

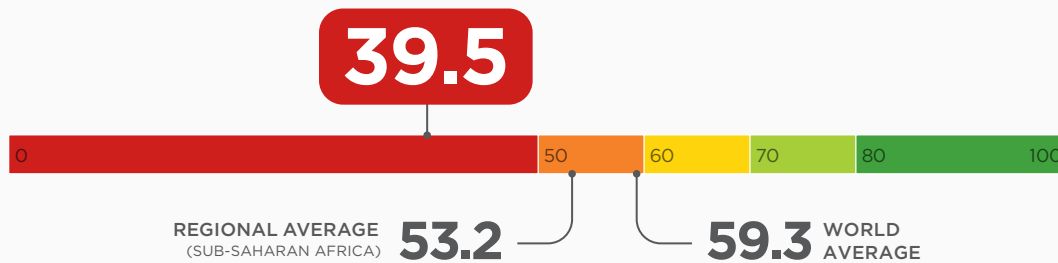
# ERITREA

WORLD RANK: **171** | REGIONAL RANK: **45**  
 ECONOMIC FREEDOM STATUS: **REPRESSED**

Eritrea's economic freedom score is 39.5, making its economy one of the least free in the 2023 *Index*. Its score is 0.2 point lower than last year. Eritrea is ranked 45th out of 46 countries in the Sub-Saharan Africa region, and its overall score is well below the regional and world averages.

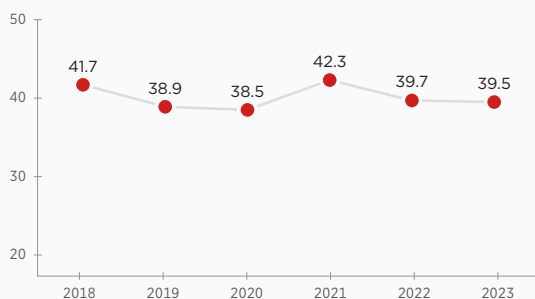
Eritrea's long-standing problems include poor governance, a lack of commitment to structural reform, poor management of public finance, and underdeveloped legal and regulatory frameworks. Weak enforcement of property rights and fragile rule of law have driven many people into the informal sector.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +1.0

