Saudi Arabia’s economic freedom score is 62.4, making its economy the 83rd freest in the 2020 Index. Its overall score has increased by 1.7 points due to higher property rights and judicial effectiveness scores. Saudi Arabia is ranked 9th among 14 countries in the Middle East and North Africa region, and its overall score is approximately equal to the regional and world averages.

The Saudi economy has been moderately free for most of the past two decades. GDP growth has been modest over the past five years, partly because of OPEC-coordinated production cuts.

The government is continuing its efforts to diversify the economy away from dependence on oil, but the momentum of its ambitious Vision 2030 program has been diminished as its main proponent, Crown Prince Mohammad bin Salman, has been embroiled in controversy surrounding the murder of dissident journalist Jamal Khashoggi. The greatest need at present is perhaps to restore Saudi Arabia’s somewhat tarnished reputation for government integrity.

**ECONOMIC FREEDOM SCORE**

**SAUDI ARABIA**

**ECONOMIC FREEDOM STATUS:** Moderately Free

**WORLD RANK:** 83  
**REGIONAL RANK:** 9

**ECONOMIC FREEDOM SCORE:** 62.4  
▲ UP 1.7 POINTS

**HISTORICAL INDEX SCORE CHANGE (SINCE 1996):** −5.9

**RECENT FREEDOM TREND**

**POPULATION:** 33.2 million

**GDP (PPP):** $1.9 trillion

2.2% growth in 2018  
5-year compound annual growth 2.2%  
$55,944 per capita

**UNEMPLOYMENT:** 5.9%

**INFLATION (CPI):** 2.5%

**FDI INFLOW:** $3.2 billion

**PUBLIC DEBT:** 19.1% of GDP

**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. The country embraces a particularly strict form of Sunni Islam known as Wahabbism that over the years has been influential with groups such as al-Qaeda, the Taliban, and the Muslim Brotherhood. The Saudi government is pushing back against Iranian efforts to radicalize Saudi Arabia’s Shia minority and has intervened in Yemen in opposition to Iran-backed Houthi rebels. Oil exports account for more than 85 percent of government revenue. Saudi Arabia is the world’s largest exporter of petroleum and a leader in OPEC.

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### RULE OF LAW

<table>
<thead>
<tr>
<th>Property Rights</th>
<th>Judicial Effectiveness</th>
<th>Government Integrity</th>
</tr>
</thead>
<tbody>
<tr>
<td>64.6</td>
<td>72.3</td>
<td>49.6</td>
</tr>
</tbody>
</table>

The Saudi legal system protects and facilitates acquisition and disposition of all property, consistent with Islamic practice of upholding private property rights. There is a system for recording security interests, and plans exist to modernize the land registry system. The slow and nontransparent judiciary is not independent and must coordinate its decisions with the executive branch. Corruption remains a significant problem.

### GOVERNMENT SIZE

<table>
<thead>
<tr>
<th>Tax Burden</th>
<th>Government Spending</th>
<th>Fiscal Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>99.8</td>
<td>61.8</td>
<td>19.3</td>
</tr>
</tbody>
</table>

Saudi nationals or citizens of the Gulf Cooperation Council and corporations pay a 2.5 percent religious tax mandated by Islamic law. The overall tax burden equals 3.4 percent of total domestic income. Government spending has amounted to 35.7 percent of the country’s output (GDP) over the past three years, and budget deficits have averaged 10.4 percent of GDP. Public debt is equivalent to 19.1 percent of GDP.

### REGULATORY EFFICIENCY

<table>
<thead>
<tr>
<th>Business Freedom</th>
<th>Labor Freedom</th>
<th>Monetary Freedom</th>
</tr>
</thead>
<tbody>
<tr>
<td>66.6</td>
<td>63.3</td>
<td>81.0</td>
</tr>
</tbody>
</table>

Business-friendly reforms over the past year have improved electricity reliability, minority shareholder protections, and the enforcement of contracts and have made exporting and importing easier. Female workforce participation was given a boost in 2018 when women were allowed to drive. Islamic law prohibits price controls, and the government made progress in 2019 in reducing subsidies for fuel, natural gas, and electricity.

### OPEN MARKETS

<table>
<thead>
<tr>
<th>Trade Freedom</th>
<th>Investment Freedom</th>
<th>Financial Freedom</th>
</tr>
</thead>
<tbody>
<tr>
<td>75.4</td>
<td>45.0</td>
<td>50.0</td>
</tr>
</tbody>
</table>

The total value of exports and imports of goods and services equals 66.5 percent of GDP. The average applied tariff rate is 4.8 percent, and 129 nontariff measures are in force. Despite progress, the investment regime remains restrictive, with controls in some sectors. The financial sector has undergone gradual transformation with the easing of some limits on foreign investment in financial services.