the "Moderately Free" category. Trade freedom and **monetary freedom** are relatively high, but **government integrity** is far too weak for a member of the European Union.

IMPACT OF COVID-19: As of December 1, 2021, 56,618 deaths had been attributed to the pandemic in Romania, and the government's response to the crisis ranked 52nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.9 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +24.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
19.3 million

GDP (PPP):
\$589.7 billion
-3.9% growth
in 2020
5-year compound
annual growth 3.3%
\$30,526 per capita

UNEMPLOYMENT:
4.8%

INFLATION (CPI):
2.6%

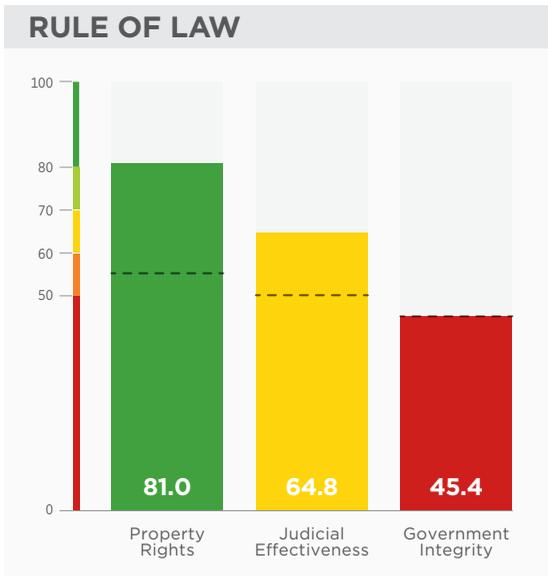
FDI INFLOW:
\$2.3 billion

PUBLIC DEBT:
50.1% of GDP

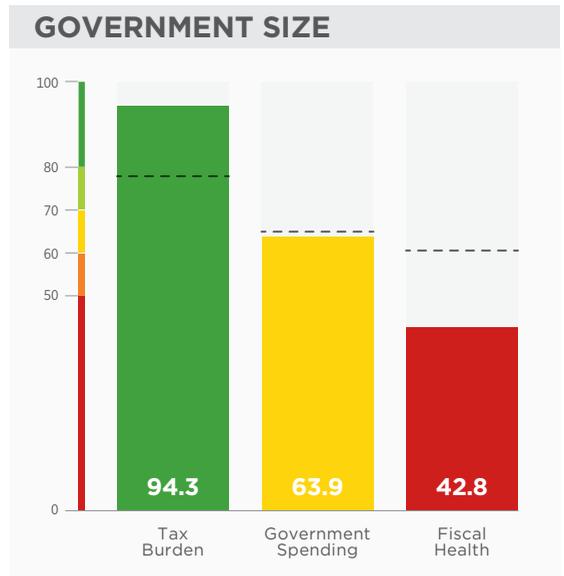
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Romania's transition to a free-market economy began with its new constitution in 1991 and was followed by membership in NATO in 2004 and the European Union in 2007. In December 2020, Florin Cițu of the center-right National Liberal Party formed a coalition with the centrist USR PLUS alliance and the Democratic Union of Hungarians in Romania after former Prime Minister Ludovic Orban resigned when he placed second in the election. The center-left Social Democratic Party (PSD) won the most seats in 2020 but failed to secure an absolute parliamentary majority. A prior PSD government was ousted in 2019 over attempts to weaken anticorruption laws and judicial independence. With a strategic position on the Black Sea, Romania has extensive natural resources and a productive agriculture sector.

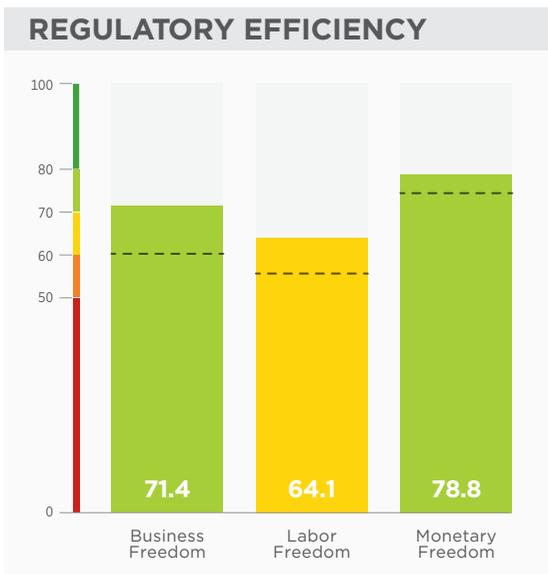
12 ECONOMIC FREEDOMS | ROMANIA



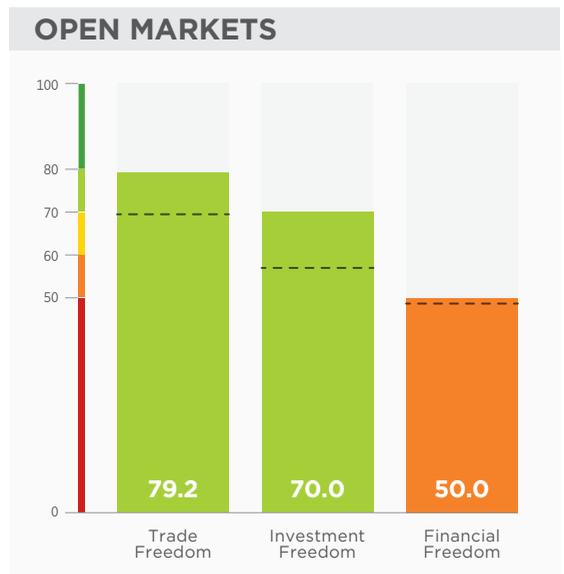
The law guarantees both the right to ownership of private property and contractual rights, but enforcement through the judicial process can be lengthy, costly, and difficult. The judiciary is independent, but courts lack expertise and are vulnerable to political influence. Corruption remains widespread. The current government is still trying to repair the weakening of anticorruption efforts by its predecessor.



The individual income tax rate is a flat 10 percent, and the corporate tax rate is a flat 16 percent. Other taxes include value-added and environmental taxes. The overall tax burden equals 14.6 percent of total domestic income. Government spending has amounted to 34.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.7 percent of GDP. Public debt is equivalent to 50.1 percent of GDP.



Regulatory instability detracts from business freedom. Major laws have been enacted without stakeholders being consulted. A two-year ban on the sale of state ownership in state-owned enterprises (SOEs) was enacted in 2020. High payroll taxes cause 25 percent to 30 percent of the labor force to work in the underground economy. The government's plan to sell off minority stakes in some of its 1,200 SOEs in such sectors as energy production and generation has stalled.



As a member of the EU, Romania has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Romania has an additional 20 country-specific nontariff barriers. Despite progress, foreign investment is undercut by regulatory inefficiency. The level of financial intermediation has been growing, and the banking sector has expanded.

RUSSIA

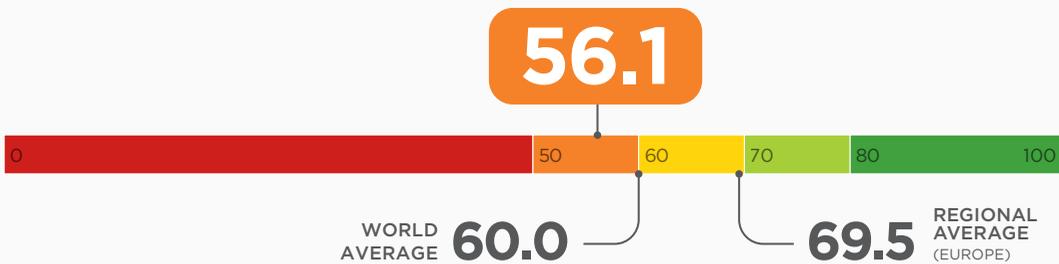
Russia's economic freedom score is 56.1, making its economy the 113th freest in the 2022 *Index*. Russia is ranked 43rd among 45 countries in the Europe region, and its overall score is below the regional and world averages.

Over the past five years, the Russian economy gained strength in 2017 and 2018, slowed in 2019, and turned negative in 2020. Growth resumed with the recovery of global oil prices in 2021. A five-year trend of slowly expanding economic freedom has faltered. With score increases in **labor freedom** and **monetary freedom** outpaced by decreases in rule of law and **business freedom**, Russia has recorded a 1.0-point overall loss of economic freedom since 2017 and has fallen back into the ranks of "Mostly Unfree" countries. Fiscal health is very strong, but **investment freedom** and **financial freedom** are at the levels of least developed countries.

IMPACT OF COVID-19: As of December 1, 2021, 271,091 deaths had been attributed to the pandemic in Russia, and the government's response to the crisis ranked 116th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.1 percent in 2020.

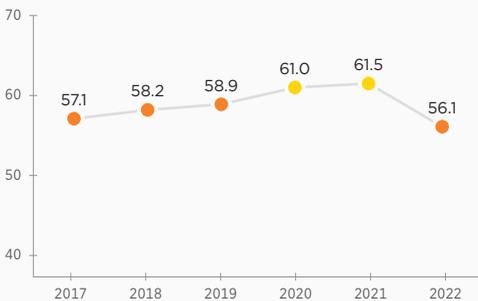


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +5.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
144.1 million

GDP (PPP):
\$4.1 trillion
-3.1% growth in 2020
5-year compound annual growth 0.8%
\$27,903 per capita

UNEMPLOYMENT:
5.7%

INFLATION (CPI):
3.4%

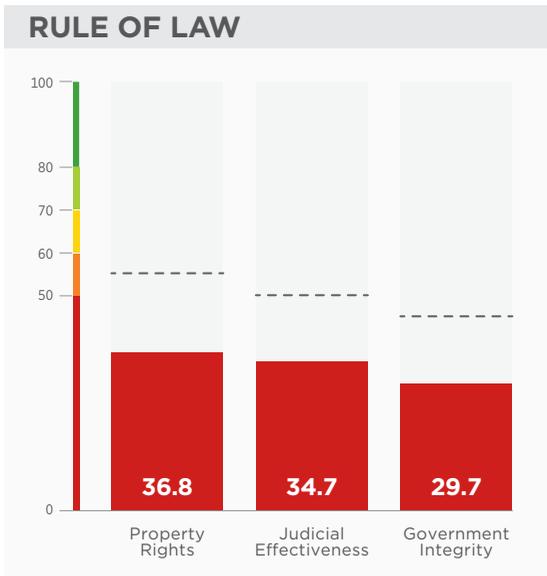
FDI INFLOW:
\$9.7 billion

PUBLIC DEBT:
19.3% of GDP

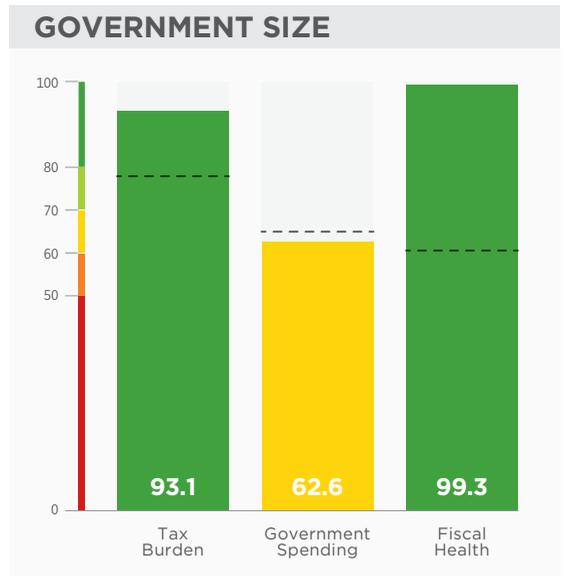
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Russia is the world's largest nation in terms of area. Vladimir Putin was reelected president in 2018 amid allegations of electoral fraud. Russia illegally annexed Ukraine's Crimean Peninsula early in 2014 and continues to foment instability by supplying weapons and troops in eastern Ukraine's Donbas region. Ongoing Western economic sanctions have led to a brain drain and capital flight. Russia's economy depends heavily on exports of oil and gas. In recent years, low oil prices, the financial burden of the Crimea annexation, and efforts to rearm the military have strained public finances. Because of its actions in Ukraine, including its illegal annexation of Crimea, Russia's bid to join the Organisation for Economic Co-operation and Development has been postponed indefinitely.

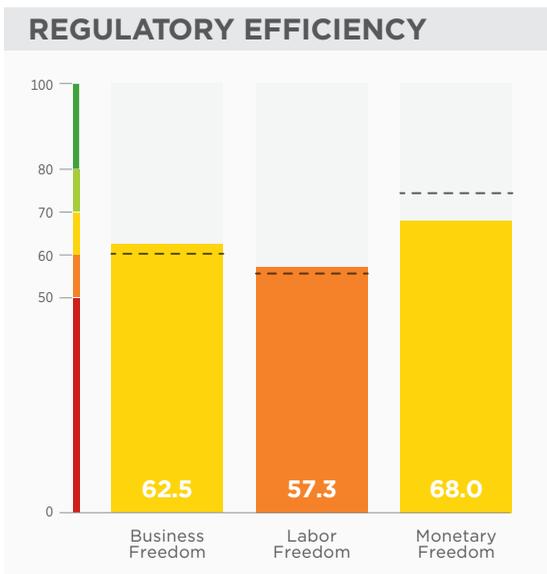
12 ECONOMIC FREEDOMS | RUSSIA



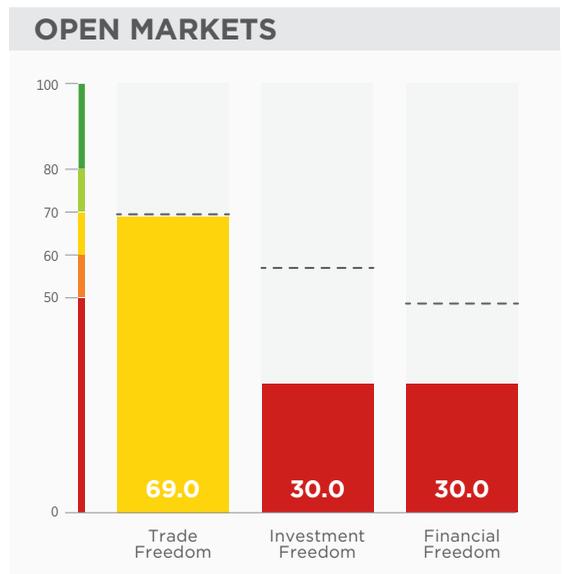
By law, citizens have the right to own, inherit, lease, mortgage, and sell real property. The Russian constitution recognizes property rights. The state owns most of the land, but most structures are privately owned. Russia's judicial system is heavily biased in favor of the state. Corruption and impunity are pervasive, especially in public procurement, media, national defense, and public utilities.



The individual income tax rate is a flat 13 percent, and the top corporate tax rate is 20 percent. Other taxes include excise and value-added taxes. The overall tax burden equals 11.0 percent of total domestic income. Government spending has amounted to 35.3 percent of total output (GDP) over the past three years, and budget surpluses have averaged 0.3 percent of GDP. Public debt is equivalent to 19.3 percent of GDP.



Businesses enjoy a good deal of business freedom unless they get involved in a dispute with the government. Labor mobility across regions is limited. Wages and employment conditions vary widely. Labor standards that are on the books are frequently not upheld. In 2019 (the most recent year for which data are available), the World Bank reported that subsidies accounted for about 69 percent of the government's budget.



Russia has 11 preferential trade agreements in force. The trade-weighted average tariff rate is 5.5 percent, and 227 nontariff measures are in effect. Private-sector trade and investment activities are undercut by structural and institutional constraints caused by state interference in the marketplace. Investment growth has been elusive because of the deficient investment framework. The financial sector is dominated by state-controlled banks.

RWANDA

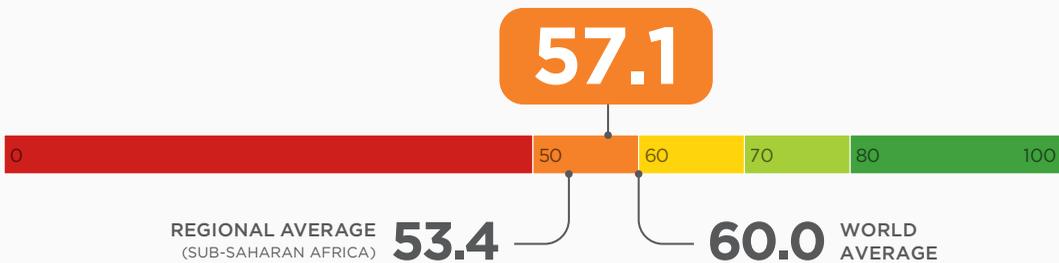
Rwanda's economic freedom score is 57.1, making its economy the 105th freest in the 2022 *Index*. Rwanda is ranked 16th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

In the past half-decade, the Rwandan economy accelerated from 2017 through 2019, contracted in 2020, and resumed growth in 2021. Economic freedom has fluctuated over the same five years. With significant decreases in scores for **judicial effectiveness**, **fiscal health**, and **business freedom**, Rwanda has recorded a steep 10.5-point overall loss of economic freedom since 2017 and has fallen from the "Moderately Free" category to the "Mostly Unfree" category. Monetary freedom is somewhat promising, but **judicial effectiveness** and **financial freedom** are seriously deficient.

IMPACT OF COVID-19: As of December 1, 2021, 1,343 deaths had been attributed to the pandemic in Rwanda, and the government's response to the crisis ranked 55th among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.2 percent in 2020.

WORLD RANK: **105** | REGIONAL RANK: **16**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1997): +18.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
13.0 million

GDP (PPP):
\$29.6 billion
-0.2% growth in 2020
5-year compound annual growth 5.5%
\$2,337 per capita

UNEMPLOYMENT:
1.4%

INFLATION (CPI):
8.0%

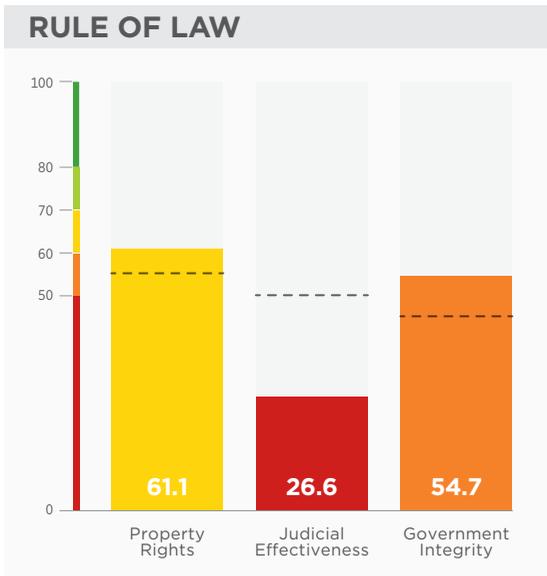
FDI INFLOW:
\$135.0 million

PUBLIC DEBT:
61.0% of GDP

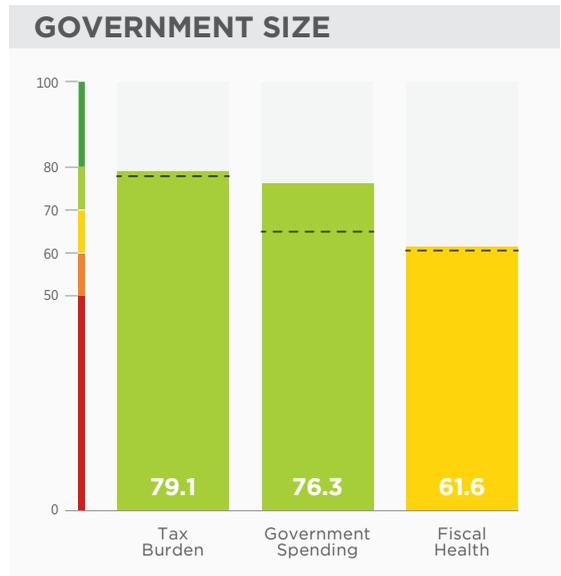
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Decades of violence followed Rwanda's independence from Belgium in 1959. In 1994, Paul Kagame's Tutsi-led Rwandan Patriotic Front seized power after state-sponsored genocide killed an estimated 800,000 people, mostly Tutsis. Kagame has been president since 2000 and was reelected to seven-year terms in 2010 and 2017 amid allegations of fraud, intimidation, and violence. In 2015, voters approved a constitutional change that would permit the 62-year-old Kagame to govern until 2034 and strengthen his authoritarian rule. In July 2021, Rwanda deployed 1,000 security service personnel to Mozambique to fight an insurgency linked to Islamic State terrorists. Tourism, minerals, coffee, and tea are the main sources of foreign exchange.

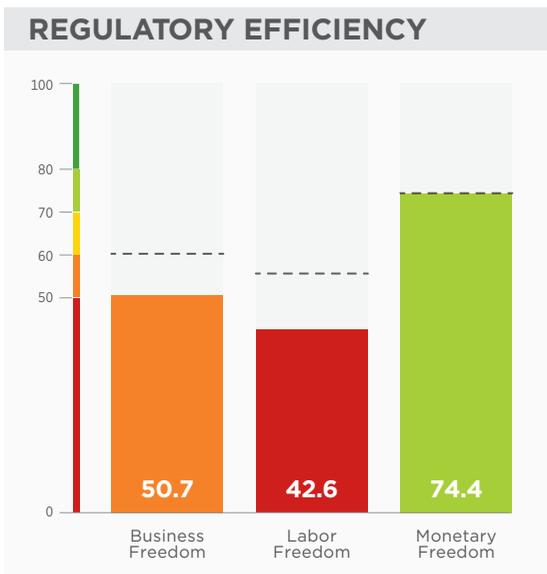
12 ECONOMIC FREEDOMS | RWANDA



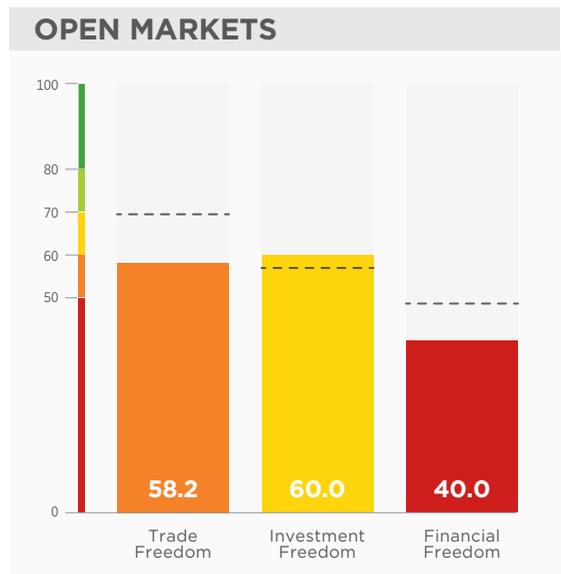
The law recognizes and protects property and contractual rights. The inadequately resourced judiciary is not yet fully independent of the executive and suffers from capacity constraints and a heavy case backlog. Although graft remains a problem, Rwanda was ranked 49th out of 180 countries and cited as one of sub-Saharan Africa's three least corrupt nations in Transparency International's 2020 *Corruption Perceptions Index*.



The top individual income and corporate tax rates are 30 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 17.1 percent of total domestic income. Government spending has amounted to 28.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.4 percent of GDP. Public debt is equivalent to 61.0 percent of GDP.



Starting a business is easy, but non-regulatory factors such as geography and a small domestic market for goods and services can make operating a business a challenge. Affordable credit can be hard to obtain. All eight of the International Labor Organization's core conventions have been ratified. The IMF projected that subsidies would consume about 2.6 percent of GDP in fiscal year 2021.



Rwanda has two preferential trade agreements in force. The trade-weighted average tariff rate is 13.4 percent, and 30 nontariff measures are in effect. With most sectors open to foreign investment, the investment regime is still evolving. However, it is not conducive to the dynamic expansion of new investment. Despite some progress, the cost of financing remains high, and access to banking services is limited.

SAINT LUCIA

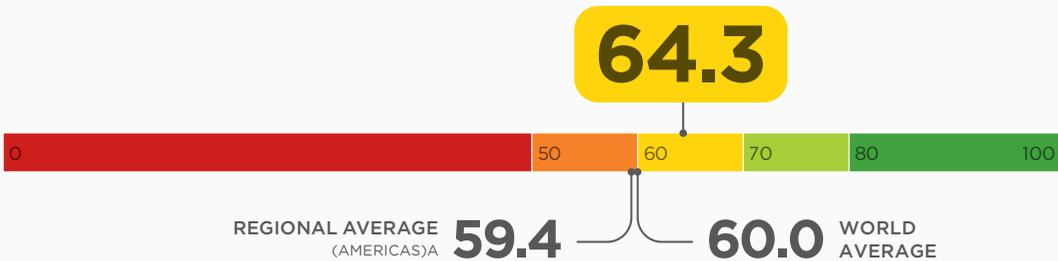
Saint Lucia's economic freedom score is 64.3, making its economy the 65th freest in the 2022 *Index*. Saint Lucia is ranked 13th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Saint Lucia's economic growth decelerated in 2017 and 2018, began to contract in 2019, plunged in 2020, and began to recover in 2021. During the same half-decade, economic freedom, although moderate, has held up relatively well. With decreases in scores for **business freedom** and **trade freedom** slightly outpacing improvements in **judicial effectiveness** and **government integrity**, Saint Lucia has recorded a 0.7-point overall loss of economic freedom since 2017 and has fallen into the lower half of the "Moderately Free" category. The economy is not heavily burdened by taxes and **government spending**, and **monetary freedom** is strong, but **financial freedom** is weak.

IMPACT OF COVID-19: As of December 1, 2021, 280 deaths had been attributed to the pandemic in Saint Lucia. The economy contracted by 18.9 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -4.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.2 million

GDP (PPP):
\$2.4 billion
-18.9% growth in 2020
5-year compound annual growth -1.4%
\$13,359 per capita

UNEMPLOYMENT:
17.1%

INFLATION (CPI):
-1.8%

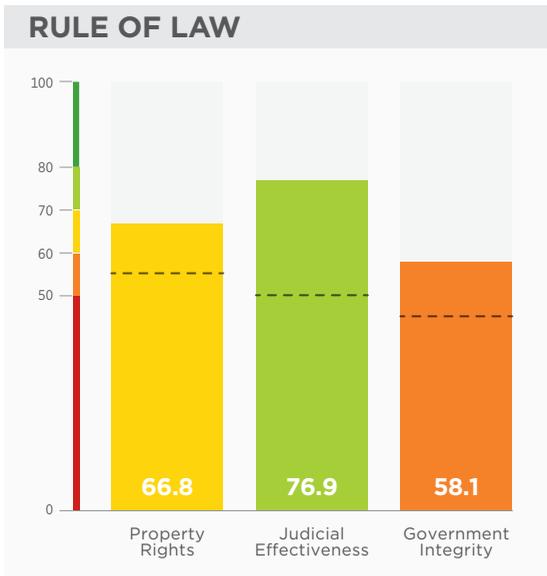
FDI INFLOW:
\$15.0 million

PUBLIC DEBT:
84.4% of GDP

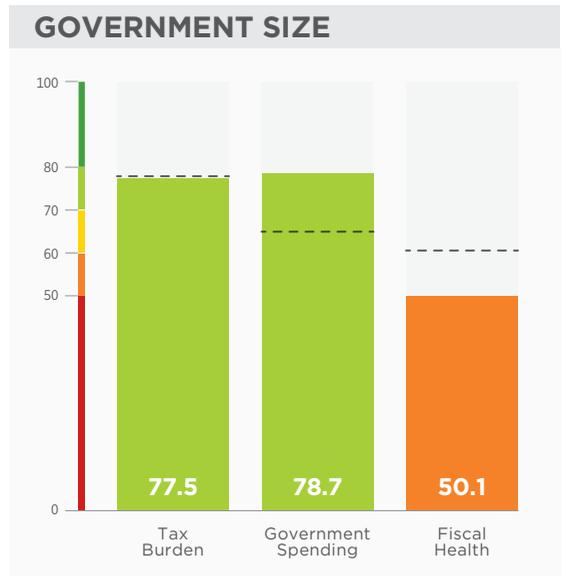
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Saint Lucia, an island nation in the Lesser Antilles that is known for its two distinctive "Piton" mountains, is a two-party democracy with a bicameral parliament. Phillip J. Pierre of the center-left Saint Lucia Labour Party became prime minister in 2021. Saint Lucia is a member of the Caribbean Community and Common Market and hosts the headquarters of the Organization of Eastern Caribbean States. The economy depends primarily on tourism, banana production, and some light manufacturing. A well-educated workforce and recent improvements in roads, communications, water supply, sewerage, and port facilities have attracted foreign investment. The government has encouraged farmers to diversify from bananas to other crops and prioritizes growth of the communications and information technology sectors.

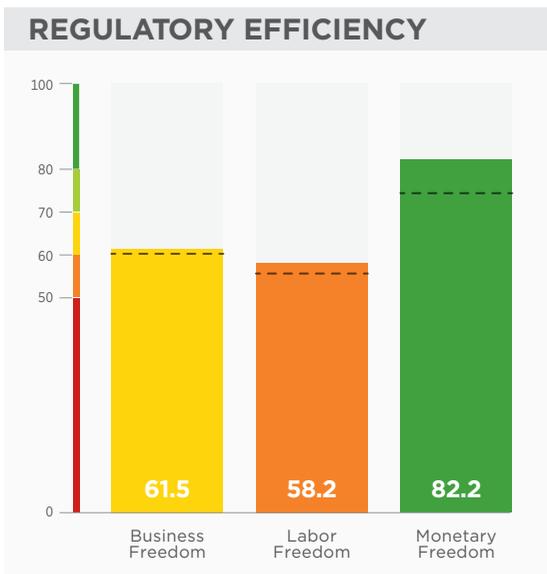
12 ECONOMIC FREEDOMS | SAINT LUCIA



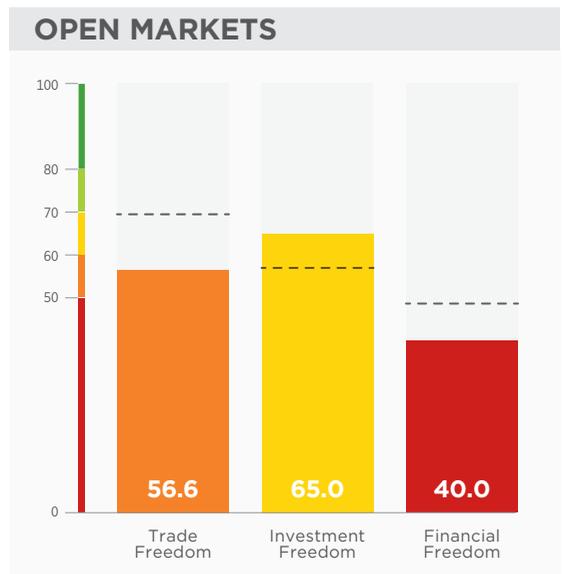
Property rights and secured interests such as mortgage claims are protected by law. There are special requirements for acquiring and developing land, especially for tourism. The judiciary is competent, relatively independent, and generally free from political interference. Saint Lucia hosts the Eastern Caribbean Supreme Court (ECSC), which serves as its highest court. Corruption is not viewed as a major problem.



The top individual income and corporate tax rates are 30 percent. Other taxes include consumption and property transfer taxes. The overall tax burden equals 21.1 percent of total domestic income. Government spending has amounted to 26.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.7 percent of GDP. Public debt is equivalent to 84.4 percent of GDP.



Saint Lucia's regulatory and legal system is based on a combination of British and French law. Labor laws as written are somewhat rigid, but the government often does not enforce them. A government minimum wage commission recently recommended the institution of a minimum wage. Transfers and subsidies consume nearly 10 percent of the government's 2021-2022 budget.



Saint Lucia has three preferential trade agreements in force. The trade-weighted average tariff rate is 14.2 percent, and one formal nontariff measure is in effect. Other barriers to trade flows persist. Long-term foreign direct investment is scarce, and bureaucracy deters investment. A considerable portion of the population is outside of the formal banking sector, and access to financing is limited.

SAINT VINCENT AND THE GRENADINES

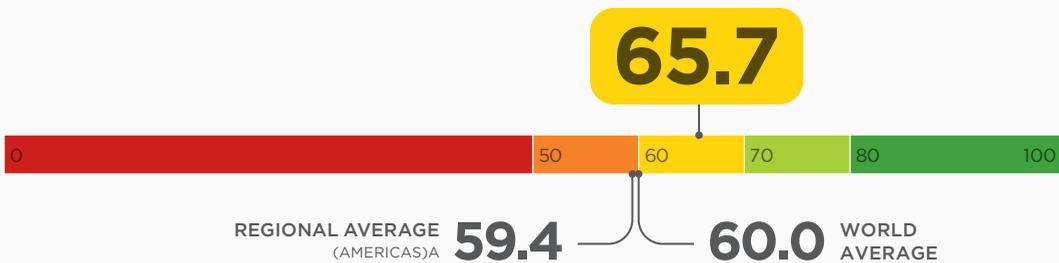
Saint Vincent and the Grenadines' economic freedom score is 65.7, making its economy the 54th freest in the 2022 *Index*. Saint Vincent and the Grenadines is ranked 9th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

Economic growth in Saint Vincent and the Grenadines accelerated in 2017 and 2018, slowed in 2019, turned negative in 2020, and resumed in 2021. A five-year trend of relatively solid economic freedom has continued. Led by improved scores for rule of law that edged ahead of losses in **business freedom** and **labor freedom**, Saint Vincent and the Grenadines has recorded a slight 0.5-point overall gain of economic freedom since 2017 and remains near the middle of the "Moderately Free" category. Monetary freedom is relatively strong, but **financial freedom** is in need of upgrading.

IMPACT OF COVID-19: As of December 1, 2021, 74 deaths had been attributed to the pandemic in Saint Vincent and the Grenadines. The economy contracted by 4.2 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +1.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$1.4 billion
-4.2% growth in 2020
5-year compound annual growth 0.2%
\$12,606 per capita

UNEMPLOYMENT:
20.3%

INFLATION (CPI):
-0.6%

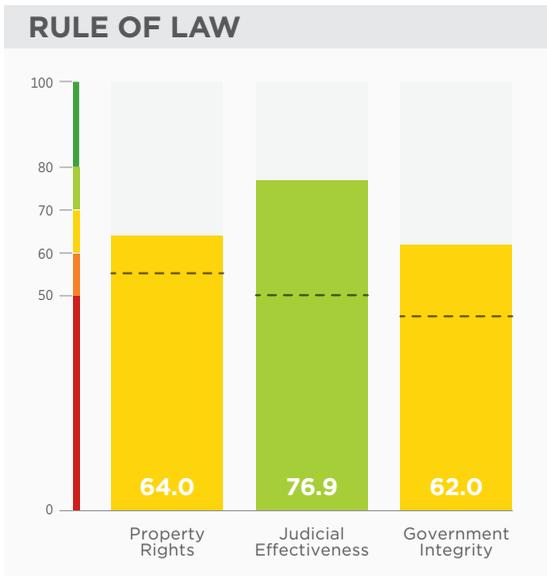
FDI INFLOW:
\$73.0 million

PUBLIC DEBT:
87.2% of GDP

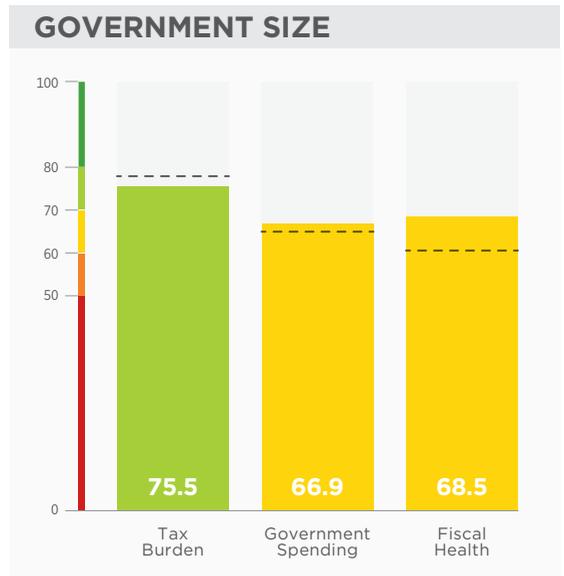
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Situated in the Windward Islands of the Lesser Antilles, Saint Vincent and the Grenadines gained full independence from the United Kingdom as a parliamentary democracy in 1979. Prime Minister Ralph Gonsalves of the leftist Unity Labour Party has been in office continuously since 2001 and won a fifth mandate in 2020. In 2021, eruption of the La Soufrière volcano caused millions of dollars in damage. Agriculture and tourism employ a significant portion of the workforce. Although the economy remains vulnerable, it has grown modestly in recent years because of renewed growth in construction and increased tourism through the country's new international airport. The Gonsalves government still supports the regime of Venezuelan socialist dictator Nicolás Maduro.

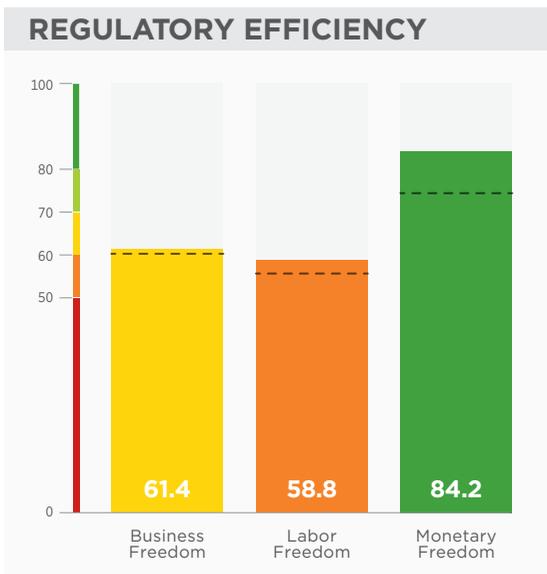
12 ECONOMIC FREEDOMS | SAINT VINCENT AND THE GRENADINES



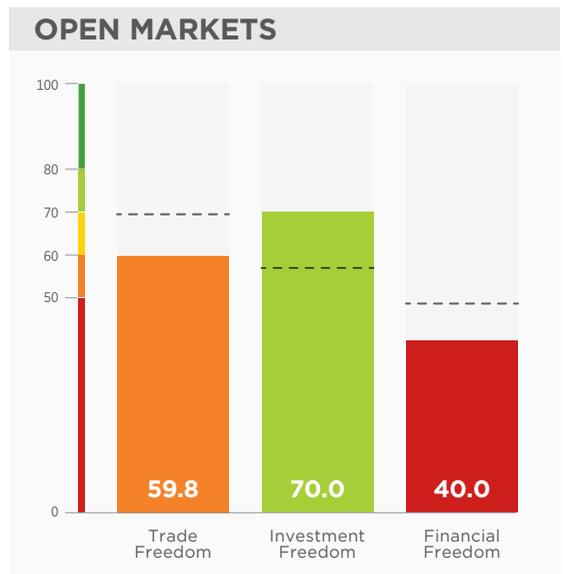
The judicial system, based on English common law, is slow but relatively independent. Property rights are protected, and contracts can be enforced. Foreigners may own property if they meet certain requirements. Property registration is time-consuming and expensive. Compared with some of its neighbors, Saint Vincent and the Grenadines continues to benefit from a strong rule of law, and corruption is not viewed as a major problem.



The top individual income and corporate tax rates are 30 percent. Other taxes include property and value-added taxes. The overall tax burden equals 25.4 percent of total domestic income. Government spending has amounted to 33.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.2 percent of GDP. Public debt is equivalent to 87.2 percent of GDP.



An attorney is usually used to incorporate a business. The government is trying to attract new investment in tourism and other leading sectors including international financial services, agro-processing, and light manufacturing. Labor laws are clearly stated and enforced consistently. After a staff visit, the World Bank estimated that subsidies and transfers would consume 10.6 percent of the government's 2021 budget.



Saint Vincent and the Grenadines has three preferential trade agreements in force. The trade-weighted average tariff rate is 12.6 percent, and onerous nontariff barriers further constrain the freedom to trade. Complex and nontransparent investment-related regulations undermine prospects for attracting new investment. The financial system is dominated by banking. Credit to the private sector has been expanding slowly.

SAMOA

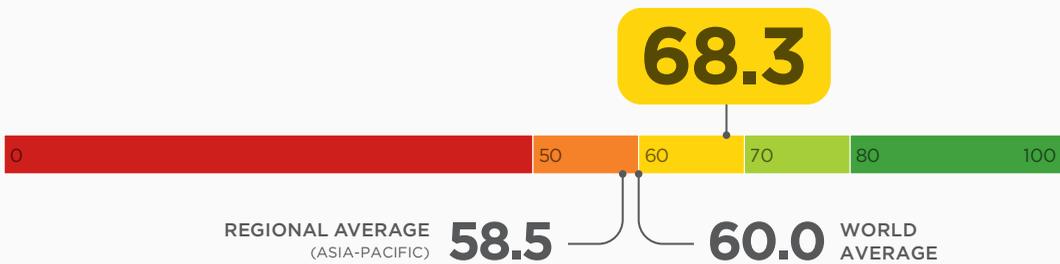
Samoa's economic freedom score is 68.3, making its economy the 40th freest in the 2022 *Index*. Samoa is ranked 7th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

The growth of the Samoan economy has fluctuated over the past five years: positive in 2017, negative in 2018, returning to growth in 2019, contracting again in 2020, and then dropping even further in 2021. Remarkably, economic freedom has continued to expand over the same half-decade. Boosted by spikes in scores for **fiscal health**, **trade freedom**, and rule of law, Samoa has recorded an impressive 9.9-point overall gain of economic freedom since 2017 and has risen nearer to the top of the "Moderately Free" category. Samoa is a recipient of international donor assistance, and **fiscal health** is robust, but **financial freedom** is very anemic.

IMPACT OF COVID-19: As of December 1, 2021, data on the number of deaths attributed to the pandemic in Samoa were not available. The economy contracted by 3.2 percent in 2020.

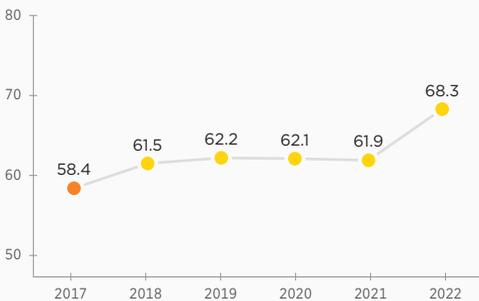


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +20.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION: 0.2 million	UNEMPLOYMENT: 8.9%
GDP (PPP): \$1.1 billion -3.2% growth in 2020 5-year compound annual growth 1.5% \$5,653 per capita	INFLATION (CPI): 1.5%
	FDI INFLOW: -\$1.0 million
	PUBLIC DEBT: 46.7% of GDP

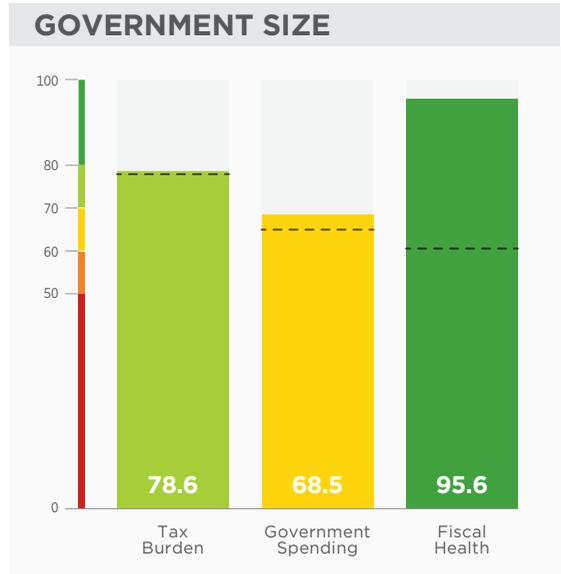
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: A small South Pacific archipelago with a population of fewer than 200,000, Samoa was administered by New Zealand until independence in 1962. It is now a multiparty, unicameral parliamentary democracy with seats split between the Human Rights Protection Party (HRPP) and the new Faith in the One God of Samoa (FAST) party. The 2021 general elections sparked a constitutional crisis as incumbent Prime Minister Tuilaepa Aiono Sailele refused to step down and accept the victory of Naomi Mata'afa. Two-thirds of the workforce is employed in fishing and agriculture, which produce 90 percent of exports, and the economy relies heavily on remittances from emigrants. The government is encouraging more offshore banking and foreign investment in manufacturing.

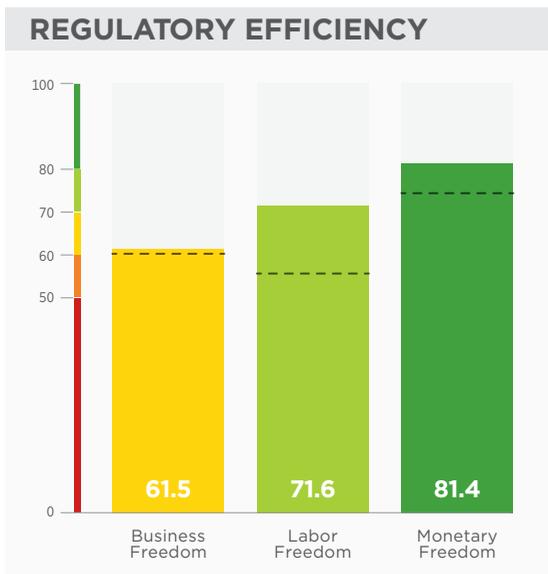
12 ECONOMIC FREEDOMS | SAMOA



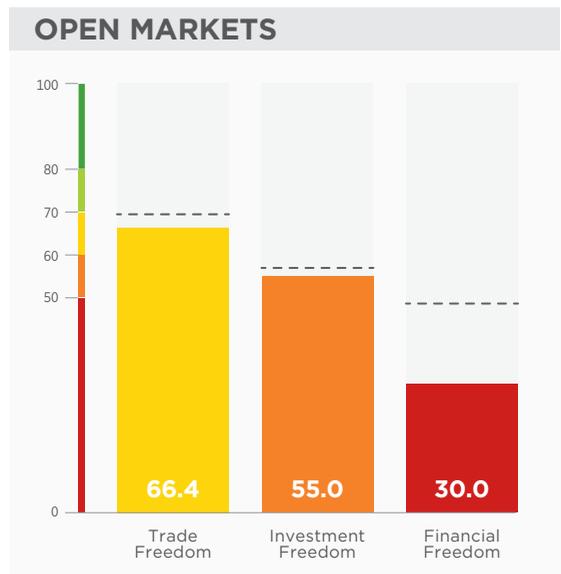
Most land in Samoa is owned either communally or by the government. Only citizens may own freehold land without special permission. Samoa lacks an efficient legal framework for the protection of property rights and enforcement of contracts. The judiciary is independent but heavily influenced by the executive. Common forms of corruption include bureaucratic and administrative corruption by government officials and political corruption.



The top individual income and corporate tax rates are 27 percent. Other taxes include value-added and excise taxes. The overall tax burden equals 26.2 percent of total domestic income. Government spending has amounted to 32.4 percent of total output (GDP) over the past three years, and budget surpluses have averaged 3.0 percent of GDP. Public debt is equivalent to 46.7 percent of GDP.



Business registration is a four-step process, some parts of which can be done online, but payment must be submitted in person. State-owned enterprises are not given preferential treatment. The only private-sector union pressed for a minimum wage, which was implemented in 2019 at WST\$3 (USD\$1.22). The government supports state-owned enterprises and subsidizes the prices of basic services including electricity and water supply.



Samoa has five preferential trade agreements in force. The trade-weighted average tariff rate is 9.3 percent, and one formal nontariff measure is in effect. Other barriers to trade persist, and policies critical to market openness have not advanced. Investment in some sectors is restricted. The small and underdeveloped financial sector is dominated by banking, but a significant portion of the population remains unconnected to the formal banking system.

SÃO TOMÉ AND PRÍNCIPE

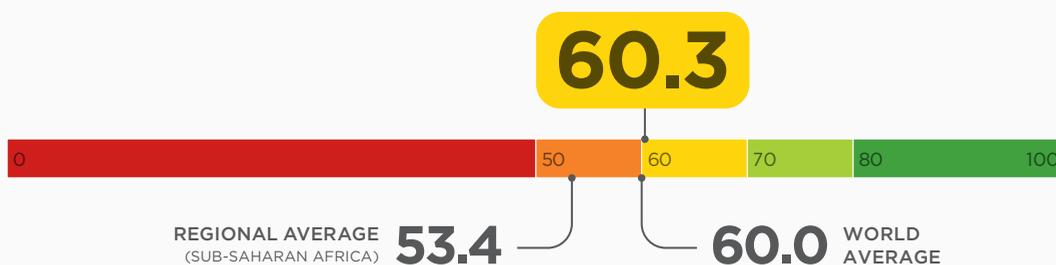
São Tomé and Príncipe's economic freedom score is 60.3, making its economy the 85th freest in the 2022 *Index*. São Tomé and Príncipe is ranked 7th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

São Tomé and Príncipe's economic growth lost strength from 2017 through 2019, contracted in 2020, and accelerated in 2021. During those five years, economic freedom has been generally mediocre but has trended higher. Lifted by higher scores for **fiscal health** and rule of law, São Tomé and Príncipe has recorded a 4.9-point overall gain of economic freedom since 2017 and has made it over the threshold from the "Mostly Unfree" category into the "Moderately Free" category. With **government spending** relatively low, the economy is unburdened by heavy taxation, but **financial freedom** is weak.

IMPACT OF COVID-19: As of December 1, 2021, 56 deaths had been attributed to the pandemic in São Tomé and Príncipe. The economy contracted by 6.5 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +16.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.2 million

GDP (PPP):
\$0.8 billion
-6.5% growth in 2020
5-year compound annual growth 1.2%
\$3,829 per capita

UNEMPLOYMENT:
13.9%

INFLATION (CPI):
9.8%

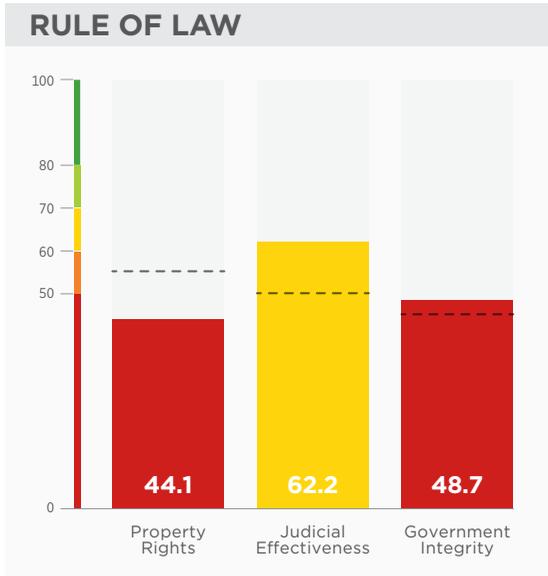
FDI INFLOW:
\$47.0 million

PUBLIC DEBT:
81.4% of GDP

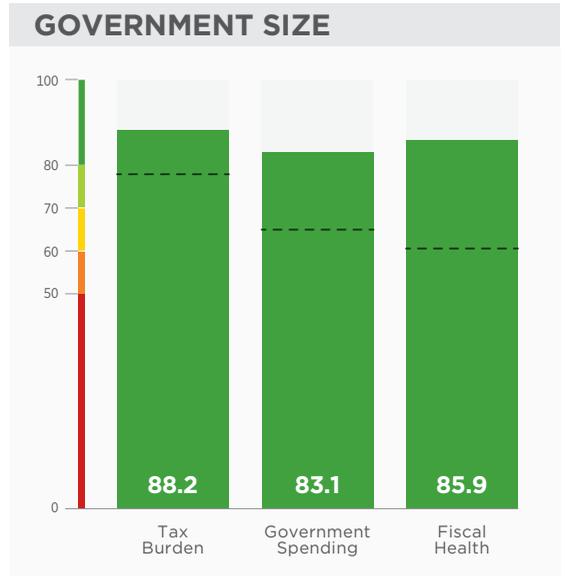
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The sugar-based economy of this former Portuguese colony gave way to coffee and cocoa in the 19th century. Independence was achieved in 1975, but democratic reforms were not instituted until the late 1980s. Evaristo Carvalho won the presidency in 2016 in a runoff election that was marred by accusations of irregularities and boycotted by incumbent President Manuel Pinto da Costa. Opposition leader and former government minister Carlos Vila Nova won the presidency in a second round of voting in September 2021. Cocoa production, an economic mainstay, has declined in recent years because of drought and mismanagement, but there is potential for tourism. The country is seeking to develop oil fields in the Gulf of Guinea jointly with Nigeria, but whether the project will prove commercially viable is unclear.

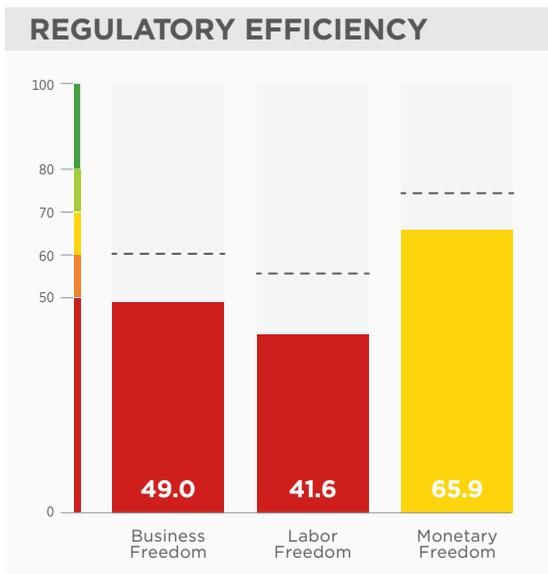
12 ECONOMIC FREEDOMS | SÃO TOMÉ AND PRÍNCIPE



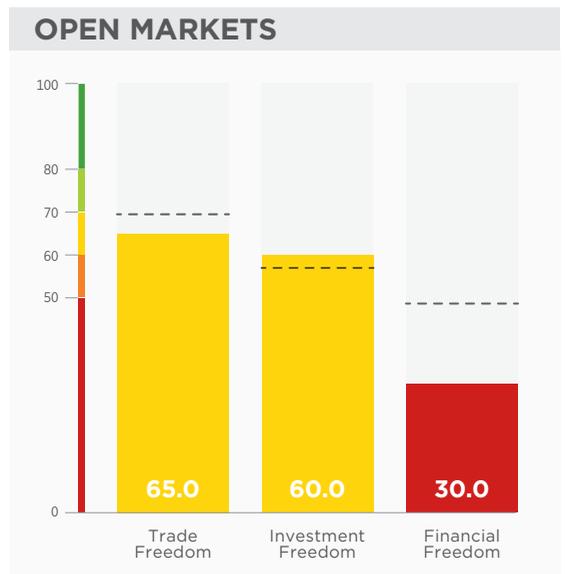
Property rights are not well protected. The government owns the vast majority of the land in São Tomé and Príncipe; less than 10 percent is held by private owners. The judiciary is independent but weak and susceptible to political influence. Although there are criminal penalties for official corruption, the government reportedly does not enforce those laws effectively. Officials sometimes engage in corrupt practices with impunity.



The top individual income tax rate is 20 percent, and the corporate tax rate is a flat 25 percent. Other taxes include sales and dividend taxes. The overall tax burden equals 12.5 percent of total domestic income. Government spending has amounted to 23.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.7 percent of GDP. Public debt is equivalent to 81.4 percent of GDP.



Limited and expensive electricity, insufficient infrastructure, a slow regulatory process, and a small domestic market reduce business opportunities. Minimum wages, first set in 2016, are higher for larger companies and increase over time. Although the government has tried to reduce subsidies and price controls, it remains extremely reliant on international aid and loans to avoid a balance-of-payments crisis.



São Tomé and Príncipe has no preferential trade agreements in force. The trade-weighted average tariff rate is 10.0 percent. São Tomé and Príncipe is not a member of the World Trade Organization. Layers of nontariff barriers constrain the freedom to trade. Investment laws are outmoded, and bureaucracy is slow and inefficient. Banking dominates the underdeveloped financial sector, and access to credit, especially long-term credit, remains very limited.

SAUDI ARABIA

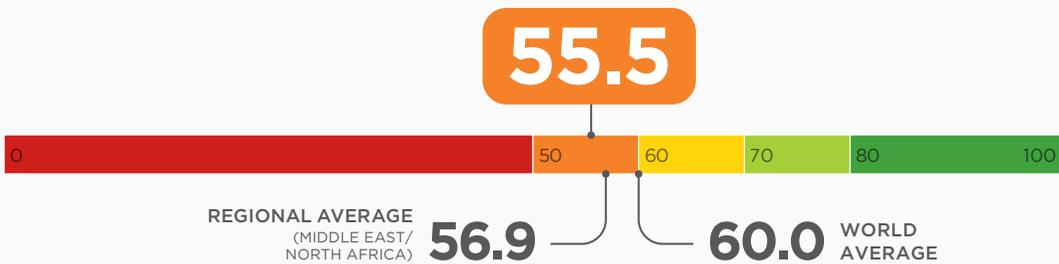
Saudi Arabia's economic freedom score is 55.5, making its economy the 118th freest in the 2022 *Index*. Saudi Arabia is ranked 9th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

The Saudi Arabian economy was gaining strength five years ago before slowing in 2019 and then contracting in 2020. Growth resumed in 2021. Economic freedom has fluctuated over the past five years. Dragged down by sharply lower scores for **fiscal health**, **judicial effectiveness**, and **property rights**, the kingdom has recorded a substantial 8.9-point overall loss of economic freedom since 2017 and is now near the middle of the "Mostly Unfree" category. Generous state subsidies have been accompanied by light taxation, but **government integrity** and **financial freedom** have lagged.

IMPACT OF COVID-19: As of December 1, 2021, 8,837 deaths had been attributed to the pandemic in Saudi Arabia, and the government's response to the crisis ranked 55th among the countries included in this *Index* in terms of its stringency. The economy contracted by 4.1 percent in 2020.

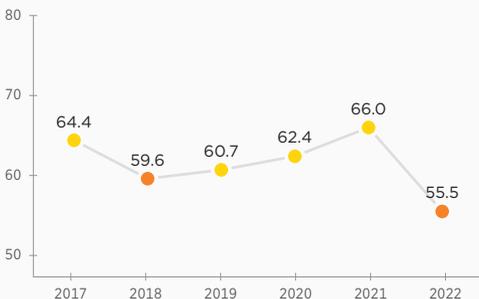
WORLD RANK: **118** | REGIONAL RANK: **9**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -12.8

RECENT FREEDOM TREND



QUICK FACTS

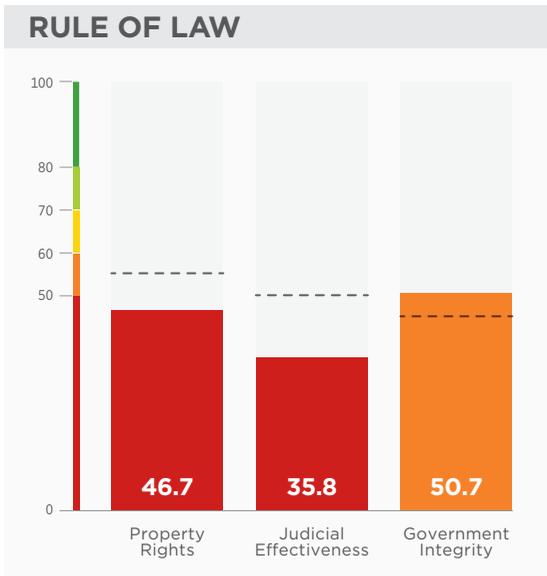
POPULATION: 34.8 million
GDP (PPP): \$1.6 trillion
 -4.1% growth in 2020
 5-year compound annual growth -0.1%
 \$46,811 per capita

UNEMPLOYMENT: 8.2%
INFLATION (CPI): 3.4%
FDI INFLOW: \$5.5 billion
PUBLIC DEBT: 32.4% of GDP

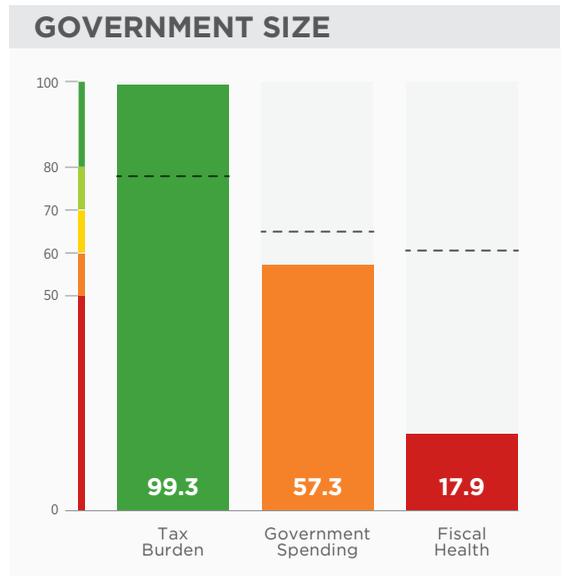
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The birthplace of Islam and home to its two holiest shrines in Mecca and Medina, Saudi Arabia is an absolute monarchy ruled by King Salman bin Abdulaziz Al Saud. His son, Crown Prince Mohammed bin Salman Al Saud, remains central to decision-making. Historically, the country has embraced a particularly strict form of Sunni Islam known as Wahhabism. The Saudi government is pushing back against Iranian efforts to radicalize Saudi Arabia's Shia minority and has intervened in Yemen in opposition to Iran-backed Houthi rebels. Oil exports account for approximately 87 percent of government revenue. With 16 percent of the world's proven oil reserves, Saudi Arabia is also the world's largest exporter of petroleum and a leader in OPEC.

