

RUSSIA

WORLD RANK: **125**

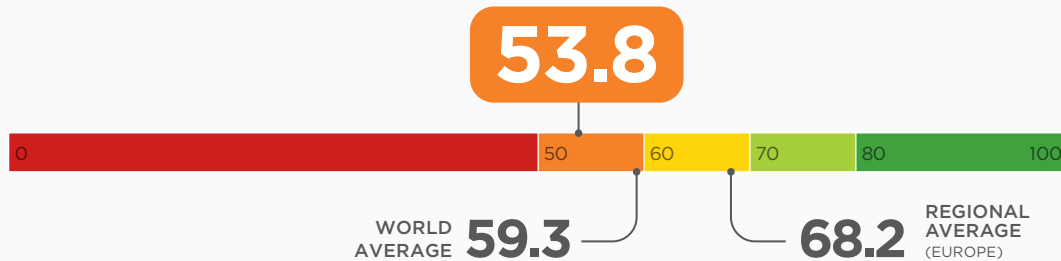
REGIONAL RANK: **43**

ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Russia's economic freedom score is 53.8, making its economy the 125th freest in the 2023 *Index*. Its score is 2.3 points worse than last year. Russia is ranked 43rd out of 44 countries in the Europe region, and its overall score is below the world and regional averages.

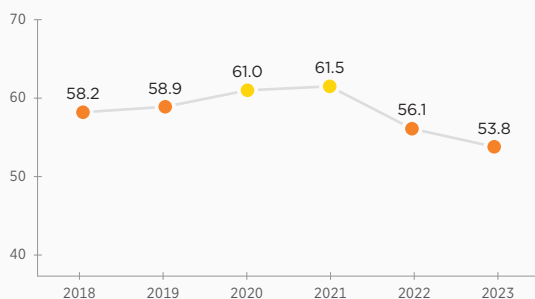
Russia remains at the lower end of the “mostly unfree” category. Pervasive corruption, the lack of judicial independence, and disrespect for private property rights severely undermine the rule of law, increasing uncertainty and investor risk. Extensive state interference discourages private-sector dynamism.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.7

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
143.4 million

GDP (PPP):
\$4.5 trillion
4.7% growth in 2021
5-year compound annual growth 1.8%
\$30,850 per capita

