

# BOSNIA AND HERZEGOVINA

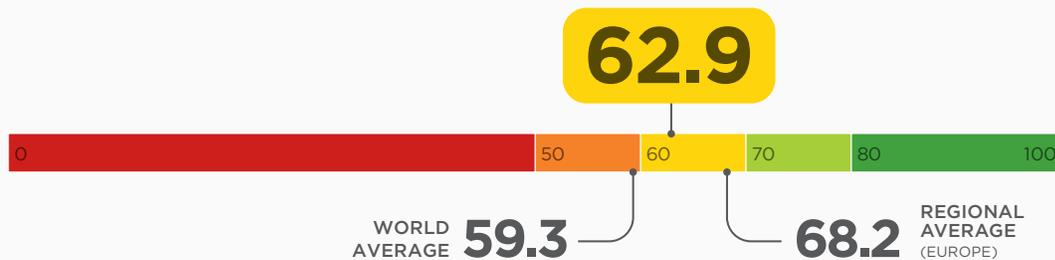
WORLD RANK: **63** | REGIONAL RANK: **35**

ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

**B**osnia and Herzegovina's economic freedom score is 62.9, making its economy the 63rd freest in the 2023 *Index*. Its score is 0.5 point worse than last year. Bosnia and Herzegovina is ranked 35th out of 44 countries in the Europe region, and its overall score is above the world average.

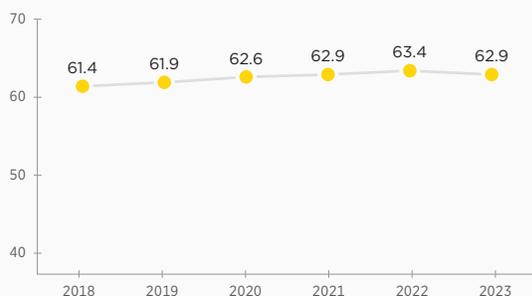
Bosnia and Herzegovina's economic dynamism has been affected by the global economic slowdown and the government's generally slow transition to regulatory efficiency and open-market policies. The foundations of economic freedom are fragile and uneven across the country. Poor protection of property rights and widespread corruption discourage entrepreneurial activity.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1998): +33.5

## RECENT FREEDOM TREND



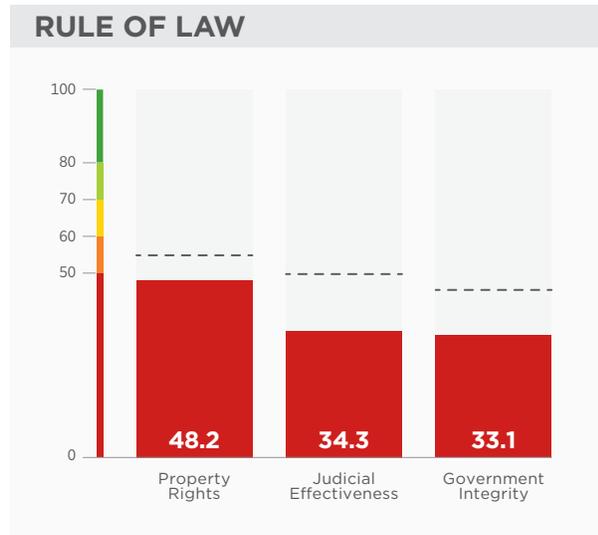
## QUICK FACTS

<b>POPULATION:</b> 3.3 million	<b>UNEMPLOYMENT:</b> 15.9%
<b>GDP (PPP):</b> \$55.7 billion 5.8% growth in 2021 5-year compound annual growth 2.5%	<b>INFLATION (CPI):</b> 2.0%
<b>FDI INFLOW:</b> \$519.1 million	<b>PUBLIC DEBT:</b> 35.4% of GDP

