

WORLD RANK: **98** | REGIONAL RANK: **8**

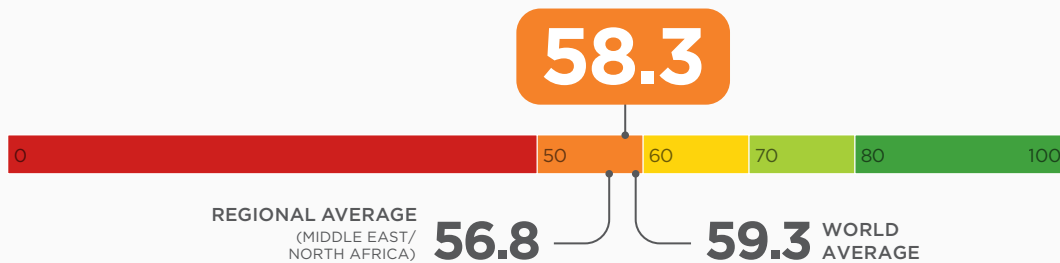
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

SAUDI ARABIA

Saudi Arabia's economic freedom score is 58.3, making its economy the 98th freest in the 2023 *Index*. Its score is 2.8 points higher than last year. Saudi Arabia is ranked 8th out of 14 countries in the Middle East/North Africa region, and its overall score remains above the regional average.

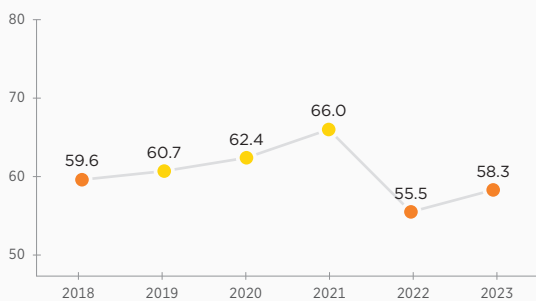
Overall, economic freedom in Saudi Arabia remains modest. Despite progress in tackling corruption and regulatory efficiency in recent years, levels of monetary freedom, investment freedom, and property rights are average at best. The judicial system remains susceptible to political influence. Bureaucracy and a lack of transparency still limit investment freedom.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): -10.0

RECENT FREEDOM TREND



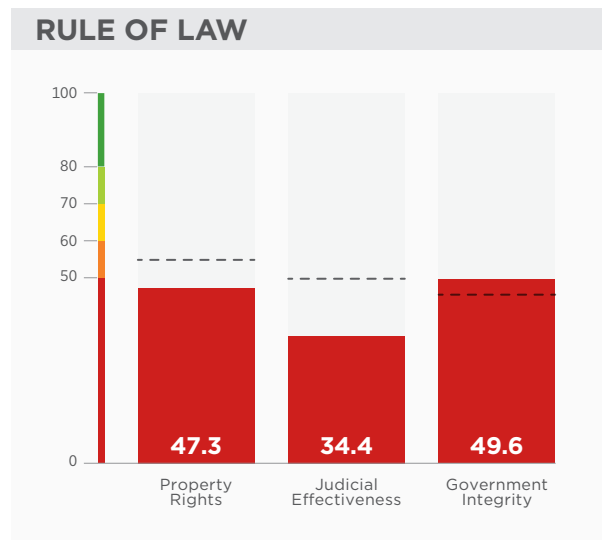
QUICK FACTS

POPULATION: 35.3 million	UNEMPLOYMENT: 7.7%
GDP (PPP): \$1.8 trillion 3.2% growth in 2021 5-year compound annual growth 0.2%	INFLATION (CPI): 3.1%
FDI INFLOW: \$19.3 billion	PUBLIC DEBT: 30.0% of GDP

