

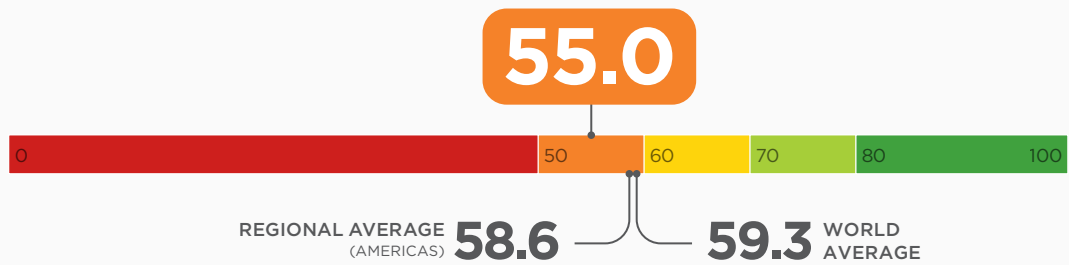
WORLD RANK: <b>119</b>	REGIONAL RANK: <b>24</b>
ECONOMIC FREEDOM STATUS: <b>MOSTLY UNFREE</b>	

# ECUADOR

Ecuador's economic freedom score is 55.0, making its economy the 119th freest in the 2023 *Index*. Its score is 0.7 point better than last year. Ecuador is ranked 24th out of 32 countries in the Americas, and its overall score is below the world and regional averages.

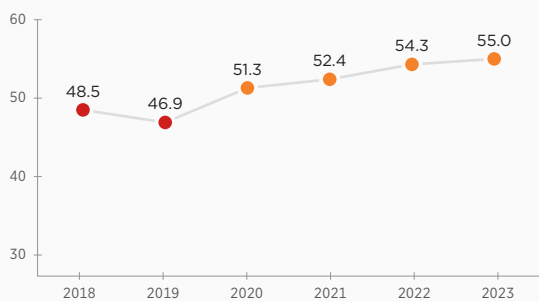
Considerably undermining economic freedom, the reach of Ecuador's government continues to expand to economic sectors beyond the petroleum industry. The rule of law is undermined by pervasive corruption that weakens property rights. The private sector is struggling to operate in what is now a restrictive entrepreneurial environment.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -2.7

### RECENT FREEDOM TREND



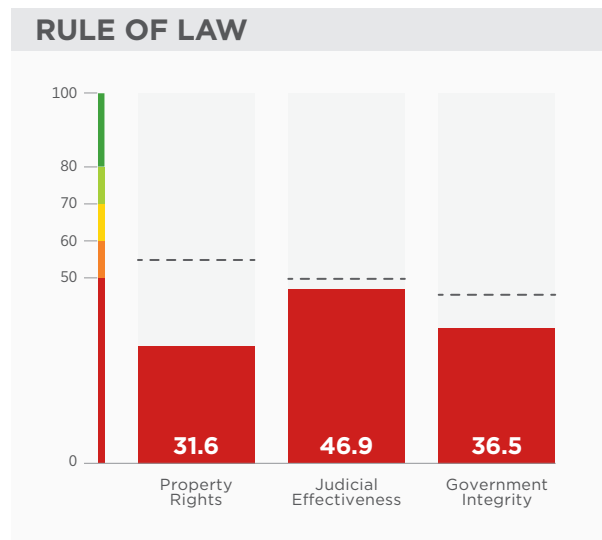
### QUICK FACTS

- POPULATION:** 17.9 million
- GDP (PPP):** \$208.6 billion  
4.2% growth in 2021  
5-year compound annual growth 0.0%
- UNEMPLOYMENT:** 6.1%
- INFLATION (CPI):** 0.1%
- FDI INFLOW:** \$620.6 million
- PUBLIC DEBT:** \$11,748 per capita  
62.2% of GDP