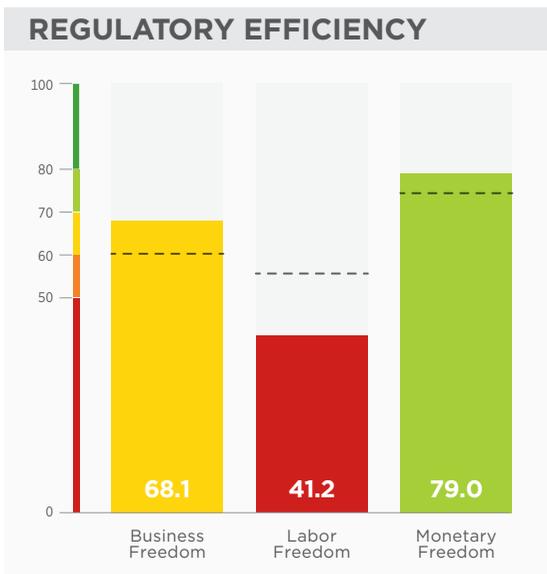
12 ECONOMIC FREEDOMS | SAUDI ARABIA



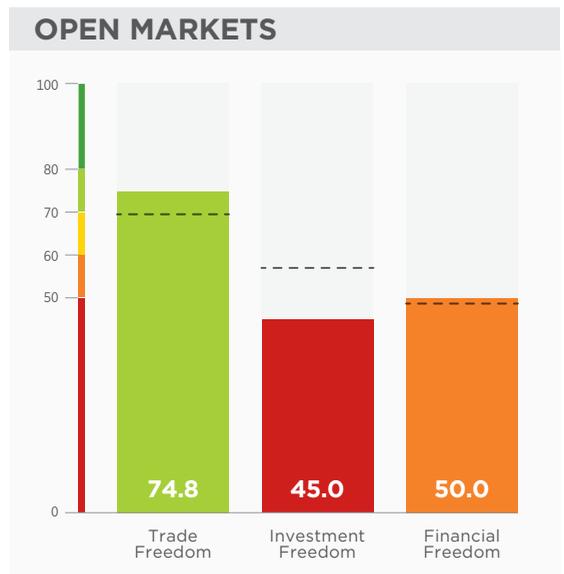
Property rights are protected, and the legal system facilitates their acquisition and disposition. The judiciary lacks independence and is slow and nontransparent. Its decisions are coordinated with the executive branch, and enforcement of court judgments can take years. Some officials are believed to engage in corrupt practices with impunity. The oil and energy sectors are heavily influenced by the royal family and other elites.



Saudi nationals or citizens of the Gulf Cooperation Council and corporations pay a 2.5 percent religious tax mandated by Islamic law. Other taxes include a value-added tax. The overall tax burden equals 7.4 percent of total domestic income. Government spending has amounted to 37.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.1 percent of GDP. Public debt is equivalent to 32.4 percent of GDP.



A new initiative to attract multinational companies was announced in 2021. Reforms have allowed more women to enter the workforce, but private businesses have been subject to disruptions from “Saudization” policies requiring them to employ a quota of Saudi workers. Stepping back from the subsidy reforms introduced by Crown Prince Mohammed bin Salman, the government restored subsidized price caps for gasoline in 2021.



Saudi Arabia has three preferential trade agreements in force. The trade-weighted average tariff rate is 5.1 percent, and 143 nontariff measures are in effect. Regulatory reforms have been made to allow foreign investors to own controlling stakes in firms. The financial sector, which offers a range of financing options, has undergone gradual transformation with limits eased on foreign investment in financial services.

SENEGAL

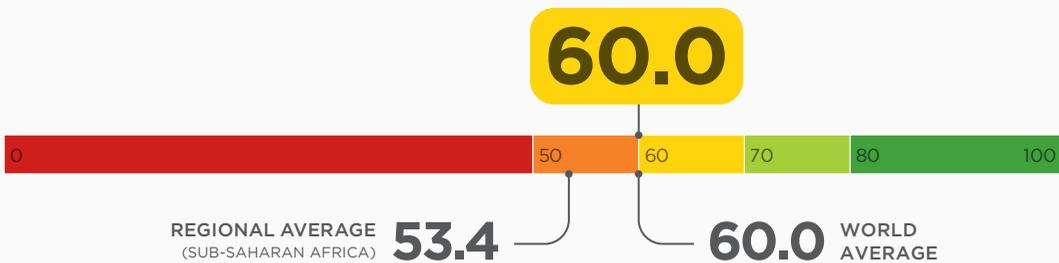
Senegal's economic freedom score is 60.0, making its economy the 88th freest in the 2022 *Index*. Senegal is ranked 8th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

The Senegalese economy has experienced solid growth over the past five years. Economic freedom has slowly expanded in the past half-decade as well. With score increases for rule of law outpacing a lower score for **monetary freedom**, Senegal has recorded a 4.1-point overall gain of economic freedom since 2017 and has climbed into the "Moderately Free" category for the first time in two decades. Trade freedom shows some promise, but **financial freedom** is anemic.

IMPACT OF COVID-19: As of December 1, 2021, 1,885 deaths had been attributed to the pandemic in Senegal, and the government's response to the crisis ranked 153rd among the countries included in this *Index* in terms of its stringency. The economy grew by just 0.8 percent in 2020.

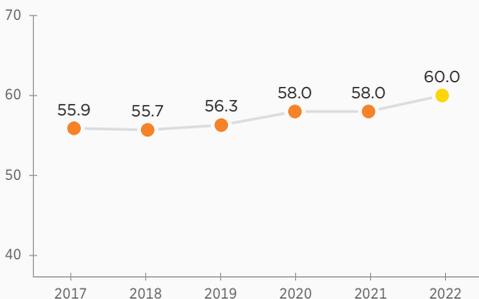


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +1.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
16.7 million

GDP (PPP):
\$58.3 billion
0.8% growth in 2020
5-year compound annual growth 5.0%
\$3,478 per capita

UNEMPLOYMENT:
7.1%

INFLATION (CPI):
2.5%

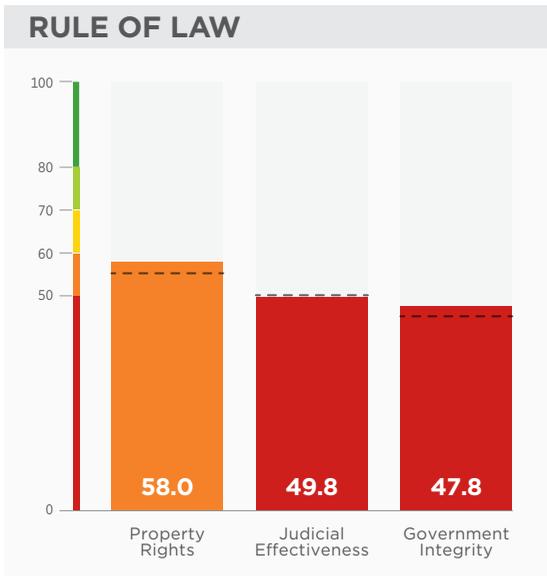
FDI INFLOW:
\$1.5 billion

PUBLIC DEBT:
65.8% of GDP

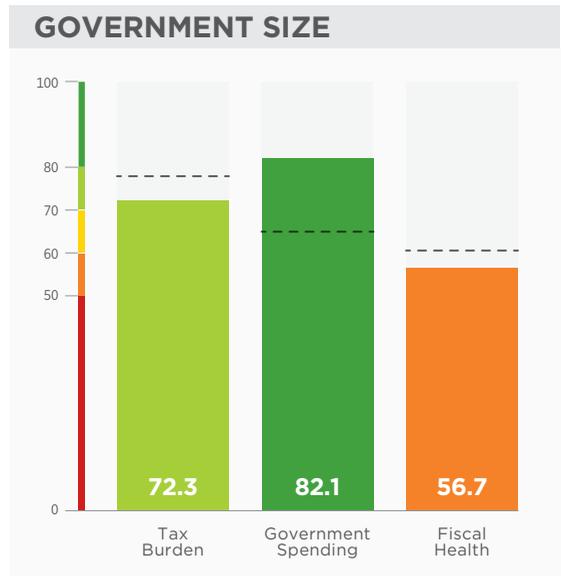
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Senegal is a former French colony that achieved its current full independence only in 1989 after several decades of failed confederations with neighboring countries. President Macky Sall was reelected to a five-year term in 2019 in accordance with a 2016 constitutional referendum that shortened presidential terms from seven to five years in addition to prohibiting the president from serving more than two terms and reducing presidential power in favor of the legislature. Sall's two primary competitors were excluded from the election based on what the opposition claims were trumped-up charges of corruption. Phosphate mining, fertilizer production, construction, tourism, fisheries, and agriculture propel Senegal's economy. Major offshore oil and gas fields are also being developed.

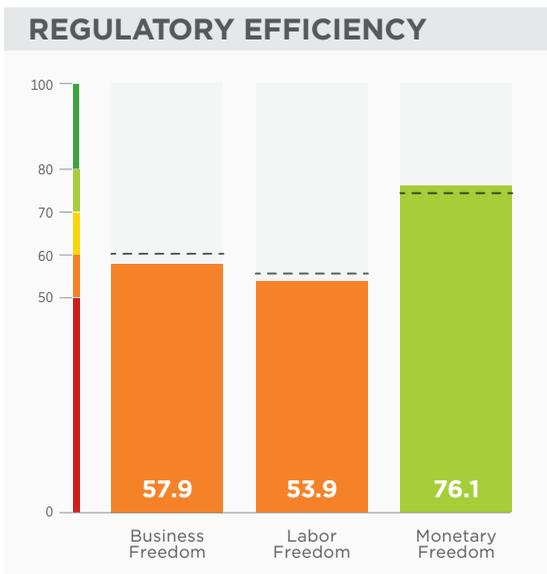
12 ECONOMIC FREEDOMS | SENEGAL



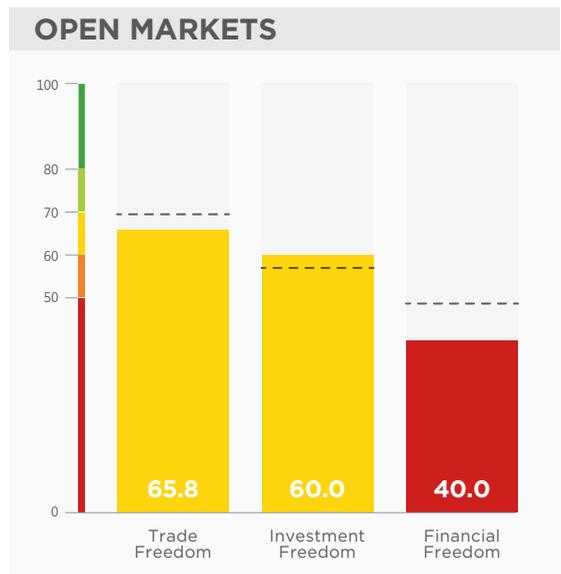
Although the government maintains a property title and land registration system, its application is uneven outside of urban areas. The settling of contractual disputes is often cumbersome and slow. The judiciary is independent but underfunded and subject to external influences. Bribery, misappropriation, abuse of authority, and fraud remain widespread within government institutions, particularly in the health and education ministries, postal services, and transport ministry.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and insurance taxes. The overall tax burden equals 16.5 percent of total domestic income. Government spending has amounted to 24.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.7 percent of GDP. Public debt is equivalent to 65.8 percent of GDP.



Business freedom is perennially challenged by high energy costs, bureaucratic bottlenecks, and a culture of over-spending. Donor assistance, remittances, and foreign direct investment keep the economy on the rails. Mining, construction, tourism, fisheries, and agriculture employ the largest portion of the labor force. In 2021, the government increased agriculture subsidies by 50 percent and also raised subsidies for fuel and electricity.



Senegal has two preferential trade agreements in force. The trade-weighted average tariff rate is 9.6 percent, and three nontariff measures are in effect. Layers of complex nontariff barriers add to the cost of trade. The bureaucratic approval process and poor investment infrastructure remain considerable impediments. Outmoded regulation, high credit costs, and scarce access to financing continue to constrain the small private sector.

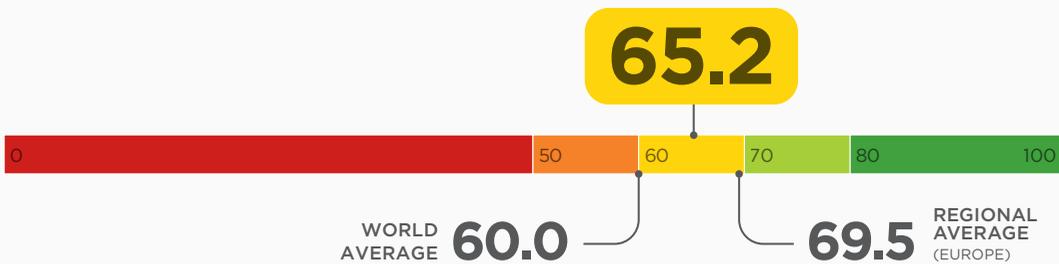
SERBIA

Serbia's economic freedom score is 65.2, making its economy the 59th freest in the 2022 *Index*. Serbia is ranked 35th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Over the past half-decade, Serbia has enjoyed modest economic growth in every year except 2020. A five-year trend of generally expanding economic freedom has solidified the country's position among the "Moderately Free" countries. Boosted by higher scores for **fiscal health** and **judicial effectiveness**, Serbia has recorded an impressive 6.3-point overall gain of economic freedom since 2017. Monetary freedom and **trade freedom** are improving, but **government integrity** is far too feeble for an aspiring member of the European Union.

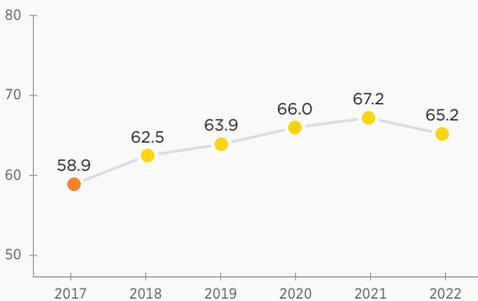
IMPACT OF COVID-19: As of December 1, 2021, 11,744 deaths had been attributed to the pandemic in Serbia, and the government's response to the crisis ranked 111th among the countries included in this *Index* in terms of its stringency. The economy contracted by 1.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2002): +18.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.9 million

GDP (PPP):
\$132.8 billion
-1.0% growth in 2020
5-year compound annual growth 2.6%
\$19,146 per capita

UNEMPLOYMENT:
9.1%

INFLATION (CPI):
1.7%

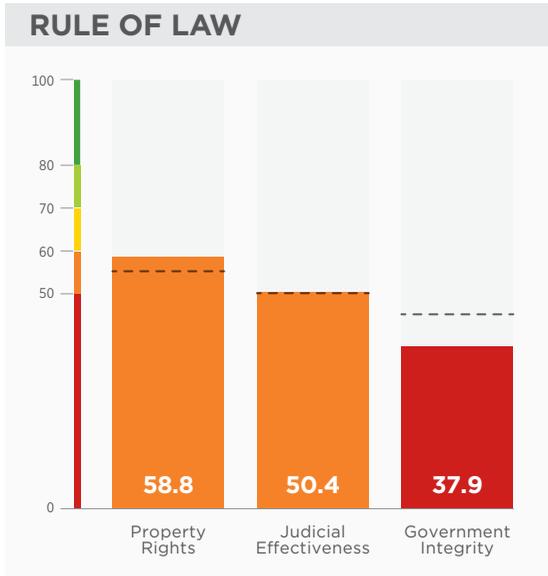
FDI INFLOW:
\$3.4 billion

PUBLIC DEBT:
58.4% of GDP

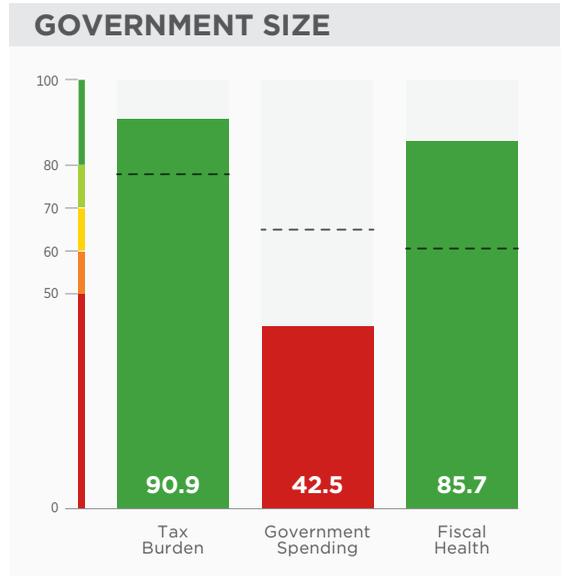
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Independent since the collapse of Yugoslavia in 1991, Serbia applied for membership in the European Union in 2009. A 2013 agreement normalized relations between Serbia and Kosovo. President Aleksandar Vucic's center-right Progressive Party won three-quarters of the seats in parliament in June 2020 elections that were boycotted by the opposition, further cementing his hold on nearly every lever of power. Serbia cannot become a member of the EU without additional reforms, stronger rule of law, and improved relations with regional neighbors. Serbia has strong energy, historical, and political ties to Russia in addition to expanding links with China. Serbia's largely market-based economy relies on manufacturing and exports, and state-owned companies remain a significant presence in certain sectors.

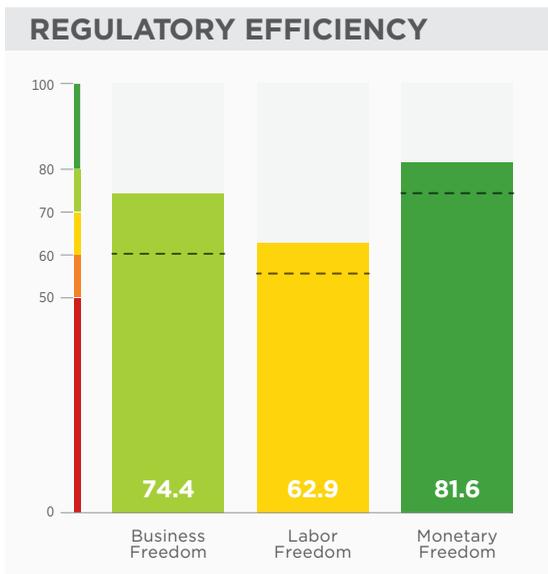
12 ECONOMIC FREEDOMS | SERBIA



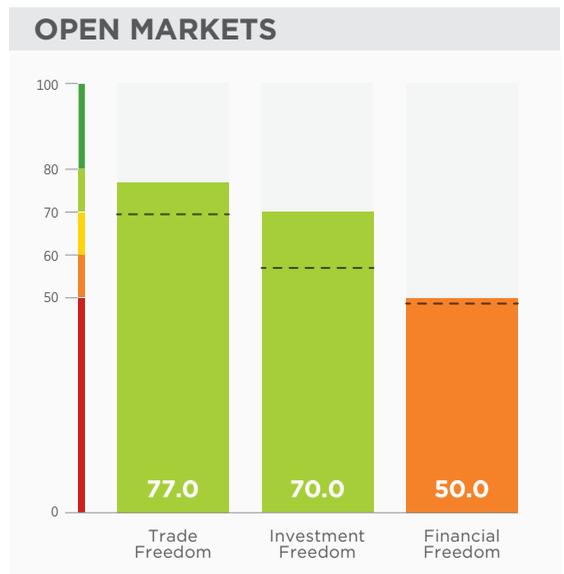
Serbia has an adequate body of laws for the protection of property rights, but enforcement through the judicial system can be very slow. Obtaining clear title to land is difficult and uncertain. Enforcement of contracts is weak. The judiciary is inefficient and subject to undue political influence. Corruption remains a serious problem, especially in public procurement, natural resource extraction, and government-owned property.



The top individual income tax rate is 10 percent, and the corporate tax rate is a flat 15 percent. Other taxes include value-added and property taxes. The overall tax burden equals 24.1 percent of total domestic income. Government spending has amounted to 43.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.2 percent of GDP. Public debt is equivalent to 58.4 percent of GDP.



A slow bureaucracy, competition from money-losing state-owned enterprises, and nominally independent regulatory agencies that bow to political pressure are concerns for businesses. A Staff Leasing Law that went into effect in 2020 governs how much of a company's workforce can be hired with fixed-term contracts through an agency. The government announced its intention to privatize 20 of Serbia's remaining 78 state-owned enterprises by the end of 2021.



Serbia has seven preferential trade agreements in force. The trade-weighted average tariff rate is 6.5 percent, and nontariff barriers undercut overall trade freedom. Serbia is not a member of the World Trade Organization. Most sectors are open to foreign investment, but the lack of transparency deters more dynamic investment growth. The banking sector has been expanding, although the level of financial intermediation remains relatively low.

SEYCHELLES

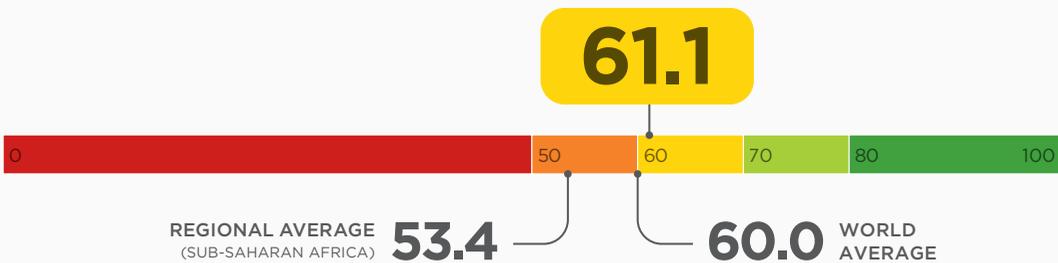
Seychelles' economic freedom score is 61.1, making its economy the 79th freest in the 2022 *Index*. Seychelles is ranked 5th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional and world averages.

Economic growth in Seychelles has fluctuated over the past five years: growing slowly in 2017 and 2018, accelerating slightly in 2019, contracting in 2020, and reviving in 2021. A trend of expanding economic freedom has stumbled. With a steep drop in its **fiscal health** score over-coming higher scores for rule of law, Seychelles has recorded a slight 0.7-point overall loss of economic freedom since 2017 and remains in the "Moderately Free" category. Monetary freedom and **trade freedom** are relatively healthy, but **financial freedom** is exceptionally weak.

IMPACT OF COVID-19: As of December 1, 2021, 127 deaths had been attributed to the pandemic in Seychelles, and the government's response to the crisis ranked 20th among the countries included in this *Index* in terms of its stringency. The economy contracted by 13.4 percent in 2020.

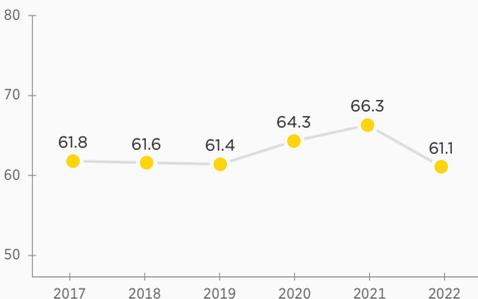
WORLD RANK:	REGIONAL RANK:
79	5
ECONOMIC FREEDOM STATUS: MODERATELY FREE	

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +13.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$2.5 billion
-13.4% growth in 2020
5-year compound annual growth -0.1%
\$25,414 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
1.2%

FDI INFLOW:
\$122.0 million

PUBLIC DEBT:
98.4% of GDP

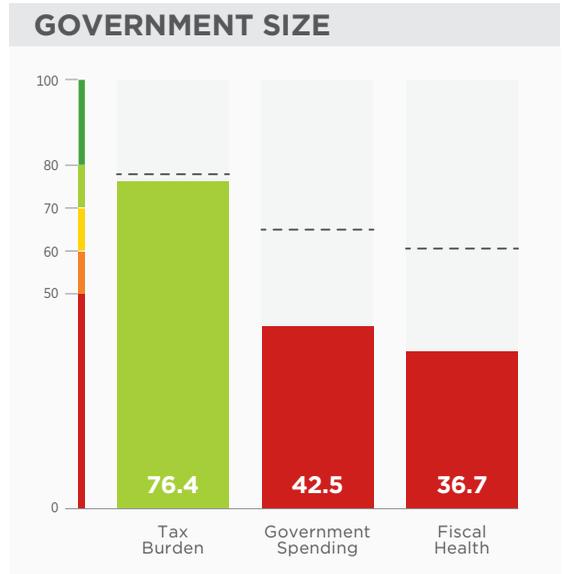
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Republic of Seychelles gained independence from the United Kingdom in 1976, and France-Albert René of the People's Party seized power in a 1977 coup. René won Seychelles' first presidential election in 1993 and in 2004 ceded power to Vice President James Michel, who won a third five-year term in 2015. In 2016, Michel resigned and transferred power to Vice President Danny Faure. Faure was defeated in October 2020 elections by Wavel Ramkalawan of the Seychellois Democratic Alliance (LDS), which also increased its parliamentary majority. Seychelles enjoys a stable economic environment, and the government has encouraged foreign investment to upgrade hotels and other services while also promoting the development of farming, fishing, and small-scale manufacturing to reduce dependence on tourism.

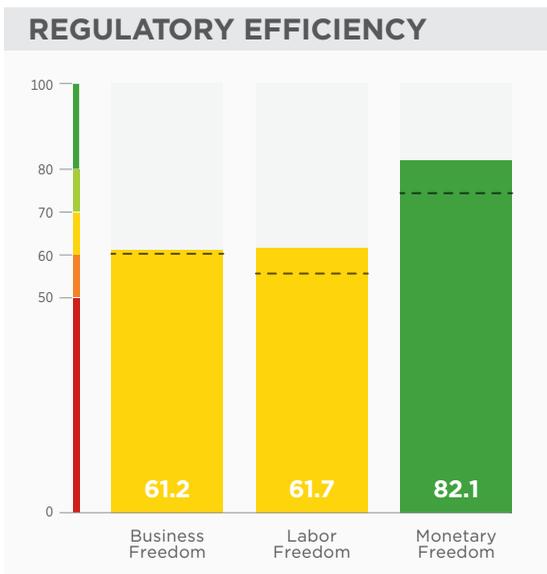
12 ECONOMIC FREEDOMS | SEYCHELLES



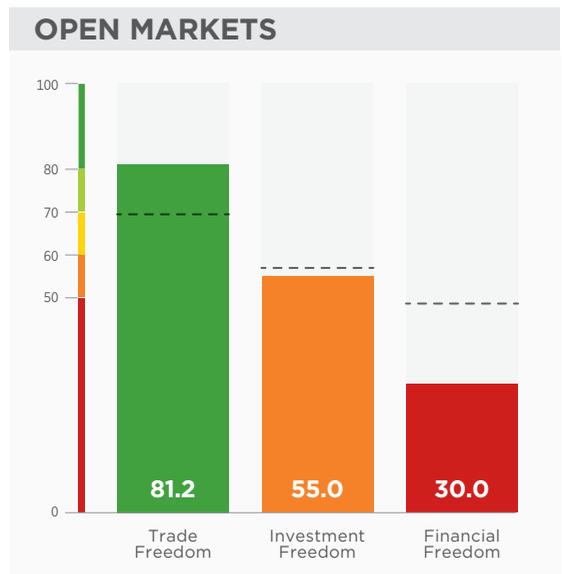
Property rights and secured interests, including mortgage and liens, are enforced by the judicial system. The legal system blends English common law, the Napoleonic Code, and customary law. The independence of the judiciary has strengthened, but court cases can last years. Government corruption stems from a lack of transparency both in public procurement and in the privatization and allocation of government-owned land.



The individual income tax rate is a flat 15 percent, and the top corporate tax rate is 33 percent. Other taxes include interest, vehicle, and value-added taxes. The overall tax burden equals 32.4 percent of total domestic income. Government spending has amounted to 43.8 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 98.4 percent of GDP.



A subsea cable system announced in August 2021 will lower the cost of telecommunications and increase competition for fixed broadband and mobile data services. Tourism generated more than 60 percent of GDP in 2019. In 2021, government unemployment-related programs were changed. The government has prioritized reform of fisheries subsidies in the face of sustainability questions and illegal fishing in Seychelles waters by China.



Seychelles has three preferential trade agreements in force. The trade-weighted average tariff rate is 4.4 percent, and 11 nontariff measures are in effect. Investment is hindered by heavy bureaucracy and inadequate infrastructure. Financing options for the private sector are limited. A large part of the population lacks access to formal banking services, and limited capacity for lending to the private sector inhibits growth.

SIERRA LEONE

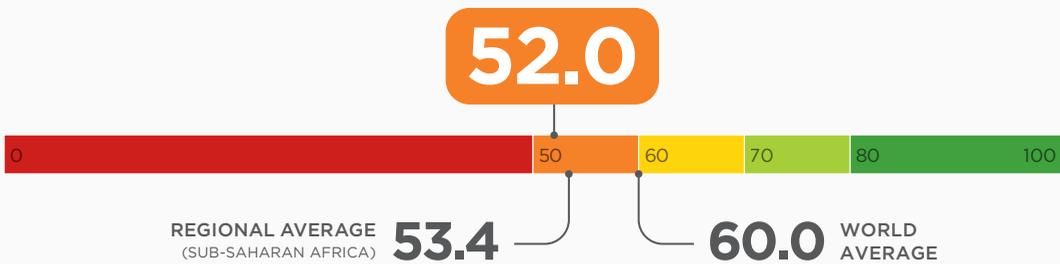
Sierra Leone's economic freedom score is 52.0, making its economy the 140th freest in the 2022 *Index*. Sierra Leone is ranked 30th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, economic growth in Sierra Leone has averaged 3.4 percent despite a downturn in 2020. During the same five-year period, economic freedom has fluctuated. With drops in scores for **fiscal health** and **business freedom** outpacing some improvement in rule of law, Sierra Leone has recorded a small 0.6-point overall loss of economic freedom since 2017 and remains in the lower half of the "Mostly Unfree" category. Approximately 90 percent of workers are employed in the informal sector, so **government spending** and taxation are understandably low, but **government integrity** and **financial freedom** are weak.

IMPACT OF COVID-19: As of December 1, 2021, 121 deaths had been attributed to the pandemic in Sierra Leone, and the government's response to the crisis ranked 141st among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.2 percent in 2020.

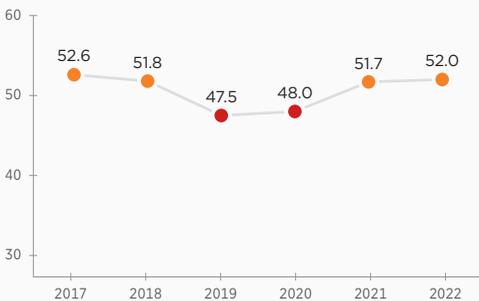


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
8.0 million

GDP (PPP):
\$13.8 billion
-2.2% growth
in 2020
5-year compound
annual growth 3.4%
\$1,725 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
15.7%

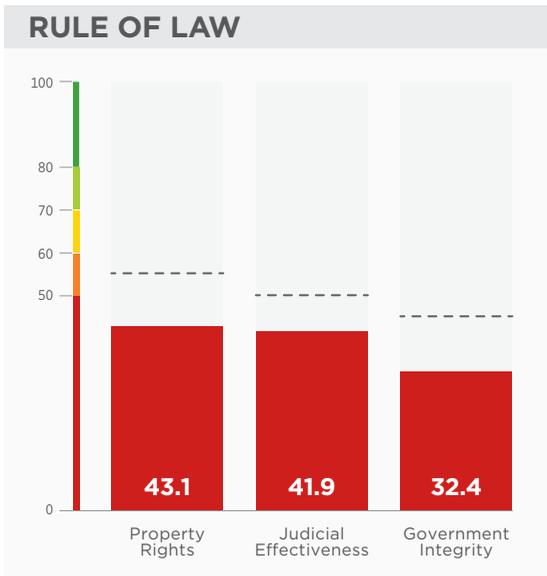
FDI INFLOW:
\$349.0 million

PUBLIC DEBT:
71.9% of GDP

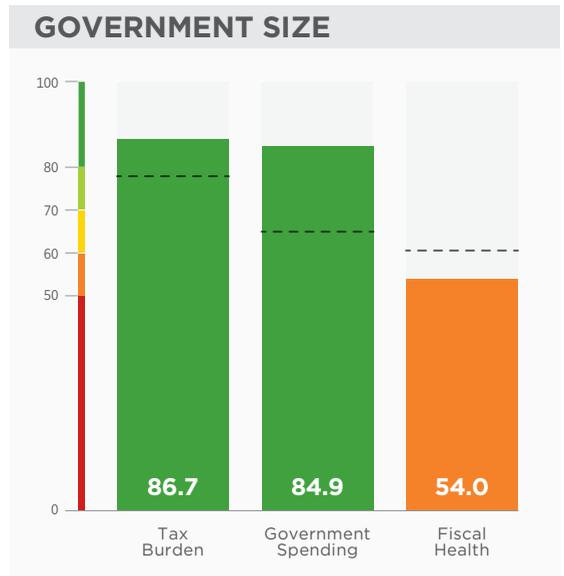
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Sierra Leone became independent from the United Kingdom in 1961. A civil war in the 1990s killed or displaced about a third of the population, and the country did not enjoy its first peaceful transfer of power until 2007. Former junta leader Julius Maada Bio of the Sierra Leone People's Party won the presidency in 2018, and his party enjoys a de facto legislative majority because of support from independent members of parliament. In 2019, the mining of iron ore was suspended until 2021. Gem-quality diamonds account for nearly half of exports. Sierra Leone remains extremely poor, and much of the population depends on subsistence agriculture. Political instability has hindered development of Sierra Leone's substantial mineral, agricultural, and fishery resources.

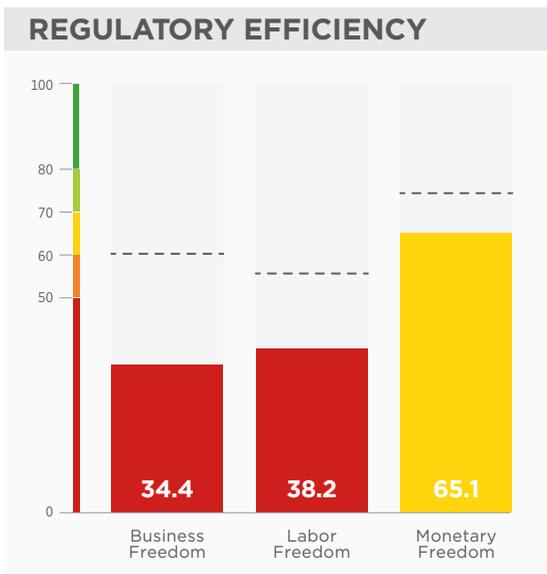
12 ECONOMIC FREEDOMS | SIERRA LEONE



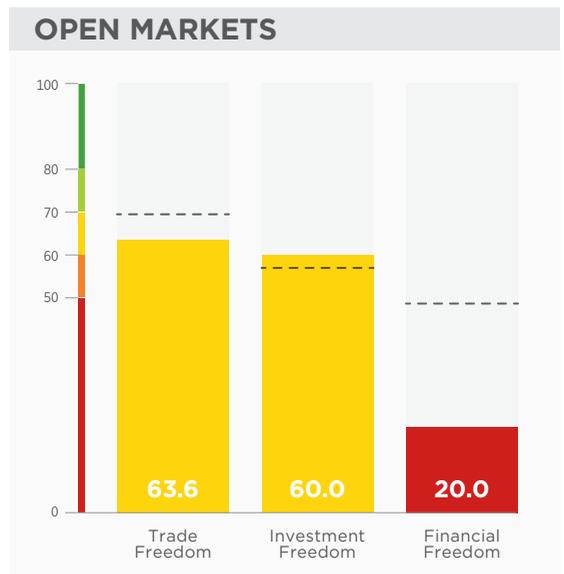
Property rights and contracts are recognized by law, but because of fragile and uneven enforcement, they are not adequately secured. There is no land titling system. The judiciary is subject to financial and political influence. Corruption is endemic, especially in government procurement, the award of licenses and concessions, regulatory enforcement, customs clearance, and dispute resolution.



The top individual income tax rate is 15 percent, and the top corporate tax rate is 30 percent. Other taxes include goods and services and interest taxes. The overall tax burden equals 14.4 percent of total domestic income. Government spending has amounted to 22.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.7 percent of GDP. Public debt is equivalent to 71.9 percent of GDP.



In 2019, the government canceled the mining licenses of a major Chinese iron ore company and a U.S. company. A settlement was reached with the U.S. company, which is resuming operations in 2021. The labor force is about 90 percent informal, is unregulated, and lacks specialized skills. Enforcement of the labor laws is ineffective. The government has eliminated fuel subsidies but has increased subsidies for electricity.



Sierra Leone has one preferential trade agreement in force. The trade-weighted average tariff rate is 13.2 percent. Steps have been taken to dismantle nontariff barriers. Efforts to increase transparency and streamline the investment framework are ongoing. Most credit is offered at market rates, but the government uses subsidized loans to promote investment. The financial sector remains underdeveloped, and foreign participation is limited.

SINGAPORE

WORLD RANK: **1** | REGIONAL RANK: **1**

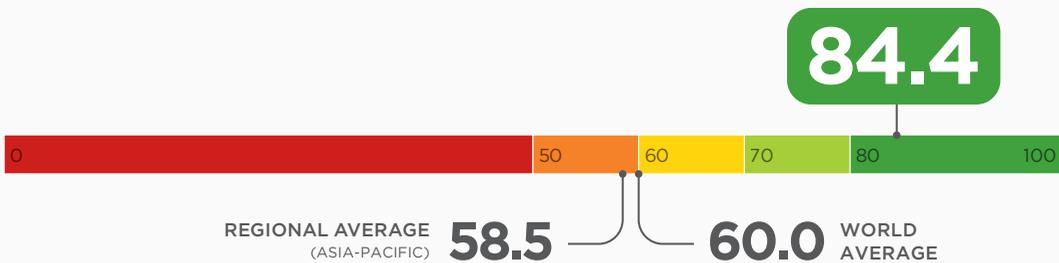
ECONOMIC FREEDOM STATUS: **FREE**

Singapore's economic freedom score is 84.4, making its economy the freest in the 2022 *Index*. Singapore is ranked 1st among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Over the past five years, Singapore's economy has grown slowly except in 2020, when it contracted. Economic freedom has been maintained at a very high level during that period, at or near the top of the *Index*. Singapore's highly developed free-market economy owes its success in large measure to its remarkably open and corruption-free business environment, prudent monetary and fiscal policies, and a transparent legal framework. Trade freedom is strong, and well-secured property rights promote entrepreneurship and innovation effectively. The overall rule of law is undergirded by a high degree of transparency and government accountability.

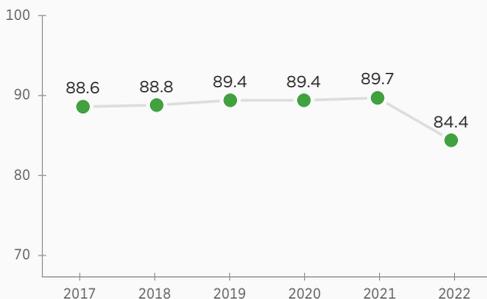
IMPACT OF COVID-19: As of December 1, 2021, 726 deaths had been attributed to the pandemic in Singapore, and the government's response to the crisis ranked 77th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.4 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -1.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.7 million

GDP (PPP):
\$560.2 billion
-5.4% growth
in 2020
5-year compound
annual growth 1.5%
\$97,057 per capita

UNEMPLOYMENT:
5.2%

INFLATION (CPI):
-0.2%

FDI INFLOW:
\$90.6 billion

PUBLIC DEBT:
128.4% of GDP

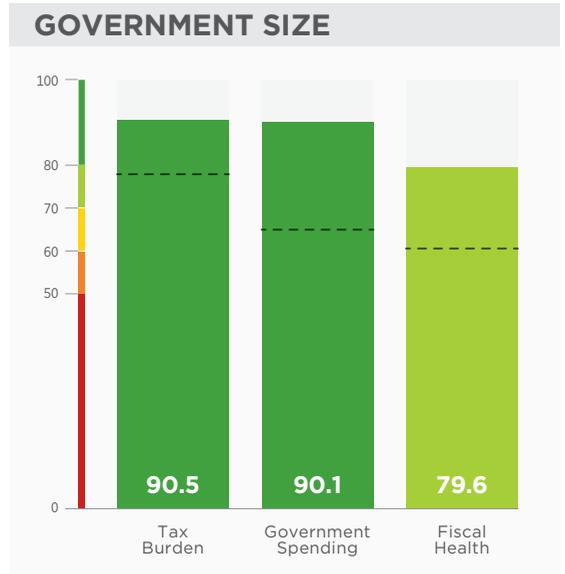
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Singapore is one of the world's most prosperous nations and has both a business-friendly regulatory environment and a very low unemployment rate. Despite an active parliamentary opposition, it has been ruled by one party, the People's Action Party (PAP), for many decades. Prime Minister Lee Hsien Loong has led the government since 2004 and has suggested a near-term leadership transition. Although certain civil liberties remain restricted, the PAP has championed economic liberalization and international trade. Services dominate the economy, but Singapore is also a major manufacturer of electronics and chemicals and operates one of the world's largest ports. Principal exports include integrated circuits, refined petroleum, and computers.

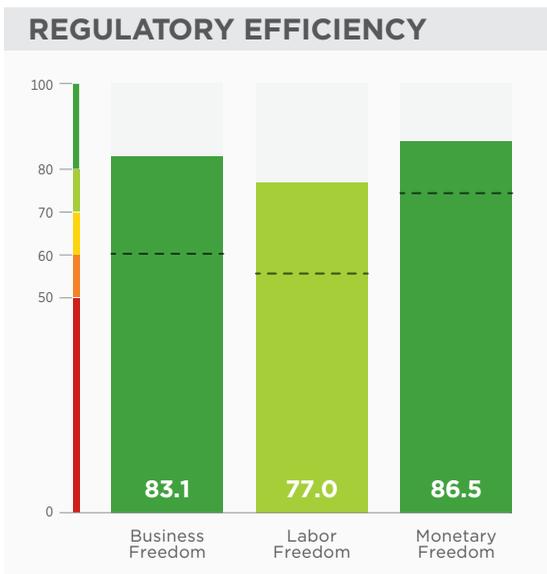
12 ECONOMIC FREEDOMS | SINGAPORE



Although there are limitations on foreign ownership, property rights are recognized and enforced effectively. Judicial processes are reliable in business-related matters but tend to favor the government in politically sensitive cases. Singapore was ranked third out of 180 countries in Transparency International's 2020 *Corruption Perceptions Index* and is considered one of the world's least corrupt countries. The anticorruption agency is very effective.



The top individual income tax rate is 22 percent, and the top corporate tax rate is 17 percent. Other taxes include a goods and services tax. The overall tax burden equals 13.2 percent of total domestic income. Government spending has amounted to 18.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.5 percent of GDP. Public debt is equivalent to 128.4 percent of GDP.



Singapore's business-friendly legal and tax structure, reliable infrastructure, and dependable regulatory processes provide a positive commercial environment. The government tightened restrictions on foreign labor in 2020. In 2021, the IMF estimated that government subsidies, grants, subventions, and capital injections to businesses and other organizations consume about 17 percent of GDP.



Singapore has 27 preferential trade agreements in force. The trade-weighted average tariff rate is 0.0 percent, and 182 non-tariff measures are in effect. Foreign and domestic businesses are treated equally under the law, and nearly all sectors of the economy are open to 100 percent foreign ownership. The sophisticated financial sector is robust, and the number of foreign banks in the market has risen steadily.

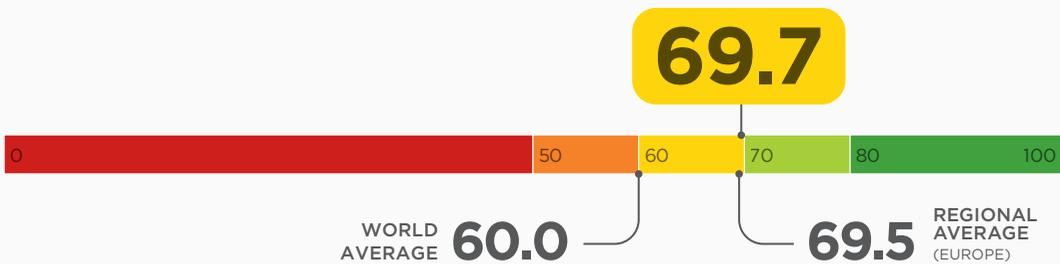
SLOVAK REPUBLIC

Slovakia's economic freedom score is 69.7, making its economy the 36th freest in the 2022 *Index*. Slovakia is ranked 23rd among 45 countries in the Europe region, and its overall score is above the regional and world averages.

From 2017 through 2019, Slovakia's economic growth slowed. It contracted in 2020 but returned to growth in 2021. Economic freedom has improved slightly over the past half-decade. Boosted by higher scores for **business freedom** and rule of law, Slovakia has recorded a 4.0-point overall gain of economic freedom since 2017 and has risen near the top of the "Moderately Free" category. Trade freedom is a bright spot, but relatively weak **government integrity** is a concern.

IMPACT OF COVID-19: As of December 1, 2021, 14,503 deaths had been attributed to the pandemic in Slovakia, and the government's response to the crisis ranked 128th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +9.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
5.5 million

GDP (PPP):
\$178.5 billion
-5.2% growth in 2020
5-year compound annual growth 1.2%
\$32,710 per capita

UNEMPLOYMENT:
6.8%

INFLATION (CPI):
2.0%

FDI INFLOW:
-\$1,930.0 million

PUBLIC DEBT:
60.7% of GDP

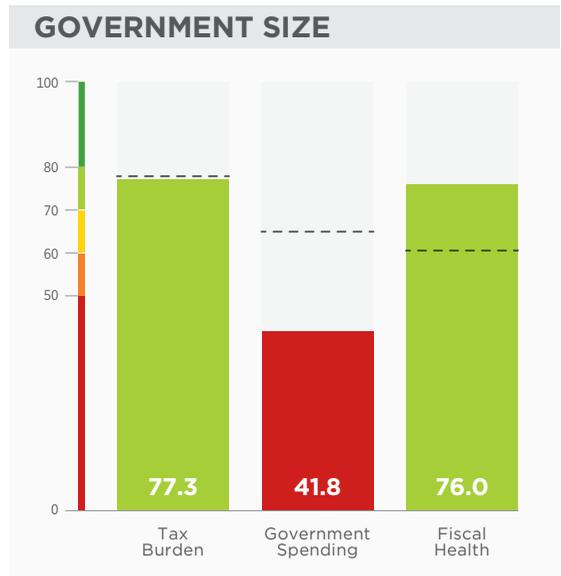
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: After Slovakia gained independence from the former Czechoslovakia in 1993, market reforms made it one of Europe's rising economic stars. Slovakia entered the European Union and NATO in 2004 and the eurozone in 2009. In April 2021, Prime Minister Eduard Heger of the anticorruption Ordinary People and Independent Personalities–New Majority (OLaNO–NOVA) party took leadership of a four-party center-right coalition after the purchase of Russian vaccines led to the resignation of his predecessor. The 2018 murder of an investigative journalist sparked massive anticorruption protests and a backlash against the once-dominant center-left Smer party. Slovakia's first female president, independent Zuzana Caputová, was elected in 2019. The country's small, open economy is driven mainly by exports of automobiles and electronics.

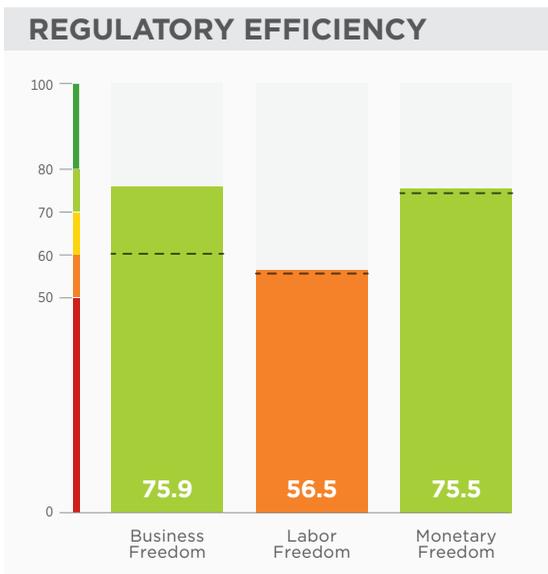
12 ECONOMIC FREEDOMS | SLOVAK REPUBLIC



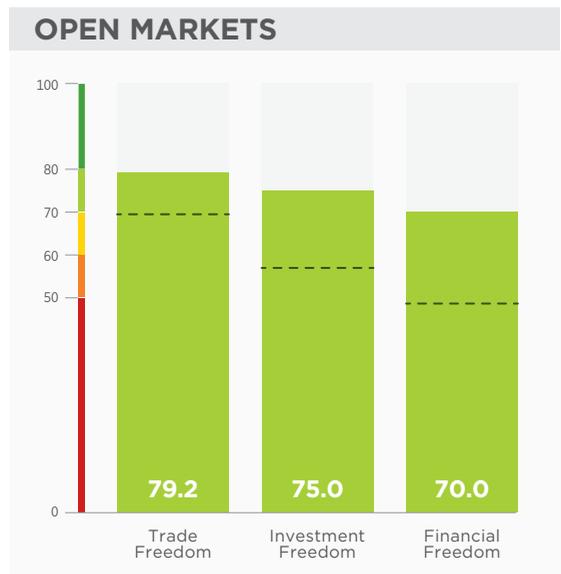
Although national cadaster data indicate that less than 10 percent of land has clear title, the legal framework recognizes and enforces property and contractual rights. The judiciary is constitutionally independent, but judges are vulnerable to political pressure, corruption, and intimidation. Legal decisions can take years. Corruption remains a problem throughout the private and public sectors. Bureaucracy lacks transparency, especially in public procurement.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 21 percent. Other taxes include value-added and property taxes. The overall tax burden equals 34.7 percent of total domestic income. Government spending has amounted to 44.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.2 percent of GDP. Public debt is equivalent to 60.7 percent of GDP.



The Ministry of Economy has promulgated more than 500 measures to decrease the administrative burden on businesses. In July 2020, the parliament approved more than 100 of these measures. Existing legislation will be reviewed regularly. Some changes, however, have made already burdensome labor laws even more burdensome. The government budget deficit in 2020 exceeded 6 percent of GDP, driven in large part by higher subsidies.



As a member of the EU, Slovakia has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Slovakia has an additional 44 country-specific nontariff barriers. Full foreign ownership is permitted in most sectors. The financial sector has undergone significant liberalization, and the banking sector remains relatively sound.

SLOVENIA

Slovenia's economic freedom score is 70.5, making its economy the 32nd freest in the 2022 *Index*. Slovenia is ranked 22nd among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Over the past five years, Slovenia's economy has grown slowly with a contraction in 2020. A five-year trend of robustly expanding economic freedom has continued. Led by notable increases in scores for **fiscal health** and rule of law, Slovenia has recorded an impressive 11.3-point overall gain in economic freedom since 2017 and has climbed over the threshold into the "Mostly Free" category for the first time in the 28-year history of the *Index*. Monetary freedom is a high point, but **government spending** weighs heavily on the economy.

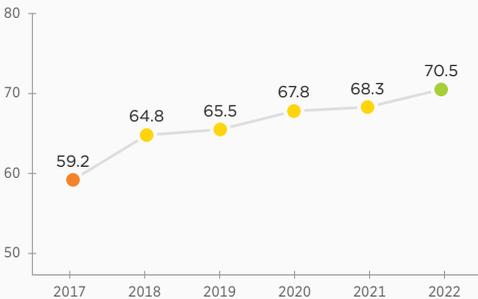
IMPACT OF COVID-19: As of December 1, 2021, 5,240 deaths had been attributed to the pandemic in Slovenia, and the government's response to the crisis ranked 35th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +20.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
2.1 million

GDP (PPP):
\$81.3 billion
-5.5% growth
in 2020
5-year compound
annual growth 2.0%
\$38,807 per capita

UNEMPLOYMENT:
5.2%

INFLATION (CPI):
-0.1%

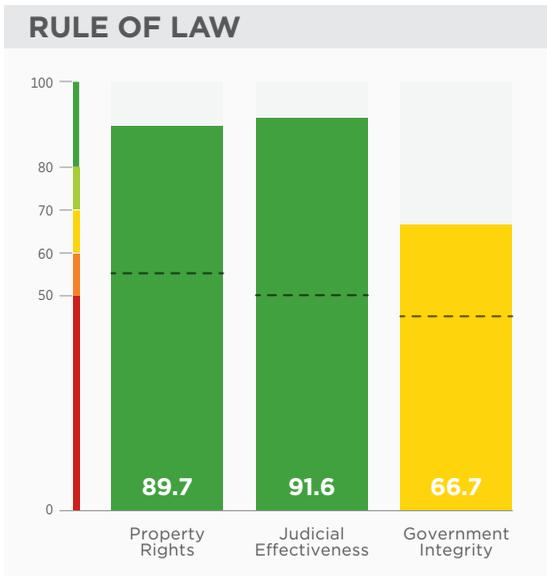
FDI INFLOW:
\$529.0 million

PUBLIC DEBT:
81.5% of GDP

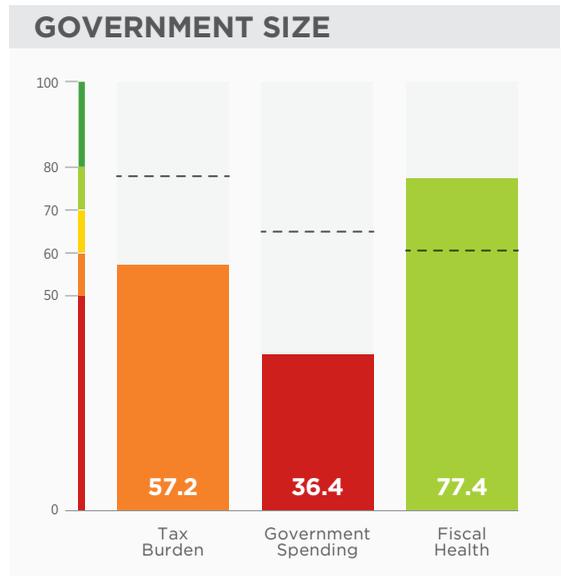
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Slovenia joined the European Union and NATO in 2004 and adopted the euro in 2007. Janez Jansa of the center-right and Euroskeptic Slovenian Democratic Party returned to power as prime minister for the third time in March 2020. Former Prime Minister Marjan Šarec of the center-left List party had resigned in January 2020, citing the inability of his center-left coalition to pass legislation. Jansa leads a center-right coalition with the center-left Party of Modern Centre, the conservative New Slovenia party, and the Democratic Party of Pensioners of Slovenia. Economic recovery and improvements in health care are key agenda items. With its excellent infrastructure, well-educated workforce, and strategic location between the Balkans and Western Europe, Slovenia has one of Central Europe's higher per capita GDPs.

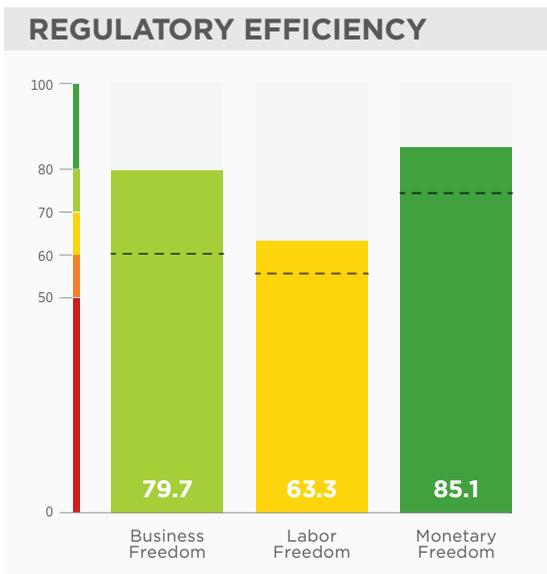
12 ECONOMIC FREEDOMS | SLOVENIA



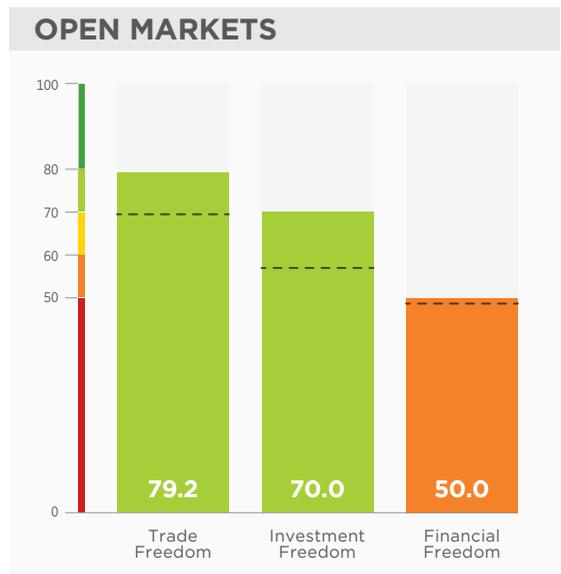
Property rights are protected, but enforcement is slow. Property registration procedures have been improved. Virtually all land has a clear title. The judiciary is independent, but courts are inefficient and have large case backlogs. Corruption remains an ongoing problem. The small size of the political and economic elite contributes to a lack of transparency in government procurement and widespread cronyism in the business sector.



The top individual income tax rate is 50 percent, and the top corporate tax rate is 19 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 37.7 percent of total domestic income. Government spending has amounted to 46.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.4 percent of GDP. Public debt is equivalent to 81.5 percent of GDP.



Business start-up costs are low. The government privatized two of the three largest state-owned banks in 2019. About 35 percent of Slovenia's economy remains state-owned or state-controlled. Government impediments to firing employees create a less than dynamic labor market. To attract foreign investors, the government offers subsidies, loans, guarantees, subsidized interest rates, and purchase of land owned by municipalities at below-market prices.



As a member of the EU, Slovenia has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Slovenia has an additional 40 country-specific nontariff barriers. Most sectors are open to foreign investment, but the overall investment regime lacks efficiency. The financial sector is dominated by banks and remains relatively sound.

SOLOMON ISLANDS

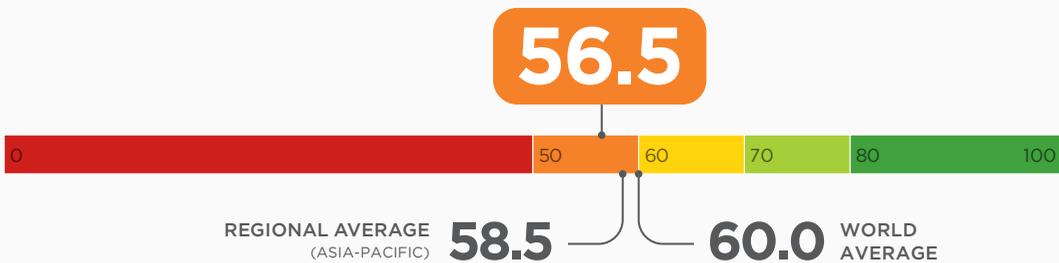
The Solomon Islands' economic freedom score is 56.5, making its economy the 110th freest in the 2022 *Index*. The Solomon Islands is ranked 22nd among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Over the past five years, the economy of the Solomon Islands registered slow growth from 2017 to 2019 before contracting in 2020 and recovering in 2021. Economic freedom has fluctuated over that period, but always at a fairly low level. With increases in scores for rule of law outpacing a drop in its **business freedom** score, the Solomon Islands has recorded a 1.5-point overall gain in economic freedom since 2017 and remains in the "Mostly Unfree" category. International donor assistance contributes to the country's strong **fiscal health**, but scores for **investment freedom** and **financial freedom** are among the world's lowest.

