



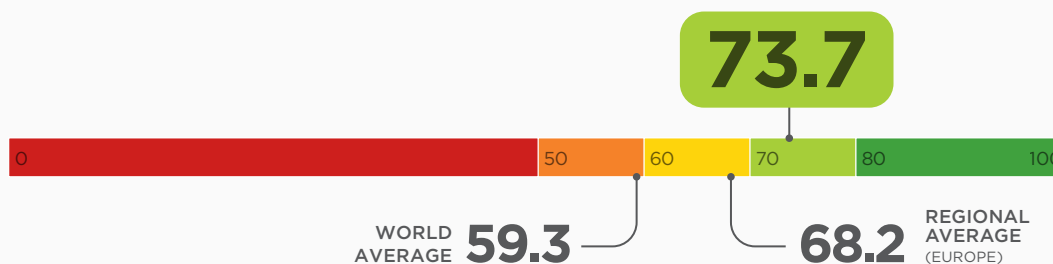
WORLD RANK:	REGIONAL RANK:
<b>14</b>	<b>10</b>
ECONOMIC FREEDOM STATUS: <b>MOSTLY FREE</b>	

# GERMANY

Germany's economic freedom score is 73.7, making its economy the 14th freest in the 2023 *Index*. Its score has declined by 2.4 points. Germany is ranked 10th out of 44 countries in the Europe region, and its overall score is higher than the world and regional averages.

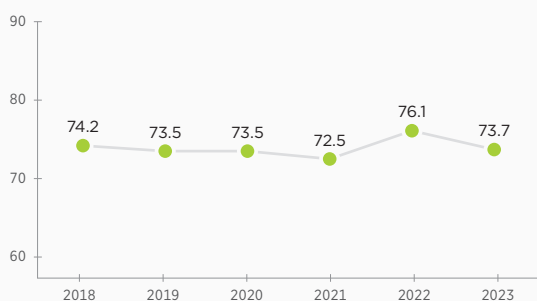
Long-term competitiveness and dynamic growth are supported by a judicial regime that upholds a strong rule of law. Regulatory efficiency and open-market policies enhance the benefits of vibrant engagement in global commerce. The economy has gradually emerged from the effects of the global economic slowdown, which had a significant impact on public finances.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +3.9

## RECENT FREEDOM TREND



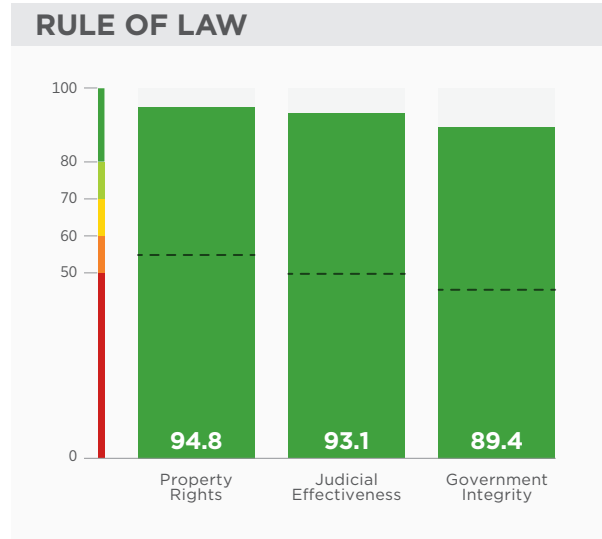
## QUICK FACTS

<b>POPULATION:</b> 83.1 million	<b>UNEMPLOYMENT:</b> 3.8%
<b>GDP (PPP):</b> \$4.9 trillion 2.8% growth in 2021 5-year compound annual growth 0.6%	<b>INFLATION (CPI):</b> 3.2%
<b>FDI INFLOW:</b> \$31.3 billion	<b>PUBLIC DEBT:</b> 69.6% of GDP

