



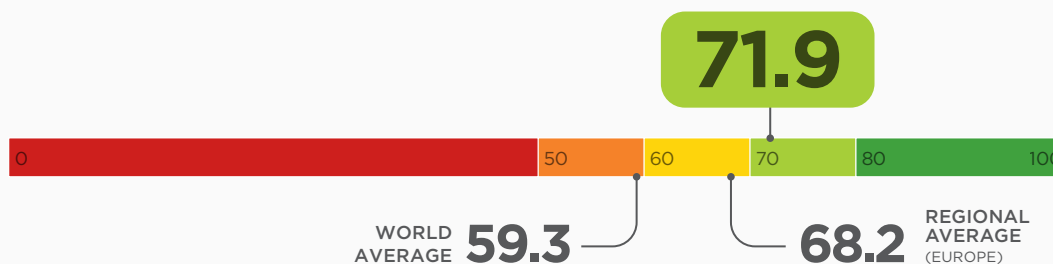
| | |
|--|----------------|
| WORLD RANK: | REGIONAL RANK: |
| 21 | 15 |
| ECONOMIC FREEDOM STATUS: MOSTLY FREE | |

CZECH REPUBLIC

The Czech Republic's economic freedom score is 71.9, making its economy the 21st freest in the 2023 *Index*. Its score is 2.5 points lower than last year. The Czech Republic is ranked 15th among 44 countries in the Europe region, and its overall score is higher than the regional and global averages.

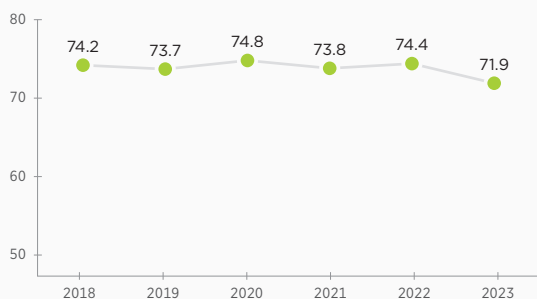
Strongly committed to economic and structural reform, the Czech Republic has developed a modern and flexible economy and performs above world averages in many of the four pillars of economic freedom. Open-market policies have enabled the economy to capitalize further on regulatory efficiencies gained through earlier reforms.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +4.1

RECENT FREEDOM TREND



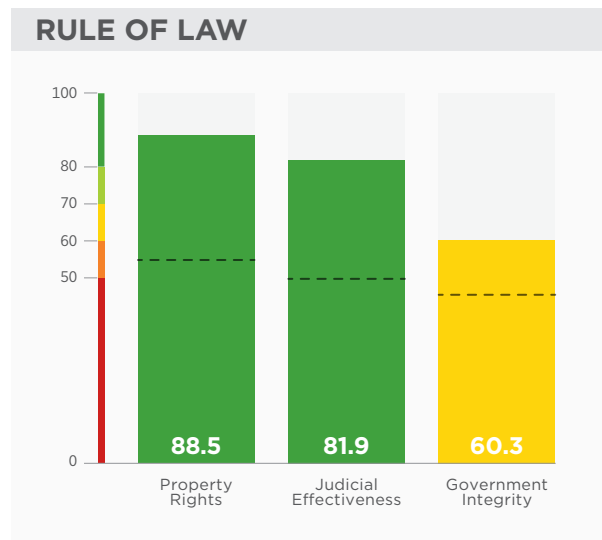
QUICK FACTS

| | |
|---|-------------------------------------|
| POPULATION: 10.7 million | UNEMPLOYMENT: 2.6% |
| GDP (PPP): \$469.1 billion 3.3% growth in 2021 5-year compound annual growth 1.8% | INFLATION (CPI): 3.8% |
| FDI INFLOW: \$5.8 billion | PUBLIC DEBT: 42.0% of GDP |