IMPACT OF COVID-19: As of December 1, 2021, the Solomon Islands government's response to the pandemic ranked 160th among the countries included in this *Index* in terms of its stringency. The economy contracted by 4.3 percent in 2020.

WORLD RANK: **110** REGIONAL RANK: **22**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +10.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.7 million

GDP (PPP):
\$1.6 billion
-4.3% growth in 2020
5-year compound annual growth 2.4%
\$2,455 per capita

UNEMPLOYMENT:
0.8%

INFLATION (CPI):
3.4%

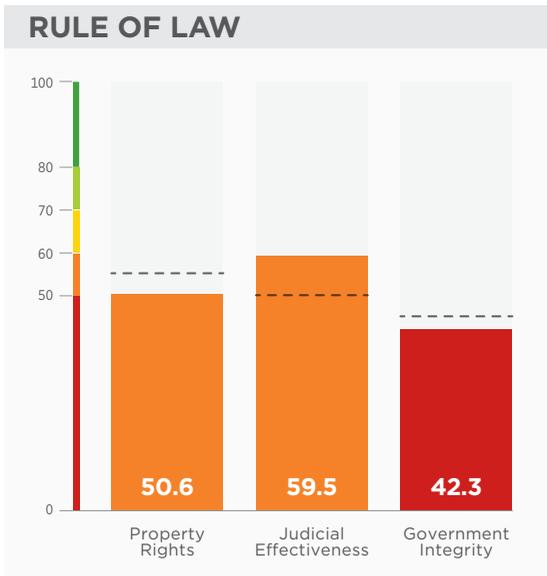
FDI INFLOW:
\$9.0 million

PUBLIC DEBT:
13.9% of GDP

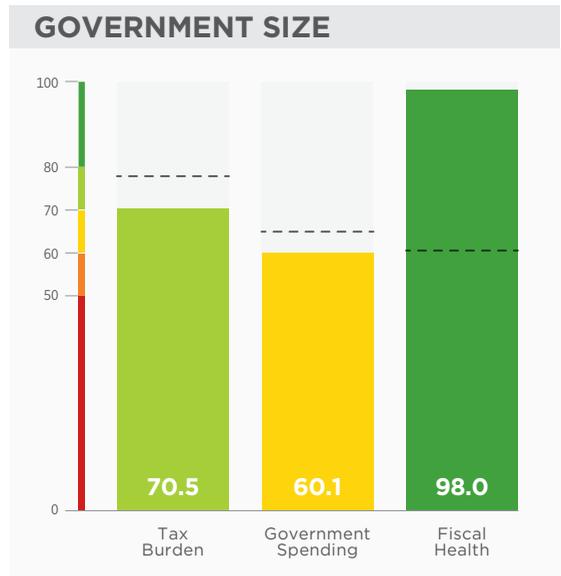
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The scene of some of World War II's bitterest fighting, the South Pacific archipelago of the Solomon Islands gained independence from the United Kingdom in 1976 and became a parliamentary democracy. In 2003, after years of ongoing and economically destructive ethnic violence in the islands, an Australian-led multinational force disarmed ethnic militias, restored law and order, and rebuilt government institutions. Manasseh Sogavare was reelected prime minister in 2019, having served previously as prime minister from 2014 to 2017. Although the islands are rich in timber and such undeveloped mineral resources as lead, zinc, nickel, and gold, much of the population continues to work in subsistence farming, fishing, and artisanal forestry. The Solomon Islands remains one of Asia's poorest nations.

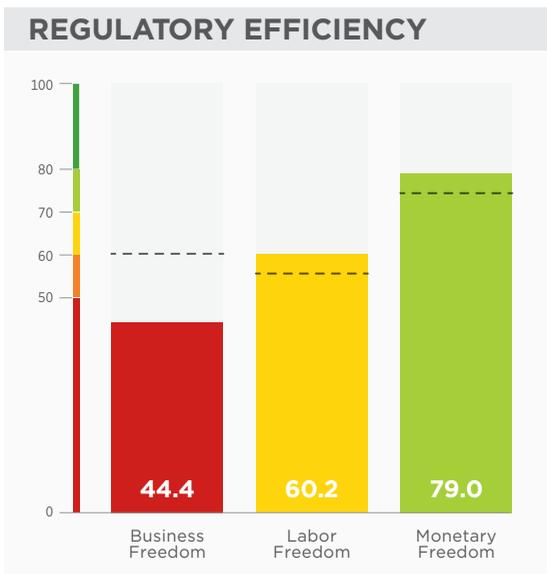
12 ECONOMIC FREEDOMS | SOLOMON ISLANDS



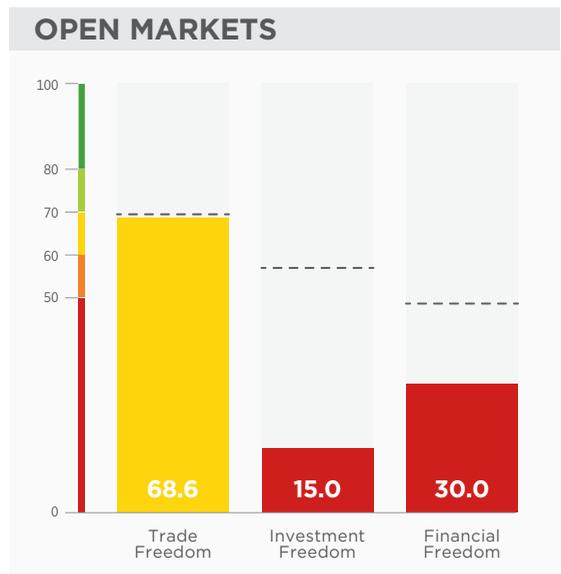
Property rights are uncertain. Conflicts over land tenure have been a major source of civil unrest. The judiciary is independent, but a lack of resources makes the conduct of timely trials difficult and leads to weak enforcement of contracts and a large case backlog. Residents of rural areas have limited access to the formal justice system. Corruption is a serious problem in the judicial, mining, and fishing sectors.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 30 percent. Other taxes include property and sales taxes. The overall tax burden equals 21.2 percent of total domestic income. Government spending has amounted to 36.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.0 percent of GDP. Public debt is equivalent to 13.9 percent of GDP.



An arbitrary and somewhat flexible business regulatory environment contributes to business uncertainty. Most Solomon Islanders depend on agriculture, fishing, and forestry for part or all of their livelihoods, and the formal labor market is not well developed. According to the World Bank, subsidies and other transfers consumed 5.1 percent of the government's budget in 2020.



The Solomon Islands has six preferential trade agreements in force. The trade-weighted average tariff rate is 8.2 percent. Economic dynamism and development remain stifled by serious deficiencies in the trade and investment regime. Private-sector development is also undercut by the state's outsized role in the economy. The financial sector is underdeveloped, and limited access to credit constrains entrepreneurial development.

SOMALIA

Somalia is not graded in the 2022 *Index* because of the lack of sufficiently available credible data. Throughout the 28-year history of the *Index of Economic Freedom*, it has been possible to score Somalia for only five years, from 1996 through 2000.

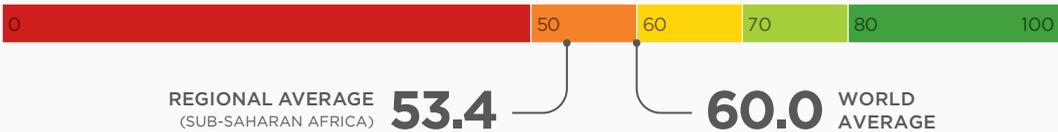
Political instability and the lack of a countrywide central authority have led to inconsistent and fragmented governance in Somalia with different militias, authorities, and tribes applying varying legal frameworks. Although the current government has pursued reforms to establish the rule of law in the areas that it controls, the challenges to successful development of more modern economic markets remain enormous.

IMPACT OF COVID-19: As of December 1, 2021, 1,327 deaths had been attributed to the pandemic in Somalia, and the government's response to the crisis ranked 122nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 1.5 percent in 2020.



ECONOMIC FREEDOM SCORE

N/A



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
15.9 million

GDP (PPP):
\$13.9 billion
-1.5% growth in 2020
5-year compound annual growth 1.7%
\$925 per capita

UNEMPLOYMENT:
13.1%

INFLATION (CPI):
n/a

FDI INFLOW:
\$464.0 million

PUBLIC DEBT: n/a

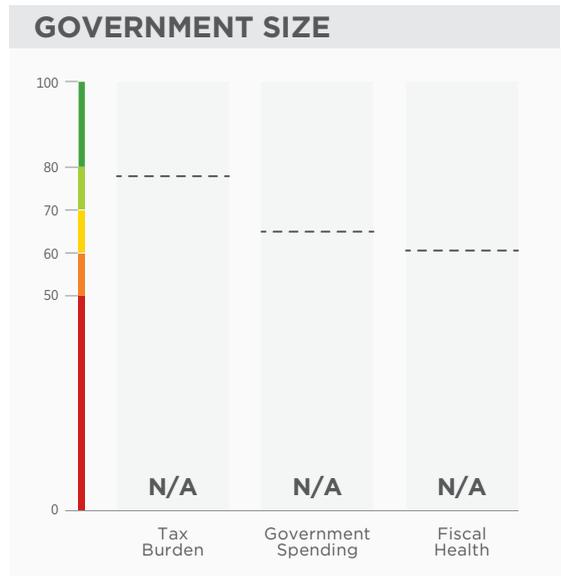
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: British and Italian Somalilands merged to form Somalia in 1960. A coup led by Mohamed Siad Barre in 1969 ushered in two decades of brutal socialist rule. Since the collapse of Barre's regime in 1991, a series of multinational military peacekeeping missions—currently, the African Union Mission to Somalia (AMISOM)—have protected a succession of weak and short-lived governments, most recently against the Islamist terrorist group al-Shabaab. Mohamed Abdullahi Mohamed won the presidency in 2017 through a corruption-ridden electoral process. The government is consumed by internal power struggles, and new elections have been delayed. Somalia's GDP and living standards are among the world's lowest, and many Somalis depend on remittances from abroad. Livestock, agriculture, and fishing are economic mainstays.

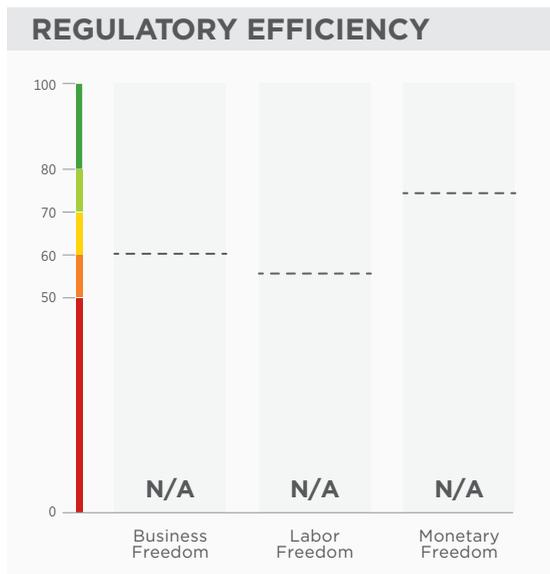
12 ECONOMIC FREEDOMS | SOMALIA



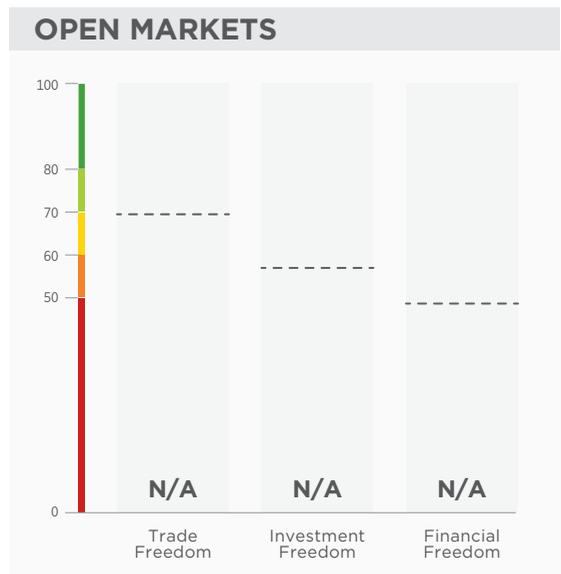
Although property rights exist by law, their protection is impeded by corruption and other barriers. Disputes over real property spark ongoing civil unrest, land grabs by warlords, and huge displacements of inhabitants. Civil courts are largely nonfunctional. Somalia is among the world's most corrupt countries, and Transparency International's 2020 *Corruption Perceptions Index* ranked it last in the world.



There is no fully effective national government that can provide basic services to the population. Other than the collection of very limited duties and taxes, little formal fiscal policy is in place. In southern Somalia, taxes are often levied by local warlords or clan leaders and used to pay militiamen. It is estimated that duties levied at the port in the northern semi-autonomous region of Somaliland provide approximately 80 percent of government revenue.



The government does not have any capacity to enforce contracts. Al-Shabaab frequently extorts taxes from businesses. Electricity is expensive and unreliable. Although the law does not address it, in 2021, a Somali court reinstated an employee who had been dismissed for union organizing. Financial-sector development is still nascent, and there is no scope for monetary policy because of dollarization and currency counterfeiting.



The combined value of exports and imports is equal to about 80 percent of GDP. Much of the population remains outside of the formal trade and banking sectors, and private investment remains extremely limited. Foreign firms have shown some interest in investing in the hydrocarbons sector and ports infrastructure, but investments have been delayed by political disputes between central and state-level agencies over how to manage these projects.

SOUTH AFRICA

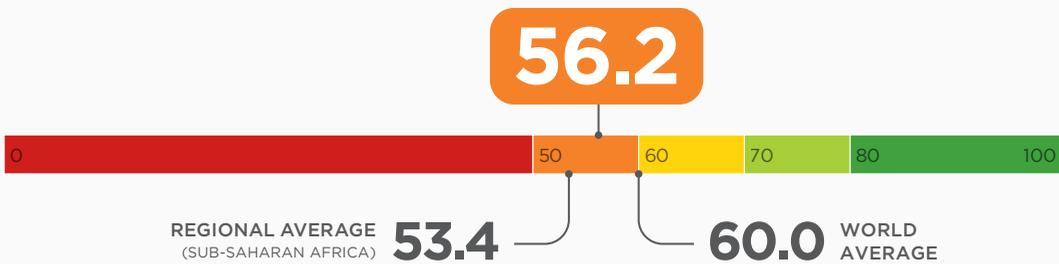
WORLD RANK: **112** | REGIONAL RANK: **17**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

South Africa's economic freedom score is 56.2, making its economy the 112th freest in the 2022 *Index*. South Africa is ranked 17th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

The South African economy began to slow from 2017 through 2019 and turned negative in 2020. Growth resumed in 2021. During the same half-decade, economic freedom has declined. Dragged down by a sharply lower score for **fiscal health**, South Africa has recorded a 6.1-point overall loss of economic freedom since 2017, falling from the "Moderately Free" category to the middle ranks of the "Mostly Unfree" countries. Monetary freedom and **trade freedom** are promising, but the evenhanded rule of law needs to be strengthened.

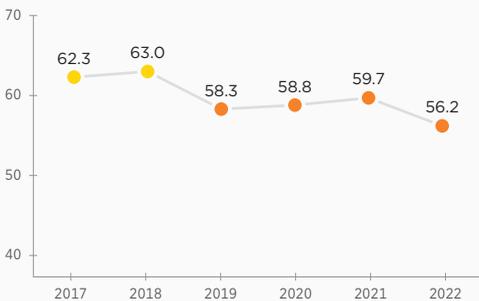
IMPACT OF COVID-19: As of December 1, 2021, 89,871 deaths had been attributed to the pandemic in South Africa, and the government's response to the crisis ranked 75th among the countries included in this *Index* in terms of its stringency. The economy contracted by 7.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -4.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
59.3 million

GDP (PPP):
\$717.4 billion
-7.0% growth in 2020
5-year compound annual growth -0.8%
\$12,032 per capita

UNEMPLOYMENT:
28.7%

INFLATION (CPI):
3.3%

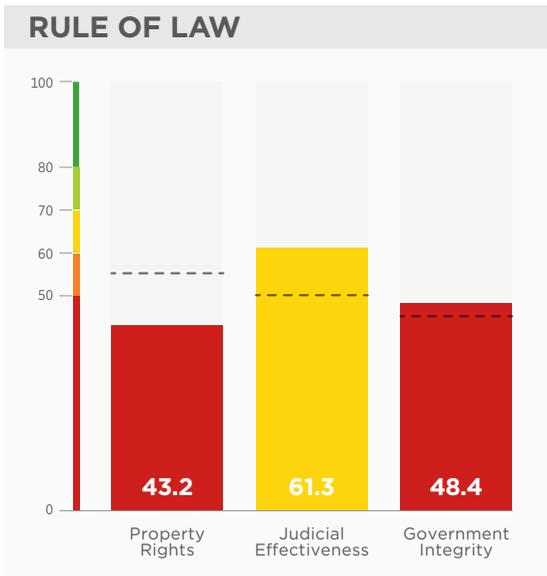
FDI INFLOW:
\$3.1 billion

PUBLIC DEBT:
77.1% of GDP

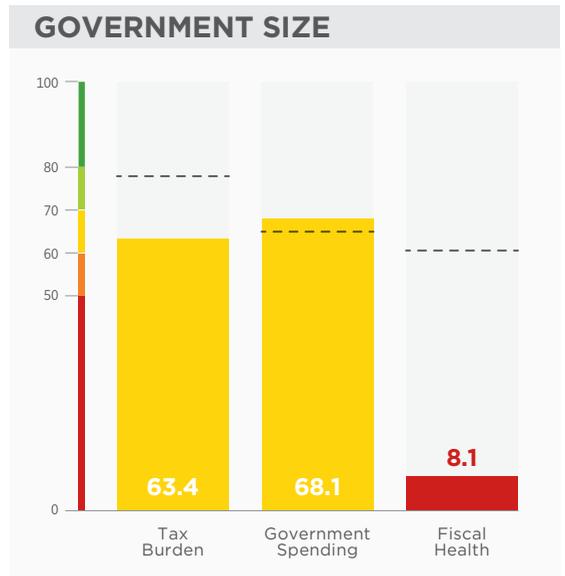
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The African National Congress (ANC) has dominated politics in South Africa since the end of apartheid in 1994. Corruption scandals forced two-term president Jacob Zuma to resign in 2018. He was replaced by Cyril Ramaphosa, who secured a five-year term as president in 2019. In 2021, violent, widespread rioting erupted after Zuma was jailed. The government is considering land reform measures that include expropriation without compensation. South Africa has a highly developed economy and an advanced infrastructure. In addition to being one of the world's largest exporters of gold, platinum, and other natural resources, it has well-established financial, legal, communications, energy, and transport sectors and the continent's largest stock exchange. However, rates of formal-sector unemployment and crime are high.

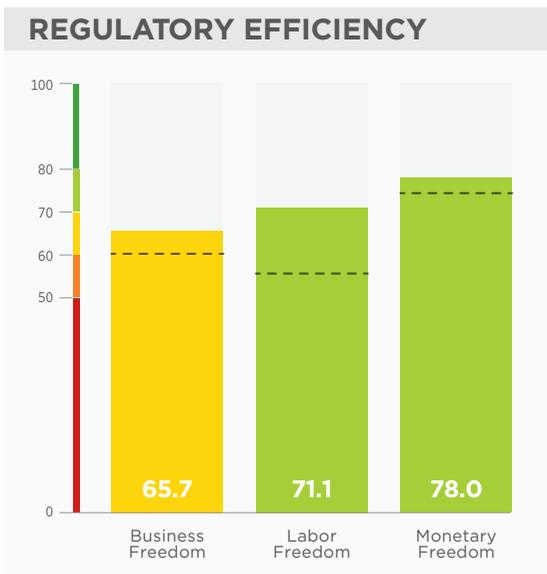
12 ECONOMIC FREEDOMS | SOUTH AFRICA



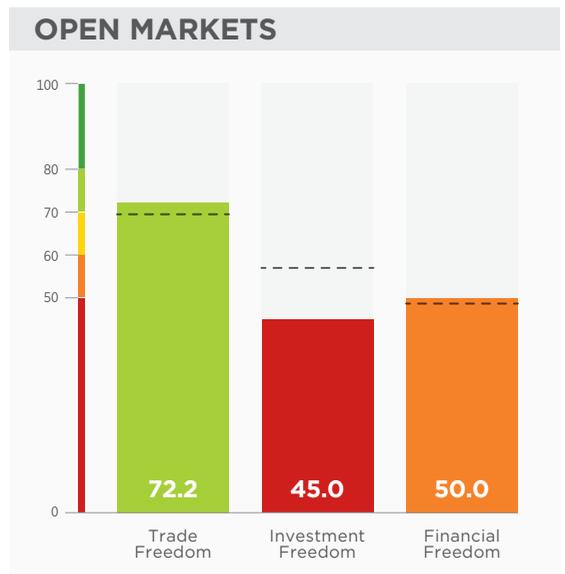
Property rights are legally recognized, and contracts are generally secure. The judiciary is competent and reliable, but courts are understaffed and underfunded, and high-level political interference has undermined judicial independence. Pervasive networks of corruption throughout the country hamper the functioning of government. Public procurement lacks transparency and competitive bidding. Some officials have acted with impunity.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 28 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 29.1 percent of total domestic income. Government spending has amounted to 32.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.2 percent of GDP. Public debt is equivalent to 77.1 percent of GDP.



Violent crime, labor unrest, and competition from money-losing state-owned enterprises are just three of the problems that confront private businesses in South Africa. Strict labor laws make the hiring and firing of workers onerous. The unemployment rate in the second quarter of 2021 was among the highest in the world. Rising inflation is another concern.



South Africa has seven preferential trade agreements in force. The trade-weighted average tariff rate is 6.4 percent, and 176 nontariff measures are in effect. Private investment continues to be hindered by nontransparent laws, and foreign investment faces additional restrictions that breed inefficiency. The financial sector has undergone modernization, and the banking sector is regarded as resilient and sound.

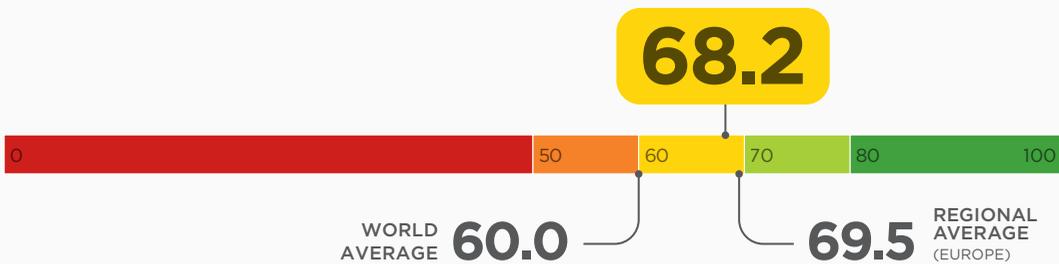
SPAIN

Spain's economic freedom score is 68.2, making its economy the 41st freest in the 2022 *Index*. Spain is ranked 26th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average.

Economic growth in Spain slowed from 2017 through 2019. The economy contracted in 2020, and growth resumed in 2021. During the same five-year period, economic freedom has improved. Lifted by higher scores for rule of law and **business freedom**, Spain has recorded a 4.6-point overall gain in economic freedom since 2017 and is in the upper half of the "Mostly Free" category. Monetary freedom and **trade freedom** are strong, but heavy **government spending** and poor **fiscal health** weigh on the economy.

IMPACT OF COVID-19: As of December 1, 2021, 88,080 deaths had been attributed to the pandemic in Spain, and the government's response to the crisis ranked 97th among the countries included in this *Index* in terms of its stringency. The economy contracted by 11.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +5.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
47.4 million

GDP (PPP):
\$1.8 trillion
-11.0% growth
in 2020
5-year compound
annual growth -0.1%
\$38,392 per capita

UNEMPLOYMENT:
15.7%

INFLATION (CPI):
-0.3%

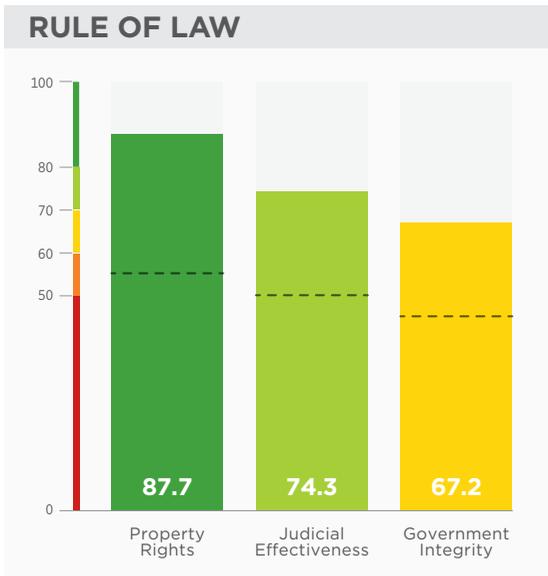
FDI INFLOW:
\$8.9 billion

PUBLIC DEBT:
117.1% of GDP

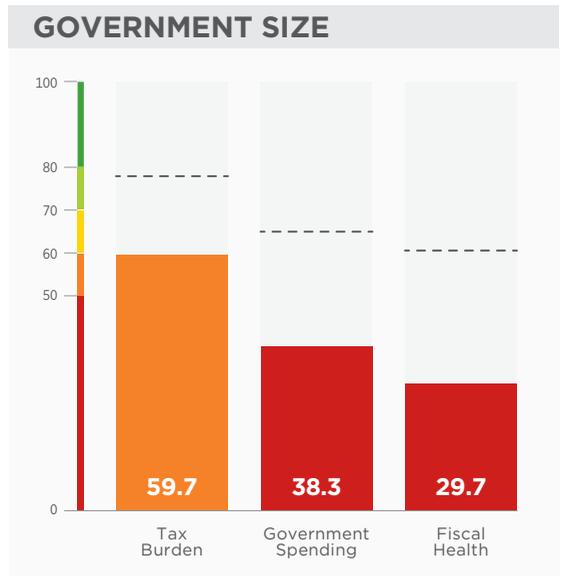
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Since returning to democracy in 1975, Spain has become the eurozone's fourth-largest economy. The government in Madrid removed a rogue regional government in Catalonia after an illegal 2017 independence referendum, but regional elections in February 2021 returned a pro-independence Catalanian majority to power. Prime Minister Pedro Sánchez's center-left Spanish Socialist Workers Party (PSOE) heads a minority coalition with the radical-left Podemos party. A July cabinet reshuffle was intended to boost the PSOE's flagging popularity. The center-right People's Party won Madrid regional elections in May 2021, and the conservative Vox is also gaining momentum. Spain's diversified economy includes manufacturing, financial services, pharmaceuticals, textiles and apparel, footwear, chemicals, and a booming tourism industry.

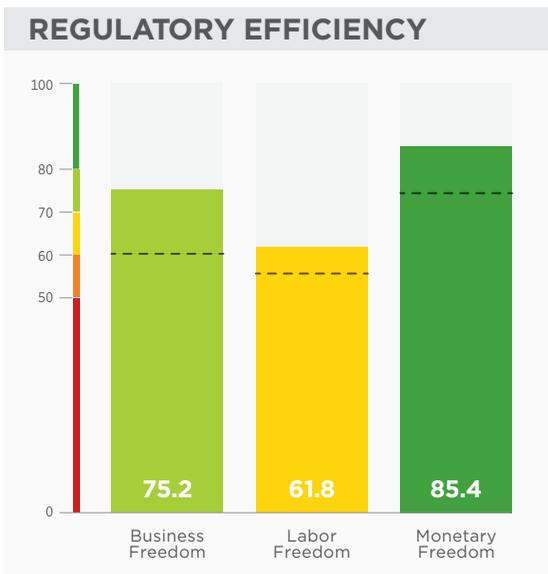
12 ECONOMIC FREEDOMS | SPAIN



The legal framework protects property rights, and the registration system functions efficiently. The judicial system is independent, open, and transparent but also sometimes overburdened and slow. Case backlogs are often long, and political interference is a growing problem. Spain is ranked 32nd of 180 countries in Transparency International's 2020 *Corruption Perceptions Index*, but its overall score (62) is one of Western Europe's lower scores.



The top individual income tax rate is 47 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax. The overall tax burden equals 34.7 percent of total domestic income. Government spending has amounted to 45.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.6 percent of GDP. Public debt is equivalent to 117.1 percent of GDP.



Regulations are relatively transparent. A transparency website was launched in 2014. Small companies have some difficulty accessing credit. Ballooning pension costs and the duality of the labor market, with permanent workers receiving full benefits and temporary workers receiving fewer benefits, interferes with labor freedom. In 2021, the government expanded subsidies for electric vehicles and renewable energy projects.



As a member of the EU, Spain has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Nearly all sectors are open to foreign investment, and approval procedures have been streamlined. The financial sector has regained its stability with nonperforming loans continuing to decline.

SRI LANKA

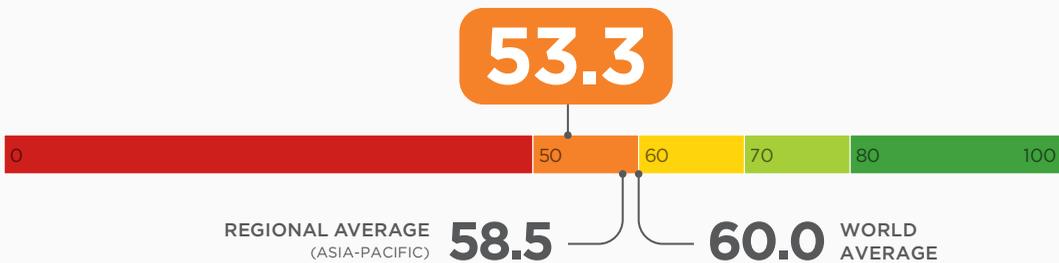
WORLD RANK: **132** | REGIONAL RANK: **28**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Sri Lanka's economic freedom score is 53.3, making its economy the 132nd freest in the 2022 *Index*. Sri Lanka is ranked 28th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Economic growth in Sri Lanka slowed from 2017 through 2019, turned negative in 2020, and recovered in 2021. During those same five years, economic freedom has declined. Driven lower by reductions in **fiscal health** and **business freedom**, Sri Lanka has recorded a 4.1-point overall loss of economic freedom since 2017 and has fallen to the lower half of the "Mostly Unfree" category. Rule of law has improved somewhat, but **investment freedom** and **financial freedom** are weak.

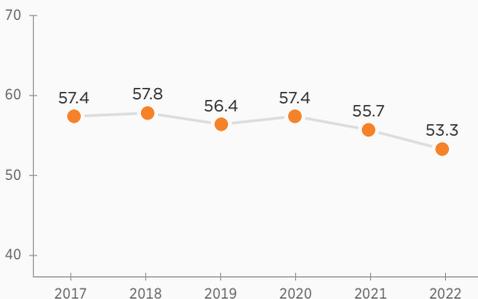
IMPACT OF COVID-19: As of December 1, 2021, 14,372 deaths had been attributed to the pandemic in Sri Lanka, and the government's response to the crisis ranked 49th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.6 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -7.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
21.9 million

GDP (PPP):
\$289.9 billion
-3.6% growth in 2020
5-year compound annual growth 2.0%
\$13,215 per capita

UNEMPLOYMENT:
4.8%

INFLATION (CPI):
4.6%

FDI INFLOW:
\$434.0 million

PUBLIC DEBT:
100.1% of GDP

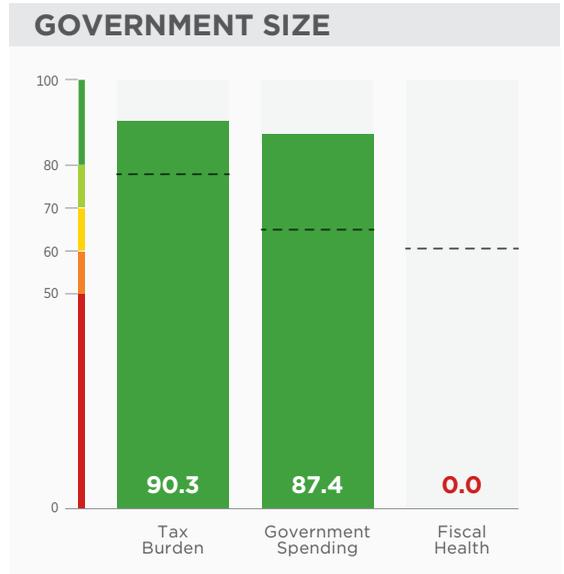
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The island nation of Ceylon off the southeast coast of India gained independence from the United Kingdom in 1948 and changed its name to Sri Lanka in 1972. Following a constitutional crisis in 2018 and the deadly 2019 Easter bombings by Islamist terrorists, former Defense Secretary Gotabaya Rajapaksa was elected president in 2019. A Sinhalese nationalist, Rajapaksa appointed his brother, former President Mahinda Rajapaksa, to serve as prime minister. The president's party won a landslide victory in the 2020 parliamentary elections. The country faces ongoing, albeit diminished, religious and ethnic tensions between its Buddhist Sinhalese majority and Hindu Tamil minority. The economy is based on exports of processed commodities and garments.

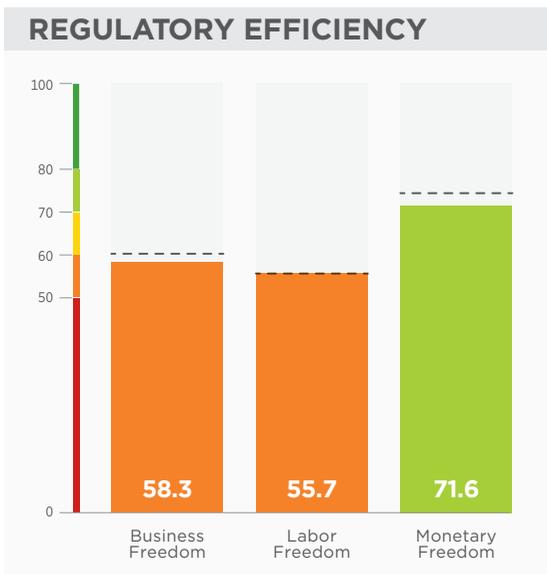
12 ECONOMIC FREEDOMS | SRI LANKA



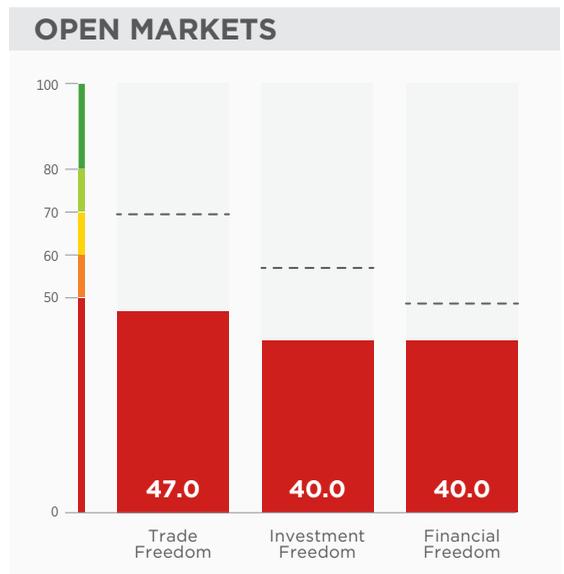
Secured interests in real property are legally protected, but enforcement can be weak. The registration system is reliable but fraught with fraud and forged documents. Although the judiciary is independent, corruption and politicization still plague the lower courts. Examples include the need to pay bribes to avoid red tape, the solicitation of bribes by officials, nepotism, and cronyism. The public procurement sector is especially vulnerable.



The top individual income tax rate is 18 percent, and the top corporate tax rate is 24 percent. Other taxes include a value-added tax. The overall tax burden equals 8.1 percent of total domestic income. Government spending has amounted to 20.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.5 percent of GDP. Public debt is equivalent to 100.1 percent of GDP.



Power cuts continue to threaten business viability in Sri Lanka. There is a labor shortage. Remittances increased to \$7.1 billion in 2020 because of the collapse of channels for the informal transfer of money during the pandemic. Facing declining tax revenues, lack of access to foreign capital, and deteriorating balance of payments, the central bank printed and injected unprecedented levels of cash into the economy.



Sri Lanka has six preferential trade agreements in force. The trade-weighted average tariff rate is 19.0 percent, and 19 non-tariff measures are in effect. Other regulatory barriers further undermine trade flows. Burdensome bureaucracy hinders much-needed dynamic growth in private investment. Nonperforming loans remain a problem in the banking system, and the state continues to influence the allocation of credit.

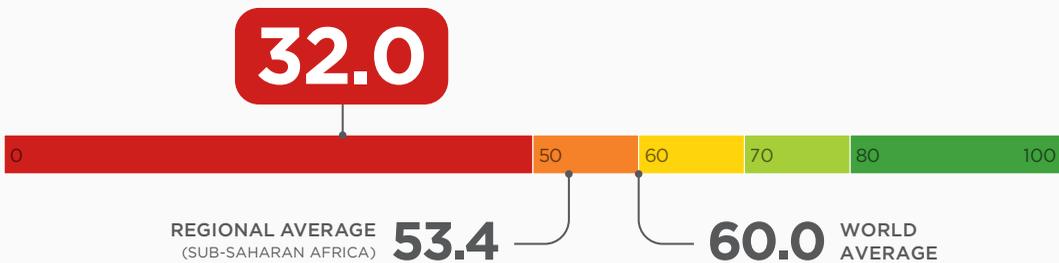
SUDAN

Sudan's economic freedom score is 32.0, making its economy the 174th freest in the 2022 *Index*. Sudan is ranked 47th among 47 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.

The Sudanese economy has experienced slow or negative growth over the past five years. Economic freedom has plunged during the same half-decade. Dragged down by steep drops in scores for **fiscal health** and **monetary freedom** as well as lower scores for rule of law, Sudan has recorded a catastrophic 16.8-point overall loss of economic freedom since 2017 and is now deeply mired in the "Repressed" category. In addition to its other problems, **investment freedom**, **financial freedom**, and **business freedom** are all exceptionally weak.

IMPACT OF COVID-19: As of December 1, 2021, 3,159 deaths had been attributed to the pandemic in Sudan, and the government's response to the crisis ranked 163rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.6 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -7.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
43.8 million

GDP (PPP):
\$181.7 billion
-3.6% growth
in 2020
5-year compound
annual growth -0.9%
\$4,098 per capita

UNEMPLOYMENT:
17.7%

INFLATION (CPI):
163.3%

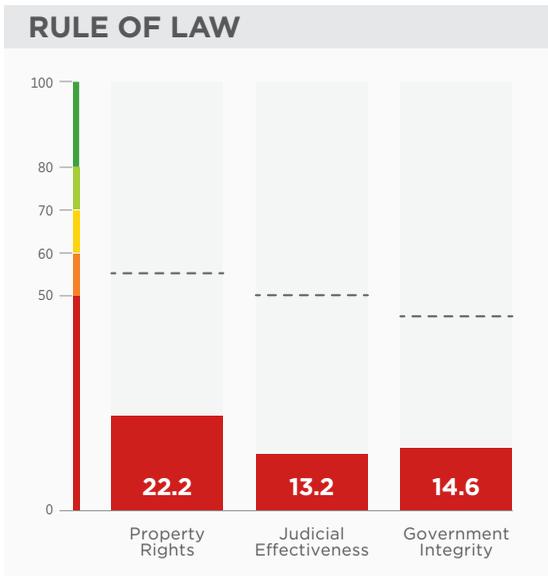
FDI INFLOW:
\$717.0 million

PUBLIC DEBT:
262.5% of GDP

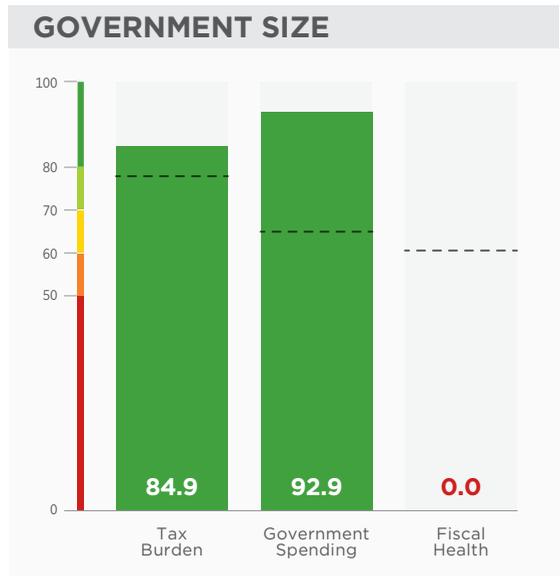
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Military regimes have dominated Sudanese politics since independence from Anglo-Egyptian rule in 1956. In April 2019, the security services ousted longtime Islamist dictator Omar al-Bashir. In 2020, the U.S. removed Sudan from the State Sponsors of Terrorism List and contributed to a loan to help Sudan clear its International Monetary Fund and World Bank arrears. In 2021, the rivalry between the civilian and security service elements of the transitional government culminated in a coup launched by the latter. The oil sector has driven much of Sudan's GDP growth, but the secession of South Sudan cost Sudan two-thirds of its oil revenue. Close to half of the population is at or below the poverty line and dependent on subsistence agriculture.

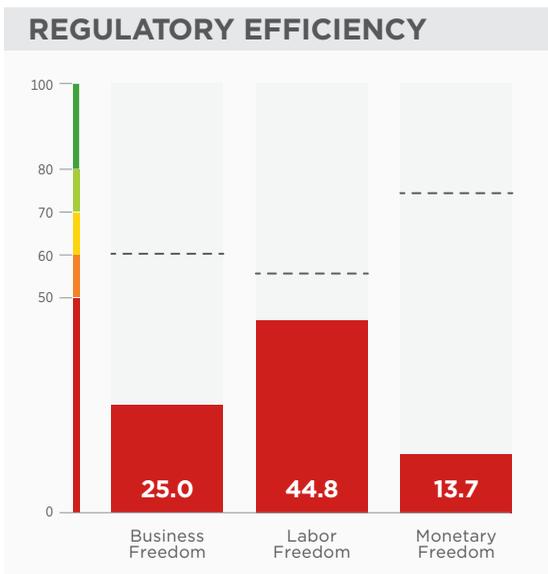
12 ECONOMIC FREEDOMS | SUDAN



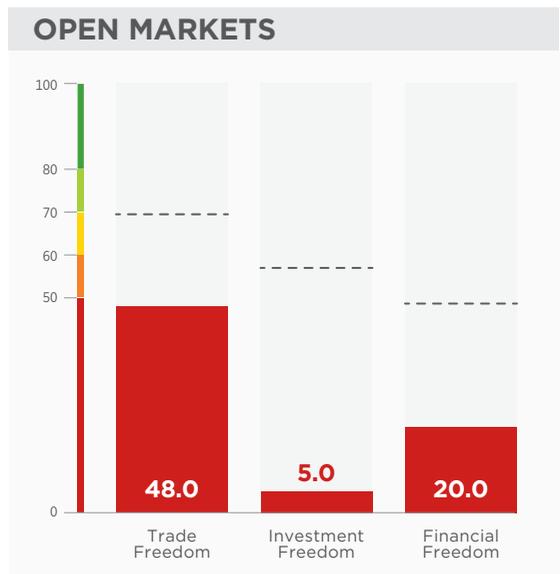
Historically, weak land laws have been disputed and are a major source of conflict. Millions of acres of agricultural land have been sold to Saudi Arabia. The interim constitution establishes an independent judiciary to replace the politically influenced courts of the al-Bashir era. Sudan is one of the world's most corrupt nations and is ranked 174th out of 180 countries in Transparency International's 2020 *Corruption Perceptions Index*.



The top individual income tax rate is 15 percent, and the top corporate tax rate is 35 percent. The overall tax burden equals 7.8 percent of total domestic income. Government spending has amounted to 15.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 8.2 percent of GDP. Public debt is equivalent to 262.5 percent of GDP.



Ongoing conflicts and the lack of basic infrastructure make Sudan an inhospitable place for businesses. Unskilled labor is abundant, but there is no organized labor market. Uncontrolled inflation is a major contributor to political instability.



Sudan has three preferential trade agreements in force. The trade-weighted average tariff rate is 16.0 percent. Sudan is not a member of the World Trade Organization. Years of social conflict and civil war have undermined investor confidence. The petroleum sector provides some economic stability, but other sectors face serious institutional deficiencies. Access to credit remains significantly limited, and the financial sector is severely underdeveloped.

SURINAME

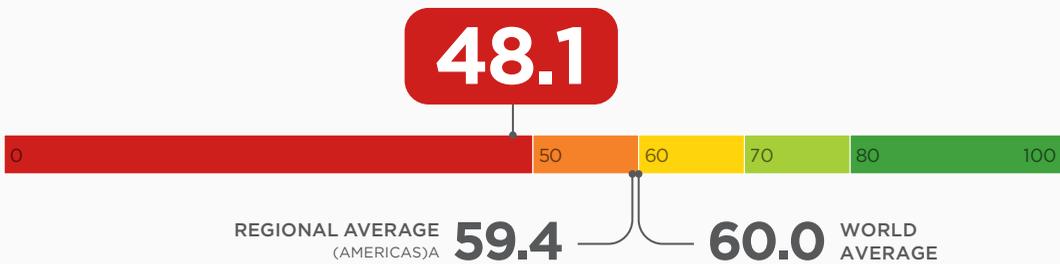
WORLD RANK: **156** | REGIONAL RANK: **29**
 ECONOMIC FREEDOM STATUS: **REPRESSED**

Suriname's economic freedom score is 48.1, making its economy the 156th freest in the 2022 *Index*. Suriname is ranked 29th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

After a period of strong growth, Suriname's economy slowed in 2019 and contracted severely in 2020. Economic freedom during the past half-decade has been anemic. With improvements in scores for rule of law offsetting declines in **fiscal health** and **monetary freedom**, Suriname has recorded a basically unchanged 0.1-point overall gain of economic freedom since 2017 and remains in the upper part of the "Repressed" category. All aspects of economic freedom are in dire need of improvement.

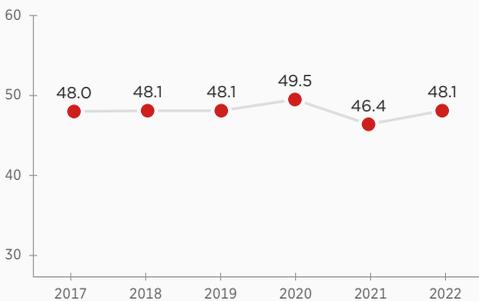
IMPACT OF COVID-19: As of December 1, 2021, 1,169 deaths had been attributed to the pandemic in Suriname, and the government's response to the crisis ranked 14th among the countries included in this *Index* in terms of its stringency. The economy contracted by 13.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +11.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.6 million

GDP (PPP):
\$8.8 billion
-13.5% growth in 2020
5-year compound annual growth -2.9%
\$14,513 per capita

UNEMPLOYMENT:
8.7%

INFLATION (CPI):
34.9%

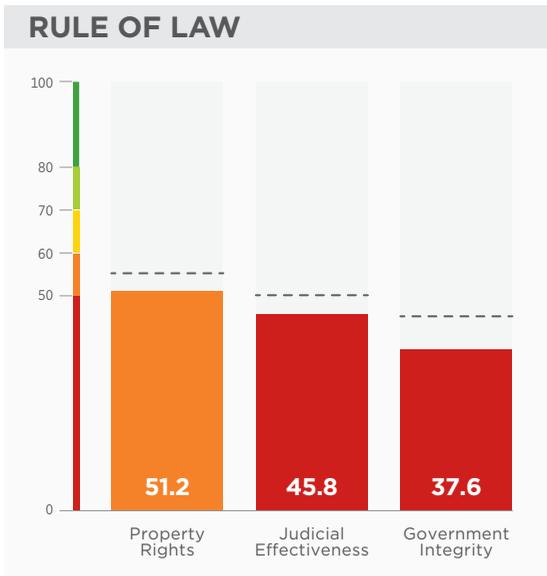
FDI INFLOW:
-\$27.0 million

PUBLIC DEBT:
165.8% of GDP

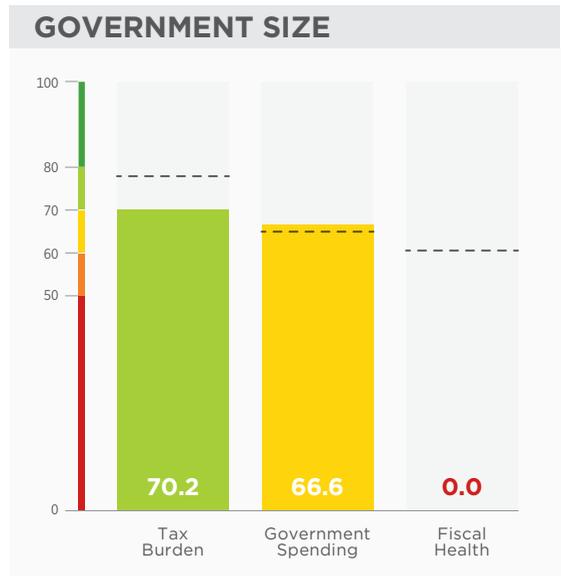
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Chandrikapersad "Chan" Santokhi was elected in 2020 to a five-year term as president, leading his centrist Progressive Reform Party (VHP) to win 20 of the parliament's 51 seats. Santokhi defeated leftist former President Desire "Dési" Bouterse. In coalition with the General Liberation and Development Party and National Party of Suriname, the VHP controls a total of 33 seats. Although Santokhi was elected on an anticorruption platform, corruption still presents widespread challenges. Suriname's economy relies primarily on the extraction of natural resources, and newly discovered oil fields are attracting investment. Suriname is also an important transit point for cocaine trafficking to Europe from Colombia and Venezuela. The former Dutch colony remains one of South America's least developed countries.

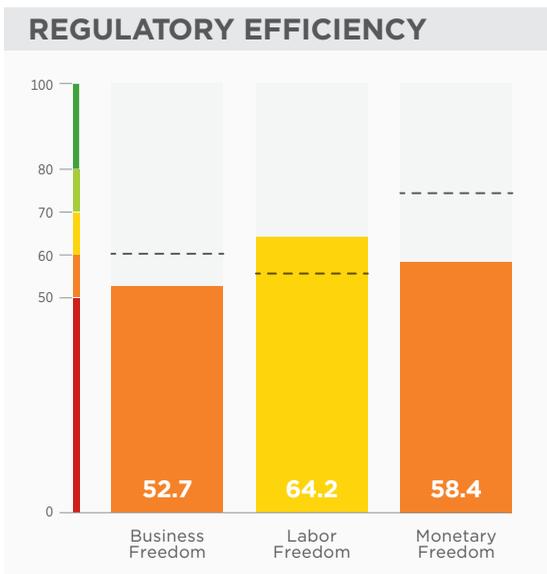
12 ECONOMIC FREEDOMS | SURINAME



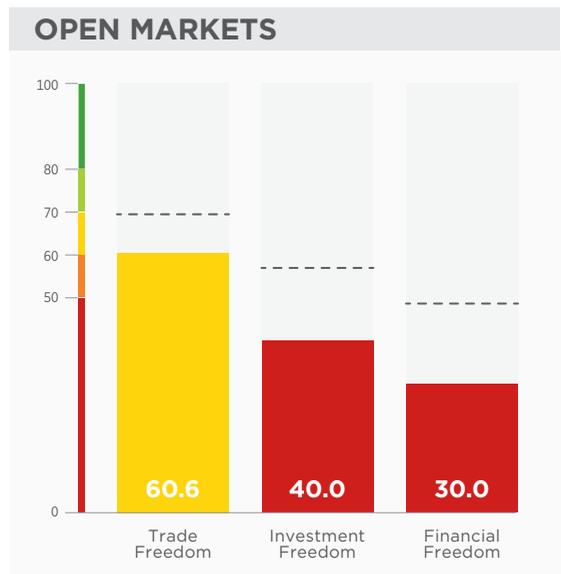
Protection of property rights has been weak. The percentage of land that lacks a clear title remains unknown, and the government is doing little to identify property owners and register land titles. The judicial system is understaffed and underfunded but procedurally competent and free of overt government interference. Corruption is most pervasive in government procurement, the awarding of licenses and concessions, customs, and taxation.



The top individual income tax rate is 38 percent, and the top corporate tax rate is 36 percent. Other taxes include property and excise taxes. The overall tax burden equals 15.5 percent of total domestic income. Government spending has amounted to 33.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 14.7 percent of GDP. Public debt is equivalent to 165.8 percent of GDP.



Regulations are enforced with unpredictable discretion rather than rules-based consistency. There is no online registration system. Employers are prohibited from firing employees without the permission of the Ministry of Labor after two months of employment. In June 2021, the central bank stopped subsidizing the exchange rate and adopted a floating rate that translated to a devaluation of about 90 percent.



Suriname has three preferential trade agreements in force. The trade-weighted average tariff rate is 12.2 percent, and one formal nontariff measure is in effect. Other regulatory barriers, exacerbated by direct state interference in the economy through ownership or control, remain considerable and undercut the potential gains from trade and investment. The financial system remains underdeveloped and vulnerable to government influence.

SWEDEN

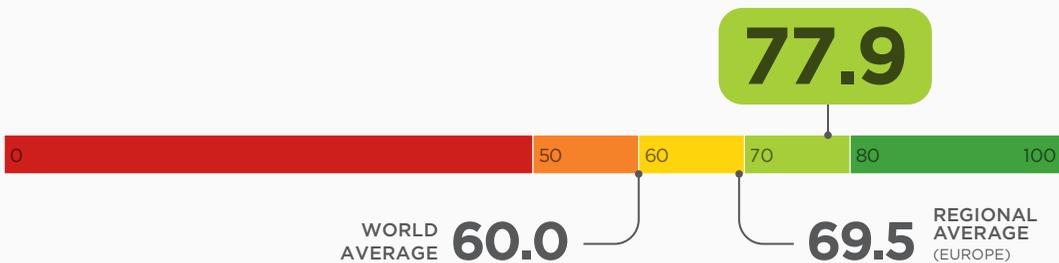
Sweden's economic freedom score is 77.9, making its economy the 11th freest in the 2022 *Index*. Sweden is ranked 8th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

Sweden's economy has followed a familiar global pattern in the past five years, slowing from 2017 through 2019, contracting in 2020, and recovering in 2021. During that time, economic freedom has fluctuated mildly but at a high level. With increases in scores for rule of law and **labor freedom** overriding declining scores for **business freedom** and **trade freedom**, Sweden has recorded a 3.0-point overall gain in economic freedom since 2017 and has climbed to the top half of the "Mostly Free" category. To make it over the threshold into the top, "Free" category, additional improvements would be needed to control the **tax burden** and **government spending**.

IMPACT OF COVID-19: As of December 1, 2021, 15,161 deaths had been attributed to the pandemic in Sweden, and the government's response to the crisis ranked 155th among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.8 percent in 2020.

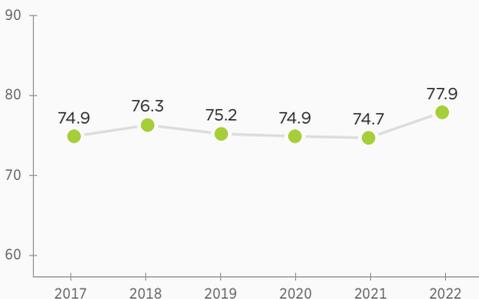


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +16.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
10.4 million

GDP (PPP):
\$562.0 billion
-2.8% growth
in 2020
5-year compound
annual growth 1.0%
\$54,146 per capita

UNEMPLOYMENT:
8.5%

INFLATION (CPI):
0.7%

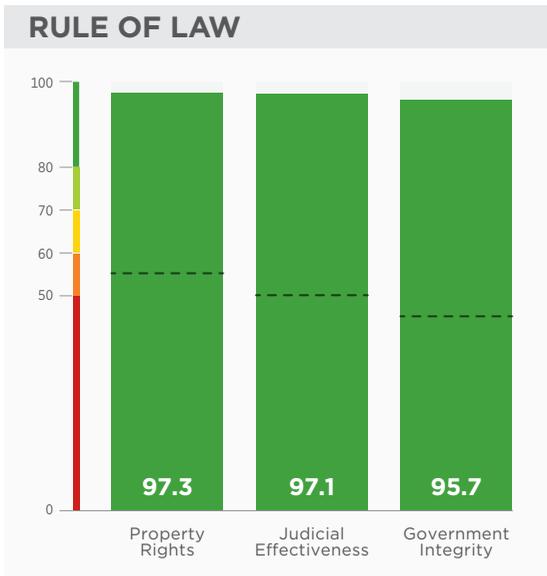
FDI INFLOW:
\$26.1 billion

PUBLIC DEBT:
38.5% of GDP

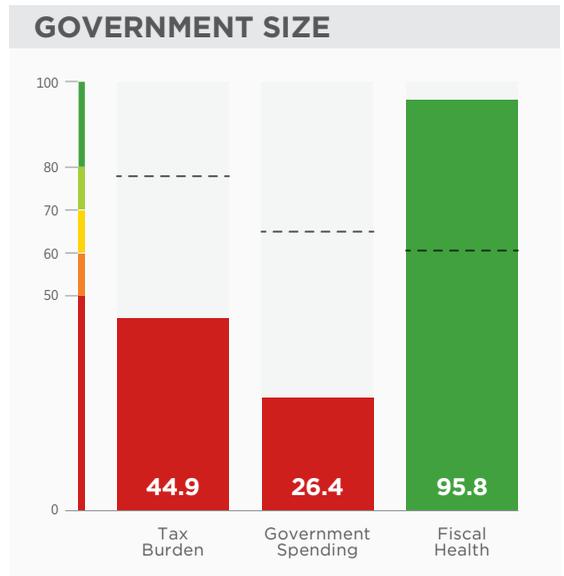
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Sweden joined the European Union in 1995, but voters rejected adoption of the euro in 2003. Social Democrat (SD) Magdalena Andersson became Sweden's first female prime minister in November 2021, replacing Stefan Löfven of the SD who had been prime minister for seven years. She formed a fragile minority SD government after being appointed pursuant to a razor-thin vote by a sharply divided parliament. The populist Sweden Democrats party, campaigning to restrict immigration, placed third in the most recent elections in 2018. The influx of large numbers of migrants since 2015, a 2017 terrorist attack, and gang violence have made immigration a central issue. Timber, hydropower, and iron ore constitute the resource base of a vibrant and outwardly oriented manufacturing-based economy.

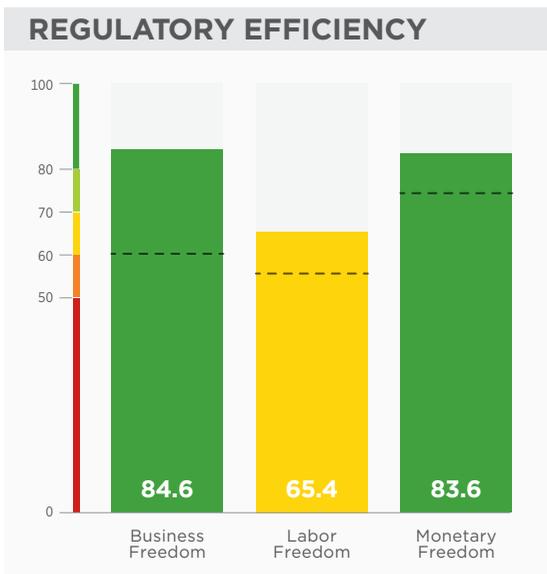
12 ECONOMIC FREEDOMS | SWEDEN



Real and intellectual property rights are well protected. Enforcement of contracts is very well established, and the rule of law is well maintained. The judicial system operates independently, impartially, and consistently. Deregulation, budgetary self-restraint, and a stable political environment encourage low rates of corruption and strong government integrity. Sweden ranks third among 180 countries in Transparency International's 2020 *Corruption Perceptions Index*.



