



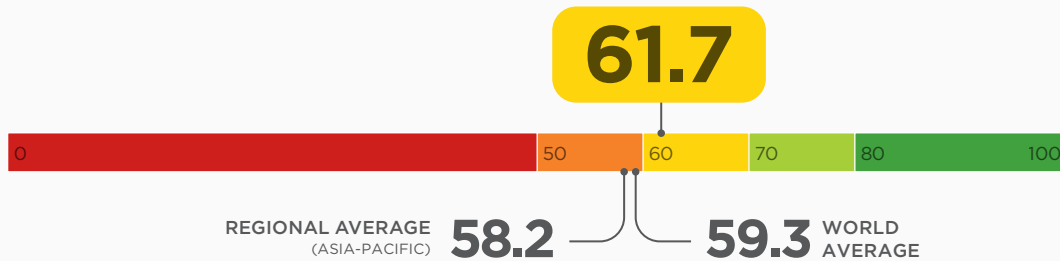
MONGOLIA

WORLD RANK: 73	REGIONAL RANK: 15
ECONOMIC FREEDOM STATUS: MODERATELY FREE	

Mongolia's economic freedom score is 61.7, making its economy the 73rd freest in the 2023 *Index*. Its score is 2.2 points lower than last year. Mongolia is ranked 15th out of 39 countries in the Asia-Pacific region, and its overall score is above the world and regional averages.

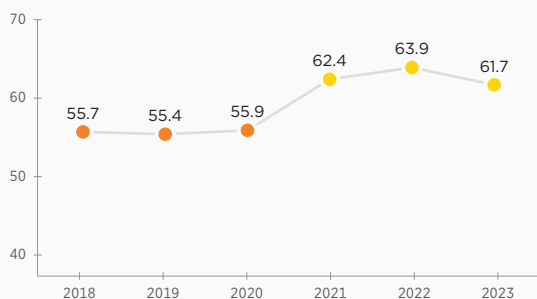
Economic reforms have supported economic expansion and reductions in poverty. The entrepreneurial sector benefits from an open trade regime, but corruption and the weak rule of law discourage economic development. Judicial reforms and a more streamlined public administration would help to sustain economic growth and broaden the improvement of living standards.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +13.9

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
3.3 million

GDP (PPP):
\$42.8 billion
1.4% growth in 2021
5-year compound annual growth 3.2%
\$12,530 per capita