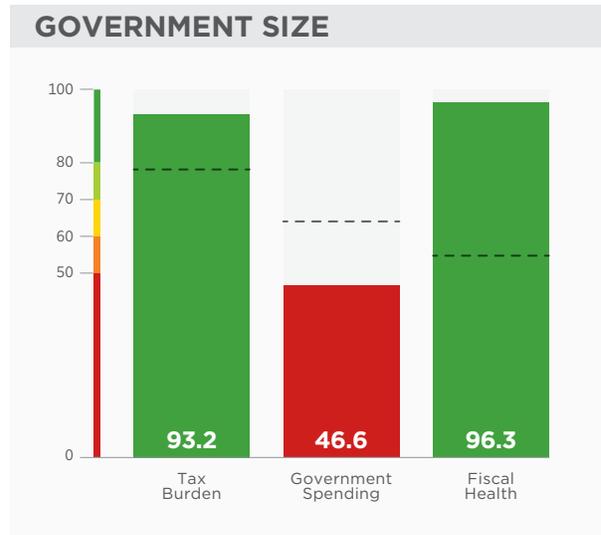
2021 data unless otherwise noted. Data compiled as of September 2022

**BACKGROUND:** The 1995 Dayton Agreement finalized Bosnia and Herzegovina's independence. The Republika Srpska (Serbian) and Federation of Bosnia and Herzegovina (Muslim/Croat) exist under a loose central government. Republika Srpska's plans to strip the central government of several competencies fanned fears of secession and led to U.S. and U.K. sanctions. Aspirations for accession to the European Union remain stalled because of incomplete reforms. The economy relies heavily on exports of metals, energy, textiles, and furniture as well as remittances, foreign aid, and Chinese infrastructure investment. Challenges include political uncertainty, high unemployment, high energy and food prices, poor infrastructure, and environmental concerns.

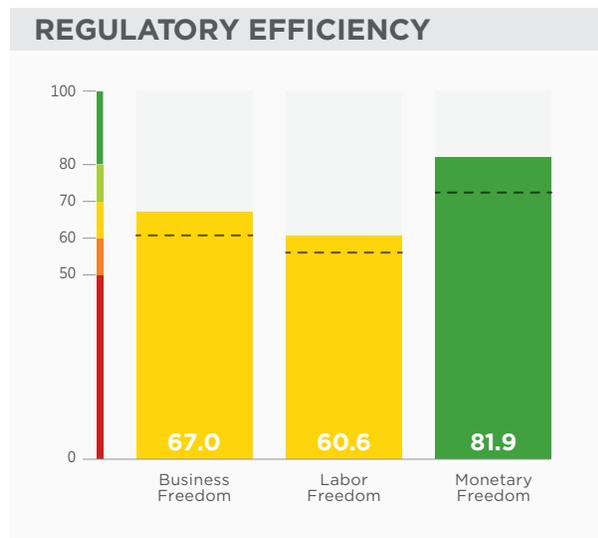
## 12 ECONOMIC FREEDOMS | BOSNIA AND HERZEGOVINA



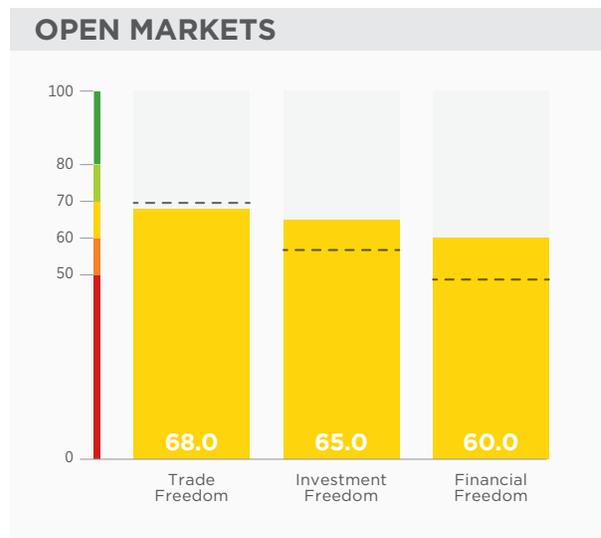
The overall rule of law is weak in Bosnia and Herzegovina. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are 10 percent. The tax burden equals 22.0 percent of GDP. Three-year government spending and budget balance averages are, respectively, 42.2 percent and -0.8 percent of GDP. Public debt equals 35.4 percent of GDP.



The complicated and fragmentary regulatory framework undermines business freedom, although natural resources provide opportunities for investment in energy, agriculture, timber, and tourism. Labor laws are complex and not fully enforced. The most recent available inflation rate is 2.0 percent.



The trade-weighted average tariff rate is 8.5 percent, and a variety of nontariff barriers further restrict trade flows. Complex regulatory frameworks are impediments to new foreign investment. The banking sector remains stable, but the number of nonperforming loans is sizable.