

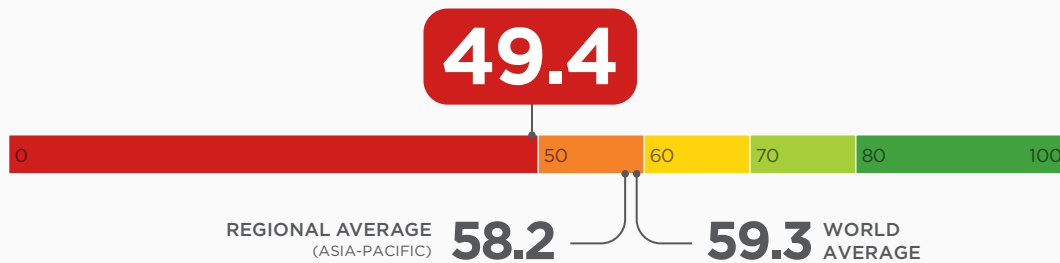


PAKISTAN

Pakistan's economic freedom score is 49.4, making its economy the 152nd freest in the 2023 *Index*. Its score is 0.6 point higher than last year. Pakistan is ranked 33rd out of 39 countries in the Asia-Pacific region, and its overall score is below the world and regional averages.

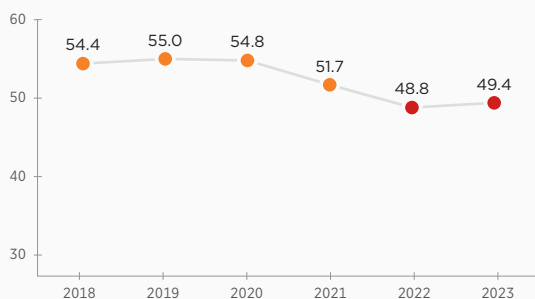
The government has demonstrated little commitment to much-needed economic reform. Efforts in key areas have been marginal at best. Measures to strengthen the management of public finance and reform outmoded economic structures have met institutional resistance. Property rights are undercut by a judiciary that is susceptible to political interference and corruption.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): -8.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
225.2 million

GDP (PPP):
\$1.3 trillion
5.6% growth in 2021
5-year compound
annual growth 3.7%
\$5,973 per capita