UNEMPLOYMENT:
7.0%

INFLATION (CPI):
7.1%

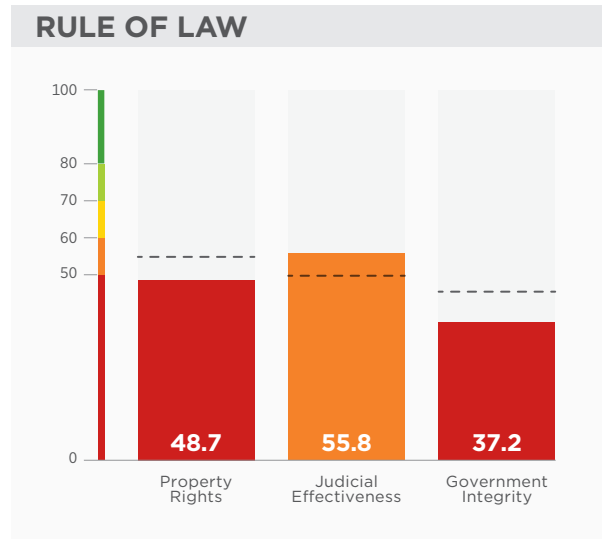
FDI INFLOW:
\$2.1 billion

PUBLIC DEBT:
79.8% of GDP

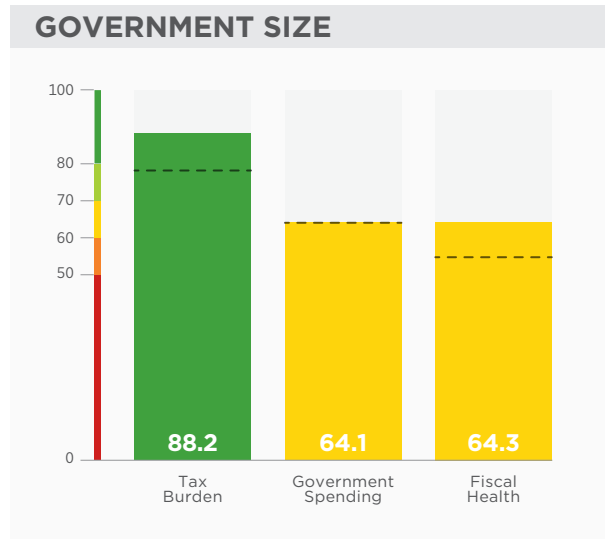
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: After adopting a new constitution in 1992, Mongolia was transformed from a closed single-party Communist state into a dynamic multiparty democracy. This transition has been accompanied by the gradual introduction of free-market reforms and relative political stability. The Soviet-era Mongolian People's Party (MPP) has held a parliamentary majority since 2016. The MPP also reclaimed the presidency from the Democratic Party in the June 2021 elections, electing Ukhnaa Khurelsukh as Mongolia's president. Agriculture and mining remain the most important sectors of the economy. The majority of ethnic Mongolians today live in China.

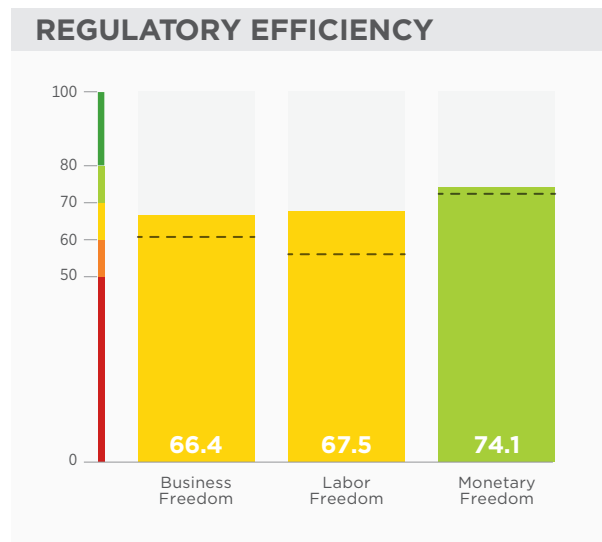
12 ECONOMIC FREEDOMS | MONGOLIA



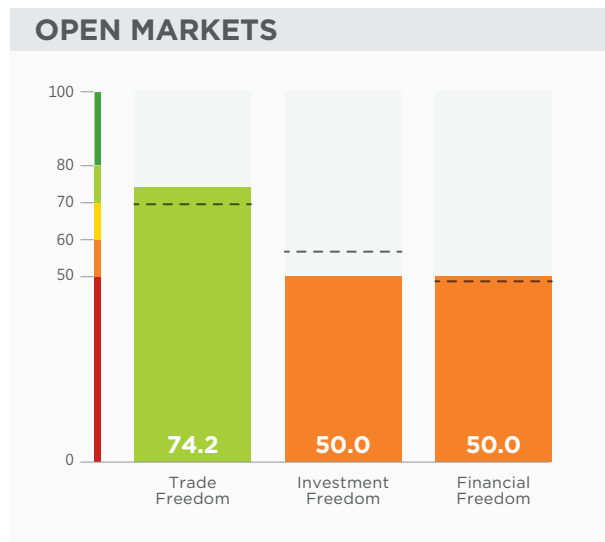
The overall rule of law is weak in Mongolia. The country's property rights score is below the world average; its judicial effectiveness score is above the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are, respectively, 10 percent and 25 percent. The tax burden equals 21.2 percent of GDP. Three-year government spending and budget balance averages are, respectively, 34.6 percent and -3.8 percent of GDP. Public debt equals 79.8 percent of GDP.



The regulatory framework is evolving, albeit slowly. The minimum capital requirement for launching a business has been reduced. Employment regulations are relatively flexible, but the labor market lacks dynamism. Inflation has been volatile, and the most recent available inflation rate is 7.1 percent.



The trade-weighted average tariff rate is 5.4 percent, and other barriers to trade undermine trade flows. In an effort to attract more dynamic investment, Mongolia has pursued measures to liberalize markets and develop a competitive financial sector, but progress has been uneven.