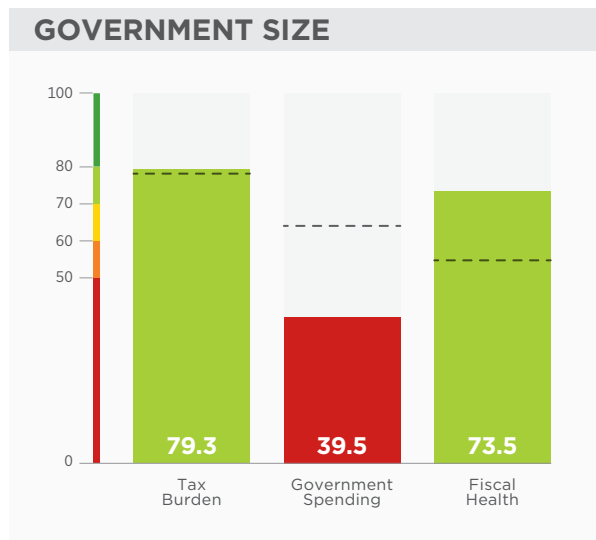
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: The so-called Velvet Revolution ended Czechoslovakia's Communist dictatorship in 1989, and the Czech Republic became independent from Slovakia in 1993. Health concerns have led to questions about whether President Miloš Zeman of the center-left Czech Social Democrat Party should remain in office. Prime Minister Petr Fiala of the Civic Democratic Party leads a five-party center-right coalition, having defeated populist former Prime Minister Andrej Babiš in October 2021 elections. Challenges include the decline of the automotive industry, which accounts for 25 percent of exports, and heavy reliance on Russian energy. A series of disputes has caused relations with China to deteriorate.

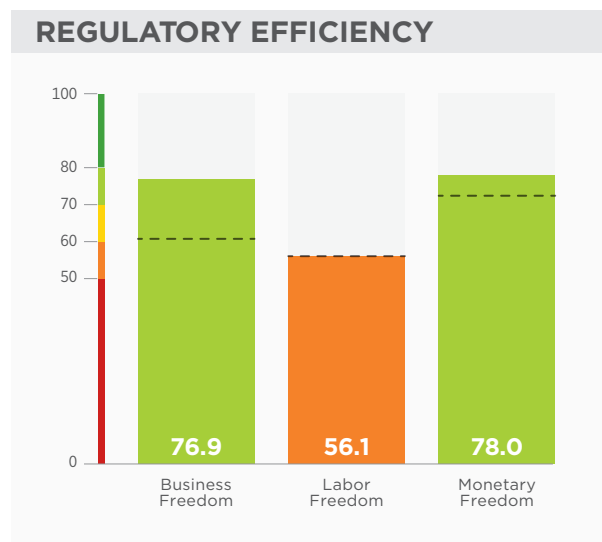
12 ECONOMIC FREEDOMS | CZECH REPUBLIC



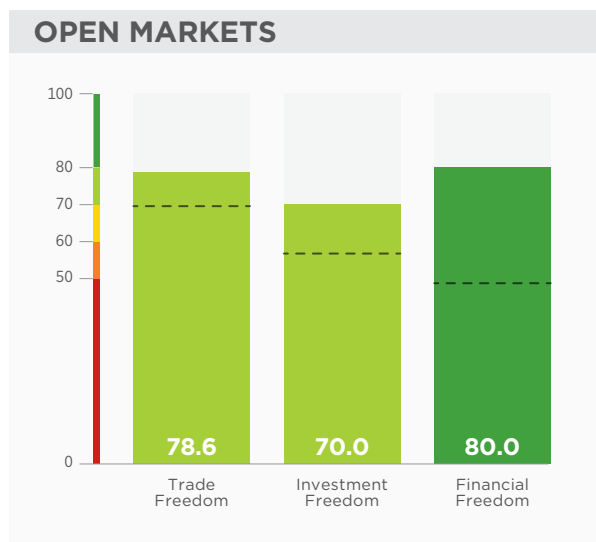
The overall rule of law is well respected in the Czech Republic. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 23 percent and 19 percent. The tax burden equals 34.4 percent of GDP. Three-year government spending and budget balance averages are, respectively, 44.9 percent and -3.8 percent of GDP. Public debt equals 42.0 percent of GDP.



The regulatory framework governing businesses is clear and straightforward, and all interested parties can participate in the process of enacting new regulations. The labor market is relatively flexible. The most recent available inflation rate is 3.8 percent.



The trade-weighted average tariff (common among EU members) rate is 3.2 percent; more than 600 EU-mandated nontariff measures and 116 country-specific nontariff barriers are in force. The government has reduced bureaucratic barriers to investment. The financial sector remains resilient.