The top individual income tax rate is 57 percent, and the top corporate tax rate is 21.4 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 42.9 percent of total domestic income. Government spending has amounted to 49.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.9 percent of GDP. Public debt is equivalent to 38.5 percent of GDP.



Business freedom is high with a culture of innovation, transparent regulations, solid infrastructure, and a highly sophisticated and dynamic consumer market. The cost of labor is also high, and labor legislation and regulations are rigid. The high cost of living makes it hard to attract and maintain labor from abroad. Environmentally motivated government subsidies increased by 20 percent in 2020.



As a member of the EU, Sweden has 46 preferential trade agreements in force. The trade-weighted average tariff rate (common among EU members) is 2.9 percent with 640 EU-mandated nontariff measures in force. Sweden has an additional eight country-specific nontariff barriers. Open-market policies that sustain competitiveness facilitate large flows of investment. Financial services are well institutionalized throughout the country.

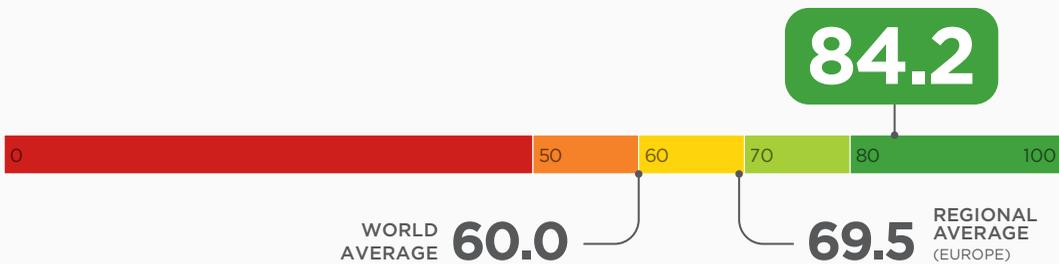
SWITZERLAND

Switzerland's economic freedom score is 84.2, making its economy the 2nd freest in the 2022 *Index*. Switzerland is ranked 1st among 45 countries in the Europe region, and its overall score is well above the regional and world averages.

In the past half-decade, Switzerland's economy gained strength in 2017 and 2018, slowed in 2019, and turned negative in 2020. Growth resumed in 2021. A five-year trend of robust economic freedom has continued. Lifted by higher scores for rule of law, Switzerland has recorded a 2.7-point overall gain of economic freedom since 2017 and is firmly established in the "Free" category, trailing first-place Singapore by only 0.2 point. Switzerland's stellar investment climate could be improved by cuts in tax rates and **government spending**.

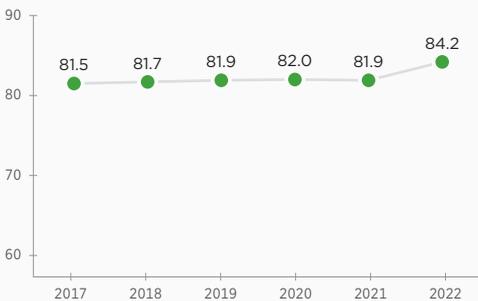
IMPACT OF COVID-19: As of December 1, 2021, 11,548 deaths had been attributed to the pandemic in Switzerland, and the government's response to the crisis ranked 59th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +7.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
8.6 million

GDP (PPP):
\$627.2 billion
-3.0% growth in 2020
5-year compound annual growth 1.0%
\$72,874 per capita

UNEMPLOYMENT:
4.9%

INFLATION (CPI):
-0.7%

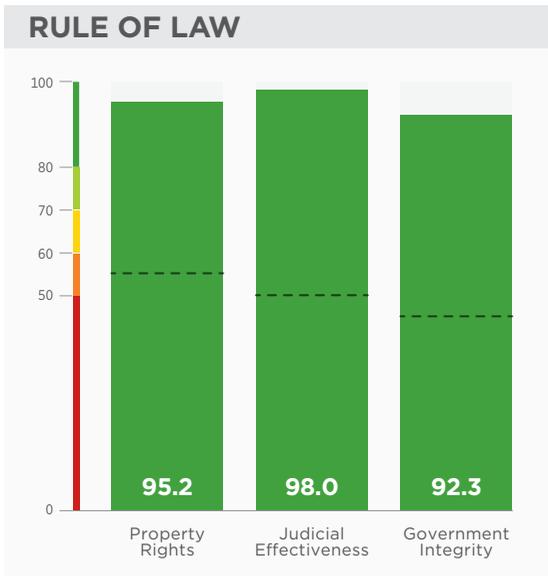
FDI INFLOW:
-\$47,172.0 million

PUBLIC DEBT:
42.9% of GDP

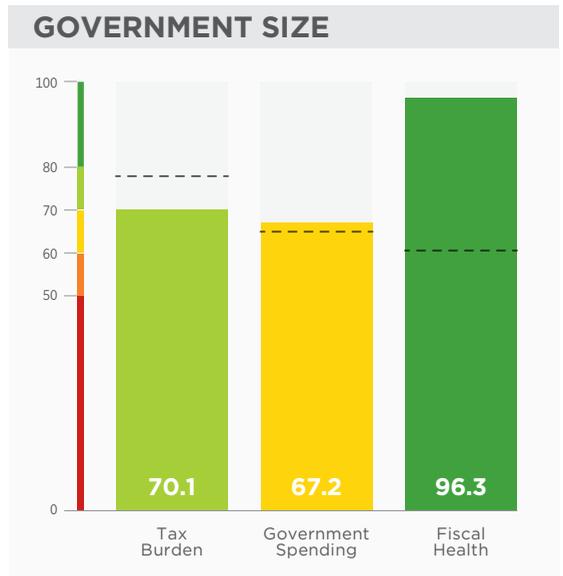
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Switzerland's federal canton system of government disperses power widely. A seven-member Federal Council exercises executive authority. Switzerland has a long tradition of openness to the world but jealously guards its independence and neutrality. In 2019 elections, the Green Party surged to fourth place and overtook one of the parties in the coalition government, the Christian Democrats. Public policies are often subjected to referenda. Swiss voters recently rejected the imposition of new carbon taxes and approved a measure to ban face coverings in public places. Switzerland has one of the world's highest GDPs per capita and a highly skilled labor force. The economy relies on financial services, precision manufacturing, metals, pharmaceuticals, chemicals, and electronics.

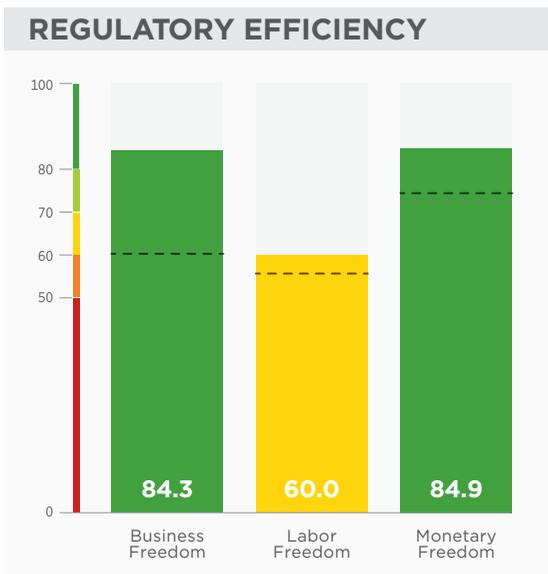
12 ECONOMIC FREEDOMS | SWITZERLAND



Protection of property rights is strongly enforced, and an independent and fair judicial system is institutionalized throughout the economy. Intellectual property rights are respected and enforced. Commercial and bankruptcy laws are applied consistently and efficiently. The government is free from pervasive corruption, thanks largely to its strong institutions. Switzerland is ranked 3rd among 180 countries in Transparency International's 2020 *Corruption Perceptions Index*.



Cantonal-level taxation is more burdensome than federal-level taxation. The top federal income tax rate is 11.5 percent. The federal corporate tax rate is 8.5 percent. The overall tax burden equals 28.5 percent of total domestic income. Government spending has amounted to 33.1 percent of total output (GDP) over the past three years, and budgets have been balanced on average. Public debt is equivalent to 42.9 percent of GDP.



Political stability, transparent regulations, efficient capital markets, an advantageous geographical location, and well-maintained transportation enhance business freedom. Labor laws are not restrictive by European standards, and the workforce is highly skilled. Swiss agriculture is highly subsidized and regulated with price controls and a variety of import restrictions supporting domestic production.



Switzerland has 32 preferential trade agreements in force. The trade-weighted average tariff rate is 1.7 percent, and 157 nontariff measures are in effect. The consistent, transparent, and modern investment framework supports and facilitates foreign investment. Buttressed by a sound regulatory regime, the competitive financial sector offers a wide range of financing instruments. Banking remains well capitalized, facilitating access to credit.

SYRIA

Ongoing chaos and the devastation caused by more than a decade of conflict again preclude any ranking of Syria in the *Index of Economic Freedom*. In addition to its horrific death toll, the long civil war has caused a near collapse of economic output and has largely wiped out economic freedom.

The economic cost of the Syrian civil war is likely to exceed \$1 trillion, including aggregate GDP lost because of the conflict and future reconstruction costs. That figure does not include the very significant negative economic impact on Iraq, Jordan, Turkey, and Lebanon. The noneconomic costs are immeasurable.

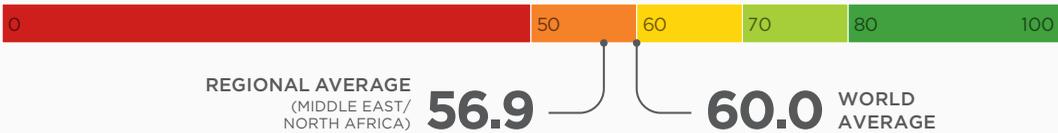
IMPACT OF COVID-19: As of December 1, 2021, 2,755 deaths had been attributed to the pandemic in Syria, and the government's response to the crisis ranked 32nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 10.5 percent in 2020.

WORLD RANK: **N/A** | REGIONAL RANK: **N/A**

ECONOMIC FREEDOM STATUS: **NOT GRADED**

ECONOMIC FREEDOM SCORE

N/A



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
17.5 million

GDP (PPP): n/a
-10.5% growth in 2020
5-year compound annual growth -1.4%
n/a per capita

UNEMPLOYMENT:
9.0%

INFLATION (CPI):
n/a

FDI INFLOW: n/a

PUBLIC DEBT:
52.7% of GDP

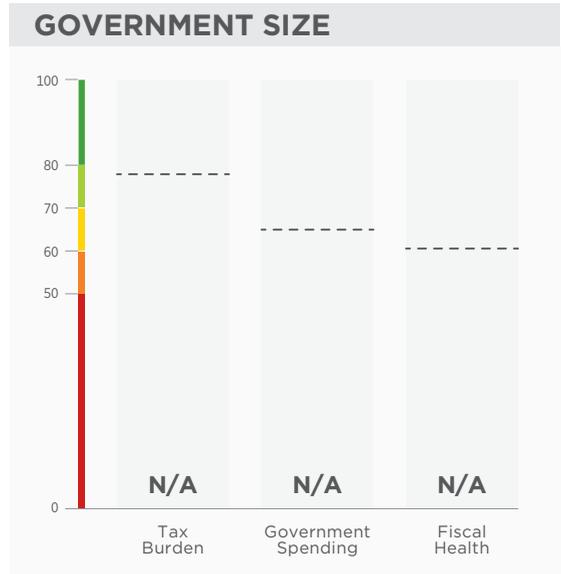
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Assad family has ruled Syria since Hafez al-Assad's military coup in 1970. Bashar al-Assad succeeded his father in 2000 but failed to fulfill promises to open the socialist economy and ease repression. A brutal crackdown on Arab Spring protests in 2011 sparked an armed uprising that became a sectarian civil war between the predominantly Sunni rebels and the Alawite-dominated regime. The conflict has killed more than 500,000 Syrians and has driven about 5.7 million refugees out of the country, but Assad's regime, supported by Iran, Russia, and the terrorist Hezbollah, has largely defeated the fractured armed opposition. Assad claimed to have won 95 percent of the votes in the May 2021 presidential election, and Syria's economy remains severely depressed.

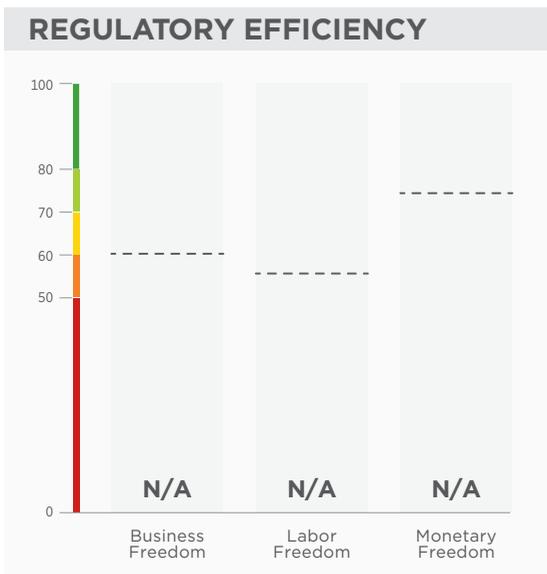
12 ECONOMIC FREEDOMS | SYRIA



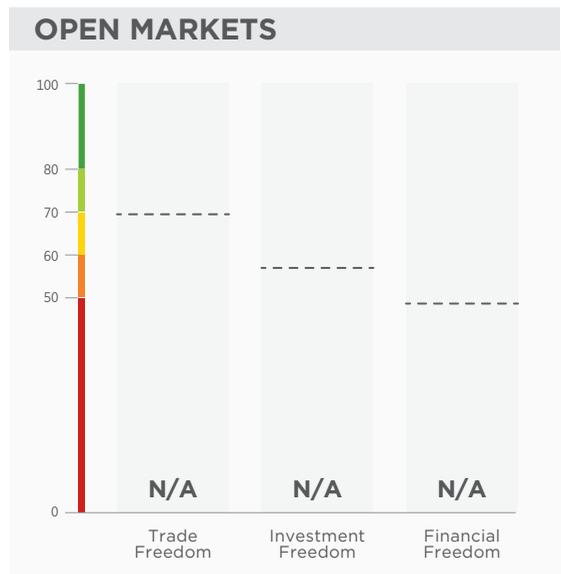
Property rights are frequently violated. Expropriations are commonplace. Although the judiciary is statutorily independent, judges and all other leaders of the regime's constitutionally protected Ba'ath Party dominate courts and all other branches of government and act with impunity. Corruption is pervasive, including in opposition-controlled areas. Members and allies of the regime are said to own or control much of the economy.



The continuing civil conflict has resulted in mounting damage to the economy. Economic policy has focused on protecting the regime and maintaining the military's fighting capacity. Government spending has been driven by the regime's political concerns and the need to protect its own interests. Budget revenue from oil and taxes has severely declined. The regime's economic mismanagement has caused the near collapse of the economy.



International sanctions, damaged infrastructure, and little household purchasing power make opportunities for private businesses sparse. Functioning labor markets do not exist in many war-torn locations. Inflation has been running at record levels, severely eroding purchasing power.



Political instability, exacerbated by the ongoing civil war and significant security threats, is a significant impediment to trade and investment. The investment environment has long lacked transparency and efficiency. The financial infrastructure has been significantly degraded by unstable political and economic conditions. Severely limited access to financing impedes any meaningful private business development.

TAIWAN

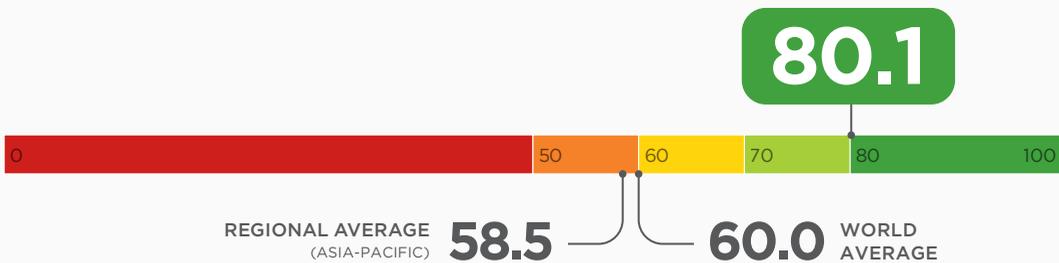
Taiwan's economic freedom score is 80.1, making its economy the 6th freest in the 2022 *Index*. Taiwan is ranked 3rd among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Taiwan is one of the few countries in the world to have experienced continuous economic growth during the past five years. Economic freedom has increased significantly during that period as well. With strong scores across the board boosted by increases in **judicial effectiveness** and **labor freedom**, Taiwan has recorded a 3.6-point overall gain of economic freedom since 2017 and has made it over the threshold into the top, "Free" *Index* category for the first time. Additional improvements in **business freedom** and **financial freedom** would propel economic freedom even higher.

IMPACT OF COVID-19: As of December 1, 2021, 848 deaths had been attributed to the pandemic in Taiwan, and the government's response to the crisis ranked 94th among the countries included in this *Index* in terms of its stringency. The economy continued to grow in 2020, expanding by 3.1 percent.

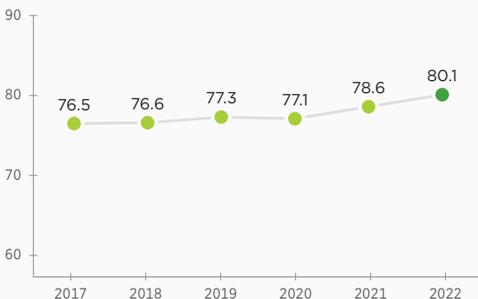


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +5.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
23.6 million

GDP (PPP):
\$1.3 trillion
3.1% growth in 2020
5-year compound annual growth 2.9%
\$55,724 per capita

UNEMPLOYMENT:
4.5%

INFLATION (CPI):
-0.2%

FDI INFLOW:
\$8.8 billion

PUBLIC DEBT:
33.7% of GDP

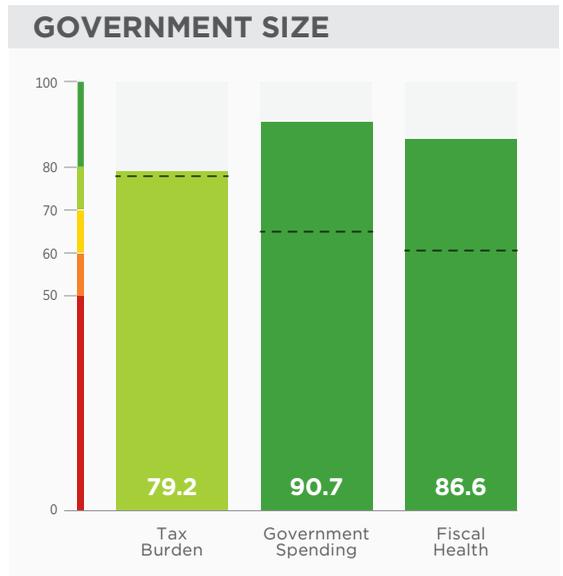
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Taiwan's multiparty democracy operates under a 1947 constitution that was drawn up originally to include all of China. Its economy is one of the wealthiest in Asia. The Democratic Progressive Party returned to power when Tsai Ing-wen was elected president in 2016. Against the backdrop of the 2019–2020 Hong Kong protests and threats from China, President Tsai secured reelection in a landslide victory in 2020. China's ongoing attempts to isolate Taiwan diplomatically hinder its economic growth and threaten its presence in overseas markets. Taiwan's trade-dependent economy is driven by a competitive manufacturing sector that encompasses electronics, machinery, petrochemicals, and information and communication technology products.

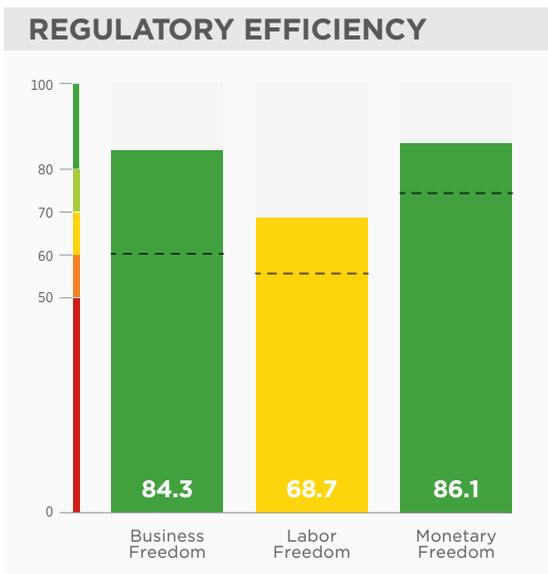
12 ECONOMIC FREEDOMS | TAIWAN



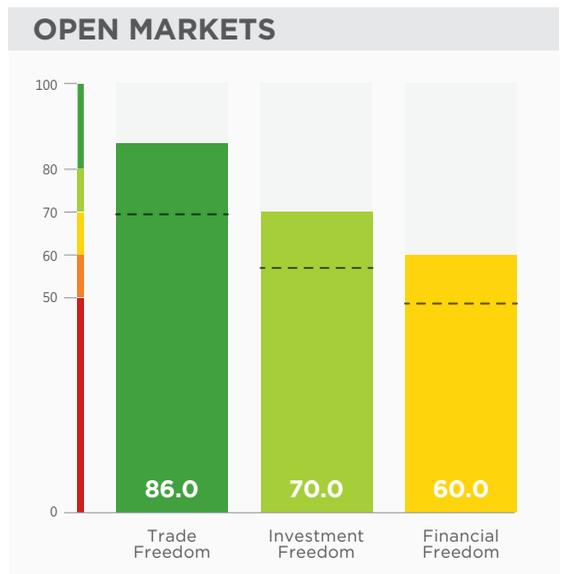
Property rights and secured interests are enforced, and the recording system is reliable. Enforcement of contracts is strong. The judiciary is independent, and the court system is largely free from political interference. The government has implemented laws, regulations, and penalties to combat corruption including in public procurement. While corruption is much less prevalent today, it remains a problem, given that politics and big business are closely intertwined.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 20 percent. Other taxes include a value-added tax. The overall tax burden equals 9.0 percent of total domestic income. Government spending has amounted to 17.6 percent of total output (GDP) over the past three years, and budget deficits have averaged 2.6 percent of GDP. Public debt is equivalent to 33.7 percent of GDP.



Rules promulgated in 2016 that mandated a 60-day public comment period for draft laws and regulations have not been applied consistently. The Middle-Aged and Elderly Employment Promotion Act was passed in 2019 to expand employment opportunities for workers above 45 years of age. The government subsidizes research and development to accelerate industrial transformation that would boost domestic demand and external market expansion.



Taiwan has six preferential trade agreements in force. The trade-weighted average tariff rate is 2.0 percent, and 391 nontariff measures are in effect. Some agricultural imports face additional barriers. A relatively well-developed investment framework facilitates the flow of goods and capital. The financial sector, dominated by banking, has gradually become more competitive and offers a range of financial instruments to investors on market terms.

TAJIKISTAN

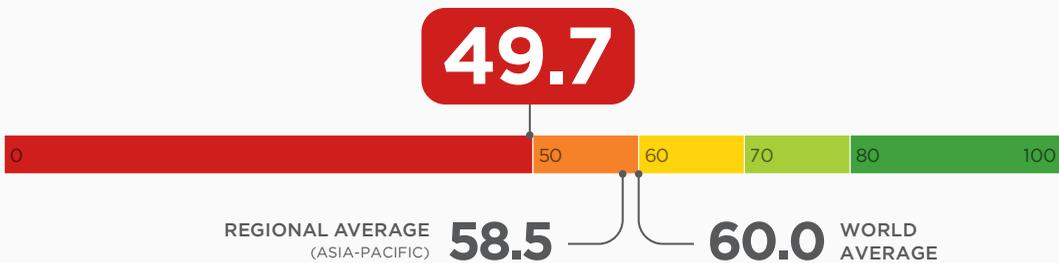
Tajikistan's economic freedom score is 49.7, making its economy the 147th freest in the 2022 *Index*. Tajikistan is ranked 30th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Bucking an international trend, Tajikistan's economy has grown steadily over the past five years: more rapidly in 2017 and 2018, more slowly in 2019 and 2020, but then more strongly in 2021. Unfortunately, a five-year trend of declining economic freedom has continued. Weighed down by lower scores in **fiscal health**, **business freedom**, and rule of law, Tajikistan has recorded an 8.5-point overall loss of economic freedom since 2017 and has fallen back into the "Repressed" category from which it had escaped in 2005. Fiscal health is still relatively strong, but **investment freedom** and **financial freedom** are very weak.

IMPACT OF COVID-19: As of December 1, 2021, 125 deaths had been attributed to the pandemic in Tajikistan, and the government's response to the crisis ranked 141st among the countries included in this *Index* in terms of its stringency. The economy grew by 4.5 percent in 2020.

WORLD RANK: **147**
REGIONAL RANK: **30**
ECONOMIC FREEDOM STATUS: **REPRESSED**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +8.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.5 million

GDP (PPP):
\$34.8 billion
4.5% growth in 2020
5-year compound annual growth 6.7%
\$3,676 per capita

UNEMPLOYMENT:
7.5%

INFLATION (CPI):
8.6%

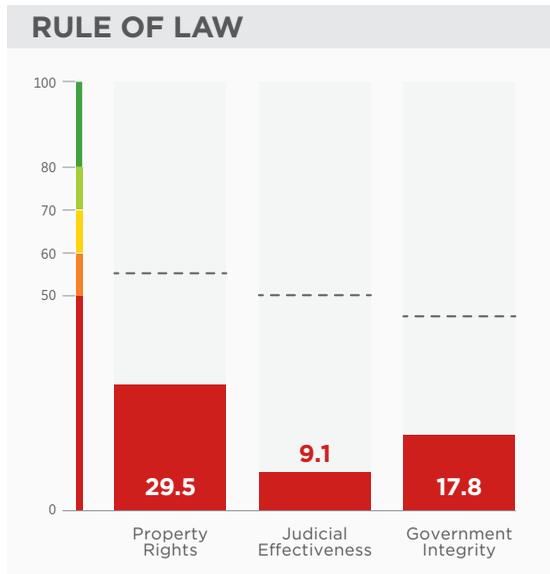
FDI INFLOW:
\$107.0 million

PUBLIC DEBT:
48.1% of GDP

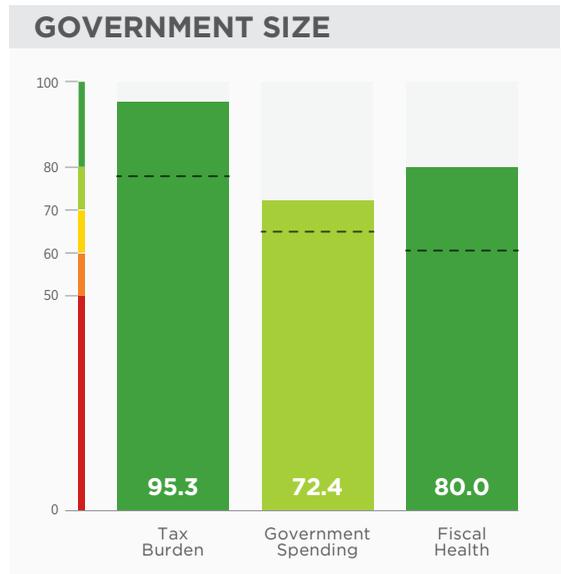
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The land of the Tajiks, a mountainous landlocked region north of Afghanistan in Central Asia, historically was buffeted and absorbed by ancient empires. In terms of area, it is the smallest nation in Central Asia. Autocratic President Emomali Rahmon has been in power since 1994, and abuses of human rights are widespread. The victory of Rahmon's party in the 2020 parliamentary elections was criticized by international monitors. Tajikistan relies heavily on revenues from exports of aluminum, gold, and cotton. With less than 10 percent of its land arable, and given high state-mandated cotton production, the country must import most of its food. The economy is growing but remains one of Asia's poorest, partly dependent on remittances and narco-trafficking.

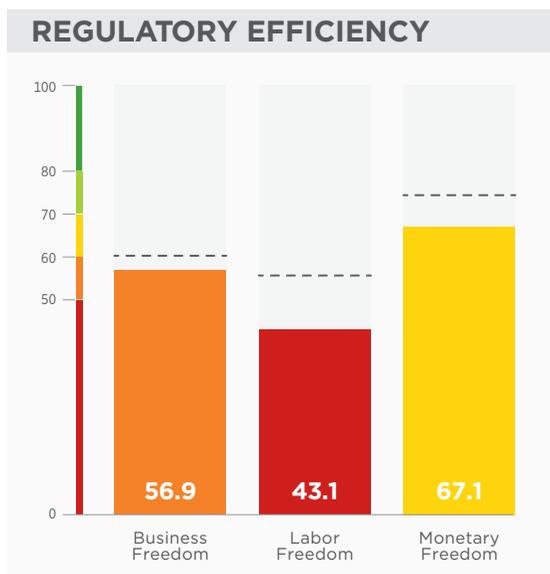
12 ECONOMIC FREEDOMS | TAJIKISTAN



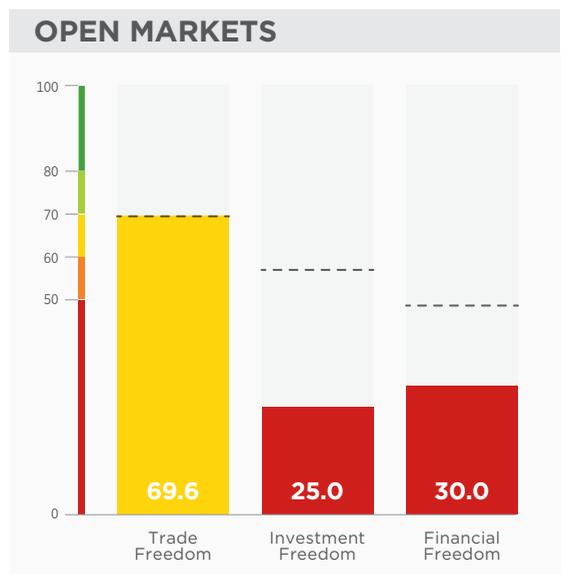
The government's cadaster system records acquisition and disposition of property, but it needs to be improved. All land belongs exclusively to the state. When secured interests in property do exist, enforcement remains an issue. The executive interferes in the judicial system, which is neither fair nor reliable. Bribery and other forms of corruption are common. Nepotism, hiring bias, patronage networks, and regional loyalties are constraints on economic freedom.



The top individual income tax rate is 13 percent, and the top corporate tax rate is 15 percent. Other taxes include a value-added tax. The overall tax burden equals 9.0 percent of total domestic income. Government spending has amounted to 30.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.1 percent of GDP. Public debt is equivalent to 48.1 percent of GDP.



Bureaucratic and financial obstacles, a flawed banking sector, an opaque tax system, and frequent unnecessary business inspections hinder business development. According to the World Bank, demand for jobs exceeds job growth by a two-to-one ratio. The government influences prices through regulations and large subsidies to numerous large state-owned and state-trading enterprises that continue to incur heavy losses.



Tajikistan has two preferential trade agreements in force. The simple average tariff rate is 7.7 percent, and one formal non-tariff measure is in effect. The overall trade regime remains costly, and the importation of goods is time-consuming. Foreign investment is subject to government screening. The financial sector remains underdeveloped and subject to heavy state control that seriously handicaps broad-based private-sector development.

TANZANIA

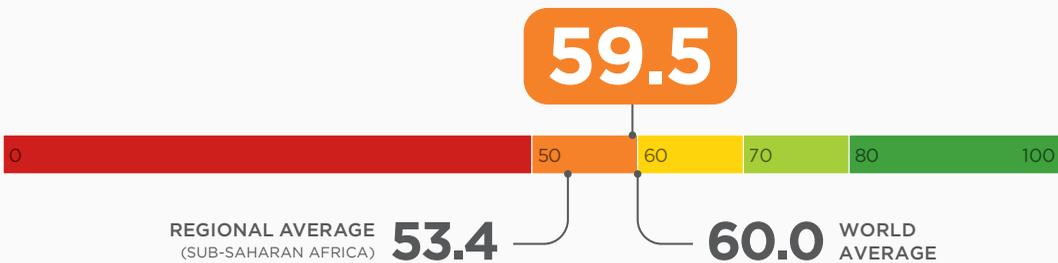
Tanzania's economic freedom score is 59.5, making its economy the 93rd freest in the 2022 *Index*. Tanzania is ranked 10th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Unlike most of the world's other economies, Tanzania's economy has grown steadily over the past five years, albeit at a reduced rate in 2020. Unfortunately, a five-year trend of expanding economic freedom has faltered. Lifted by higher scores for **fiscal health** and **government integrity**, Tanzania has managed to record a 0.9-point overall gain of economic freedom since 2017, but it also has fallen back into the top half of the "Mostly Unfree" category from which it had emerged in 2019. Better **monetary freedom** is promising, but in general, rule of law and **business freedom** need to be strengthened.

IMPACT OF COVID-19: As of December 1, 2021, 730 deaths had been attributed to the pandemic in Tanzania, and the government's response to the crisis ranked 169th among the countries included in this *Index* in terms of its stringency. The economy grew by just 1.0 percent in 2020.

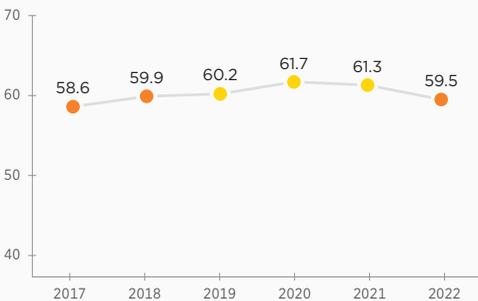
WORLD RANK: **93** REGIONAL RANK: **10**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
59.7 million

GDP (PPP):
\$163.6 billion
1.0% growth in 2020
5-year compound annual growth 5.7%
\$2,821 per capita

UNEMPLOYMENT:
2.2%

INFLATION (CPI):
3.0%

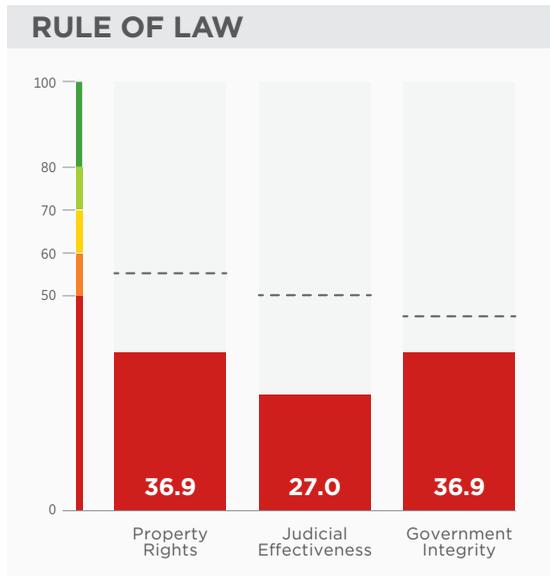
FDI INFLOW:
\$1.0 billion

PUBLIC DEBT:
38.2% of GDP

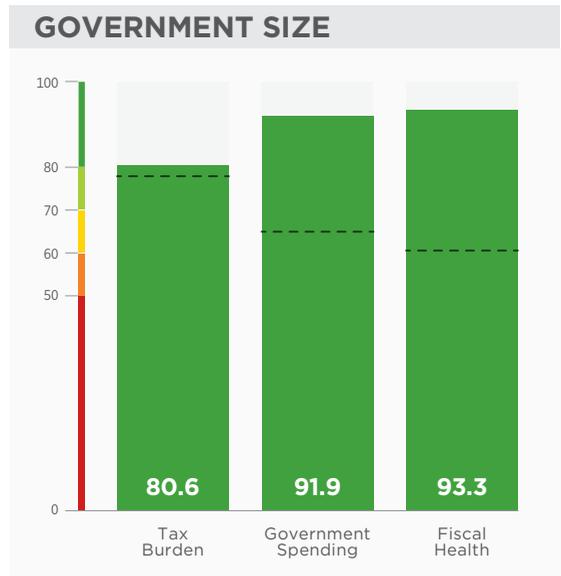
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: In 1964, shortly after independence from Britain, Tanganyika and the island of Zanzibar merged to form the United Republic of Tanzania. The Chama Cha Mapinduzi (CCM) party has been in power continuously since independence. John Magufuli of the CCM was reelected to a five-year term as president in 2020, but the election was marred by violence and the intimidation and harassment of the opposition. Magufuli's unexpected death in March 2021 elevated his vice president, Samia Suluhu Hassan, to the presidency. Despite vast mineral and natural resources and tourism, most Tanzanians are poor and dependent on subsistence agriculture. Plans for the construction of an oil pipeline from western Uganda to Tanzania's Tanga port are ongoing.

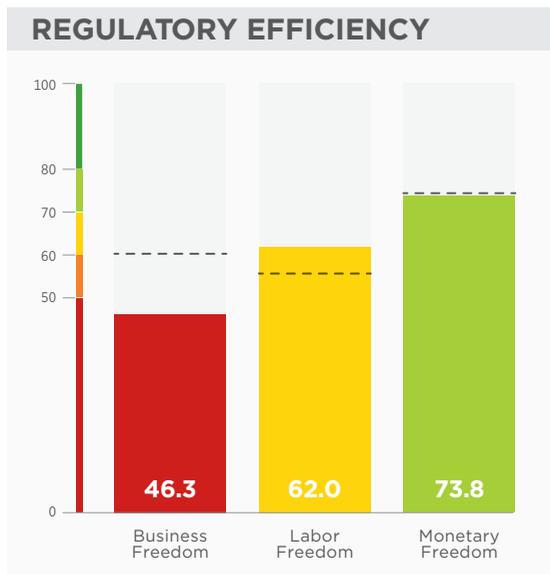
12 ECONOMIC FREEDOMS | TANZANIA



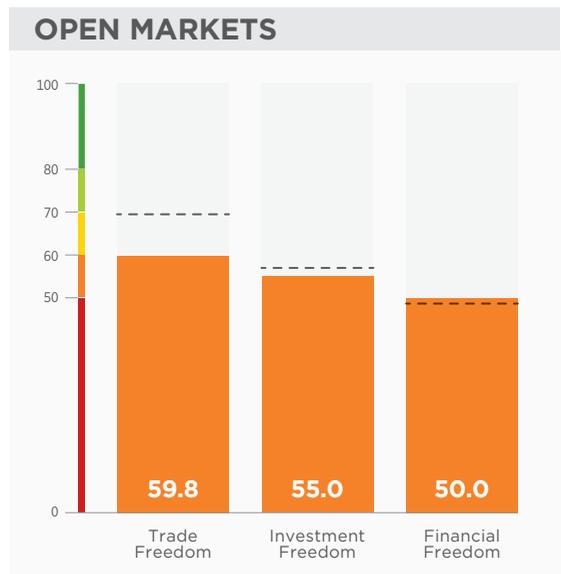
Secured interests in property are recognized and enforced. All land belongs to the state, but only 15 percent of it has been surveyed. Registration is difficult. Complex land laws have sparked numerous disputes. The judiciary is poorly resourced, ill-trained, corrupt, and politically influenced. Corruption is pervasive in government procurement, the awarding of licenses and concessions, dispute settlements, regulations, customs, and taxation.



The top individual income and corporate tax rates are 30 percent. Other taxes include a value-added tax and an interest tax. The overall tax burden equals 11.7 percent of total domestic income. Government spending has amounted to 16.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.6 percent of GDP. Public debt is equivalent to 38.2 percent of GDP.



A 2018 plan to improve the business environment has not yet been implemented. Tax administration, the opening and closing of businesses, trading across borders, and otherwise dealing with the government are tedious. Zanzibar's labor laws differ from mainland Africa's. Transfers and subsidies for agriculture and the power, communications, rail, telecommunications, insurance, aviation, and port sectors consume more than half of the budget.



Tanzania has four preferential trade agreements in force. The trade-weighted average tariff rate is 10.1 percent, and 19 non-tariff measures are in effect. Bureaucratic delays and other institutional hurdles discourage foreign investment. Credit is allocated largely at market rates, and commercial credit instruments are available to the private sector. However, capital markets are rudimentary.

THAILAND

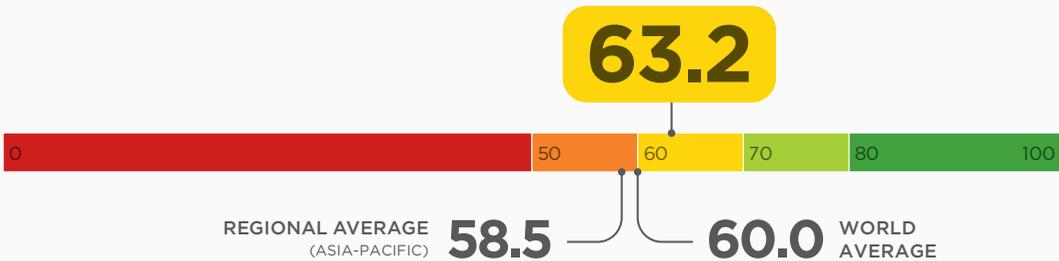
Thailand's economic freedom score is 63.2, making its economy the 70th freest in the 2022 *Index*. Thailand is ranked 13th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

During the past half-decade, Thailand's economy has gone from strong growth in 2017 and 2018 to slower growth in 2019 to contraction in 2020 and then to resumed growth in 2021. Dragged down by lower scores for **business freedom**, **trade freedom**, and rule of law, Thailand has recorded a 3.0-point overall loss of economic freedom since 2017 and has fallen from the top half to the lower ranks of the "Moderately Free" countries. Fiscal health is strong, but the rule of law is generally weak.

IMPACT OF COVID-19: As of December 1, 2021, 20,814 deaths had been attributed to the pandemic in Thailand, and the government's response to the crisis ranked 46th among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.1 percent in 2020.

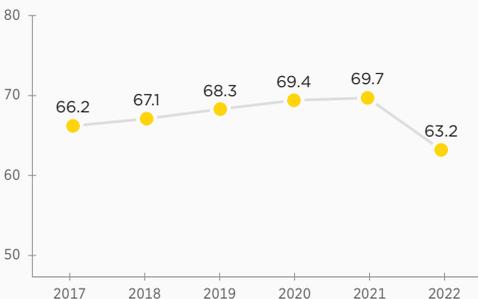
WORLD RANK: **70** | REGIONAL RANK: **13**
 ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -8.1

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
69.8 million

GDP (PPP):
\$1.3 trillion
-6.1% growth in 2020
5-year compound annual growth 1.6%
\$18,236 per capita

UNEMPLOYMENT:
1.0%

INFLATION (CPI):
-0.8%

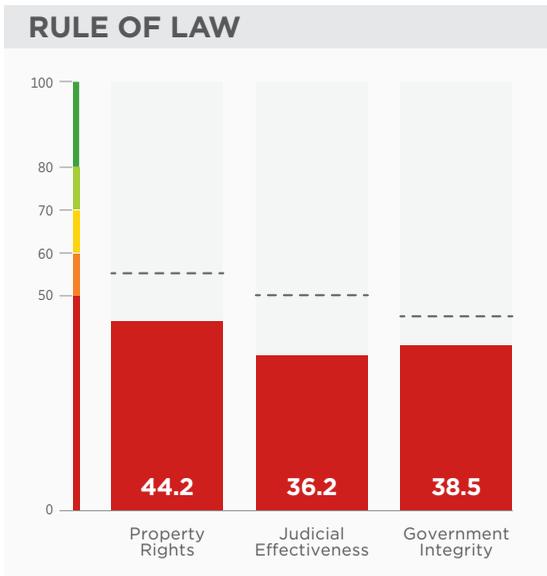
FDI INFLOW:
-\$6,100.0 million

PUBLIC DEBT:
49.6% of GDP

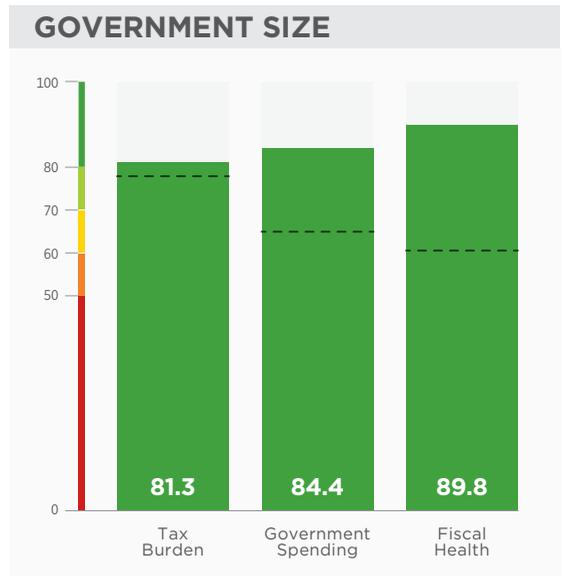
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Thailand has experienced 19 military coups since becoming a constitutional monarchy in 1932. The period since 2006 has been particularly turbulent and in 2014 resulted in a coup led by former army commander and current Prime Minister Prayut Chan-ocha. National legislative elections held in March 2019 solidified the power of the junta-aligned Phalang Pracharat party. After the death of long-ruling and much-loved King Bhumibol Adulyadej, his son, King Maha Vijiralongkorn, was crowned in 2019. In a rare challenge to the monarchy, pro-democracy protests that began early in 2020 have continued. Thailand's free-market economy benefits from relatively well-developed infrastructure. Exports of electronics, agricultural commodities, automobiles and parts, processed foods, and other goods account for approximately two-thirds of GDP.

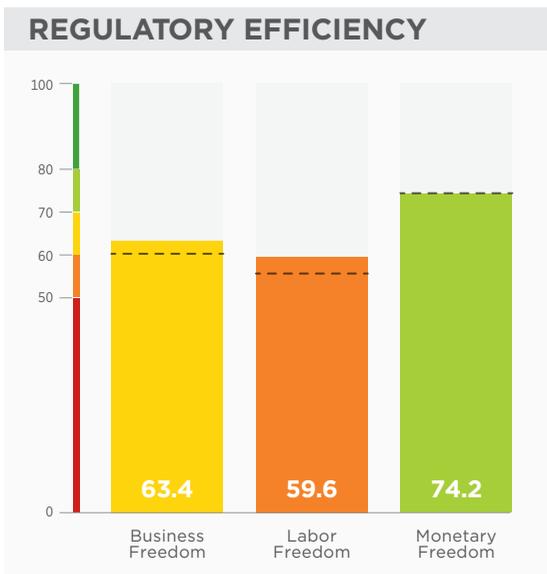
12 ECONOMIC FREEDOMS | THAILAND



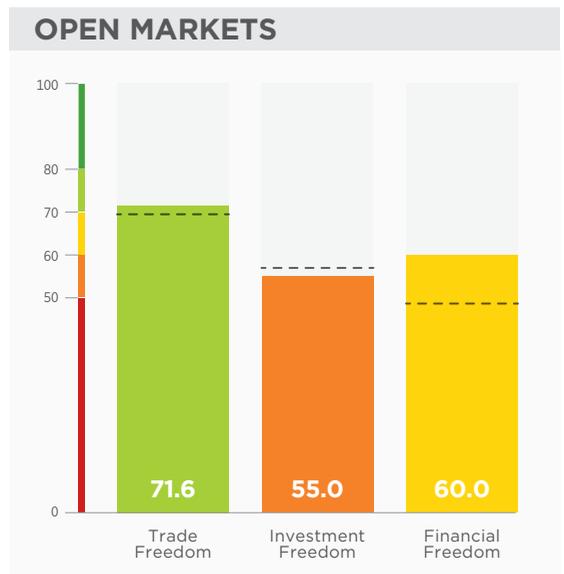
Property rights are guaranteed by law, and secured interests and contractual rights are generally well enforced. The judiciary is constitutionally independent. In practice, however, the courts are politicized, and corruption is common in the judicial branch. Anticorruption legislation is inadequately enforced, and bribes, gifts, cronyism, and nepotism are widespread in business, law enforcement, and the legal system.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 20 percent. Other taxes include value-added and property taxes. The overall tax burden equals 15.8 percent of total domestic income. Government spending has amounted to 22.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.8 percent of GDP. Public debt is equivalent to 49.6 percent of GDP.



In drafting regulations, the government is known to consult more with NGOs than with owners of businesses. The “regulatory guillotine” initiative launched in 2017 to cut red tape has improved business freedom at a slow pace. Low birth rates, an aging population, and a skills mismatch cause shortages of skilled and unskilled workers. The government is scheduled to finish the phaseout of ethanol and biodiesel price subsidies in 2022.



Thailand has 14 preferential trade agreements in force. The trade-weighted average tariff rate is 6.7 percent, and 245 nontariff measures are in effect. Measures such as abolishing regulations on minimum capital for foreign firms have been adopted to facilitate foreign investment, but foreign ownership in some sectors remains capped. The financial system has undergone restructuring, and the stock exchange is active and open to foreign investors.

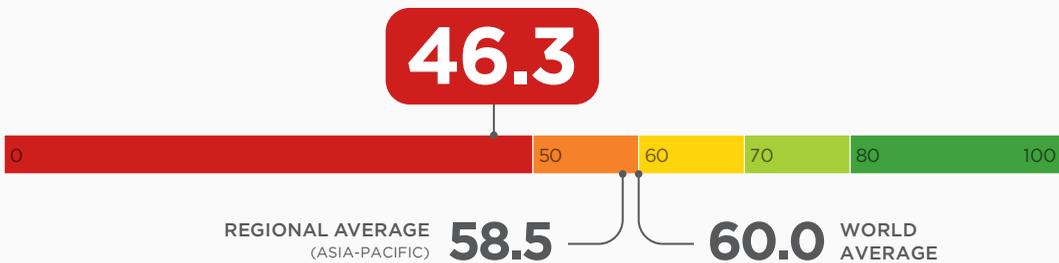
TIMOR-LESTE

Timor-Leste's economic freedom score is 46.3, making its economy the 164th freest in the 2022 *Index*. Timor-Leste is ranked 37th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

Over the past five years, economic growth has been hard to come by in Timor-Leste. A five-year trend of lackluster economic freedom has continued. With higher scores for rule of law offset by a plunge in the score for **government spending**, overall economic freedom in Timor-Leste is now where it was in 2017, and the country remains in the "Repressed" category. Monetary freedom and **trade freedom** are relatively strong, but **fiscal health** and **financial freedom** are poor.

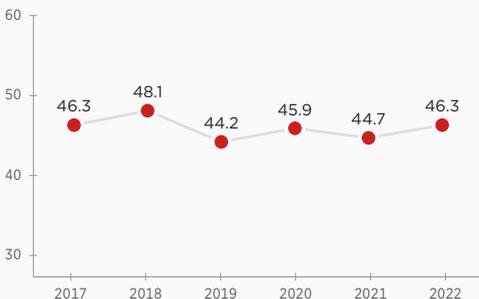
IMPACT OF COVID-19: As of December 1, 2021, 122 deaths had been attributed to the pandemic in Timor-Leste, and the government's response to the crisis ranked 93rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 6.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): -4.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.3 million

GDP (PPP):
\$4.5 billion
-6.8% growth in 2020
5-year compound annual growth -1.4%
\$3,382 per capita

UNEMPLOYMENT:
5.1%

INFLATION (CPI):
0.5%

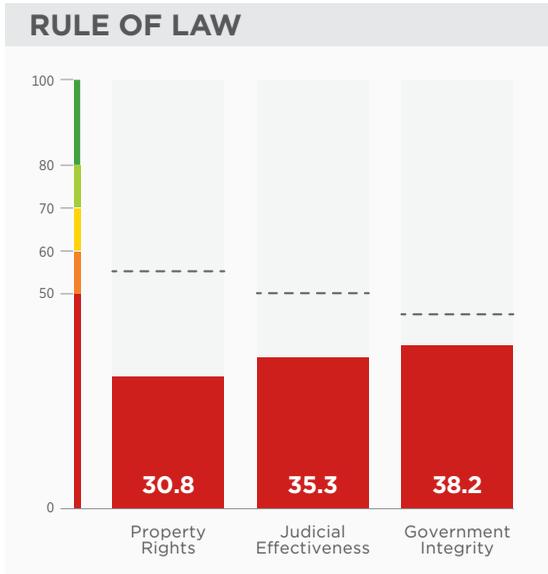
FDI INFLOW:
\$72.0 million

PUBLIC DEBT:
12.2% of GDP

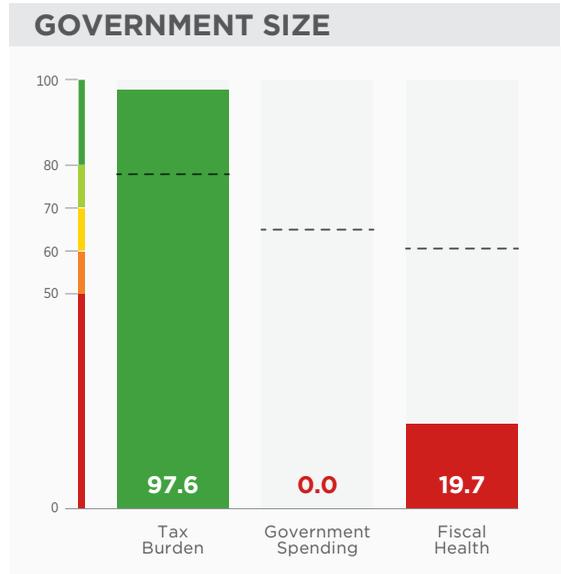
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Democratic Republic of Timor-Leste gained independence from Indonesia in 2002 and has struggled to achieve political stability. U.N. peacekeepers were required until 2012. Current President Francisco Guterres and Prime Minister Taur Matan Ruak have clashed as they maneuver for power. Timor-Leste remains one of the poorest countries in East Asia and is heavily dependent on foreign aid. Economic liberalization has largely stalled. Oil and gas account for more than 95 percent of government revenue, which is consigned to a Petroleum Fund that had assets of \$19.5 billion at the end of June 2021. The technology-intensive oil industry has done little to create jobs.

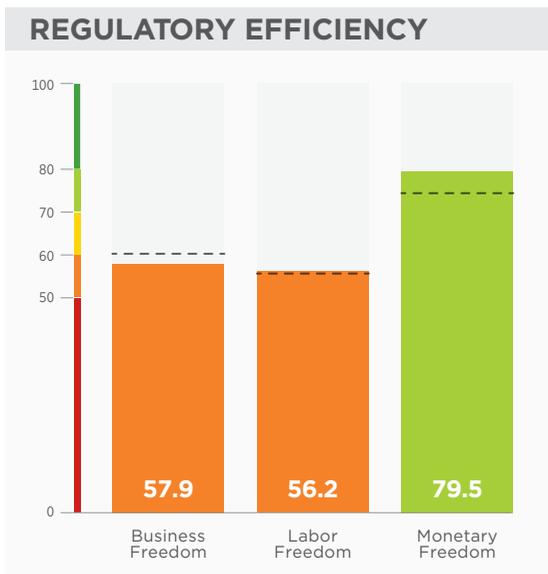
12 ECONOMIC FREEDOMS | TIMOR-LESTE



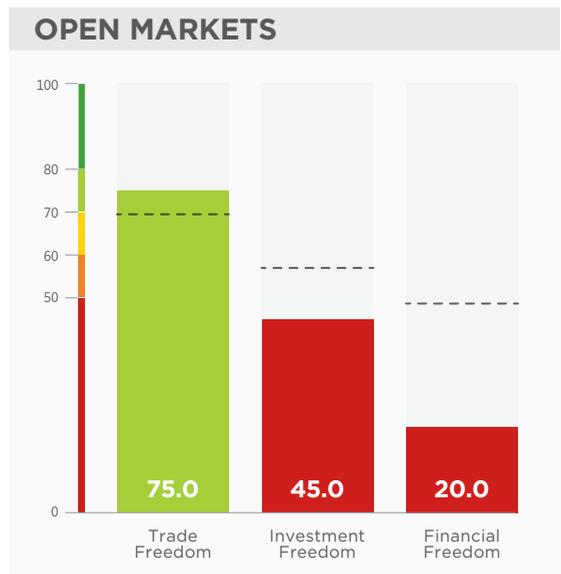
Property rights are complicated by past conflicts and the unclear status of communal or customary land rights. Numerous claims are unresolved because of conflicting statutes from the Portuguese, Indonesian, and post-independence eras. The overly complex legal framework reflects the same confusing pedigree. In response to the public perception that officials frequently engage in corrupt practices with impunity, a new anticorruption statute was implemented in 2020.



The top individual income and corporate tax rates are 10 percent. Most government revenue comes from offshore petroleum projects in the Timor Sea. The overall tax burden equals 6.3 percent of total domestic income. Government spending has amounted to 76.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 25.5 percent of GDP. Public debt is equivalent to 12.2 percent of GDP.



The development of offshore oil and gas resources has enhanced government revenue, but it also has created few jobs. Efforts are underway to build skills and train Timorese in welding, nondestructive testing, painting, coating inspection, and health and safety environment services. Consumer prices have been increasing, driven by accelerating food prices and sustained increases in the transport category.



Timor-Leste's average tariff rate is 2.5 percent, but overall trade freedom is hampered significantly by nontariff barriers and institutional shortcomings. Timor-Leste is not a member of the World Trade Organization. Foreign ownership of land is not allowed, and investment in other sectors of the economy is screened. The financial sector is still at a nascent stage of development, and access to credit is challenging for a new company.

TOGO

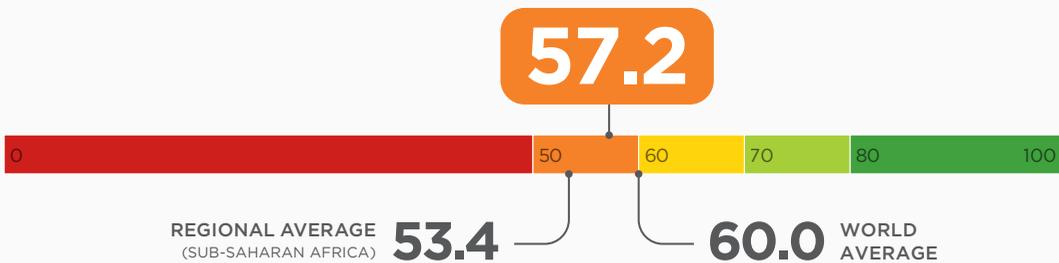
Togo's economic freedom score is 57.2, making its economy the 104th freest in the 2022 *Index*. Togo is ranked 15th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

Unlike many of the world's other economies, the Togolese economy has grown during the past five years: relatively briskly from 2017 through 2019, more slowly in 2020, and then more rapidly in 2021. A half-decade trend of expanding economic freedom has continued as well. With a robust improvement in its **fiscal health**, Togo has recorded a 4.0-point overall gain in economic freedom since 2017 and has risen to the top half of the "Mostly Unfree" category. Making it over the threshold to the "Moderately Free" category would require additional improvements in **financial freedom** and rule of law.

IMPACT OF COVID-19: As of December 1, 2021, 243 deaths had been attributed to the pandemic in Togo, and the government's response to the crisis ranked 111th among the countries included in this *Index* in terms of its stringency. The economy grew by just 0.7 percent in 2020.