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
3.6 million

**GDP (PPP):**  
\$6.9 billion  
2.9% growth in 2021  
5-year compound annual growth 1.8%  
\$1,921 per capita

**UNEMPLOYMENT:**  
n/a

**INFLATION (CPI):**  
4.5%

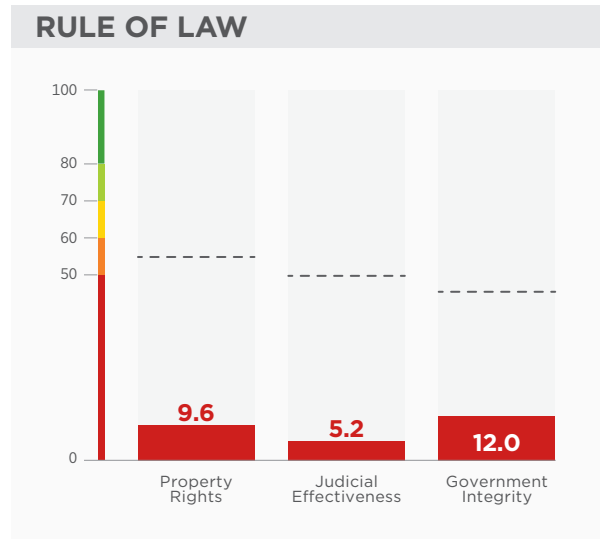
**FDI INFLOW:**  
\$70.5 million

**PUBLIC DEBT:**  
176.3% of GDP

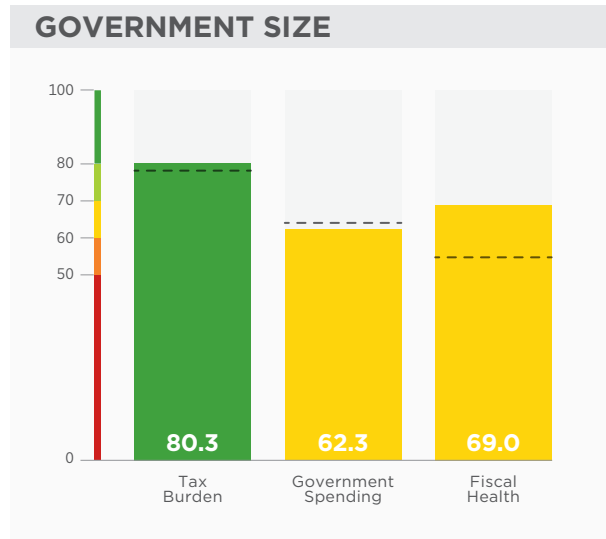
2021 data unless otherwise noted. Data compiled as of September 2022

**BACKGROUND:** Ethiopia's 1962 annexation of Eritrea sparked a violent struggle for independence that ended with the Eritrean rebels' victory in 1991. Isaias Afewerki's autocratic rule has created a rigidly militarized society, and mandatory conscription can be for indefinite periods. Eritrea and Ethiopia normalized relations in 2018. Eritrean troops entered northern Ethiopia to support the Ethiopian government's offensive against a rebel group in 2020 and have been accused of widespread brutality. The president's development agenda has led to the expansion of military-owned and party-owned businesses. Copper and gold are important exports, but military spending drains resources needed for public infrastructure.

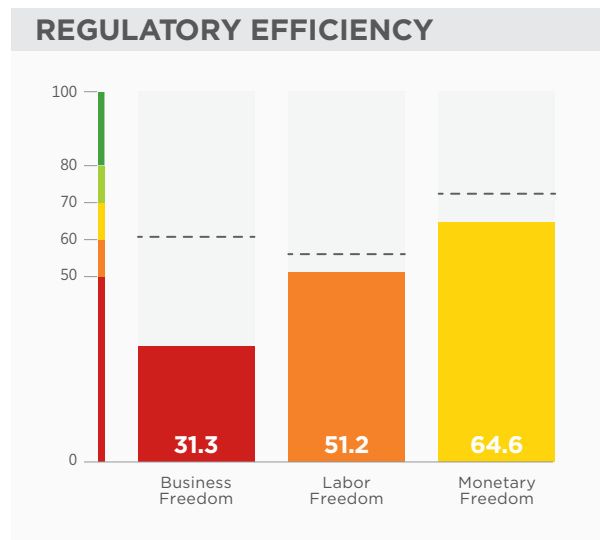
## 12 ECONOMIC FREEDOMS | ERITREA



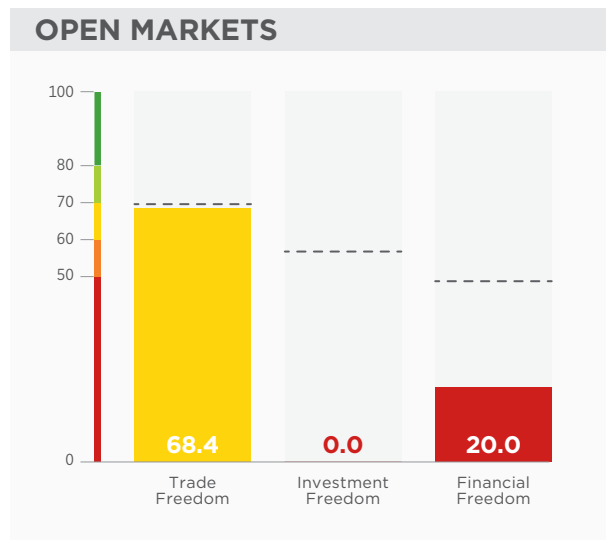
The overall rule of law is weak in Eritrea. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are 30 percent. The tax burden equals 12.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 35.5 percent and -2.6 percent of GDP. Public debt equals 176.3 percent of GDP.



Businesses face the constant threat of government interference. Few sizable private businesses exist, and employment opportunities are limited. Reliable economic and labor statistics are difficult or impossible to find. Monetary stability is fragile, and the most recent available inflation rate is 4.5 percent.



The most recent publicly available average tariff rate is 5.8 percent, but layers of nontariff barriers severely restrict trade flows. Foreign investment in several economic sectors is restricted, and state-owned enterprises distort markets. The financial system remains underdeveloped, and capital markets are nonexistent.