

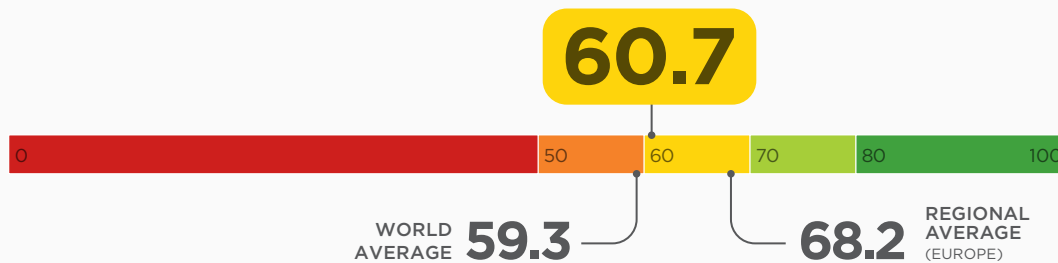
KOSOVO



Kosovo's economic freedom score is 60.7, making its economy the 78th freest in the 2023 *Index*. Its score has increased by 0.6 point. Kosovo is ranked 39th among 44 countries in the Europe region, and its overall score is below the regional average and above the world average.

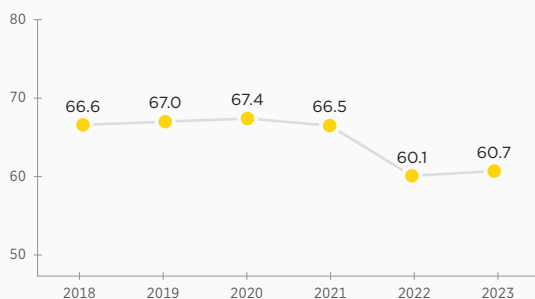
Kosovo is Europe's youngest country. Despite positive growth rates, the economy is characterized by political instability, corruption, an unreliable energy supply, a large informal economy, and a tenuous rule of law. The majority of state-owned enterprises have been privatized, but limited regional and global economic integration still blocks business success.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2016): -0.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
1.8 million

GDP (PPP):
\$23.1 billion
9.5% growth in 2021
5-year compound annual growth 3.4%
\$12,833 per capita