WORLD RANK: **104** | REGIONAL RANK: **15**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1999): +9.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
8.3 million

GDP (PPP):
\$18.2 billion
0.7% growth in 2020
5-year compound annual growth 4.2%
\$2,199 per capita

UNEMPLOYMENT:
4.1%

INFLATION (CPI):
1.8%

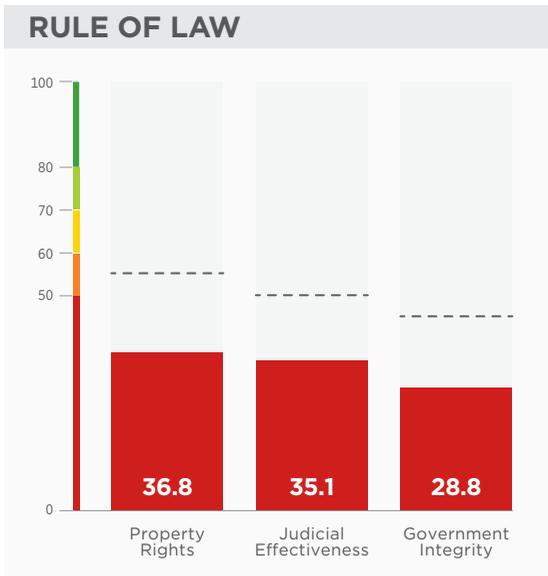
FDI INFLOW:
\$639.0 million

PUBLIC DEBT:
57.6% of GDP

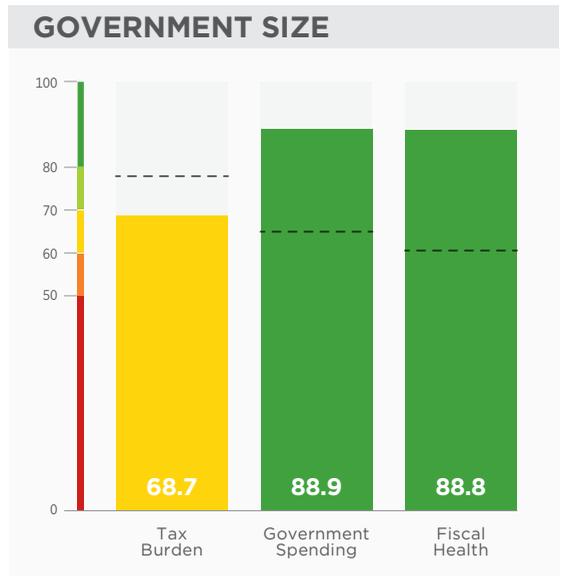
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: French Togoland became Togo in 1960. General Gnassingbé Eyadema was installed as military ruler in 1967 and remained in power for almost four decades. Faure Gnassingbé, appointed to the presidency by the military in 2005 following the death of his father, was elected president later that year, and his Union for the Republic dominates Togo's political landscape. In 2020, Faure Gnassingbé won a fourth five-year term pursuant to a 2019 constitutional change that permitted him to serve two additional terms. The economy depends heavily on commercial and subsistence agriculture, which employs about 60 percent of the labor force. Togo has one of West Africa's few natural deep-water ports, and its secure territorial waters have become a relatively safe zone for international shippers.

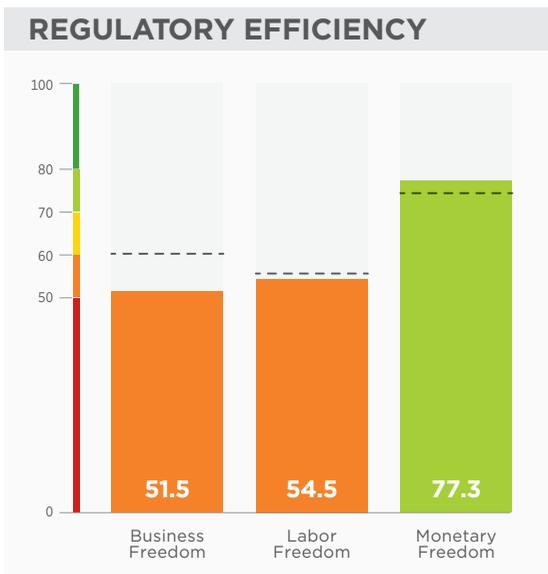
12 ECONOMIC FREEDOMS | TOGO



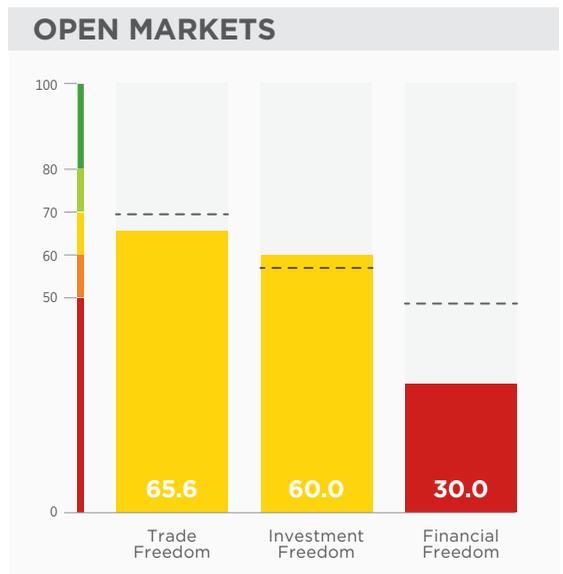
Protection of real property is difficult because most land lacks clear title. The statutes governing property are poorly defined mixtures of civil code and traditional laws, and legal fights over inheritances are frequent. Enforcement of contracts is difficult. The opaque judicial system is inadequately resourced and heavily influenced by the presidency. Graft and corruption remain serious problems.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 27 percent. Other taxes include value-added and property taxes. The overall tax burden equals 19.4 percent of total domestic income. Government spending has amounted to 19.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.7 percent of GDP. Public debt is equivalent to 57.6 percent of GDP.



The current five-year National Development Plan includes electrification of the country and extensions and upgrades of roads and highways. If the plan is implemented successfully, business freedom should increase. A Labor Code adopted on December 29, 2020, replaces the 2006 code. The World Bank estimated in 2019 (the most recent year for which data are available) that subsidies and transfers accounted for 8.7 percent of the government's budget.



Togo has two preferential trade agreements in force. The trade-weighted average tariff rate is 12.2 percent, and one formal nontariff measure is in effect. Although foreign and domestic investors are generally treated equally under the law, the overall investment regime lacks efficiency. Credit to the private sector has increased, but the overall banking and financial system remains underdeveloped.

WORLD RANK: REGIONAL RANK:

83

17

ECONOMIC FREEDOM STATUS:
MODERATELY FREE

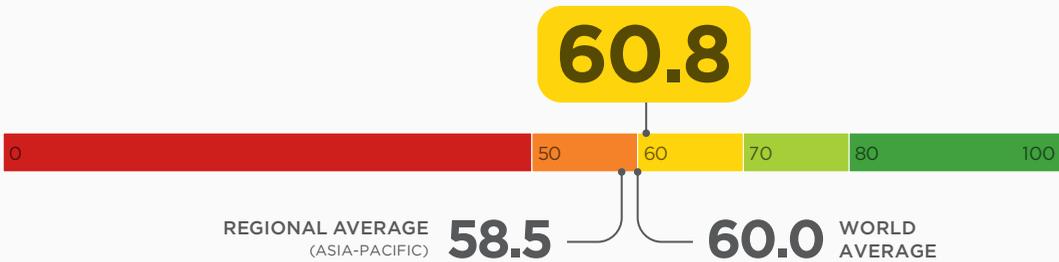
TONGA

Tonga's economic freedom score is 60.8, making its economy the 83rd freest in the 2022 *Index*. Tonga is ranked 17th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Tonga's economic growth has fluctuated during the past five years. It slowed in 2017 and 2018, accelerated slightly in 2019, turned negative in 2020, and remained negative in 2021. Economic freedom has declined over the same half-decade. With lower scores for **business freedom**, **labor freedom**, and **monetary freedom**, Tonga has recorded a 2.2-point overall loss of economic freedom since 2017 and is at the bottom of the "Moderately Free" category. Tonga receives support from international donors, and **fiscal health** is robust, but **investment freedom** and **financial freedom** are quite weak.

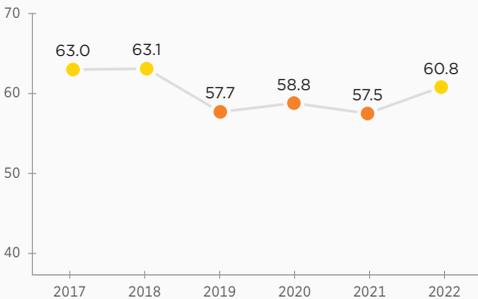
IMPACT OF COVID-19: As of December 1, 2021, data on the number of deaths attributed to the pandemic in Tonga were not available, and the government's response to the crisis ranked 62nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +6.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.1 million

GDP (PPP):
\$0.6 billion
-0.5% growth in 2020
5-year compound annual growth 2.1%
\$6,191 per capita

UNEMPLOYMENT:
4.4%

INFLATION (CPI):
0.2%

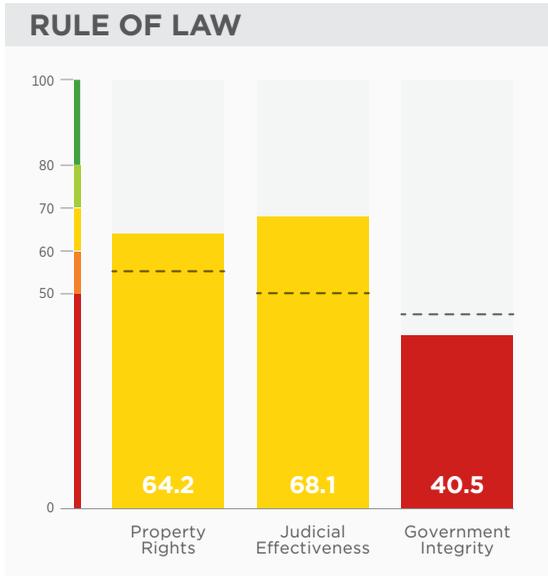
FDI INFLOW:
\$0.0 million

PUBLIC DEBT: 41.6% of GDP

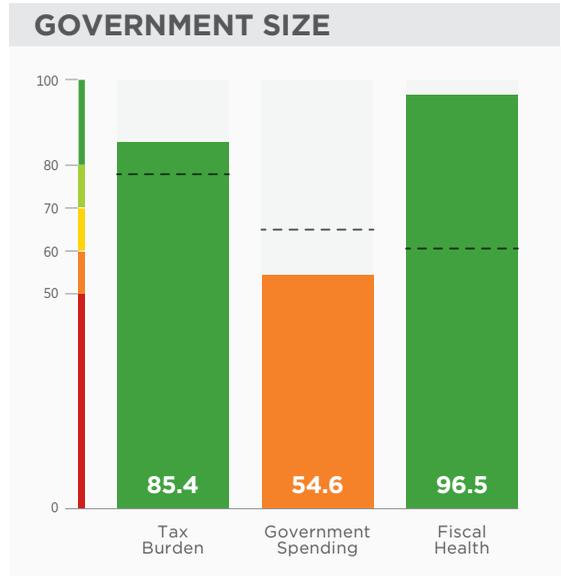
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The archipelagos of the Friendly Islands were united in 1845. The Kingdom of Tonga, the South Pacific's last Polynesian monarchy, withdrew from British protection and became fully independent in 1970. The royal family of King Tupou VI, hereditary nobles, and a few other landholders control the country's politics. Tonga held its first elections in 2010 under a newly formed constitutional monarchy. After his death, the late prime minister and leader of the Democratic Party of the Friendly Islands (DPFI) 'Akilisi Pohiva was replaced by Pohiva Tu'ionetoa. Tonga's economy depends on such agricultural products as squash, vanilla beans, and yams as well as on tourism and exports of fish. Remittances from emigrants account for nearly one-third of GDP.

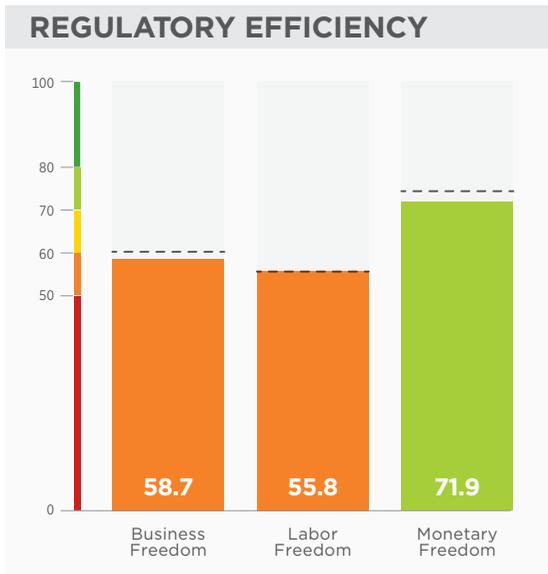
12 ECONOMIC FREEDOMS | TONGA



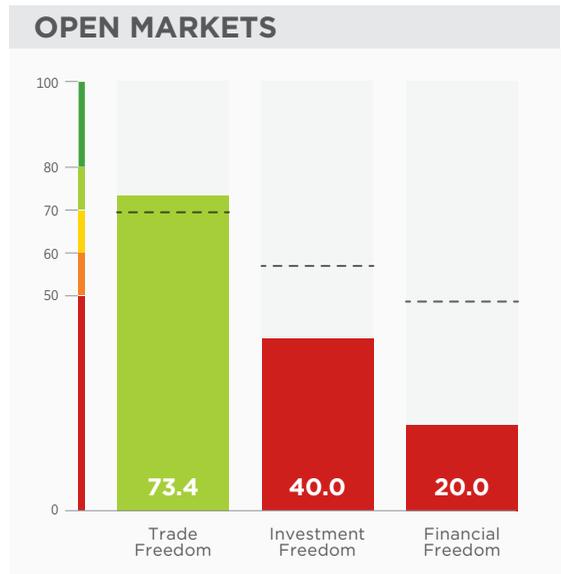
Property rights are poorly defined in law, and enforcement of those rights is weak. Technically, all land belongs to the king. The king also retains authority over judicial appointments and dismissals. Courts are slow and poorly resourced. Corruption and abuse of office are serious problems. Government officials are sometimes held to account for bribery and other malfeasance, but anticorruption mechanisms are generally weak.



The top individual income tax rate is 20 percent, and the top corporate tax rate is 25 percent. Other taxes include a value-added tax. The overall tax burden equals 20.9 percent of total domestic income. Government spending has amounted to 38.9 percent of total output (GDP) over the past three years, and budget surpluses have averaged 3.5 percent of GDP. Public debt is equivalent to 41.6 percent of GDP.



An educated, English-speaking workforce and reasonably sound infrastructure, like Tonga's fertile soil for crops, provide potential for businesses. Remittances are the source of most hard currency earnings, followed by tourism. One of the world's most aid-dependent countries, Tonga is heavily subsidized by inflows of grant aid that represent the preponderance of budget spending.



Tonga has three preferential trade agreements in force. The trade-weighted average tariff rate is 5.8 percent, but layers of nontariff barriers continue to impede trade flows. Foreign investment is screened by the state, and investment in some sectors is restricted. The underdeveloped legal system impedes the growth of a modern financial sector. Much of the population remains outside of the formal banking sector.

TRINIDAD AND TOBAGO

WORLD RANK:

99

REGIONAL RANK:

21

ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Trinidad and Tobago's economic freedom score is 58.8, making its economy the 99th freest in the 2022 *Index*. Trinidad and Tobago is ranked 21st among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Trinidad and Tobago's economy has contracted substantially by an average of 3.5 percent each year over the past five years. Economic freedom has also declined during that time. With some gains in scores for rule of law overshadowed by a sharp drop in the **fiscal health** score and lower scores for **labor freedom** and **trade freedom**, Trinidad and Tobago has recorded a 2.4-point overall loss of economic freedom since 2017 and is now firmly established in the top half of the "Mostly Unfree" category. Monetary freedom is relatively strong, but **government integrity** is weak.

IMPACT OF COVID-19: As of December 1, 2021, 2,177 deaths had been attributed to the pandemic in Trinidad and Tobago, and the government's response to the crisis ranked 30th among the countries included in this *Index* in terms of its stringency. The economy contracted by 7.8 percent in 2020.

ECONOMIC FREEDOM SCORE

58.8



REGIONAL AVERAGE
(AMERICAS)^A

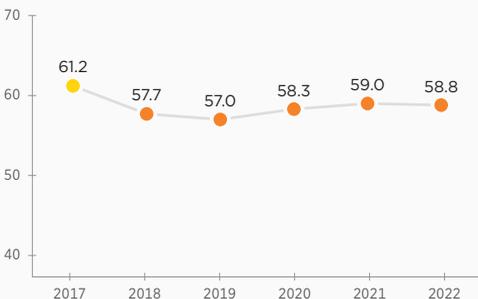
59.4

60.0

WORLD
AVERAGE

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -10.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.4 million

GDP (PPP):
\$35.0 billion
-7.8% growth
in 2020
5-year compound
annual growth -3.5%
\$25,031 per capita

UNEMPLOYMENT:
6.7%

INFLATION (CPI):
0.6%

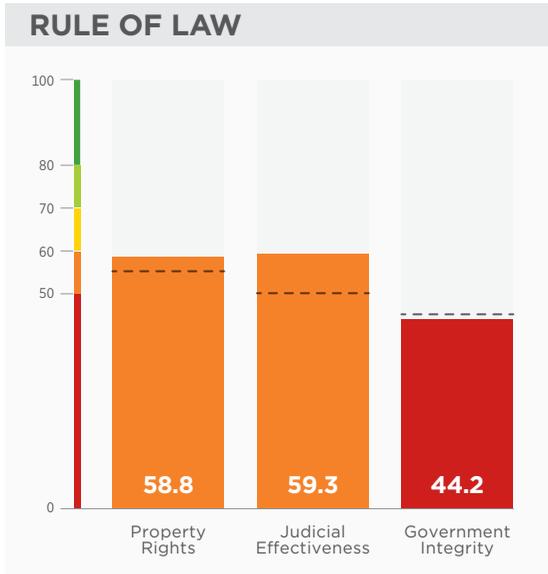
FDI INFLOW:
-\$439.0 million

PUBLIC DEBT:
59.4% of GDP

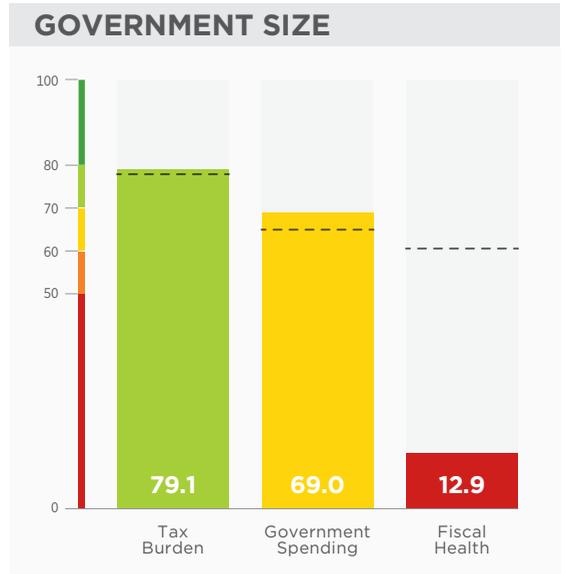
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Trinidad and Tobago is one of the Caribbean's wealthiest nations, and hydrocarbons account for more than 40 percent of GDP and 80 percent of exports. Prime Minister Keith Rowley of the center-left People's National Movement was elected to a second consecutive five-year term in 2020 and retains majority control in Congress. However, his government must contend with weak economic growth and rising crime. Rowley has helped Venezuela's Maduro regime to circumvent U.S. sanctions and has pursued joint offshore natural gas field projects with Venezuela. Oil production has declined over the past decade, and the country is focused on natural gas. Financial services and construction have been among the strongest non-energy subsectors, and tourism has the potential for significant growth.

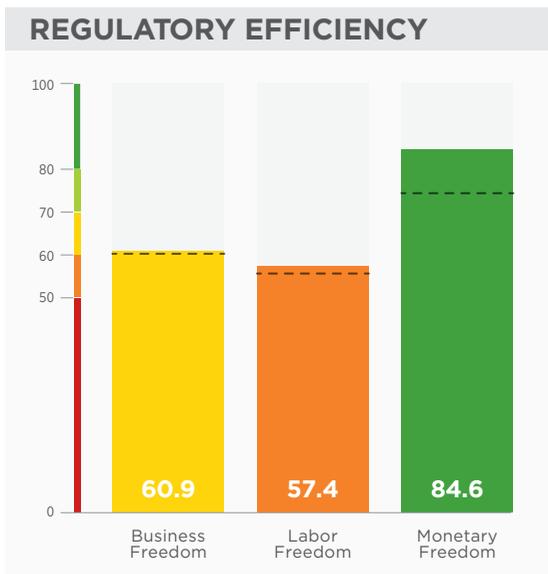
12 ECONOMIC FREEDOMS | TRINIDAD AND TOBAGO



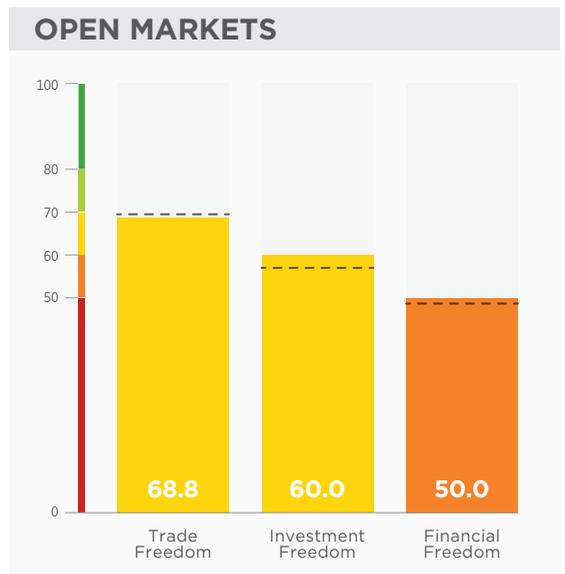
Property rights are protected, but a complicated land titling system makes property registration cumbersome and costly. Enforcement of contracts is time-consuming. The judiciary is independent but slow, inefficient, and subject to political pressure. There is a long history of corruption and mismanagement under successive governments. A high incidence of violent drug-related crimes contributes to a backlog of court cases and narcotics-related graft in the police force.



The top individual income tax rate is 25 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and property taxes. The overall tax burden equals 23.7 percent of total domestic income. Government spending has amounted to 32.1 percent of total output (GDP) over the past three years, and budget deficits have averaged 7.2 percent of GDP. Public debt is equivalent to 59.4 percent of GDP.



Some government barriers to doing business have fallen, but bureaucracy is still weighty, and procedures are still opaque. Severance pay is usually paid to retirees and workers who have been made redundant but is not mandated in every case. Transfers and subsidies, including costly fuel subsidies, accounted for more than 50 percent of Trinidad and Tobago's annual budget between 2010 and 2020.



Trinidad and Tobago has four preferential trade agreements in force. The simple average tariff rate is 8.1 percent, and four nontariff measures are in effect. Overall trade freedom is hampered by other lingering barriers to trade flows. Foreign investors are granted national treatment, but the investment regime lacks efficiency. The financial sector is evolving, and the banking system is relatively stable. Banking services are uneven across the country.

TUNISIA

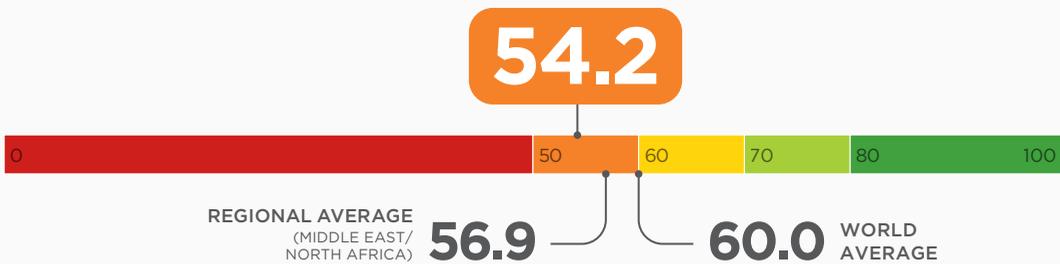
Tunisia's economic freedom score is 54.2, making its economy the 128th freest in the 2022 *Index*. Tunisia is ranked 10th among 14 countries in the Middle East and North Africa region, and its overall score is below the regional and world averages.

The Tunisian economy began to slow in 2019 and contracted in 2020. Growth recovered in 2021. Economic freedom has stagnated over the past five years. With significant deterioration in **fiscal health** and **business freedom** outweighing some improvements in scores for rule of law, Tunisia has recorded a 1.5-point overall loss of economic freedom since 2017 and has fallen from the top half to the lower half of the "Mostly Unfree" category. Property rights and **trade freedom** are somewhat strong, but **financial freedom** is extremely weak.

IMPACT OF COVID-19: As of December 1, 2021, 25,376 deaths had been attributed to the pandemic in Tunisia, and the government's response to the crisis ranked 160th among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.8 percent in 2020.

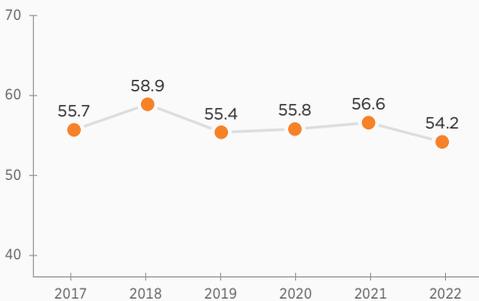


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -9.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
11.8 million

GDP (PPP):
\$120.5 billion
-8.8% growth in 2020
5-year compound annual growth -0.4%
\$10,120 per capita

UNEMPLOYMENT:
16.7%

INFLATION (CPI):
5.7%

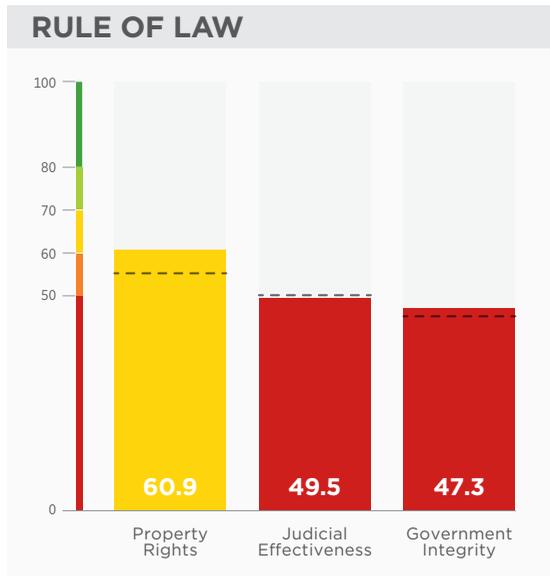
FDI INFLOW:
\$652.0 million

PUBLIC DEBT:
87.6% of GDP

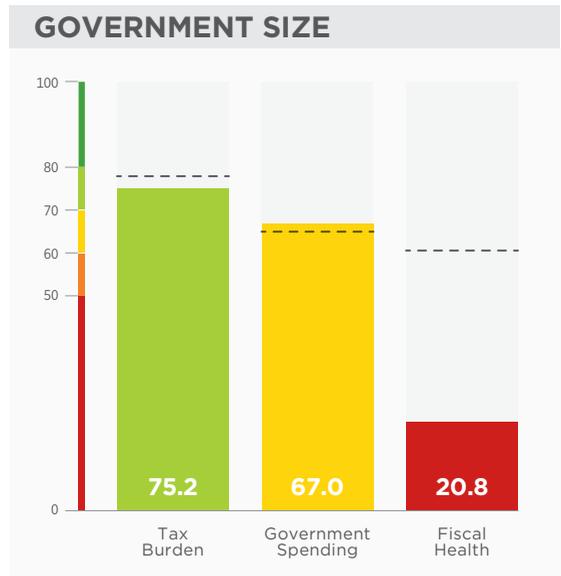
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Tunisia was the birthplace of the Arab Spring protests, which in 2011 ousted President Zine al-Abidine Ben Ali. Kaïs Saïed, a center-left constitutional lawyer, was elected president in a 2019 landslide that highlighted a strong anti-establishment sentiment, particularly among younger voters. The moderately Islamist Hizb al-Nahda won the most parliamentary seats. Despite notable progress in democratization and reform, Tunisia's transformation to a more market-oriented economy has been slowed by political instability and violent protests against austerity measures. Key exports include textiles and apparel, food products, petroleum products, chemicals, and phosphates with about 80 percent of exports bound for Tunisia's principal trading partner, the European Union.

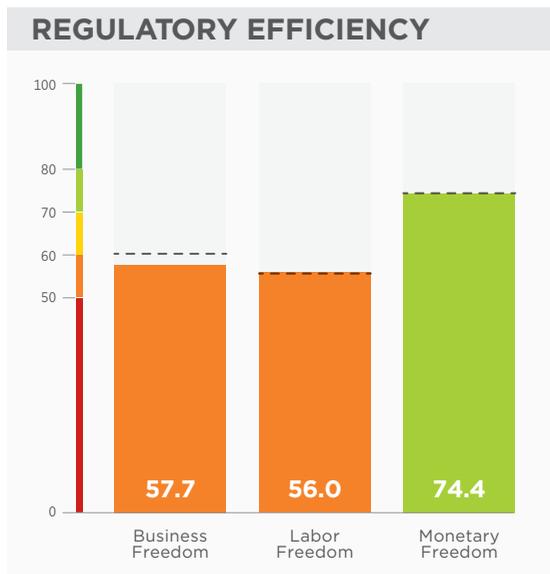
12 ECONOMIC FREEDOMS | TUNISIA



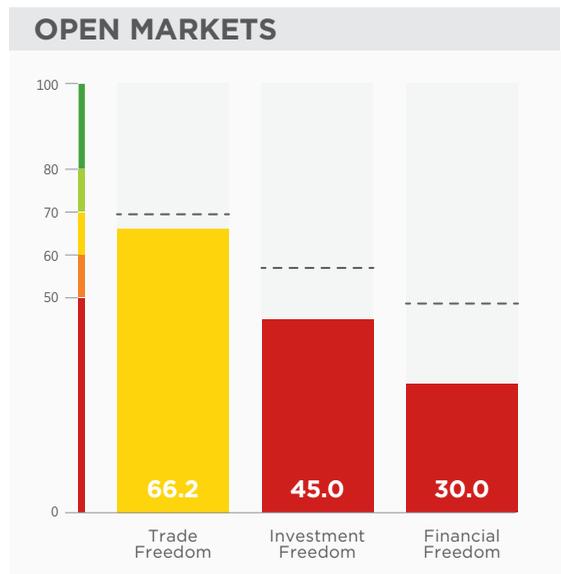
Secured interests in property are enforced, but protection of property rights is vulnerable to corruption. The clarity of titles is poor, and the lack of titles for large portions of privately held and agricultural land is the cause of many disputes. The judiciary is generally independent, but reforms have stalled. Despite some progress on anticorruption legislation, corruption remains endemic and has been exacerbated by the pandemic.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 15 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 32.1 percent of total domestic income. Government spending has amounted to 33.2 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.3 percent of GDP. Public debt is equivalent to 87.6 percent of GDP.



A law adopted in 2019 has simplified the business start-up process, changed corporate governance, and allowed for new financing methods, among other things. Only basic labor statistics are reported, but 74 percent of the labor force is reportedly male. The government intends to make reforms in taxation and energy subsidies while restructuring some state-owned enterprises.



Tunisia has eight preferential trade agreements in force. The trade-weighted average tariff rate is 9.4 percent, and 13 formal nontariff measures are in effect. The overall benefits of trade remain undercut by other institutional shortcomings. Despite efforts to attract more foreign investment, growth in long-term investment is inhibited by bureaucracy and political uncertainty. The weak financial sector remains fragmented and dominated by the state.

TURKEY

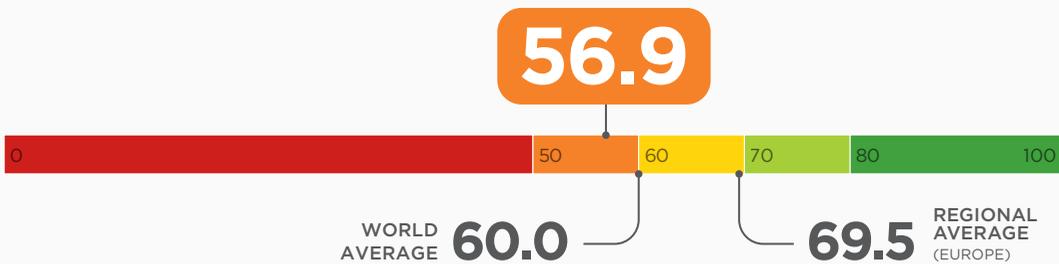
Turkey's economic freedom score is 56.9, making its economy the 107th freest in the 2022 *Index*. Turkey is ranked 42nd among 45 countries in the Europe region, and its overall score is below the regional and world averages.

The Turkish economy grew slowly from 2017 through 2020 but picked up in 2021. Unfortunately, a five-year trend of gradually declining economic freedom has accelerated. Dragged down by sharp decreases in scores for **fiscal health** and rule of law, Turkey's economic freedom has plummeted 8.3 points since 2017, and the country has fallen from the "Moderately Free" category to the "Mostly Unfree" category. Trade freedom and **investment freedom** are highlights, but **monetary freedom** has deteriorated.

IMPACT OF COVID-19: As of December 1, 2021, 77,038 deaths had been attributed to the pandemic in Turkey, and the government's response to the crisis ranked 133rd among the countries included in this *Index* in terms of its stringency. The economy grew just 1.8 percent in 2020.

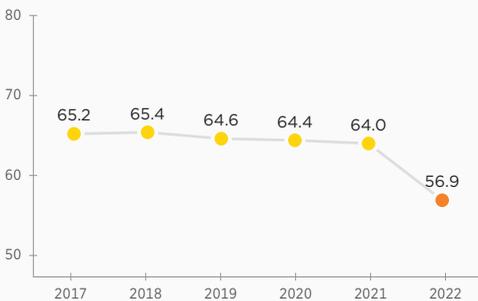
WORLD RANK: **107** REGIONAL RANK: **42**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -1.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
84.3 million

GDP (PPP):
\$2.5 trillion
1.8% growth in 2020
5-year compound annual growth 3.3%
\$30,253 per capita

UNEMPLOYMENT:
13.9%

INFLATION (CPI):
12.3%

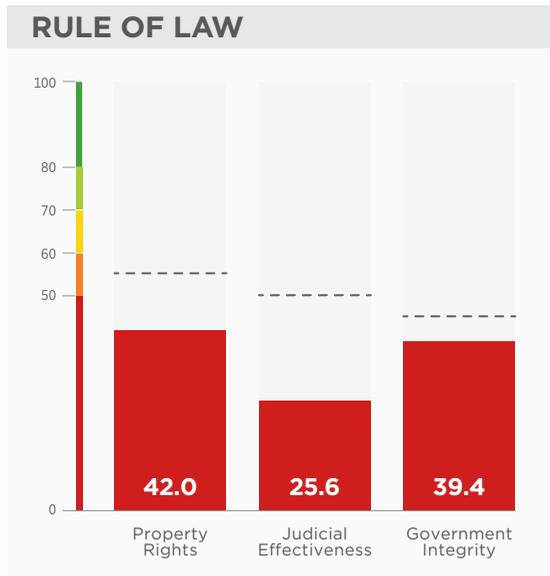
FDI INFLOW:
\$7.9 billion

PUBLIC DEBT:
36.8% of GDP

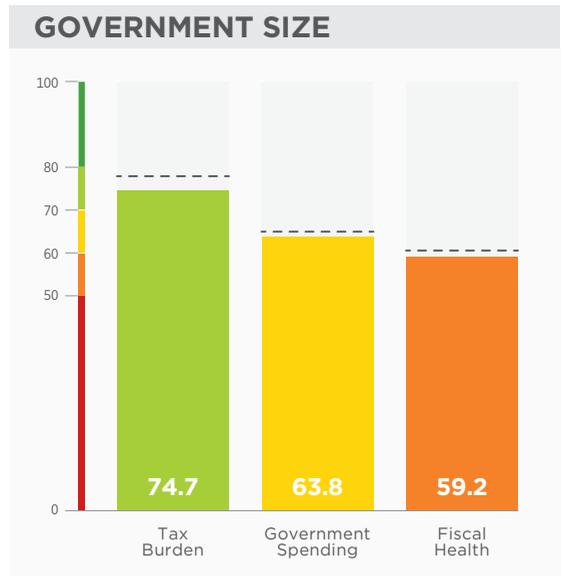
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Turkey is a constitutionally secular republic, but President Recep Tayyip Erdogan's Justice and Development Party (AKP) has pursued an Islamist agenda and has eroded democracy. Erdogan further consolidated power after 2018 elections allowed an AKP coalition with the Nationalist Action Party to retain control of the unicameral national assembly while Erdogan managed by a slim margin to win a second four-year term as president. Turkey's largely free-market and diversified economy is driven by its industrial and service sectors, but traditional agriculture still accounts for about 25 percent of employment. In 2021, the economy enjoyed significant growth, but that growth came in part after a currency devaluation driven by artificially low interest rates that affected price stability.

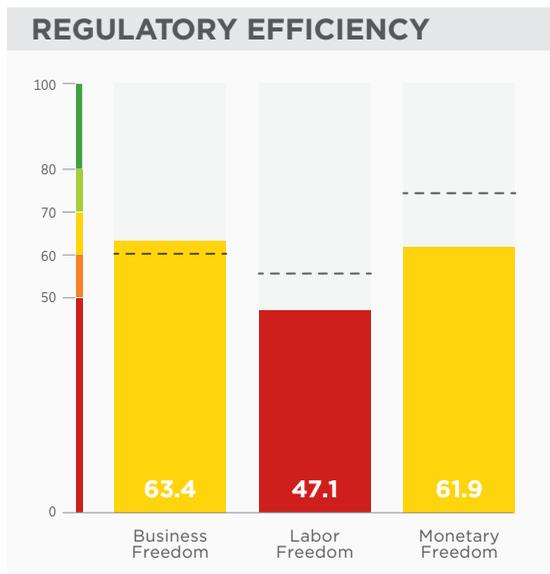
12 ECONOMIC FREEDOMS | TURKEY



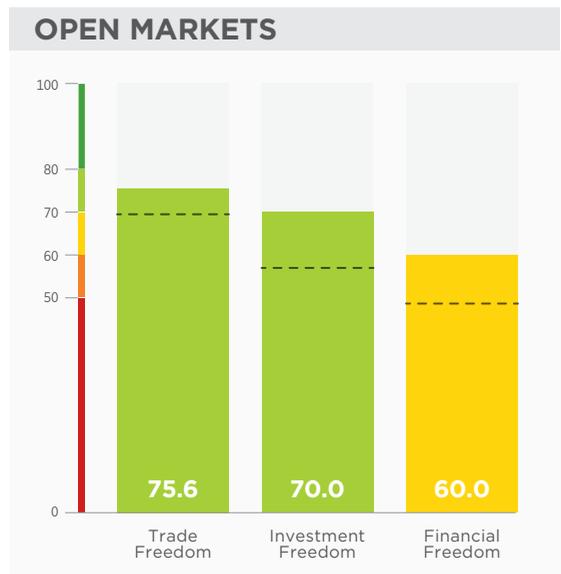
Although secured interests in property are generally recognized and enforced and there is a reliable recording system, the government seized at least \$11 billion in private business assets after the 2016 coup according to Freedom House. Purges after the coup also inflicted immense damage on the judicial system, which is heavily influenced by the executive. Pervasive corruption is a major problem at all levels of government.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 20 percent. Other taxes include a value-added tax. The overall tax burden equals 23.1 percent of total domestic income. Government spending has amounted to 34.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.9 percent of GDP. Public debt is equivalent to 36.8 percent of GDP.



Recent laws have increased regulations on data, social media platforms, online marketing, online broadcasting, tax collection, and payment platforms, chilling business investment. Both unskilled and semi-skilled labor are abundant, but there is a shortage of high-tech workers. Vocational training is increasing. A new central bank governor appointed in March 2021 began a monetary loosening cycle despite rising inflation.



Turkey has 23 preferential trade agreements in force. The trade-weighted average tariff rate is 4.7 percent, and 347 nontariff measures are in effect. Foreign investment is welcome, but restrictions remain in force in several sectors. Investors face lingering bureaucracy in the regulatory environment. The financial system has undergone a transformation that has increased transparency and competitiveness.

TURKMENISTAN

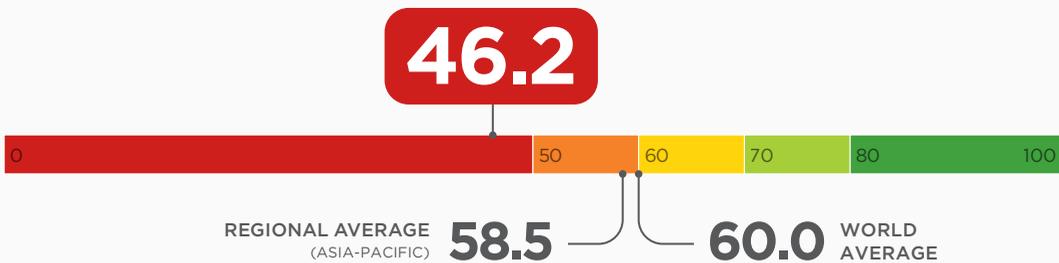
WORLD RANK: **165** | REGIONAL RANK: **38**
ECONOMIC FREEDOM STATUS: **REPRESSED**

Turkmenistan's economic freedom score is 46.2, making its economy the 165th freest in the 2022 *Index*. Turkmenistan is ranked 38th among 39 countries in the Asia-Pacific region, and its overall score is well below the regional and world averages.

Over the past half-decade, Turkmenistan's economic growth gained strength from 2017 through 2019, slowed significantly in 2020, and recovered in 2021. A five-year trend of anemic economic freedom has continued. With slight increases in scores for **labor freedom** and **investment freedom** outweighed by lower scores for rule of law, Turkmenistan has recorded a 1.2-point overall loss of economic freedom since 2017 and is among the world's most "Repressed" countries. Comparisons of **government spending** and taxation are largely meaningless in this tightly authoritarian economy. Several other indicators are among the lowest in the *Index*.

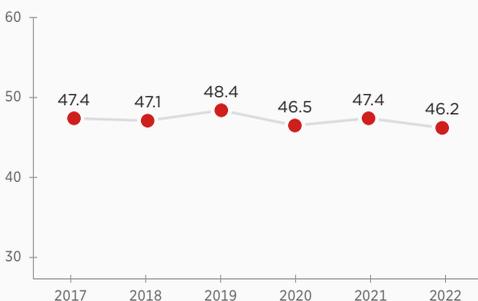
IMPACT OF COVID-19: As of December 1, 2021, data on the number of deaths attributed to the pandemic in Turkmenistan were not available, and the government's response to the crisis ranked 37th among the countries included in this *Index* in terms of its stringency. The economy grew by just 0.8 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +11.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
6.0 million

GDP (PPP):
\$98.2 billion
0.8% growth in 2020
5-year compound annual growth 5.2%
\$16,521 per capita

UNEMPLOYMENT:
4.4%

INFLATION (CPI):
7.6%

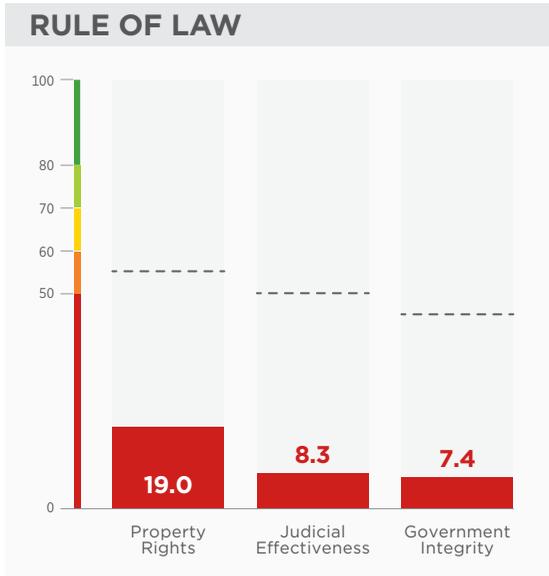
FDI INFLOW:
\$1.2 billion

PUBLIC DEBT:
31.0% of GDP

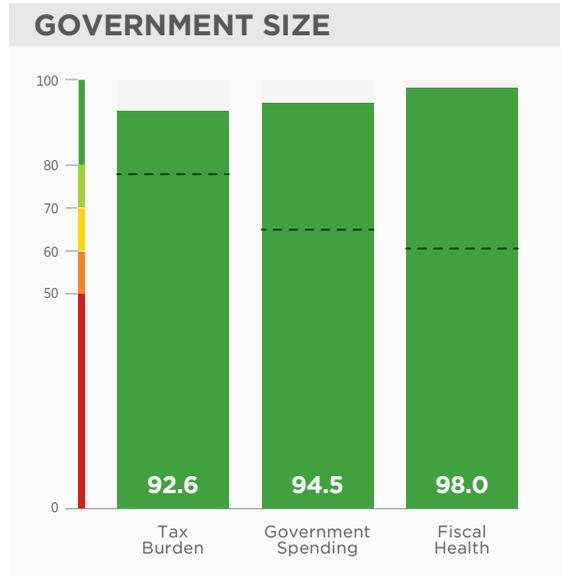
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Once an important stop on the Silk Road, the Central Asian republic of Turkmenistan is now a dictatorship and one of the world's most secretive, closed, and authoritarian countries. The presidency of Gurbanguly Berdimukhamedov, who has been in power since 2007 and was reelected to a third term in 2017, has not brought about any advances in political, social, or media freedom. The economy remains dominated by state-owned monopolies and is based on intensive agriculture in irrigated oases, sizable oil resources, and the world's fifth-largest reserves of natural gas. China is currently Turkmenistan's largest export market, especially for gas, but deliveries of natural gas to Russia were resumed in 2019.

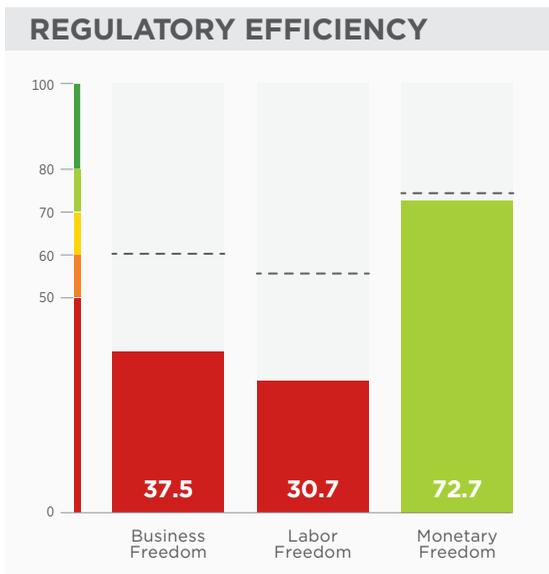
12 ECONOMIC FREEDOMS | TURKMENISTAN



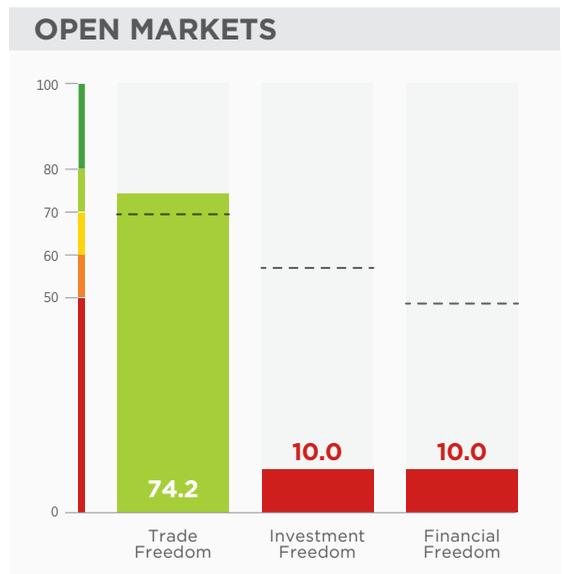
The government owns all land, and other real property ownership rights are limited. Both the enforcement of contracts and the protection of property rights are ineffective. The nominally independent judiciary is completely subservient to the president, who appoints and removes judges at will. Judges are poorly trained and open to bribery. Corruption is rampant, and anticorruption laws generally are not enforced.



The individual income tax rate is a flat 10 percent, and the corporate tax rate is 20 percent. Other taxes include value-added and property taxes. The overall tax burden equals 15.6 percent of total domestic income. Government spending has amounted to 13.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.2 percent of GDP. Public debt is equivalent to 31.0 percent of GDP.



Such large-scale business as does exist is generally conducted with the Turkmen government, which deals largely with those with whom it has close ties. Foreign companies have complained that the government has delayed payments to them. The labor code is not enforced. Subsidized state-owned enterprises control most of the industrial base including onshore hydrocarbon production, chemicals, transportation, and electricity.



Turkmenistan has five preferential trade agreements in force. The trade-weighted average tariff rate is 2.9 percent, but nontariff barriers, exacerbated by heavy state involvement in various sectors, dampen trade flows. The overall investment framework lacks transparency, and foreign investment in several sectors is restricted. The underdeveloped financial sector's limited ability to offer credit undermines the development of an entrepreneurial sector.

UGANDA

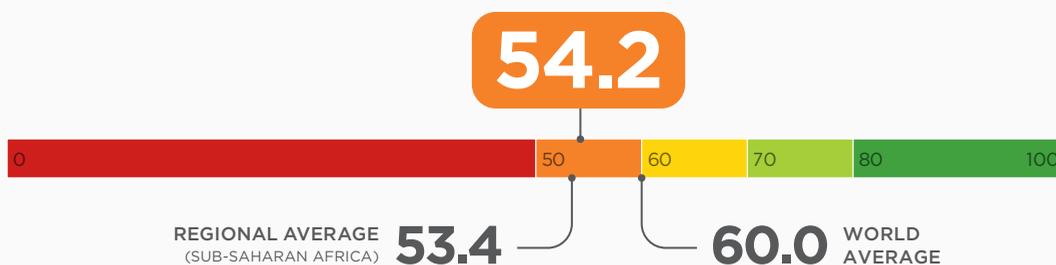
Uganda's economic freedom score is 54.2, making its economy the 127th freest in the 2022 *Index*. Uganda is ranked 24th among 47 countries in the Sub-Saharan Africa region, and its overall score is above the regional average but below the world average.

The Ugandan economy has experienced modest growth over the past five years except in 2020 when it contracted. Economic freedom has declined over the same period. Dragged down by lower scores for **fiscal health**, **labor freedom**, and **trade freedom**, Uganda has recorded a 6.7-point overall loss of economic freedom since 2017 and has fallen to the bottom half of the "Mostly Unfree" category. Weaknesses in rule of law and **business freedom** urgently need attention.

IMPACT OF COVID-19: As of December 1, 2021, 3,252 deaths had been attributed to the pandemic in Uganda, and the government's response to the crisis ranked 10th among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.1 percent in 2020.

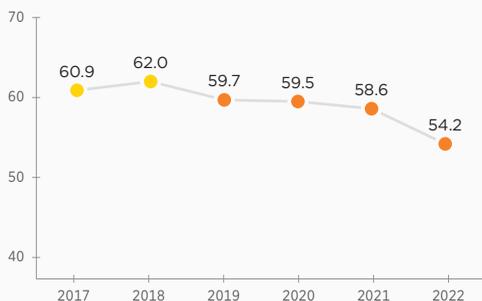
WORLD RANK: **127** | REGIONAL RANK: **24**
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -8.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
45.7 million

GDP (PPP):
\$106.1 billion
-2.1% growth in 2020
5-year compound annual growth 3.9%
\$2,574 per capita

UNEMPLOYMENT:
2.4%

INFLATION (CPI):
3.8%

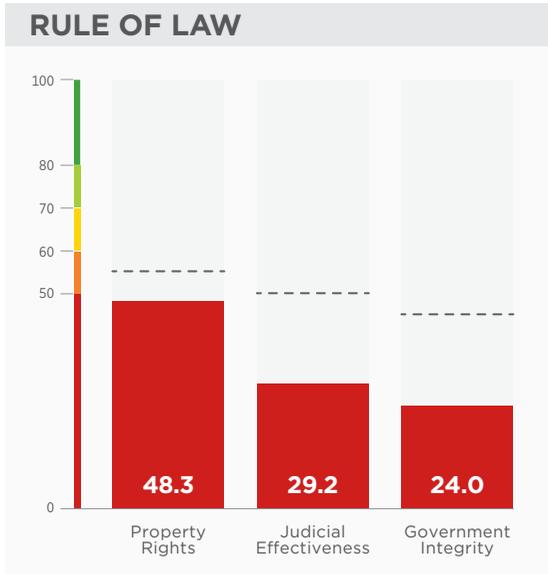
FDI INFLOW:
\$823.0 million

PUBLIC DEBT:
45.7% of GDP

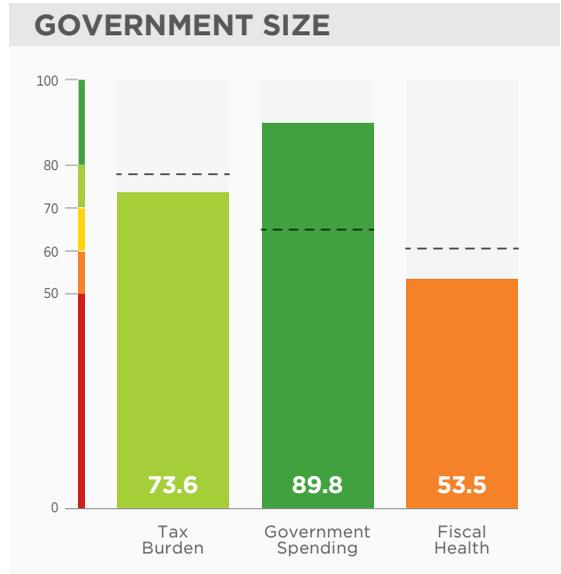
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The mix of politically and culturally diverse ethnic groups within the former British colony of Uganda complicated governance after independence in 1962. President Yoweri Museveni and his National Resistance Movement have been in power since 1986. In 2021, Museveni won a sixth five-year term in elections that were tainted by government intimidation and the arrest of the principal opposition leader. Harassment of political opponents has intensified amid allegations of creeping authoritarianism. Parliament has amended the constitution several times to allow Museveni to remain in power. Uganda's significant natural wealth includes gold, recently discovered oil, and rich agricultural lands from which more than two-thirds of the workforce derives employment.

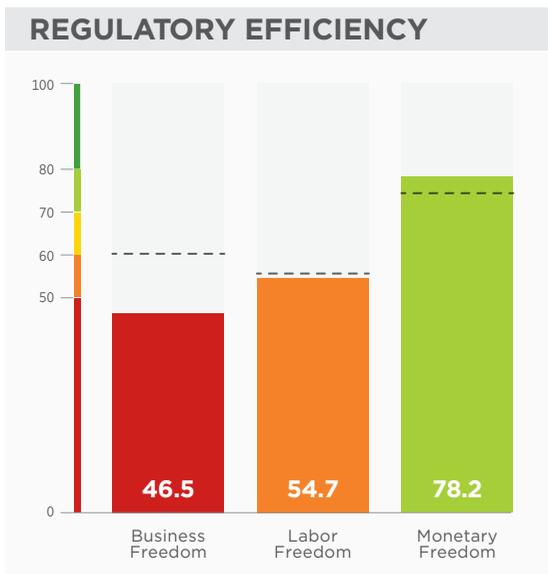
12 ECONOMIC FREEDOMS | UGANDA



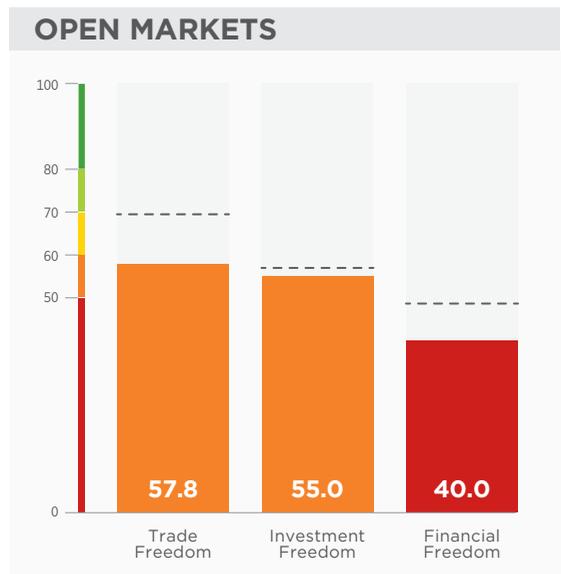
Customary land tenure is widespread in northern Uganda, and land disputes are common and sometimes violent. Property rights are enforced by the courts, but judgments are often influenced by corruption. Endemic corruption, significant backlogs, inefficiency, lack of funding and technical capacity, and heavy political and military interference undermine the judiciary's impartiality and efficacy. Corruption is often practiced with impunity.



The top individual income tax rate is 40 percent, and the top corporate tax rate is 30 percent. Other taxes include value-added and property taxes. The overall tax burden equals 11.8 percent of total domestic income. Government spending has amounted to 18.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 5.1 percent of GDP. Public debt is equivalent to 45.7 percent of GDP.



Business regulations are generally transparent on paper but not in practice. The president rejected a minimum wage bill in 2019 and sent it back to parliament for review. Most workers, who are engaged in subsistence agriculture, would not have been affected. According to the World Bank, subsidies and transfers consumed almost 29 percent of Uganda's 2019 budget.



Uganda has two preferential trade agreements in force. The trade-weighted average tariff rate is 13.6 percent, and 22 nontariff measures are in effect. Other barriers to trade persist. The investment regime is complex and nontransparent, although foreign investment is allowed in most sectors. The financial sector is dominated by banking. Access to financial services has expanded gradually across the country.

UKRAINE

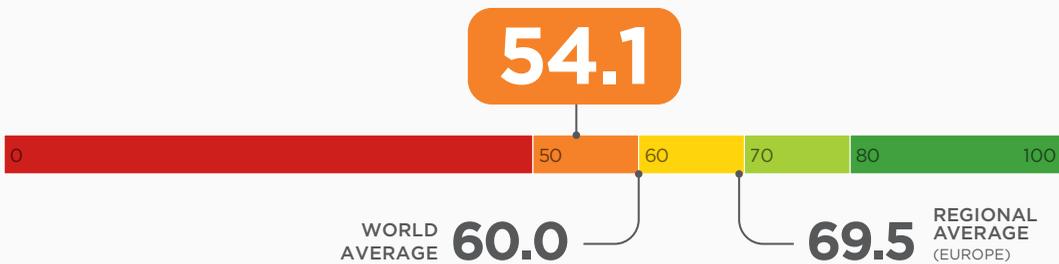
WORLD RANK: **130** | REGIONAL RANK: **44**
 ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Ukraine's economic freedom score is 54.1, making its economy the 130th freest in the 2022 *Index*. Ukraine is ranked 44th among 45 countries in the Europe region, and its overall score is below the regional and world averages.

Five years ago, the Ukrainian economy was gaining strength, but growth slowed in 2019, and the economy contracted in 2020. Growth resumed in 2021. During that half-decade, economic freedom has generally trended upward. Aided by score increases in **labor freedom** and **monetary freedom**, Ukraine has recorded an impressive 6.0-point overall gain of economic freedom since 2017 but is still in the middle ranks of the "Mostly Unfree" countries. Fiscal health is somewhat positive, but **investment freedom**, **financial freedom**, and rule of law exhibit weaknesses.

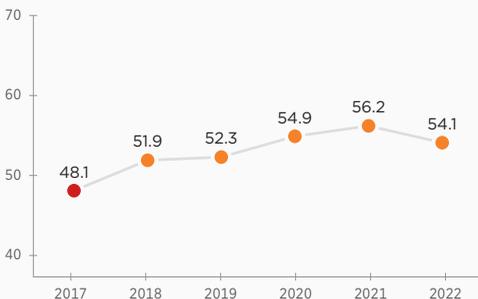
IMPACT OF COVID-19: As of December 1, 2021, 91,860 deaths had been attributed to the pandemic in Ukraine, and the government's response to the crisis ranked 40th among the countries included in this *Index* in terms of its stringency. The economy contracted by 4.2 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +14.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
44.1 million

GDP (PPP):
\$543.8 billion
-4.2% growth in 2020
5-year compound annual growth 1.5%
\$13,110 per capita

UNEMPLOYMENT:
9.5%

INFLATION (CPI):
2.7%

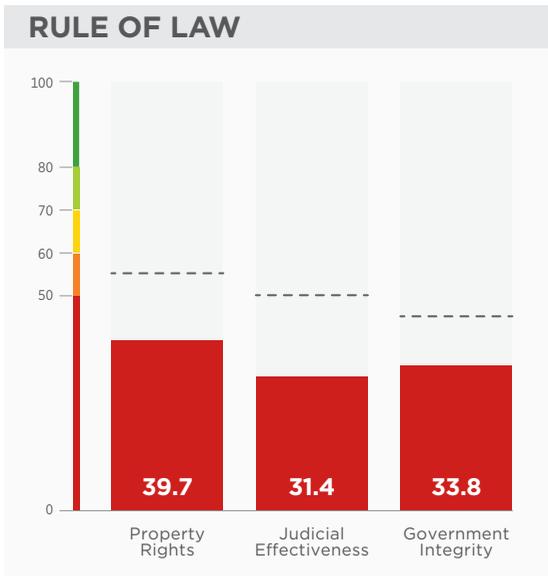
FDI INFLOW:
-\$868.0 million

PUBLIC DEBT:
60.7% of GDP

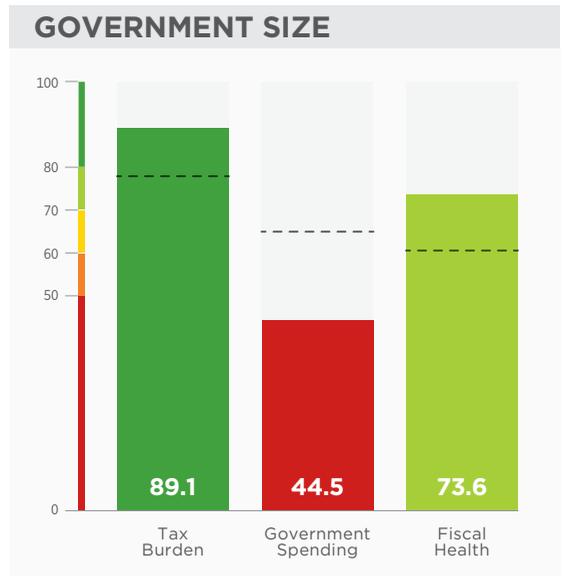
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Long known as the "Breadbasket of Europe" because of its fertile black soil, Ukraine is located in Eastern Europe north of the Black Sea. In the eight years since the "Maidan" revolution, Ukraine's political landscape has been transformed. Rival business-political networks continue to exercise significant influence, but a generational change is in progress. Actor and comedian Volodymyr Zelenskyy, a political newcomer, won the April 2019 presidential election, and his party won an absolute majority in July 2019 parliamentary elections. Russia's illegal annexation of the Crimean Peninsula and destabilization of the eastern Donbas region continue to damage the Ukrainian economy, which relies heavily on the production of wheat and exports of industrial and energy products.