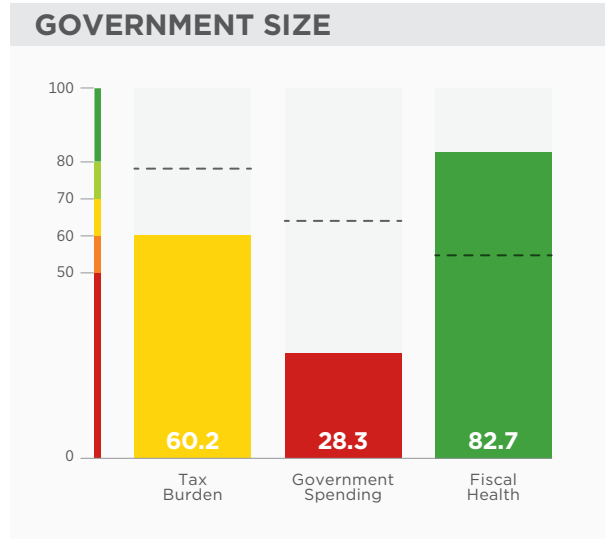
*2021 data unless otherwise noted. Data compiled as of September 2022*

**BACKGROUND:** Germany remains the European Union's most politically and economically influential member nation. In December 2021, after 16 years under Christian Democrat Angela Merkel, Olaf Scholz formed a complicated coalition government with the environmentalist Alliance '90/Greens and the market-liberal Free Democrats to become the fourth Social Democratic chancellor since the end of World War II. He has promised significant increases in defense spending. Germany's economy, the world's fourth largest and Europe's largest, is based on exports of high-quality manufactured goods and has been hurt by high energy prices. Reliance on imports of Russian energy and exports to China are major liabilities.

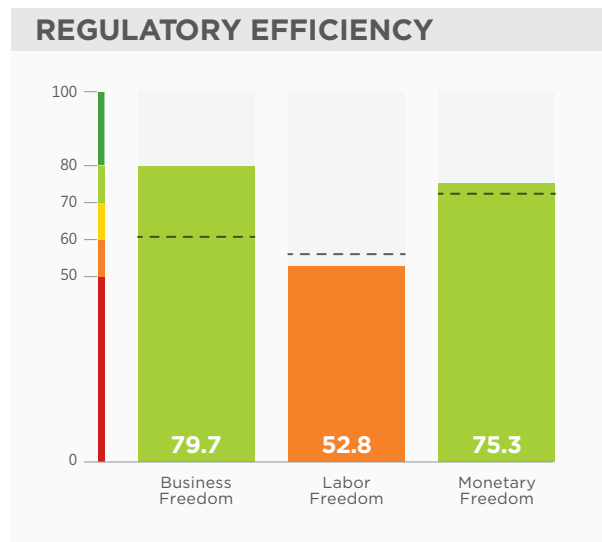
## 12 ECONOMIC FREEDOMS | GERMANY



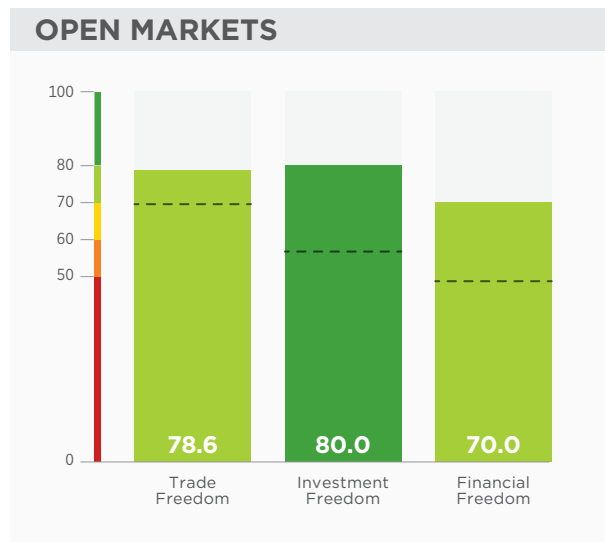
The overall rule of law is very well respected in Germany. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 47.5 percent and 15.8 percent. The tax burden equals 38.3 percent of GDP. Three-year government spending and budget balance averages are, respectively, 48.9 percent and -2.2 percent of GDP. Public debt equals 69.6 percent of GDP.



The efficient regulatory regime allows dynamic and innovative business formation and operation. Labor relations are sound, and employers and workers have responded to the changing economic environment by working cooperatively to adjust wages and work hours. The most recent available inflation rate is 3.2 percent.



The trade-weighted average tariff rate (common among EU members) is 3.2 percent; more than 600 EU-mandated nontariff measures and two country-specific nontariff barriers are in force. Openness to global commerce supports competitiveness and investment. The financial sector offers a full range of services.