

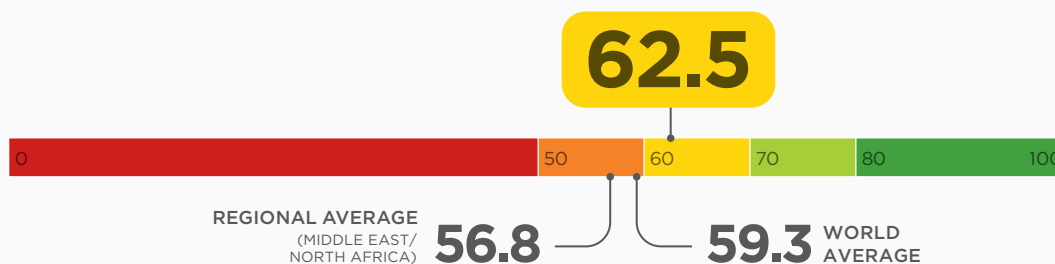
BAHRAIN

WORLD RANK: 68	REGIONAL RANK: 4
ECONOMIC FREEDOM STATUS: MODERATELY FREE	

Bahrain's economic freedom score is 62.5, making its economy the 68th freest in the 2023 *Index*. Its score is 0.5 point better than last year. Bahrain is ranked 4th among 14 countries in the Middle East and North Africa region, and its overall score is above the regional and world averages.

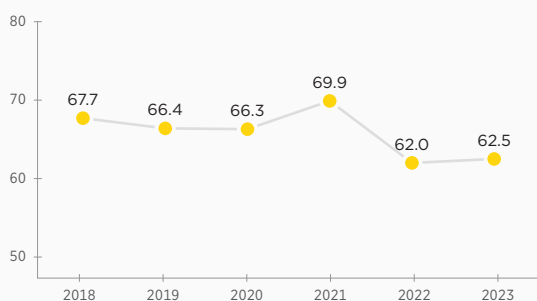
Bahrain is becoming more open and transparent. It performs quite well in many of the four pillars of economic freedom. Despite the challenging environment, Bahrain continues to be a financial hub for dynamic economic activity. Its openness to global commerce is sustained by a competitive and efficient regulatory environment.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -13.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.7 million

GDP (PPP):
\$79.4 billion
2.2% growth in 2021
5-year compound annual growth 1.2%
\$53,384 per capita