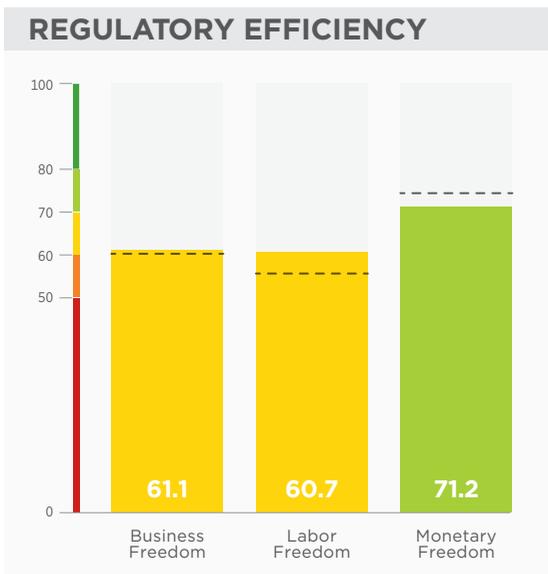
12 ECONOMIC FREEDOMS | UKRAINE



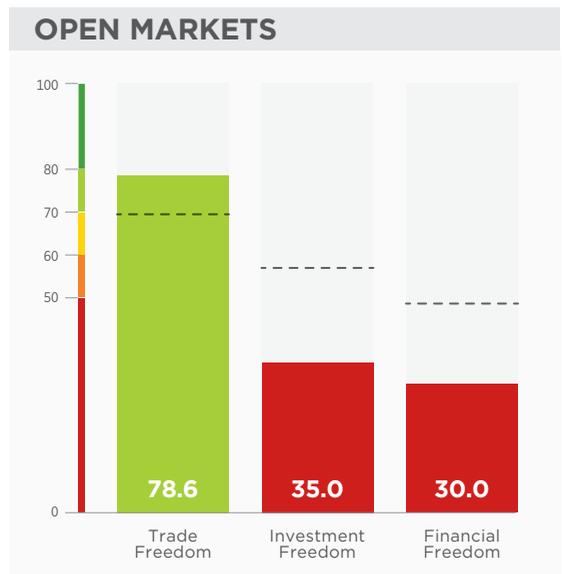
Property rights and secured interests are protected by law, and the recording system is generally reliable, but enforcement is undermined by corrupt courts. In 2021, in an effort to unleash productivity and investment, the government ended a 20-year moratorium on the sale of farmland. The judiciary's susceptibility to political pressure, corruption, and bribery weakens public confidence. Government integrity remains severely compromised.



The top individual income tax rate is 20 percent, and the top corporate tax rate is 18 percent. Other taxes include value-added and property taxes. The overall tax burden equals 19.2 percent of total domestic income. Government spending has amounted to 43.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.5 percent of GDP. Public debt is equivalent to 60.7 percent of GDP.



Regulatory decisions are characterized by a high degree of arbitrariness and favoritism. A change has been made to speed up the review and issuance of patents. There is a skilled computer software workforce. Most state-owned enterprises rely on government subsidies to function and cannot compete directly with private firms. Subsidies for natural gas were reimplemented in 2021.



Ukraine has 20 preferential trade agreements in force. The trade-weighted average tariff rate is 3.2 percent, and 150 nontariff measures are in effect. Despite progress, lingering bureaucracy deters much-needed growth in private investment. Nonperforming loans continue to be a drag on the banking system. The capital market's lack of development limits financing options.

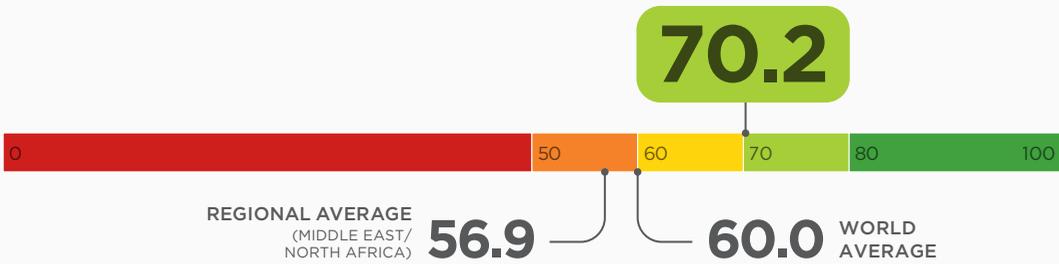
UNITED ARAB EMIRATES

The United Arab Emirates' economic freedom score is 70.2, making its economy the 33rd freest in the 2022 *Index*. The United Arab Emirates is ranked 1st among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

The economy of the United Arab Emirates has grown slowly over the past decade, and most progress was wiped out by a contraction in 2020. Economic freedom has declined over the same period. Dragged down by lower scores for **judicial effectiveness** and **labor freedom**, the United Arab Emirates has recorded a 6.7-point overall loss of economic freedom since 2017 and is now nearly at the bottom of the "Mostly Free" category. Fiscal health is robust, but **judicial effectiveness** is weak.

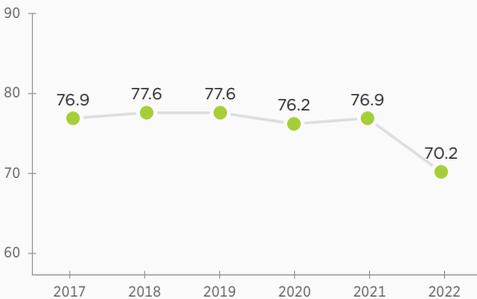
IMPACT OF COVID-19: As of December 1, 2021, 2,148 deaths had been attributed to the pandemic in the United Arab Emirates, and the government's response to the crisis ranked 55th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.9 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -1.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
9.9 million

GDP (PPP):
\$650.8 billion
-5.9% growth in 2020
5-year compound annual growth 0.5%
\$58,753 per capita

UNEMPLOYMENT:
5.0%

INFLATION (CPI):
-2.1%

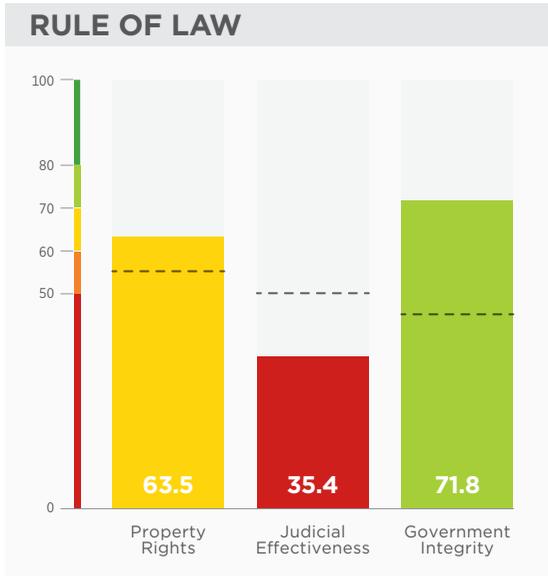
FDI INFLOW:
\$19.9 billion

PUBLIC DEBT:
38.3% of GDP

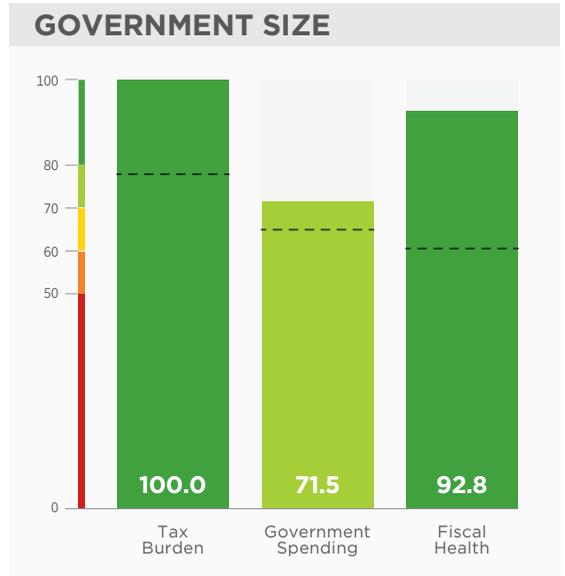
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The United Arab Emirates is a federation of seven monarchies: Abu Dhabi, Ajman, Dubai, Fujairah, Ras Al-Khaimah, Sharjah, and Umm al-Qaiwain. The Federal Supreme Council selects the president and vice president for five-year terms, and there are no term limits. Abu Dhabi's Sheikh Khalifa bin Zayed al-Nahyan has been president since 2004. The UAE has an open economy with a high per capita income and a sizable annual trade surplus. Oil and gas account for approximately 30 percent of GDP. A peace agreement signed with Israel in September 2020 cleared the way for increased bilateral trade, investment, technological cooperation, tourism, and strategic cooperation against Iran, which both the UAE and Israel regard as the chief threat to regional stability.

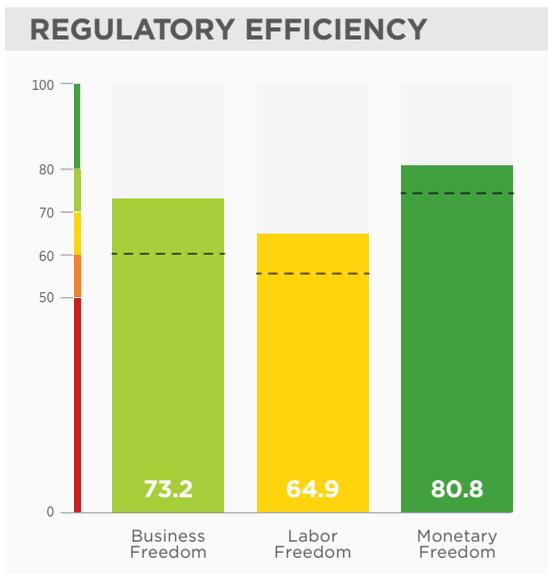
12 ECONOMIC FREEDOMS | UNITED ARAB EMIRATES



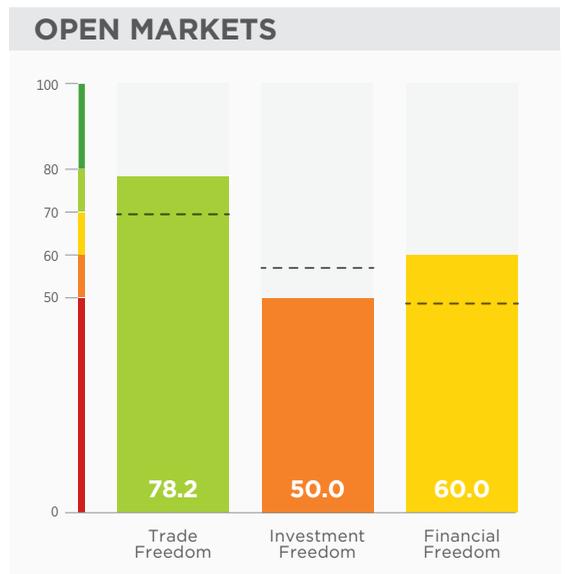
The federal government allows individual emirates to decide the mechanisms through which ownership of land may be transferred. Enforcement of property rights is predictable and fair. The judiciary is not independent, but the rule of law is generally well maintained. The UAE is among the least corrupt countries in the region. Nevertheless, nepotism and corruption persist, and the government generally lacks transparency.



The UAE has no income tax and no federal-level corporate tax. Different corporate tax rates exist in some emirates, and a value-added tax has been in force since 2018. The overall tax burden equals 1.0 percent of total domestic income. Government spending has amounted to 30.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.6 percent of GDP. Public debt is equivalent to 38.3 percent of GDP.



Several laws passed since 2020 have been designed to make foreign ownership of businesses and long-term citizenship by foreigners a reality. The UAE also has approved a resolution to combat commercial fraud. Labor force participation among citizens is low. Subsidized state-owned enterprises are a key component of the UAE economic model, and the government monitors prices of goods and services to ensure that they are not raised.



The United Arab Emirates has four preferential trade agreements in force. The trade-weighted average tariff rate is 3.4 percent, and 73 nontariff measures are in effect. Efforts to attract increased foreign investment continue, and more sectors are open to greater foreign ownership. The modern financial sector is competitive and offers diversified services. State-owned banks have maintained a strong presence, but foreign banks have over 100 branches.

UNITED KINGDOM

WORLD RANK:

24

REGIONAL RANK:

17

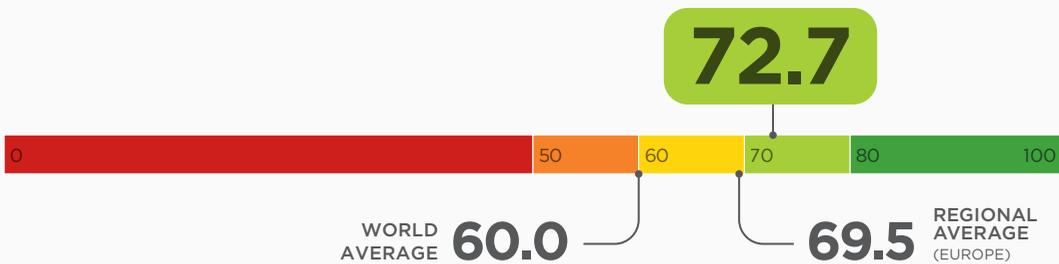
ECONOMIC FREEDOM STATUS:
MOSTLY FREE

The United Kingdom's economic freedom score is 72.7, making its economy the 24th freest in the 2022 *Index*. The United Kingdom is ranked 17th among 45 countries in the Europe region, and its overall score is above the regional and world averages.

As was the case in many other highly developed countries over the past five years, the United Kingdom's economic growth turned negative in 2020 before resuming in 2021. However, a five-year trend of robust economic freedom has stumbled a bit. With lower marks for **fiscal health**, **business freedom**, and **labor freedom**, the U.K. has recorded a 3.7-point overall loss of economic freedom since 2017 and has fallen from the upper half to the lower half of the "Mostly Free" category. Monetary freedom and **trade freedom** are strong, but excessive **government spending** has been a drag on **fiscal health**.

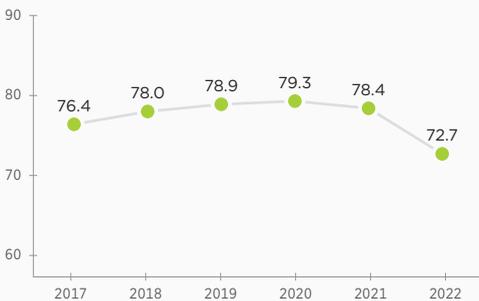
IMPACT OF COVID-19: As of December 1, 2021, 145,586 deaths had been attributed to the pandemic in the United Kingdom, and the government's response to the crisis ranked 68th among the countries included in this *Index* in terms of its stringency. The economy contracted by 9.9 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -5.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
67.2 million

GDP (PPP):
\$3.0 trillion
-9.9% growth
in 2020
5-year compound
annual growth -0.8%
\$44,117 per capita

UNEMPLOYMENT:
4.3%

INFLATION (CPI):
0.9%

FDI INFLOW:
\$19.7 billion

PUBLIC DEBT:
103.7% of GDP

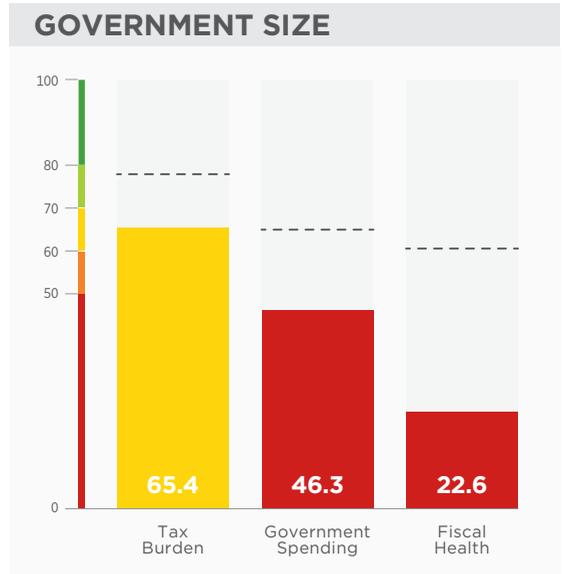
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Steady growth has made Britain's economy, which has been thriving since former Prime Minister Margaret Thatcher's market reforms in the 1980s, the world's fifth largest. In 2016, by popular referendum, British voters approved departure from the European Union, and the U.K. formally left the EU on January 31, 2020. A U.K.-EU Trade and Cooperation Agreement was concluded in December 2020, but some aspects of the future relationship remain uncertain. In December 2019, Prime Minister Boris Johnson led the Conservative Party to its largest electoral victory since 1987. Formal negotiations on a U.S.-U.K. free-trade agreement that began in 2020 were deprioritized by the U.S. in 2021. Services, particularly banking, insurance, and business services, are key drivers of GDP growth. Once-large reserves of oil and natural gas are declining.

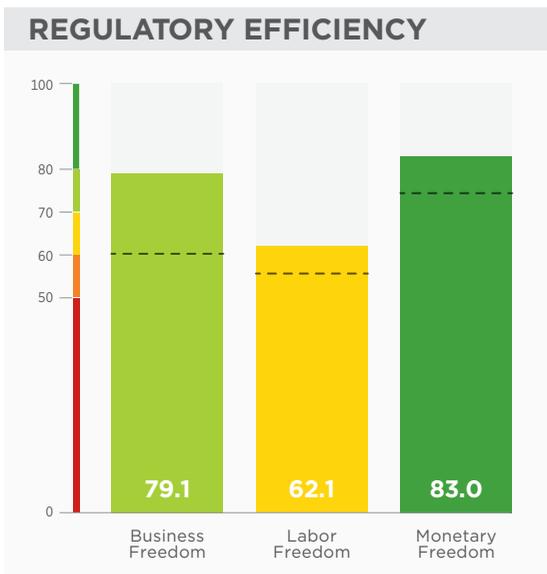
12 ECONOMIC FREEDOMS | UNITED KINGDOM



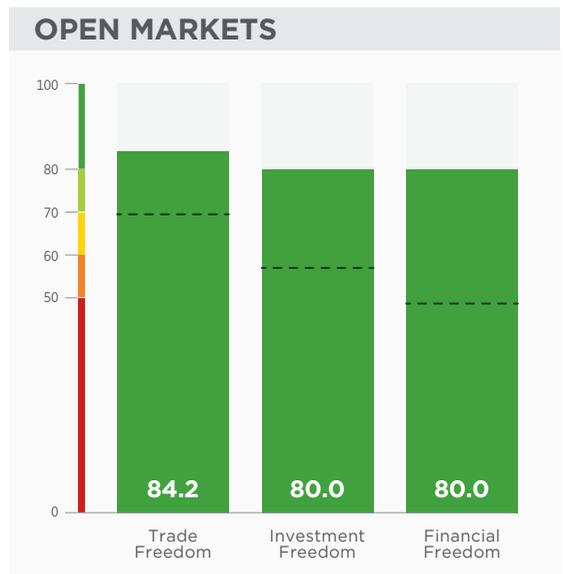
Property rights and secured interests are well enforced, and mortgages and liens are recorded reliably. The judiciary is independent and efficient, and judicial proceedings are competent, fair, and reliable. The rule of law is so well established that London has become an international hub for dispute resolution. British common law provides criminal penalties for corruption by officials, and the government routinely implements these laws effectively.



The top individual income tax rate is 45 percent, and the top corporate tax rate is 19 percent. Other taxes include value-added and environment taxes. The overall tax burden equals 32.7 percent of total domestic income. Government spending has amounted to 42.3 percent of total output (GDP) over the past three years, and budget deficits have averaged 6.0 percent of GDP. Public debt is equivalent to 103.7 percent of GDP.



Business freedom in the U.K. is high, but the competition regulator has said that scrutiny and policing of the digital sector will increase. The high-skill, high-tech economy's outpacing of the educational system has generated a skills gap. A Subsidy Control Bill, scheduled to take effect in 2022, includes a new definition of subsidies, lists seven subsidy-control principles, and identifies certain categories of automatically exempt or automatically prohibited subsidies.



As of July 2021, the U.K. had concluded trade agreements with Australia, the EU, and Japan. It also has 35 trade continuity agreements, which reflect preexisting agreements with the EU, covering 67 nations. The trade-weighted average tariff rate is 2.9 percent. EU-directed nontariff barriers, including technical and other regulations and quotas, will be adjusted. A well-developed financial sector supports the efficient investment framework.

UNITED STATES

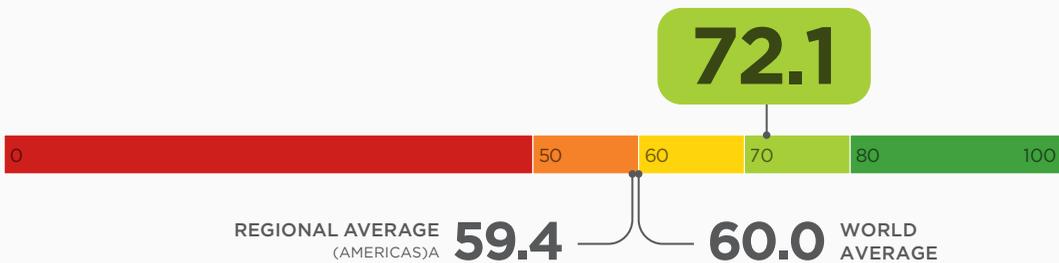
The United States' economic freedom score is 72.1, making its economy the 25th freest in the 2022 *Index*. The United States is ranked 3rd among 32 countries in the Americas region, and its overall score is above the regional and world averages.

The U.S. economy, which was growing moderately well before the COVID-19 pandemic, contracted sharply in 2020. Growth recovered in 2021. A decade-long trend of flagging economic freedom, interrupted briefly in 2019, has continued. Driven lower by a sharp decrease in its **fiscal health** score, the U.S. has recorded a 3.0-point overall loss of economic freedom since 2017 and has fallen from the upper half to the lower half of the "Mostly Free" category. Business freedom and rule of law are strong, but the economy is being crushed by reckless government overspending.

IMPACT OF COVID-19: As of December 1, 2021, 782,522 deaths had been attributed to the pandemic in the United States, and the government's response to the crisis ranked 58th among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.5 percent in 2020.

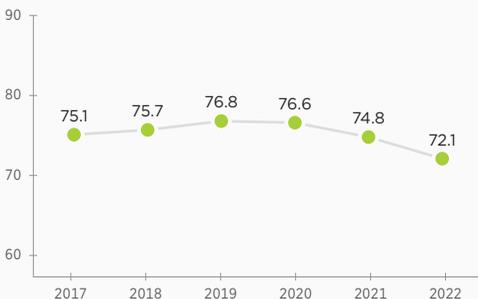


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -4.6

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
329.5 million

GDP (PPP):
\$20.9 trillion
-3.5% growth in 2020
5-year compound annual growth 1.1%
\$63,416 per capita

UNEMPLOYMENT:
8.3%

INFLATION (CPI):
1.2%

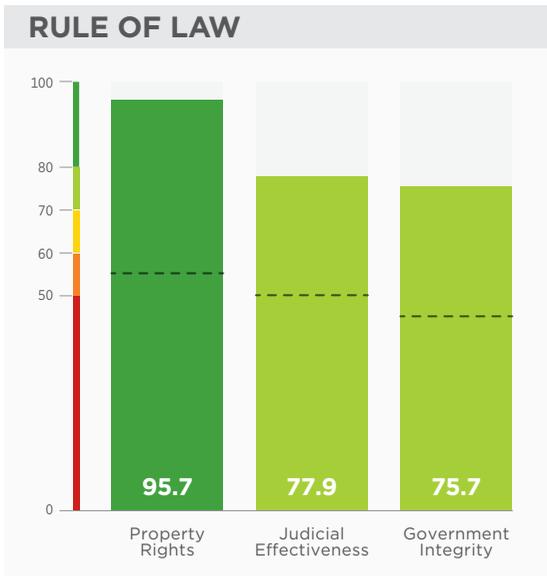
FDI INFLOW:
\$156.3 billion

PUBLIC DEBT:
127.1% of GDP

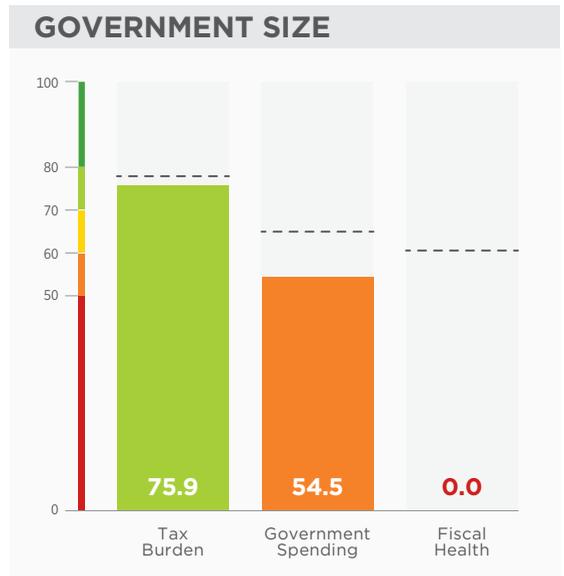
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The United States has one of the world's wealthiest and most diversified economies, led by a highly productive services sector, advanced manufacturing, and world-class research and development. The 2020 pandemic throttled relatively solid economic growth that had been stimulated by tax cuts and a lightened regulatory burden. Unfortunately, unchecked deficit spending and unprecedentedly accommodative monetary policy not only continued, but also accelerated in 2020 and 2021. Meanwhile, racial tensions and bitter political polarization aggravated by the pandemic have deepened, especially since the 2020 presidential election. Since assuming office in 2021 with narrow control of both houses of Congress, President Joseph Biden has pursued a radical left agenda aimed at fundamentally transforming both the country and the economy.

12 ECONOMIC FREEDOMS | UNITED STATES



Private property rights, secured interests, and contracts are protected and enforced. The judiciary is independent and reliable, although the judicial appointments process has become increasingly politicized. A troubling and growing tendency of federal governance by the unaccountable administrative state empowered by presidential decrees has undermined public confidence in the rule of law. Public perceptions of corruption and distrust of institutions have been rising in recent years.



The top individual income tax rate is 37 percent, and the top corporate tax rate is 21 percent. The overall tax burden equals 24.5 percent of total domestic income. Government spending has amounted to 38.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 9.0 percent of GDP. Public debt is equivalent to 127.1 percent of GDP.



The U.S. has a high level of business freedom, but regulations vary by state. The Tax Cuts and Jobs Act of 2017 was a significant boost. Labor freedom is mostly high but varies from locality to locality. Massive government borrowing and the printing of money have been worsening inflation, with large deficits persisting and public debt growing.



The United States has 14 preferential trade agreements in force with 20 countries. The trade-weighted average tariff rate is 2.4 percent, and more than 2,300 nontariff measures are in effect. In February 2020, the Foreign Investment Risk Review Modernization Act took effect, widening the mandate of the Committee on Foreign Investment in the United States. The financial sector, one of the world's most developed and competitive, continues to be resilient.

URUGUAY

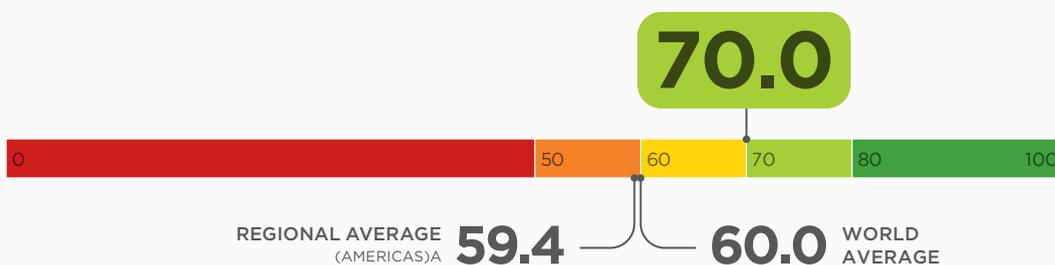
Uruguay's economic freedom score is 70.0, making its economy the 34th freest in the 2022 *Index*. Uruguay is ranked 5th among 32 countries in the Americas region, and its overall score is above the regional and world averages.

During the past half-decade, the Uruguayan economy grew slowly from 2017 through 2019 before contracting in 2020. Growth recovered in 2021. Economic freedom has stagnated over the same five years. With gains in the rule of law outpacing declines in **trade freedom** and **investment freedom**, Uruguay has recorded a narrow 0.3-point overall gain of economic freedom since 2017 and has made it over the threshold into the "Mostly Free" category for the first time since 2011. Fiscal health and **business freedom** are relatively solid, but **financial freedom** is lacking.

IMPACT OF COVID-19: As of December 1, 2021, 6,132 deaths had been attributed to the pandemic in Uruguay, and the government's response to the crisis ranked 138th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.7 percent in 2020.

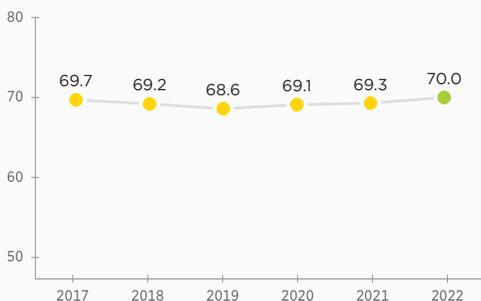


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +7.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.5 million

GDP (PPP):
\$79.3 billion
-5.7% growth in 2020
5-year compound annual growth -0.3%
\$22,459 per capita

UNEMPLOYMENT:
12.7%

INFLATION (CPI):
9.8%

FDI INFLOW:
\$2.6 billion

PUBLIC DEBT:
66.3% of GDP

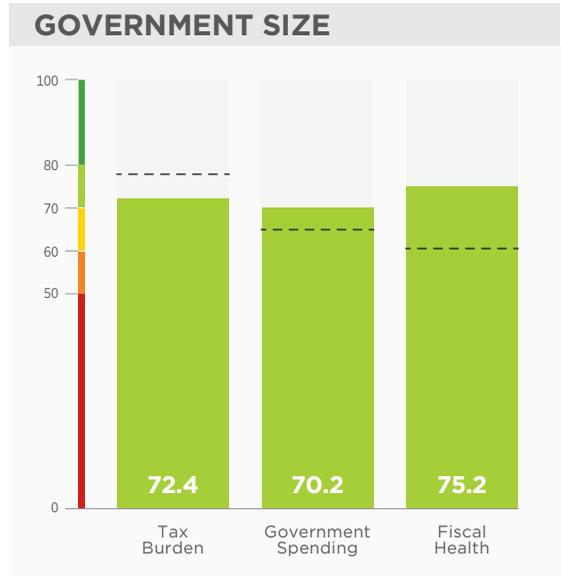
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Uruguay, Bolivia, and Paraguay were established in the 19th century as buffers between regional powers Brazil and Argentina. Civilian rule was restored in 1985. President Luis Lacalle Pou of the center-right National Party began his five-year term in 2020, ushering in a conservative government after 15 years of rule by the leftist Broad Front. He has pulled Uruguay out of the leftist UNASUR regional group and has pressed for pro-market reforms in the MERCOSUR trade bloc. He seeks a free-trade agreement with the United States but is also negotiating a trade agreement with China. The economy, based on exports of such commodities as milk, beef, rice, and wool, has been stimulated by recent construction and infrastructure projects.

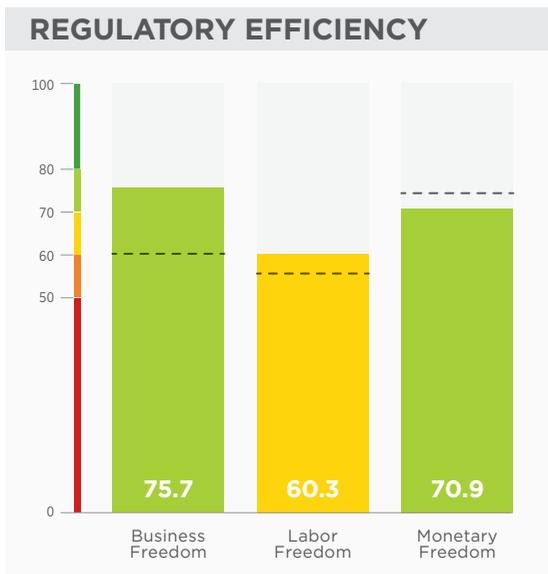
12 ECONOMIC FREEDOMS | URUGUAY



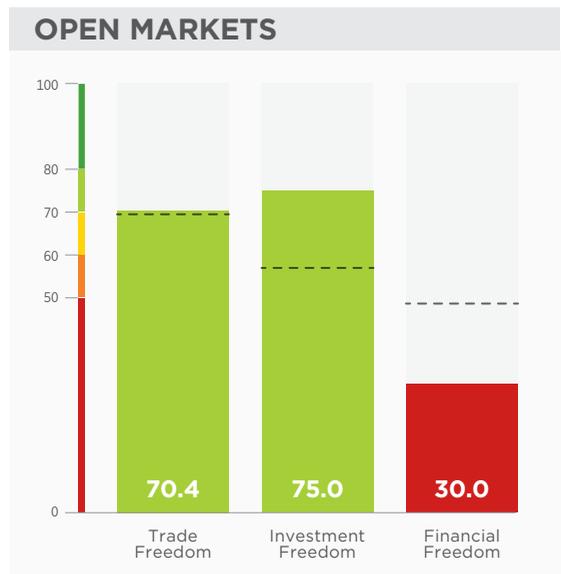
Contracts and secured interests in property are recognized and enforced by law. Most land has a clear property title. The judiciary is transparent and independent, but the courts function slowly and can be subject to intimidation. Transparency International ranked Uruguay the least corrupt Latin American country in its 2020 *Corruption Perceptions Index*. Anticorruption statutes are enforced to prevent bribery and other corrupt practices.



The top individual income tax rate is 36 percent, and the top corporate tax rate is 25 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 29.0 percent of total domestic income. Government spending has amounted to 31.5 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.2 percent of GDP. Public debt is equivalent to 66.3 percent of GDP.



Regulations in Uruguay are among the most transparent in South America. Political and macroeconomic stability, geographical location, and government incentives to invest are advantages for business development and operation. Labor costs are high, however, and aggressive union and labor conflicts do arise. The government regulates fuel prices and subsidizes cooking gas.



Uruguay has eight preferential trade agreements in force. The trade-weighted average tariff rate is 9.8 percent, and 54 non-tariff measures are in effect. Foreign investors and domestic investors are treated equally under the law, and there are no ownership limits in most sectors. The financial sector is open, but the state remains involved through ownership and credit allocation. Capital markets are underdeveloped.

UZBEKISTAN

Uzbekistan's economic freedom score is 55.7, making its economy the 117th freest in the 2022 *Index*. Uzbekistan is ranked 25th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The Uzbekistani economy has grown strongly over the past five years except for 2020 when growth, although still positive, was lackluster. Economic freedom has advanced during the same period. With large increases in scores for **investment freedom** and **financial freedom** outpacing declines in scores for rule of law, Uzbekistan has recorded a 3.4-point overall gain in economic freedom since 2017 and is in the middle ranks of the "Mostly Unfree" countries. Fiscal health is robust, but **government integrity** and **judicial effectiveness** exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, 1,406 deaths had been attributed to the pandemic in Uzbekistan, and the government's response to the crisis ranked 140th among the countries included in this *Index* in terms of its stringency. The economy grew by just 1.6 percent in 2020.

WORLD RANK:

117

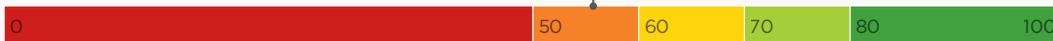
REGIONAL RANK:

25

ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

ECONOMIC FREEDOM SCORE

55.7



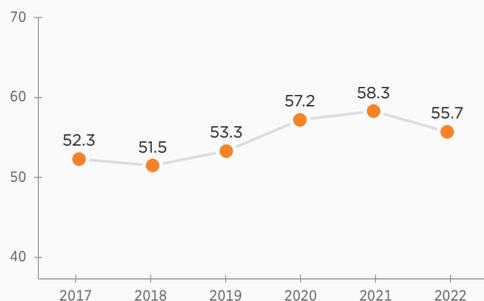
REGIONAL AVERAGE
(ASIA-PACIFIC)

58.5

60.0 WORLD AVERAGE

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +24.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
34.2 million

GDP (PPP):
\$252.6 billion
1.6% growth in 2020
5-year compound
annual growth 4.7%
\$7,449 per capita

UNEMPLOYMENT:
6.0%

INFLATION (CPI):
12.9%

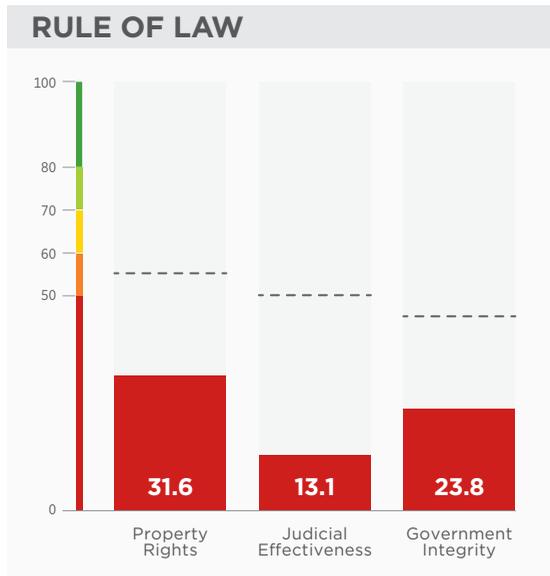
FDI INFLOW:
\$1.7 billion

PUBLIC DEBT:
37.9% of GDP

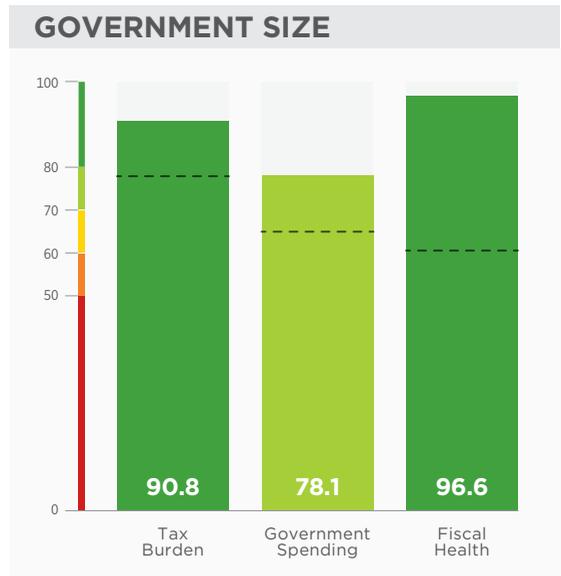
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Measured by population, Uzbekistan is the largest nation in Central Asia. Islam Karimov's iron-fisted rule lasted from the late 1980s until his death in 2016. Current President Shavkat Mirziyoyev has demonstrated some willingness to reform. He was reelected by a landslide in October 2021 in an election of questionable integrity. The country is dry and landlocked. Approximately 9 percent of the land is cultivated in irrigated river valleys. More than 50 percent of the population now lives in urbanized areas. Uzbekistan is the world's fifth-largest exporter and seventh-largest producer of cotton, but unsound cultivation practices have degraded the land and depleted water supplies. The economy also relies on exports of natural gas and gold.

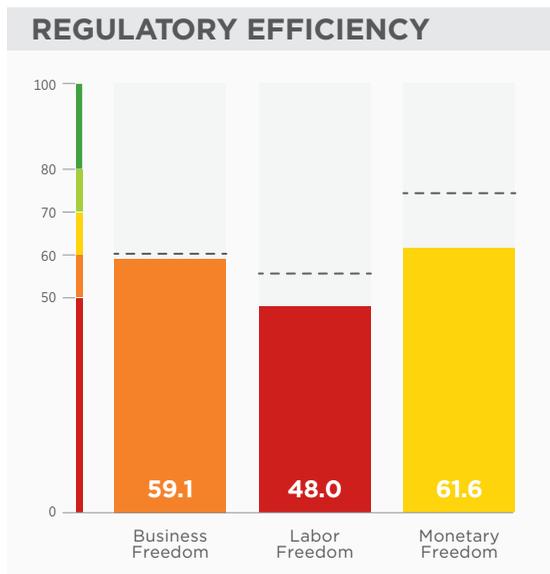
12 ECONOMIC FREEDOMS | UZBEKISTAN



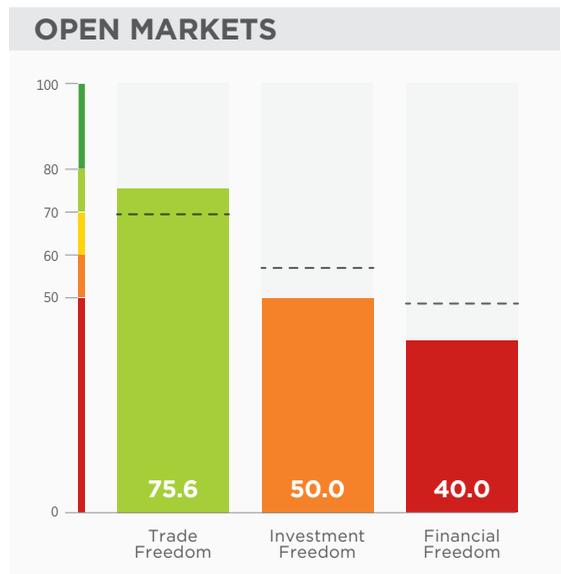
All agricultural land is owned by the state, but nonagricultural plots may be privatized. Although ownership of real property is generally respected, enforcement of property rights is tenuous because of widespread corruption. The judicial system is independent, but government interference and corruption are common. Graft and bribery are common in the bureaucracy.



The top individual income tax rate is 22 percent, and the top corporate tax rate is 7.5 percent. Other taxes include value-added and property taxes. The overall tax burden equals 19.6 percent of total domestic income. Government spending has amounted to 27.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 0.6 percent of GDP. Public debt is equivalent to 37.9 percent of GDP.



An Anti-Corruption Agency has been established to inspect governmental bodies and legal entities. The Law on Employment of the Population establishes previously undeclared legal rights of the self-employed and the unemployed. Prices of most goods and services including key food items (flour and bread) and fuel have been liberalized since 2017. Utility tariffs have been raised but remain regulated and below cost recovery.



Uzbekistan has four preferential trade agreements in force. The simple average tariff rate is 4.7 percent, and layers of nontariff barriers further impede trade. Uzbekistan is not a member of the World Trade Organization. Measures to enhance the overall investment regime including approval for the privatization of state-owned enterprises have been adopted. The financial sector has undergone modernization, but state-owned banks remain dominant.

VANUATU

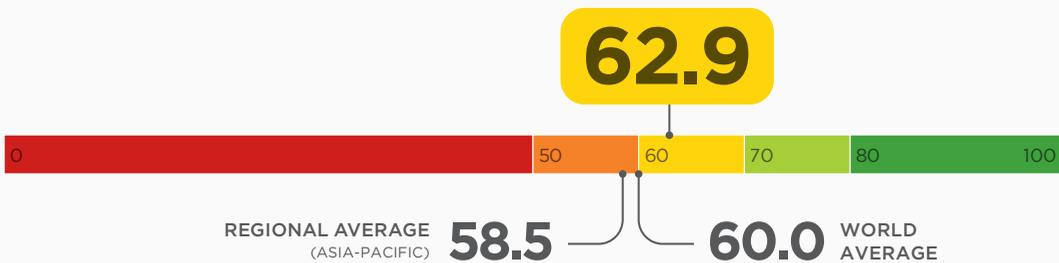
Vanuatu's economic freedom score is 62.9, making its economy the 72nd freest in the 2022 *Index*. Vanuatu is ranked 14th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

In 2017, Vanuatu's economic growth was slowing, and the contraction in 2020 took a large toll. Growth resumed in 2021. Economic freedom has fluctuated over the past half-decade. Weighed down by decreases in scores for **government integrity** and **labor freedom**, Vanuatu has recorded a 4.5-point overall loss of economic freedom since 2017 and has fallen from the upper half to the lower half of the "Moderately Free" category. Aided by international donor assistance, **fiscal health** is strong, but **business freedom** and **financial freedom** exhibit weaknesses.

IMPACT OF COVID-19: As of December 1, 2021, one death had been attributed to the pandemic in Vanuatu, and the government's response to the crisis ranked 155th among the countries included in this *Index* in terms of its stringency. The economy contracted by 9.2 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +4.5

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.3 million

GDP (PPP):
\$0.8 billion
-9.2% growth in 2020
5-year compound annual growth 1.6%
\$2,586 per capita

UNEMPLOYMENT:
2.0%

INFLATION (CPI):
2.9%

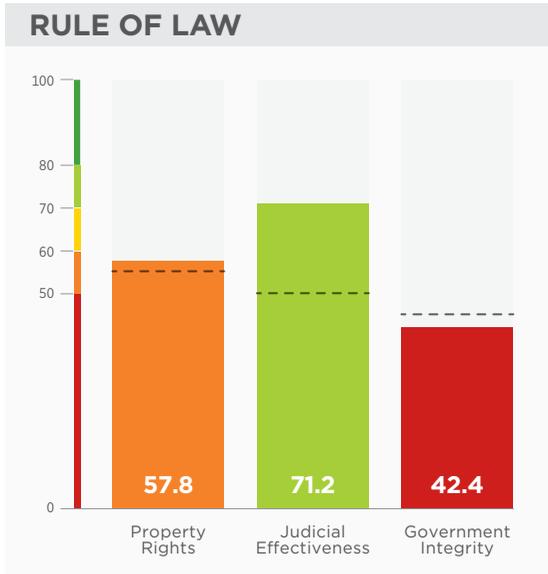
FDI INFLOW:
\$30.0 million

PUBLIC DEBT:
44.2% of GDP

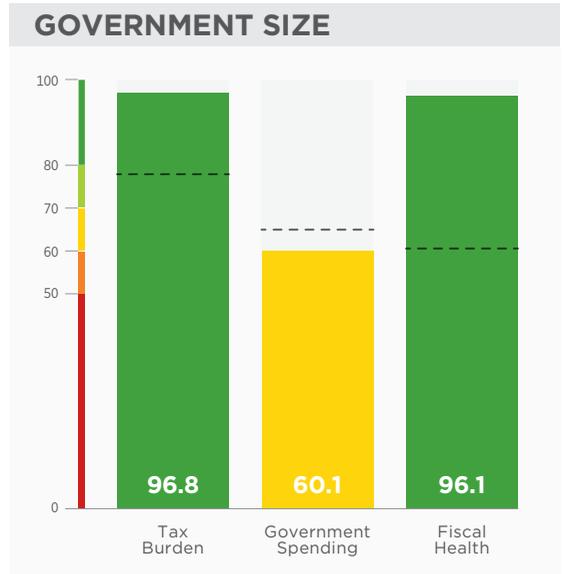
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Waves of colonizers migrated to the South Pacific's New Hebrides archipelago in the millennia preceding European colonization in the 18th century. The Republic of Vanuatu won independence from joint British-French administration in 1980 and today is a parliamentary democracy divided between its English-speaking and French-speaking citizens. President Tallis Obed Moses has held office since 2017, and Prime Minister Bob Loughman was elected to office in 2020. Vanuatu is heavily dependent on agriculture, particularly subsistence farming, and tourism, which accounts for 40 percent of the economy. Having barely recovered from 2015's destructive Cyclone Pam, which had a devastating impact on tourism, Vanuatu was struck by the Category 5 Cyclone Harold in 2020.

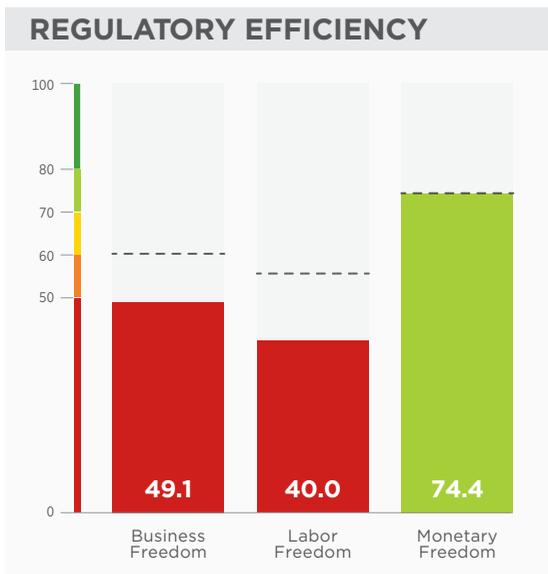
12 ECONOMIC FREEDOMS | VANUATU



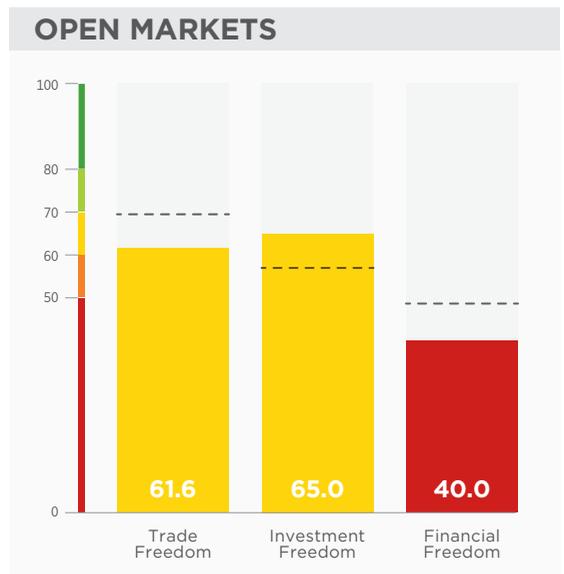
Vanuatu's legal framework generally supports property rights, but enforcement is slow. Irregularities and government corruption often affect land deals. The judiciary is largely independent but lacks the resources to retain qualified judges and prosecutors. Vanuatu was ranked 75th of 180 countries in Transparency International's 2020 *Corruption Perceptions Index*, and greater political stability should enable more rigorous enforcement of anticorruption statutes.



Vanuatu imposes no individual or corporate income tax. Taxes include a value-added tax. The overall tax burden equals 17.8 percent of total domestic income. Government spending has amounted to 36.5 percent of total output (GDP) over the past three years, and budget surpluses have averaged 1.6 percent of GDP. Public debt is equivalent to 44.2 percent of GDP.



Declining business freedom has made recovery from devastating storms more difficult. Approximately 5 percent of the workforce is employed in industry, and approximately 30 percent is employed in services. Small-scale agriculture provides a living for about two-thirds of the population. The government subsidizes poorly managed and money-losing state-owned enterprises in the agriculture, airports, banking, and broadcasting sectors.



Vanuatu has three preferential trade agreements in force. The simple average tariff rate is 9.2 percent, and customs requirements and other nontariff barriers further impede trade flows. Most business activities are open to foreign investment, but state-owned enterprises dominate such sectors as broadcasting and transport. Access to financing remains poor, and less than 15 percent of rural adults have access to formal banking services.

VENEZUELA

WORLD RANK:

176

REGIONAL RANK:

32

ECONOMIC FREEDOM STATUS:
REPRESSED

Venezuela's economic freedom score is 24.8, making its economy the 176th freest in the 2022 *Index*. Venezuela is ranked 32nd among 32 countries in the Americas region, and its overall score is well below the regional and world averages.

Venezuela's economic growth had been deeply negative for most of the past five years until a slight upturn in 2021. The country has been one of the world's least economically free nations for more than a decade. With decreases in scores for **fiscal health**, **monetary freedom**, and rule of law, Venezuela has recorded a 2.2-point overall loss of economic freedom since 2017 and remains near the very bottom of the "Repressed" category. If and when Venezuela begins the long return to market democracy, it will have to end hyperinflation, restructure public debt, and rebuild institutions to restore confidence in the rule of law and promote investment.

IMPACT OF COVID-19: As of December 1, 2021, 5,161 deaths had been attributed to the pandemic in Venezuela, and the government's response to the crisis ranked 144th among the countries included in this *Index* in terms of its stringency. The economy contracted by 30.0 percent in 2020.

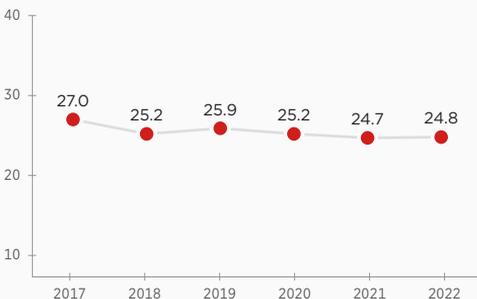
ECONOMIC FREEDOM SCORE

24.8



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -35.0

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
28.4 million

GDP (PPP):
\$144.7 billion
-30.0% growth
in 2020
5-year compound
annual growth -23.5%
\$5,178 per capita

UNEMPLOYMENT:
9.1%

INFLATION (CPI):
2,355.1%

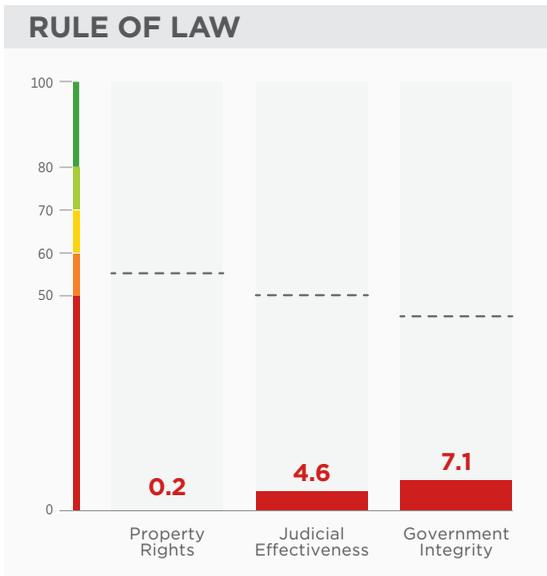
FDI INFLOW:
\$959.0 million

PUBLIC DEBT:
304.1% of GDP

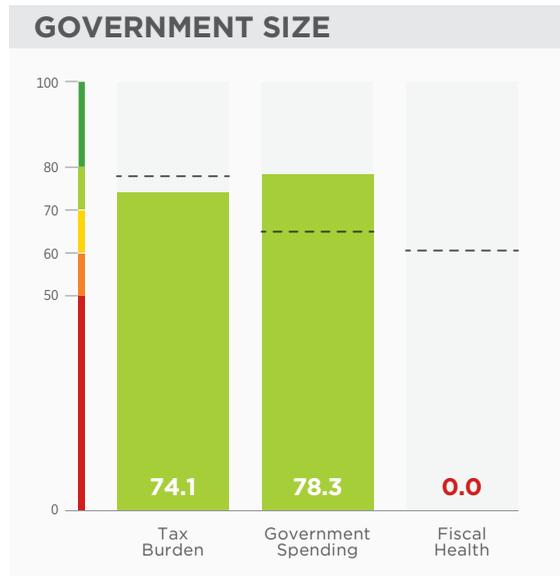
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Venezuela's modern democratic era lasted from the end of military rule in 1959 until the election of Hugo Chávez in 1999. His successor, Nicolás Maduro, completed the destruction of democracy and consolidated the authoritarian dictatorship in 2017. The deeply corrupt socialist regime's policies have led to one of history's worst economic depressions and Latin America's worst migration crises. The regime has also bankrupted state-owned oil company PDVSA and is actively engaged in illicit trafficking. Following international censure of Maduro's sham 2018 reelection, then-National Assembly head Juan Guaidó became interim president in 2019 in accordance with Venezuela's constitution, but Maduro still exercises de facto control. Maduro has circumvented U.S. sanctions with the aid of Iran, Russia, and China.

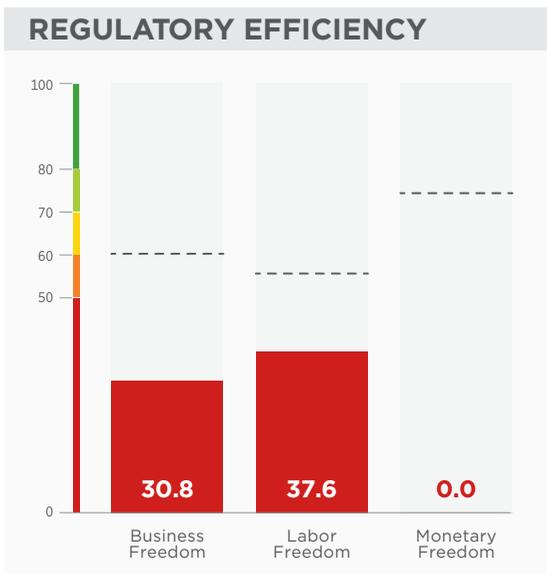
12 ECONOMIC FREEDOMS | VENEZUELA



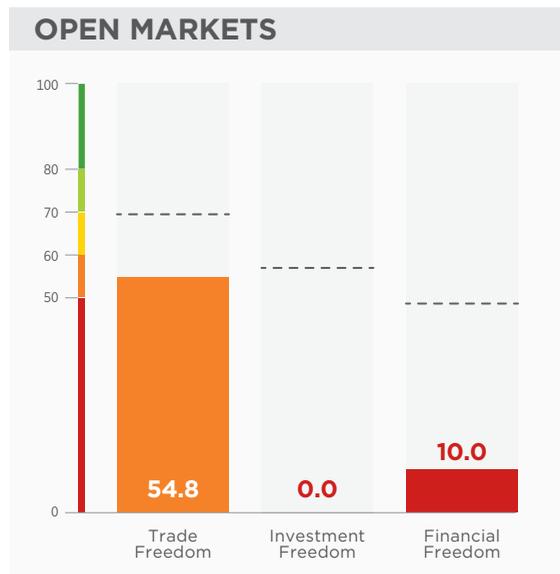
Property rights have been damaged by years of price controls, nationalizations, overregulation, and corruption. The corrupt and regime-controlled judiciary has overseen a collapse of the rule of law. Transparency International reports that the main reasons for widespread corruption are impunity, weak institutions, and nontransparent mismanagement of government resources through underinvestment, graft, and politicized hiring practices in state-owned enterprises.



The top individual income and corporate tax rates are 34 percent. Other taxes include a value-added tax. The overall tax burden equals 16.7 percent of total domestic income. Government spending has amounted to 26.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 15.4 percent of GDP. Public debt is equivalent to 304.1 percent of GDP.



Venezuela is rich in oil, but socialism is the enemy of business freedom, and no new enterprises are likely to have any chance of success in the current environment. No semblance of labor freedom exists. Despite an October 2021 currency redenomination that took six zeros off the bolívar soberano, the government has failed to address the underlying causes of currency and price instability.



Venezuela has three preferential trade agreements in force. The trade-weighted average tariff rate is 12.6 percent, and 134 nontariff measures are in effect. Private investment remains hampered by state interference, and hostility to foreign investment, coupled with threats of expropriation, persists. The financial sector is tightly controlled by the state, which often allocates credit based on political expediency.