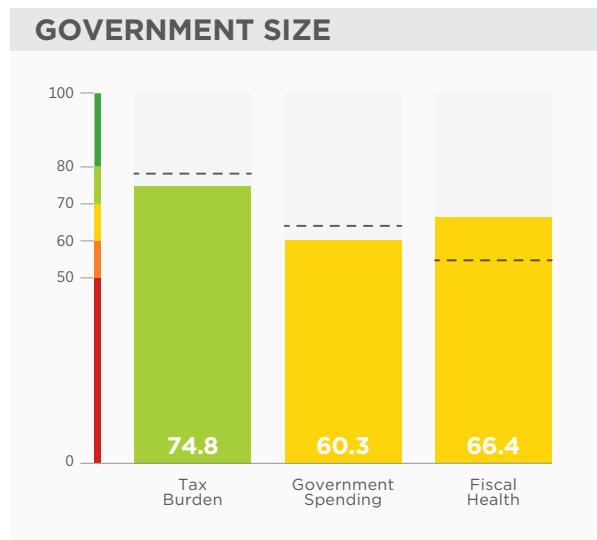
2021 data unless otherwise noted. Data compiled as of September 2022

**BACKGROUND:** President Guillermo Lasso was elected in April 2021 with the center-right CREO party, replacing socialist Rafael Correa. Lasso has pursued moderate labor and tax reforms to revitalize economic growth, and his government faces opposition from the unicameral parliament's leftist majority and violent protests from left-wing indigenous activists. The government has negotiated a \$6.5 billion loan with the IMF and in 2022 agreed to negotiate a \$4.6 billion debt with China. The world's largest banana exporter, Ecuador remains a major transit country for narco-trafficking and prime target for Chinese illegal fishing. Its dollarized economy is substantially dependent on petroleum production.

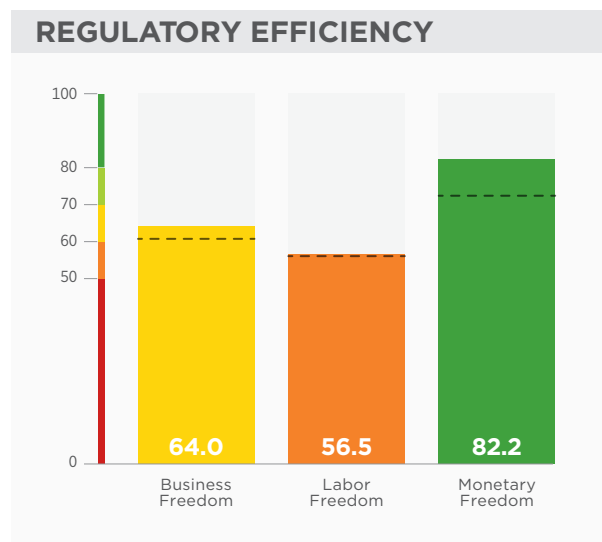
## 12 ECONOMIC FREEDOMS | ECUADOR



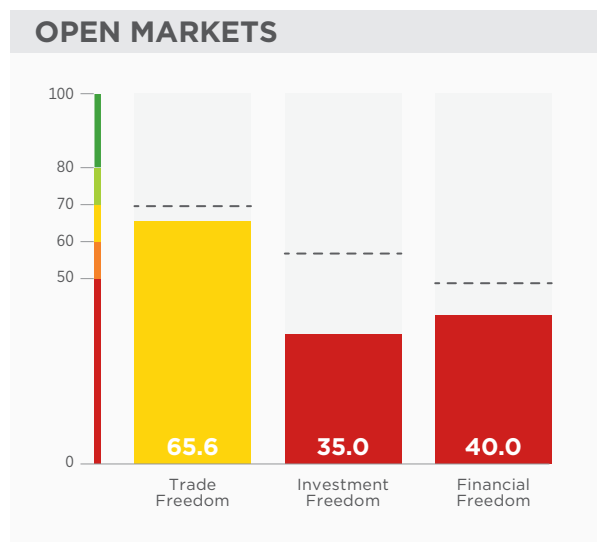
The overall rule of law is weak in Ecuador. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are, respectively, 37 percent and 28 percent. The tax burden equals 19.1 percent of GDP. Three-year government spending and budget balance averages are, respectively, 36.4 percent and -4.0 percent of GDP. Public debt equals 62.2 percent of GDP.



The inconsistent application of commercial laws increases the cost of doing business. Non-transparency and unfair competition from state-backed firms persist. Outdated labor regulations discourage new hiring, and employers resort to short-term outsourcing contracts. Price controls are often used by the state.



The trade-weighted average tariff rate is 7.2 percent, and more than 200 nontariff measures are in force. The investment climate remains uncertain. The underdeveloped and state-controlled financial sector limits access to credit. About 50 percent of adults have access to accounts with formal banking institutions.