

# CHINA

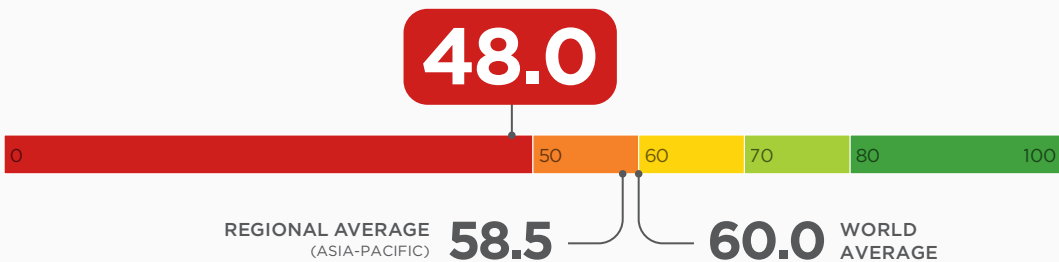
China's economic freedom score is 48.0, making its economy the 158th freest in the 2022 *Index*. China is ranked 35th among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

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.

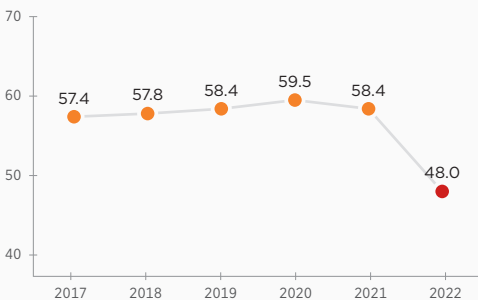
WORLD RANK: **158** | REGIONAL RANK: **35**  
ECONOMIC FREEDOM STATUS: **REPRESSED**

## 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%

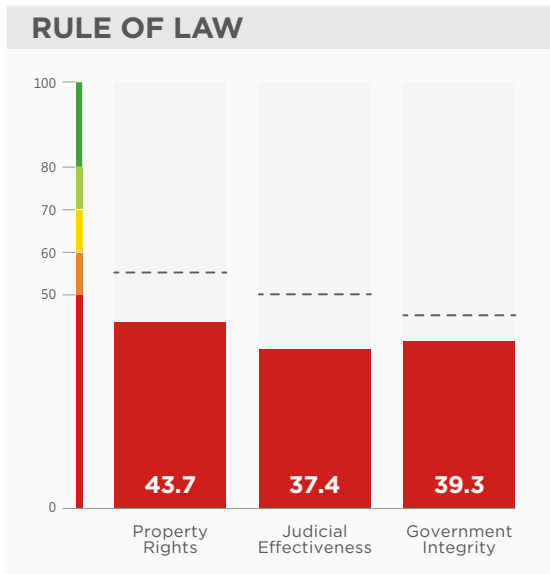
**FDI INFLOW:**  
\$149.3 billion

**PUBLIC DEBT:**  
66.8% of GDP

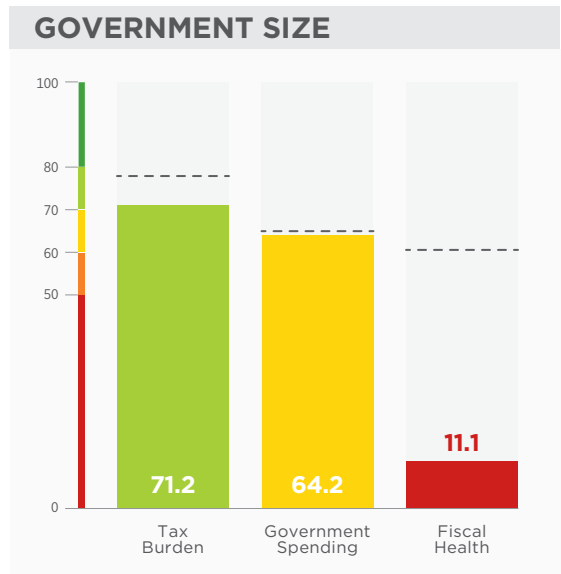
2020 data unless otherwise noted. Data compiled as of September 2021

**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.

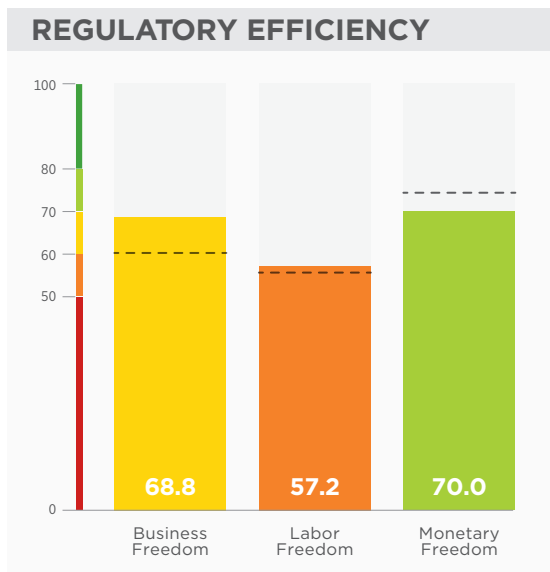
# 12 ECONOMIC FREEDOMS | CHINA



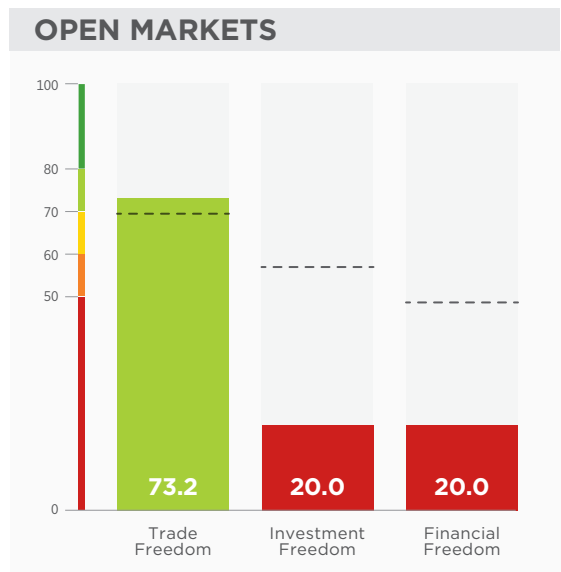
Protection and enforcement of property rights are weak. All land in China is owned either by the state or by rural collectives. Land seizures are common. Theft of foreign-owned intellectual property is widespread. The Communist Party dominates the subservient judicial system. Corruption is rampant, often 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.