



WORLD RANK: **92** REGIONAL RANK: **20**

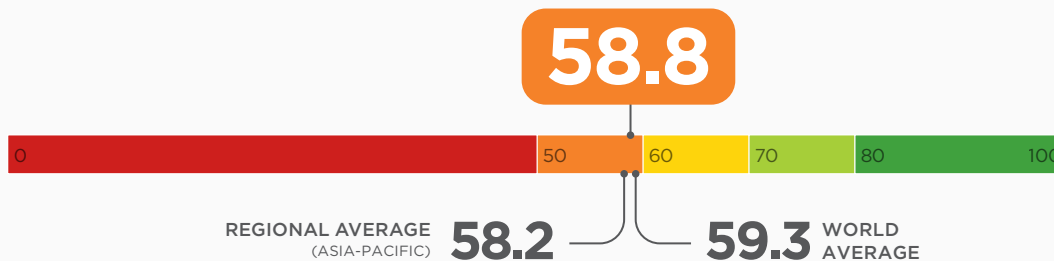
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

KIRIBATI

Kiribati's economic freedom score is 58.8, making its economy the 92nd freest in the 2023 *Index*. Its score is 0.4 point lower this year. Kiribati is ranked 20th out of 39 countries in the Asia-Pacific region, and its overall score is below the world average.

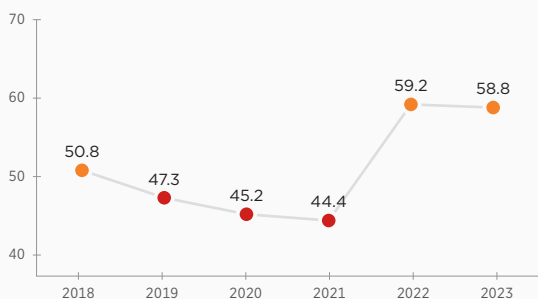
Economic activity is still dominated by a public sector that accounts for two-thirds of employment and more than half of the economy. The economy relies heavily on foreign assistance and remittances. An inefficient regulatory framework and the absence of open-market policies that are critical to private-sector development continue to discourage economic dynamism.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2009): +13.1

RECENT FREEDOM TREND



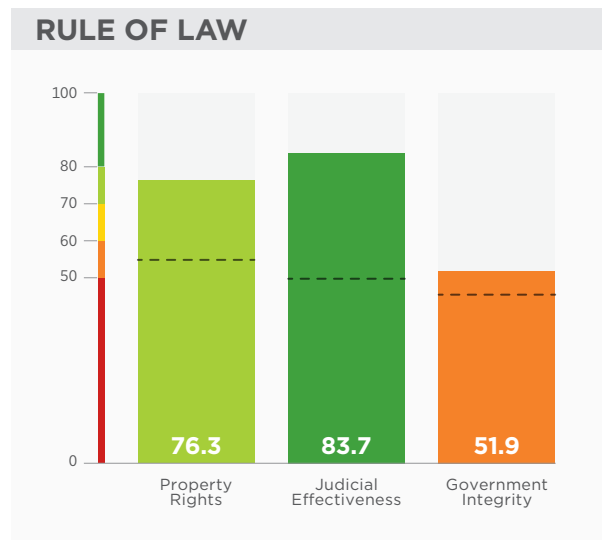
QUICK FACTS

- POPULATION:** 0.1 million
- UNEMPLOYMENT:** 8.6%
- GDP (PPP):** \$0.2 billion
- INFLATION (CPI):** 3.0%
- 1.5% growth in 2021
- FDI INFLOW:** \$1.0 million
- 5-year compound annual growth 1.1%
- PUBLIC DEBT:** 17.6% of GDP
- \$2,035 per capita

