

# BRAZIL

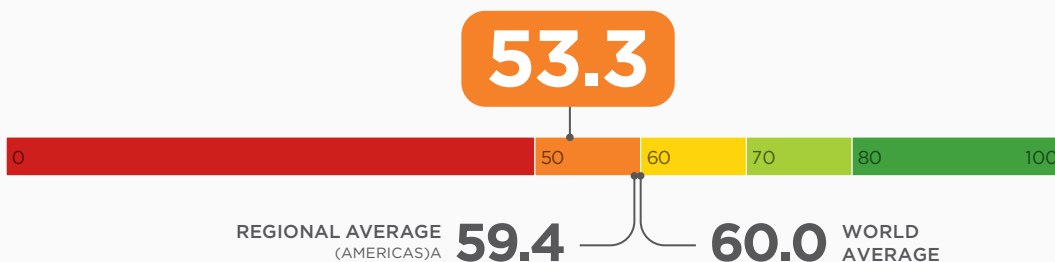
**B**razil's economic freedom score is 53.3, making its economy the 133rd freest in the 2022 *Index*. Brazil is ranked 26th among 32 countries in the Americas region, and its overall score is below the regional and world averages.

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.

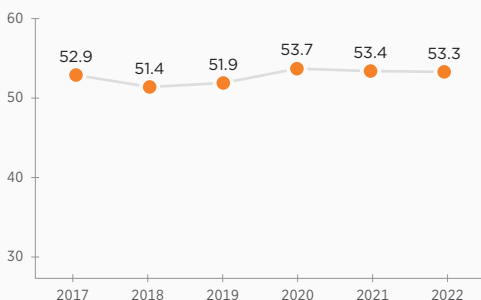


## ECONOMIC FREEDOM SCORE



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%

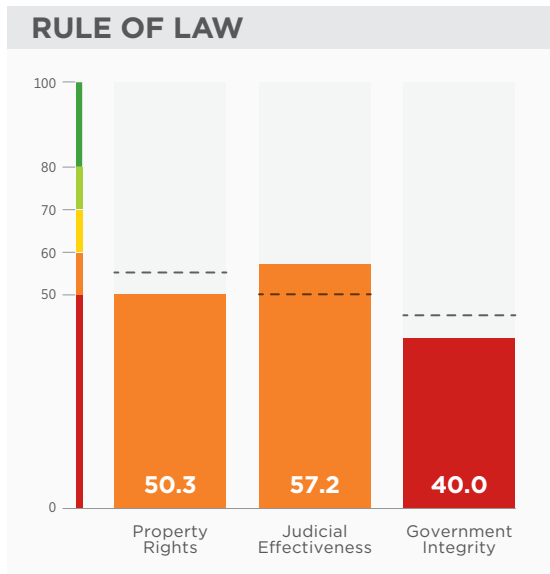
**FDI INFLOW:**  
\$24.8 billion

**PUBLIC DEBT:**  
98.9% of GDP

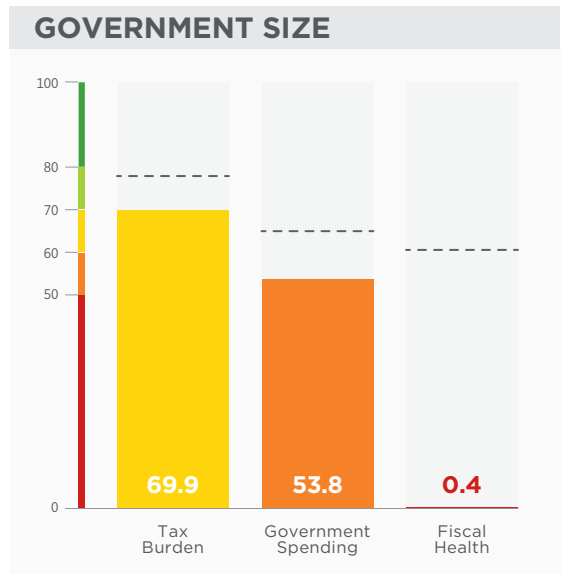
2020 data unless otherwise noted. Data compiled as of September 2021

**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.

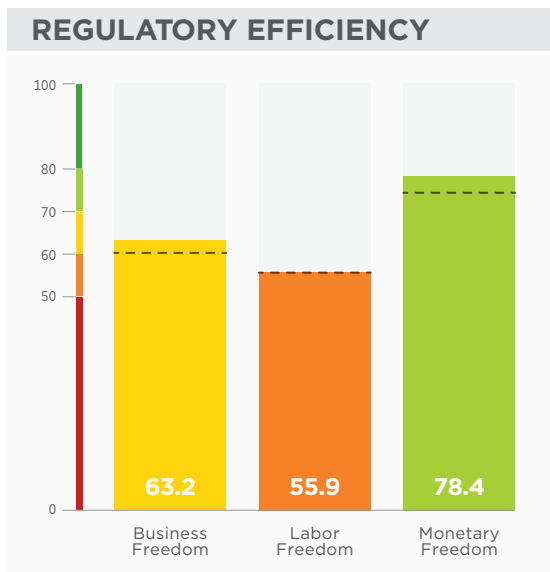
# 12 ECONOMIC FREEDOMS | BRAZIL



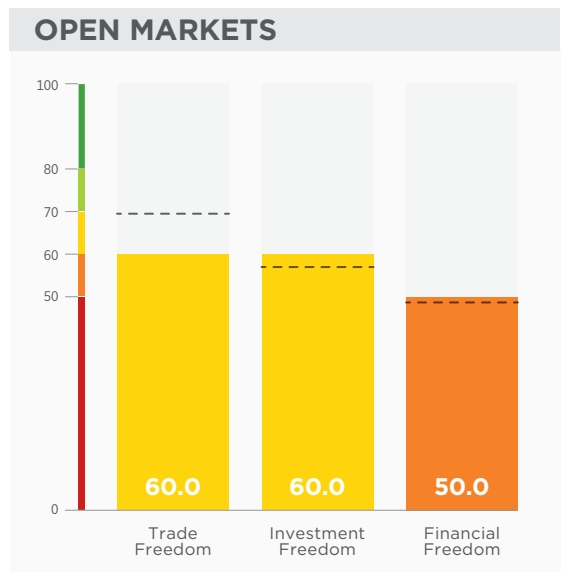
Property rights for both Brazilians and foreigners are generally enforced, but the mortgage registration system is uneven. Protection of intellectual property rights is inadequate. The judiciary, though largely independent, is overburdened, inefficient, and often subject to intimidation and other external 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.