UNEMPLOYMENT:
26.2%

INFLATION (CPI):
3.3%

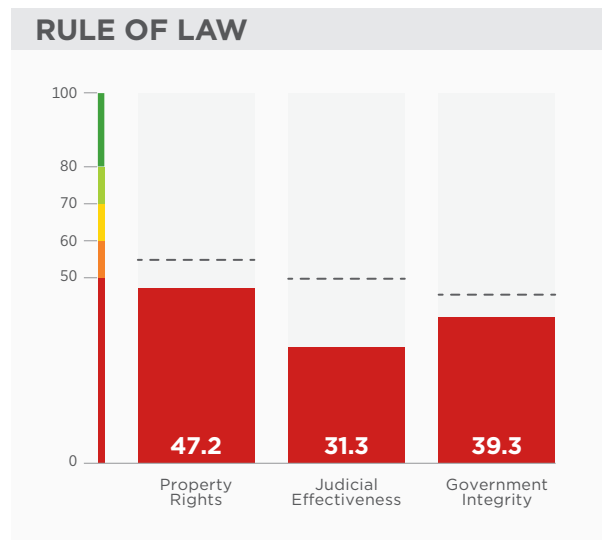
FDI INFLOW:
n/a

PUBLIC DEBT:
22.4% of GDP

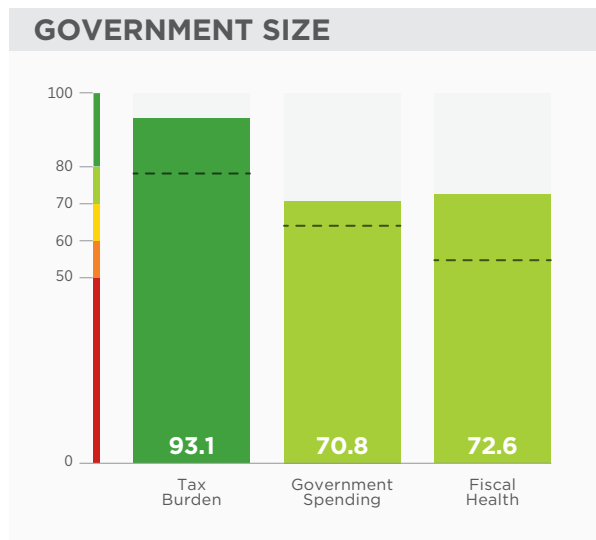
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Most European Union countries recognize the sovereignty of Kosovo, which gained independence from Serbia in 2008, but NATO still maintains a peacekeeping force there. Prime Minister Albin Kurti of the leftist-nationalist Movement for Self-Determination was reelected in February 2022 with support from several minority parties. Former President Hashim Thaci was indicted for war crimes in June 2020. Proposed license plate and travel regulations caused a flare-up in tensions with Serbia in August 2022. Despite some progress in transitioning to a market-based, macroeconomically stable economy, Kosovo still depends on remittances and financial and technical assistance from Western donors and the diaspora.

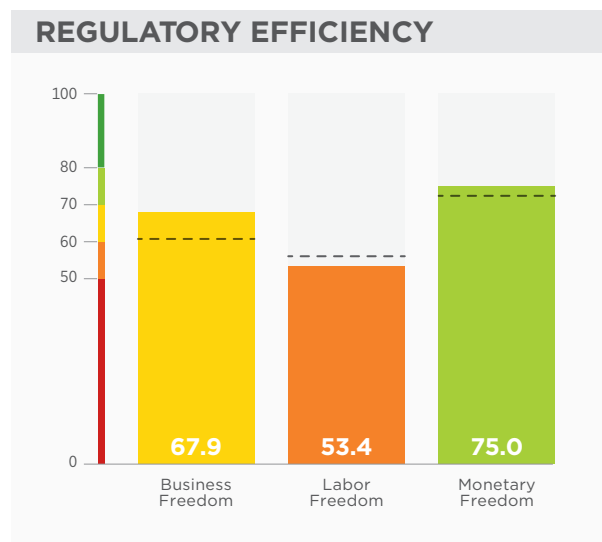
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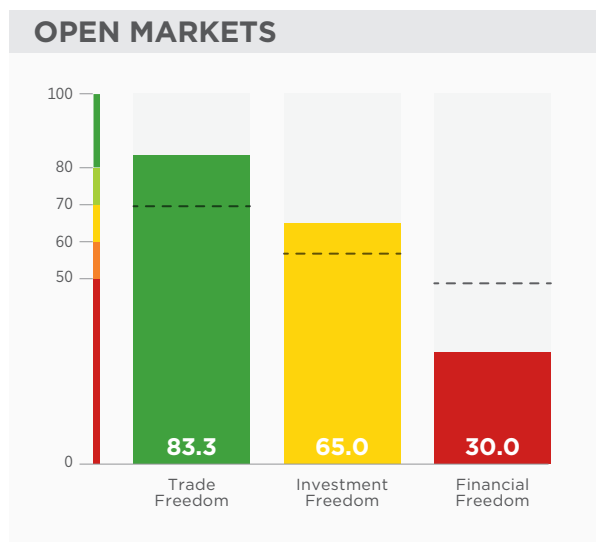
The overall rule of law is weak in Kosovo. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are 10 percent. The tax burden equals 22.1 percent of GDP. Three-year government spending and budget balance averages are, respectively, 31.2 percent and -4.1 percent of GDP. Public debt equals 22.4 percent of GDP.



Kosovo has pursued and implemented business-friendly reforms, but the overall regulatory framework remains burdensome. Informal market activity remains sizable. The formal labor market is not fully developed. Large agricultural and energy-related subsidies continue. The most recent available inflation rate is 3.3 percent.



The trade-weighted average tariff rate is 3.4 percent, and efforts to dismantle nontariff barriers continue. In general, foreign and domestic investors are treated equally under the law. State-owned enterprises distort the economy. The financial system, dominated by banking, continues to evolve.