VIETNAM

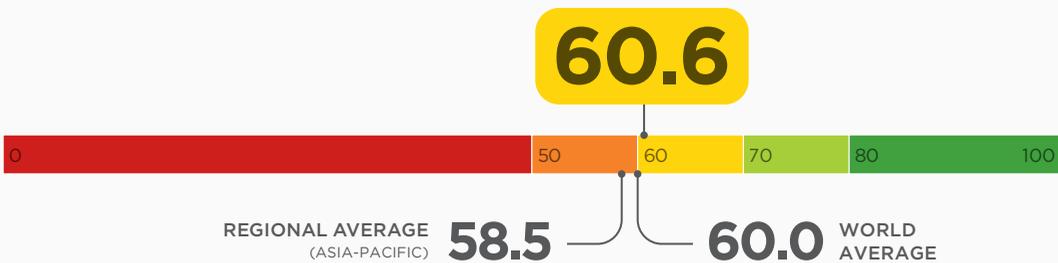
Vietnam's economic freedom score is 60.6, making its economy the 84th freest in the 2022 *Index*. Vietnam is ranked 18th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

In contrast to most of the world's other economies, Vietnam's economy has grown steadily throughout the past half-decade: strongly positive from 2017 through 2019, decelerating in 2020, and accelerating again in 2021. Economic freedom has generally expanded over the same five years. Led by a significant increase in its **fiscal health** score, Vietnam has recorded an impressive 8.2-point overall gain of economic freedom since 2017 and has climbed (albeit just barely) over the "Moderately Free" threshold. Business freedom and **trade freedom** are relatively strong, but the rule of law is generally weak.

IMPACT OF COVID-19: As of December 1, 2021, 5,161 deaths had been attributed to the pandemic in Vietnam, and the government's response to the crisis ranked 24th among the countries included in this *Index* in terms of its stringency. The economy grew by just 2.9 percent in 2020.



ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +18.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
97.3 million

GDP (PPP):
\$1.1 trillion
2.9% growth in 2020
5-year compound annual growth 6.1%
\$10,869 per capita

UNEMPLOYMENT:
2.3%

INFLATION (CPI):
3.2%

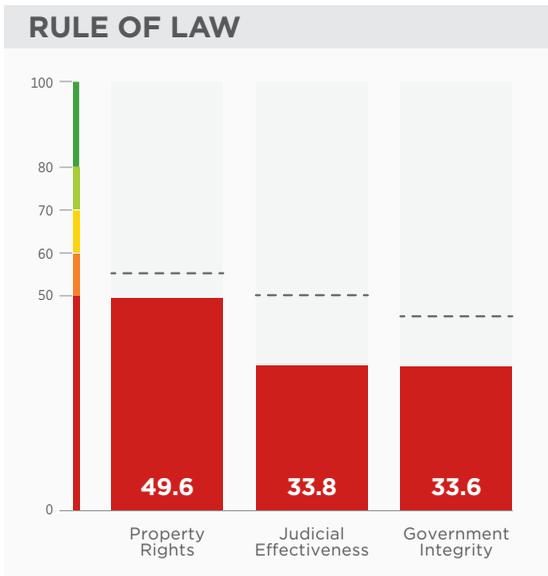
FDI INFLOW:
\$15.8 billion

PUBLIC DEBT:
46.6% of GDP

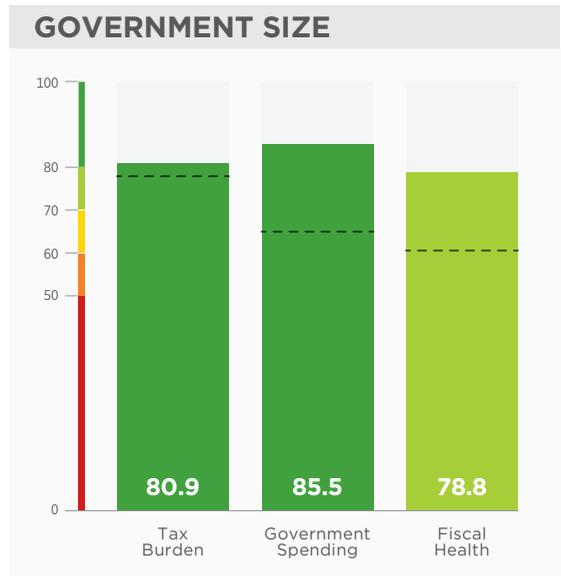
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The Socialist Republic of Vietnam remains a Communist dictatorship characterized by the repression of dissent and absence of civil liberties. Economic liberalization began in 1986 with *doi moi* reforms aimed at transitioning to a more industrial and market-based economy. Vietnam's economic growth, based on tourism and manufactured exports, was among the world's fastest under former Prime Minister Nguyen Tan Dung, and state-managed economic liberalization continued under Communist Party General Secretary and former President Nguyen Phu Trong, who handed over the presidency to Nguyen Xuan Phuc in 2021. Vietnam joined the World Trade Organization in 2007 and signed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership in 2018.

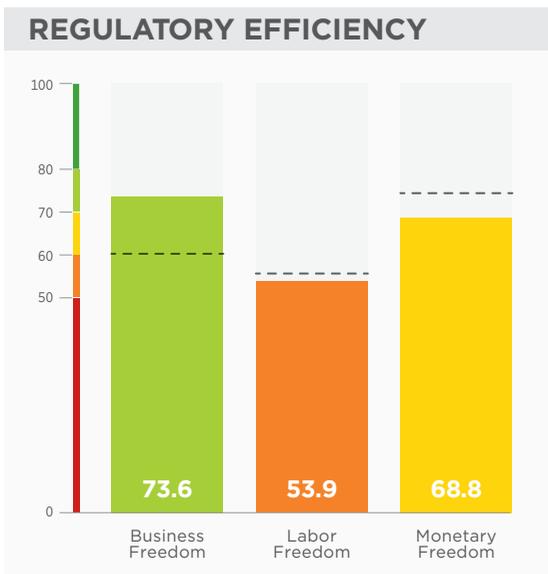
12 ECONOMIC FREEDOMS | VIETNAM



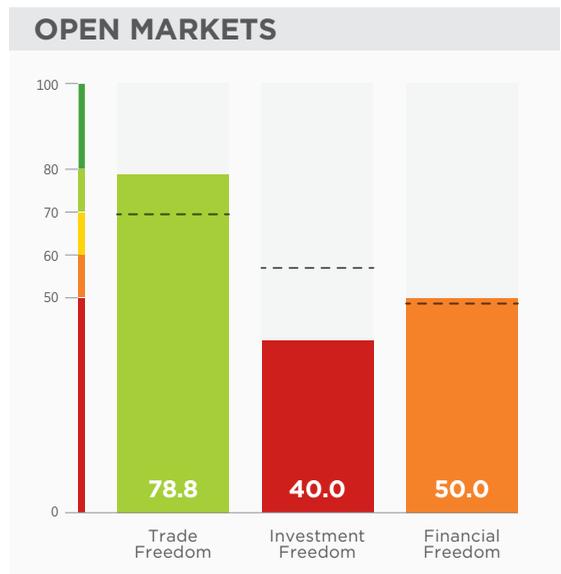
The state collectively owns and manages all land in Vietnam, although land-rights certificates have been issued for most of it. Nevertheless, land tenure is still a very contentious issue. Protection of property rights is still evolving, and enforcement is uneven. The underdeveloped and corrupt judiciary is completely subordinate to the Communist Party of Vietnam. Corruption remains a major problem throughout the government.



The top individual income tax rate is 35 percent, and the top corporate tax rate is 20 percent. Other taxes include value-added and property taxes. The overall tax burden equals 16.9 percent of total domestic income. Government spending has amounted to 22.0 percent of total output (GDP) over the past three years, and budget deficits have averaged 3.2 percent of GDP. Public debt is equivalent to 46.6 percent of GDP.

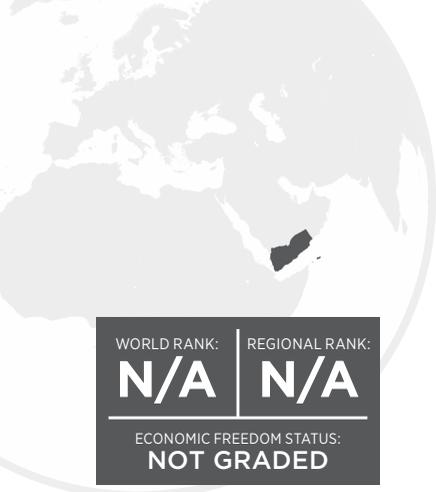


The manufacturing sector is strong, but a weak regulatory system and slow bureaucracy make for a less than dynamic business climate. A new Labor Code that went into effect in 2021 provides more contract flexibility, but labor practices are still restrictive. The government funds a variety of subsidies and administers prices for fuel, energy and water utilities, food, natural resources, and pharmaceuticals.



Vietnam has 15 preferential trade agreements in force. The trade-weighted average tariff rate is 5.6 percent, and 83 nontariff measures are in effect. The overall investment framework has been modernized and facilitates foreign investment, but it lacks efficiency. The financial sector continues to evolve, and directed lending by state-owned commercial banks has been scaled back in recent years.

YEMEN



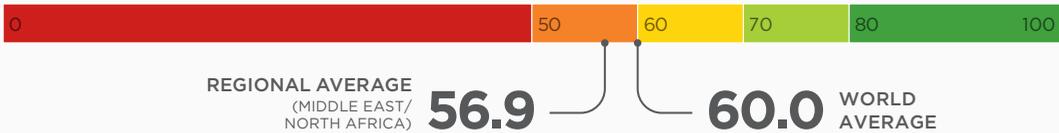
Numerical grading of Yemen's overall economic freedom was suspended in 2015, and the continuing lack of reliable economic statistics for the country has prevented the resumption of grading in the 2022 *Index*. Prospects for an end to Yemen's civil war and a peaceful rebuilding of its economy remain bleak.

The civil war has devastated the economy and destroyed critical infrastructure. Even before the current conflict, however, years of mismanagement and corruption and the depletion of oil and water resources had led to chronic poverty, underdevelopment, and minimal access to such basic services as electricity, water, and health care in much of the country. More than 70 percent of Yemenis are dependent on humanitarian assistance. The conflict has aggravated that situation, and significant international assistance will likely also be needed when the civil war ends.

IMPACT OF COVID-19: As of December 1, 2021, 1,950 deaths had been attributed to the pandemic in Yemen, and the government's response to the crisis ranked 167th among the countries included in this *Index* in terms of its stringency. The economy contracted by 5.0 percent in 2020.

ECONOMIC FREEDOM SCORE

N/A



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
29.8 million

GDP (PPP):
\$62.6 billion
-5.0% growth
in 2020
5-year compound
annual growth -3.3%
\$1,927 per capita

UNEMPLOYMENT:
13.4%

INFLATION (CPI):
26.2%

FDI INFLOW:
-\$371.0 million

PUBLIC DEBT:
83.2% of GDP

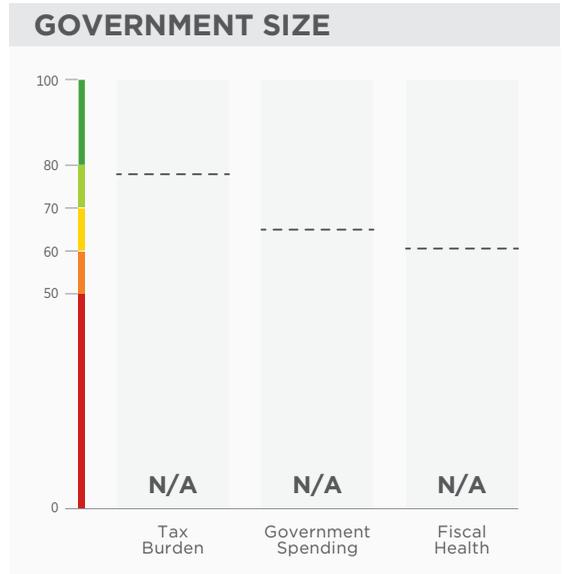
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Yemen, one of the poorest Arab countries, is highly dependent on declining revenues from its relatively small oil and gas reserves. Since 2014, a complex civil war has created a humanitarian crisis and has exacerbated economic problems, unemployment, and shortages of food, water, and medical resources. The Houthis, an Iran-backed Zaydi Shia revolutionary movement, ousted President Abed Rabbo Mansour Hadi's government in 2015. A military coalition led by Saudi Arabia attempted to restore Hadi to power, but the Houthis retained significant territorial gains. There are now two opposing governments: Hadi's, based in Aden, and the Houthis in Sanaa. Al-Qaeda in the Arabian Peninsula (AQAP) and the smaller Islamic State terrorist group have flourished in the resulting chaos. U.N.-brokered peace talks remain deadlocked.

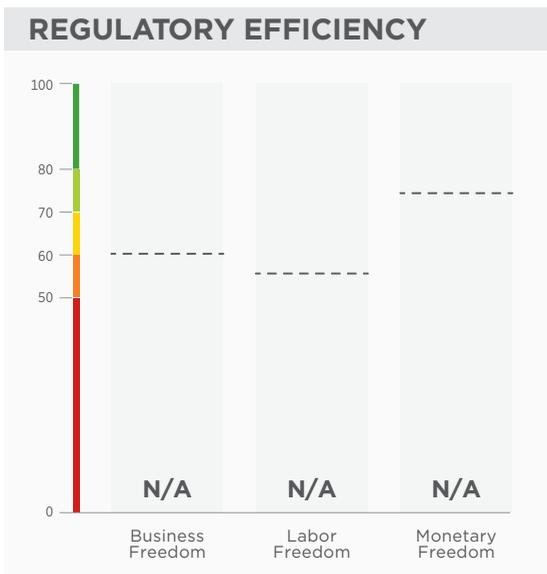
12 ECONOMIC FREEDOMS | YEMEN



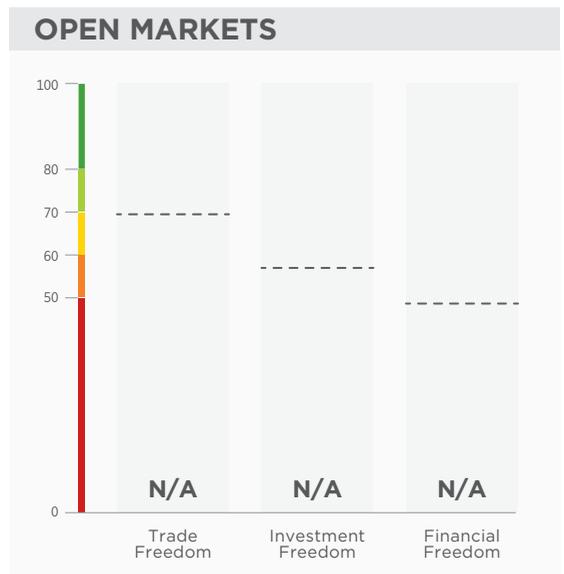
Protection of property rights has been severely disrupted by the civil war and unchecked corruption, as well as by the retreat of state authorities from large areas of Yemen and the division of the country into spheres of influence controlled by different armed groups. In areas under Houthi control, the judiciary is weak and hampered by corruption, political interference, and the lack of proper legal training.



The top individual income tax rate is 15 percent, and the top corporate tax rate is 20 percent. Political turmoil and civil conflict have severely damaged the overall fiscal situation, and the impact of the ongoing conflict's escalating cost is compounded by the collapse of oil and tax revenue. Economic policymaking has concentrated largely on marshalling limited fiscal resources to meet public salary payments and finance the conflict.



Almost all businesses have laid off sizable portions of their workforces since the war began. A functional labor market does not exist, and more than 80 percent of the population requires humanitarian aid. Continued central bank financing of the fiscal deficit and the resultant exchange rate depreciation, together with rising international food and fuel prices, help to further rapid inflation.



The civil war has severely degraded Yemen's capacity and infrastructure related to international trade and investment. The economy is largely cash-based. The limited financial system is dominated by the state, and the banking system is very fragile. Even before the current conflict, years of economic mismanagement and poor governance had led to chronic poverty and underdevelopment.

ZAMBIA

WORLD RANK: REGIONAL RANK:

154

36

ECONOMIC FREEDOM STATUS:

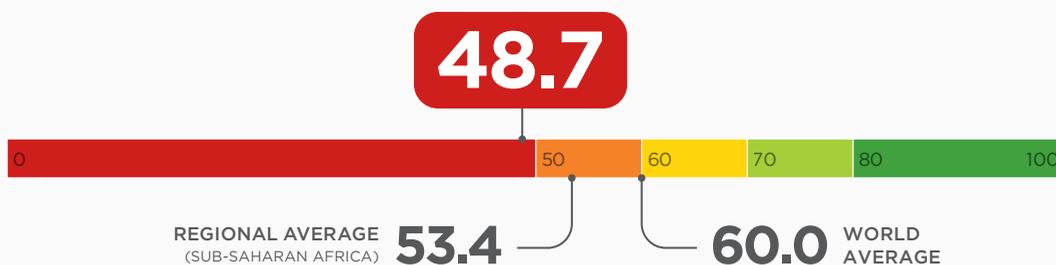
REPRESSED

Zambia's economic freedom score is 48.7, making its economy the 154th freest in the 2022 *Index*. Zambia is ranked 36th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

During the past half-decade, economic growth in Zambia accelerated slightly in 2017 and 2018, slowed in 2019, contracted in 2020, and then resumed in 2021. Unfortunately, a five-year trend of shrinking economic freedom has continued. Pulled down by lower scores for **property rights, fiscal health, business freedom, and trade freedom**, Zambia has recorded a 7.1-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Unfree" category to the "Repressed" category. Monetary freedom is somewhat promising, but many other aspects of economic freedom are well below global averages.

IMPACT OF COVID-19: As of December 1, 2021, 3,667 deaths had been attributed to the pandemic in Zambia, and the government's response to the crisis ranked 83rd among the countries included in this *Index* in terms of its stringency. The economy contracted by 3.5 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -6.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
18.4 million

GDP (PPP):
\$63.1 billion
-3.5% growth in 2020
5-year compound annual growth 1.9%
\$3,342 per capita

UNEMPLOYMENT:
12.2%

INFLATION (CPI):
16.4%

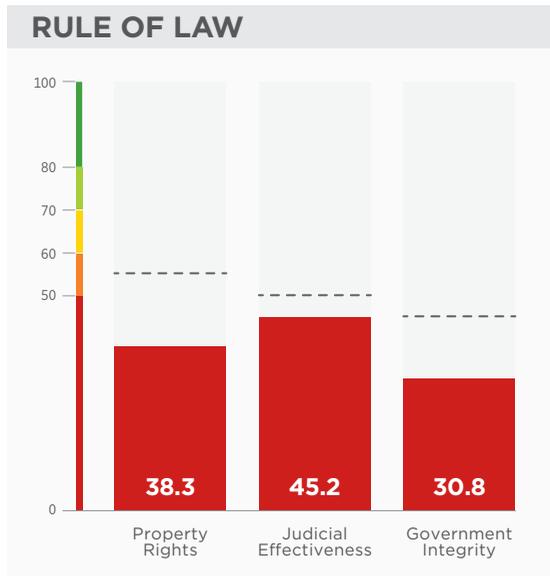
FDI INFLOW:
\$234.0 million

PUBLIC DEBT:
117.8% of GDP

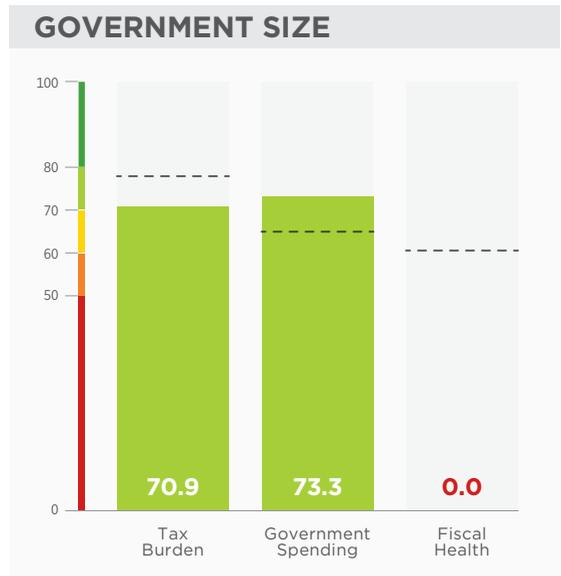
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Independent from the United Kingdom since 1964, Zambia traditionally has been one of southern Africa's most politically stable countries. Edgar Lungu of the Patriotic Front narrowly won a special presidential election in 2015 after his predecessor's death in office and was then elected to a full five-year term in 2016. Longtime opposition leader Hakainde Hichilema, who won the presidency in August 2021, inherits a country with an unsustainable debt that is larger than previously known. He also must deal with the repercussions of Zambia's Eurobond default in 2020. Zambia is Africa's second-largest producer of copper, and an uptick in world mineral prices would encourage higher output and boost export receipts. The incomes of approximately two-thirds of the population are below the poverty line.

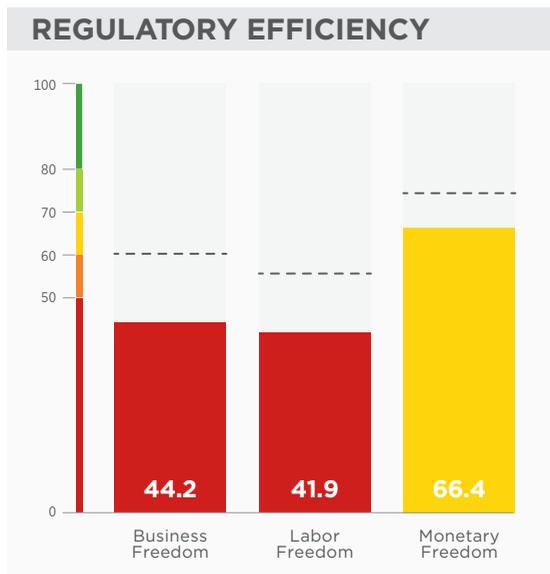
12 ECONOMIC FREEDOMS | ZAMBIA



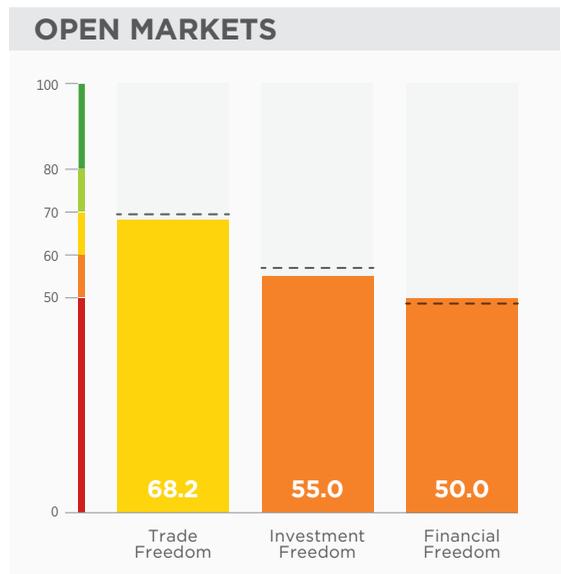
Property rights and the regulation of property are well defined in principle but face problems in implementation. Contractual and property rights are weak. About 70 percent of land is under traditional ownership. The judicial system is inefficient, poorly resourced, and politically influenced. Despite some progress in the past decade, widespread corruption, graft, and mismanagement continue to impede development and the functioning of government.



The top individual income tax rate is 37.5 percent, and the top corporate tax rate is 35 percent. Other taxes include value-added and property transfer taxes. The overall tax burden equals 16.7 percent of total domestic income. Government spending has amounted to 29.8 percent of total output (GDP) over the past three years, and budget deficits have averaged 10.7 percent of GDP. Public debt is equivalent to 117.8 percent of GDP.



Unreliable electricity and poor infrastructure increase business costs. Many government operations including contracting lack transparency. The vast majority of employed Zambians work informally or on short-term contracts because the law mandates extremely generous severance pay to formal workers. The government has increased agriculture subsidies and has not adjusted price controls for electricity or fuel despite higher global prices.



Zambia has two preferential trade agreements in force. The trade-weighted average tariff rate is 8.4 percent, and two formal nontariff measures are in effect. Other informal barriers further constrain the freedom to trade. Foreign investment is allowed in most sectors, but the investment regime is nontransparent and inefficient. The financial sector is dominated by banking. Access to financial services has been expanding gradually throughout the country.

ZIMBABWE

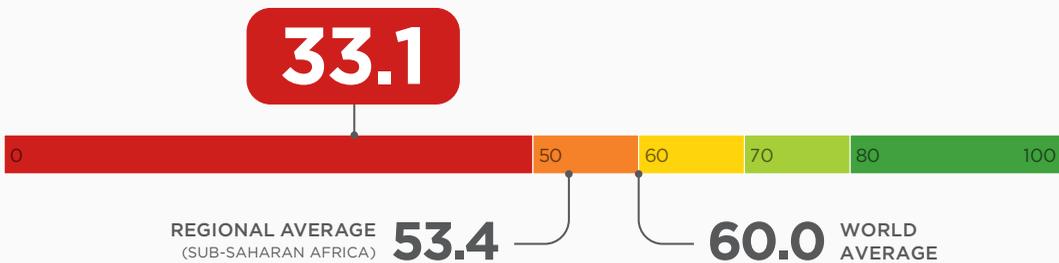
WORLD RANK: **173** | REGIONAL RANK: **46**
 ECONOMIC FREEDOM STATUS: **REPRESSED**

Zimbabwe's economic freedom score is 33.1, making its economy the 173rd freest in the 2022 *Index*. Zimbabwe is ranked 46th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, Zimbabwe's economic growth declined from 2017 through 2019, contracted in 2020, but saw an uptick in 2021. Economic freedom shrank further during the same half-decade. Driven lower by significant decreases in scores for **monetary freedom** and **trade freedom**, Zimbabwe has recorded a sharp 10.9-point overall loss of economic freedom since 2017 and has sunk lower in the "Repressed" category. The rule of law, regulatory efficiency, and open markets are weak, and the trade regime especially has worsened.

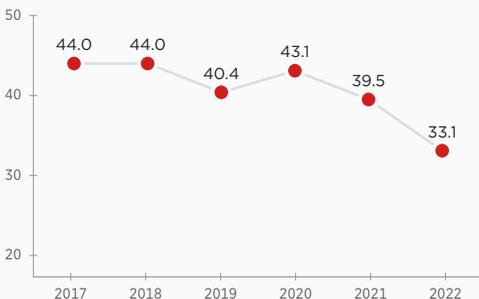
IMPACT OF COVID-19: As of December 1, 2021, 4,707 deaths had been attributed to the pandemic in Zimbabwe, and the government's response to the crisis ranked 62nd among the countries included in this *Index* in terms of its stringency. The economy contracted by 8.0 percent in 2020.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -15.4

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
14.9 million

GDP (PPP):
\$39.8 billion
-8.0% growth
in 2020
5-year compound
annual growth -1.3%
\$2,622 per capita

UNEMPLOYMENT:
5.7%

INFLATION (CPI):
557.2%

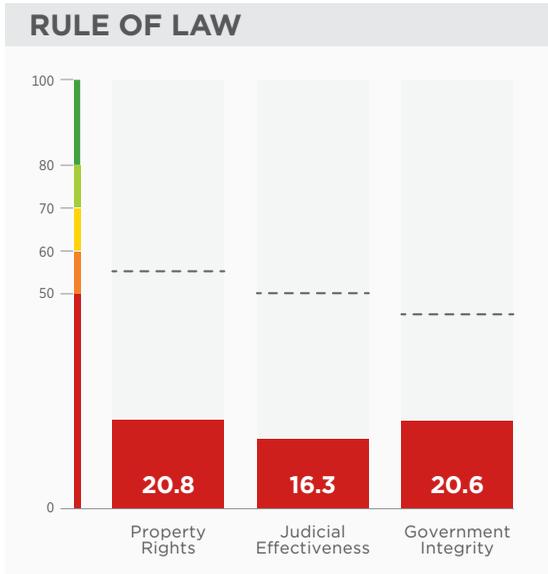
FDI INFLOW:
\$194.0 million

PUBLIC DEBT:
88.9% of GDP

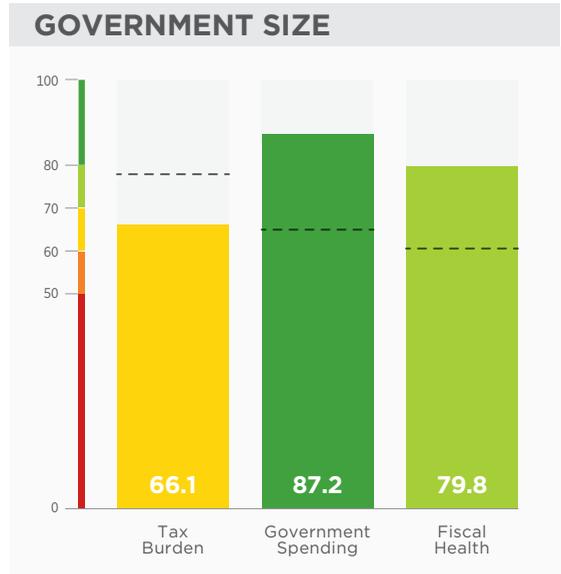
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The former British colony of Rhodesia became the fully independent Zimbabwe in 1980. A 2017 coup forced out the late longtime President Robert Mugabe of the Zimbabwe African National Union-Patriotic Front (ZANU-PF) and elevated former Vice President Emmerson Mnangagwa to the presidency. Following Mnangagwa's victory in a 2018 election that was marred by vote rigging and voter intimidation, security services cracked down on the opposition. The government frequently responds to periodic street protests against economic mismanagement and violations of human rights with violence and arbitrary detention. The economy is heavily dependent on mining and agriculture, but political instability and the country's protracted economic crisis have severely undermined Zimbabwe's economic potential.

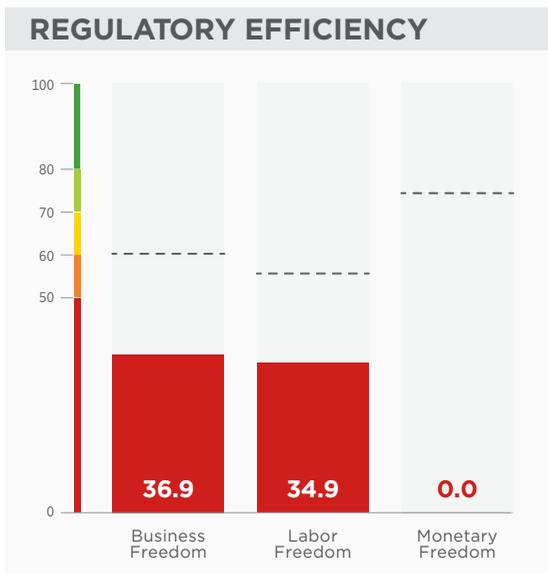
12 ECONOMIC FREEDOMS | ZIMBABWE



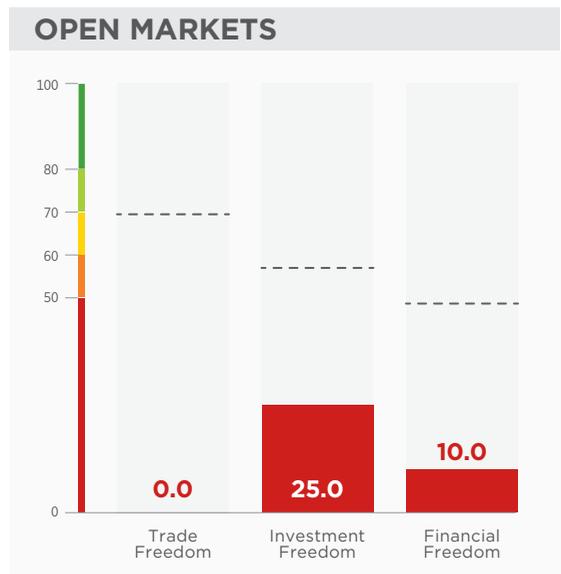
There is little protection of property rights. The protection of land rights is especially poor, and the nationalization of land in rural areas has left both commercial farmers and smallholders with limited security of tenure. The judiciary is generally impartial in nonpolitical cases, but the government interferes in politicized cases. Corruption remains endemic throughout government. Enforcement of anticorruption statutes often targets political opponents.



The top individual income tax rate is 51.5 percent, and the top corporate tax rate is 24 percent. Other taxes include value-added and capital gains taxes. The overall tax burden equals 12.6 percent of total domestic income. Government spending has amounted to 20.7 percent of total output (GDP) over the past three years, and budget deficits have averaged 1.7 percent of GDP. Public debt is equivalent to 88.9 percent of GDP.



Some progress has been made in reducing regulatory costs for businesses, but administrative delays and fees and weak institutions continue to be unresolved problems. Abusive forms of child labor are a subject of serious concern. Inflation remains out of control.



Zimbabwe has six preferential trade agreements in force. The trade-weighted average tariff rate is 67.7 percent, and seven formal nontariff measures are in effect. Trade flows remain low and severely constrained. Foreign investment in several sectors is capped. Government intervention has undermined the financial sector, and many banks lack liquidity. The state has used banks to finance deficit spending.

APPENDIX

INDEX OF ECONOMIC FREEDOM SCORES, 1995-2022

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Afghanistan	N/A	48.9	51.3	51.5	54.7	55.0	N/A																						
Albania	49.7	53.8	54.8	53.9	53.4	53.6	56.6	56.8	56.8	58.5	57.8	60.3	61.4	62.4	63.7	66.0	64.0	65.1	65.2	66.9	65.7	65.9	64.4	64.5	66.5	66.9	65.2	66.6	
Algeria	55.7	54.5	54.9	55.8	57.2	56.8	57.3	61.0	57.7	58.1	53.2	55.7	55.4	56.2	56.6	56.9	52.4	51.0	49.6	50.8	48.9	50.1	46.5	44.7	46.2	46.9	49.7	45.8	
Angola	27.4	24.4	24.2	24.9	23.7	24.3	N/A	N/A	N/A	N/A	N/A	45.5	44.7	46.9	47.0	48.4	46.2	46.7	47.3	47.7	47.9	48.9	48.5	48.6	50.6	52.2	54.2	52.6	
Argentina	68.0	74.7	73.3	70.9	70.6	70.0	68.6	65.7	56.3	53.9	51.7	53.4	54.0	54.2	52.3	51.2	51.7	48.0	46.7	44.6	44.1	43.8	50.4	52.3	52.2	53.1	52.7	50.1	
Armenia	N/A	42.2	46.7	49.6	56.4	63.0	66.4	68.0	67.3	70.3	69.8	70.6	68.6	69.9	69.9	69.2	69.7	68.8	69.4	68.9	67.1	67.0	70.3	68.7	67.7	70.6	71.9	65.3	
Australia	74.1	74.0	75.5	75.6	76.4	77.1	77.4	77.3	77.4	77.9	79.0	79.9	81.1	82.2	82.6	82.6	82.5	83.1	82.6	82.0	81.4	80.3	81.0	80.9	80.9	80.9	82.6	82.4	77.7
Austria	70.0	68.9	65.2	65.4	64.0	68.4	68.1	67.4	67.6	67.6	68.8	71.1	71.6	71.4	71.2	71.6	71.9	70.3	71.8	72.4	71.2	71.7	72.3	71.8	72.0	73.3	73.9	73.8	
Azerbaijan	N/A	30.0	34.0	43.1	47.4	49.8	50.3	53.3	54.1	53.4	54.4	53.2	54.6	55.3	58.0	58.8	59.7	58.9	59.7	61.3	61.0	60.2	63.6	64.3	65.4	69.3	70.1	61.6	
Bahamas	71.8	74.0	74.5	74.5	74.7	73.9	74.8	74.4	73.5	72.1	72.6	72.3	72.0	71.1	70.3	67.3	68.0	68.0	70.1	69.8	68.7	70.9	61.1	63.3	62.9	64.5	64.6	68.7	
Bahrain	76.2	76.4	76.1	75.6	75.2	75.7	75.9	75.6	76.3	75.1	71.2	71.6	71.2	72.2	74.8	76.3	77.7	75.2	75.5	75.1	73.4	74.3	68.5	67.7	66.4	66.3	69.9	62.0	
Bangladesh	40.9	51.1	49.9	52.0	50.0	48.9	51.2	51.9	49.3	50.0	47.5	52.9	46.7	44.2	47.5	51.1	53.0	53.2	52.6	54.1	53.9	53.3	55.0	55.1	55.6	56.4	56.5	52.7	
Barbados	N/A	62.3	64.5	67.9	66.7	69.5	71.5	73.6	71.3	69.4	70.1	71.9	70.0	71.3	71.5	68.3	68.5	69.0	69.3	68.3	67.9	68.3	54.5	57.0	64.7	61.4	65.0	71.3	
Belarus	40.4	38.7	39.8	38.0	35.4	41.3	38.0	39.0	39.7	43.1	46.7	47.5	47.0	45.3	45.0	48.7	47.9	49.0	48.0	50.1	49.8	48.8	58.6	58.1	57.9	61.7	61.0	53.0	
Belgium	N/A	66.0	64.6	64.7	62.9	63.5	63.8	67.6	68.1	68.7	69.0	71.8	72.5	71.7	72.1	70.1	70.2	69.0	69.2	69.9	68.8	68.4	67.8	67.5	67.3	68.9	70.1	69.6	
Belize	62.9	61.6	64.3	59.1	60.7	63.3	65.9	65.6	63.5	62.8	64.5	64.7	63.3	63.0	63.0	61.5	63.8	61.9	57.3	56.7	56.8	57.4	58.6	57.1	55.4	57.4	57.5	56.6	
Benin	N/A	54.5	61.3	61.7	60.6	61.5	60.1	57.3	54.9	54.6	52.3	54.0	55.1	55.2	55.4	55.4	56.0	55.7	57.6	57.1	58.8	59.3	59.2	56.7	55.3	55.2	59.6	61.0	
Bhutan	N/A	57.6	56.6	55.0	56.7	57.4	59.5	58.4	61.8	62.9	58.3	59.3																	
Bolivia	56.8	65.2	65.1	68.8	65.6	65.0	68.0	65.1	64.3	64.5	58.4	57.8	54.2	53.1	53.6	49.4	50.0	50.2	47.9	48.4	46.8	47.4	47.7	44.1	42.3	42.8	42.7	43.0	
Bosnia and Herzegovina	N/A	N/A	N/A	29.4	29.4	45.1	36.6	37.4	40.6	44.7	48.8	55.6	54.4	53.9	53.1	56.2	57.5	57.3	57.3	58.4	59.0	58.6	60.2	61.4	61.9	62.6	62.9	63.4	
Botswana	56.8	61.6	59.1	62.8	62.9	65.8	66.8	66.2	68.6	69.9	69.3	68.8	68.1	68.2	69.7	70.3	68.8	69.6	70.6	72.0	69.8	71.1	70.1	69.9	69.5	69.6	67.6	64.8	
Brazil	51.4	48.1	52.6	52.3	61.3	61.1	61.9	61.5	63.4	62.0	61.7	60.9	56.2	56.2	56.7	55.6	56.3	57.9	57.7	56.9	56.6	56.5	52.9	51.4	51.9	53.7	53.4	53.3	
Brunei Darussalam	N/A	69.0	68.9	67.3	69.8	64.2	65.1	66.6	66.6	64.8																			
Bulgaria	50.0	48.6	47.6	45.7	46.2	47.3	51.9	57.1	57.0	59.2	62.3	64.1	62.7	63.7	64.6	62.3	64.9	64.7	65.0	65.7	66.8	65.9	67.9	68.3	69.0	70.2	70.4	71.0	
Burkina Faso	N/A	49.4	54.0	54.5	55.0	55.7	56.7	58.8	58.9	58.0	56.6	55.8	55.1	55.7	59.5	59.4	60.6	60.6	59.9	58.9	58.6	59.1	59.6	60.0	59.4	56.7	56.5	58.3	
Burma	N/A	45.1	45.4	45.7	46.4	47.9	46.1	45.5	44.9	43.6	40.5	40.0	41.0	39.5	37.7	36.7	37.8	38.7	39.2	46.5	46.9	48.7	52.5	53.9	53.6	54.0	55.2	49.6	
Burundi	N/A	N/A	45.4	44.7	41.1	42.6	N/A	N/A	N/A	N/A	N/A	48.7	46.9	46.2	48.8	47.5	49.6	48.1	49.0	51.4	53.7	53.9	53.2	50.9	48.9	49.0	49.9	39.4	
Cabo Verde	N/A	49.7	47.7	48.0	50.7	51.9	56.3	57.6	56.1	58.1	57.8	58.6	56.5	57.9	61.3	61.8	64.6	63.5	63.7	66.1	66.4	66.5	56.9	60.0	63.1	63.6	63.8	66.7	
Cambodia	N/A	N/A	52.8	59.8	59.9	59.3	59.6	60.7	63.7	61.1	60.0	56.7	55.9	55.9	56.6	56.6	57.9	57.6	58.5	57.4	57.5	57.9	59.5	58.7	57.8	57.3	57.3	57.1	
Cameroon	51.3	45.7	44.6	48.0	50.3	49.9	53.3	52.8	52.7	52.3	53.0	54.6	55.6	54.3	55.0	52.3	51.8	51.8	52.3	52.6	51.9	54.2	51.8	51.9	52.4	53.6	53.4	52.9	

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Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		
Canada	69.4	70.3	67.9	68.5	69.3	70.5	71.2	74.6	74.8	75.3	75.8	77.4	78.0	80.2	80.5	80.4	80.8	79.9	79.4	80.2	79.1	78.0	78.5	77.7	77.7	78.2	77.9	76.6		
Central African Republic	N/A	59.8	60.0	57.5	56.5	54.2	50.6	48.6	48.3	48.4	49.3	50.3	50.4	46.7	45.9	45.2	51.8	49.2	49.1	50.7	48.8	45.7								
Chad	N/A	N/A	45.1	46.6	47.2	46.8	46.4	49.2	52.6	53.1	52.1	50.0	50.1	47.8	47.5	47.5	45.3	44.8	45.2	44.5	45.9	46.3	49.0	49.3	49.9	50.2	50.4	49.8		
Chile	71.2	72.6	75.9	74.9	74.1	74.7	75.1	77.8	76.0	76.9	77.8	78.0	77.7	78.6	78.3	77.2	77.4	78.3	79.0	78.7	78.5	77.7	76.5	75.2	75.4	76.8	75.2	74.4		
China	52.0	51.3	51.7	53.1	54.8	56.4	52.6	52.8	52.6	52.5	53.7	53.6	52.0	53.1	53.2	51.0	52.0	51.2	51.9	52.5	52.7	52.0	57.4	57.8	58.4	59.5	58.4	48.0		
Colombia	64.5	64.3	66.4	65.5	65.3	63.3	65.6	64.2	64.2	61.2	59.6	60.4	59.9	62.2	62.3	65.5	68.0	68.0	69.6	70.7	71.7	70.8	69.7	68.9	67.3	69.2	68.1	65.1		
Comoros	N/A	43.3	44.9	43.8	45.7	47.5	51.4	52.1	52.4	55.8	56.2	55.4	53.7	50.4																
Congo, Dem. Rep.	41.4	39.5	39.5	40.6	34.0	34.8	N/A	42.8	41.4	40.7	41.1	39.6	40.6	45.0	46.4	56.4	52.1	50.3	49.5	49.0	47.6									
Congo, Rep.	N/A	40.3	42.2	33.8	41.6	40.6	44.3	45.3	47.7	45.9	46.2	43.8	44.4	45.3	45.4	43.2	43.6	43.8	43.5	43.7	42.7	42.8	40.0	38.9	39.7	41.8	50.7	48.5		
Costa Rica	68.0	66.4	65.6	65.6	67.4	68.4	67.6	67.5	67.0	66.4	66.1	65.9	64.0	64.2	66.4	65.9	67.3	68.0	67.0	66.9	67.2	67.4	65.0	65.6	65.3	65.8	64.2	65.4		
Côte d'Ivoire	53.4	49.9	50.5	51.3	51.7	50.2	54.8	57.3	56.7	57.8	56.6	56.2	54.9	53.9	55.0	54.1	55.4	54.3	54.1	57.7	58.5	60.0	63.0	62.0	62.4	59.7	61.7	61.6		
Croatia	N/A	48.0	46.7	51.7	53.1	53.6	50.7	51.1	53.3	53.1	51.9	53.6	53.4	54.1	55.1	59.2	61.1	60.9	61.3	60.4	61.5	59.1	59.4	61.0	61.4	62.2	63.6	67.6		
Cuba	27.8	27.8	27.8	28.2	29.7	31.3	31.6	32.4	35.1	34.4	35.5	29.3	28.6	27.5	27.9	26.7	27.7	28.3	28.5	28.7	29.6	29.8	33.9	31.9	27.8	26.9	28.1	29.5		
Cyprus	N/A	67.7	67.9	68.2	67.8	67.2	71.0	73.0	73.3	74.1	71.9	71.8	71.7	71.3	70.8	70.9	73.3	71.8	69.0	67.6	67.9	68.7	67.9	68.7	67.8	68.1	70.1	71.4	72.9	
Czech Republic	67.8	68.1	68.8	68.4	69.7	68.6	70.2	66.5	67.5	67.0	64.6	66.4	67.4	68.1	69.4	69.8	70.4	69.9	70.9	72.2	72.5	73.2	73.3	74.2	73.7	74.8	73.8	74.4		
Denmark	N/A	67.3	67.5	67.5	68.1	68.3	68.3	71.1	73.2	72.4	75.3	75.4	77.0	79.2	79.6	77.9	78.6	76.2	76.1	76.1	76.3	75.3	75.1	76.6	76.7	78.3	77.8	78.0		
Djibouti	N/A	N/A	54.5	55.9	57.1	55.1	58.3	57.8	55.7	55.6	55.2	53.2	52.4	51.2	51.3	51.0	54.5	53.9	53.9	55.9	57.5	56.0	46.7	45.1	47.1	52.9	56.2	55.3		
Dominica	N/A	62.6	63.2	63.3	61.6	63.9	65.2	66.1	67.0	63.7	64.5	63.6	60.8	53.0	54.4															
Dominican Republic	55.8	58.1	53.5	58.1	58.1	59.0	59.1	58.6	57.8	54.6	55.1	56.3	56.8	57.7	59.2	60.3	60.0	60.2	59.7	61.3	61.0	61.0	62.9	61.6	61.0	60.9	62.1	63.0		
Ecuador	57.7	60.1	61.0	62.8	62.9	59.8	55.1	54.1	54.4	52.9	54.6	55.3	55.2	55.2	52.5	49.3	47.1	48.3	46.9	48.0	49.2	48.6	49.3	48.5	46.9	51.3	52.4	54.3		
Egypt	45.7	52.0	54.5	55.8	58.0	51.7	51.5	54.1	55.3	55.5	55.8	53.2	54.4	58.5	58.0	59.0	59.1	57.9	54.8	52.9	55.2	56.0	52.6	53.4	52.5	54.0	55.7	49.1		
El Salvador	69.1	70.1	70.5	70.2	75.1	76.3	73.0	73.0	71.5	71.2	71.5	69.6	68.9	68.5	69.8	69.9	68.8	68.7	66.7	66.2	65.7	65.1	64.1	63.2	61.8	61.6	61.0	59.6		
Equatorial Guinea	N/A	N/A	N/A	N/A	N/A	45.1	45.6	47.9	46.4	53.1	53.3	53.3	51.5	53.2	51.6	51.3	48.6	47.5	42.8	42.3	44.4	40.4	43.7	45.0	42.0	41.0	48.3	49.2	47.2	
Eritrea	N/A	38.5	35.3	36.7	36.2	36.3	38.5	38.9	42.7	42.2	41.7	38.9	38.5	42.3	39.7															
Estonia	65.2	65.4	69.1	72.5	73.8	69.9	76.1	77.6	77.7	77.4	75.2	74.9	78.0	77.9	76.4	74.7	75.2	73.2	75.3	75.9	76.8	77.2	79.1	78.8	76.6	77.7	78.2	80.0		
Eswatini	63.3	58.6	59.4	62.0	62.1	62.6	63.6	60.9	59.6	58.6	59.4	61.4	60.1	58.4	59.1	57.4	59.1	57.2	57.2	61.2	59.9	59.7	61.1	55.9	54.7	55.3	55.1	51.4		
Ethiopia	42.6	45.9	48.1	49.2	46.7	50.2	48.9	49.8	48.8	54.5	51.1	50.9	53.6	52.5	53.0	51.2	50.5	52.0	49.4	50.0	51.5	51.5	52.7	52.8	53.6	53.6	51.7	49.6		
Fiji	54.7	57.4	58.0	58.2	58.4	57.8	53.7	53.9	54.7	58.0	58.2	58.4	60.8	61.8	61.0	60.3	60.4	57.3	57.2	58.7	59.0	58.8	63.4	62.0	62.2	63.4	62.2	56.4		

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Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Finland	N/A	63.7	65.2	63.5	63.9	64.3	69.7	73.6	73.7	73.4	71.0	72.9	74.0	74.6	74.5	73.8	74.0	72.3	74.0	73.4	73.4	72.6	74.0	74.1	74.9	75.7	76.1	78.3	
France	64.4	63.7	59.1	58.9	59.1	57.4	58.0	58.0	59.2	60.9	60.5	61.1	62.1	64.7	63.3	64.2	64.6	63.2	64.1	63.5	62.5	62.3	63.3	63.9	63.8	66.0	65.7	65.9	
Gabon	57.5	55.7	58.8	59.2	60.5	58.2	55.0	58.0	58.7	57.1	54.8	56.1	54.8	54.2	55.0	55.4	56.7	56.4	57.8	57.8	58.3	59.0	58.6	58.0	56.3	56.7	58.1	55.8	
Gambia	N/A	N/A	52.9	53.4	52.1	52.7	56.6	57.7	56.3	55.3	56.5	57.3	57.7	56.9	55.8	55.1	57.4	58.8	58.8	59.5	57.5	57.1	53.4	52.3	52.4	56.3	58.8	58.0	
Georgia	N/A	44.1	46.5	47.9	52.5	54.3	58.3	56.7	58.6	58.9	57.1	64.5	69.3	69.2	69.8	70.4	70.4	69.4	72.2	72.6	73.0	72.6	76.0	76.2	75.9	77.1	71.2	71.8	
Germany	69.8	69.1	67.5	64.3	65.6	65.7	69.5	70.4	69.7	69.5	68.1	70.8	70.8	70.6	70.5	71.1	71.8	71.0	72.8	73.4	73.8	74.4	73.8	74.2	73.5	73.5	72.5	76.1	
Ghana	55.6	57.7	56.7	57.0	57.9	58.1	58.0	57.2	58.2	59.1	56.5	55.6	57.6	57.0	58.1	60.2	59.4	60.7	61.3	64.2	63.0	63.5	56.2	56.0	57.5	59.4	59.2	59.8	
Greece	61.2	60.5	59.6	60.6	61.0	61.0	63.4	59.1	58.8	59.1	59.0	60.1	58.7	60.6	60.8	62.7	60.3	55.4	55.4	55.7	54.0	53.2	55.0	57.3	57.7	59.9	60.9	61.5	
Guatemala	62.0	63.7	65.7	65.8	66.2	64.3	65.1	62.3	62.3	59.6	59.5	59.1	60.5	59.8	59.4	61.0	61.9	60.9	60.0	61.2	60.4	61.8	63.0	63.4	62.6	64.0	64.0	63.2	
Guinea	59.4	58.5	52.9	61.0	59.4	58.2	58.4	52.9	54.6	56.1	57.4	52.8	54.5	52.8	51.0	51.8	51.7	50.8	51.2	53.5	52.1	53.3	47.6	52.2	55.7	56.5	56.5	54.2	
Guinea-Bissau	N/A	N/A	N/A	N/A	33.5	34.7	42.5	42.3	43.1	42.6	46.0	46.5	46.1	44.4	45.4	43.6	46.5	50.1	51.1	51.3	52.0	51.8	56.1	56.9	54.0	53.3	54.9	46.0	
Guyana	45.7	50.1	53.2	52.7	53.3	52.4	53.3	54.3	50.3	53.0	56.5	56.6	53.7	48.8	48.4	48.4	49.4	51.3	53.8	55.7	55.5	55.4	58.5	58.7	56.8	56.2	57.4	59.5	
Haiti	43.0	41.0	45.8	45.7	45.9	45.7	47.1	47.9	50.6	51.2	48.4	49.2	51.4	49.0	50.5	50.8	52.1	50.7	48.1	48.9	51.3	49.6	55.8	52.7	55.8	52.7	52.3	50.8	50.0
Honduras	57.0	56.6	56.0	56.2	56.7	57.6	57.0	58.7	60.4	55.3	55.3	57.4	59.1	58.9	58.7	58.3	58.6	58.8	58.4	57.1	57.4	57.7	58.8	60.6	60.2	61.1	59.8	59.5	
Hong Kong	88.6	90.5	88.6	88.0	88.5	89.5	89.9	89.4	89.8	90.0	89.5	88.6	89.9	89.7	90.0	89.7	89.7	89.9	89.3	90.1	89.6	88.6	88.6	89.8	90.2	90.2	89.1	N/A	N/A
Hungary	55.2	56.8	55.3	56.9	59.6	64.4	65.6	64.5	63.0	62.7	63.5	65.0	64.8	67.6	66.8	66.1	66.6	67.1	67.3	67.0	66.8	66.0	65.8	66.7	65.0	66.4	67.2	66.9	
Iceland	N/A	N/A	70.5	71.2	71.4	74.0	73.4	73.1	73.5	72.1	76.6	75.8	76.0	75.8	75.9	73.7	68.2	70.9	72.1	72.4	72.0	73.3	74.4	77.0	77.1	77.1	77.4	77.0	
India	45.1	47.4	49.7	49.7	50.2	47.4	49.0	51.2	51.2	51.5	54.2	52.2	53.9	54.1	54.4	53.8	54.6	54.6	55.2	55.7	54.6	56.2	52.6	54.5	55.2	56.5	56.5	53.9	
Indonesia	54.9	61.0	62.0	63.4	61.5	55.2	52.5	54.8	55.8	52.1	52.9	51.9	53.2	53.2	53.4	55.5	56.0	56.4	56.9	58.5	58.1	59.4	61.9	64.2	65.8	67.2	66.9	64.4	
Iran	N/A	36.1	34.5	36.0	36.8	36.1	35.9	36.4	43.2	42.8	50.5	45.0	45.0	45.0	44.6	43.4	42.1	42.3	43.2	40.3	41.8	43.5	50.5	50.9	51.1	49.2	47.2	42.4	
Iraq	N/A	17.2	17.2	17.2	17.2	17.2	17.2	15.6	N/A																				
Ireland	68.5	68.5	72.6	73.7	74.6	76.1	81.2	80.5	80.9	80.3	80.8	82.2	82.6	82.5	82.2	81.3	78.7	76.9	75.7	76.2	76.6	77.3	76.7	80.4	80.5	80.9	81.4	82.0	
Israel	61.5	62.0	62.7	68.0	68.3	65.5	66.1	66.9	62.7	61.4	62.6	64.4	64.8	66.3	67.6	67.7	68.5	67.8	66.9	68.4	70.5	70.7	69.7	72.2	72.8	74.0	73.8	68.0	
Italy	61.2	60.8	58.1	59.1	61.6	61.9	63.0	63.6	64.3	64.2	64.9	62.0	62.8	62.6	61.4	62.7	60.3	58.8	60.6	60.9	61.7	61.2	62.5	62.5	62.2	63.8	64.9	63.4	
Jamaica	64.4	66.7	67.7	67.1	64.7	65.5	63.7	61.7	67.0	66.7	67.0	66.4	65.5	65.7	65.2	65.5	65.7	65.1	66.8	66.7	67.7	67.5	69.5	69.1	68.6	68.5	69.0	67.4	
Japan	75.0	72.6	70.3	70.2	69.1	70.7	70.9	66.7	67.6	64.3	67.3	73.3	72.7	73.0	72.8	72.9	72.8	71.6	71.8	72.4	73.3	73.1	69.6	72.3	72.1	73.3	74.1	69.9	
Jordan	62.7	60.8	63.6	66.8	67.4	67.5	68.3	66.2	65.3	66.1	66.7	63.7	64.5	64.1	65.4	66.1	68.9	69.9	70.4	69.2	69.3	68.3	66.7	64.9	66.5	66.0	64.6	60.1	
Kazakhstan	N/A	N/A	N/A	41.7	47.3	50.4	51.8	52.4	52.3	49.7	53.9	60.2	59.6	61.1	60.1	61.0	62.1	63.6	63.0	63.7	63.3	63.6	69.0	69.1	65.4	69.6	71.1	64.4	
Kenya	54.5	56.4	60.1	58.4	58.2	59.7	57.6	58.2	58.6	57.7	57.9	59.7	59.6	59.3	58.7	57.5	57.4	57.5	55.9	57.1	55.6	57.5	53.5	54.7	55.1	55.3	54.9	52.6	
Kiribati	N/A	45.7	43.7	44.8	46.9	45.9	46.3	46.4	46.2	50.9	50.8	47.3	45.2	44.4	59.2														
Korea, North	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.0	4.0	3.0	3.0	2.0	1.0	1.0	1.0	1.0	1.5	1.0	1.3	2.3	4.9	5.8	5.9	4.2	5.2	3.0