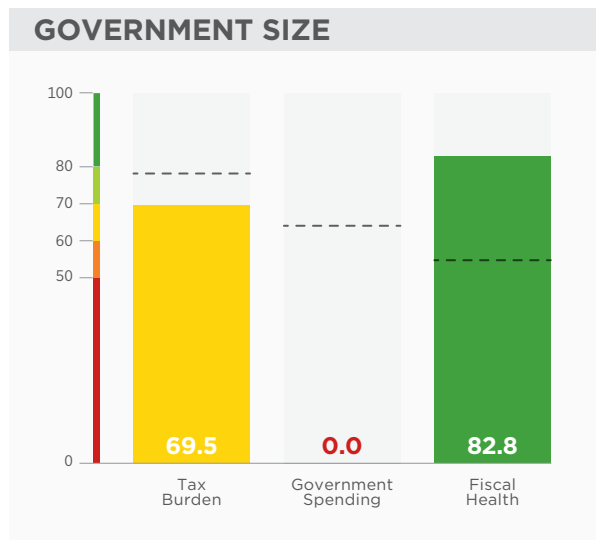
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Comprised of 33 scattered coral atolls, Kiribati gained independence from the United Kingdom in 1979 and is an electoral democracy. In 2022, the government caused a constitutional crisis by suspending members of the judiciary. President Taneti Maamau of the Tobwaan Kiribati Party was reelected in 2020. Kiribati's 2022 withdrawal from the Pacific Islands Forum is seen as a shift toward China. Phosphate deposits, formerly the center of economic activity, are now exhausted, but a \$722 million fund created with mining revenues still helps to support the government's budget. Kiribati relies on foreign assistance, emigrants' remittances, fishing, coconut exports, and tourism.

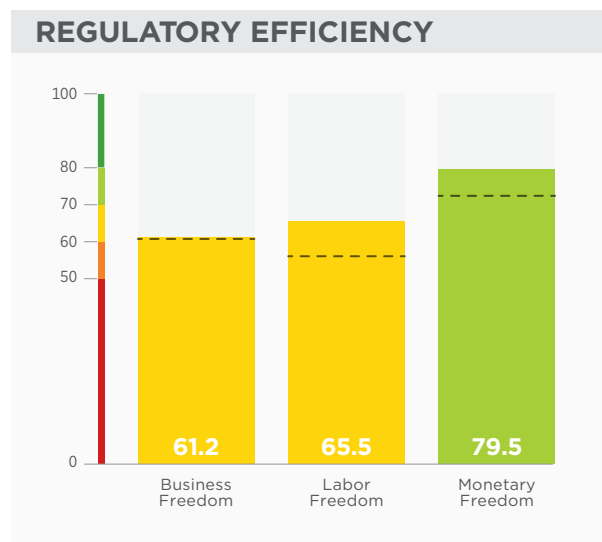
12 ECONOMIC FREEDOMS | KIRIBATI



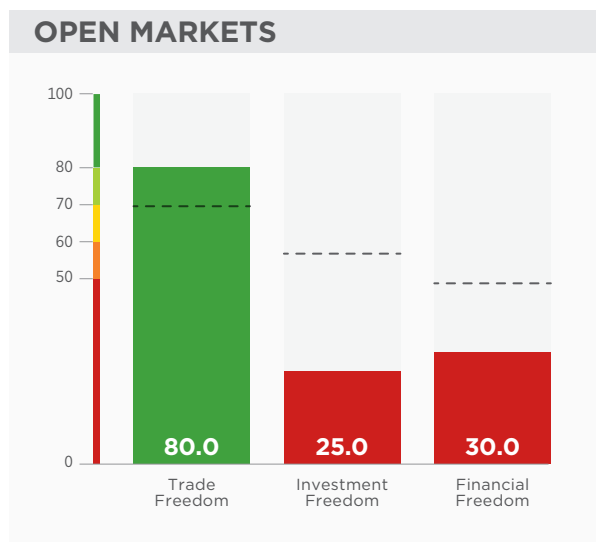
The overall rule of law is well respected in Kiribati. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are 35 percent. The tax burden equals 24.5 percent of GDP. Three-year government spending and budget balance averages are, respectively, 123.5 percent and -3.2 percent of GDP. Public debt equals 17.6 percent of GDP.



The regulatory environment is rudimentary. Commercial regulations are enforced inconsistently and lack the capacity to spur more dynamic entrepreneurial growth. Only a small share of the labor force participates in the formal economy. The most recent available inflation rate is 3.0 percent.



The trade-weighted average tariff rate is 0.0 percent, but nontariff barriers persist. Kiribati is not a member of the World Trade Organization. Inefficient state-owned enterprises and regulations that hinder private-sector development continue to discourage investment. High credit costs undermine the private sector.