

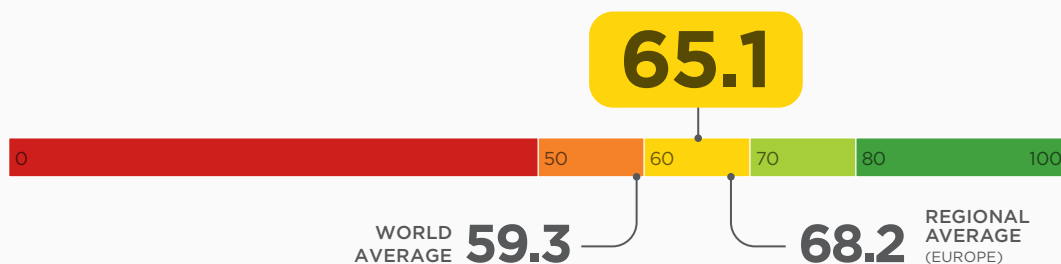
WORLD RANK: <b>50</b>	REGIONAL RANK: <b>28</b>
ECONOMIC FREEDOM STATUS: <b>MODERATELY FREE</b>	

# ARMENIA

Armenia's economic freedom score is 65.1, making its economy the 50th freest in the 2023 *Index*. Its score has decreased by 0.2 point. Armenia is ranked 28th freest among the 44 countries in the Europe region, and its overall score is above the world average and below the regional average.

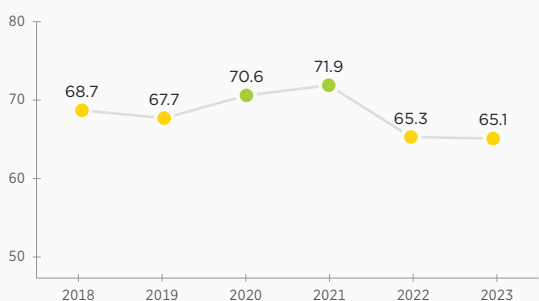
The overall regulatory framework remains efficient, and policies that support open markets are in place. Armenia performs relatively well in many of the four pillars of economic freedom, but the foundations of economic freedom are not strongly sustained by an independent judiciary. Corruption further undermines opportunities for vibrant economic development.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +22.9

### RECENT FREEDOM TREND



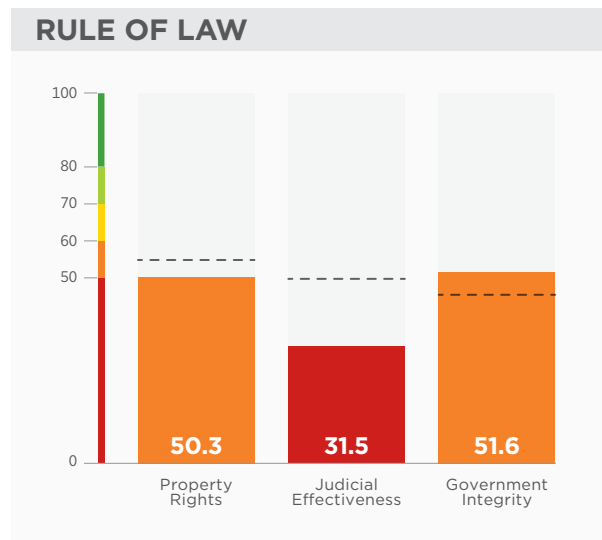
### QUICK FACTS

- POPULATION:** 3.0 million
- GDP (PPP):** \$43.4 billion  
5.7% growth in 2021  
5-year compound annual growth 3.7%
- UNEMPLOYMENT:** 18.3%
- INFLATION (CPI):** 7.2%
- FDI INFLOW:** \$378.8 million
- PUBLIC DEBT:** 60.2% of GDP