UNEMPLOYMENT:
n/a

INFLATION (CPI):
-0.6%

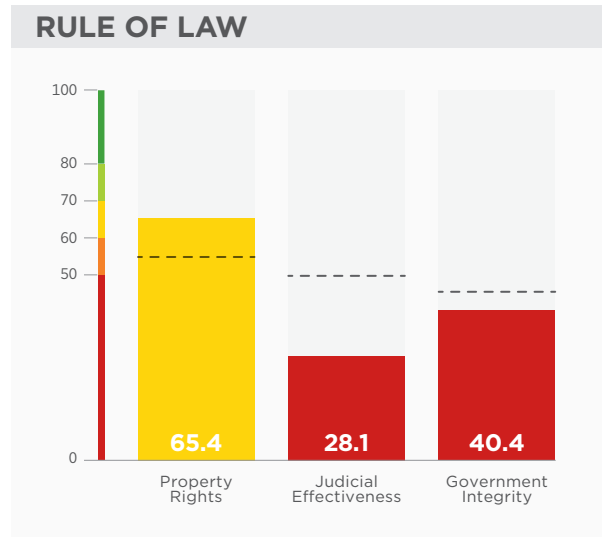
FDI INFLOW:
\$1.8 billion

PUBLIC DEBT:
128.5% of GDP

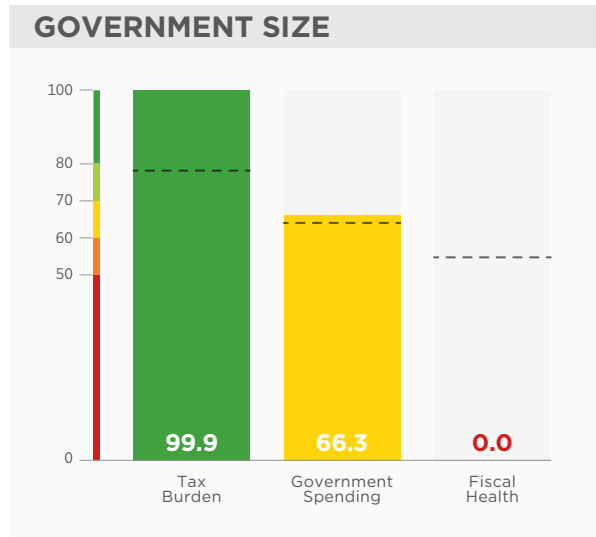
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Ruled since the 18th century by the Al-Khalifa family, initially as a British protectorate, Bahrain gained independence in 1971 and became a constitutional monarchy in 2002. Despite the adoption of key reforms, some opposition parties were banned in 2018. In 2020, King Hamad appointed Crown Prince Salman bin Hamad Al Khalifa to be prime minister. Oil revenues provide 85 percent of government revenues. Bahrain is a banking and financial services hub and regional home to many multinational firms. A September 2020 peace agreement with Israel should facilitate the normalization of trade, investment, technological cooperation, and tourism between the two countries.

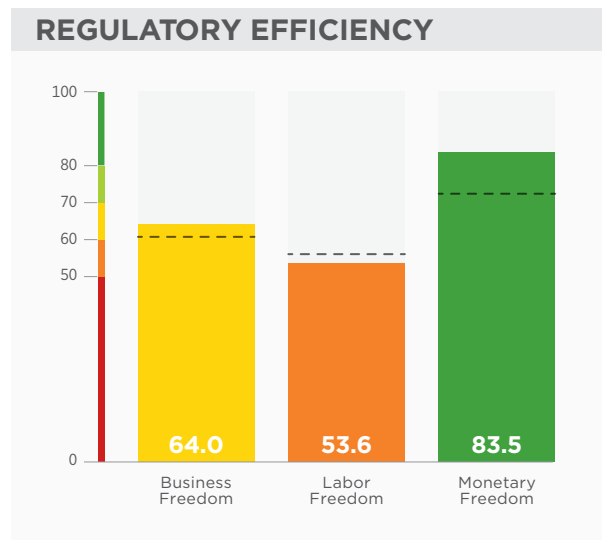
12 ECONOMIC FREEDOMS | BAHRAIN



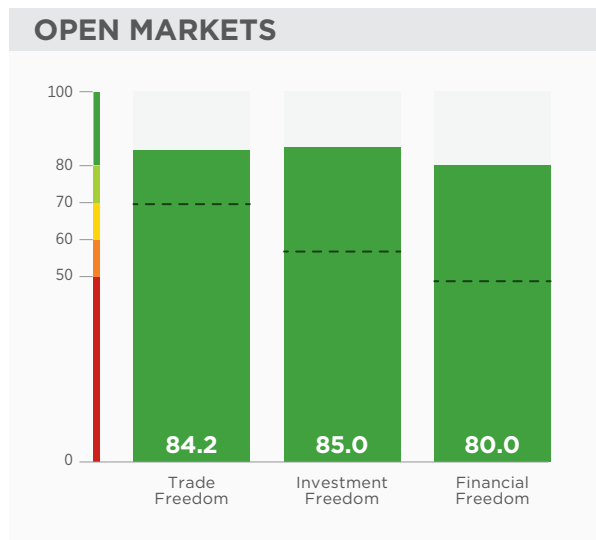
The overall rule of law is weak in Bahrain. The country's property rights score is above the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



Bahrain imposes no personal income or (for most companies) corporate taxes. The tax burden equals 2.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 33.5 percent and -12.6 percent of GDP. Public debt equals 128.5 percent of GDP.



The overall regulatory framework is more streamlined and competitive, and the commercial law system is relatively straightforward. There is no nationally mandated minimum wage, but wage increases have exceeded overall productivity growth. The most recent available inflation rate is -0.6 percent.



The trade-weighted average tariff rate is 5.4 percent, and nontariff measures are in force. The overall investment framework is generally positive and has remained transparent. Foreign and domestic investors have access to a wide range of financial services.