

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

AFGHANISTAN

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.

Political uncertainty and security challenges remain formidable. The rule of law continues to be fragile and uneven across the country. The inability to deliver even basic services reliably has eroded confidence in the government, and pervasive corruption exacerbates the loss of trust. The Afghan economy's private sector is severely hampered by regulatory deficiencies.

ECONOMIC FREEDOM SCORE

N/A



REGIONAL AVERAGE
(ASIA-PACIFIC)

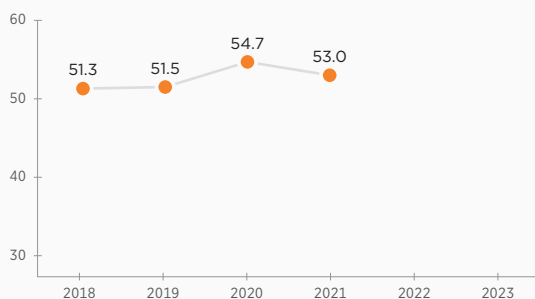
58.2

59.3

WORLD AVERAGE

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

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
39.8 million

GDP (PPP):
n/a
n/a growth in 2021
5-year compound
annual growth 1.3%

UNEMPLOYMENT:
11.7%

INFLATION (CPI):
n/a

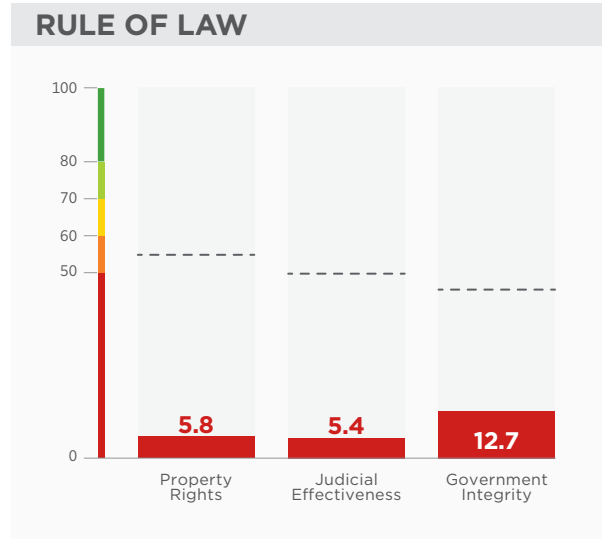
FDI INFLOW:
\$20.6 million

PUBLIC DEBT:
n/a

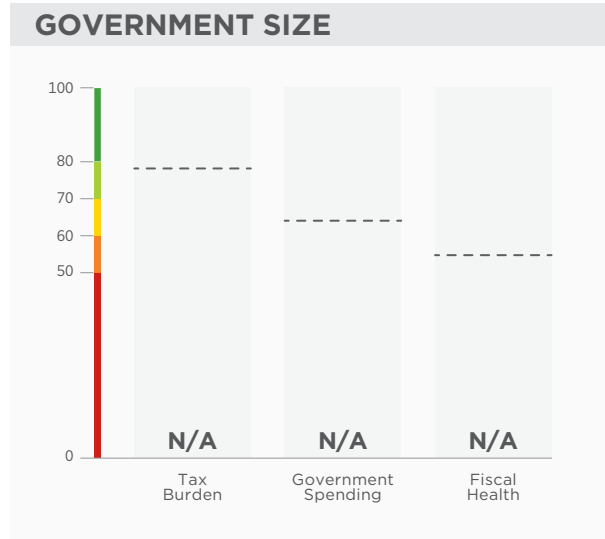
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: The Taliban's recapture of Afghanistan in August 2021 has had dire economic, political, and security consequences. With the world's lowest living standards, Afghanistan is experiencing economic, health, and humanitarian crises; food insecurity is especially acute. The Taliban have initiated a security crackdown in Panjshir province where resistance to their rule is most pronounced. Legal exports include carpets, rugs, dried fruit, and medicinal plants. The Taliban have begun a public campaign to enforce their ban on the illicit cultivation of opium despite its importance to the economy. An attempt to ban opium before the 2001 American intervention met with considerable success.

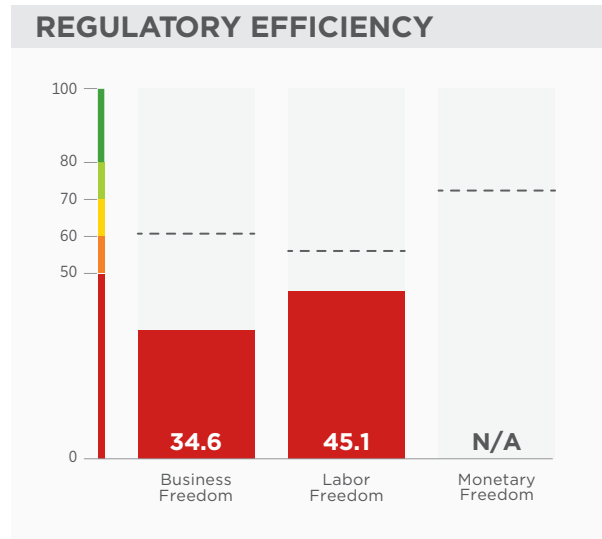
12 ECONOMIC FREEDOMS | AFGHANISTAN



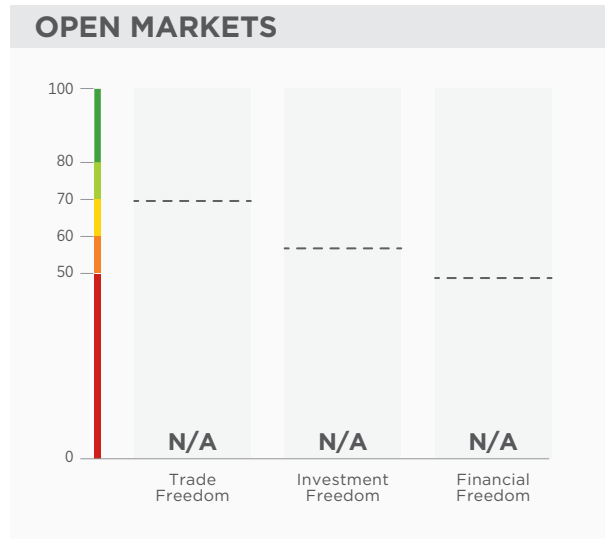
The overall rule of law is weak in Afghanistan. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate income tax rates are 20 percent. The tax burden equals 8.4 percent of GDP. Three-year government spending and budget balance averages are, respectively, about 30 percent and -1.7 percent of GDP.



The fall of Afghanistan to the Taliban left business freedom in disarray and the physical well-being of entrepreneurs far from guaranteed. Labor freedom suffered major blows and setbacks with the fall of Kabul. Monetary stability is fragile.



Trade's contribution to economic growth has been declining. Inefficient customs administration, inadequate infrastructure, and corruption raise the cost of trade. Security concerns and the financial system's weak capacity have slowed the growth of private investment.