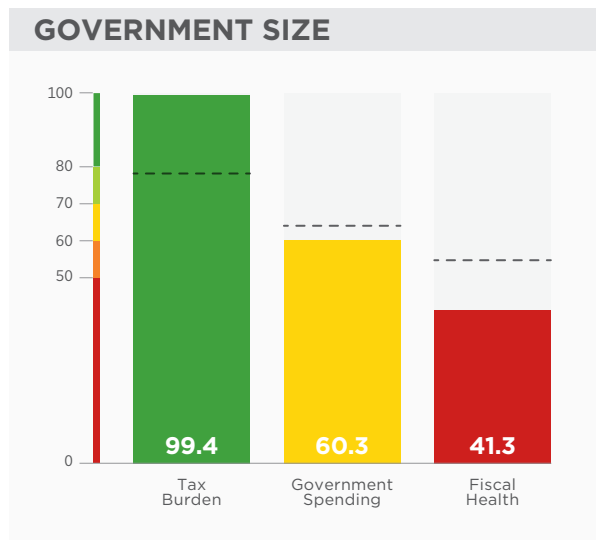
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: The birthplace of Islam and home to its two holiest shrines in Mecca and Medina, Saudi Arabia is an absolute monarchy ruled by King Salman bin Abdulaziz Al Saud. Historically, Saudi Arabia has embraced Wahhabism, a particularly strict form of Sunni Islam. The government is pushing back against Iran's efforts to radicalize Saudi Arabia's Shia minority and has intervened in Yemen against Iran-backed Houthi rebels. Oil exports account for approximately 87 percent of government revenue. With about 15 percent of the world's proven oil reserves, Saudi Arabia is the world's largest exporter of crude oil and a leader in OPEC.

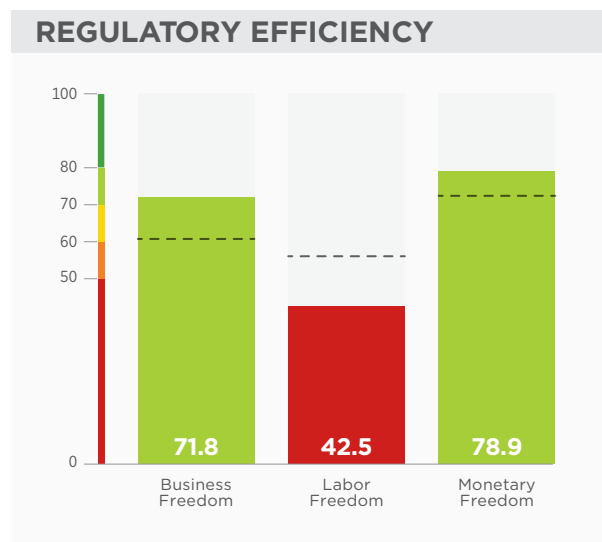
12 ECONOMIC FREEDOMS | SAUDI ARABIA



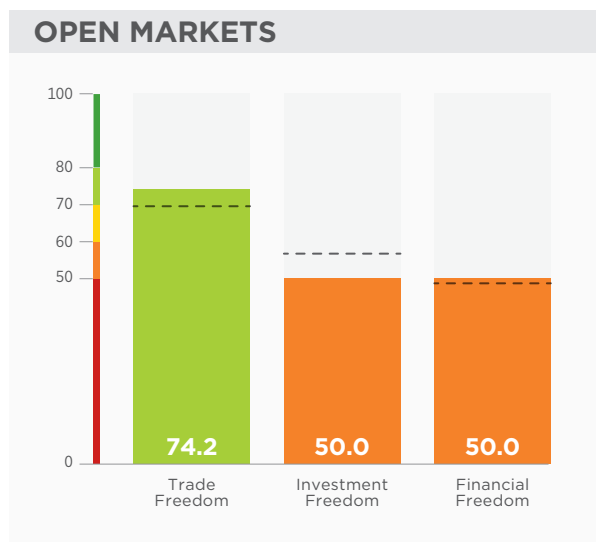
The overall rule of law is weak in Saudi Arabia. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are 2.5 percent. The tax burden equals 7.2 percent of GDP. Three-year government spending and budget balance averages are, respectively, 36.4 percent and -6.0 percent of GDP. Public debt equals 30.0 percent of GDP.



Regulation is relatively sound. Business formation has become less time-consuming, and no minimum capital is required. There is no mandated minimum wage, but wage increases have exceeded labor productivity. Government subsidies and state-owned enterprises influence prices. The most recent available inflation rate is 3.1 percent.



The trade-weighted average tariff rate is 5.4 percent, and more than 100 nontariff measures are in force. Regulatory reforms have been made to allow foreign investors to own controlling stakes. The financial sector is open and offers a range of options.