

# KIRIBATI

WORLD RANK:

96

REGIONAL RANK:

20

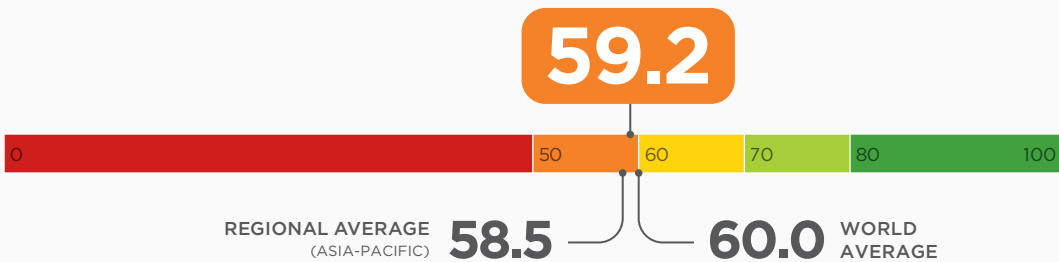
ECONOMIC FREEDOM STATUS:  
MOSTLY UNFREE

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.

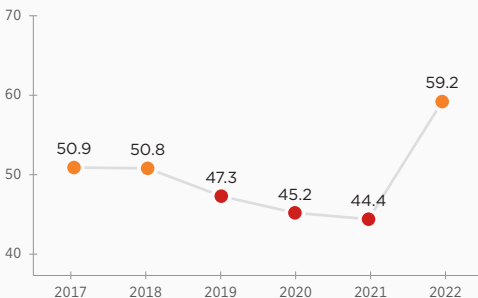
**IMPACT OF COVID-19:** As of December 1, 2021, data on cumulative deaths attributed to the pandemic in Kiribati were not available, and the government's response to the crisis ranked 150th among the countries included in this *Index* in terms of its stringency. The economy contracted by 0.5 percent 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

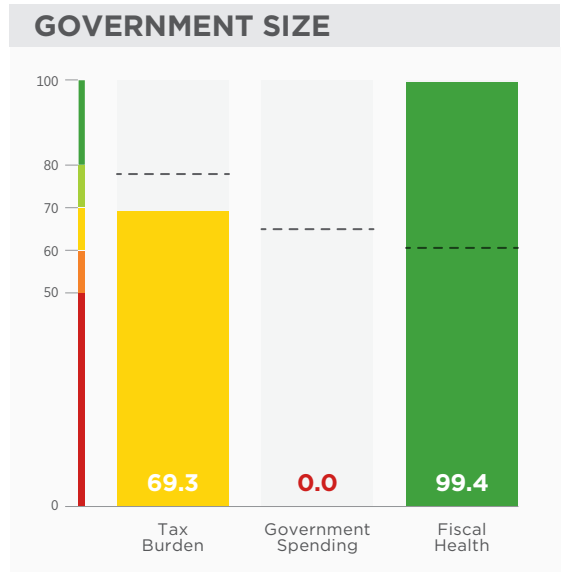
2020 data unless otherwise noted. Data compiled as of September 2021

**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.

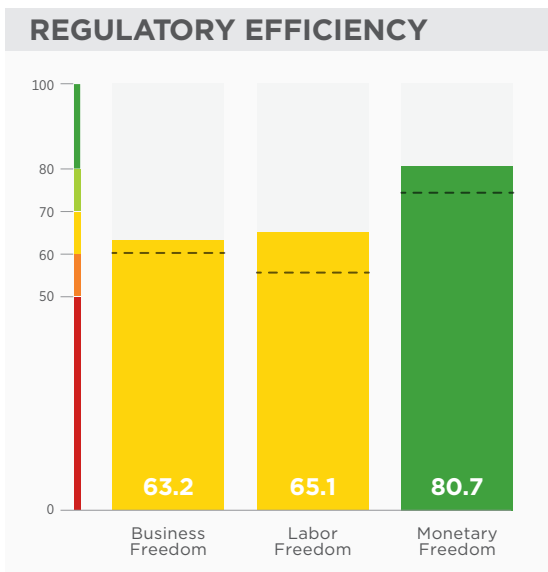
# 12 ECONOMIC FREEDOMS | KIRIBATI



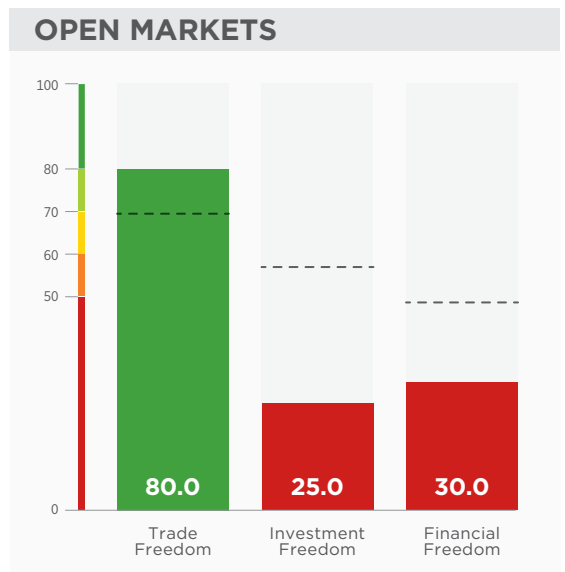
Property rights are weak. The judicial system, modeled on English common law, provides adequate due process rights, but the rule of law remains uneven across the country. Contracts are weakly enforced, and courts are relatively inexperienced in commercial litigation. Official corruption, nepotism, and 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.