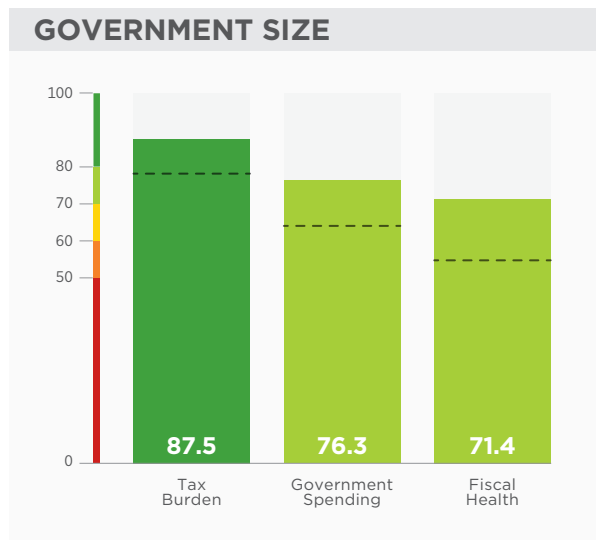
2021 data unless otherwise noted. Data compiled as of September 2022

**BACKGROUND:** Armenia gained its independence from the Soviet Union in 1991. Reform-minded Prime Minister Nikol Pashinyan was reelected in June 2021, but corruption remains a persistent problem. Armenia's decades-long occupation of parts of Azerbaijani territory ended after 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.

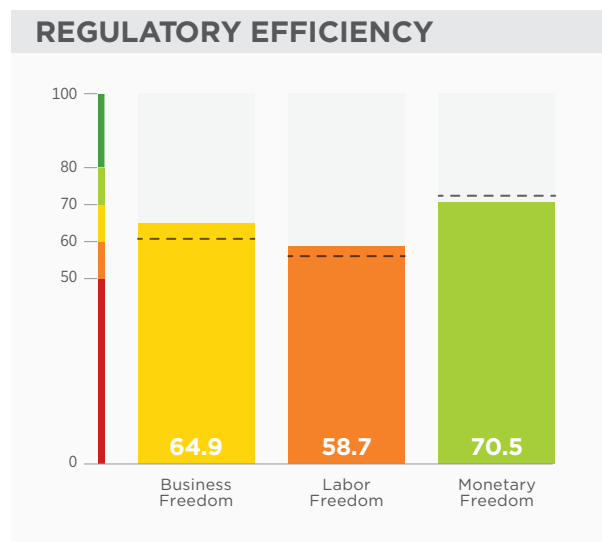
## 12 ECONOMIC FREEDOMS | ARMENIA



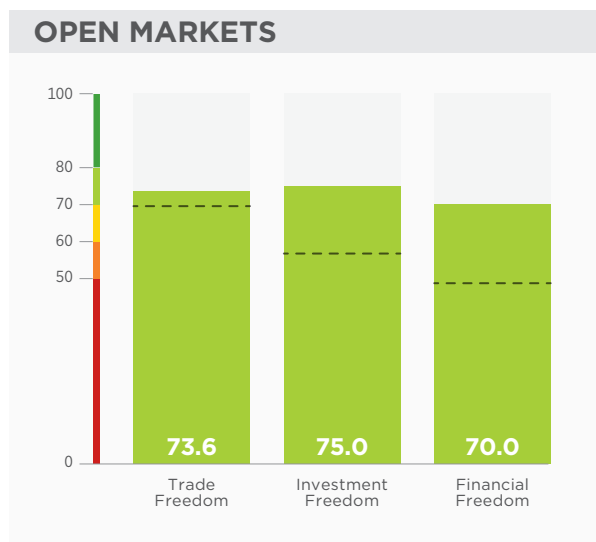
The overall rule of law is weak in Armenia. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 21 percent and 18 percent. The tax burden equals 22.0 percent of GDP. Three-year government spending and budget balance averages are, respectively, 28.1 percent and -3.7 percent of GDP. Public debt equals 60.2 percent of GDP.



Government economic and anticorruption reforms have improved the competitive landscape, but obstacles to a stable business climate remain to be overcome. Labor laws and regulations are not evenly enforced. The informal labor market is sizable. The most recent available inflation rate is 7.2 percent.



The trade-weighted average tariff rate is 5.7 percent, and nontariff measures are in force. Foreign investment in various sectors remains regulated. The overall financial sector is not fully developed, is subject to state control, and is dominated by fairly well-capitalized banks.