UNEMPLOYMENT:
4.8%

INFLATION (CPI):
8.9%

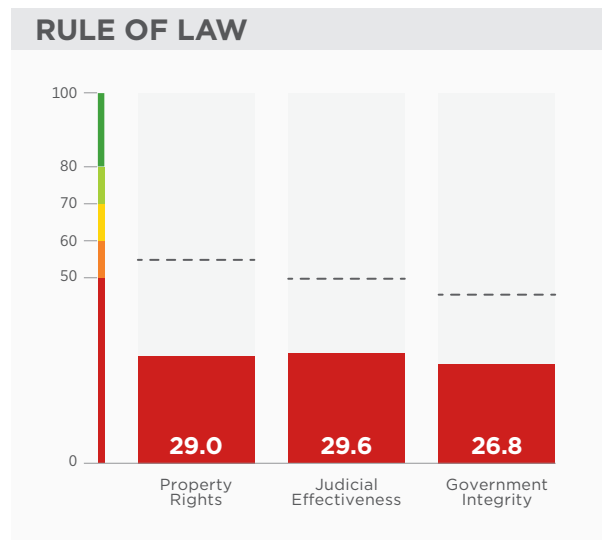
FDI INFLOW:
\$2.1 billion

PUBLIC DEBT:
74.9% of GDP

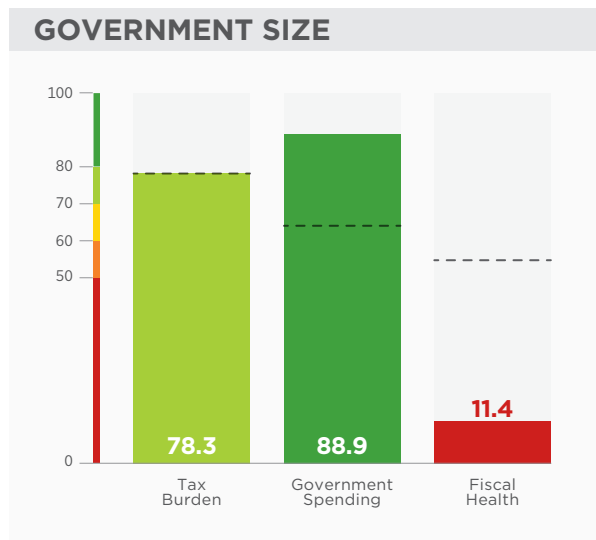
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Civilian authorities are subservient to the military, and Islamist extremist groups are sanctioned by the state. Shehbaz Sharif became prime minister in 2022. Tensions between India and Pakistan over the disputed territory of Kashmir persist, and domestic terrorism has surged since the Taliban regained power in Afghanistan. Political and social instability hinder economic development, and Pakistan is heavily indebted to foreign lenders, including China. In 2022, devastating floods caused over \$10 billion in damage and affected more than 30 million Pakistanis. Textiles and apparel account for most export earnings, but much of the economy is informal, and underemployment is high.

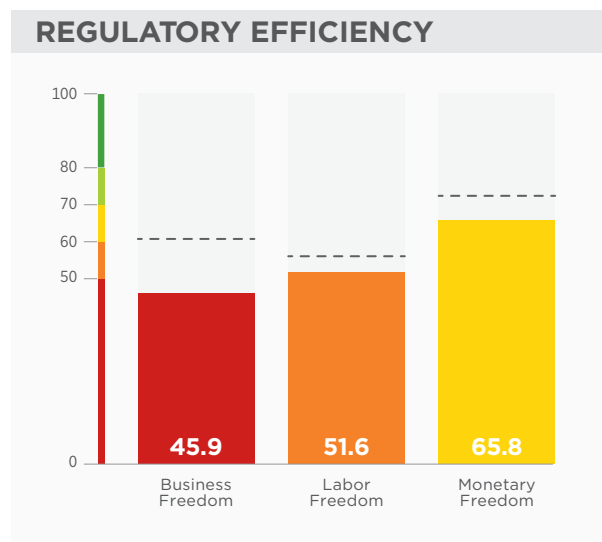
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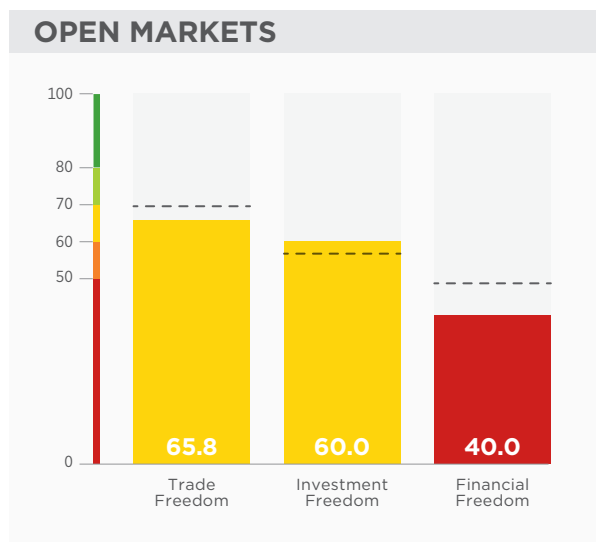
The overall rule of law is weak in Pakistan. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are, respectively, 35 percent and 29 percent. The tax burden equals 10.4 percent of GDP. Three-year government spending and budget balance averages are, respectively, 19.3 percent and -7.0 percent of GDP. Public debt equals 74.9 percent of GDP.



Little progress has been made in improving either the overall entrepreneurial environment or private-sector dynamism. The labor market remains stagnant. Much of the workforce is underemployed in the informal sector. Inflation has been quite high, disrupting monetary stability.



The trade-weighted average tariff rate is 9.6 percent. State involvement in the economy and restrictions on foreign investment are serious drags on economic dynamism. The financial sector remains underdeveloped, and foreign participation is limited. Financial inclusion is low.