UNEMPLOYMENT:
5.6%

INFLATION (CPI):
6.7%

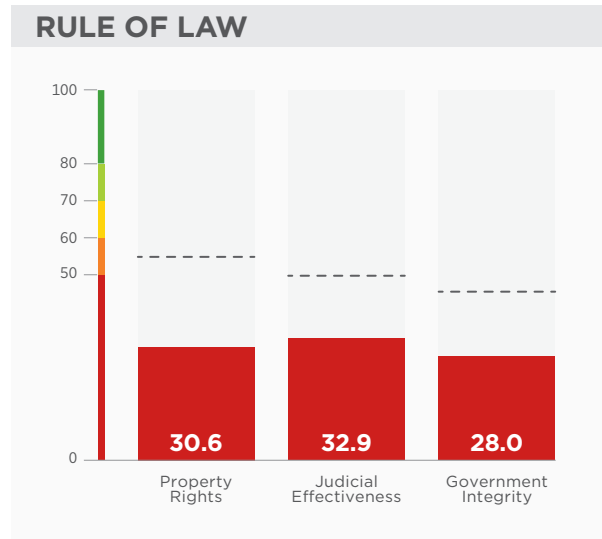
FDI INFLOW:
\$38.2 billion

PUBLIC DEBT:
17.0% of GDP

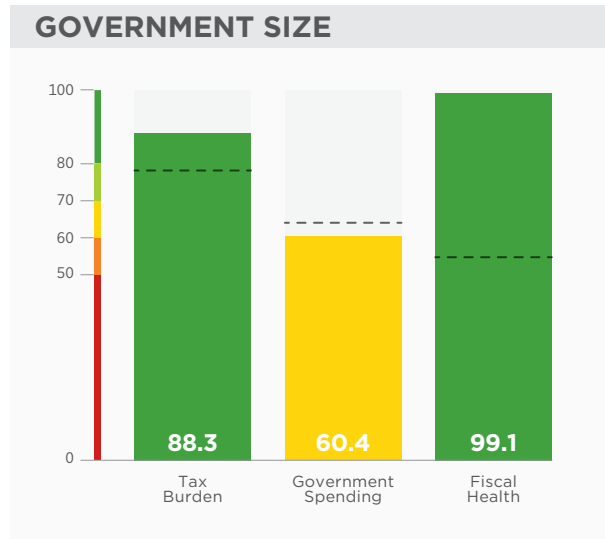
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Vladimir Putin was reelected president in 2018 amid allegations of electoral fraud. Russia illegally annexed Ukraine's Crimean Peninsula early in 2014 and launched its second invasion of Ukraine in February 2022. Western economic sanctions have led to a brain drain, capital flight, and nearly complete isolation from the rest of the world's economy. A number of international companies have curtailed operations in Russia, and Russia's bid to join the Organisation for Economic Co-operation and Development has been postponed indefinitely. Russia's economy depends heavily on exports of oil and gas, which also have been negatively affected by the war in Ukraine.

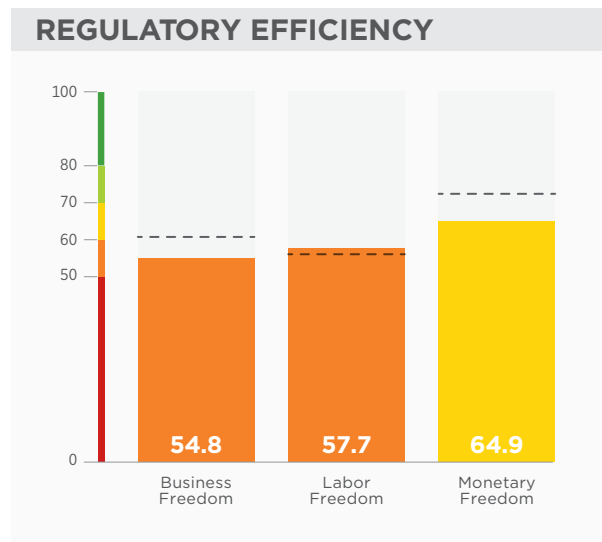
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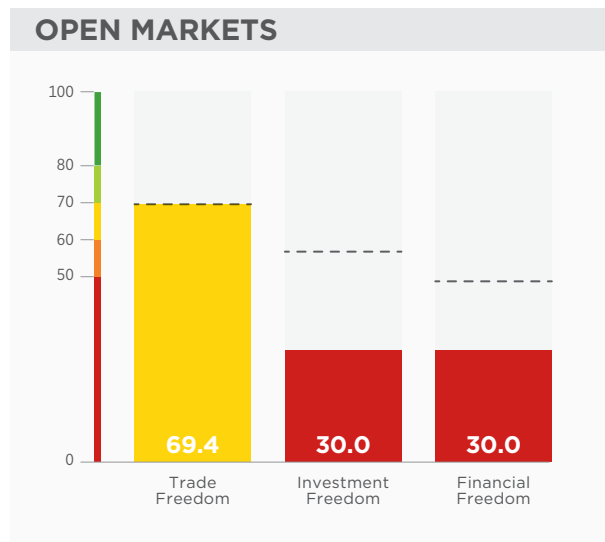
The overall rule of law is weak in Russia. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are, respectively, 13 percent and 20 percent. The tax burden equals 24.5 percent of GDP. Three-year government spending and budget balance averages are, respectively, 36.3 percent and -0.4 percent of GDP. Public debt equals 17.0 percent of GDP.



The business environment remains repressive, and regulations remain burdensome and inconsistently enforced. The outmoded labor code continues to limit employment and productivity growth. The state's influence on prices is extensive, and the most recent available inflation rate is 6.7 percent.



The trade-weighted average tariff rate is 5.3 percent. Private-sector trade and investment activities are undercut by structural and institutional constraints caused by state interference in the marketplace. Foreign investment is screened, and the financial sector is subject to government influence.