



WORLD RANK: **169** REGIONAL RANK: **14**

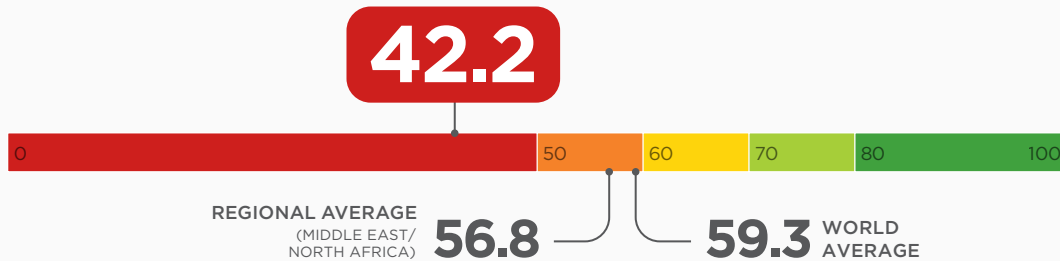
ECONOMIC FREEDOM STATUS: **REPRESSED**

# IRAN

Iran's economic freedom score is 42.2, making its economy the 169th freest in the 2023 *Index*. Its score has decreased by 0.2 point from last year. Iran is ranked 14th out of 14 countries in the Middle East/North Africa region, and its overall score is well below the world and regional averages.

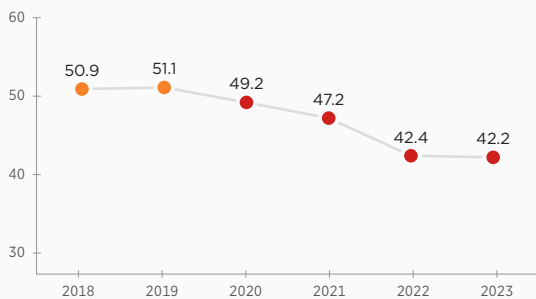
State interference undermines every category of economic freedom measured in the *Index*. Corruption and deficiencies in the legal framework undermine the rule of law. The government dictates production activity and derives most of its revenue from the oil sector. The restrictive regulatory environment marginalizes the private sector.

## ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +6.1

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
85.0 million

**GDP (PPP):**  
\$1.4 trillion  
4.0% growth in 2021  
5-year compound annual growth 1.0%  
\$16,908 per capita

**UNEMPLOYMENT:**  
9.7%

**INFLATION (CPI):**  
40.1%

**FDI INFLOW:**  
\$1.4 billion

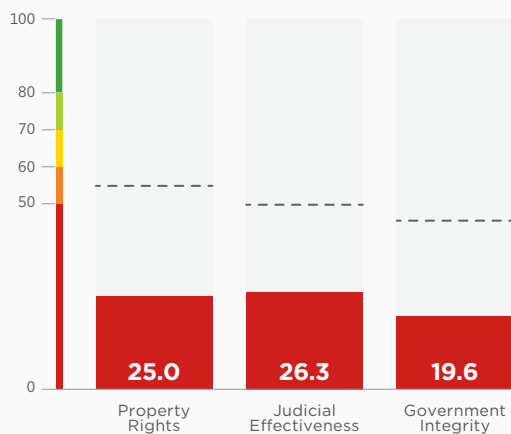
**PUBLIC DEBT:**  
42.4% of GDP

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

**BACKGROUND:** Iran's economy, among the Middle East's most advanced before the country's 1979 revolution, has been undermined by mismanagement, international sanctions, and pervasive graft under a repressive Islamic government. President Ebrahim Raisi, installed after rigged elections in June 2021, is a protégé of Supreme Leader Ayatollah Ali Khamenei. Iran has the world's second-largest reserves of natural gas and fourth-largest reserves of crude oil. U.S. sanctions imposed after Washington withdrew from the 2015 nuclear agreement in 2018 slashed Iran's oil exports, but current talks could yield an agreement that allows Tehran to expand oil exports, attract greater foreign investment, and increase trade.

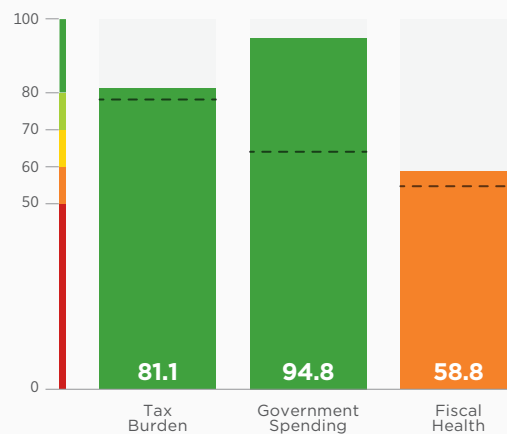
## 12 ECONOMIC FREEDOMS | IRAN

### RULE OF LAW



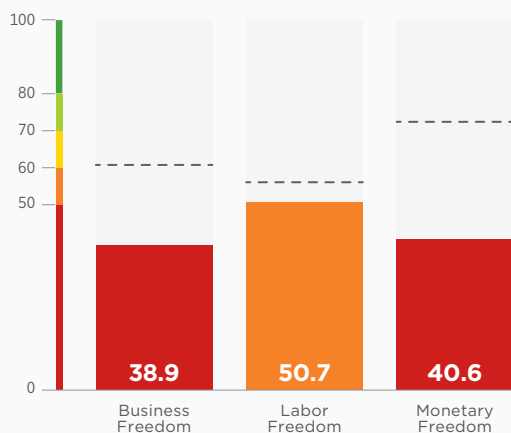
The overall rule of law is weak in Iran. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.

### GOVERNMENT SIZE



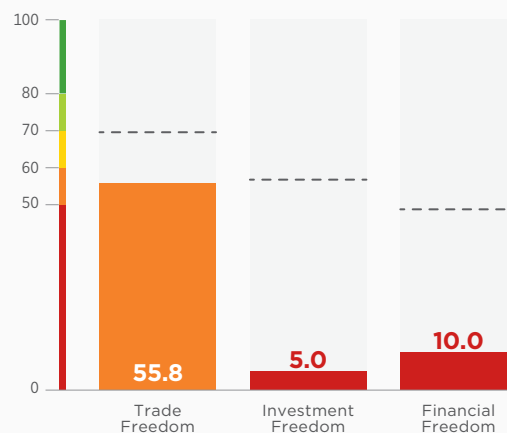
The top individual and corporate tax rates are, respectively, 35 percent and 25 percent. The tax burden equals 6.6 percent of GDP. Three-year government spending and budget balance averages are, respectively, 13.2 percent and -4.9 percent of GDP. Public debt equals 42.4 percent of GDP.

### REGULATORY EFFICIENCY



The private sector remains constrained by a restrictive and burdensome regulatory environment. Employment regulations are restrictive, and the labor market remains stagnant. Monetary stability is weak, and tight government controls distort price levels. The most recent available inflation rate is 40.1 percent.

### OPEN MARKETS



The trade-weighted average tariff rate is 12.1 percent. The state continues to hold back economic development, undermining trade and investment flows. Government controls limit access to financing for businesses. State-owned commercial banks and specialized financial institutions account for a majority of banking-sector assets.