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Korea, South	72.0	73.0	69.8	73.3	69.7	69.1	69.5	68.3	67.8	66.4	67.5	67.8	68.6	68.1	69.9	69.8	69.9	70.3	71.2	71.5	71.7	74.3	73.8	72.3	74.0	74.0	74.0	74.6	
Kosovo	N/A	61.4	67.9	66.6	67.0	67.4	66.5	60.1																					
Kuwait	N/A	66.1	64.8	66.3	69.5	69.7	68.2	65.4	66.7	63.6	64.6	66.5	66.4	68.1	65.6	67.7	64.9	62.5	63.1	62.3	62.5	62.7	65.1	62.2	60.8	63.2	64.1	58.3	
Kyrgyz Republic	N/A	N/A	N/A	51.8	54.8	55.7	53.7	51.7	56.8	58.0	56.6	61.0	60.2	61.1	61.8	61.3	61.1	60.2	59.6	61.1	61.3	59.6	61.1	62.8	62.3	62.9	63.7	55.8	
Laos	N/A	38.5	35.1	35.2	35.2	36.8	33.5	36.8	41.0	42.0	44.4	47.5	50.3	50.3	50.4	51.1	51.3	50.0	50.1	51.2	51.4	49.8	54.0	53.6	57.4	55.5	53.9	49.2	
Latvia	N/A	55.0	62.4	63.4	64.2	63.4	66.4	65.0	66.0	67.4	66.3	66.9	67.9	68.3	66.6	66.2	65.8	65.2	66.5	68.7	69.7	70.4	74.8	73.6	70.4	71.9	72.3	74.8	
Lebanon	N/A	63.2	63.9	59.0	59.1	56.1	61.0	57.1	56.7	56.9	57.2	57.5	60.4	60.0	58.1	59.5	60.1	60.1	59.5	59.4	59.3	59.5	53.3	53.2	51.1	51.7	51.4	47.3	
Lesotho	N/A	47.0	47.2	48.4	48.2	48.4	50.6	48.9	52.0	50.3	53.9	54.7	53.2	52.1	49.7	48.1	47.5	46.6	47.9	49.5	49.6	50.6	53.9	53.9	53.1	54.5	53.5	48.1	
Liberia	N/A	47.9																											
Libya	N/A	31.7	28.9	32.0	32.3	34.7	34.0	35.4	34.6	31.5	32.8	33.2	37.0	38.7	43.5	40.2	38.6	35.9	N/A										
Liechtenstein	N/A																												
Lithuania	N/A	49.7	57.3	59.4	61.5	61.9	65.5	66.1	69.7	72.4	70.5	71.8	71.5	70.9	70.0	70.3	71.3	71.5	72.1	73.0	74.7	75.2	75.8	75.3	74.2	76.7	76.9	75.8	
Luxembourg	N/A	72.5	72.8	72.7	72.4	76.4	80.1	79.4	79.9	78.9	76.3	75.3	74.6	74.7	75.2	75.4	76.2	74.5	74.2	74.2	73.2	73.9	75.9	76.4	75.9	75.8	76.0	80.6	
Macau	N/A	72.0	72.5	73.1	71.8	71.7	71.3	70.3	70.1	70.7	70.9	71.0	70.3	N/A	N/A														
Madagascar	51.6	52.2	53.8	51.8	52.8	54.4	53.9	56.8	62.8	60.9	63.1	61.0	61.1	62.4	62.2	63.2	61.2	62.4	62.0	61.7	61.7	61.1	57.4	56.8	56.6	60.5	57.7	58.9	
Malawi	54.7	56.2	53.4	54.1	54.0	57.4	56.2	56.9	53.2	53.6	53.6	55.4	52.9	52.7	53.7	54.1	55.8	56.4	55.3	55.4	54.8	51.8	52.2	52.0	51.4	52.8	53.0		
Malaysia	71.9	69.9	66.8	68.2	68.9	66.0	60.2	60.1	61.1	59.9	61.9	61.6	63.8	63.9	64.6	64.8	66.3	66.4	66.1	69.6	70.8	71.5	73.8	74.5	74.0	74.7	74.4	68.1	
Maldives	N/A	51.3	49.0	48.3	49.2	49.0	51.0	53.4	53.9	50.3	51.1	53.2	56.5	55.2	47.3														
Mali	52.4	57.0	56.4	57.3	58.4	60.3	60.1	61.1	58.6	56.6	57.3	54.1	54.7	55.6	55.6	55.6	56.3	55.8	56.4	55.5	56.4	56.5	58.6	57.6	58.1	55.9	55.6	55.9	
Malta	56.3	55.8	57.9	61.2	59.3	58.3	62.9	62.2	61.1	63.3	68.9	67.3	66.1	66.0	66.1	67.2	65.7	67.0	67.5	66.4	66.5	66.7	67.7	68.5	68.6	69.5	70.2	71.5	
Mauritania	N/A	45.5	47.0	43.7	42.8	46.0	48.5	52.5	59.0	61.8	59.4	55.7	53.6	55.2	53.9	52.0	52.1	53.0	52.3	53.2	53.3	54.8	54.4	54.0	55.7	55.3	56.1	55.3	
Mauritius	N/A	N/A	N/A	N/A	N/A	68.5	67.2	66.4	67.7	64.4	64.3	67.2	67.4	69.4	72.6	74.3	76.3	76.2	77.0	76.9	76.5	76.4	74.7	74.7	75.1	73.0	74.9	77.0	70.9
Mexico	63.1	61.2	57.1	57.9	58.5	59.3	60.6	63.0	65.3	66.0	65.2	64.7	66.0	66.2	65.8	68.3	67.8	65.3	67.0	66.8	66.4	65.2	63.6	64.8	64.7	66.0	65.5	63.7	
Micronesia	N/A	51.7	50.6	50.3	50.7	50.1	49.8	49.6	51.8	54.1	52.3	51.9	52.0	50.4	61.0														
Moldova	33.0	52.5	48.9	53.5	56.1	59.6	54.9	57.4	60.0	57.1	57.4	58.0	58.7	57.9	54.9	53.7	55.7	54.4	55.5	57.3	57.5	57.4	58.0	58.4	59.1	62.0	62.5	61.3	
Mongolia	47.8	47.4	52.9	57.3	58.6	58.5	56.0	56.7	57.7	56.5	59.7	62.4	60.3	63.6	62.8	60.0	59.5	61.5	61.7	58.9	59.2	59.4	54.8	55.7	55.4	55.9	62.4	63.9	
Montenegro	N/A	58.2	63.6	62.5	62.6	63.6	64.7	64.9	62.0	64.3	60.5	61.5	63.4	57.8															
Morocco	62.8	64.3	64.7	61.1	63.8	63.2	63.9	59.0	57.8	56.7	52.2	51.5	56.4	55.6	57.7	59.2	59.6	60.2	59.6	58.3	60.1	61.3	61.5	61.9	62.9	63.3	63.3	59.2	
Mozambique	45.5	48.4	44.0	43.0	48.9	52.2	59.2	57.7	58.6	57.2	54.6	51.9	54.7	55.4	55.7	56.0	56.8	57.1	55.0	55.0	54.8	53.2	49.9	46.3	48.6	50.5	51.6	51.3	
Namibia	N/A	N/A	61.6	66.1	66.1	66.7	64.8	65.1	67.3	62.4	61.4	60.7	63.5	61.4	62.4	62.2	62.7	61.9	60.3	59.4	59.6	61.9	62.5	58.5	58.7	60.9	62.6	59.2	
Nepal	N/A	50.3	53.6	53.5	53.1	51.3	51.6	52.3	51.5	51.2	51.4	53.7	54.4	54.1	53.2	52.7	50.1	50.2	50.4	50.1	51.3	50.9	55.1	54.1	53.8	54.2	50.7	49.7	

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Netherlands	N/A	69.7	70.4	69.2	70.2	70.4	73.0	75.1	74.6	74.5	72.9	75.4	75.5	77.4	77.0	75.0	74.7	73.3	73.5	74.2	73.7	74.6	75.8	76.2	76.8	77.0	76.8	79.5	
New Zealand	N/A	78.1	79.0	79.2	81.7	80.9	81.1	80.7	81.1	81.5	82.3	82.0	81.4	80.7	82.0	82.1	82.3	82.1	81.4	81.2	82.1	81.6	83.7	84.2	84.4	84.1	83.9	80.6	
Nicaragua	42.5	54.1	53.3	53.8	54.0	56.9	58.0	61.1	62.6	61.4	62.5	65.8	62.7	60.8	59.8	58.3	58.8	57.9	56.6	58.4	57.6	58.6	59.2	58.9	57.7	57.2	56.3	54.8	
Niger	N/A	45.8	46.6	47.5	48.6	45.9	48.9	48.2	54.2	54.6	54.1	52.5	53.2	52.9	53.8	52.9	54.3	54.3	53.9	55.1	54.6	54.3	50.8	49.5	51.6	54.7	57.3	54.9	
Nigeria	47.3	47.4	52.8	52.3	55.7	53.1	49.6	50.9	49.5	49.2	48.4	48.7	55.6	55.1	55.1	56.8	56.7	56.3	55.1	54.3	55.6	57.5	57.1	58.5	57.3	57.2	58.7	54.4	
North Macedonia	N/A	58.0	60.1	56.8	56.1	59.2	60.6	61.1	61.2	65.7	66.0	68.5	68.2	68.6	67.1	67.5	70.7	71.3	71.1	69.5	68.6	65.7							
Norway	N/A	65.4	65.1	68.0	68.6	70.1	67.1	67.4	67.2	66.2	64.5	67.9	67.9	68.6	70.2	69.4	70.3	68.8	70.5	70.9	71.8	70.8	74.0	74.3	73.0	73.4	73.4	76.9	
Oman	70.2	65.4	64.5	64.9	64.9	64.1	67.7	64.0	64.6	66.9	66.5	63.7	65.8	67.3	67.0	67.7	69.8	67.9	68.1	67.4	66.7	67.1	62.1	61.0	61.0	65.6	64.6	56.6	
Pakistan	57.6	58.4	56.0	53.2	53.0	56.4	56.0	55.8	55.0	54.9	53.3	57.9	57.2	55.6	57.0	55.2	55.1	54.7	55.1	55.2	55.6	55.9	52.8	54.4	55.0	54.8	51.7	48.8	
Panama	71.6	71.8	72.4	72.6	72.6	71.6	70.6	68.5	68.4	65.3	64.3	65.6	64.6	64.7	64.7	64.8	64.9	65.2	62.5	63.4	64.1	64.8	66.3	67.0	67.2	67.2	66.2	65.4	
Papua New Guinea	N/A	58.6	56.7	55.2	56.3	55.8	57.2	N/A	54.8	53.5	52.6	53.8	53.6	53.9	53.1	53.2	50.9	55.7	58.4	58.9	54.6								
Paraguay	65.9	67.1	67.3	65.2	63.7	64.0	60.3	59.6	58.2	56.7	53.4	55.6	58.3	60.0	61.0	61.3	62.3	61.8	61.1	62.0	61.1	61.5	62.4	62.1	61.8	63.0	62.6	62.9	
Peru	56.9	62.5	63.8	65.0	69.2	68.7	69.6	64.8	64.6	64.7	61.3	60.5	62.7	63.8	64.6	67.6	68.6	68.7	68.2	67.4	67.7	67.4	68.9	68.7	67.8	67.9	67.7	66.5	
Philippines	55.0	60.2	62.2	62.8	61.9	62.5	60.9	60.7	61.3	59.1	54.7	56.3	56.0	56.8	56.8	60.3	60.3	63.2	64.1	64.2	66.0	67.0	68.6	69.3	68.5	67.8	69.1	68.7	
Poland	50.7	57.8	56.8	59.2	59.6	60.0	61.8	65.0	61.8	58.7	59.6	59.3	58.1	60.3	60.3	63.2	64.1	64.2	66.0	67.0	68.6	69.3	68.3	68.5	67.8	69.1	69.7	68.7	
Portugal	62.4	64.5	63.6	65.0	65.6	65.5	66.0	65.4	64.9	64.9	62.4	62.9	64.0	63.9	64.9	64.4	64.0	63.0	63.1	63.5	65.3	65.1	62.6	63.4	65.3	67.0	67.5	70.8	
Qatar	N/A	N/A	N/A	N/A	62.0	62.0	60.0	61.9	65.9	66.5	63.5	62.4	62.9	62.2	63.8	69.0	70.5	71.3	71.3	71.2	70.8	70.7	73.1	72.6	72.6	72.3	72.0	67.7	
Romania	42.9	46.2	50.8	54.4	50.1	52.1	50.0	48.7	50.6	50.0	52.1	58.2	61.2	61.7	63.2	64.2	64.7	64.4	65.1	65.5	66.6	65.6	69.7	69.4	68.6	69.7	69.5	67.1	
Russia	51.1	51.6	48.6	52.8	54.5	51.8	49.8	48.7	50.8	52.8	51.3	52.4	52.2	49.8	50.8	50.3	50.5	50.5	51.1	51.9	52.1	50.6	57.1	58.2	58.9	61.0	61.5	56.1	
Rwanda	N/A	N/A	38.3	39.1	39.8	42.3	45.4	50.4	47.8	53.3	51.7	52.8	52.4	54.2	54.2	59.1	62.7	64.9	64.1	64.7	64.8	63.1	67.6	69.1	71.1	70.9	68.3	57.1	
Saint Lucia	N/A	68.8	70.5	70.8	71.3	70.4	70.7	70.2	70.0	65.0	67.6	68.7	68.2	67.5	64.3														
Saint Vincent and the Grenadines	N/A	64.3	66.9	66.5	66.7	67.0	68.0	68.8	65.2	67.7	65.8	66.8	66.3	65.7															
Samoa	N/A	47.6	51.5	49.9	58.7	60.8	63.1	N/A	59.5	60.4	60.6	60.5	57.1	61.1	61.9	63.5	58.4	61.5	62.2	62.1	61.9	68.3							
São Tomé and Príncipe	N/A	43.8	48.8	49.5	50.2	48.0	48.8	53.3	56.7	55.4	53.6	54.0	56.2	55.9	60.3														
Saudi Arabia	N/A	68.3	68.7	69.3	65.5	66.5	62.2	65.3	63.2	60.4	63.0	63.0	60.9	62.5	64.3	64.1	66.2	62.5	60.6	62.2	62.1	62.1	64.4	59.6	60.7	62.4	66.0	55.5	
Senegal	N/A	58.2	58.1	59.7	60.6	58.9	58.7	58.6	58.1	58.9	57.9	56.2	58.1	58.3	56.3	54.6	55.7	55.4	55.5	55.4	57.8	58.1	55.9	55.7	56.3	58.0	58.0	60.0	
Serbia	N/A	46.6	43.5	N/A	N/A	N/A	N/A	N/A	N/A	56.6	56.9	58.0	58.6	59.4	60.0	62.1	58.9	62.5	63.9	66.0	67.2	65.2							
Seychelles	N/A	47.8	47.9	51.2	53.0	54.9	56.2	57.5	62.2	61.8	61.6	61.4	64.3	66.3	61.1														
Sierra Leone	49.8	52.3	45.0	47.7	47.2	44.2	N/A	N/A	42.2	43.6	44.8	45.2	47.0	48.3	47.8	47.9	49.6	49.1	48.3	50.5	51.7	52.3	52.6	51.8	47.5	48.0	51.7	52.0	

INDEX OF ECONOMIC FREEDOM SCORES, 1995-2022

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Singapore	86.3	86.5	87.3	87.0	86.9	87.7	87.8	87.4	88.2	88.9	88.6	88.0	87.1	87.3	87.1	86.1	87.2	87.5	88.0	89.4	89.4	87.8	88.6	88.8	89.4	89.4	89.4	89.7	84.4
Slovakia	60.4	57.6	55.5	57.5	54.2	55.8	58.5	59.8	59.0	64.6	66.8	69.8	69.6	70.0	69.4	69.7	69.5	67.0	68.7	66.4	67.2	66.6	65.7	65.3	65.0	66.8	66.3	69.7	
Slovenia	N/A	50.4	55.6	60.7	61.3	58.3	61.8	57.8	57.7	59.2	59.6	61.9	59.6	60.2	62.9	64.7	64.6	62.9	61.7	62.7	60.3	60.6	59.2	64.8	65.5	67.8	68.3	70.5	
Solomon Islands	N/A	46.0	42.9	45.9	46.2	45.0	46.2	47.0	47.0	55.0	57.5	54.6	52.9	56.5															
Somalia	N/A	25.6	25.6	27.8	27.8	27.8	N/A																						
South Africa	60.7	62.5	63.2	64.3	65.3	63.7	63.8	64.0	67.1	66.3	62.9	63.7	63.5	63.4	63.8	62.8	62.7	62.7	61.8	62.5	62.6	61.9	62.3	63.0	58.3	58.8	59.7	56.2	
Spain	62.8	59.6	59.6	62.6	65.1	65.9	68.1	68.8	68.8	68.9	67.0	68.2	69.2	69.1	70.1	69.6	70.2	69.1	68.0	67.2	67.6	68.5	63.6	65.1	65.7	66.9	69.9	68.2	
Sri Lanka	60.6	62.5	65.5	64.6	64.0	63.2	66.0	64.0	62.5	61.6	61.0	58.7	59.4	58.4	56.0	54.6	57.1	58.3	60.7	60.0	58.6	59.9	57.4	57.8	56.4	57.4	55.7	53.3	
Sudan	39.4	39.2	39.9	38.3	39.6	47.2	N/A	48.8	49.4	47.7	45.0	39.1	32.0																
Suriname	N/A	36.7	35.9	39.9	40.1	45.8	44.3	48.0	46.9	47.9	51.9	55.1	54.8	54.3	54.1	52.5	53.1	52.6	52.0	54.2	54.2	53.8	48.0	48.1	48.1	49.5	46.4	48.1	
Sweden	61.4	61.8	63.3	64.0	64.2	65.1	66.6	70.8	70.0	70.1	69.8	70.9	69.3	70.8	70.5	72.4	71.9	71.7	72.9	73.1	72.7	72.0	74.9	76.3	75.2	74.9	74.7	77.9	
Switzerland	N/A	76.8	78.6	79.0	79.1	76.8	76.0	79.3	79.0	79.5	79.3	78.9	78.0	79.5	79.4	81.1	81.9	81.1	81.0	81.6	80.5	81.0	81.5	81.7	81.9	82.0	81.9	84.2	
Syria	N/A	42.3	43.0	42.2	39.0	37.2	36.6	36.3	41.3	40.6	46.3	51.2	48.3	47.2	51.3	49.4	51.3	51.2	N/A										
Taiwan	74.2	74.1	70.0	70.4	71.5	72.5	72.8	71.3	71.7	69.6	71.3	69.7	69.4	70.3	69.5	70.4	70.8	71.9	72.7	73.9	75.1	74.7	76.5	76.6	77.3	77.1	78.6	80.1	
Tajikistan	N/A	N/A	N/A	41.1	41.2	44.8	46.8	47.3	46.5	48.7	50.4	52.6	53.6	54.4	54.6	53.0	53.5	53.4	53.4	52.0	52.7	51.3	58.2	58.3	55.6	52.2	55.2	49.7	
Tanzania	57.3	57.5	59.3	59.6	60.0	56.0	54.9	58.3	56.9	60.1	56.3	58.5	56.8	56.5	58.3	58.3	57.0	57.0	57.9	57.8	57.5	58.5	58.6	59.9	60.2	61.7	61.3	59.5	
Thailand	71.3	71.0	66.1	67.3	66.9	66.6	68.9	69.1	65.8	63.7	62.5	63.3	63.5	62.3	63.0	64.1	64.7	64.9	64.1	63.3	62.4	63.9	66.2	67.1	68.3	69.4	69.7	63.2	
Timor-Leste	N/A	50.5	45.8	42.8	43.3	43.2	45.5	45.8	46.3	48.1	44.2	45.9	44.7	46.3															
Togo	N/A	N/A	N/A	N/A	N/A	46.4	45.3	45.2	46.8	47.0	48.2	47.3	49.7	48.9	48.7	47.1	49.1	48.3	48.8	49.9	53.0	53.6	53.2	47.8	50.3	54.1	57.5	57.2	
Tonga	N/A	54.1	53.4	55.8	57.0	56.0	58.2	59.3	59.6	63.0	63.1	57.7	58.8	57.5	60.8														
Trinidad and Tobago	N/A	69.2	71.3	72.0	72.4	74.5	71.8	70.1	68.8	71.3	71.5	70.4	70.6	69.5	68.0	65.7	66.5	64.4	62.3	62.7	64.1	62.9	61.2	57.7	57.0	58.3	59.0	58.8	
Tunisia	63.4	63.9	63.8	63.9	61.1	61.3	60.8	60.2	58.1	58.4	55.4	57.5	60.3	60.1	58.0	58.9	58.5	58.6	57.0	57.3	57.7	57.6	55.7	58.9	55.4	55.8	56.6	54.2	
Turkey	58.4	56.7	60.8	60.9	59.2	63.4	60.6	54.2	51.9	52.8	50.6	57.0	57.4	59.9	61.6	63.8	64.2	62.5	62.9	64.9	63.2	62.1	65.2	65.4	64.6	64.0	56.9		
Turkmenistan	N/A	N/A	N/A	35.0	36.1	37.6	41.8	45.2	51.3	50.7	47.6	45.8	43.0	43.4	44.2	42.5	43.6	45.8	42.6	42.2	41.4	41.9	47.4	47.1	48.4	46.5	47.4	46.2	
Uganda	62.9	66.2	66.6	64.7	64.8	58.2	60.4	61.0	60.1	64.1	62.9	63.9	63.1	63.8	63.5	62.2	61.7	61.9	61.1	59.9	59.7	59.3	60.9	62.0	59.7	59.5	58.6	54.2	
Ukraine	39.9	40.6	43.5	40.4	45.7	47.8	48.5	48.2	51.1	53.7	55.8	54.4	51.5	51.0	48.8	46.4	45.8	46.1	46.3	49.3	46.9	46.8	48.1	51.9	52.3	54.9	56.2	54.1	
United Arab Emirates	N/A	71.6	71.9	72.2	71.5	74.2	74.9	73.6	73.4	67.2	65.2	62.2	62.6	62.6	64.7	67.3	67.8	69.3	71.1	71.4	72.4	72.6	76.9	77.6	77.6	76.2	76.9	70.2	
United Kingdom	77.9	76.4	76.4	76.5	76.2	77.3	77.6	78.5	77.5	77.7	79.2	80.4	79.9	79.4	79.0	76.5	74.5	74.1	74.8	74.9	75.8	76.4	76.4	78.0	78.9	79.3	78.4	72.7	
United States	76.7	76.7	75.6	75.4	75.5	76.4	79.1	78.4	78.2	78.7	79.9	81.2	81.2	81.0	80.7	78.0	77.8	76.3	76.0	75.5	76.2	75.4	75.1	75.7	76.8	76.6	74.8	72.1	
Uruguay	62.5	63.7	67.5	68.6	68.5	69.3	70.7	68.7	69.8	66.7	66.9	65.3	68.4	67.9	69.1	69.8	70.0	69.9	69.7	69.3	68.6	68.8	69.7	69.2	68.6	69.1	69.3	70.0	

INDEX OF ECONOMIC FREEDOM SCORES, 1995-2022

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Uzbekistan	N/A	N/A	N/A	31.5	33.8	38.1	38.2	38.5	38.3	39.1	45.8	48.7	51.5	51.9	50.5	47.5	45.8	45.8	46.0	46.5	47.0	46.0	52.3	51.5	53.3	57.2	58.3	55.7	
Vanuatu	N/A	58.4	56.4	56.7	56.6	56.6	59.5	61.1	60.8	67.4	69.5	56.4	60.7	60.5	62.9														
Venezuela	59.8	54.5	52.8	54.0	56.1	57.4	54.6	54.7	54.8	46.7	45.2	44.6	47.9	44.7	39.9	37.1	37.6	38.1	36.1	36.3	34.3	33.7	27.0	25.2	25.9	25.2	24.7	24.8	
Vietnam	41.7	40.2	38.6	40.4	42.7	45.7	44.3	45.6	46.2	46.1	48.1	50.5	49.8	50.4	51.0	49.8	51.6	51.3	51.0	50.8	51.7	54.0	52.4	55.1	55.3	58.8	61.7	60.6	
Yemen	49.8	49.6	48.4	46.1	43.3	44.5	44.3	48.6	50.3	50.5	53.8	52.6	54.1	53.8	56.9	54.4	54.2	55.3	55.9	55.5	53.7	N/A	N/A						
Zambia	55.1	59.6	62.1	62.7	64.2	62.8	59.5	59.6	55.3	54.9	55.0	56.8	56.2	56.2	56.6	58.0	59.7	58.3	58.7	60.4	58.7	58.8	55.8	54.3	53.6	53.3	50.4	48.7	
Zimbabwe	48.5	46.7	48.0	44.6	47.2	48.7	38.8	36.7	36.7	34.4	35.2	33.5	32.0	29.5	22.7	21.4	22.1	26.3	28.6	35.5	37.6	38.2	44.0	44.0	40.4	43.1	39.5	33.1	

METHODOLOGY

The *Index of Economic Freedom* focuses on four key aspects of the economic and entrepreneurial environment over which governments typically exercise policy control:

- **Rule of law,**
- **Government size,**
- **Regulatory efficiency,** and
- **Market openness.**

In assessing conditions in these four categories, the *Index* measures 12 specific components of economic freedom, each of which is graded on a scale from 0 to 100. Scores on these 12 components of economic freedom, which are calculated from a number of sub-variables, are equally weighted and averaged to produce an overall economic freedom score for each economy.

The following sections provide detailed descriptions of the formulas and methodology used to compute the scores for each of the 12 components of economic freedom.¹

RULE OF LAW

Property Rights

The property rights component assesses the extent to which a country's legal framework allows individuals to acquire, hold, and utilize private property and the extent to which these rights are secured by clear laws that the government enforces effectively. Relying on a mix of survey data and independent assessments, it provides a quantifiable measure of the degree to which a country's laws protect private property rights and the extent to which those laws are respected. It also assesses the level of state expropriation of private property.

The more effective the legal protection of property is, the higher a country's score will be. Similarly, the greater the chances of government expropriation of property are, the lower a country's score will be.

The score for this component is derived by averaging scores for the following three sub-factors, all of which are weighted equally:

- Risk of expropriation;
- Respect for intellectual property rights; and
- Quality of contract enforcement, property rights, and law enforcement.

Each sub-factor is converted to a scale of 0 to 100 using the following equation:

$$\text{Sub-factor Score}_i = 100 \times (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_i) / (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_{\text{Min}})^2$$

where Sub-factor_i represents the original data for country i , $\text{Sub-factor}_{\text{Max}}$ and $\text{Sub-factor}_{\text{Min}}$ represent the upper and lower bounds for the corresponding data set, and $\text{Sub-factor Score}_i$ represents the computed sub-factor score for country i .

Sources. The *Index* relies on the following sources in assessing property rights: Credendo, *Country Risk and Insights*, 2021; U.S. Chamber of Commerce, *International IP Index*, 2021; and World Bank, *Worldwide Governance Indicators*.

Judicial Effectiveness

Well-functioning legal frameworks are essential for protecting the rights of all citizens against unlawful acts by others, including governments and powerful private parties. Judicial effectiveness requires efficient and fair judicial systems to ensure that laws are fully respected and appropriate legal actions are taken against violations.

The score for the judicial effectiveness component is derived by averaging scores for the following three sub-factors, all of which are weighted equally:

- Judicial independence,
- Quality of the judicial process, and
- Perceptions of the quality of public services and the independence of the civil service.

Each sub-factor is converted to a scale of 0 to 100 using the following equation:

$$\text{Sub-factor Score}_i = 100 \times (\text{Sub-factor}_i - \text{Sub-factor}_{\text{Min}}) / (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_{\text{Min}})$$

where Sub-factor_i represents the original data for country i , $\text{Sub-factor}_{\text{Max}}$ and $\text{Sub-factor}_{\text{Min}}$ represent the upper and lower bounds for the corresponding data set, and $\text{Sub-factor Score}_i$ represents the computed sub-factor score for country i .

Sources. The *Index* relies on the following sources in assessing judicial effectiveness: Freedom House, *Freedom in the World*, and World Bank, *Worldwide Governance Indicators*.

Government Integrity

Corruption erodes economic freedom by introducing insecurity and coercion into economic relations. Of greatest concern is the systemic corruption of government institutions and decision-making by such practices as bribery, extortion, nepotism, cronyism, patronage, embezzlement, and graft. The lack of government integrity that such practices cause reduces public trust and economic vitality by increasing the costs of economic activity.

The score for this component is derived by averaging scores for the following three sub-factors, all of which are weighted equally:

- Perceptions of corruption,
- Risk of bribery, and
- Control of corruption including “capture” of the state by elites and private interests.

Each sub-factor is converted to a scale of 0 to 100 using the following equation:

$$\text{Sub-factor Score}_i = 100 \times (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_i) / (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_{\text{Min}})^3$$

where Sub-factor_{*i*} represents the original data for country *i*, Sub-factor_{Max} and Sub-factor_{Min} represent the upper and lower bounds for the corresponding data set, and Sub-factor Score_{*i*} represents the computed sub-factor score for country *i*.

Sources. The *Index* relies on the following sources in assessing government integrity: Transparency International, *Corruption Perceptions Index*; TRACE International, *TRACE Bribery Risk Matrix*[®]; and World Bank, *Worldwide Governance Indicators*.

GOVERNMENT SIZE

Tax Burden

Tax burden is a composite measure that reflects marginal tax rates on both personal and corporate income and the overall level of taxation (including direct and indirect taxes imposed by all levels of government) as a percentage of gross domestic product (GDP). The component score is derived from three quantitative sub-factors:

- The top marginal tax rate on individual income,
- The top marginal tax rate on corporate income, and
- The total tax burden as a percentage of GDP.

Each of these numerical variables is weighted equally as one-third of the component score. This equal weighting allows a country to achieve a score as high as 67 based on two of the sub-factors even if it receives a score of 0 on the third.

Tax burden scores are calculated with a quadratic cost function to reflect the diminishing revenue returns from very high rates of taxation. The data for each sub-factor are converted to a 100-point scale using the following equation:

$$\text{Tax Burden}_{ij} = 100 - \alpha (\text{Sub-factor}_{ij})^2$$

where Tax Burden_{*ij*} represents the tax burden in country *i* for sub-factor *j*; Sub-factor_{*ij*} represents the value (a percentage expressed on a scale of 0 to 100) in country *i* for sub-factor *j*; and α is a coefficient set equal to 0.03. The minimum score for each sub-factor is zero, which is not represented in the printed equation but was used because it means that no single high tax burden will make the other two sub-factors irrelevant.

As an example, in the 2021 *Index*, Georgia has a top marginal tax rate of 20.0 percent on individual income and 15.0 percent on corporate income, which yields a score of 88.0 for the individual side and 93.3 for the corporate side. Georgia's overall tax burden as a portion of GDP is 21.7 percent, yielding a score of 85.9 for that factor. When the three sub-factors are averaged together, Georgia's overall tax burden score becomes 89.1.

Sources. The *Index* relies on the following sources for information on tax rate data, in order of priority: KPMG International; Deloitte, *Tax Guides and Highlights*; International Monetary Fund, *Staff Country Report*, "Selected Issues and Statistical Appendix," and *Staff Country Report*, "Article IV Consultation"; PricewaterhouseCoopers, *Worldwide Tax Summaries*; countries' investment agencies; other government authorities (embassy confirmations and/or the country's treasury or tax authority); and Economist Intelligence Unit, *Country Commerce and Country Finance*.

For information on tax burden as a percentage of GDP, the primary sources are World Bank, *World Development Indicators*; Organisation for Economic Co-operation and Development data; Eurostat, Government Finance Statistics data; African Development Bank and Organisation for

Economic Co-operation and Development, *African Economic Outlook*; International Monetary Fund, *Government Finance Statistics (GFS)*, *Staff Country Report*, “Selected Issues,” and *Staff Country Report*, “Article IV Consultation”; Asian Development Bank, *Key Indicators for Asia and the Pacific*; United Nations Economic Commission for Latin America, *Economic Survey of Latin America and the Caribbean*; and Economist Intelligence Unit, Data Tool.

Government Spending

The government spending component captures the burden imposed by government expenditures, which includes consumption by the state and all transfer payments related to various entitlement programs.

No attempt has been made to identify an optimal level of government spending. The ideal level will vary from country to country, depending on factors that range from culture to geography to level of economic development. At some point, however, government spending becomes an unavoidable burden as growth in the public sector’s size and scope leads inevitably to misallocation of resources and loss of economic efficiency. Volumes of research have shown that excessive government spending that causes chronic budget deficits and the accumulation of public debt is one of the most serious drags on economic dynamism.

The *Index* methodology treats zero government spending as the benchmark. As a result, underdeveloped countries, particularly those with little government capacity, may receive artificially high scores. However, such governments, which can provide few if any public goods, are likely to receive low scores on some of the other components of economic freedom (such as property rights, financial freedom, and investment freedom) that measure aspects of government effectiveness.

Government spending has a major impact on economic freedom, but it is just one of many important components. The scale for scoring government spending is nonlinear, which means that government spending that is close to zero is lightly penalized while government spending that exceeds 30 percent of GDP leads to much worse scores in a quadratic fashion (for example, doubling spending yields four times less freedom). Only extraordinarily high levels of government spending (for example, more than 58 percent of GDP) receive a score of zero.

The equation used to compute a country’s government spending score is:

$$GE_i = 100 - \alpha (\text{Expenditures}_i)^2$$

where GE_i represents the government expenditure score in country i ; Expenditures_i represents the average total government spending at all levels as a percentage of GDP for the most recent three years; and α is a coefficient to control for variation among scores (set at 0.03). The minimum component score is zero.

In most cases, the *Index* uses general government expenditure data that include all levels of government such as federal, state, and local. In cases where data on general government spending are not available, data on central government expenditures are used instead.

For several countries, particularly developing countries, statistics related to government spending as a percentage of GDP are subject to frequent revisions by such data sources as the International Monetary Fund (IMF).

Sources. The *Index* relies on the following sources for information on government intervention in the economy, in order of priority: Economist Intelligence Unit, Data Tool; Organisation for Economic Co-operation and Development data; Eurostat data; African Development Bank and Organisation for Economic Co-operation and Development, *African Economic Outlook*;

International Monetary Fund, *Staff Country Report*, “Selected Issues and Statistical Appendix,” *Staff Country Report*, “Article IV Consultation,” and *World Economic Outlook* database; Asian Development Bank, *Key Indicators for Asia and the Pacific*; African Development Bank, *AfDB Statistics Pocketbook*; official government publications of each country; and United Nations Economic Commission for Latin America, *Economic Survey of Latin America and the Caribbean*.

Fiscal Health

Widening deficits and a growing debt burden, both of which are caused by poor government budget management, lead to the erosion of a country’s overall fiscal health, and deteriorating fiscal health is associated with macroeconomic instability and economic uncertainty.

Debt is an accumulation of budget deficits over time. In theory, debt financing of public spending could make a positive contribution to productive investment and ultimately to economic growth. However, mounting public debt driven by persistent budget deficits—particularly spending that merely boosts government consumption or transfer payments—often undermines overall productivity growth and leads ultimately to economic stagnation rather than growth.

The score for the fiscal health component is based on two sub-factors, which are weighted as follows in calculating the overall component score:

- Average deficits as a percentage of GDP for the most recent three years (80 percent of score)⁴ and
- Debt as a percentage of GDP (20 percent of score).

The equation used to compute a country’s fiscal health score is:

$$\text{Sub-factor Score}_i = 100 - \alpha (\text{Sub-factor}_i)^2$$

where Sub-factor Score_{*i*} represents the deficit or debt score in country *i*; Sub-factor_{*i*} represents the factor value as a portion of GDP; and α is a coefficient to control for variation among scores (set at 2 for deficit and 0.01 for debt). The minimum sub-factor score is zero.

In most cases, the *Index* uses general government deficit and debt data that include all levels of government such as federal, state, and local. In cases where such general government data are not available, data on central government expenditures are used instead.

For several countries, particularly developing countries, statistics related to budget balance as a percentage of GDP are subject to frequent revisions by such data sources as the IMF.

Sources. The *Index* relies on the following sources for information on government intervention in the economy, in order of priority: Economist Intelligence Unit, Data Tool; International Monetary Fund, *World Economic Outlook* database, *Staff Country Report*, “Selected Issues and Statistical Appendix,” and *Staff Country Report*, “Article IV Consultation”; Asian Development Bank, *Key Indicators for Asia and the Pacific*; African Development Bank, *AfDB Statistics Pocketbook*; and official government publications of each country.

REGULATORY EFFICIENCY

Business Freedom

The business freedom component measures the extent to which a country’s regulatory and infrastructure environments constrain the efficient operation of businesses. The quantitative score is derived from an array of factors that affect the ease of starting, operating, and closing a business.

The business freedom score for each country is a number between 0 and 100, with 100 indicating the freest business environment. The score is based on four sub-factors, all of which are weighted equally:

- Access to electricity,
- Business environment risk,
- Regulatory quality, and
- Women’s economic inclusion.

Except for the women’s economic inclusion variable, which is readily available in a scale of 0 to 100, each sub-factor is converted to a scale of 0 to 100 using the following equation:

$$\text{Sub-factor Score } i = 100 \times (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_i) / (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_{\text{Min}})^5$$

where Sub-factor_i represents the original data for country i , $\text{Sub-factor}_{\text{Max}}$ and $\text{Sub-factor}_{\text{Min}}$ represent the upper and lower bounds for the corresponding data set, and Sub-factor Score i represents the computed sub-factor score for country i .

Sources. The *Index* relies on the following sources in determining business freedom scores: World Bank, *Worldwide Governance Indicators*; World Bank, *World Development Indicators*; Credendo, *Country Risk and Insights*, 2021; World Bank, *Women, Business and the Law*.

Labor Freedom

The labor freedom component is a quantitative measure that considers various aspects of the legal and regulatory framework of a country’s labor market including regulations concerning minimum wages, associational rights, laws inhibiting layoffs, severance requirements, and measurable regulatory restraints on hiring and hours worked as well as the labor force participation rate as well as labor productivity as an indicative measure of employment opportunities in the labor market.⁵

The following sub-factors are equally weighted:

- Minimum wage,
- Associational right,
- Paid annual leave,
- Notice period for redundancy dismissal,
- Severance pay for redundancy dismissal,
- Labor productivity,
- Labor force participation rate,
- Restrictions on overtime work, and
- Redundancy dismissal permitted by law.

In constructing the labor freedom score, the first seven of the nine sub-factors are converted to a scale of 0 to 100 based on the following equation:

$$\text{Sub-factor Score } i = 50 \times (\text{Sub-factor}_{\text{average}} / \text{Sub-factor}_i)$$

where country i data are calculated relative to the world average and then multiplied by 50. The seven sub-factor scores are then averaged for each country, yielding a labor freedom score in comparison to scores for other countries.

For the existence of overtime restrictions, 100 was assigned to a country whose value is No, and 0 was given to a country whose value is Yes. For the question of redundancy dismissal permitted by law, 100 was assigned to a country whose value is Yes, and 0 was given to a country whose value is No.

The simple average of the converted values for the nine sub-factors is computed to obtain the country’s overall labor freedom score.

Sources. The *Index* relies on the following sources for data on labor freedom: World Bank, *Worldwide Governance Indicators*; World Bank, *World Development Indicators*; Freedom House, *Freedom in the World*; International Labour Organization, statistics and databases; World Bank, Employing Workers project.

Monetary Freedom

Monetary freedom combines a measure of inflation with an assessment of various government activities that distort prices. Price stability without microeconomic intervention is the ideal state for the free market.

The score for the monetary freedom component is based on two sub-factors:

- The weighted average rate of inflation for the most recent three years and
- A qualitative judgement about the extent of government manipulation of prices through direct controls or subsidies.

The weighted average rate of inflation for the most recent three years serves as the primary input into an equation that generates the base score for monetary freedom. The extent of price controls is then assessed as a penalty deduction of up to 20 points from the base score. The two equations used to convert rates of inflation into the final monetary freedom score are:

$$\text{Weighted Avg. Inflation}_i = \theta_1 \text{Inflation}_{it} + \theta_2 \text{Inflation}_{it-1} + \theta_3 \text{Inflation}_{it-2}$$

$$\text{Monetary Freedom}_i = 100 - \alpha \sqrt{\text{Weighted Avg. Inflation}_i} - \text{PC penalty}_i$$

where θ_1 through θ_3 (thetas 1–3) represent three numbers that sum to 1 and are exponentially smaller in sequence (in this case, values of 0.665, 0.245, and 0.090, respectively); Inflation_{it} is the absolute value of the annual rate of inflation in country i during year t as measured by the Consumer Price Index; α represents a coefficient that stabilizes the variance of scores; and the price control (PC) penalty is an assigned value of 0–20 penalty points based on the extent of price controls.

The convex (square root) functional form was chosen to create separation among countries with low rates of inflation. A concave functional form would essentially treat all hyperinflations as equally bad, whether they were price increases of 100 percent annually or 100,000 percent annually, whereas the square root provides much more gradation. The α coefficient is set to equal 6.333, which converts a 10 percent inflation rate into a monetary freedom score of 80.0 and a 2 percent inflation rate into a score of 91.0.

Sources. The *Index* relies on the following sources for data on monetary policy, in order of priority: International Monetary Fund, *International Financial Statistics Online*; International Monetary Fund, *World Economic Outlook* database and *Staff Country Report*, “Article IV Consultation”; Economist Intelligence Unit, ViewsWire and Data Tool; various World Bank country reports; various news and magazine articles; and official government publications of each country.

OPEN MARKETS

Trade Freedom

Trade freedom is a composite measure of the extent of tariff and nontariff barriers that affect imports and exports of goods and services. The trade freedom score is based on two inputs:

- The trade-weighted average tariff rate and
- A qualitative evaluation of nontariff barriers (NTBs).

Different imports entering a country can (and often do) face different tariff rates. The weighted average tariff uses weights for each tariff based on the share of imports for each good. Weighted average tariffs are a purely quantitative measure and account for the calculation of the base trade freedom score using the following equation:

$$\text{Trade Freedom}_i = 100(\text{Tariff}_{\text{Max}} - \text{Tariff}_i) / (\text{Tariff}_{\text{Max}} - \text{Tariff}_{\text{Min}}) - \text{NTB}_i$$

where Trade Freedom_i represents the trade freedom in country i ; $\text{Tariff}_{\text{Max}}$ and $\text{Tariff}_{\text{Min}}$ represent the upper and lower bounds for tariff rates (%); and Tariff_i represents the weighted average tariff rate (%) in country i . The minimum tariff is naturally zero percent, and the upper bound was set at 50 percent.

We determine the extent of NTBs in a country's trade policy regime using both qualitative and quantitative information. Restrictive rules that hinder trade vary widely, and their overlapping and shifting nature makes their complexity difficult to gauge. The types of NTBs considered in our scoring include:

- **Quantity restrictions**—import quotas; export limitations; voluntary export restraints; import–export embargoes and bans; countertrade; etc.
- **Regulatory restrictions**—licensing; domestic content and mixing requirements; sanitary and phytosanitary standards (SPSs); safety and industrial standards regulations; packaging, labeling, and trademark regulations; advertising and media regulations.
- **Customs restrictions**—advance deposit requirements; customs valuation procedures; customs classification procedures; customs clearance procedures.
- **Direct government intervention**—subsidies and other aid; government industrial policies; government-financed research and other technology policies; competition policies; government procurement policies; state trading, government monopolies, and exclusive franchises.

In addition, where possible, we consider and report the number of nontariff measures in force as calculated by the World Trade Organization (WTO).

As an example, Togo received a trade freedom score of 65.6. By itself, Togo's trade-weighted average tariff of 12.2 percent would have yielded a score of 75.6, but the evaluation of NTBs in Togo resulted in a 10-point deduction from that score.

Gathering tariff statistics to make a consistent cross-country comparison is a challenging task. Unlike data on inflation, for instance, some countries do not report their weighted average tariff rate or simple average tariff rate every year.

To preserve consistency in grading the trade freedom component, the *Index* uses the most recently reported most favored nation (MFN) trade-weighted average tariff rate for a country from our primary source.⁶

The most comprehensive and consistent information on MFN trade-weighted average tariff rates is published by the WTO. When the MFN trade-weighted average tariff rate is not available, the *Index* uses the country's simple average of MFN tariff rates; when the country's simple average MFN tariff rate is not available, the weighted average or the simple average of applied tariff rates is used. In the very few cases for which tariff rates are not available from the WTO or the World Bank, data on international trade taxes or an estimated effective tariff rate are used instead.

Sources. The *Index* relies on the following sources in determining scores for trade policy, in order of priority: World Trade Organization, *World Tariff Profiles*; World Bank, *World Development Indicators*; World Trade Organization, *Trade Policy Review*; Office of the U.S. Trade Representative, *National Trade Estimate Report on Foreign Trade Barriers*; U.S. Department of Commerce, *Country Commercial Guide*; Economist Intelligence Unit, *Country Commerce*; and official government publications of each country.

Investment Freedom

In an economically free country, there would be no constraints on the flow of investment capital. Individuals and firms would be allowed to move their resources into and out of specific activities, both internally and across the country's borders, without restriction. Such an ideal country would receive a score of 100 on the investment freedom component of the *Index*.

In practice, however, most countries impose a variety of restrictions on investment. Some have different rules for foreign and domestic investment. Some restrict access to foreign exchange. Some impose restrictions on payments, transfers, and capital transactions. In some, certain industries are closed to foreign investment.

The *Index* evaluates a variety of regulatory restrictions that typically are imposed on investment. Points, as indicated below, are deducted from the ideal score of 100 for each of the restrictions found in a country's investment regime. It is not necessary for a government to impose all of the listed restrictions at the maximum level to eliminate investment freedom. The few governments that impose so many restrictions that they total more than 100 points in deductions have had their scores set at zero.

Investment Restrictions

National treatment of foreign investment

- No national treatment; investment prescreened 25 points deducted
- Some national treatment, some prescreening 15 points deducted
- Some national treatment or prescreening 5 points deducted

Foreign investment code

- No transparency and burdensome bureaucracy 20 points deducted
- Inefficient policy implementation and bureaucracy 10 points deducted
- Some investment laws and practices nontransparent or inefficiently implemented 5 points deducted

Restrictions on land ownership

- All real estate purchases restricted 15 points deducted
- No foreign purchases of real estate 10 points deducted
- Some restrictions on purchases of real estate 5 points deducted

Sectoral investment restrictions

- Multiple sectors restricted 20 points deducted
- Few sectors restricted 10 points deducted
- One or two sectors restricted 5 points deducted

Expropriation of investments without fair compensation

- Common with no legal recourse 25 points deducted
- Common with some legal recourse 15 points deducted
- Uncommon but does occur 5 points deducted

Foreign exchange controls

- No access by foreigners or residents 25 points deducted
- Access available but heavily restricted 15 points deducted
- Access available with few restrictions 5 points deducted

Capital controls

- No repatriation of profits; all transactions require government approval 25 points deducted
- Inward and outward capital movements require approval and face some restrictions 15 points deducted
- Most transfers approved with some restrictions 5 points deducted

As many as 20 additional points may be deducted for security problems, a lack of basic investment infrastructure, or other government policies that inject a considerable degree of uncertainty and indirectly burden the investment process and limit investment freedom.

Sources. The *Index* relies on the following sources for data on capital flows and foreign investment, in order of priority: official government publications of each country; U.S. Department of State, *Investment Climate Statements*; Economist Intelligence Unit, *Country Commerce*; Office of the U.S. Trade Representative, *National Trade Estimate Report on Foreign Trade Barriers*; World Bank, *Investing Across Borders*; Organisation for Economic Co-operation and Development, *Services Trade Restrictiveness Index*; and U.S. Department of Commerce, *Country Commercial Guide*.

Financial Freedom

Financial freedom is an indicator of banking efficiency as well as a measure of independence from government control and interference in the financial sector. State ownership of banks and other financial institutions such as insurers and capital markets reduces competition and generally lowers the level of access to credit.

In an ideal banking and financing environment characterized by a minimum level of government interference, independent central bank supervision and regulation of financial institutions are limited to enforcing contractual obligations and preventing fraud. Credit is allocated on market terms, and the government does not own financial institutions. Financial institutions provide various types of financial services to individuals and companies. Banks are free to extend credit, accept deposits, and conduct operations in foreign currencies. Foreign financial institutions operate freely and are treated the same as domestic institutions.

The *Index* scores an economy's financial freedom by looking at five broad areas:

- The extent of government regulation of financial services,
- The degree of state intervention in banks and other financial firms through direct and indirect ownership,
- Government influence on the allocation of credit,
- The extent of financial and capital market development, and
- Openness to foreign competition.

These five areas are considered so that the overall level of financial freedom that ensures easy and effective access to financing opportunities for people and businesses in the economy may be assessed. An overall score on a scale of 0 to 100 is given to an economy's financial freedom according to the following criteria:

- **100—No government interference.** Government oversight is limited solely to the enforcement of contractual obligations and prevention of fraud.
- **90—Minimal government interference.** Regulation of financial institutions is minimal but may extend beyond the enforcement of contractual obligations and prevention of fraud to capitalization or reserve requirements.
- **80—Nominal government interference.** Government ownership of financial institutions is a small share of overall sector assets. Financial institutions face almost no restrictions on their ability to offer financial services.
- **70—Limited government interference.** The government influences the allocation of credit, and private allocation of credit faces almost no restrictions. Government ownership of financial institutions is sizeable. Foreign financial institutions are subject to few restrictions.
- **60—Moderate government interference.** Banking and financial regulations are somewhat burdensome. The government exercises ownership and control of financial institutions with a significant share of overall sector assets. The ability of financial institutions to offer financial services is subject to some restrictions.
- **50—Considerable government interference.** The government significantly influences the allocation of credit, and private allocation of credit faces significant barriers. The ability of financial institutions to offer financial services is subject to significant restrictions. Foreign financial institutions are subject to some restrictions.
- **40—Strong government interference.** The central bank is subject to government influence, its supervision of financial institutions is heavy-handed, and its ability to enforce contracts and prevent fraud is weak. The government exercises active ownership and control of financial institutions with a large minority share of overall sector assets.
- **30—Extensive government interference.** The government influences the allocation of credit extensively. The government owns or controls a majority of financial institutions or is in a dominant position. Financial institutions are heavily restricted, and bank formation faces significant barriers. Foreign financial institutions are subject to significant restrictions.
- **20—Heavy government interference.** The central bank is not independent, and its supervision of financial institutions is repressive. Foreign financial institutions are discouraged or highly constrained.
- **10—Near-repressive.** The government controls the allocation of credit. Bank formation is restricted. Foreign financial institutions are prohibited.

- **0—Repressive.** Supervision and regulation are designed to prevent private financial institutions from functioning. Private financial institutions are nonexistent.

Sources. The *Index* relies on the following sources for data on banking and finance, in order of priority: Economist Intelligence Unit, *Country Commerce and Country Finance*; International Monetary Fund, *Staff Country Report*, “Selected Issues,” and *Staff Country Report*, “Article IV Consultation”; Organisation for Economic Co-operation and Development, *Economic Surveys*; official government publications of each country; U.S. Department of Commerce, *Country Commercial Guide*; Office of the U.S. Trade Representative, *National Trade Estimate Report on Foreign Trade Barriers*; U.S. Department of State, *Investment Climate Statements*; World Bank, *World Development Indicators*; and various news and magazine articles on banking and finance.

GENERAL METHODOLOGICAL PARAMETERS

Period of Study. For the current *Index of Economic Freedom*, scores are generally based on data for the period covering the second half of 2020 through the first half of 2021. To the extent possible, the information considered for each variable was current as of June 30, 2021. It is important to understand, however, that some component scores are based on historical information. For example, the monetary freedom component uses a three-year weighted average rate of inflation from January 1, 2018, through December 31, 2020.

Equal Weight. In the *Index of Economic Freedom*, the 12 components of economic freedom are weighted equally so that the overall score will not be biased toward any one component or policy direction. It is obvious that the 12 economic freedoms interact, but the exact mechanisms of this interaction are not clearly definable: Is a minimum threshold for each one essential? Is it possible for one to maximize if others are minimized? Are they dependent or exclusive, complements or supplements?

These are valid questions, but they are beyond the scope of our fundamental mission. The purpose of the *Index of Economic Freedom* is to reflect the economic and entrepreneurial environment in every country studied in as balanced a way as possible. The *Index* has never been designed specifically to explain economic growth or any other dependent variable; that is ably done by researchers elsewhere. The raw data for each component are provided so that others can study, weight, and integrate as they see fit.

Using the Most Currently Available Information. Analyzing economic freedom annually enables the *Index* to include the most recent information as it becomes available country by country. A data cutoff date is used so that all countries are treated fairly. As described above, the period of study for the current year’s *Index* considers all information as of the last day of June of the previous year (in this case, June 30, 2021). Any new legislative changes or policy actions that are effective after that date have no positive or negative impact on scores or rankings.⁷

DEFINING THE COUNTRY PAGES “QUICK FACTS”

The “Quick Facts” section of each country page is a statistical profile that includes the country’s principal economic and demographic indicators. To facilitate comparisons among countries, the GDP and GDP per capita figures in the “Quick Facts” section have been adjusted to reflect purchasing power parity (PPP). Caution should be used in interpreting changes in these figures over time because PPP conversion rates are subject to regular revision by the International Monetary Fund and the World Bank. In order to provide accurate estimates of annual and five-year GDP growth rates, these figures have been calculated using constant U.S. dollars for the most recent available years. Exact definitions and sources for each category of data reported are as follows:

Population: 2020 data from World Bank, *World Development Indicators* database midyear estimates, which count all residents regardless of legal status or citizenship. For some countries, other sources include the country’s statistical agency and/or central bank.

GDP: Gross domestic product (total production of goods and services) adjusted to reflect purchasing power parity. The primary source is International Monetary Fund, *World Economic Outlook* database, April 2021. The secondary source for GDP data is Economist Intelligence Unit, Data Tool. Other sources include a country’s statistical agency and/or central bank.

GDP growth rate: The annual percentage growth rate of real GDP derived from constant currency units. Annual percent changes are year-on-year. The primary source is International Monetary Fund, *World Economic Outlook* database, April 2021. Secondary sources include Economist Intelligence Unit, Data Tool; U.S. Central Intelligence Agency, *The World Factbook 2021*; and a country’s statistical agency and/or central bank.

GDP five-year average annual growth: The average growth rate measured over a specified period of time. The five-year annual growth rate is measured using data from 2016 through 2020 based on real GDP growth rates. The primary source is International Monetary Fund, *World Economic Outlook* database, April 2021. Secondary sources are Economist Intelligence Unit, Data Tool; U.S. Central Intelligence Agency, *The World Factbook 2021*; and a country’s statistical agency and/or central bank.

GDP per capita: Gross domestic product (adjusted for PPP) divided by total population. The sources for these data are International Monetary Fund, *World Economic Outlook* database, April 2021; Economist Intelligence Unit, Data Tool; U.S. Central Intelligence Agency, *The World Factbook 2021*; and a country’s statistical agency and/or central bank.

Unemployment rate: A measure of the portion of the workforce that is not employed but is actively seeking work. Data are from International Labour Organization, *World Employment and Social Outlook: Trends 2021*.

Inflation: The annual percent change in consumer prices as measured for 2020 (or the most recent available year). The primary source for 2020 data is International Monetary Fund, *World Economic Outlook* database, April 2021. Secondary sources are Economist Intelligence Unit, Data Tool, and a country’s statistical agency and/or central bank.

Foreign direct investment (FDI) inward flow: The total annual inward flow of FDI in current 2020 U.S. dollars, reported in millions. FDI flows are defined as investments that acquire a lasting management interest (10 percent or more of voting stock) in a local enterprise by an investor operating in another country. Such investment is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments and both short-term and long-term international loans. Data are from United Nations Conference on Trade and Development, *World Investment Report 2021: Investing in Sustainable Recovery*.

Public debt: Gross government debt as a percentage of GDP, which indicates the cumulative total of all government borrowings less repayments that are denominated in a country’s currency. Public debt is different from external debt, which reflects the foreign currency liabilities of both the private and public sectors and must be financed out of foreign exchange earnings. The primary sources for 2020 data are International Monetary Fund, IMF DataMapper; Economist Intelligence Unit, Data Tool; International Monetary Fund, *Article IV Consultation Staff Reports*, 2012–2021; and a country’s statistical agency.

COMMONLY USED ABBREVIATIONS

ECOWAS: Economic Community of West African States, founded in 1975 and self-described as “a 15-member regional group with a mandate of promoting economic integration in all fields

of activity of the constituting countries.”⁸ Its 15 member countries include Benin, Burkina Faso, Cabo Verde, Côte d’Ivoire, The Gambia, Ghana, Guinea, Guinea–Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

EU: European Union, founded in 1963 and self-described as “a unique economic and political union between 27 European countries.”⁹ Its 27 member countries currently include Austria, Belgium, Bulgaria, Cyprus, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden. (The United Kingdom completed its withdrawal from the EU on January 31, 2020.)

GCC: Gulf Cooperation Council, self-described as founded in 1981 “[to] effect co-ordination, integration and inter-connection between member states in all fields in order to achieve unity between them.”¹⁰ Its six member countries include Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

IDB: Inter-American Development Bank, self-described as “the leading source of development financing for Latin America and the Caribbean.”¹¹ Its 26 “borrowing member countries” include Argentina, the Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay, and Venezuela. Its 22 “non-borrowing members” include Austria, Belgium, Canada, Croatia, Denmark, Finland, France, Germany, Israel, Italy, Japan, the Republic of Korea, the Netherlands, Norway, the People’s Republic of China, Portugal, Slovenia, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

IMF: International Monetary Fund, established in 1945 and self-described as “an organization of 190 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty around the world.”¹²

MERCOSUR: Southern Common Market, self-described as “an open and dynamic process” that has as “its main objective” the promotion of “a common space that generates business and investment opportunities through the competitive integration of national economies into the international market.”¹³ Its five “States Parties” include Argentina, Brazil, Paraguay, Uruguay, and Venezuela. Its seven “Associated States” include Bolivia, Chile, Colombia, Ecuador, Guyana, Peru, and Suriname. (Venezuela currently “is suspended in all the rights and obligations inherent to its status as a State Party of MERCOSUR, in accordance with the provisions of the second paragraph of the Article 5 of the Protocol of Ushuaia.” Bolivia “is in the process of accession.”)

NATO: North Atlantic Treaty Organization, established in 1949 and self-described as an alliance whose “purpose is to guarantee the freedom and security of its members through political and military means.”¹⁴ Its 30 member countries currently include Albania, Belgium, Bulgaria, Canada, Croatia, the Czech Republic, Denmark, Estonia, France, Germany, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Luxembourg, Montenegro, the Netherlands, North Macedonia, Norway, Poland, Portugal, Romania, the Slovak Republic, Slovenia, Spain, Turkey, the United Kingdom, and the United States.

OECD: Organisation for Economic Co-operation and Development, an international organization of developed countries founded in 1948 as the Organisation for European Economic Co-operation and self-described as working “with governments, policy makers and citizens...on establishing evidence-based international standards and finding solutions to a range of social, economic and environmental challenges.”¹⁵ Its 38 member countries include Australia, Austria, Belgium, Canada, Chile, Colombia, Costa Rica, the Czech Republic, Denmark, Estonia, Finland,

France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

OECS: Organisation of Eastern Caribbean States, self-described as “an International **Inter-governmental** Organisation dedicated to **regional integration** in the Eastern Caribbean.”¹⁶ Its 11 member countries include Antigua and Barbuda, the Commonwealth of Dominica, Grenada, Montserrat, the Federation of Saint Kitts and Nevis, Saint Lucia, and Saint Vincent and the Grenadines as “Protocol Members” and Anguilla, the British Virgin Islands, Guadeloupe, and Martinique as “Associate Members.”

OPEC: Organization of the Petroleum Exporting Countries, self-described as “a permanent intergovernmental organization of 13 oil-exporting developing nations that coordinates and unifies the petroleum policies of its Member Countries.”¹⁷ Its 13 member countries currently include Algeria, Angola, Equatorial Guinea, Gabon, Iran, Iraq, Kuwait, Libya, Nigeria, the Republic of the Congo, Saudi Arabia, the United Arab Emirates, and Venezuela.

WTO: World Trade Organization, founded in 1995 and self-described as “the only global international organization dealing with the rules of trade between nations.”¹⁸ Specifically, it “operates a global system of trade rules,” “acts as a forum for negotiating trade agreements,” “settles trade disputes between its members,” and “supports the needs of developing countries.” As of October 2021, the WTO included 164 member economies.

ENDNOTES

1. Because the World Bank has discontinued its annual *Doing Business* report, the 2022 *Index* has adopted some new data sources for sub-factors that measure property rights, judicial effectiveness, government integrity, business freedom, and labor freedom. The new data sources were selected with a view to their overall quality, wide country coverage, relevance to the topic at hand, and comparability with previous data sources. While the correlations in scores for 2021 and 2022 for these sub-factors are significant (property rights = 0.89; judicial effectiveness = 0.69; government integrity = 0.94; business freedom = 0.77; and labor freedom = 0.60), caution should be used in undertaking any time-series comparisons using these data.
2. The following equation was used where values of sub-factor data are ranked in ascending order: $\text{Sub-factor Score } i = 100 \times (\text{Sub-factor}_i - \text{Sub-factor}_{\text{Min}}) / (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_{\text{Min}})$.
3. The following equation was used where values of sub-factor data are ranked in ascending order: $\text{Sub-factor Score } i = 100 \times (\text{Sub-factor}_i - \text{Sub-factor}_{\text{Min}}) / (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_{\text{Min}})$.
4. The maximum sub-factor score of 100 is assigned to balanced budgets or budget surpluses.
5. The following equation was used where values of sub-factor data are ranked in ascending order: $\text{Sub-factor Score } i = 100 \times (\text{Sub-factor}_i - \text{Sub-factor}_{\text{Min}}) / (\text{Sub-factor}_{\text{Max}} - \text{Sub-factor}_{\text{Min}})$.
6. MFN has been known since 1998 as permanent normal trade relations (PNTR).
7. Because the *Index* is published several months after the cutoff date for evaluation, more recent events cannot be factored into the scores. As in past editions, however, such events may be noted in the text. The impact of policy changes and macroeconomic statistics available in the second half of 2021 has not affected the rankings for the 2022 *Index* but almost certainly will show up in scores for the next edition.
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MAJOR WORKS CITED

The 2022 *Index of Economic Freedom* relies on data from multiple internationally recognized sources to present a representation of economic freedom in each country that is as comprehensive, impartial, and accurate as possible. The following sources provided the primary information used in analyzing and scoring the 12 components of economic freedom.

The authors and analysts also used supporting documentation and information from various government agencies and sites on the Internet, news reports and journal articles, and official responses to inquiries. All statistical and other information received from government sources was verified with independent, credible third-party sources.

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The recipient of The Heritage Foundation Steven M. Sass Economic Freedom Award for 2021 is Marcin Nowacki.

Mr. Nowacki has been a leading voice promoting market-oriented reform and policy discussions in Poland and throughout Central and Eastern Europe. He is a member of the board of the Warsaw Enterprise Institute, a think tank that advocates such free-market policies as removing bureaucratic barriers, providing equal conditions for companies to start up and compete, fighting monopolies, and ensuring an efficient judiciary and law enforcement.

As Vice President of the Union of Entrepreneurs and Employers, he coordinates departments that are responsible for law and legislation and oversees the organization's representation at the European Union in Brussels. Mr. Nowacki also chairs the e-commerce working group of the SME Connect, Brussels-based SME platform, which is an integral part of the European Enterprise Alliance, an organization of entrepreneurs from Central and Eastern Europe that he helped found and currently leads as its president.

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